ANNUAL REPORT 2008

INTERVEST
RETAIL

INTERVEST RETAIL IS:

- a Belgium property investment fund, listed on NYSE Euronext Brussels
- specialised in investments in commercial real estate:
  inner-city shops, retail warehouses and shopping centres
- focused on an investment policy based on risk spread of the real estate portfolio
- provided with a healthy financial structure
- characterized by a high dividend yield

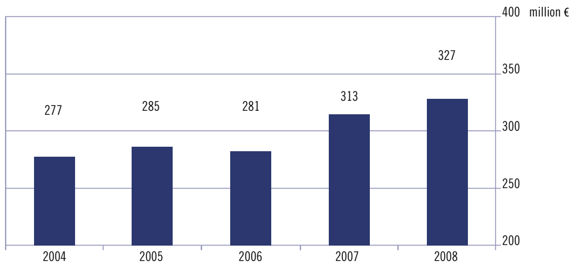
FINANCIAL CALENDAR

- Announcement annual results as at 31 December 2008: Tuesday 17 February 2009
- General meeting of shareholders: Wednesday 1 April 2009 at 2.30 pm
- Dividend payable:
  - Ex-date dividend 2008: Tuesday 14 April 2009
  - Record date dividend 2008: Thursday 16 April 2009
  - Dividend payment 2008: as from Friday 17 April 2009
- Interim statement on the results as at 31 March 2009: Monday 4 May 2009
- Half-yearly financial statement as at 30 June 2009: Tuesday 4 August 2009
- Interim statement on the results as at 30 September 2009: Monday 2 November 2009

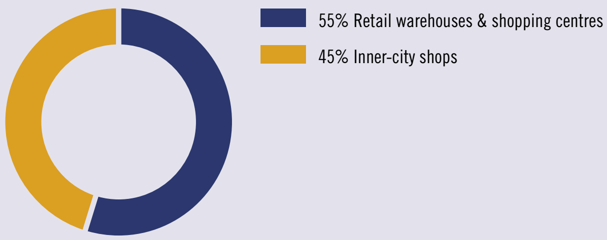
Risk spread of the real estate portfolio

REAL ESTATE PORTFOLIO	31.12.2008	31.12.2007
Fair value of investment properties (€ 000)	320.043	291.382
Fair value of development projects (€ 000)	7.355	21.556
Total lettable surface area (m²)	166.417	166.591

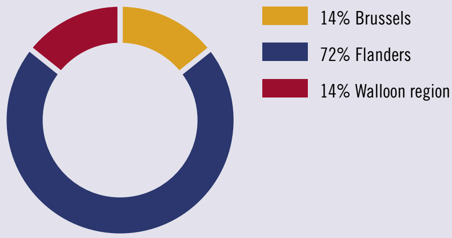
Evolution fair value of the real estate portfolio



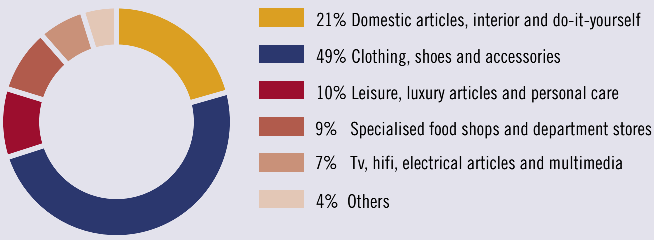
Type of building



Geographic spread of the real estate portfolio



Sector of tenants

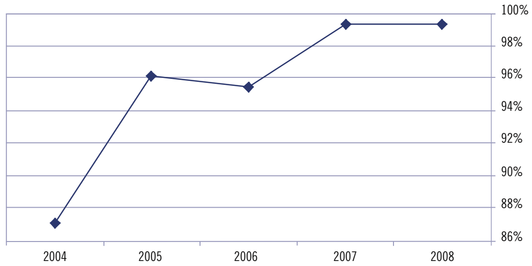


Strong balance sheet: debt ratio 39 %

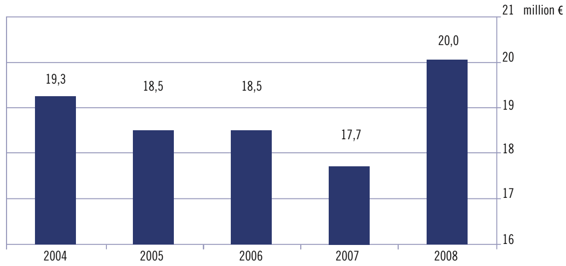
Key figures	31.12.2008	31.12.2007
Shareholders' equity (€ 000)	199.248	187.762
Liabilities (€ 000)	135.643	144.214
Debt ratio RD 21 June 2006 (max. 65 %) (%)	39 %	43 %

Key figures per share	31.12.2008	31.12.2007
Number of shares	5.078.525	5.078.525
Net asset value (fair value) (€)	39,23	36,97
Net asset value (investment value) (€)	40,85	38,43
Share price on closing date (€)	28,49	32,80
Discount to net asset value (fair value) (%)	- 27 %	- 11 %

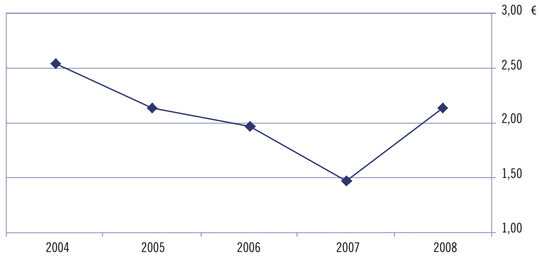
Occupancy rate on 31.12.2008: 99,3 %



Rental income: € 20 million



Positive results: distribution of gross dividend: € 2,14



"In 2008, the gross dividend of Intervest Retail increases with 46 % from € 1, 47 to € 2,14 per share."

Results (€ 000)	2008	2007
Net rental income	**20.060**	**17.168**
Property management costs and income	-6	-61
Property charges	-2.266	-4.094
General costs and other operating income and costs	-1.023	-1.034
Operating result before result on portfolio	**16.765**	**11.979**
Result on portfolio	11.502	16.483
Operating result	**28.267**	**28.462**
Financial result	-6.230	-4.556
Taxes	-51	-20
Net profit	**21.986**	**23.886**
Operating distributable result	10.872	7.462
Result on portfolio	11.502	16.483
Revaluation of financial derivatives (IAS 39) and other non-distributable elements	-388	-59
Gross dividend per share (€)	**2,14**	**1,47**
Net dividend per share (€)	**1,82**	**1,25**

Dividend yield

"On 31 December 2008 the share price of the Intervest Retail' share amounts to € 28,49 offering a gross dividend yield of 7,5 %."

Contents

"In 2008, the dividend of Intervest Retail increases with 46 %
from € 1,47 to € 2,14 per share."

"On 31 December 2008 the occupancy rate amounts to 99,3 %."

Dear shareholder,

We are pleased to present the annual report for the financial year 2008 to you.

Against a background of waning consumer confidence and a strongly declining economy, Intervest Retail succeeds to optimize the rental yield of the property investment fund further.

Last year, Intervest Retail fully benefited from the favourable rental renewals and the positive effects of the sale of Factory Shopping Messancy.

Further, the Shopping Julianus in Tongeren and the H&M shop in Vilvorde projects have been opened successfully.

For the financial year 2008, we can offer you a gross dividend of € 2,14 per share, compared to € 1,47 per share for the financial year 2007. Herewith the gross dividend yield based on the share price on 31 December 2008 amounts to 7,5 %.

Developments in 2008 on the credit market characterised by the credit shortage and rising interest rate, has limited our commitment in new investments.

The valuation of the Intervest Retail portfolio is resisting the value decrease experienced by the commercial real estate market well. The portfolio increased in value up to and including the third quarter of 2008, as the increasing yields have been entirely compensated by higher rents. The value of the portfolio only decreased by 2 % in the last quarter of 2008. This confirms the quality of our real estate portfolio.

At the end of the year, the occupancy rate of the portfolio amounted to 99,3 %. The current rental levels of Intervest Retail are 4 % under the current market rents, which forms a certain buffer for the possible decreasing results of our tenants in 2009.

A relative low debt ratio of 39% and well-spread rental risks provide Intervest Retail with a stable balance sheet structure.

In spite of the very turbulent economic situation, Intervest Retail dares to face 2009 with confidence. Except for unexpected evolutions, such as major bankruptcies of tenants and unpredictable increases of interest rates, the company expects the operating distributable result and the dividend to increase further in 2009.

We would like to thank you for the confidence you entrusted in our policy and the management and employees for their constant efforts.

The board of directors

Reinier van Gerrevink
Managing director

Paul Christiaens
Chairman of the board of directors

01

Report of the board of directors

H&M // Gasthuisstraat 32 / 2300 Turnhout / Surface area: 1.743 m²

PROFILE

Intervest Retail invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations in prime locations, retail warehouses and shopping centres.

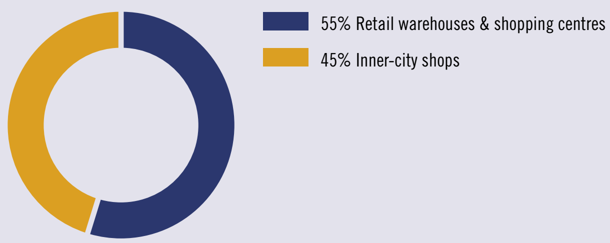
At present the portfolio is made up of 271 lettable units, spread over 97 different locations. 45 % of the real estate portfolio consists of inner-city locations, 55 % of retail warehouses. The total fair value of the investment properties amounts to € 320 million and the value of the development projects amounts to € 7 million at 31 December 2008.

"On 31 December 2008, the portfolio consists of 45 % of inner-city locations and 55 % of retail warehouses and shopping centres.

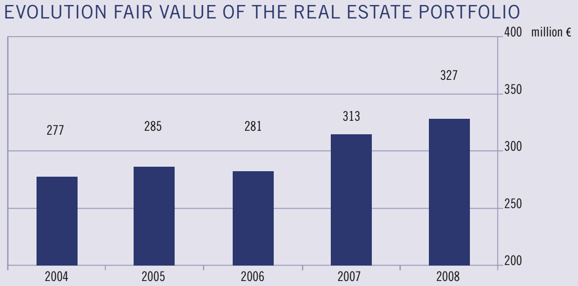
The total fair value of the portfolio amounts to € 327 million at 31 December 2008."

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998 and is listed on Euronext Brussels.

TYPE OF BUILDING



EVOLUTION FAIR VALUE OF THE REAL ESTATE PORTFOLIO



INVESTMENT POLICY

"The investment policy is focussed towards achieving a combination of a direct yield based on rental income and an indirect yield based on the increase in the value of the real estate portfolio."

The property investment fund maintains an investment policy focused on high-quality commercial properties which are leased to first-class tenants. These properties do not require major repair work in the short term and are strategically situated on good locations.

The commercial properties consist of shops located in Belgium. These premises can be retail warehouses (located outside city centres), inner-city locations as well as shopping centres. In principle, the investment fund does not invest in residential properties, offices or logistic premises.

Intervest Retail's aim is to make its share more attractive by increasing its liquidity, by expanding its property portfolio and by a better risk spread.

Increase of the liquidity of the share

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract big investors, which improves growth opportunities.

Increased liquidity also allows new shares to be issued more easily (in the event of capital increases, contributions in kind or mergers), which is essential to allow the company to grow.

In order to improve its liquidity, Intervest Retail concluded a 'Liquidity providing' contract with Bank Degroof. The liquidity of most Belgian property investment funds is relatively low. One major reason for this is that these funds are often too small –both in terms of market capitalisation and free float – to gain the attention of professional investors. In addition, shares in property investment funds are generally purchased as longer-term investments rather than on a speculative basis, which reduces the number of transactions.

"In 2008, the free float of the share remains unchanged at 27,62 %."

Expansion of the real estate portfolio

A large portfolio clearly offers a number of benefits:
- It helps to **spread the risk** for the shareholders. By investing in commercial property throughout Belgium, it is possible to cushion potential cyclical movements in the market. This also means that the company is not dependent on one or a small number of major tenants or projects.
- The achieved **advantages of scale** make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be distributed. It concerns costs of maintenance and repair, the (long term) renovation costs, consultancy fees, publicity costs, etc.
- If the size of the overall portfolio increases, this strengthens the management's **negotiating position** in discussions about new terms of lease, offering new services, alternative locations, etc.
- It allows a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, resulting in **increasing shareholder's value.** This makes it possible to realise growth, not only in terms of the rental income, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new terms of lease, an improvement in the quality of the lessees, the offering of new services, etc.

The board of directors remains alert on any form of conflict of interest with the majority shareholder.

"The board of directors takes extreme care to ensure that every growth is for the exclusive benefit of the shareholders."

Expansion of the real estate portfolio can be achieved through a dynamic approach of the market on the one hand, on an internal level through the growth potential of the current property portfolio, and through acquisitions on the other hand.

Intervest Retail is a very useful partner for investors who wish to contribute their retail properties against the issue of new shares with a view to spreading risk and cutting administrative activities. Retail chains that still own their own premises can also benefit from concluding sale-and-rent-back transactions with Intervest Retail.

Improvement of risk spread

Intervest Retail tries to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as clothes, food, do-it-yourself, home interior, etc. Besides, the property investment fund strives to maximize the geographic spread of its premises over entire Belgium.

The administration of the expiry dates and first interim expiry dates of the lease contracts are submitted to the restrictions by the legislation on commercial leases (law of 30 April 1951), allowing the tenants to terminate legally their tenancy agreement every three years.

CORPORATE GOVERNANCE

General

Interest Retail strictly respects the principles of the Belgian Corporate Governance Charter. The principles of corporate governance of Intervest Retail have been established in a number of directives by the board of directors:

- the Corporate Governance Charter
- the code of conduct
- whistleblowing rules
- the market abuse directive

The complete 'Corporate Governance Charter' that sets out the important internal procedures for the administrative bodies of Interest Retail, as well as the other directives, can be consulted on the company website (www.intervestretail.be).

From the terms of the Belgian Corporate Governance Code is only derogated when specific circumstances require it. In this case the derogation is explained in the annual report, in accordance to the "comply or explain" principle.

Composition and functioning of the board of directors

The board of directors comprises 7 members, 4 of which are independent directors. The directors are appointed for a period of 3 years, but their appointment can be revoked at any time by the general meeting.

In 2008, Reinier van Gerrevink and Hubert Roovers have been charged with monitoring the day-to-day management, in application of article 4 § 1 5° of the RD of 10 April 1995 on property investment funds. During the financial year 2008, Reinier van Gerrevink and Hans Pars have represented the majority shareholder VastNed Retail sa.

Paul Christiaens

Chairman - Independent director

Address	Vijverstraat 53 3040 Huldenberg
Term	April 2010
Function	Director of companies

Gérard Philippson

Independent director

Address	Saturnelaan 34 1180 Brussels
Term	April 2010
Function	Managing director Sopedi

Reinier van Gerrevink

Managing director

Address	Bankastraat 123 NL- 2585 EL 's-Gravenhage
Term	April 2011
Function	Chief executive officer VastNed Group

Hubert Roovers

Managing director

Address	Franklin Rooseveltlaan 38 NL- 4835 AB Breda
Term	April 2011
Function	Managing director Intervest Offices sa

Nick van Ommen

Independent director

Address	Beethovenweg 50 NL- 2202 AH Noordwijk aan Zee
Term	April 2010
Function	Director of companies

Hans Pars

Director

Address	Platolaan 44 NL-3707 GG Zeist
Term	Till 14 November 2008
Function	Chief investment officer VastNed Group

EMSO sprl, permanently represented by Chris Peeters

Independent director

Address	Jan Moorkensstraat 68 2600 Berchem
Term	April 2011
Function	Transport economist, managing director Policy Research Corporation sa

The mandate of Hans Pars ended at his request on 14 November 2008. The board of directors thanks Hans Pars heartily for his contribution to the board of directors of Intervest Retail. Hans Pars is replaced as independent director by means of cooptation as from 1 January 2009 by Tom de Witte.

Tom de Witte

Director

Address	Kamerlingh Onnesstraat 69 NL- 2984 ED Ridderkerk
Term	Cooptation as from 1 January 2009
Function	Chief financial officer VastNed Group

The board of directors met six times in 2008. All directors attended all meetings, Reinier van Gerrevink on 18 February and 13 May 2008, Hans Pars and Paul Christiaens on 13 May and 4 August 2008 and Gérard Philippson on 4 August 2008.

In 2008, the most important items on the agenda of the board of directors have been:

- Approval of the quarterly, half-yearly and annual figures
- Approval of the annual accounts and the statutory reports
- Approval of the budgets 2008 and the business plan 2009
- Discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurance, etc.)
- Merger of Intervest Retail with Pegasus Vastgoedmaatschappij sa on 2 April 2008

Composition and operation of the audit committee

In 2008, the audit committee comprises four independent directors: Nick van Ommen (chairman), Paul Christiaens, Gérard Philippson and EMSO sprl, permanently represented by Chris Peeters. The term of their mandate in the audit committee is not specified.

The audit committee met four times in 2008. All the members attended all meetings, except for Paul Christiaens on 13 May and 4 August 2008 and Gérard Philippson on 4 August 2008.

The most important items on the agenda of the audit committee in 2008 have been:

- Discussion on the quarterly, half-yearly and annual figures
- Analysis of the annual accounts and statutory reports
- Discussion on the budgets
- Analysis of the recommendations of the statutory auditor
- Analysis of the internal control systems of the company

The committee reports its conclusions and recommendations directly to the board of directors.
The members do not receive any additional remuneration for this mission, apart from their normal director's fee.

The management committee

In 2008, the management committee is composed as follows:

- Sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- Sprl Rudi Taelemans, represented by Rudi Taelemans, chief operating officer
- Inge Tas, chief financial officer
- Reinier van Gerrevink, managing director

In accordance with article 524bis of the Company Code and article 15 of the company's articles of association, the board of directors transferred certain management powers.

The rules pertaining to the composition and operation of the management committee are described in more detail in the company's 'Corporate Governance Charter' that can be consulted on the website (www.intervestretail.be).


THE MANAGEMENT COMMITTEE: FROM LEFT TO RIGHT: JEAN-PAUL SOLS, INGE TAS, RUDI TAELEMANS, REINIER VAN GERREVINK

Remunerations

In 2008, the annual fixed fee of the independent non-executive directors amounts to € 14.000 a year as member of the board of directors (€ 15.000 a year as chairman of the board of directors). There are no additional remunerations attributed neither for the membership of a committee nor for the exercise of the chairmanship of a committee.

The mandate of the directors representing the majority shareholder is not remunerated.

The amount of the remuneration allocated in 2008 to the members of the management committee and the managing director is € 343.396, increased with a variable remuneration of € 70.000. Besides, in 2008 an exceptional bonus for an amount of € 43.000 has been granted to the remunerated members of the management committee for their loyalty and performances during the takeover procedure which occurred on group level during the first half-year of 2008, although not resulting into a takeover. Because the management committee in 2008 only comprises three people who are remunerated for their performance, the board of directors is, for reasons of privacy, of the opinion that a joint disclosure of the total remuneration package is sufficient here.

The members of the management committee are appointed for an indefinite period and the dismissal compensation is equivalent to twelve months to eighteen months fixed fee.
In the financial year 2008, no shares or share options have been allocated to the members of the management committee.

Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is Deloitte Bedrijfsrevisoren BV in the form of co-operative partnership, which is represented by Rik Neckebroeck, auditor.

Property experts

In 2008, the real estate portfolio is valued each quarter by three independent experts, namely: Cushman & Wakefield, de Crombrugghe & Partners and CB Richard Ellis each for a part of the portfolio, based on a rotation system.

Compliance officer

According to the principles 3.7. and 6.8. as well as appendix B of the Belgian Corporate Governance code the company nominated Inge Tas, member of the management committee and cfo as "Compliance officer", charged with the supervision on the compliance of the rules on market abuse. These rules are imposed by the Law of 2 August 2002 concerning the supervision on the financial sector and the financial services and Directive 2003/6/EC concerning insider trade and market manipulation.

Conflicts of interest

If a director, because of his other board mandates, or for any other reason, has an interest of a nature relating to property law that is in conflict with a decision or action that pertains to the authority of the board of directors, article 523 of the Belgian Company Code will be applied and the director in question will be asked not to take part in the debate on decisions or actions, or in the vote (article 523,§1 in fine). In the event of a possible conflict of interest with a majority shareholder of the company, the procedure of article 524 of the Company Code shall apply. At the same time, reference should be made to the RD of 10 April 1995, Section 3, articles 22 to 27 on avoiding conflicts of interest.
The procedure for avoiding conflicts of interest has not been applied during the financial year 2008.

"Comply or explain"-principe

In 2008 a derogation of the following terms of the code mentioned below occurred (explain):

- **Terms 5.3 and 5.4 on the operation of committees (incl. appendix D & E)**
  The board of directors has decided not to set up an appointment committee nor a remuneration committee. The board sees the relevant tasks of these committees as tasks of the full board of directors. The limited size of the board makes an efficient debate on these subjects possible.
- **Management committee**
  The management committee does not comprise all executive directors. Because of the specificity of the composition of the management committee (and article 4 § 1 5°of the RD of 10 April 1995 on property investment funds that expressly requires that two directors supervise the day-to-day management) this is a derogation from clause 6.2.
- **Remuneration**
  As stated above, as long as the management committee only comprises three remunerated members, the board of directors will give priority to clause 7.16. at the expense of clause 7.15. As a result, the fees of the three remunerated members of the executive management will only be disclosed jointly and not separately.

RISK FACTORS AND RISK MANAGEMENT

In 2008 the board of directors of Intervest Retail paid even more attention to the risk factors to which Intervest Retail is subject.

"The constant developments on the real estate and the financial markets requires continuous monitoring of the strategic, operating, financial and compliance risks to safeguard the results and the financial situation of Intervest Retail."

Strategic risks

These risks are in a large measure determined by the strategic choices made by Intervest Retail in order to limit the sensibility to external factors. The size of these risks is determined by the strategic choices regarding the investment policy, as the choice of:

- **Type of real estate:** in principle the choice is made to invest in (all types of) commercial properties, whereby is searched for a good balance between inner-city shops and retail warehouses and a good geographic spread in Belgium.
- **Period of investment:** on the basis of the knowledge of the economic and real estate cycles it is attempted to anticipate as good as possible to the upward and downward movements of the market.

Compliance risks

This contains the risk that important laws and regulations are not adequately complied with and that the employees do not act honestly. Intervest Retail limits this risk through a screening when recruiting its employees, by making its employees conscious of this risk and by taking care that they are sufficiently informed of the modifications of important laws and regulations, supported by external legal advisors. In order to guarantee an honest company culture Intervest Retail has already drawn up in the past an internal code of conduct and a whistleblowing code.

Operating risks

These risks arise from the daily transactions and (external) events which are executed within the strategic frame, such as:

- **Investment risks:** within Intervest Retail internal control measures have been taken to limit the risk of wrong investment decisions. A precise evaluation is made of the risk profile on the basis of market research, the evaluation of the future yields (return), a screening of the existing tenants, a study of the environmental and permit requirements, an analysis of the fiscal risks, etc.

- **Rental risks:** these risks are related to the type and location of the property, the extent in which it must compete with the neighbouring buildings, the quality of the property, the quality of the tenant and the lease contract. Intervest Retail makes continuously an inventory of the development of these factors. On a regular base a risk profile is attributed to each property (on the base of own local knowledge and information of external valuers).
  In function of the risk profile a certain return on a certain period has to be realised that is compared to the expected return on the basis of the internal return model. On this basis, an analysis is made in which properties additional investments have to be made, where the tenant mix has to be adapted and which buildings have to be taken into consideration for sale. Besides, each quarter the vacancy and the vacancy risk are analysed, considering the expiry dates of the lease contracts. Within the rules of the current lease legislation a balanced spread of the duration of the lease contracts is pursued. In this way it is possible to anticipate in time to future lease resignations and contract reviews.

- **Cost control – risks:** the risk exists that the net return on real estate is influenced negatively by high operational costs and investments. Within Intervest Retail different internal control measures are applied which limit this risk, such as the periodical comparison of maintenance budgets with the reality and approval procedures for contracting maintenance and investment obligations.

- **Debtor's risks:** within Intervest Retail clear procedures apply for screening tenants when new lease contracts are concluded. At the conclusion of lease contracts, guarantees are paid or bank guarantees are deposited. Besides internal control procedures have been installed to guarantee that lease receivables are recovered in time and that lease arrears are effectively followed up. The financial and property administration controls conscientiously the lease arrears to limit them.

- **Legal and fiscal risks:** contracts to be signed with third parties are, as the complexity requires it, checked with external advisors, in order to limit the risk of financial and reputation damage as a result of inadequate contracts. Further, Intervest Retail is assured against liabilities resulting from its activities or its investments. Tax law plays an important role for investment in real estate (VAT, registration rights, exit tax, leasehold tax (split acquisitions), property tax, etc.). These tax risks are continuously monitored and where necessary supported by external advisors.

MASSIMO DUTTI - MEIR 99 - 2000 ANTWERP - SURFACE AREA: 583 M²

Financial risks

The major financial risks are the financing risk, the liquidity risk and the interest rate risk.

- **Financing risk:** the real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase of borrowed capital compared to shareholders' equity can result in a higher return (so called 'leverage'), but also in an increased risk. In case of disappointing returns from properties and decreases in value the risk exists that a high degree of leverage interest and instalment requirements of borrowed capital and other payment obligations can not be met. Financing with new borrowed capital can in this case not be obtained or at very unfavourable conditions. To be able to fulfil the payment obligations properties then have to be sold, incurring the risk that it can not be realised at the most favourable conditions. The value development of the office portfolio is mainly determined by developments on the real estate market. Intervest Retail aims at a balanced ratio for the financing of its real estate with shareholders' equity and borrowed capital.

  Besides Intervest Retail aims to secure the access to the capital market through providing transparent information and regular contacts with bankers and (potential) shareholders and through the increase of the liquidity of the share.

  Finally for long term financing, a balanced spread of the refinancing dates and a weighted average duration between 3,5 and 5,0 year is targeted. From this target can be derogated temporarily in case specific circumstances require it.

- **Liquidity risk:** Intervest Retail has to generate sufficient cash flow to satisfy its daily payment obligations. On the one hand, this risk is limited by the measures described under operational risks, whereby the risk of losing cash flows by, for instance, vacancy, bankruptcy of tenants is limited. Intervest Retail must, on the other hand, dispose of sufficient credit facilities in order to face fluctuations in liquidity needs. Therefore cash flow forecasts are made. Besides, Intervest Retail has foreseen enough credit facilities at its bankers to face these fluctuations. To be able to call on these credit facilities, the conditions of bank facilities must permanently be met.

- **Rental risk:** as a result of the financing with borrowed capital, the return also depends on the developments of the interest rate. To limit this risk by composition of the borrowed portfolio, a proportion of one third short term borrowed capital and two third long term borrowed capital (with fixed interest rate) is pursued. Depending on the developments of the interest rates it can be temporary deviated from. Besides, within the long term borrowed capital a balanced spread of the dates of review of the interest rates and duration of maximum 3 years are pursued. During 2008 a number of interest rate swaps has been concluded with a duration of 5 year to limit the interest rate risk.

02

Report of the management committee

InWear Matinique // Leysstraat 28/32 Kipdorpvest / 2000 Antwerp / Surface area: 1.705 m²

ROUND TABLE DISCUSSION WITH THE PROPERTY EXPERTS OF INTERVEST RETAIL ON THE EVOLUTION OF THE INVESTMENT AND RENTAL MARKET

THE COMMERCIAL REAL ESTATE MARKET

On 18 December 2008 Intervest Retail has brought its three property experts together around the table to discuss the present investment and rental market.

According to the experts, commercial real estate offers good resistance to the economic recession. In 2008, the rental market was still very active. New record rents have even been realised. On the investment market the activity on the market strongly slowed down. During the third quarter of 2008 a turning point was clearly reached. Not only the investment market but also the rental market are characterised by value decreases.

Interlocutors:
- Jean-Paul Sols and Rudi Taelemans (Intervest Retail)
- Kris Peetermans, Arnaud de Bergeyck and Koen Nevens (Cushman & Wakefield)
- Peter de Groot and Pieter Paepen (CBRE)
- Guibert de Crombrugghe (de Crombrugghe & Partners)

"Retail warehouses resist at good locations and even gain in value."

PIETER PAEPEN - CBRE

The economic situation

Jean-Paul Sols:

What are the consequences of the current crisis on the real estate market?

Peter de Groot:

The rents and yields do not react in an exceptional way to the current economic circumstances. The valuers have the task of evaluating the impact of the crisis in devaluations. Fortunately there are still enough transactions on the retail market whereby the valuations still reflect the market situation quite accurately. The corrections will now be slightly more important than otherwise.

Pieter Paepen:

Retailers expect purchasing power to decline, that consumers will act less impulsively when making purchasing decisions and that they will do more discount shopping.

Presently a lot of projects have just been delivered (B-park in Bruges) or are in the pipeline (Médiacité in Liège, K in Kortrijk, The Loop in Ghent, etc.). As there are a lot of projects, the decision process takes longer. Retailers are reserved.

Peter de Groot:

There is still a shortage in the inner-cities. If a retailer wants to be present in the best locations he will have to pay market price. But if the number of projects increases, there will be more supply on a tight market and retailers hope that this will have an impact on rents.

Koen Nevens:

I do not totally agree. Indeed, there are a large number of projects in the pipeline, but how many will be effectively realised? Only Médiacité in Liège and K in Kortrijk are concrete. Over the next three years few projects will in fact be delivered: many projects do not dispose of the necessary permits and as long as they are not obtained there is in fact no project.
Besides a few specific developers doubt whether their projects will be profitable: the financing is more difficult and the yields as well as the rents are under pressure. Temporarily there will be no surplus supply. Because of the current recession, retailers are reappraising the rents and not because of the availability of projects.

Rents and yields

Rudi Taelemans:
How will the rents evolve?

Koen Nevens:
The limit is possibly reached, a slight decrease is even expected. But the rent is also strongly determined by the quality of the project and the scarcity in the surroundings. In absolute top locations the demand still exceeds the supply.

Jean-Paul Sols:
Will our current tenants be able to continue to pay their rents? Can we expect phenomena such as in Great Britain or Spain, where tenants are massively requesting rental decreases to the owners ?

Koen Nevens:
Some retailers will encounter some difficulties, certainly when the recession becomes perceptible for the first time in 2009. But we are not there yet. 2008 was a good year; even nearly as good as 2007, which was an exceptional year.

Arnaud de Bergeyck:
Most retailers can anticipate the consequences of the crisis and resist it.

Koen Nevens:
We cannot compare the Belgian market to the Spanish market. The Belgian market is mature and the relation between shop supply and the real purchasing power is in balance. Also the relation between the rents and the turnovers is in balance.

A flood of problems is not expected for the important chains.

Jean-Paul Sols:
The rental prices in our existing lease contract are mostly under the current market level. So far we do not notice any change in the payment attitude of our tenants.

Guibert de Crombrugghe:
It is too early to pass judgement on it. Currently most consumers, and consequently also retailers, do not yet feel the effects of the crisis.

Koen Nevens:
Retailers look anxiously at February. In December there is Christmas and New Year shopping and in January the sales season begins. The real consequences of the crisis are only expected in February, because people who are dismissed now, will then be effectively unemployed.

Pieter Paepen:
Over the last six years the rental prices increase considerably: with 35 % for retail warehouses, 40 % for shopping centres and even with 45 % for inner-city shops. For 2009 no further increases are expected. The rental prices will remain stable or decrease.

Koen Nevens:
I agree: rental prices for top locations will remain stable and those for secondary locations will decrease.

Pieter Paepen:
The rental prices on the investment market reached their highest level mid 2007. Since then they have decreased slightly and we expect this trend to continue.

Kris Peetermans:
Retail is too diversified for making a global forecast: the effect will be different on retail warehouses than on inner-city shops.

Pieter Paepen:
Retail warehouses resist at good locations and even gain in value.

Koen Nevens:
As mentioned, there will be less impulsive purchases and the consumer will spend more at discounters. The peripheral market is the location par excellence for discounters and it reacts less to impulsive purchases.
The peripheral market will resist better. No important peaks are expected, but also no important decreases. The peripheral market is stable. A lower rent, for instance, of € 10/m² at another location cannot justify the related moving costs. The situation is different for inner-city shops. A rent difference, for instance, of € 200/m² makes it worth considering the moving costs.

Pieter Paepen:
In 2009 top locations will be clearly distinguished from secondary locations.

Koen Nevens:
Secondary locations will have to be corrected for the rent as well as the yield, while the yield at top locations will possibly be corrected, but the rent will be maintained.

Jean-Paul Sols:
The average rent for our retail warehouses is around € 75/m². Retailers have a buffer for the expected bad times.

Investments

Jean-Paul Sols:
What is the forecast on the investment market?

Guibert de Crombrugghe:
Retail warehouses are rather liquid investment objects at a relative low price. They can easily be sold unit by unit and appeal to a larger public.

Koen Nevens:
Retail premises mainly belong to international investment groups or individual investors and less to international high leverage investment groups. It is less a matter of over leverage than, for instance, on the office market.
Currently there is an important demand from private persons for individual shops. They are interesting investment objects for private investors.
There are no longer premiums for important transactions. Even on the contrary, the preference goes to smaller transactions.

Jean-Paul Sols:
Is there any risk that banks withdraw their credits and that an excess supply would arise through forced sales?

Kris Peetermans:
Banks are vigilant, but they will not compel forced sales of properties.

Valuations

Jean-Paul Sols:
For some of our buildings the real estate value has been reduced since the third quarter of 2008. Over the last quarter the yields from inner-city shops have mainly risen.

How will the valuations evolve in 2009? Will there be more corrections?

Koen Nevens:
This decreasing trend will persist over the coming quarters. But the current determination of value is already rather critical whereby no important corrections are to be expected.

Conclusion

Jean-Paul Sols:
I notice from this conversation that there is still a moderate optimism for the retail market and that the evolution will be less negative than in other sectors.

Koen Nevens:
Certainly, Intervest Retail is in the right sector in the right country.

> "Intervest Retail is in the right sector, in the right country."
>
> KOEN NEVENS - CUSHMAN & WAKEFIELD

ATITA - MECHELSESTEENWEG 30 - 1800 VILVORDE - SURFACE AREA: 650 M²

H&M - BRUUL 40-42 - 2800 MALINES - SURFACE AREA: 2.512 M²

IMPORTANT DEVELOPMENTS IN 2008

Rentals

Taking into account the current market circumstances, Intervest Retail has also led in 2008 a very active asset management policy in order to optimize the growth potential of the rents, still present in the existing portfolio, through negotiations in order to bring the rents to the current market level.

The legislation on commercial rents stipulates that in principle rental increases are only possible every nine years, meanwhile the rents are only adapted to the health index. The last 10 years, the shortage on the market of commercial real estate has led to a much faster growth of rents than the health index, while only every nine years rents are adjusted to the current rental value. This legal frame strongly determines the defensive character of an investment in commercial real estate.

The tenant must, in principle, apply for rent renewal between the 18th and 15th before the 9th anniversary of the lease contract. Tenant and lessor must reach an agreement regarding the rental conditions which will be applied as from the 9th anniversary. In order to easily reach an agreement between tenant and lessor and to avoid legal procedures, an adjustment of 100 % to the level of the market value will mostly not be obtained. The legislation to commercial leases has a weakening effect on the rents realised at the moment of rental renewals. In times of economic regression and possible lower turnover for the retailers, the applied rental levels do not rapidly create a disproportion between turnover and current rental prices.

New rentals

In 2008, 10 new lease contracts have been signed with an average rental increase of more than 42 %. These new lease contracts have led in 2008 to a rental increase of € 40.000 and will provide a rental increase of € 116.000 in 2009.

- **H&M in Malines**
  The commercial building located at the Bruul 40-42 in Malines was till the beginning of 2008 entirely let to the clothing specialist Charles Vögele who only used the ground floor. This lease contract expired at the beginning of 2008 and Intervest Retail has managed to let the building to the clothing specialist H&M. The ground floor as well as the first floor is used as shop, the second floor is used as a social space. The rental income increases with this transaction with 60 %, which has resulted in a value increase of this property with approximately € 4,5 million to € 12 million.

- **Laura Ashley in Ghent**
  The tenant Laura Ashley left the premises at the Volderstraat 15 in Ghent anticipatory on 31 January 2009. Since February 2009, the international clothing retailer G Star Raw occupies these premises. The rent increases with 61 %, which will lead to a considerable value increase of the premises.

- In 2008, new lease contracts have been signed with Wibra in Tielt-Winge (increase of rental value with 40 %) and Atita in Vilvorde (increase of the rental value of 6 %).

Rental renewals

In 2008, 12 rental renewals have been concluded with rental increases of approximately 8 %. In 2009 and 2010, these renewals will generate a rental increase of more than € 150.000.

When renewing the lease contract in the Gasthuisstraat 5-7 in Turnhout with the clothing specialist Charles Vögele, an increase of the rental value of 40 % has been realised, resulting in a value increase of the property of approximately 10 %.

With renewing the lease contract with Euro Shoe in the Veldstraat in Ghent, an increase of the rental value of 73 % has been realised, leading to an increase of the real estate value of € 1 million (30 %) for this shop.

ALDI - HASSELTWEG 74 - 3600 GENK - SURFACE AREA 1.410 M²

Last year Intervest Retail has concluded 2 rental renewals with its most important tenant H&M, for shops in de Bondgenotenlaan in Louvain and the Steenstraat in Bruges. As from April 2009 H&M will pay 8 % more rent in Bruges. In Louvain the new rent, which will be indexed immediately after the beginning of the renewal in February 2010, will be at least 4 % higher. Also for other rental renewals, rental increases of 18 % in average have been realised.

Extensions

Aldi has in a large measure extended its shop at the Hasseltweg 74 in Genk at its own costs with 232 m². The total commercial surface area amounts presently to 1.221 m². The rent of Aldi on this location increases with 35 % and the real estate value of the premises increases with 28 % as Intervest Retail has taken a part of the investment on its charge and receives in return additional rent.

Value increase of the real estate portfolio

In 2008, the value of the real estate portfolio evolves from € 313 million to € 327 million.

The details of the increase are as follows (in € million):

• value portfolio as at 1 January 2008	€ 313
• investments in the existing portfolio	€ 3
• acquisitions investment properties	€ 1
• sales of investment properties	-€ 1
• unrealised capital gains	€ 22
• unrealised capital losses	- € 11
• value portfolio as at 31 December 2008	€ 327

The unrealised capital gains result mainly from the general yield compression. Besides, a number of properties are subjected to corrections on the rental value in accordance with rental values on the market and as a result of rental renewals realised in 2008 and indexations.

The unrealised capital losses mainly arise from the increase of the yields during the fourth quarter of 2008 following the valuations by property experts as a result of the current uncertainty on the investment market.

Exchange transaction

Acquisition Bruul 44 in Malines by an exchange transaction with IJzerenleen 30 in Malines

Intervest Retail has acquired for strategic reasons a corner building (75 m²), located on Bruul 44 in Malines. This building situated on a very commercial location forms a unity with the building of Intervest Retail located on the Bruul 40-42. This acquisition is thus a transaction that considerably strengthens the commercial position of Intervest Retail on the most attractive part of the Bruul in Malines. The acquisition of this corner building on Bruul 44 has been realised through the exchange of a building of Intervest Retail located IJzerenleen 30 in Malines, in accordance with the valuation of the property expert of the property investment fund.

Sales

The properties of Intervest Retail are constantly valued on the basis of their future contribution to the return. That is why properties are regularly put up for sale, due to different circumstances:

- if they are not shops, but offices, warehouses or residential real estate
- if the property is situated in locations where no more growth is expected or where the force of attraction has been reduced
- if they are stand-alone properties that are isolated and which makes their management too labour-intensive.

Within this frame no property has been sold during 2008.

RETAILPARK ANDENNE - AVENUE ROI ALBERT IER 137-139 - 5300 ANDENNE - SURFACE AREA: 5.721 M²


SHOPPING PARK OLEN - LAMMERDRIES-WINKELSTRAAT - 2250 OLEN - SURFACE AREA: 35.000 M²

Redevelopment of the retail warehouses' complex in Andenne

In September 2008, Intervest Retail has started the construction works for the redevelopment of its retail warehouse complex in Andenne. The reason is the fire that devastated the site on 26 May 2006. Two units (let to Shoe Discount and Hubo), good for 60 % of the total site, were completely destroyed. The other shops, that after the departure of some remaining tenants were empty, are meanwhile demolished. Instead a new modern retail park is built with a surface area of 5.721 m², from which 821 m² are located on the first floor. Before the fire in May 2006 the total surface area amounted to 4.701 m².

The redevelopment of this retail site fits with the ambitious plans of the city of Andenne to upgrade the direct surroundings of the site and breathe new life into it.

For this project, Intervest Retail has obtained the building permit in April 2008 and the socio-economic permit in July 2008.

The key tenant of the project is the Belgian chain of supermarkets Delhaize, with a unit of 1.800 m². Further, lease contracts have been signed with CASA, Charles Vögele and Koodza (Decathlon). The existing tenant Planet Video is relocated within in project. The commercialisation, including the letting of the first floor, is in a final phase.

The construction works are currently proceeding according to plan with the aim of delivering the commercial space casco at the end of April 2009 to the tenants.

The total estimated investment cost amounts to € 3,8 million, of which € 1,6 million will be recovered from the insurance company as indemnity for damage to the buildings resulting from the fire. The estimated rental income currently amounts to € 0,5 million on an annual basis.

Development project Shopping Park in Olen

Shopping Park Olen will become a retail park based on themes of 'home', 'garden' and 'hobby and leisure', with a large range of services, pubs, restaurants and facilities. The socio-economic permit has been granted for the construction of 35.000 m² commercial space (26.642 m² net). The entity will be nested in pleasant surroundings. Shopping Park Olen will require a total investment of € 35 to € 40 million.

At the end of 2008, the sports specialist Decathlon has been attracted as a key tenant for the project. Decathlon has engaged itself to rent 4.400 m² in the Shopping Park.

Currently more than 15 % of the surface area is prelet. With different candidate tenants negotiations are currently ongoing.

The start of the project will largely depend on the further development regarding ongoing prelettings of the project and on the availability of financing.

Regarding the cancellation request introduced in 2006 by a neighbour-competitor against the building permit, the report of the auditor has been received at the end of December 2008. It advises the Council of State to reject the admissibility of the request of suspension.

Besides, the same party has requested the Council of State to cancel the socio-economic permit (although this competitor has not introduced a request of suspension, so that the permit can be executed). Currently there is no particular evolution in this case.

JULIANUS SHOPPING - MAASTRICHTERSTRAAT VIA JULIANUS - 3700 TONGEREN - SURFACE AREA: 8.811 M²

H&M - LEUVENSESTRAAT 43 - 1800 VILVORDE - SURFACE AREA: 1.338 M²

Commercial centre Julianus in Tongeren opened successfully

The inauguration of the commercial centre Julianus in Tongeren took place on 12 March 2008 with festivities. Subsequently the commercial opening for shoppers on 13 March 2008 was very successful.

Shopping Julianus consists of 23 shops with a total surface area of approximately 8.800 m² and is let for 100 %. The centre comprises renowned tenants with an interesting tenant mix with Kruidvat, H&M, JBC, Torfs, Veritas, Essenza, Bel Company, Esprit, Appel's, Damart, Pepe Jeans, SportsWorld, Biosleepworld, IJsboerke, Deloberghe and KBC.

Furthermore, the Julianus complex comprises an underground car park, a hotel and approximately forty private apartments which do not belong to Intervest Retail. The underground car park, run by CityParking is operational since the opening of the commercial centre. The Eburon hotel, which belongs to the Differenthotels chain, has opened successfully in the summer of 2008. Meanwhile the first private apartments are occupied, as a result of which the inner-city mixed project is gradually getting shaped.

The city of Tongeren has made considerable investments for the redevelopment and upgrading of the surrounding streets. Herewith Shopping Julianus is accessible on an easy and pleasant way. Also through this surrounding works the commercial success of Shopping Julianus is assured and the entire site will represent a considerable added value and an attraction pole for the historic city of Tongeren.

This development project has been realised in collaboration with Heijmans Vastgoed for a total acquisition value of € 17,4 million, at a gross initial yield of 6,9 %. On 31 December 2008 this achieved project has been valued as an investment property by the property expert De Crombrugghe & Partners at a fair value of € 21,4 million. Consequently, this project returns to the property investment fund in 2008 an unrealised capital gain of € 3,9 million compared to the acquisition value.

In 2008, this investment has contributed for an amount of € 0,4 million to the operating distributable result of Intervest Retail and has generated € 1,3 million rental income.

Redevelopment Vilvorde

For the commercial-residential project at the corner of the Leuvensestraat and the Jean-Baptiste Nowélei in Vilvorde, the construction of the commercial space reserved to the international clothing retailer H&M is finalised and the works for 11 luxury apartments on the floors are in progress according to a high-quality architectural design from DE Architects. The built surface area amounts to approximately 2.720 m², with 1.338 m² lettable commercial surface area.

The commercial part has been delivered to H&M at the beginning of June 2008. The opening on 24 September 2008 of a new store of H&M was particularly successful. The sale on plan of the apartments evolves favourably; currently 8 apartments are already sold.

Merger of 2 April 2008

On 2 April 2008, the extraordinary general meeting of shareholders approved the merger by absorption by Intervest Retail sa of the company Pegasus Vastgoedmaatschappij sa (owner of a part of the Heytens portfolio, acquired in 2007). The merger has taken place without issue of new shares of Intervest Retail sa.

This merger can be seen as a formal and logical step as Intervest Retail has already acquired 100 % of the shares of the company Pegasus Vastgoedmaatschappij sa in 2007, and this in the frame of the further extension of the real estate patrimony of Intervest Retail.

FINANCIAL RESULTATS[1]

"Reorientation in 2007 offers positive results in 2008."

Income statement

in thousands €	2008	2007
Rental income	20.034	17.686
Rental-related expenses	26	-518
Property management costs and income	-6	-61
Property result	**20.054**	**17.107**
Property charges	-2.266	-4.094
General costs and other operating expenses and income	-1.023	-1.034
Operating result before result on the portfolio	**16.765**	**11.979**
Result on sales of investment properties	87	-19.531
Changes in fair value of investment properties and development projects	11.415	36.014
Operating result	**28.267**	**28.462**
Financial result (excluding revaluation financial derivatives)	-5.769	-4.556
Revaluation financial derivatives (IAS 39)	-461	0
Financial result	***-6.230***	***-4.556***
Taxes	-51	-20
Net profit	**21.986**	**23.886**
Operating distributable result[2]	10.872	7.462
Result on portfolio	11.502	16.483
Revaluation of financial derivatives (IAS 39) and other non-distributable elements	-388	-59

RESULT PER SHARE	2008	2007
Number of shares entitled to dividend	5.078.525	5.078.525
Net earnings per share (€)	4,33	4,70
Gross dividend (€)	2,14	1,47
Net dividend (€)	1,82	1,25

1 Compartive figures as at 31 December 2007 between brackets.
2 For the calculation of the operating distributable result: see note 12 of the financial report.

"In 2008, the rental income increases with 13 %."

In 2008, the **property result** of Intervest Retail increases with € 3,0 million to € 20,1 million (€ 17,1 million). This increase results:

- for € 1,2 million from the new commercial centre Julianus in Tongeren, which opened successfully in March 2008
- for € 1,3 million from rental income of the acquired warehouses portfolio end 2007, let to Decor Heytens
- for € 0,7 million from higher rental income and indexations from the existing real estate portfolio
- from the disappearance of rental income as well as financial incentives for the tenants and doubtful debtors of the sold outlet centre Factory Shopping Messancy

In 2008, the **property charges** of the property investment fund decrease to € 2,3 million (€ 4,1 million). The decrease of € 1,8 million mainly results from the fact that marketing and service charges for Factory Shopping Messancy are no longer incurred because of the sale of this centre at the end of 2007.

With the decrease of the property charges and in the increase of rental income the **operating result before result on the portfolio** increases in 2008 with € 4,8 million to € 16,8 million (€ 12,0 million).

The result **on sales of investment properties** amounts to € 0,1 million because of the exchange transaction of a property located on the Bruul in Malines. In 2007, the result on the disposal of investment properties comprises a capital loss of € 19,5 million as a result of the sale of Factory Shopping Messancy and three non-strategic buildings.

During the financial year 2008, the positive **change in fair value of the investments properties and development projects** amounts to € 11,4 million (€ 36,0 million) or 3,5 % of the value of the portfolio. This positive effect comes from value increases as a result of the valuation by the property experts and from the unrealised capital gain on the development project Julianus, completed in 2008, for € 3,9 million compared to the acquisition value of the project.

The **financial result** (excluding the revaluations of financial derivatives) amounts to - € 5,8 million (- € 4,6 million) through the increase of the interest charges as a result of the investments in the commercial centre Julianus in Tongeren and the acquisition of the Heytens portfolio end 2007.

In 2008, the **revaluation of the financial derivatives** comprises the change of the market value of the interest rate swap which in accordance with IAS 39 can not be classified as a hedge instrument, for an amount of - € 0,5 million (€ 0 million).

During the financial year 2008, the **net profit** of Intervest Retail amounts to € 22,0 million (€ 23,9 million) and can be divided in:

- the operating distributable result of € 10,9 million compared to € 7,5 million in 2007. This increase with 46 % results from the opening of the commercial centre Julianus in Tongeren, the acquisition of the Heytens portfolio and the sale of the badly performing outlet centre Factory Shopping Messancy
- the result on portfolio of € 11,5 million compared to € 16,5 million prior year due to the revaluation of the real estate portfolio
- the revaluation of the financial derivatives in accordance with IAS 39 and other non-distributable elements for an amount of - € 0,4 million (€ 0 million).

Hence, for the financial year 2008, the **operating distributable result** of Intervest Retail increases to € 10,9 million (€ 7,5 million). Taking into account the 5.078.525 shares, this represents for the year 2008 a g**ross dividend** of € 2,14 per share compared to € 1,47 in 2007. This means an increase of the dividend with 46 % per share.

Balance sheet

in thousands €	31.12.2008	31.12.2007
ASSETS		
Non-current assets	**327.692**	**313.413**
Intangible assets	12	18
Investment properties	320.043	291.382
Development projects	7.355	21.556
Other tangible assets	264	379
Financial fixed assets	0	60
Trade receivables and other non-current assets	18	18
Current assets	**7.199**	**18.563**
Assets held for sale	1.246	12.133
Trade receivables	426	675
Tax receivables and other current assets	4.742	4.085
Cash and cash equivalents	498	1.486
Deferred charges and accrued income	287	184
Total assets	334.891	331.976
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**199.248**	**187.762**
Non-current liabilities	**99.750**	**67.178**
Provisions	215	195
Non-current financial debts	99.478	66.608
Other non-current liabilities	57	69
Deferred taxes - liabilities	0	306
Current liabilities	**35.893**	**77.036**
Current financial debts	27.574	62.754
Trade debts and other current debts	3.902	10.625
Other current liabilities	3.259	2.341
Accrued charges and deferred income	1.158	1.316
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	334.891	331.976

DATA PER SHARE	31.12.2008	31.12.2007
Number of shares	5.078.525	5.078.525
Net asset value (fair value) (€)	39,23	36,97
Net asset value (investment value) (€)	40,85	38,43
Share price on closing date (€)	28,49	32,80
Discount to net asset value (fair value) (%)	- 27 %	- 11 %
Debt ratio RD 21 June 2006 (max. 65 %) (%)	39 %	43 %

Assets

"The fair value of the real estate portfolio amounts to € 327 million."

The **investment properties** increase with € 29 million due to the revaluation of the properties of the portfolio with € 11 million and the achievement of the Julianus project in Tongeren at the beginning of 2008. The **development projects** decrease through the transfer of the achieved project Julianus in Tongeren to the investment properties. On 31 December 2008, the properties have been valued by the independent property experts at € 336 million (investment value).
On 31 December 2008 the fair value (i.e. investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future disposal) of the portfolio on 31 December 2008 amounts to € 327 million (€ 313 million). This rise with € 14 million is mainly due to the value increase of the existing commercial portfolio (€ 11 million or 3,5 %) and investments in the portfolio for € 3 million.

"Through a strict credit control the number of days of outstanding customers' credit amounts to only 6 days."

The **current assets** amount to € 7 million (€ 19 million) and consist of € 1 million of assets held for sale (end 2007 € 12 million from the sale of Factory Shopping Messancy), of € 0,5 million trade receivables, of € 5 million other receivables and of € 0,5 million in cash on bank accounts.

Liabilities

The s**hareholders' equity** of the property investment fund amounts to € 199 million (€ 188 million). The share capital (€ 97 million) and the share premium (€ 4 million) remain unchanged compared to prior year. On 31 December 2008, the total number of shares amounts to 5.078.525. The reserves amount to € 98 million and mainly consist of unrealized capital gains as a result of the valuation of the real estate portfolio at investment value. These reserves have increased with € 12 million compared to prior year, mainly as a result of the revaluation of the real estate portfolio of the property investment fund in 2008. On 31 December 2008, the result carried forward amounts to € 12 million.

Conform to the Beama-interpretation of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006), the real estate portfolio is valued at **fair value**. At year-end the difference with the investment value is shown separately in shareholders' equity. On 31 December 2008, this difference amounts to € 8 million.

The **change in fair value of financial assets and liabilities** for an amount of - € 3 million represents the current market value of the financial derivatives which Intervest Retail has concluded as hedging of the variable interest rates on the non-current financial debts. The negative market value of these financial derivatives results from the important decrease of the interest rates at the end of 2008.

The board of directors can explicitly increase the share capital on one or more occasions by an amount of € 97.213.233. This permission is valid until 9 May 2013.

On 31 December 2008, the **net asset value** (fair value) of the share amounts to € 39,23 (€ 36,97). Given that the share price on 31 December 2008 is € 28,49, the share is quoted with a discount of 27 % compared to the net asset value (fair value).

The **non-current liabilities** mainly comprise the non-current financial liabilities for an amount of € 100 million. They consist of long term financings with an expiry date between 2010 or later, as well of the negative market value of financial derivatives. The increase of these non-current liabilities with € 33 million mainly results from the refinancing of the current financial debts (which expired in 2008) into non-current credit facilities.

The **current liabilities** amount to € 36 million and consist of € 28 million of current financial debts (bank loans expiring in 2009), of € 4 million of trade debts, invoices to be received and VAT to be regularized for the sale of Factory Shopping Messancy, of € 3 million of and miscellaneous debts, and finally € 1 million of accrued charges and deferred income.

On 31 December 2008, a relative low debt ratio of 39% (43% on 31 December 2007) and well-spread rental risks provide Intervest Retail with a stable balance sheet structure.

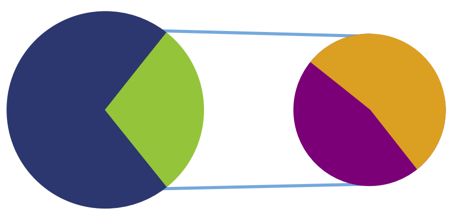
FINANCIAL STRUCTURE

On 31 December 2008, Intervest Retail has a conservative financial structure allowing it to carry out its activities in 2009 and to fulfil its commitments.

The most important characteristics of the financial structure on 31 December 2008 are:

- Amount financial debts: € 123,6 million (excluding market value of financial derivatives)
- 72 % long-term financings with an average remaining duration of 3 years
- Well-spread expiry dates of the credit facilities between 2009 and 2014
- Spread of credit facilities over 5 European financial institutions
- € 10,2 million of available non-withdrawn credit lines
- 66 % of the credit facilities have a fixed interest rate, 34 % a variable interest rate
- Fixed interest rates are fixed for a remaining period 2,7 years in average
- Average interest rate for 2008: 4,9 %
- Market value of financial derivatives: € 3,4 million in negative
- Limited debt ratio of 39 % (legal maximum: 65 %)

PERIOD TO MATURITY OF FINANCINGS



Balance between long-term and short-term financings

On 31 December 2008, 72 % of the credit lines of Intervest Retail are long-term financings. 28 % of the credit lines are short-term financings, whereby 13 % consists of financings with an unlimited duration (progressing each time for 364 days) and only 15 % of one credit facility which expire on 31 December 2009.

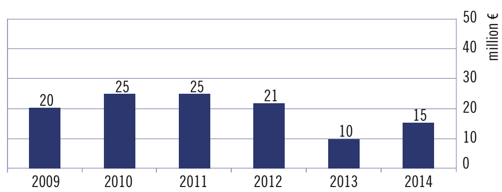
"72 % of the credit lines are long-term financings with well spread expiry dates."

Duration and spread of the expiry date of long-term financings

On 31 December 2008, the average duration of the long-term financings is 3 years. The strategy of Intervest Retail is to maintain this average duration between 3,5 and 5 years, but derogation is possible when specific market circumstances require it. Given the current developments on the financing markets, there is a slight derogation for the refinancings realised in 2008, by using shorter durations, assuming that the margins on the financings will be normalized on the medium term.

A balanced spread of the expiry dates of the credit facilities is always pursued. From 2009 till 2014 only 20 % of the credit facilities of Intervest Retail has to be renewed or prolonged.

EXPIRY CALENDAR OF FINANCINGS



THE CREDIT FACILITIES PORTFOLIO OF INTERVEST RETAIL IS SPREAD OVER 5 EUROPEAN FINANCIAL INSTITUTIONS.

BLOKKER - RUE DE LA FABRIQUE 6 - 4 - 4400 FLEMALLE - SURFACE AREA: 2.835 M²

GAMMA - SLACHTHUISSTRAAT 31 - 440 - 3300 TIENEN - SURFACE AREA: 4.871 M²

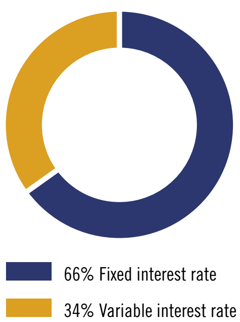
Available credit lines

On 31 December 2008, the property investment fund still disposes of € 10,2 million of non-withdrawn credit facilities at its financial institutions for absorbing the fluctuations of liquidity needs, for the financing of future investments and for the payment of the dividend of the financial year 2008.

Percentage credit facilities with fixed and variable interest rate

When composing the loan portfolio, the strategy of Intervest Retail consists of pursuing a relation of one third borrowed capital with a variable interest rate and two third borrowed capital with a fixed interest rate. On 31 December 2008, 66 % of the credit withdrawals of the property investment fund consist of financings with a fixed interest or fixed by interest rate swaps (IRS). 34 % are credit facilities with a variable interest rate, whereby advantage can be taken from the current low interest rate levels.

RELATION CREDIT FACILITIES, ACCORDING TO THE NATURE OF THE INTEREST RATE



"66 % of the credit facilities have a fixed interest rate or is covered through financial derivatives."

Duration of the fixed interest rates

For credit facilities with a fixed interest rate, the interest rate is fixed for a period of 2,7 years in average.

Average interest rates

The strong rise of the Euribor which occurred during first three quarters of 2008, has brought the total average interest rate of the property investment at 4,9 % (2007: 4,5 %).

For 2008, the average interest rate for the non-current financial debts amounts to 4,9 % (2007: 4,3 %).

For 2008, the average interest rate for the current financial debts amounts to 4,8 % (2007: 4,6 %).

Refinancing realised in 2008

During the financial year 2008 Intervest Retail has renegotiated two expired credit facilities (for an amount of € 45 million) with its bankers. These new credit facilities, also for an amount of € 45 million, have duration of 3 years and are concluded in accordance with market conditions.

H&M - STEENSTRAAT 80 - 8000 BRUGGE - SURFACE AREA: 2.670 M²

Interest rate covers concluded in 2008

In the frame of refinancings realised in 2008 and for further protection against interest rates fluctuations during the financial year 2008, Intervest Retail has concluded three interest rates coverage instruments with Belgian bankers for covering the interest rate risk arising from the long-term credit facilities:

- an interest rate swap for an amount of € 10 million with a duration of 5 years, callable after 1 year, at 3,93 %
- an interest rate swap for an amount of € 25 million with a duration of 5 years at 4,43 %
- an interest rate swap for an amount of € 20 million with a duration of 5 years at 4,105 %

Profits and losses resulting from the changes in the fair values of the financial derivatives are immediately booked in the income statement (under "Financial result: revaluation of the financial derivatives (IAS 39)"), unless the derivative fulfils the conditions for hedge accounting. These profits or losses are no part of the operating distributable result and consequently do not influence the dividend distribution.

Sensibility to interest rate

For the financial year 2008 the effect on the operating distributable result of a (hypothetic) rise of the interest rates with 1 % gives a negative result of approximately € 0,4 million (2007: € 0,3 million). If the interest rates on this date should decrease with 1 %, the effect on the operating distributable result gives a positive result of € 0,4 million (2007: € 0,3 million). In the calculations, the existing financial derivatives are taken into account.

Interest cover ratio

The interest cover ratio is the relation between the operating result before the result on portfolio and the financial result (excluding the revaluation of financial derivatives in accordance with IAS 39). For Intervest Retail this ratio amounts to 2,9 for the financial year 2008, which is significantly better than the requirements that are agreed as covenant in the financing agreements of the property investment fund.

Debt ratio

On 31 December 2008, the debt ratio of the property investment fund amounts to 39 % (43 % on 31 December 2007). The decrease of the debt ratio is mainly due to the revaluation of the real estate portfolio during 2008 and the reduction of borrowed capital.

"The property investment fund has a limited debt ratio of 39%."

HOBB'S - GOUDEN KRUISPUNT - 3390 TIELT-WINGE - SURFACE AREA: 810 M²

VOGELE - MECHELSESTEENWEG 30 - 1800 VILVORDE - SURFACE AREA: 763 M²

PROFIT DISTRIBUTION 2008

The board of directors proposes to distribute the consolidated profit for the financial year as follows:

in thousands €	
profit of the financial year 2008	€ 21.986
transfer of the result on portfolio to the reserves	- € 11.502
transfer of the capital gain from the revaluation of the financial derivatives to the change in fair value of financial assets and liabilities	€ 461
profit to be carried forward	€ 10.945

"To the general meeting of shareholders on 1 April 2009 will be proposed to distribute a gross dividend of € 2,14 per share."

This represents a net dividend of € 1,82 after deduction of 15 % withholding tax. Taking into account 5.078.525 shares which will participate in the full result for the financial year, this means a distributable dividend of € 10.868.044 [3] .

The dividend is higher than the required minimum of 80 % of the operating distributable result as the property investment fund, in accordance with its policy, Intervest Retail distributes also in 2008 100 % of the distributable profit.

The dividend will be payable as of 17 April 2009. As far as the bearer shares are concerned, this can be on submission of dividend certificate number 9.

OUTLOOK FOR 2009

In spite of the particular turbulent economic situation, Intervest Retail dares to face the year 2009 with confidence.

Except for unexpected evolutions, such as important bankruptcies of tenants and unpredictable increases of interest rates, the company expects that the operating distributable result and the dividend will further increase in 2009.

The result on portfolio is under pressure because it is expected that in the next quarters additional devaluations of the real estate portfolio of Intervest Retail are possible.

The agenda of the financial year 2009 contains the further completion and letting of the retail park in Andenne. The redevelopment of Shopping Park Olen is also an important challenge for 2009 and 2010. The final starting date of this project will largely be determined by the further success of the ongoing prelettings and of the availability of financing.

New investments will largely depend on the further evolution on the market of commercial real estate and on the financing possibilities.

3 As legally speaking only the profit of the statutory annual accounts can be distributed and not the consolidated profit, the present profit distribution has been based on the statutory results.

03

Report on the share

Company // Huidevettersstraat 12 / 2000 Antwerp / Surface area: 721 m²

STOCK MARKET INFORMATION

INTV LISTED NYSE EURONEXT

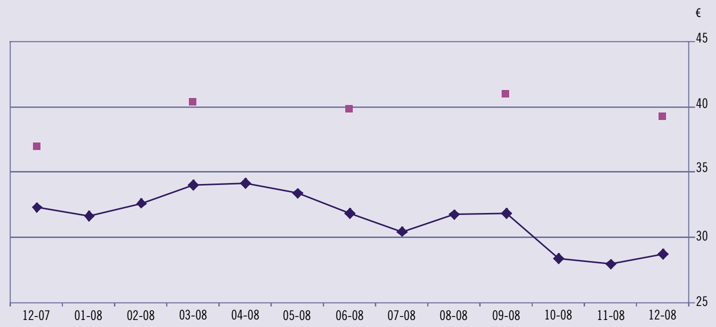
The share of Intervest Retail (INTV) is listed on Euronext Brussels and is included in the stock market indexes BEL Real Estate and also the ING Sicafi-index and GPR 250 Europe.

Evolution of the share price

In 2008 the share price of Intervest Retail has been subjected to important fluctuations. At its lowest point it has reached € 23,30 (9 October 2008) and at its highest € 35,30 (14 April 2008).

The important fluctuation during the month October 2008 is due to the turbulences and the uncertainty on the financial markets resulting from the global economic and credit crisis.

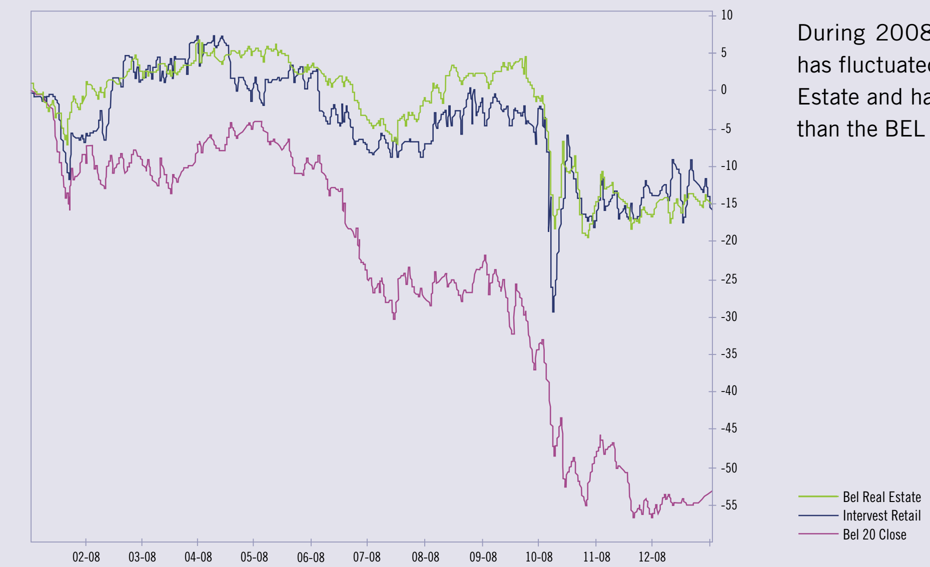
Discount Intervest Retail



Since October 2008, the share of Intervest Retail quotes with a discount of an average of 20 % compared to the net asset value (fair value).

The net asset value of Intervest Retail includes the 2007 dividend up to the payment date on 18 April 2008.

Comparison Intervest Retail with Bel Real Estate Index and BEL 20 Close index



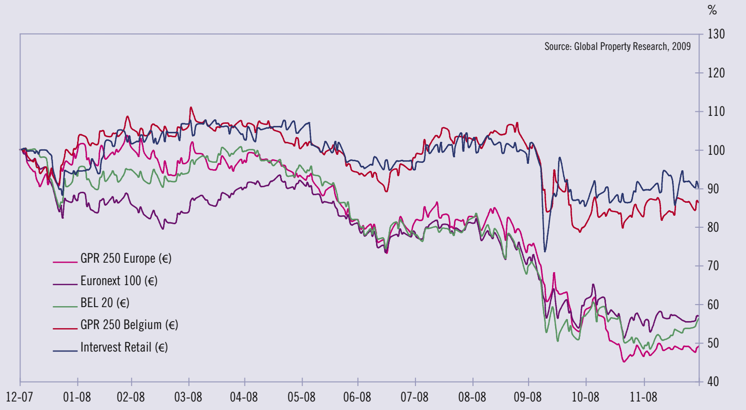
During 2008, the share of Intervest Retail has fluctuated analogously with the BEL Real Estate and has performed substantially better than the BEL 20.

Comparison Intervest Retail with the ING sicafi index

The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.

Additional information about the index can be obtained at ING Belgium regarding the ING sicafi index.

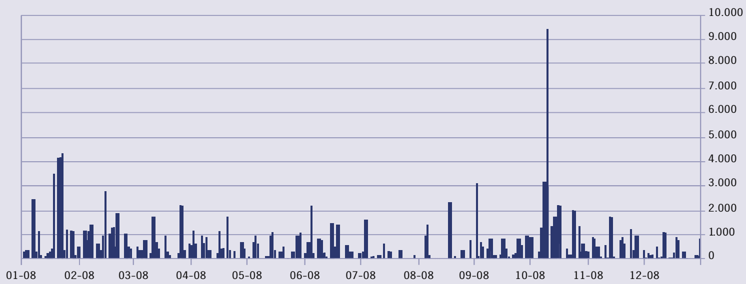
Comparison Intervest Retail with GPR indexes



This graph shows that in 2008 Intervest Retail scored better than the GPR 250 Europe, the GPR 250 Belgium and the Euronext 100 index.

Additional information over the indexes can be obtained at Euronext Brussels regarding the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) regarding the GPR 250 Europe and GPR250 Belgium.

Traded volumes Intervest Retail



The traded volumes, with an average of 609 units a day, were lower than previous year (an average of 1.036 units a day).

A liquidity contract has been concluded with Bank Degroof to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

At the end of the year the free float amounts to 27,62 %. Efforts will continuously be made to increase this free float in order to improve the negotiability of the shares.

DIVIDEND AND NUMBER OF SHARES

	31.12.2008		
Number of shares at the end of the period	5.078.525		
Number of shares entitled to dividend	5.078.525		
Share price (€)	**31.12.2008**		
Highest closing share price	35,30		
Lowest closing share price	23,30		
Share price on closing date	28,49		
Discount to net asset value (fair value) (%)	- 27 %		
Average share price	31,36		
Data per share (€)	**31.12.2008**	**31.12.2007**	**31.12.2006**
Net asset value (fair value)	39,23	36,97	34,21
Net asset value (investment value)	40,85	38,43	35,54
Gross dividend	2,14	1,47	1,97
Net dividend	1,82	1,25	1,67
Closing price gross dividend yield (%)	7,5 %	4,5 %	4,9 %
Closing price net dividend yield (%)	6,4 %	3,8 %	4,2 %

"On 31 December 2008 the share price of the Intervest Retail amounts to € 28,49, offering its shareholders a gross dividend yield of 7,5 %.

SHAREHOLDERS

As at 31 December 2008 the following shareholders are known to the company:

VastNed Retail sa	**3.595.529 shares**	**70,80 %**
K.P. van der Mandelelaan 43A - 3062 MB Rotterdam - The Nederlands		
CFB Belgique sa	**80.431 shares**	**1,58 %**
Uitbreidingstraat 18 - 2600 Berchem - Antwerp		
Public	**1.402.565 shares**	**27,62 %**
Total	**5.078.525 shares**	**100%**

In application of article 74 of the public take-over law of 1 April 2007, VastNed Retail sa and CFB Belgique sa have informed the CBFA that they act jointly.

At the time of the flotation in December 1999, it was anticipated that at least 30% of the shares would be placed with the public. Half of these shares were not placed at that time, and the sellers subsequently undertook to offer these shares on a permanent basis. Under point 2.10. the prospectus stated as follows:

"The seller of Intervest sa, i.e. Immocorp, undertakes to sell Shares on the stock exchange at the share price, and at least at the inventory value "deed in hand", as stated in the most recently published half year report, annual report or the quarterly update of the report from the property expert, and this until the Offered Shares have been placed in full."

In the meantime, Immocorp sa has been liquidated, but its commitments have been taken over by VastNed Retail sa.

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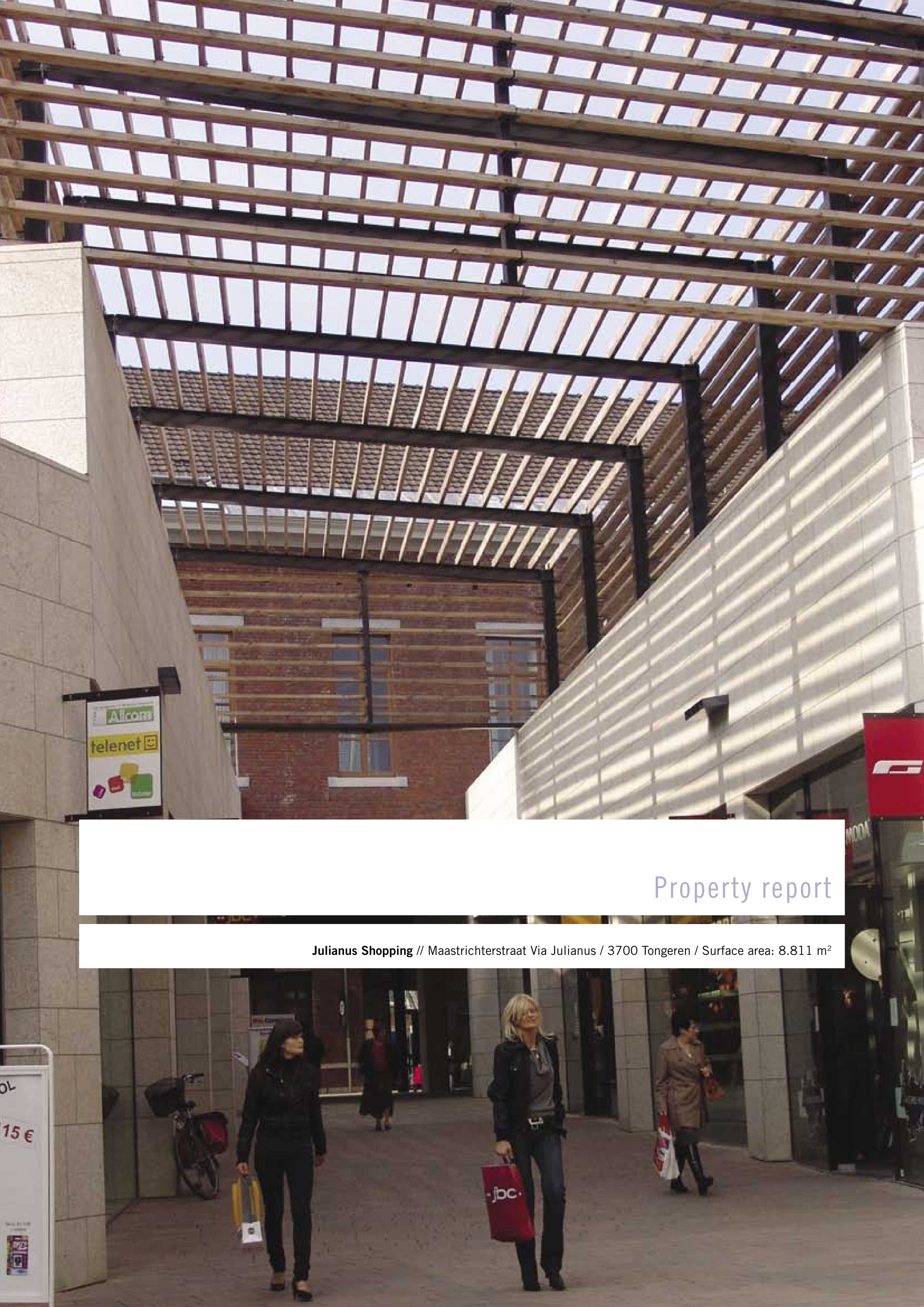


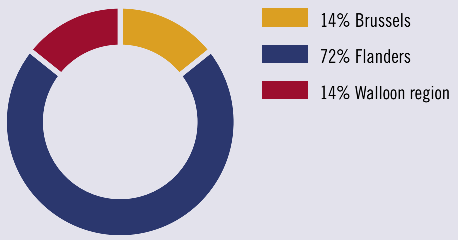
Property report

Julianus Shopping // Maastrichterstraat Via Julianus / 3700 Tongeren / Surface area: 8.811 m²

COMPOSITION OF THE REAL ESTATE PORTFOLIO[4]

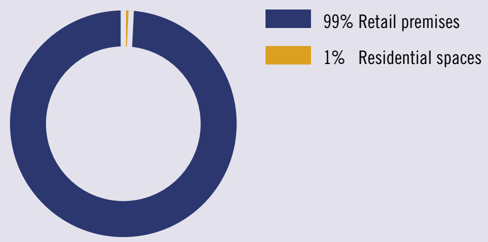
Intervest Retail invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations and retail warehouses. Shopping centres also represent possible investment opportunities.

Geographic spread



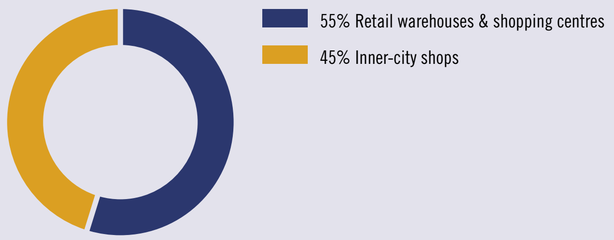
THE STORES ARE SPREAD THROUGHOUT BELGIUM, WITH A GOOD REPARTITION ACROSS THE VARIOUS REGIONS

Type of building



IN TOTAL INTERVEST RETAIL'S PORTFOLIO CONSISTS AT THE END OF 2008 OF 271 LETTABLE PREMISES. 99 % OF THE PREMISES ARE RETAIL PREMISES, AND THE REMAINING 1% IS RESIDENTIAL SPACES.

Type of retail property



THE RETAIL PREMISES CONSIST OF 45 % OF INNER-CITY SHOPS, AND OF 55 % RETAIL WAREHOUSES AND SHOPPING CENTRES.

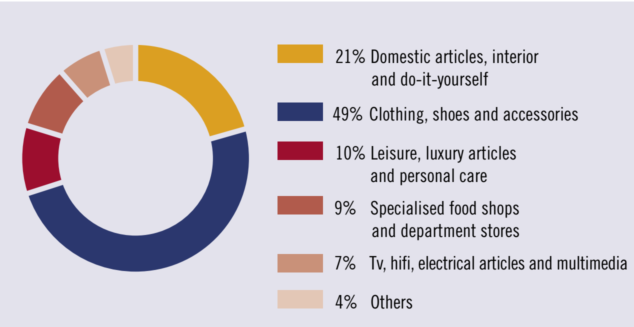
The category **inner-city locations** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category. The inner-city locations are particularly desired assets for as well retailers as investors. The shortage of these objects supports in an important measure the development value of these buildings.

For **retail warehouses** it is primarily the location of the premises alongside major traffic routes as well as the large sales area (from 400 m²). This category includes both free-standing buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. The retail warehouses undergo since a few years a quality development. Especially the retail warehouses form an attraction pool on their own and are not only attractive for discount formula. Since a few years there is an evolution whereby retailers are not only located in the inner-city but also in the periphery.

The costs which are at the expense of the lessor are rather limited to important maintenance costs to the structure of the building or important repairs or replacements of roofs. Rental expenses (such as property tax and costs for shared areas) are mostly paid by the tenant.

4 The charts above do not take the development projects into account. They have been compiled on the basis of the annual rental income of 2008 and the value of the portfolio on 31 December 2008.

Sector of tenants

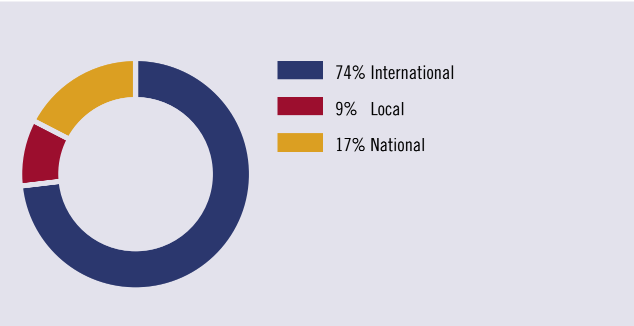


THE TENANTS ARE OF A HIGH QUALITY AND THEY ARE SPREAD EQUALLY OVER THE PRINCIPAL SECTORS OF THE RETAIL TRADE.

Most of the retail properties have been let on traditional lease contracts to users who are widely distributed across all sectors of the retail trade. Since most of these premises are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment in the interior of the property, which is beneficial to the stability and continuity of the rental income.

All of these factors result in a high occupancy rate for the portfolio (99,3 %).

Region of activity of tenants [5]



THE MAJOR SHARE OF TENANTS ARE INTERNATIONAL CHAINS, WHICH IS BENEFICIAL TO THE STABILITY AND CONTINUITY OF PORTFOLIO.

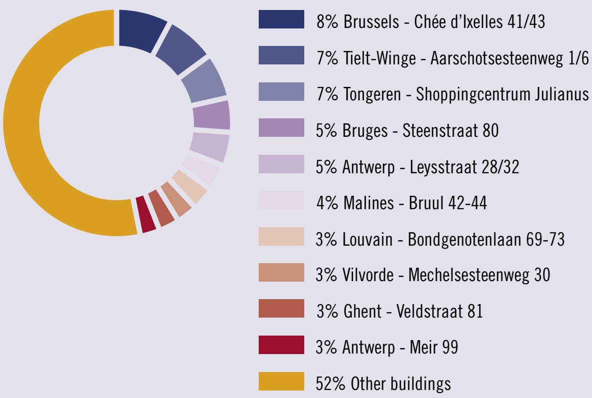
SHOE DISCOUNT - GOUDEN KRUISPUNT - 3390 TIELT-WINGE - SURFACE AREA: 1.558 M²

5 A national chain has to have at least five points of sale. An international chain must have at least five points of sale in at least two countries.

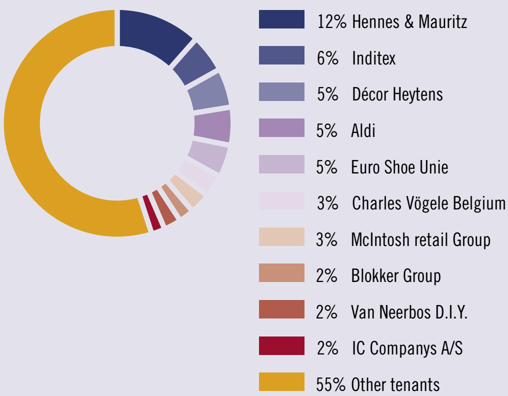
ALDI MARKT - RUE DE LA FABRIQUE 6 - 4400 FLEMALLE - SURFACE AREA: 2.835 M²

“The Top 10 of the tenants generates 45 % of the rental income.”

Risk spread according to buildings



Risk spread according to tenants



Through the spread of tenants over a large number of buildings on different locations, the risk of retail centres evolving less favourably and its effect on changes in rental prices is extremely limited.

The rental income of Intervest Retail is spread over 153 different tenants limiting the debtor’s risk of land improving the stability of the rental income. The ten most important tenants represent 45 % of the rental income and are always prominent companies in their sector and part of international groups.

During 2008, five tenants have resigned their lease contract and have left the property. This has only occasioned for 1 unit (apartment) a short vacancy period.

OVERVIEW OF THE REAL ESTATE PORTFOLIO

31 December 2008

Region	Surface area	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighing (%)
Investment properties					
Brussels	11.262	2.525	45.466	44.357	14 %
Flanders	119.844	14.849	235.853	230.100	70 %
Walloon region	35.312	3.256	46.725	45.585	14 %
Total investment properties	**166.417**	**20.631**	**328.044**	**320.043**	**98 %**
Development projects					
Flanders	29.632	0	7.539	7.355	2 %
Total development projects	**29.632**	**0**	**7.539**	**7.355**	**2 %**
TOTAL INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS	**196.049**	**20.631**	**335.583**	**327.398**	**100 %**

EVOLUTION OF THE REAL ESTATE PORTFOLIO

	31.12.2008	31.12.2007
Value investment properties (€ 000)	328.044	298.667
Value development projects (€ 000)	7.539	21.670
Current rents (€ 000)	20.490	18.674
Yield (%)	6,2 %	6,3 %
Current rents, including estimated rental value on vacancy (€ 000)	20.631	18.803
Yield if fully let (%)	6,3 %	6,3 %
Total lettable area of the investment properties (m^2)	166.417	166.591
Occupancy rate (%)	99,3 %	99,3 %

Sensitivity analysis

In case of a hypothetic negative adjustment of the yield used by the property experts for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) with 1 % (from 6,2 % to 7,2 % in average), the investment value of the real estate portfolio would decrease with € 44 million or 14 %. Herewith the debt ratio of the property investment fund would increase with 6 % to 45 %.

In the opposite case of a hypothetic positive adjustment of this yield with 1 % (from 6,2 % to 5,2 % in average), the investment value of the real estate would increase with € 44 million or 14 %. Herewith the debt ratio of the property investment fund would decrease with 6 % to 33 %.

VALUATION OF THE PORTFOLIO BY PROPERTY EXPERTS

All the commercial properties of Intervest Retail are valued by Cushman & Wakefield or CB Richard Ellis. The project in Olen and the commercial centre Julianus in Tongeren are valued by de Crombrugghe & Partners. The retail warehouses which are owned by the 100 % subsidiary EuroInvest Retail Properties sa, are valued by CB Richard Ellis (Heytens portfolio).

Cushman & Wakefield

The Cushman & Wakefield methodology is based on the ERV (Estimated Rental Value) or Estimated Rental Value with adjustments that take into account the current rent paid and/or any other element that influences the value, e.g. costs of vacancy.

In determining the ERV they are basing themselves on their knowledge of the real estate market and on recent transactions realised by the Retail department. The rental value is influenced, among other things, by:

- location
- suitability of the site
- qualities of the building
- market circumstances

The allocated unit price is multiplied by the surface area of the trading premises in order to reach a total estimated rental value.

For the inner-city shops, the “zone A” principle is being used, which works as follows: over the full façade width of the premises the first 10 metres depth is charged at 100 % of the estimated rent/m², the next 10 metres at 50 % and the rest at 25 %. Floors are charged at 25 % or at a fixed estimated amount depending on location and usability.

Next, the Adjusted ERV is calculated: this is 60 % of the difference between the current rent and the ERV. If the current rent is higher than the ERV, the Adjusted ERV is equal to the ERV and the 60 % rule doesn’t apply.

A following step consists of determining a yield or capitalisation rate for which an investor would be prepared to buy the premises. By dividing the Adjusted ERV by the capitalisation rate, you get the gross value (value deed in hand). Any adjustments (e.g. costs of vacancies) can be made at this point.

In its report of 31 December 2008 Cushman & Wakefield declares that the investment value of the retail portfolio amounts to € 143.926.557.

CB Richard Ellis

The methodology of CB Richard Ellis can be summarised as follows:

Method 1:
Valuation based on the capitalisation of rental income
For each let property the estimated market rental value (ERV) is determined and a capitalisation rate (cap rate) conforming the market based on recent points of comparison and taking into account the results of our inspections on the spot.

If the estimated market value exceeds the current rental value, it is assumed that at the next rental renewal a rental increase can be obtained which is called ‘adjusted ERV’. This adjusted ERV consists of the amount of the current rental income increased with 60 % of the difference between the ERV and the current rental income. After capitalisation of the adjusted ERV on the basis of the cap rate the gross market value before adjustments of the property is obtained.

The applied adjustments consist of:

- deduction of the net current value of the difference between the adjusted ERV and the current rental income for the rest of the current rental period
- deduction of the granted rental discount
- deduction for the necessary expenses to the property
- deduction for the provided vacancy periods

The capitalisation rate used for our calculations consists of a basic yield at 3,85 % (average return of European government bonds on 10 years) increased with a risk premium varying per premise between 1,00 % and 4,40 %.

Method 2:
Valuation based on the actualizing of the income
This method consists if the calculation of the current value of the current rental income till the expiry date of the lease contract.

In its report of 31 December 2008 CB Richard Ellis declares that the fair value of the commercial properties amounts to € 154.129.630.

de Crombrugghe & Partners

When determining the value different argumentations are followed which actors in the related market used for comparing certain sales results. The following analyses proved to be decisive for the value determination:

Method 1:
Capitalisation method rental value
The market value, taking into account the considered lease contracts, is this case determined by the economic market rental value of the lettable surface area, capitalised on the basis of a ,under the present market circumstances, real considered yield. This yield is based (founded) on the judgment of the market, the location of the property, and is based on following factors:

Market:
- supply and demand of tenants and buyers of comparable real estate
- evolution of yields
- expected inflation
- current interest rates and expectations in terms of interest rates

Location:
- factors in surroundings
- availability of parking
- infrastructure
- accessibility by way of private and public transport
- facilities such as public buildings, stores, hotels, restaurants, banks, schools, etc.
- development (construction) of comparable real estate

Real estate:
- operating and other expenses
- type of construction and level of quality
- state of maintenance
- age
- location and representation
- current and potential alternative usage possibilities

The possible cash value of the difference of the current rental income and the valued market rental value are in this method normally calculated on the basis of the remaining duration of the lease contracts.

The possible costs for vacancy, such as loss of rent, service charges borne by the landlord, rental costs, publicity and marketing costs concerning the letting, as well as the costs for supervision, maintenance and adaptations and/or incentives during the lease process are taken into account.

Methode 2:
Income approach according to DCF (Discounted Cash Flow) model
This approach makes explicit and subjective assumptions or projections of future cash flow, …, wear, renovations, redevelopments, management and transfer costs, taxes and financial charges. It can be used for calculation of the net current value of this future cash flow or for determining the internal interest rate of an investment at a given value.

As the financing conditions are specific to the profile of each investor and its investment policy, it is not taken into account in order to be coherent. As usual in this retained scenario, cautious assumptions are made for costs and vacancy. This allows a real comparison, taken into account the singularities of each separate investment. Therefore it is far from sure that these costs on the given period must effectively be taken into account.

In its report of 31 December 2008 de Crombrugghe & Partners declares that the fair value of the commercial properties amounts to € 29.341.518.

05

Financial report

Greggs // Leysstraat 17 / 2000 Antwerp / Surface area: 325 m²

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT *in thousands €*	Notes	2008	2007
Rental income	4	20.034	17.686
Rental-related expenses	4	26	-518
NET RENTAL INCOME		**20.060**	**17.168**
Recovery of charges and taxes normally payable by tenants on let properties	4	1.916	4.382
Charges and taxes normally payable by tenants on let properties	4	-1.916	-4.417
Other rental related income and expenses		-6	-26
PROPERTY RESULT		**20.054**	**17.107**
Technical costs	5	-650	-493
Commercial costs	5	-102	-90
Charges and taxes on unlet properties	5	-212	-2.311
Property management costs	5	-1.299	-1.195
Other property charges		-3	-5
PROPERTY CHARGES		**-2.266**	**-4.094**
OPERATING PROPERTY RESULT		**17.788**	**13.013**
General costs	6	-1.155	-992
Other operating income and costs		132	-42
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**16.765**	**11.979**
Result on sales of investment properties	8	87	-19.531
Changes in fair value of investment properties and development projects	9	11.415	36.014
OPERATING RESULT		**28.267**	**28.462**

INCOME STATEMENT (continued) *in thousands €*	Notes	2008	2007
OPERATING RESULT		**28.267**	**28.462**
Financial income		80	69
Interest charges		-5.820	-4.612
Other financial charges		-29	-13
Revaluation financial derivatives (IAS 39)		-461	0
FINANCIAL RESULT	10	**-6.230**	**-4.556**
RESULT BEFORE TAXES		**22.037**	**23.906**
TAXES	11	**-51**	**-20**
NET PROFIT		**21.986**	**23.886**
Operating distributable result	12	**10.872**	**7.462**
Result on portfolio		**11.502**	**16.483**
Revaluation financial derivatives (IAS 39) and other non-distributable elements		**-388**	**-59**
Attributable to:			
Equity holders of the parent		21.986	23.886
Minority interests		0	0

RESULT PER SHARE	Notes	2008	2007
Number of shares entitled to dividend	12	5.078.525	5.078.525
Basic earnings per share (€)	12	4,33	4,70
Operating distributable earnings per share (€)	12	2,14	1,47

CONSOLIDATED BALANCE SHEET

ASSETS *in thousands €*	**Notes**	**31.12.2008**	**31.12.2007**
Non-current assets		**327.692**	**313.413**
Intangible assets	13	12	18
Investment properties	14	320.043	291.382
Development projects	14	7.355	21.556
Other tangible assets	13	264	379
Financial fixed assets	20	0	60
Trade receivables and other non-current assets		18	18
Current assets		**7.199**	**18.563**
Assets held for sale	15	1.246	12.133
Trade receivables	15	426	675
Tax receivables and other current assets	15	4.742	4.085
Cash and cash equivalents		498	1.486
Deferred charges and accrued income		287	184
TOTAL ASSETS		**334.891**	**331.976**

SHAREHOLDERS' EQUITY AND LIABILITIES *in thousands €*	Notes	31.12.2008	31.12.2007
Shareholders' equity		**199.248**	**187.762**
Shareholders' equity attributable to the shareholders of the parent company		**199.245**	**187.759**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		97.709	85.421
Result		11.761	8.281
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	16	-8.185	-7.399
Changes in fair value of financial assets and liabilities	20	-3.436	60
Minority interests	22	**3**	**3**
Liabilities		**135.643**	**144.214**
Non-current liabilities		**99.750**	**67.178**
Provisions	17	215	195
Non-current financial debts	19	99.478	66.608
Credit institutions		*99.474*	*66.587*
Financial lease		*4*	*21*
Other non-current liabilities		57	69
Deferred taxes - liabilities		0	306
Current liabilities		**35.893**	**77.036**
Current financial debts	19	27.574	62.754
Credit institutions		*27.569*	*62.749*
Financial lease		*5*	*5*
Trade debts and other current debts	18	3.902	10.625
Other current liabilities	18	3.259	2.341
Accrued charges and deferred income	18	1.158	1.316
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**334.891**	**331.976**

DEBT RATIO	31.12.2008	31.12.2007
Debt ratio RD 21 June 2006 (max. 65 %) (%)	39 %	43 %

NET ASSET VALUE PER SHARE *in €*	31.12.2008	31.12.2007
Net asset value (fair value)	39,23	36,97
Net asset value (investment value)	40,85	38,43

STATEMENT OF CHANGES IN EQUITY

in thousands €	Share capital	Share premium	Reserves not available for distribution
Balance sheet at 31 December 2006	**97.213**	**4.183**	**68.328**
Profit of the financial year 2007			
Transfer of the result on the portfolio to the reserves not available for distribution			16.483
Impact on the fair value*			610
Dividends financial year 2006			
Change in the fair value of financial assets and liabilities through shareholders' equity			
Balance sheet at 31 December 2007	**97.213**	**4.183**	**85.421**
Profit of the financial year 2008			
Transfer of the result on the portfolio to the reserves not available for distribution			11.502
Impact on fair value*			786
Dividends financial year 2007			
Change in the fair value of financial assets and liabilities			
* through shareholders' equity			
* through the income statement			
Balance sheet at 31 December 2008	**97.213**	**4.183**	**97.709**

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

Result	Impact on the fair value*	Changes in fair value of financial assets and liabilities	Minority interests	Total shareholders' equity
10.882	**-6.789**	**-94**	**3**	**173.726**
23.886				23.886
-16.483				0
	-610			0
-10.004				-10.004
		154		154
8.281	**-7.399**	**60**	**3**	**187.762**
21.986				21.986
-11.502				0
	-786			0
-7.465				-7.465
		-3.035		-3.035
461		-461		0
11.761	**-8.185**	**-3.436**	**3**	**199.248**

CONSOLIDATED CASH FLOW STATEMENT

in thousands €	Notes	2008	2007
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**1.486**	**1.069**
1. Cash flow from operating activities		**8.895**	**12.600**
Operating result		**28.267**	**28.462**
Interests paid (exclusive capitalised interest expenses)		**-6.372**	**-4.612**
Other non-operating elements		**-123**	**36**
Adjustment of the profit for non-cash flow transactions:		**-11.270**	**-15.320**
- Depreciations on intangible and other tangible assets		129	122
- Result on the sale of investment properties	8	-87	19.531
- Spread of rental discounts and rental benefits granted to tenants	9	-116	1.041
- Changes in the fair value of investment properties and development projects	9	-11.415	-36.014
- Revaluation financial derivatives (IAS 39)		461	0
- Other non-cash flow transactions		-242	0
Changes in working capital:		**-1.607**	**4.034**
Movement of assets			
- Trade receivables	15	248	438
- Tax receivables and other current assets		-633	-272
- Deferred charges and accrued income		-103	-14
Movement of liabilities			
- Trade debts and other current debts		-2.091	4.051
- Other current liabilities	18	919	-17
- Accrued charges and deferred income	18	53	-152
2. Cash flow from investment activities		**3.340**	**-20.233**
Acquisition of intangible and other tangible assets		-73	-95
Acquisition of shares of investment companies		0	-12.693
Payments development projects		-4.632	-7.278
Acquisition of investment properties	14	-1.050	0
Investments in existing investment properties	14	-1.945	-544
Investments in development projects	14	-348	-506
Investments in assets held for sale		-1.113	-121
Capitalised interest expenses	14	-369	-774
Proceeds of the sale of investment properties		12.870	1.778
3. Cash flow from financing activities		**-13.223**	**8.050**
Repayment of loans	19	-15.729	-333
Drawdown of loans	19	10.000	18.500
Repayment of financial lease liabilities		-18	-14
Receipts from non-current liabilities as guarantee		-11	-99
Dividends paid	12	-7.465	-10.004
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**498**	**1.486**

NOTES ON THE CONSOLIDATED ANNUAL ACCOUNTS

NOTE 1. ADAPTED SCHEME FOR ANNUAL ACCOUNTS OF PROPERTY INVESTMENT FUNDS

Intervest Retail sa has, as a listed property investment fund, prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS). In the RD of 21 June 2006 an adapted scheme for the annual accounts of property investment funds has been published.

The adapted scheme principally means that in the income statement, the result on the portfolio is presented separately. This result on the portfolio includes all movements in the real estate portfolio and consists of:

- Realized gains or losses on the disposal of investment properties
- Changes in fair value of investment properties as a result of the valuation by property experts, being non-realized increases and/or decreases in value.

The result on the portfolio is distributed to the shareholders, but transferred to, or from reserves not available for distribution.

NOTE 2. PRINCIPLES OF FINANCIAL REPORTING

Statement of conformity

Intervest Retail sa is a property investment company, having its registered office in Belgium. The consolidated annual accounts of the company as per 31 December 2008 include the company and its subsidiaries (the "Group"). The annual accounts of Intervest Retail sa have been prepared and released for publication by the board of directors on 16 February 2009 and will be proposed for approval to the general meeting of shareholders on 1 April 2009.

The consolidated financial statements have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the RD of 21 June 2006. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ('IASB) and the International Financial Reporting Interpretations Committee ('IFRIC), as far as applicable to the activities of the group and effective for financial years as from 1 January 2008.

New or amended standards and interpretations effective in 2008

The following interpretations published by the *International Financial Reporting Interpretations Committee* became effective in the current financial year under review: *IFRIC 11 Group and Treasury Share Transactions, IFRIC 12 Service Concession Arrangements, IFRIC 13 Customer Loyalty Programmes en IFRIC 14- IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.* The implementation of these interpretations did not result in adjustments to the accounting principles for financial reporting as applied by Intervest Retail.

New or amended standards and interpretations not yet effective

A number of new standards, amended standards and interpretations has not yet taken effect in 2008, but may be applied in advance. Unless stated otherwise, Intervest Retail has not made use of this. To the extent that these new standards, amended standards and interpretations are relevant to Intervest Retail, the effect that their application might have on the consolidated accounts for 2008 and beyond is set out below.

- **IFRS 8 Operating Segments**
  This new standard, effective as from January 1, 2009, replaces IAS 14 Segment Reporting. Intervest Retail has already applied this standard for the consolidated accounts on 31 December 2008. This standard introduces new guidelines concerning the information that has to be disclosed regarding the distinct segments. It is permitted to better match the choice of the distinct segments and the related notes to the segments currently in use in internal reporting. The application of this standard has not led to major changes in the notes on the consolidated annual accounts.

- **IAS 23 (Revised) Borrowing Costs**
  This standard applies to financial years starting on or after 1 January, 2009. Intervest Retail has already applied this amendment, although it has no effect on the applied principles for financial reporting, since Intervest Retail already capitalises borrowing costs directly attributable to the acquisition or construction of investment properties. The amendment of IAS 23 cancels the option to recognise all costs associated with taking out loans directly as costs at the time they are incurred.

- **IAS 1 (Revised) Presentation of Financial Statements**
  This standard applies to financial years starting on or after 1 January, 2009. This standard will have an impact on the presentation of the 2009 annual accounts.

- **Adaptation of IFRS 3 – Business combinations**
  This standard applies to the financial years starting on or after 1 July 2009. This standard will be applied for processing potential future acquisitions and transactions with minority interests.

- **IAS 40/IAS 16**
  Assets under construction which are later held as investment property are no longer classified as tangible assets (IAS 16) but as investment properties (IAS 40). Herewith the difference between the cost price and the fair value are already recorded during the construction.
  This standard applies for the financial years starting on or after 1 January 2009. This standard will have consequences for processing development projects in the annual accounts 2009.

Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded off to the nearest thousand.

The accounting principles are applied consistently and the consolidated accounts are presented before profit sharing.

Consolidation principles

a. Subsidiary companies

A subsidiary company is an entity over which another entity has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A subsidiary company's annual financial statement is recorded in the consolidated annual financial statement from the control arising until its disappearance. If necessary, the financial reporting principles of the subsidiaries has been changed in order to arrive at consistent principles within the group. The reporting period of the subsidiary coincides with that of the parent company.

b. Eliminated transactions

Any transactions between the group companies, balances and unrealised profits and losses from transactions between group companies will, at the time of drawing up the consolidated annual accounts, be eliminated to the amount of the participation of the group company. The list of subsidiaries is given under note 22 in the comment.

Foreign currencies

Foreign currency transactions are entered at the exchange rate valid at the transaction date. Monetary assets and currency liabilities are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from currency transactions and from the conversion of monetary assets and currency liabilities are entered in the income statement in the period when they occur.

Non-monetary assets and currency liabilities are converted at the exchange rate valid at the transaction date.

Financial derivatives

The company may use financial interest derivatives to hedge the interest rate exposure arising from its operational, financing and investment activities. Financial derivatives are recorded at cost on initial allocation. After initial allocation, they are valued in the annual financial statement at their fair value. Gains and losses resulting from changes in the fair value of financial derivatives are immediately taken into account in income statement, unless the derivative satisfies the criteria for hedge accounting (see Hedging). The fair value of financial derivatives is the amount that the company expects to receive or pay if the derivative were terminated as of the balance sheet date, taking into account the prevailing interest and the credit exposure of the counterparty concerned.

Hedging of uncertain cash flow resulting from interest fluctuations

If it is possible to designate a financial interest derivative as an effective hedge of the possible variability of cash flows attributable to a specific risk associated with an asset or obligation or a highly probable forecast transaction, then the part of the profit or loss arising from the change in value of the financial interest derivative that has been recognized as an effective hedge is posted directly to equity under "Changes in fair value of financial assets and liabilities". The ineffective part of the financial interest derivative is entered in the income statement.

Property result

The rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for prematurely terminated tenancy agreements reduced by the granted rental discounts and rental benefits.

The recuperation of property charges refers to charging the costs run by the owner of the buildings to the tenants.

Charges payable by tenants and taxes on let buildings and the recovery of these charges refer to costs that under law or custom fall to the expense of the tenant or lessee. The owner will either charge or not charge these costs to the tenant according to the contractual arrangements made with the tenant.
The rental-related expenses comprise write-downs and reversals on trade receivables and are entered in the income statement when the book value is higher than the estimated realization value, even as the costs and income of the rent of buildings that do not belong to the preceding items.

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be entered if it is probable that the economic benefits will fall to the entity and can be determined with sufficient certainty.

The rental income, the received operational lease payments and the other income and costs are entered linearly in the income statement in the periods to which they refer.

The rental discounts and incentives are spread over the period running from the start of the tenancy agreement to the next possibility of terminating a contract.

The compensation paid by tenants for anticipative breaches of their lease agreements are apportioned by time, over the number of months rent that the tenant pays as compensation for the time that the property concerned is not let. If the property concerned is re-let, compensation for breach of the lease agreement is included in the profit/loss for the period in which it arises or, if it has not yet been completely apportioned by time on re-letting at some later juncture, as the part remaining at the time of re-letting.

Property charges

The costs are valued at the fair value of the compensation that has been paid or is due and are entered linearly in the income statement in the periods to which they refer.

Technical costs comprise a.o. maintenance costs. Maintenance costs that can be seen as renovation of an existing building because they bring about an improvement of the return or the rent are not entered as costs but are activated.

The commercial costs comprise a.o. the brokers' fees. The fees paid to brokers after a periode of vacancy are activated, given that after a period of vacancy the property experts, deduct the estimated fees from the estimated value of the property. The fees paid to brokers after an immediate re-rental, without vacancy period, are not activated and are entered in the income statement, given that the property expert does not take these brokers' fees into account in his valuation.

Management expenses of the portfolio are costs linked to the management of the buildings. These include staff costs and indirect cost of managers and staff (such as cost of offices, running costs, etc.) who perform the management of the portfolio and lettings, depreciation and impairments to tangible assets used for such management and other operating expenses that can be allocated to the management of the property.

General costs and other operating income and expenses

General costs are all costs related to in the management of the property investment fund and those general costs that cannot be allocated to real estate management. These operating expenses include general administration costs, cost of staff and managers engaged in the management of the company as such, depreciation and write-downs of tangible assets used for such management and other operating expenses.

Other operating income and expenses comprise the income and expenses that cannot be directly allocated to buildings and to the fund management.

Result on sales and changes in fair value of investment properties

The changes in the fair value of investment properties are equal to the difference between the actual book value and the previous fair value as estimated by an independent property expert. A comparison is made at least four times a year for the entire portfolio of investment properties. Movements in the fair value of the property are recognized in income statement in the period in which they arise.

The result from the disposal of investment properties is equal to the difference between the selling price and the book value (i.e. the latest fair value determined by the property expert) less the selling expenses.

Financial result

The financial profit/loss consists of interest expense on loans and additional financing costs, less the income from investments.

Taxes

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, deferred taxes and the exit tax due. The tax expense is recognized in income statement unless it relates to elements that are immediately recognized in equity. In the later case, taxes are recognized as a charge against equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the period end are used.

Withholding taxes on dividends are recognized in equity as part of the dividend until such time as payment is made.

The exit tax, due by companies that are taken over by the real property investment trust, are deducted from the revaluation surplus at the moment of the merger and are recognized as a liability.

Personnel cost

For personnel holding tenure remuneration, supplementary benefits, compensation upon retirement, redundancy and termination are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the joint committee who control the company assets and the collective bargaining agreements that have been entered in the income statement in the period to which they refer.

Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. The company pays contributions to a fund that is independent of the company in the context of a promised-contribution scheme for its staff. A pension plan with a promised-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further contributions if the fund were to have insufficient assets. The contributions are entered as a charge for the reporting period in which the related work has been done.

Write-offs

The book value of the company's assets is analysed periodically to verify if a reason exists for write-offs. Exceptional amounts written off are entered in the income statement if the book value of the asset exceeds the fair value.

Ordinary and diluted profit (loss) per share

The ordinary profit per share is calculated by dividing the net result as shown in the income statement by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted profit per share, the net result that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

Intangible assets

Intangible assets are recorded at cost, less any accumulated amortisation and impairment losses, if it is probable that the expected economic benefits attributable to the asset will flow to the entity, and if its cost can be measured reliably.

Expenditures on research or development that do not meet the criteria for inclusion as development costs are recorded as a charge in the reporting period in which they are incurred.
Intangible assets are amortised linearly over their expected useful life. The amortisation periods are reviewed at least at the end of every financial year

Investment properties

a. Definition

Investment properties comprise all lands or buildings, that are lettable and (wholly or in part) generate rental income, including buildings of which a limited part is retained for the owner's own use and buildings under an operating lease.

b. Initial recognition and valuation

Initial recognition in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the property investment fund is also included in the acquisition value.

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate company through the non-monetary contribution of a building against the issue of new shares or by merger through takeover of a property, the deed costs, audit and consultancy costs, reinvestment fees and costs of lifting a distraint on the financing of the absorbed company and other costs of the merger are also capitalised.

c. Subsequent costs

Expenses for works on investment properties are charged against the income statement of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment properties:

1. **repairs and maintenance:** these are costs that do not increase the expected future economic benefits and are consequently charged in full against income statement under the item "technical costs".
2. **refurbishment:** these are expenses arising from a tenant leaving (for example, removal of walls, replacement of carpets,...). These expenses are charged in the income statement under "costs payable by tenant and borne by landlord for rental damage and refurbishment at end of lease". The tenant will often have paid a fee to restore the property (partly) to its original condition. Indemnities received for refurbishment of a building are charged in the accrued costs and deferred income of the liabilities of the balance sheet until the refurbishment works are completely ended or until the moment there is suf-

ficient certainty about the cost price. On that moment, both the income of the indemnity as the costs of the refurbishment are entered into the result.

3. renovations: these are costs resulting from ad hoc works that substantially increase the expected economic benefits from the building (for example: installation of air conditioning or creation of additional parking places). The directly attributable costs of these works, such as materials, building works, technical studies and architects' fees are consequently capitalised.

4. rent incentives: these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of offices, roof advertising, creation of additional social areas, etc. These costs are spread over the period from the commencement of the lease up to the date of the first break of the contract and are deducted from the rental income.

d. Valuation after initial recognition

After initial recognition, investment properties are valued by the independent property experts at investment value. For this purpose investment properties are valued quarterly on the basis of cash value of market rents and/or effective rental income, after reduction, as the case may be, of associated costs in line with the International Valuation Standards 2001, drawn up by the International Valuation Standards Committee.

Valuations are made by discounting the annual net rent received from the tenants, reduced by the related costs. Discounting uses a yield factor depending on the inherent risk of the relevant building.

The investment properties are, in accordance with IAS 40, entered in the balance sheet at fair value. This value is equal to the amount at which a building might be exchanged between well-informed parties, agreeing and acting in conditions of normal competition. From the perspective of the seller they should be understood as involving the deduction of registration fees.

Concerning the size of these registration fees the Belgian Association of Asset Managers (BEAMA) published on 8 February 2006 a press release (see also www.beama.be – publications – press release: "First application of IFRS accounting rules").

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions of buildings in Belgium with an overall value of less than € 2,5 million, registration fees of 10,0 % to 12,5 % should be allowed, depending on the region where the buildings are located.
For transactions concerning buildings with an overall value of more than € 2,5 million and considering the wide range of property transfer methods used in Belgium the same experts – on the basis of a representative sample of 220 transactions that were realised in the market from 2002 to 2005 and representing a grand total of € 6,0 billion – valued the weighted average of the fees at 2,5 %.

Actually this means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million). As Intervest Retail in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2,5 million, the fair value was calculated by dividing the investment value by 1,025.

Profits or losses deriving from the change of fair value of an investment property are entered in the income statement in the period where they emerge and are classified with the profit appropriation to "the reserves not available for distribution".

The buildings for own use are valued at fair value if only a limited part is occupied by the entity for its own use. In any other case the building will be classified in "other tangible assets".

e. Disposal of an investment property

The commission fees paid to real estate agents under a mandate to sell are charged against profit or loss realised on the sale.

The profits or losses realized on the sale of an investment property are entered in the income statement of the reporting period in 'result on disposals of investment properties' and are allocated to the reserves not available for distribution.

Development projects

a. Definition

Development projects comprise lands and buildings under (re) development as a result of which, for a particular time, they only require investments without generating income.

b. Valuation

During the development phase, development projects are valued at cost as the works progress, including additional expenses, registration charges and non-deductible VAT.

The financing costs directly attributable to construction contracts are capitalised as part of the cost. With loans that are generally taken out to acquire assets, the financing cost eligible for recognition as part of the cost of the development project, is determined by applying a capitalisation percentage to the cost of the assets. The capitalisation percentage is equal to the weighted average of the financing costs, excluding loans specially entered into. The amount of the financing costs capitalised during a period may not be greater than the amount of the financing costs incurred during the period. Capitalisation begins when the expenses for the asset are incurred, the financing costs are incurred and the activities needed to produce the asset are under way. Capitalisation is deferred during long periods of interruption. Every year information is provided in the explanatory notes on the methods employed for financing costs, the amount of the financing costs capitalised during the period and the capitalisation percentage used.

Government grants associated with these assets are a deduction from the cost. If the cost is greater than the realisable value, an impairment loss is recognised.

c. Recognition as investment property

On completion, construction contracts are transferred to investment property and the fair value model is applied. Any difference between the fair value and carrying amount is recognised in the income statement.

Other tangible assets

a. Definition

Those fixed assets under the entity's control that do not meet the definition of investment property are classified as "other tangible assets".

b. Valuation

Other tangible assets are initially recognized at cost and thereafter using the cost model.

Government grants are deducted from the cost price. Additional costs are only capitalised if the future economic benefits relating to the tangible asset increase.

c. Depreciation and exceptional impairment losses

Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is acquired as foreseen by the management. The following percentages apply on an annual basis:

• plant, machinery and equipment	20 %
• furniture and vehicles	25 %
• computer equipment	33 %
• real estate for own use:	
- land	0 %
- buildings	5 %
• other tangible assets	16 %

If there are indications that an asset may have suffered an impairment loss, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognized.

d. Disposal and retirement

When tangible assets are sold or retired, their carrying amount ceases to be recognized in the balance sheet and the profit or loss is recognized in the income statement.

Financial fixed assets

Loans, receivables and investments that are retained at the end of their term are valued at their amortised cost, using the 'effective interest' method.

Trade receivables and other non-current assets

Non-current receivables are discounted on the basis of the interest rates that apply on the date of acquisition. Foreign currency receivables are converted into euro at the closing exchange rate on the balance sheet date.

An amount is written off if there is uncertainty about the full payment of the receivable the due date.

Deferred taxes, tax receivables and liabilities

Tax receivables and liabilities are valued at the tax rate valid in the period to which they refer.

Deferred tax receivables and liabilities are recorded under the liability method for any temporary difference between the taxable basis and the book value for financial reporting purposes, both for assets and liabilities. Deferred tax receivables will only be recognized if it is probable that there will be taxable profit against which the deferred tax receivables can be reported.

Current assets

It concerns investment properties of which the book value will be realized in a sale transaction and not by the further use of them. The asset held for sale are valued at the lowest book value of the fair value minus the sale costs.

Trade receivables and other current assets receivable in less than one year are entered at nominal value on the closing date of the financial year.

An amount is written off if there is uncertainty about the full payment of the receivable at the due date.

The cash and cash equivalents comprise cash, immediately callable deposits and current, highly liquid investments that can be immediately converted into monetary resources, whose amount is known and that do not involve a material risk of a change in value. Each cash investment is initially entered at cost. The stock-registered securities are valued at their market value.

Costs incurred during the financial year which are attributable either wholly or partly to a later financial year will be entered in transitory accounts so the cost is recorded in the period to which it refers.

The income and parts of income that will only be collected in later financial years, but that have to be associated with the relevant financial year, are recorded for the part of the amount that refers to the relevant financial year.

Shareholders' equity

Share capital comprises the net cash acquired on formation, merger or capital increase, from which the direct external expenses are deducted (such as registration charges, notary and gazetting costs and the cost of banks who advise on the capital increase).

At the end of the period, the difference between the fair value of the property and the investment value of the property as determined by the independent property experts can be included in the item "Impact on fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in shareholders' equity.

If share capital is bought back the amount, including the directly attributable costs, are entered as a change in equity. Bought-back shares are considered to be a reduction of shareholders' equity.

Dividends form part of retained earnings until the general meeting of shareholders approves them.

Non-current and current liabilities

A provision is a liability of uncertain timing or amount. The sum recognized as a provision is the best estimate of the expenditure required to settle the liability existing on the balance sheet date.

Provisions are only recognized if an existing (legally enforceable or constructive) liability arises as a result of past events, that will probably lead to an outflow of resources embodying economic benefits and the amount of the liability can be estimated reliably.

Liabilities

Trade debts are entered at their nominal value on the balance sheet date.

Interest-bearing liabilities are initially recognized at cost less the directly attributable expenses. The difference between the carrying amount and the sum repayable are recognized in income statement over the period of the loan using the effective interest method. Current liabilities are entered at their nominal value.

The indemnities paid and the costs of refurbishment are entered as accrued charges and deferred income until the refurbishment of the let building has been fully completed or its cost can be fixed with sufficient certainty.

Segmentation basis

A segment is a distinguishable company component, active in a particular market and subject to risks and returns that differ from those of other segments.

As Intervest Retail sa mainly invests in Belgian commercial real estate, with as its distinct components retail warehouses (including shopping centres and factory outlet shopping centres) and inner-city shops, the following business segments are employed:

- the inner-city category comprises shops located on solidly built-up trading cores with a concentration of large-scale retail organisations. Some twenty urban areas are eligible
- for retail warehouses especially their situation along major traffic arteries is typical, as is their large-scale sales surface from 400 m². What is involved are both detached buildings and retail parks. These are clusters of shops, usually concentrated as trading complexes with a joint parking lot.
  Shopping centres are complexes of different shops that are dependent commercially on each other and which have joint commercial and promotional aspects.

Intervest Retail also apply a segmentation based on a geographic division, involving the location of the real estate in Belgium, spread over the regions of Flanders, Brussels and the Walloon region.

There are no transactions of any significance among the group's companies. The distinction between external and internal segment income is not deemed to be relevant and is not taken over in the segmentation.

Termination of corporate activities

Termination of corporate activities is understood to be a distinct component within the range of activities of the group, which is abandoned or closed down under a separate plan which has been drawn up for this purpose and which constitutes an individual substantial business activity or a geographic area of activity. Corporate activities that are partly or wholly terminated are separately entered in the financial reporting.

Conditional assets and liabilities, disputes and post the balance sheet events

These assets and liabilities are valued at nominal value based on the amount mentioned in the contract.

Failing nominal value and if a valuation is not possible, the rights and obligations are mentioned pro memoriam.

Post balance sheet events are events, both favourable and unfavourable, that take place between the balance sheet date and the date of approval of the annual accounts for release. For events giving information about the actual situation on the balance sheet date it is entered in the income statement.

Dividends paid to shareholders after the balance sheet date are not processed administratively on the balance sheet date.

NOTE 3. SEGMENT INFORMATION

The reporting by segment is done within the Intervest Retail according to two segmentation bases.

1. **by business segment:** this segmentation basis is sub-divided into “retail warehouses and shopping centres” and “inner-city shops”.
2. **by geographic region:** this segmentation basis represents the 3 geographical markets in Belgium in which the group operates, namely Flanders, Brussels and the Walloon region.

By business segment

The two business segments comprise the following activities:

- the category of “inner-city shops” includes the shops that are located in substantially developed shopping centres with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- the category of “retail warehouses & shopping centres” relates, on the one hand, to single buildings or retail parks along the major traffic axes and mostly a sales area from 400 m². On the other hand, shopping centres also fall into this category.

The category of “corporate” includes all non-segment allocated fixed costs borne at a group level.

Income statement by segment

BUSINESS SEGMENTS	Inner-city shops		Retail warehouses & shopping centres		Corporate		TOTAL	
in thousands €	2008	2007	2008	2007	2008	2007	2008	2007
Rental income	8.740	8.473	11.294	9.213			20.034	17.686
Rental-related expenses	-9	-25	35	-493			26	-518
Net rental result	**8.731**	**8.448**	**11.329**	**8.720**			**20.060**	**17.168**
Rental related income and expenses	-5	-38	-1	-23			-6	-61
Property result	**8.726**	**8.410**	**11.328**	**8.697**			**20.054**	**17.107**
Operating result before result on portfolio	**8.524**	**8.146**	**10.647**	**6.020**	**-2.406**	**-2.187**	**16.765**	**11.979**
Result on sales of investment properties	87	479	0	-20.010			87	-19.531
Changes in fair value of investment properties and development projects	6.623	25.449	4.792	10.565			11.415	36.014
Operating result of the segment	**15.234**	**34.074**	**15.439**	**-3.425**	**-2.406**	**-2.187**	**28.267**	**28.462**
Financial result					-6.230	-4.556	-6.230	-4.556
Taxes					-51	-20	-51	-20
NET PROFIT	**15.234**	**34.074**	**15.439**	**-3.425**	**-8.687**	**-6.763**	**21.986**	**23.886**

Key figures by segment

BUSINESS SEGMENTS	Inner-city shops		Retail warehouses & shopping centres		TOTAL	
in thousands €	2008	2007	2008	2007	2008	2007
Fair value of investment properties	161.670	155.868	165.728	157.070	327.398	312.938
of which investments during the financial year (fair value)	1.442	230	2.269	27.876	3.711	28.106
Investment value of investment properties	165.712	159.765	169.871	160.572	335.583	320.337
Accounting yield of the segment (%)	5,4 %	5,4 %	6,8 %	6,1 % (*)	6,1 %	5,8 % (*)
Total lettable surface area (m²)	32.147	30.574	134.270	136.017	166.417	166.591
Occupancy rate (%)	100 %	100 %	99 %	99 %	99 %	99 %

*The return has been corrected in 2007 for the rental income of Factory Shopping Messancy, Pegasus Vastgoedmaatschappij sa and EuroInvest Retail Properties sa.

By geographic region

The activity of Intervest Retail is geographically subdivided into 3 regions namely Flanders, Brussels and the Walloon region.

GEOGRAPHICAL SEGMENTS	Flanders		Walloon region		Brussels		TOTAL	
in thousands €	2008	2007	2008	2007	2008	2007	2008	2007
Rental income	14.377	11.842	3.261	3.533	2.396	2.311	20.034	17.686
Fair value of investment properties	237.456	227.164	45.585	44.631	44.357	41.143	327.398	312.938
Investment value of investment properties	243.392	232.418	46.725	45.748	45.466	42.171	335.583	320.337
Accounting yield of the segment (%)	6,1 %	5,5 % (*)	7,2 %	7,4% (*)	5,4 %	5,6%	6,1 %	5,8 % (*)

*The return has been corrected in 2007 for the rental income of Factory Shopping Messancy, Pegasus Vastgoedmaatschappij sa and EuroInvest Retail Properties sa.

NOTE 4. PROPERTY RESULT

Rental income

in thousands €	2008	2007
Rental income	20.241	18.813
Rental discounts	-207	-398
Rental benefits ('incentives')	0	-778
Compensation for early termination of lease contracts	0	49
Total rental income	**20.034**	**17.686**

Overview of future minimum rental income

The cash value of future minimum rental income till the first expiry date of the non-cancellable leases is subject to the following collection terms:

in thousands €	2008	2007
Receivables with a remaining duration of:		
Less than one year	20.113	18.160
Between one and five years	21.685	22.116
Total of future minimum rental income	**41.798**	**40.276**

Rental-related expenses

in thousands €	2008	2007
Rent for leased assets and ground lease	-110	-80
Write-downs on trade receivables	-150	-639
Reversal of write-downs on trade receivables	286	201
Total rental-related expenses	**26**	**-518**

The decrease of the ‘rental-related costs’ results from the disappearance of the write-downs on the trade receivables of the sold Factory Shopping Messancy.

Recovery of rental charges and taxes normally payable by tenants on let properties

in thousands €	2008	2007
Rebilling of rental charges borne by the landlord	529	3.066
Rebilling of prelevies and taxes on let properties	1.387	1.316
Recovery of rental charges and taxes normally payable by tenants on let properties	**1.916**	**4.382**
Rental charges borne by the landlord	-529	-3.067
Prelevies and taxes on let properties	-1.387	-1.350
Rental charges and taxes normally payable by tenants on let properties	**-1.916**	**-4.417**
Total net amount of recovered rental charges and taxes	**0**	**-35**

This item mainly covers the costs of withholding taxes and rental charges that are rebilled to the tenants in accordance with verbal or contractual agreements. The income from this onward invoicing from rental charges and taxes to the tenants is also recorded under this note.

NOTE 5. PROPERTY CHARGES

Technical costs

in thousands €	2008	2007
Recurrent technical costs	**-120**	**-102**
Insurance premiums	*-120*	*-102*
Non-recurrent technical costs	**-530**	**-391**
Maintenance	*-526*	*-397*
Claims	*-4*	*6*
Total technical costs	**-650**	**-493**

Commercial costs

in thousands €	2008	2007
Brokers' fees	-17	-58
Lawyers' fees and legal costs	-85	-32
Total commercial costs	**-102**	**-90**

Charges and taxes on unlet properties

in thousands €	2008	2007
Vacancy charges of the year	-137	-2.185
Withholding tax on vacant properties	-75	-126
Total charges and taxes on unlet properties	**-212**	**-2.311**

The vacancy costs decrease from € 2,3 million in 2007 to € 0,2 million in 2008. This decrease is due to the disappearance of the vacancy costs in Factory Shopping Messancy through the sale of this centre end 2007.

Property management costs

in thousands €	2008	2007
Internal property management fees	**-1.299**	**-1.190**
Property experts	*-171*	*-159*
Remuneration of employees	*-766*	*-650*
Other costs	*-362*	*-381*
External property management fees	**0**	**-5**
Total property management costs	**-1.299**	**-1.195**

NOTE 6. GENERAL COSTS

in thousands €	2008	2007
ICB tax	-152	-139
Custodian bank	-34	-30
Auditor's fee	-85	-78
Directors' remunerations	-36	-30
Liquidity provider	-14	-20
Financial services	-13	-19
Employee benefits	-506	-396
Other costs	-315	-280
Total general costs	**-1.155**	**-992**

NOTE 7. EMPLOYEE BENEFITS

in thousands €	2008			2007		
	Charges for the patrimony management	Charges linked to the management of the fund	TOTAL	Charges for the patrimony management	Charges linked to the management of the fund	TOTAL
Remunerations of employees	**487**	**343**	**830**	**445**	**272**	**717**
- Salary and other benefits paid within 12 months	333	209	542	304	185	489
- Pensions and post-employment benefits	19	13	32	20	12	32
- Severance pay	0	24	24	0	0	0
- Social security	98	71	169	98	61	159
- Other charges	37	26	63	23	14	37
Remuneration of management	**279**	**163**	**442**	**205**	**124**	**329**
- Salary and other benefits paid within 12 months	279	163	442	205	124	329
TOTAL	**766**	**506**	**1.272**	**650**	**396**	**1.046**

For those staff members in fixed employment Intervest Retail has taken out a group insurance policy - a "defined contribution plan" - with an external insurance company. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke act on pensions. The compulsory contributions are recognized in the income statement in the period to which they relate.

The number of employees at the 2008 year-end, expressed in FTE is 5 members of staff and 2 members of the management committee for the internal management of the portfolio (2007: respectively 5,5 and 2) and 5 members of staff and 1 member of the management for the management of the fund (2007: respectively 6 and 1).

NOTE 8. RESULT ON SALES OF INVESTMENT PROPERTIES

in thousands €	2008	2007
Acquisition value	574	46.638
Accumulated capital gains and impairment losses	209	-13.329
Book value (fair value)	**783**	**33.309**
Selling costs	0	-2.634
Sales price	870	16.412
Total result on sales of investment properties	**87**	**-19.531**

The realised sale in 2008 fits into the exchange transaction whereby the building of Intervest Retail located IJzerenlaan 30 in Malines has been exchanged for the corner building located Bruul 44 in Malines.

The capital loss realised during the financial year 2007 is related to the sale of Factory Shopping Messancy.

NOTE 9. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

in thousands €	2008	2007
Positive change of investment properties	22.298	38.547
Negative change of investment properties	-8.542	-382
Subtotal changes of investment properties	**13.756**	**38.165**
Negative change of development projects	-2.225	-853
Subtotal change of development projects	**-2.225**	**-853**
Changes from spread of rental discounts and rent incentives	-116	1.041
Difference on the acquisition of the shares of Pegasus Vastgoedmaatschappij sa	0	-2.339
Subtotal other changes related to fair value of investment properties	**-116**	**-1.298**
Total change in fair value of investment properties and development projects	**11.415**	**36.014**

In 2008, the positive change in fair value of € 11,4 million results from of the change on investment properties and development projects (€ 11,5 million), the spread of rental benefits granted to the tenants (- € 1,0 million). The fluctuations in value of the investment properties consist on the one hand of capital gains (€ 22,3 million) and on the other hand of capital losses (- € 8,6 million). The capital loss of the development projects (- € 2,2 million) is related to the project in Olen.

NOTE 10. FINANCIAL RESULT

in thousands €	2008	2007
Financial income	80	69
Interest charges with fixed interest rate	-3.166	-2.716
Interest charges with variable interest rate	-2.654	-1.896
Other financial costs	-29	-13
Revaluation financial derivatives (IAS 39)	-461	0
Total financial result	**-6.230**	**-4.556**

The financial result amounts to - € 6,2 million compared to - € 4,6 million prior year, due to the increase of the interest charges as a result of investments in the commercial centre Julianus in Tongeren and the acquisition of the Heytens portfolio at the end of 2007. In 2008, the financial result also comprises the revaluation of the interest rate swap which in accordance with IAS 39 can not be classified as a hedge instrument, for an amount of - € 0,5 million (€ 0 million).

The site of Olen is considered as development project, whereby on the construction costs of this site, borrowing costs are calculated, which are capitalised in accordance with IAS 23.

In 2008, the average interest rate for the non-current financial debts amounts to 4, 9% (2007: 4,3%). The average interest rate for 2008 for the current financial debts for 2007 amounts to 4,8% (2007: 4,6 %).

For 2009, the (hypothetic) future cash outflow of the interest charges from withdrawn loans on 31 December 2008 at the fixed or variable interest rate of 31 December 2008 amounts to approximately € 6,3 million (2008: € 6,1 million).

Interest charges classified by the expiry date of the credit facility

in thousands €	2008	2007
Interest charges on non-current financial debts	-3.304	-1.663
Interest charges on current financial debts	-2.516	-2.949
Total interest charges	**-5.820**	**-4.612**

NOTE 11. TAXES

in thousands €	2008	2007
Corporate income taxes of subsidiary	-51	-20
Total taxes	**-51**	**-20**

With the RD of 15 April 1995 the legislator gave an advantageous fiscal status to the property investment fund. If a company transfers to the status of a property investment fund, or if an (ordinary) company merges with a property investment fund, they must pay a one-off tax (exit tax). After that the property investment fund is only subject to taxes on very specific items, e.g. “disallowed expenditure”. Therefore no corporation tax is paid on the majority of the profit that comes from lettings and added value on sales of investment properties.

NOTE 12. NUMBER OF SHARES AND EARNINGS PER SHARE

Movement of the number of shares

	2008	2007
Number of shares at the beginning of the financial year	5.078.525	5.078.525
Number of shares at the end of the financial year	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525
Adjustments for diluted earnings per share	0	0
Weighted average number of shares for diluted earnings per share	5.078.525	5.078.525

Determination of the amount of mandatory dividend distribution

Net monetary operating result *in thousands €*	2008	2007
Net profit (consolidated)	21.986	23.886
Adjustment to statutory annual accounts	-73	-59
Non-cash flow transactions included in the net result (+/-)		
Adjustments on depreciations (+) and withdrawals of depreciations (-)	0	118
Revaluation financial derivatives (IAS 39)	461	0
Other non-cash flow transactions (+/-)	116	-1.041
Result on the sale of investment properties (+/-)	-87	19.531
Changes in fair value of investment properties and development projects (+/-)	-11.531	-37.312
Difference on the acquisition of the shares of Pegasus Vastgoedmaatschappij sa	0	2.339
Net monetary operating result	**10.872**	**7.462**

The distributable earnings per share, based on the statutory annual accounts of Intervest Retail sa, amount to € 10,9 million in 2008 compared to € 7,5 million in 2007.

The net monetary operating result must not undergo further adjustments for any non-exempt added value on sales of investment properties. As a result the net monetary operating result is equal to the amount liable for compulsory distribution.

Calculation of the profit per share

in €	2008	2007
Basic earnings per share	4,33	4,70
Diluted earnings per share	4,33	4,70
Distributable earnings per share	2,14	1,47

The gross distributable earnings per share are, in a 100% distribution, rounded to € 2,14 per share.

Proposed dividend per share

After closure of the financial year the dividend distribution below has been proposed by the board of directors. This will be presented to the general meeting of shareholders on 1 April 2009. In accordance with IAS 10 the dividend distribution is not recognized as a liability and has no effect on the profit tax.

	2008	2007
Dividend per share (in €)	2,14	1,47
Remuneration of the share capital (in thousands €)	10.868	7.465
Dividend as a percentage of the operating distributable result (%)	100 %	100 %

NOTE 13. NON-CURRENT ASSETS – EXCLUDING INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

in thousands €	2008	2007
Intangible assets	**12**	**18**
Acquisition value	64	58
Depreciations and impairment losses	-52	-40
Other tangible assets	**264**	**379**
Acquisition value	556	709
Depreciations and impairment losses	-292	-330
OTHER INFORMATION		
Externally acquired intangible assets		
Expected lifespan	3 years	3 years
Depreciation period	3 years	3 years

Depreciations on intangible assets and other tangible assets are classified in the income statement under the items ‘property management costs’ and ‘general costs’.

NOTE 14. NON-CURRENT ASSETS - INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

Investment and revaluation table *in thousands €*	Investment properties		Development projects		TOTAL	
	2008	2007	2008	2007	2008	2007
Amount at the end of the preceding financial year	**291.382**	**266.991**	**21.556**	**13.851**	**312.938**	**280.842**
Acquisitions investment properties	1.050	19.003	0	0	1.050	19.003
Acquisitions development projects	0	0	0	7.278	0	7.278
Capitalised deferred expenses	1.945	544	348	506	2.293	1.050
Capitalised interest expenses	0	0	369	774	369	774
Sales of investment properties	-783	-33.309	0	0	-783	-33.309
Transfers from development projects	17.429	0	-17.429	0	0	0
Transfers to development projects	-4.736	0	4.736	0	0	0
Transfers from (to) assets held for sale (+/-)	0	-12	0	0	0	-12
Change in fair value (+/-)	13.756	38.165	-2.225	-853	11.531	37.312
Amount at the end of the financial year	**320.043**	**291.382**	**7.355**	**21.556**	**327.398**	**312.938**
OTHER INFORMATION						
Investment value of investment properties	328.044	298.667	7.539	21.670	335.583	320.337

At the end of 2008, the development projects comprise the site in Olen. The commercial centre Julianus in Tongeren has been finalised as project at the beginning of 2008 and is consequently valued on 31 December 2008 as investment property.

NOTE 15. CURRENT ASSETS

Assets held for sale

in thousands €	2008	2007
Messancy, Route d'Arlon 199 - Factory Outlet	0	12.000
Vilvorde Leuvensestraat – apartments	1.246	133
Total assets held for sale	**1.246**	**12.133**

The assets held for sale comprise the already incurred constructions costs for the apartments of the project in Vilvorde. The retail part of this redevelopment is already recorded under investment properties.

Trade receivables

in thousands €	2008	2007
Outstanding trade receivables	418	370
Invoices to issue and credit notes to receive	8	295
Doubtful debtors	272	1.210
Provision doubtful debtors	-272	-1.210
Other	0	10
Total trade receivables	**426**	**675**

Aging analysis of trade accounts receivables

in thousands €	2008	2007
receivables < 30 days	285	130
receivables 30-90 days	82	68
receivables > 90 days	51	172
Total outstanding trade receivables	**418**	**370**

Tax receivables and other current assets

in thousands €	2008	2007
Recoverable VAT	580	580
Recoverable withholding tax	984	8
Receivable from insurance company	922	1.689
Recoverable VAT Factory Shopping Messancy (note 25)	2.111	2.095
Other receivables	145	243
Total tax receivables and other current assets	**4.742**	**4.085**

The claim on the insurance company concerns the indemnity to be received for the fire in a shop in Andenne (2008: € 0,9 million; 2007: € 1,1 million). Intervest Retail is insured for the damage incurred to this shop. The redevelopment of the site has started at the end of 2008.

The recoverable withholding tax concerns the withholding tax on the liquidation bonus from the merger of Pegasus Vastgoedmaatschappij on 2 April 2008.

NOTE 16. SHAREHOLDERS' EQUITY

Evolution of the share capital		Share capital movement	Total outstanding share capital after transaction	Number of share issued	Total number of shares
Date	*Transaction*	*in thousands €*	*in thousands €*	*in units*	*in units*
15.06.1987	Constitution	74	74	3	3
30.06.1996	Capital increase	3.607	3.682	146	149
30.06.1997	Absorption	62	3.744	8	156
31.07.1997	Capital increase	1.305	5.049	71	227
22.12.1997	Absorption	1.529	6.578	69	296
06.11.1998	Absorption	3.050	9.628	137	434
23.12.1998	Absorption	874	10.502	101	535
23.12.1998	Capital increase	23.675	34.178	1.073	1.608
23.12.1998	Capital increase	33.837	68.015	1.723	3.332
31.03.1999	Capital decrease	-3.345	64.670	0	3.332
01.11.1999	Merger GL Trust	13.758	78.428	645.778	3.977.626
01.11.1999	Capital increase (VastNed)	21.319	99.747	882.051	4.859.677
25.11.1999	Capital decrease (compensation of losses)	-7.018	92.729	0	4.859.677
29.02.2000	Capital increase (contribution in kind Mechelen Bruul)	2.263	94.992	90.829	4.950.506
30.06.2000	Capital increase (contribution in kind La Louvière)	544	95.536	21.834	4.972.340
30.06.2000	Capital increase (contribution in kind Louizalaan 7)	1.306	96.842	52.402	5.024.742
20.09.2000	Merger by absorption Immorent, Nieuwe Antwerpse Luxe Buildings, Zeven Zeven and News Of The World	79	96.921	14.004	5.038.746
20.09.2000	Conversion of share capital to euro	79	97.000	0	5.038.746
08.05.2002	Merger by absorption of the limited liability company Immobilière de l'Observatoire	3	97.003	7.273	5.046.019
30.12.2002	Merger by absorption of the limited liability companies GL Properties, Retail Development, Winvest, Immo 2000M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol and Immo Shopping Tienen	209	97.212	26.701	5.072.720
30.12.2002	Merger by absorption of the limited liability company Immo GL	1	**97.213**	5.805	**5.078.525**

On 31 December 2008 the share capital amounts to € 97.213.233,32 and is divided in 5.078.525 fully paid-up shares with no statement of nominal value.

Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 97.213.233,32 by monetary contribution or contribution in kind, if applicable, by incorporation of reserves or issue premiums, under regulations provided for by the Belgian Company Code, these articles of association and article 11 of the RD of 10 April 1995 on property investment funds.

This permission shall be valid for a period of five years from the publication in the annexes to the Belgian Official Gazette and Decrees of the official report from the extraordinary general meeting dated 4 April 2007, i.e. from 9 May 2007 onwards. This permission is renewable.

Each time there is an increase in capital the board of directors shall set the price, any share issue premium and the conditions of issuance of the new shares, unless the general meeting is to decide on that itself. The capital increases may give rise to the issuance of shares with or without voting right.

If the capital increases decided upon by the board of directors pursuant to this permission, include a share issue premium, the amount of this issue premium must be recorded in a special unavailable account, named "issue premiums", which, like the capital, forms the guarantee for third parties and which cannot be reduced or abolished subject to a decision of the general meeting, meeting under the conditions of presence and majority, providing for a reduction in capital, subject to the conversion into capital as provided for above.

In 2008 the board of directors did not apply the granted authorisation to use amounts from the permitted capital.

Purchase of own shares

In accordance with article 9 of the articles of association, the board of directors can proceed to the purchase of own paid-up equity shares by buying or exchanging within the legally permitted limits, in case of the purchase is necessary to spare the company a serious and threatening loss.

This permission is valid for three years from the publication of the minutes of the general meeting and is renewable for a similar period.

Capital increase

Any increase in capital will be in accordance with articles 581 to 607 of the Company Code, subject to the fact that in the event of registration for cash under article 11 § 1 of the RD of 10 April 1995 regarding property investment funds, there must be no departure from the pre-emptive right of the shareholders, as set out in articles 592 to 595 of the Company Code. Furthermore the company must conform to the stipulations regarding the public issue of shares in article 75 of the ICB-law of 20 July 2004 and to articles 28 ff. of the RD of 10 April 1995.

The capital increases through contributions in kind are subject to the terms of articles 601 and 602 of the Company Code. Furthermore, and in accordance with article 11 § 2 of the RD of 10 April 1995 regarding property investment funds, the following conditions must be met:

1. the identity of the contributor must be noted in the report referred to in article 602 of the Company Code, and also in the notice convening the general meeting that is being called for the capital increase;

2. the issue price must not be less than the average share price during the thirty days prior to the contribution;

3. the report referred to in point 1 above must also give the impact of the proposed contribution on the position of the former shareholders, in particular as it relates to their share of the profit and capital.

Share premium

in thousands €		2008	2007
Date	*Transaction*		
01.11.1999	Merger GL Trust	4.183	4.183
Total share premium		**4.183**	**4.183**

Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2008	2007
Amount at the end of the preceding financial year	-7.399	-6.789
Change on the investment value of investment properties	-806	-967
Impact of sales of investment properties	20	833
Impact of the acquisition of investment properties	0	-476
Total impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-8.185**	**-7.399**

The difference between the fair value of the property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is included in this item.

NOTE 17. NON-CURRENT LIABILITIES

The non-current liabilities amount to € 0,2 million and comprise provisions for legal disputes.

NOTE 18. CURRENT LIABILITIES

Trade debts and other current debts

in thousands €	**2008**	**2007**
Trade debts	1.383	1.045
Advances received from tenants	318	340
Invoices to receive	372	5.780
Provision exit tax	0	1.332
Other current debts	1.829	2.128
Total trade debts and other current debts	**3.902**	**10.625**

The decrease of trade debts and other current debts with € 6,7 million compared to prior year results from the settlement of the contractual liabilities related to Shopping Julianus in Tongeren and the payment of the exit tax as a result of the acquisition of the shares of Pegasus Vastgoedmaatschappij sa. On 2 April 2008, Intervest Retail has absorbed this company by merger through the union of all shares in one hand.

Other current liabilities

in thousands €	**2008**	**2007**
Dividends payable	67	85
Liabilities for refurbishment of investment properties	1.435	2.058
Advances received with regard to assets held for sale	1.605	0
Other current liabilities	152	198
Total other current liabilities	**3.259**	**2.341**

The current liabilities comprise the refurbishment works as a result of the fire in Andenne (€ 1,4 million) and the advances received from the sale of the apartments in Vilvorde (€ 1,6 million).

Accrued charges and deferred income

in thousands €	**2008**	**2007**
Interest charges	701	914
Other accrued charges and deferred income	457	402
Total accrued charges and deferred income	**1.158**	**1.316**

NOTE 19. NON-CURRENT AND CURRENT FINANCIAL DEBTS

For the description of the financial structure of the property investment fund is referred to the report of the management committee.

Classification by expiry date of the credit facility

in thousands €	2008				2007			
	Debts with a remaining duration of				Debts with a remaining duration of			
	< 1 year	> 1 year and < 5 years	> 5 years	Total	< 1 year	> 1 year and < 5 years	> 5 years	Total
Credit institutions (withdrawn credits)	27.569	81.038	15.000	**123.607**	62.749	51.587	15.000	**129.336**
Coverage derivatives	0	3.436	0	**3.436**	0	0	0	**0**
Not withdrawn credit facilities	10.200	0	0	**10.200**	0	3.326	0	**3.326**
Financial lease	5	4	0	**9**	5	21	0	**26**
TOTAL	**37.774**	**84.478**	**15.000**	**137.252**	**62.754**	**54.934**	**15.000**	**132.688**
Percentage	**28 %**	**61 %**	**11%**	**100 %**	**48 %**	**41 %**	**11 %**	**100 %**

Classification by variable or fixed interest rate of the loans

in thousands €	2008					2007				
	Debts with a remaining duration of					Debts with a remaining duration of				
	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage
Variable	27.195	0	15.000	**42.195**	**34 %**	17.395	25.175	15.000	**57.570**	**44 %**
Fixed	379	81.042	0	**81.421**	**66 %**	45.359	26.433	0	**71.792**	**56 %**
TOTAL	**27.574**	**81.042**	**15.000**	**123.616**	**100 %**	**62.754**	**51.608**	**15.000**	**129.362**	**100 %**

Classification by the type of credit facility

in thousands €	2008		2007	
	Total	Percentage	Total	Percentage
Roll-over advances	1.412	1 %	1.766	1 %
Fixed advances	122.195	99 %	127.570	99 %
Financial lease	9	0 %	26	0 %
TOTAL	**123.616**	**100 %**	**129.362**	**100 %**

NOTE 20. FINANCIAL DERIVATIVES

Intervest Retail limits the interest rate risk on its long term financial debts by means of interest rate swaps (IRS) in euro.

On 31 December 2008 the company has the following financial derivatives:

1. an interest rate swap for an amount of € 25 million which expires on 19 March 2010, at the rate of 4,12 %

2. an interest rate swap for an amount of € 10 million with a duration of 5 years which expires on 15 April 2013, callable quarterly as from 15 April 2009, at a rate of 3,93 %

3. an interest rate swap for an amount of € 25 million with a duration of 5 years which expires on 6 October 2013, at a rate of 4,43 %

4. an interest rate swap for an amount of € 20 million with a duration of 5 years which expires on 16 December 2013, at a rate of 4,105 %

Profits or losses resulting from changes in fair value of this financial derivatives are immediately recorded in the income statement (under "Financial result: revaluation of financial derivatives (IAS 39)"), unless the derivative fulfils the conditions for hedge accounting. These profits or losses are not part of the operating distributable result and consequently do not influence the dividend payment.

Intervest Retail classifies the interest rate swaps 1, 3 and 4 as cash flow hedge whereby it has been proved that the interest rate swaps are effective. Consequently, fair value hedge accounting is applied to these swaps, on the basis of which mutations in value of these swaps are recorded directly in shareholders' equity (under "Changes in fair value of financial assets and liabilities) and not in the income statement.

The method for the determination of the effectiveness of the hedge is as follows:

- prospective test: at the end of each quarter it is analysed if a match in the future between the interest rate swap and the underlying financial liabilities still exists

- retrospective test: on the basis ratio analysis the paid interest on the underlying financial liabilities is compared to the variable interest cash flow of the swap, whereby the ratio has to lie between 80 and 125.

Fair value and book value of financial derivatives at year-end

in thousands €	Start date	Expiry date	Interest rate	Value	Market value	
					2008	2007
IRS	20.12.2006	19.03.2010	4,12 %	25.000	-543	60
IRS callable as from 15.04.09	12.05.2008	15.04.2013	3,93 %	10.000	-461	0
IRS	06.10.2008	06.10.2013	4,43 %	25.000	-1.517	0
IRS	15.12.2008	16.12.2013	4,105 %	20.000	-915	0
Fair value financial fixed assets					**-3.436**	**60**

On 31 December 2008, these interest rate swaps have a negative market value of - € 3,4 million (€ 60.000) which is fixed on quarterly basis by the financial issuer. The negative market value of these financial derivatives results from the decrease of the interest rates during the fourth quarter of 2008.

Fair value and book value of bank obligations at year-end

in thousands €	2008		2007	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	81.421	81.500	71.792	72.093

When calculating the fair value of the financial debts, the financial debts with a fixed interest rate are taken into consideration. Financial debts with a variable interest rate or covered by financial derivatives are not taken into consideration.

NOTE 21. RELATED PARTIES

The company's related parties, are majority shareholder, its subsidiaries (see note 22) and its directors and members of the management committee.

Directors and members of the management committee

The remuneration for the directors and the members of the management committee are classified in the items "property management costs" and "general costs" (see notes 5 and 6).

in thousands €	2008	2007
Directors	71	59
Members of the management committee	442	329
Total	**513**	**388**

The directors and members of the management committee do not receive additional benefits on the account of the company.

NOTE 22. LIST OF CONSOLIDATED COMPANIES

Company name	Address	Company number	Capital share (in %)	Minority interests *in thousands €*	
				2008	2007
Messancy Outlet Management sa In liquidation	Uitbreidingstraat 18, 2600 Berchem	BE 0480 162 668	95 %	3	3
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100 %	0	0
Total minority interests				**3**	**3**

NOTE 23. MERGERS

Acquired company name	Company number	Type	Date	Retroactivity book value	Percentage acquired shares	Number of new shares	Fair value issued shares *in thousands €*
Pegasus Vastgoed-maatschappij sa	BE 0438 961 226	Merger	2 April 2008	yes	100%	0	0

On 2 April 2008 the extraordinary general meeting of shareholders of Intervest Retail has approved the merger by absorption of the limited liability company Pegasus Vastgoedmaatschappij, owner of the Heytens portfolio.

NOTE 24. FEE OF THE AUDITOR AND TO THE AUDITOR RELATED ENTITIES

in thousands € (including non-deductible VAT)	2008	2007
Fee statutory auditor for audit mandate	79	80
Fee for exceptional activities or special assignments within:		
- other control assignments	6	0
- tax consulting assignments	41	46
- other assignments beyond statutory assignments	0	27
Total fee of the auditor and related entities	**126**	**153**

NOTE 25. OFF BALANCE SHEET OBLIGATIONS

1. Control BBI (Special tax inspection) (VAT) – Factory Shopping Messancy and Julianus Shopping Centre

In 2006, the BBI of Ghent has started a VAT control concerning the examination of the VAT-deduction on construction costs incurred in 2003 for the project Factory Shopping Messancy. During 2007 all the construction costs of the shopping centres as from 2003 have been controlled where after on 26 October 2007 a correction has been sent to Intervest Retail. The basic agreements made on 31 January 2003 are ignored according to Intervest Retail, whereby an appeal has been entered on 30 November 2007. A few days later Intervest Retail was summoned and on 18 December 2007 a notice was issued, ordering the payment of following amounts:

VAT in principal:	€ 1,763 million
Administrative fine:	€ 0,176 million
Moratory interests:	€ 0,155 million
Total:	€ 2,095 million

End 2007 Intervest Retail proceeds to the payment of the additional assessment without any prejudicial recognition and with reservation of all rights. Intervest Retail has decided to introduce a request for the recovery of the VAT by the Tribunal of First Instance because the point of view of the BBI of Ghent is basically contested. Currently this procedure is ongoing and pleas are planned in September 2009.

In the frame of the sale of the outlet centre Factory Shopping Messancy, the realised tax deduction of the construction costs must be revised pro rata temporis. For this purpose a provision has been included in the annual accounts on 31 December 2008.
The possible appropriation of this provision depends on the judgment of the Court of first instance regarding the VAT deduction of construction costs for the outlet centre.

Similar deduction procedures concerning VAT on construction and exploitation of shopping centres is also applied by Intervest Retail in Olen and Julianus Shopping Centre in Tongeren. The BBI of Ghent has started its control for shopping centre Julianus in Tongeren during 2008. At the date of this report it is not possible to estimate if the above mentioned issue should occasion additional tax assessments for Intervest Retail.

2. Guarantees with regard to financing

No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial institutions do however demand that the investment fund continues to comply with the financial ratios as laid down by the RD on property investment funds. For the financing, the credit institutions generally require a coverage ratio of more than 2.

3. Vilvorde

For the construction of a commercial space with 11 apartments on the floors in Vilvorde (Leuvensestraat 43 – Jean-Baptiste Nowélei 41) Intervest Retail has concluded a building contract for the structure of the building and the façade, the technical equipment and the elevators. For this works an invoice of approximately € 1.040.000 (VAT included) is still expected for 2009.
In the frame of the Breyne law, Intervest Retail has a completion warranty, currently still for an amount of € 1 million.

4. Andenne

In the frame of the redevelopment of the by a fire devastated warehouse complex in Andenne (avenue Roi Albert), Intervest Retail has concluded a building contract for the structure of the building, outside joinery and works for parking space. For this works an invoice of approximately € 3,3 million (VAT included) is expected in 2009, partly to be recovered from the insurance company.

NOTE 26. POST BALANCE SHEET EVENTS

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2008.

STATUTORY AUDITOR'S REPORT

INTERVEST RETAIL SA, PUBLIC BELGIAN REAL ESTATE INVESTMENT FUND

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

To the shareholders,

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of INTERVEST RETAIL SA, PUBLIC BELGIAN REAL ESTATE INVESTMENT FUND ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at December 31, 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 334.891 (000) EUR and a consolidated profit for the year then ended of 21.986 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of December 31, 2008, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

Diegem, February 17, 2009

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

STATUTORY ANNUAL ACCOUNTS INTERVEST RETAIL SA

The statutory annual accounts of Intervest Retail are prepared according to the IRFS-standards and in accordance with the RD of 21 June 2006. The entire version of the statutory annual accounts of Intervest Retail, together with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.intervestretail.be) or on demand at the registered office.

The statutory auditor has issued an unqualified auditor's report for the statutory annual accounts of Intervest Retail sa.

INCOME STATEMENT *in thousands €*	**2008**	**2007**
Rental income	19.669	17.542
Rental-related expenses	62	-509
NET RENTAL INCOME	**19.731**	**17.033**
Recovery of charges and taxes normally payable by tenants on let properties	1.483	1.509
Charges and taxes normally payable by tenants on let properties	-1.483	-1.544
Other rental related income and expenses	-6	-27
PROPERTY RESULT	**19.725**	**16.971**
Technical costs	-649	-492
Commercial costs	-102	-90
Charges and taxes on unlet properties	-237	-2.357
Property management costs	-1.252	-1.187
Other property charges	-3	-4
PROPERTY CHARGES	**-2.243**	**-4.130**
OPERATING PROPERTY RESULT	**17.482**	**12.841**
General costs	-1.148	-980
Other operating income and costs	129	-42
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**16.463**	**11.819**
Result on sales of investment properties	87	-19.531
Changes in fair value of investment properties and development projects	8.688	38.031
OPERATING RESULT	**25.237**	**30.319**
Financial income	292	115
Interest charges	-5.804	-4.577
Other financial charges	-28	-13
Revaluation financial derivatives (IAS 39)	-461	0
Revaluation of financial fixed assets	186	0
FINANCIAL RESULT	**-5.815**	**-4.475**
RESULT BEFORE TAXES	**19.423**	**25.844**
TAXES	**-51**	**0**
NET PROFIT	**19.372**	**25.844**
Operating distributable result	10.872	7.462
Result on portfolio	8.775	18.500
Revaluation financial derivatives (IAS 39) and financial fixed assets	-275	-118

RESULT PER SHARE	2008	2007
Number of shares entitled to dividend	5.078.525	5.078.525
Basic earnings per share (€)	3,81	5,09
Operating distributable earnings per share (€)	2,14	1,47

Balance sheet

ASSETS *in thousands €*	31.12.2008	31.12.2007
Non-current assets	**325.353**	**307.627**
Intangible assets	12	12
Investment properties	317.076	272.057
Development projects	7.355	21.556
Other tangible assets	264	331
Financial fixed assets	628	13.653
Trade receivables and other non-current assets	18	18
Current assets	**8.782**	**18.313**
Assets held for sale	1.246	12.133
Trade receivables	417	409
Tax receivables and other current assets	6.362	4.981
Cash and cash equivalents	470	626
Deferred charges and accrued income	287	164
TOTAL ASSETS	**334.135**	**325.940**

SHAREHOLDERS' EQUITY AND LIABILITIES *in thousands €*	31.12.2008	31.12.2007
Shareholders' equity	**198.589**	**187.717**
Shareholders' equity attributable to the shareholders	**198.589**	**187.717**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	97.050	86.955
Result	11.690	8.222
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.111	-6.916
Changes in fair value of financial assets and liabilities	-3.436	60
Liabilities	**135.546**	**136.223**
Non-current liabilities	**99.750**	**60.183**
Provisions	215	195
Non-current financial debts	99.478	59.920
Credit institutions	*99.474*	*59.912*
Financial lease	*4*	*8*
Other non-current liabilities	57	68
Current liabilities	**35.796**	**76.040**
Current financial debts	27.574	62.754
Credit institutions	*27.569*	*62.749*
Financial lease	*5*	*5*
Trade debts and other current debts	3.842	8.615
Other current liabilities	3.259	2.341
Accrued charges and deferred income	1.121	2.330
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**334.135**	**325.940**

DEBT RATIO	31.12.2008	31.12.2007
Debt ratio RD 21 June 2006 (max. 65 %) (%)	39 %	41 %

NET ASSET VALUE PER SHARE *in €*	31.12.2008	31.12.2007
Net asset value (fair value)	39,10	37,36
Net asset value (investment value)	40,70	38,72

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General information

Pain de sucre // Schuttershofstraat 30 / 2000 Antwerp / Surface area: 66 m²

IDENTIFICATION

Name

Intervest Retail sa, Public Property Investment Fund with Fixed Capital under Belgian Law, or "sicafi" under Belgian Law.

Registered office

Uitbreidingstraat 18, 2600 Berchem - Antwerp

Enterprise identification number

The company is registered in the Crossroad bank for companies under the enterprise identification number 0431.391.860.

Legal form, formation, publication

The limited liability company was founded by deed, executed before the civil-law notary André van der Vorst, in Elsene, on 15 June 1987, as published in the appendices to the Belgian Official Gazette, Orders and Decrees of 9 July 1987 under no. 870709-272.

The articles of association have been amended on numerous occasions and they were last coordinated on 2 April 2008.

Since 22 December 1998, the company has been recognised as a "property investment fund with fixed capital under Belgian law", or a "sicafi" under Belgian law for short, which is registered with the Banking, Finance and Insurance Commission.

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 6, 2° of the ICB act of 20 July 2004.

The company opted for the investment category specified in article 7, first subsection, 5° of the aforementioned ICB act.

The company draws publicly on the savings system in the sense of article 438 of the Company Code.

Duration

The company is founded for an indefinite period.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Inspection of documents

The articles of association of Intervest Retail sa are available for inspection at the Office of the Commercial Court in Antwerp, and at the company's registered office.

- The annual accounts are filed with the balance sheet centre of the National Bank of Belgium.
- The annual accounts and associated reports are sent annually to holders of registered shares and any other person who requests them.
- The resolutions relating to the appointment and dismissal of the members of the company's bodies are published in the appendices to the Belgian Official Gazette.
- Financial announcements and notices convening the general meetings are published in the financial press.
- Important public company documents are available on the website: www.intervestretail.be

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company's registered office.

Object of company

Article 4 of the articles of association

The sole object of the company is collective investment in immovable property.

Its main activity therefore consists of investment in immovable property, that is, in immovable property as defined by articles 517 and seq. of the Belgian Civil Code, in real rights over immovable property, in shares with voting rights issued by affiliated property companies, in option rights to immovable property, in rights on participating interests in other property investment institutions that are registered in the list referred to in article 31 or article 129 of the act of 20 July 2004, in real estate certificates as referred to in article 106 of this act, in rights arising from contracts where one or more properties are placed under a leasing arrangement with the investment fund, as well as in all the other properties, shares or rights described in the aforementioned act or implementation decree as being immovable property, or in all other activities that would be permitted by the regulations that apply to the company.

As an additional activity the company may perform any activities and studies in relation to any of the immovable property mentioned above, and may undertake any actions connected with immovable property, such as purchasing, converting, furnishing, letting, subletting, managing, exchanging, selling, subdividing or placing under the system of joint ownership, or becoming involved within the permitted limits through mergers or otherwise with any companies that have an object that is similar to or complements its own, provided these actions are permitted by the regulations that apply to property investment funds, and, in general, may undertake any actions that are directly or indirectly connected with its object.

The company may only occasionally act as a property developer. The company may also place immovable property under leasing arrangements, with or without an option to purchase.

As a further additional activity, the company may also invest in securities that are not described above, and may possess liquid assets. These investments must be diversified in order to ensure that the risk is appropriately spread. They must also be made in accordance with the criteria specified by the RD of 4 March 1991 relating to certain institutions for collective investment. In the event that the company possesses such securities, this holding must correspond with the investment policy being pursued by the company over the short or medium term, and the securities must be included in the listing of a stock exchange of a member state of the European Union, the NYSE, the NASDAQ or a Swiss stock exchange.

The company may possess cash reserves in any currencies in the form of sight or time deposits or in the form of another easily negotiable monetary instrument. The company may lend securities in accordance with the conditions permitted by law.

EXTRACT FROM THE ARTICLES OF ASSOCIATION[6]

Shares

Article 8 – Nature of the shares

The shares are bearer or registered shares or in dematerialised form. The shares already issued in the sense of articles 460, first paragraph of the company code, which are bearer shares and put on securities account, excist in dematerialised form.

The bearer shares can be issued as single shares or collective shares. The collective shares represent several single shares in accordance with a form to be specified by the board of directors. They can be split into sub-shares at the sole discretion of the board of directors. If combined in sufficient number, even if their numbers correspond, these sub-shares offer the same rights as the single share.

Each holder of single shares can have his/her shares exchanged by the company for one or more bearer collective shares representing these single securities, as he/she sees fit; each holder of a collective share can have these securities exchanged by the company for the number of single shares that they represent. The holder will bear the costs of this exchange.

Each bearer security can be exchanged into registered securities or securities in dematerialised form and vice versa at the shareholder's expense.

A record of the registered shares, which each shareholder is entitled to inspect, is maintained at the company's registered office. Registered subscription certificates will be issued to the shareholders.

Any transfer between living persons or following death, as well as any exchange of securities, will be recorded in the aforementioned register.

Possession

Article 11 – Transparency regulations

All natural persons or legal entities who acquire or surrender shares or other financial instruments with voting rights granted by the company, whether or not these represent the capital, are obliged to inform both the company and the Banking, Finance and Insurance Commission of the number of financial instruments in their possession, whenever the voting rights connected with these financial instruments reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

6 These articles are not the complete, nor the literal reproduction of the articles of association. The complete articles of association can be consulted on the company's register office and on the website www.intervestretail.be.

Administration and supervision

Article 12 – Composition of the board of directors

The company is managed by a board of directors consisting of at least three directors, who may or may not be shareholders. They will be appointed for a maximum of six years by the general meeting of shareholders, and their appointment may be revoked at any time by the latter.

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among his partners, business managers, directors or employees a permanent representative to be charged with the performance of that mandate on behalf of and for the account of the legal entity in question. That representative must satisfy the same conditions and is liable under civil law and responsible under criminal law as if he himself were performing the mandate in question on his own behalf and on his own account, without prejudice to the joint and several liability of the legal person whom he represents. That legal entity may not dismiss his representative without at the same time naming a successor.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the RD of 10 April 1995, and therefore be able to guarantee autonomous management. They must not fall under the application of the prohibitions referred to in article 19 of the law of 22 March 1993 relating to the statute for and supervision of credit institutions.

Article 15 – Delegation of authority

In application of article 524bis of the Belgian Company Code, the board of directors can put together an executive committee, whose members are selected from inside or outside the Board. The powers to be transferred to the executive committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Company Code. If an executive committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the Executive Committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If an executive committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no executive committee is appointed, the board of directors can only delegate day-to-day management of the company to a minimum of two persons, who must be directors.

The board of directors, the executive committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective powers.

The board can determine the remuneration of each mandatory to which special powers are assigned, all in accordance with the law of the 20 July 2004 regarding collective management of investment portfolios, and its implementation decrees."

Article 17 – Conflicts of interest

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by the RD of 10 April 1995 relating to property investment funds, by the Belgian Company Code as where appropriate they may be amended.

Article 18 – Auditing

The task of auditing the company's transactions will be assigned to one or more Statutory Auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audit(s) and certify (certifies) the accounting information contained in the company's annual accounts. At the request of the Banking, Finance and Insurance Commission, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 80 of the law of 20 July 2004.

General meeting

Article 19 – General, special and extraordinary general meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the first Wednesday of April at 2.30 p.m.

If this day is a public holiday, the meeting will be held on the next working day.

At any time an extraordinary general meeting can be convened to deliberate and decide on any matter belonging to its competence and which does not contain any modification of the articles of association.

At any time an extraordinary general meeting can be convened to deliberate and decide, before a notary.

The general meetings are held at the company's registered office or at another location in Belgium, as designated in the notice convening the meeting.

Article 22 – Depositing shares

In order to be admitted to the meeting, the holders of bearer shares must deposit their shares no later than three days before the date of the intended meeting, if the notice convening the meeting requires them to do so. The shares must be deposited at the company's registered office or at a financial institution designated in the notice convening the meeting.

Owners of dematerialised shares take care of the communication, at least three days before the indented meeting, of an a certificate from a authorised institutions or a clearing institution, attesting of unavailability of the dematerialised shares till the date of general meeting.

Holders of registered shares do this in an ordinary letter sent to the company's registered office, again at least three days in advance.

Article 26 – Voting rights

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been designated in writing by all the authorised persons. Until such a person is designated, all of the rights connected with these shares remain suspended.

If a share is encumbered with a usufruct, the voting rights connected with the share are exercised by the usufructuary, unless there is an objection from the bare owner.

Distribution of profit

Article 29 – Appropriation of profit

The company will distribute at least eighty percent (80%) of its net income, less the amounts that correspond to the net reduction of debt for the current financial year.

For the purposes of this article, net income is defined as the profit for the financial year, excluding downward value adjustments, reversals of downward value adjustments and added values realized on fixed assets, in so far as these are recorded in the income statement.

The decision on how the remaining twenty per cent will be appropriated will be taken by the general meeting on the proposal of the board of directors.

Added values on the realization of fixed assets, however, are excluded from net income, as specified in paragraph 1, to the extent that they will be reused within a period of four years, starting from the first day of the current financial year in which these added values will be realized.

The portion of the realized added values that has not been reused after the period of four years will be added to the net income, as defined, for the financial year following this period.

STATUTORY AUDITOR

On 4 April 2007, Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA, which is represented by Rik Neckebroeck, Berkenlaan 8b – 1831 Diegem, has been reappointed as statutory auditor of Intervest Retail. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2010.

The remuneration of the statutory auditor amounts to € 58.575 (excl. VAT, incl. costs) a year for the auditing of the annual accounts.

CUSTODIAN BANK

Since 1 September 2002, Bank Degroof has been designated as the custodian bank of Intervest Retail in the sense of articles 12 and seq. of the RD of 10 April 1995 relating to property investment funds.

The annual remuneration (excl. VAT) amounts to 0,01 % per annum and is calculated on the total assets.

LIQUIDITY PROVIDER

Since December 2001, a liquidity contract was concluded with Bank Degroof, rue de l'Industrie 44, B-1000 Brussels, to promote the negotiability of the shares.

In practice this takes place through the regular submission of buy and sell orders within certain margins.

The remuneration has been set at a fixed amount of € 1.000 a month.

PROPERTY EXPERTS

The property experts designated by Intervest Retail are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 58 b 7. The company is represented by Kris Peetermans and Eric Van Dyck

- de Crombrugghe & Partners, 1160 Brussels, avenue G. Demey 72-74. The company is represented by Guibert de Crombrugghe

- CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Peter De Groot.

In accordance with the RD of 10 April 1995, they value four times a year the portfolio.

TERRE BLEUE - SCHUTTERSHOFSTRAAT 24/KELDERSTRAAT 7 - ANTWERP - SURFACE AREA: 106 M^2

PROPERTY INVESTMENT FUND – LEGAL FRAMEWORK

The Investment Fund system was regulated in the RD of 10 April 1995 to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT USA) and the Fiscal Investment Institutions (FBI Netherlands).

It is the legislator's intention that Investment Funds will guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a whole range of benefits.

The Investment Fund is monitored by the Banking, Finance and Insurance Commission and is subject to specific regulations, the most notable provisions of which are as follows:

- the form of a limited liability company or a limited partnership with a share capital with minimum capital of € 1.239.467,62
- a debt ratio limited to 65 % (RD of 21 June 2006) of total assets
- strict rules relating to conflicts of interests
- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent experts
- spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
- exemption from corporation tax on the condition that at least 80% of the profits are distributed
- deduction of a liberating withholding tax of 15 % when the divi dend is paid.

The aim of these rules is to limit the risk for shareholders.

Companies that merge with a property investment fund are subject to a tax (exit tax) of 16,995% on deferred added values and tax-free reserves.

TONY MERTENS - BOOMSESTEENWEG 666-672 - WILRIJK - SURFACE AREA: 1.167 M²

STATEMENT TO THE ANNUAL REPORT

In accordance with article 13 § 2 of the RD of 14 November 2007, Reinier van Gerrevink, managing director and member of the management committee and Hubert Roovers, managing director, declare that according to their knowledge:

a. the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the RD of 21 June 2006, give a true and fair view of the equity, the financial position and the results of Intervest Retail and the companies included in the consolidation

b. the annual report gives a true statement of the development and results of Intervest Retail during the current year and of the position of the property investment fund and the companies included in the consolidation, as well as of the main risks and uncertainties where Intervest Retail is confronted with.

TERMINOLOGY

Acquisition value of an investment property
This term is used at the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

Corporate governance
Corporate governance is an important instrument to constantly improve the management of the property investment fund and to protect the interest of the shareholders.

Current rents
Annual rent on the basis of the rental situation on a certain moment in time.

Debt ratio
The debt ratio is calculated as the liabilities (excluding provisions and accrued charges and deferred income) less the change in the fair value of the financial coverage derivatives, divided by the total assets. By means of the RD of 21 June 2006, the maximum debt ratio for the property investment funds rose from 50 % to 65 %.

Diluted earnings
The diluted earnings per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares.

Distributable earnings per share
The distributable earnings per share is the amount liable for compulsory distribution, divided by the weighted average number of ordinary shares.

Dividend yield
The dividend yield is the gross dividend divided by the share price on closing date.

Fair value of investment properties (in accordance with Beama interpretation of IAS 40)
This value is equal to the amount at which a building might be exchanged between well-informed parties, agreeing and acting in conditions of normal competition. From the perspective of the seller they should be understood as involving the deduction of registration fees.

In practice this means that the fair value is equal to the investment value divided by 1,025
(for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

Free float
Free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

Gross dividend
The gross dividend per share is the distributable operating result divided by the number of shares.

Investment value of an investment property
This is the value of a building estimated by an independent property expert, and including the transfer costs without deduction of the registration fee. This value corresponds to the formerly used term “value deed in hand”.

Liquidity of the share
The ratio between the number of daily traded shares and the number of capital shares.

Net asset value (fair value)
Total shareholders’ equity divided by the number of shares.

Net asset value (investment value)
Total shareholders’ equity adjusted for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares.

Net dividend
The net divided is equal to the gross dividend after deduction of withholding tax of 15 %

Occupancy rate
The occupancy rate is calculated as the ratio of the commercial rental income to the same rental income plus the estimated rental value of the vacant locations for rent.

Operating distributable result
The operating distributable result is the operating result before the result on portfolio minus the financial result and taxes, and exclusive the revaluations of financial derivatives (which are not considered as hedge accounting in accordance with IAS 39) and other non-distributable elements.

Ordinary earnings
The ordinary earnings per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares.

Yield
Annual rental income compared to the investment value.

NOTES

ANNUAL REPORT 2008

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INTERVEST RETAIL