INTERVEST
RETAIL

Annual Report
31 December 2001

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INTERVEST RETAIL

Property investment fund under Belgian law

2001 ANNUAL REPORT


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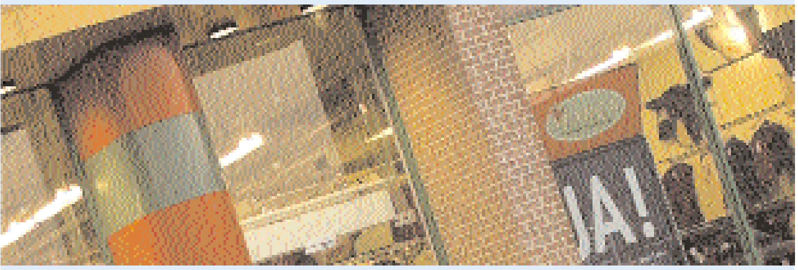

Contents

Kalfstraat 3, Aalst

Contents

Letter to the shareholders p. 6
Key figures p. 7

I Report of the Board of Directors p. 9
A. Profile of Intervest Retail NV/SA p. 10
B. Strategy p. 10
a. Increase of the liquidity of the Intervest Retail share p. 10
b. Expansion of the property portfolio p. 11
C. Prospects p. 12
D. Corporate Governance p. 12
a. General guidelines p. 12
b. Administration and management p. 12
c. Decision making powers p. 13
d. Approval of the accounts p. 13
e. Valuation of the property p. 13

II Management report p. 15
A. The commercial property market p. 16
a. The letting market - inner-city locations p. 16
b. The investment market - inner-city locations p. 17
c. The letting market - periphery p. 17
d. The investment market - periphery p. 18
e. The licence climate - periphery p. 18
B. Important developments that have taken place in 2001 p. 18
C. Post balance sheet events p. 22
D. Summary of the figures p. 22
E. Comments on the figures p. 23
F. Profit appropriation p. 24
G. Forecast for profit and loss account p. 25

III Report on the share p. 27
A. Stock market information p. 28
B. Dividend and number of shares p. 29
C. Premiums and discounts p. 30
D. Shareholders p. 31
E. Financial calendar p. 31

IV Property report p. 33
A. Composition of the portfolio p. 34
B. Description of the portfolio p. 36
C. Evolution of the property portfolio p. 39
D. Valuation of the portfolio by Healey & Baker p. 39

V	Financial report	p. 41
	A. Consolidated annual accounts	p. 42
	a. Balance sheet	p. 42
	b. Profit and loss account	p. 44
	c. Consolidation criteria	p. 45
	d. Valuation rules	p. 45
	e. Scheme of the annual accounts	p. 49
	f. Additional note	p. 51
	g. Report of the Statutory Auditor	p. 55
	h. Annual report of the Board of Directors	p. 56
	B. Simple annual accounts	p. 60
	a. Balance sheet	p. 60
	b. Profit and loss account	p. 61
	C. Debts and securities	p. 63
	a. Debts payable after one year to credit institutions	p. 63
	b. Debts payable within one year to credit institutions	p. 63
	c. Interest-rate risk hedging	p. 63
	d. Securities	p. 63
VI	General information	p. 65
	A. Identification	p. 66
	a. Name	p. 66
	b. Registered office	p. 66
	c. Commercial register and VAT number	p. 66
	d. Legal form, formation, publication	p. 66
	e. Duration	p. 66
	f. Object of company	p. 67
	g. Financial year	p. 67
	h. Inspection of documents	p. 67
	B. Nominal capital	p. 68
	a. Issued capital	p. 68
	b. Evolution of capital	p. 68
	c. Permitted capital	p. 68
	d. Repurchase of own shares	p. 69
	e. Capital increase	p. 69
	C. Extract from the articles of association	p. 69
	a. Shares	p. 69
	b. Ownership	p. 70
	c. Administration and supervision	p. 70
	d. General Meetings	p. 71
	e. Treatment of profit/loss	p. 71
	D. Statutory Auditor	p. 71
	E. Custodian bank	p. 72
	F. Property expert	p. 72
	G. Liquidity Provider	p. 72
	H. Property investment fund legal framework	p. 72

Letter to the shareholders

Dear shareholder,

We have pleasure in presenting our second annual report since the official quotation of your property investment fund on 17 December 1999.

We are pleased to report that the consolidated operating profit in 2001 came to € 11.6 million. This means a gross dividend per share of € 2.30, which is in line with last year's expectations.

The less favourable economic circumstances, which were reinforced by the events of 11 September 2001 in the United States, have so far had only a relatively limited impact on our property portfolio. Rental income developed positively over the course of the year and the occupancy rate for the portfolio also remained high.

In spite of the limited supply on the commercial property market, in 2001 we managed to expand the property portfolio from € 200 million to € 221 million through the purchase of a number of high-quality premises.

For the current year of 2002 and beyond, our sights are set not only on maintaining the present position of Intervest Retail as the largest investment fund in the area of Belgian commercial property, but also on achieving significant further expansion through direct purchases, mergers and takeovers. In the long term we believe that the portfolio has to grow in size to approx. € 500 million. This will make the share even more attractive to shareholders and will also increase its liquidity.

It is not growth in itself, however, that is the central aim of our policy, but rather the creation of shareholder value, based partly on increasing (rental) income in line with market trends.

The confidence you have shown in us thus far has helped us greatly in implementing the policy outlined above.

The Board of Directors

Key figures

PROPERTY ASSETS	31.12.2001	31.12.2000[1]
Total lettable area (m^2)	186,781	189,742
Occupancy rate (%)	96.51	96.14
Value "deed in hand" (€ 000)	220,769	199,636
Value "costs-to-buyer" (€ 000)	193,766	175,975
BALANCE SHEET INFORMATION		
Adjusted shareholders' equity after profit appropriation (€ 000)	126,432	122,437
Debt ratio after profit appropriation (%)	37.18	32.03
RESULTS (€ 000)		
A. Operating result		
Turnover	17,127	17,680
Net operating expenses	-3,778	-3,192
Financial result	-1,657	-1,777
Operating result before taxes	11,692	12,711
Taxes	-60	74
Operating result	11,632	12,785
B. Result on the portfolio		
Added value or loss of value on sales of portfolio items	4,816	316
Reversal of changes in market value previously recorded on portfolio items disposed of during the financial year	-2,001	36
Change in the market value of the portfolio items	1,109	1,817
Result on the portfolio	3,924	2,169
Result of the period	15,556	14,954
INFORMATION PER SHARE		
Number of shares	5,038,746	5,038,746
Shareholders' equity at start of year (deed in hand)	31.52	28.39
Dividend distributed	-2.55	0
Direct investment result	2.31	2.56
Indirect investment result (inc. other transactions) [2]	1.47	0.57
Total investment result	3.78	3.13
Shareholders' equity (inc. dividend) at end of year	32.75	31.52
Gross dividend	2.30	2.55
Net dividend	1.96	2.17
Share price on closing date	30.01	28.39
Undervaluation on net asset value (%)	8.37	9.93

[1] The 2000 financial year covered a period of 14 months.

[2] Other transactions are, among other things, acquisition costs.


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I Report of the Board of Directors

Kalfstraat 3, Aalst

I Report of the Board of Directors

A Profile of Intervest Retail NV/SA

Intervest Retail invests exclusively in Belgian commercial property, focusing primarily on inner-city locations in prime locations and retail warehouses. Shopping centres also represent possible investment opportunities. Most of the premises have been let on traditional leases to users who are widely distributed across all sectors of the retail trade. At present the portfolio is made up of 313 lettable units, spread over 127 different locations.

Premises are often let to large chains that wish to be based exclusively in prime locations. Where possible, a different use is allocated to space that has not been taken up by commercial users, in order to limit the vacancy.

As at 31 December 2001, 49% of the retail portfolio consists of inner-city locations and 49% of retail warehouses. The remaining 2% relates to other retail premises, such as local shops.

The portfolio is managed by Intervest Management, which works exclusively for Intervest Retail and Intervest Offices. In addition to property management, this company also takes care of the administrative and general management activities (this includes searching for and preparing new acquisitions).

The investment policy is focussed towards achieving a combination of a direct yield based on income from letting and an indirect yield based on the increase in the value of the property portfolio.

The basis for the long term is that loan capital financing of the property portfolio remains limited (in accordance with current statutory provisions) to a maximum of 50% of the market value of the property.[3]

Intervest Retail is one of two property investment funds to value its property on a “costs-to-buyer” basis, that is exclusive of registration fees (12.5%)[4] and other costs (approx. 1.4%). However, to simplify comparison with other property investment funds, all figures and values are stated “deed in hand”, except in the annual accounts.

The property investment fund Intervest Retail takes the form of a limited liability company under Belgian law, which draws publicly on the savings system. Intervest Retail was founded on 15 June 1987 by deed, executed before André Van Der Vorst, Civil-Law Notary in Elsene, and published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of 9 July 1987 under number 870709-272.

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998, and has been included in the Next Prime segment of Euronext in Brussels since 1 January 2002.

B Strategy

Intervest Retail’s medium-term aim is to belong to the group of major property investment funds. It hopes to make its share more attractive by increasing its liquidity and by expanding its property portfolio.

a. Increase of the liquidity of the Intervest Retail share

Through contributions of property and mergers, Intervest Retail is endeavouring to systematically increase its free float[5]. This improves the liquidity of the share, making it more attractive to both private and institutional investors.

[3] The Royal Decree of 10 June 2001 increased the maximum level of debt from 33% to 50%.

[4] On 1 January 2002 registration fees in Flanders were reduced from 12.5% to 10%.

[5] The free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

Increased liquidity also allows new shares to be issued more easily (in the event of capital increases, contributions in kind or mergers). This is essential to allow the company to grow. In order to improve its liquidity, in December 2001 Intervest Retail concluded a 'Liquidity Providing' contract with Bank Degroof. Since then the volumes traded on a daily basis have increased substantially (see chart on p. 29).

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 catch the eye of professional investors.

The consolidation of Belgian property investment funds would therefore seem inevitable.

A first step towards this was taken by the merger of a number of property companies from the VastNed group with PeriFund and the subsequent change of name of the latter to Intervest Offices NV/SA in June 2001. Two other property investment funds merged in the autumn of 2001. Finally, in December it was once more Intervest Offices, which announced a merger with Siref, an investment fund specialising in semi-industrial property.

b. Expansion of the property portfolio

A large portfolio clearly offers a number of benefits:

1. It helps to spread the risk for shareholders. After all, by investing in various types of commercial property (retail warehouses, inner-city locations and shopping centres), and doing so 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.
2. The economies of scale that are achieved make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be distributed. We are thinking here in terms of the costs of property management, the costs of maintenance and repair, the (long-term) renovation costs, consultancy fees, publicity costs, etc.
3. 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, etc. Commercial property is an international business, which means that investors/owners also need to operate on an international level. The logical result of an outlook such as this is a pan-European approach to the property market, something which has already been realised within the VastNed Group, the group to which Intervest Retail belongs. VastNed Retail does, after all, have a property portfolio in the eurozone, in particular in the Netherlands, France, Spain, Italy, Germany and, through its interest in Intervest Retail, Belgium.
4. It allows a specialised management team to use its far-reaching knowledge of the market to pursue an innovative and creative policy, resulting in increasing shareholder 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.

Expansion of the property portfolio can be achieved through a dynamic approach to 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.

In the retail warehouse market, opportunities for acquisitions are still available. As far as the inner-city locations are concerned, there is a shortage of supply in most cities. As a property investment fund, however, Intervest Retail can prove to be 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-lease-back transactions with Intervest Retail. These premises can be acquired through cash payment or through the issue of new shares.

Intervest Retail's management also keeps its eyes open for opportunities for mergers with (or takeovers of) other retail investment funds or real estate certificates.

C Prospects

Most large chains now have a presence in almost all of the prime locations. It is possible to observe, however, that the Southern European chains, active primarily in the fashion sector, are continuing their advance and establishing an even more obvious presence in prime locations.

These prime locations have few or no vacancies. This scenario is that of a stable market.

Due to the scarcity of properties and the high demand from investors, the development of the value of inner-city locations will remain favourable and stable rents can be expected.

With regard to retail warehouses, only premises in the best locations with socio-economic licences for the sensitive sectors will enjoy a faster than average increase in value.

D Corporate Governance

a. General guidelines

Intervest Retail applies the principles of corporate governance to ensure that shareholder value can be achieved in the best possible way.

Intervest Retail is a "limited liability company" This means that its shareholders, within the General Meeting of Shareholders, have very broad decision making powers.

The company is managed by Intervest Management NV/SA, a subsidiary of VastNed Retail NV/SA, with which Intervest Retail has a contract on market terms, that is 4% of the rents collected annually. At present this contract is for an indefinite period and can be terminated at any time subject to a notice period of six months.

In addition to property management, Intervest Management also takes care of the administrative and general management activities (this includes searching for and preparing new acquisitions). Intervest Management NV/SA also manages Intervest Offices, which invests in offices and semi-industrial buildings. No other activities are carried out for third parties.

b. Administration and management

Intervest Retail is managed by a Board of Directors consisting of four members. The directors are appointed for a period of six years. Their appointment may be revoked at any time by the General Meeting. No executive committee has been appointed.

The Board consists of the following members:

Paul Christiaens (57), Director,
Vijverstraat 53, B-3040 Huldenberg
Director of property companies

Gérard Philippson (51), Director,
Saturnelaan 34, B-1180 Brussels
Managing Director of Sopedi (company specialising in property leasing)

Joost Rijnboutt (62), Chairman, Managing Director,
Leopold de Waelplaats 28/42, B-2000 Antwerp
Managing Director of Intervest Offices NV/SA

Kor Streefkerk (59), Managing Director,
d'Oultremontlei 16, B-2930 Brasschaat
Chairman of the board of management of VastNed Retail NV/SA and VastNed Offices/Industrial NV/SA,
Chairman and Managing Director of Intervest Offices NV/SA

Messrs Christiaens, Philippson and Rijnboutt qualify as independent directors and Mr Streefkerk represents the shareholder VastNed Retail NV/SA

The Board meets at least four times a year. During the 2001 financial year the Board met on seven occasions.

Certain directors exercise directors' mandates in other companies, which could give rise to a conflict of interests with their mandate in Intervest Retail. In cases where this situation arises, the director in question is asked not to participate in the discussions and decisions, in accordance with article 523 of the Belgian Company Code. In application of article 524 of the Belgian Company Code, the above also applies in the event that the Board of Directors is required to take a decision in respect of which there may be a conflict of interests with a majority shareholder of the Company. To date, such a situation, where the procedure provided for in article 524 of the Belgian Company Code has had to be observed, has only occurred on one occasion in June 2001, following the sale of part of Cocoon Park (see also page 21).

c. Decision making powers

The task of the Board of Directors can be summarised as follows:

- working out the company's strategy
- monitoring the quality of the information presented to investors and the public
- ensuring that all directors work independently
- ensuring that all shareholders are treated equally

The Board also has a number of statutory responsibilities:
- approving the strategy and the budget
- approving the half year and annual figures
- using the permitted capital
- approving merger proposals
- approving acquisitions and sales
- convening ordinary and extraordinary General Meetings

Each director receives € 12,395 a year as a director's fee. On top of this, the Chairman receives € 17,352 a year for his work. In the 2001 financial year a total of € 66,932 fees was paid out.

d. Approval of the accounts

The Auditor, who is appointed by the General Meeting of Shareholders, certifies the annual accounts. As Intervest Retail is a property investment fund, the Auditor must also prepare a special report on the annual figures for the Commission for Banking and Finance.

e. Valuation of the property

The property portfolio is valued every quarter by an independent valuer.

II Management report

Leysstraat 17, Antwerp

II Management report

During its second year of operation Intervest Retail was able to consolidate its position as the largest investment fund in the area of commercial property.

Its portfolio was expanded further and a number of sales were made. This brought about an improvement in the quality of the property portfolio.

As at 31 December 2001 the value of the portfolio came to € 221 million, being € 200 million at the beginning of the financial year.

The stagnation of the international economic situation has not, as yet, had a negative influence on the development of rents or on the value of the property portfolio.

The financial year was concluded with a consolidated operating profit (direct investment result) of € 11.6 million, or € 2.31 per share.

In 2001, Intervest Retail further developed its position as a specialist in retail investments, ensuring that it will continue to be a solid and professional partner for local and international tenants in the future. We are therefore convinced that we can offer investors a constantly attractive yield.

A The commercial property market [6]

a. The letting market – inner-city locations

The year 2000 was concluded with the expectation that 2001 would be a difficult year. This was only partially the case. For most retailers 2001 was a good year in which the level of turnover achieved in 2000 was equalled or even exceeded. Greater caution was, however, exercised in the area of expansion, and retailers were clearly more prudent and more selective with the offers from the market.

2001 was once again a year that saw much coming and going. There were numerous departures, in particular Dutch chains such as Kreymborg and Amici. The Dutch group Macintosh Retail, with names such as Dolcis, Prosport, Invito and Olympus, also had to close. Peek & Cloppenburg also withdrew to a large extent. Appel's was sold. Marks & Spencer closed its doors.

On the other hand, various groups reaffirmed their faith in Belgium, such as the French groups Jennyfer, Celio (together with the subsidiary Laurent Cerrer) and Foot Locker (through the takeover of the Prosport outlets), and the Danish Bestseller group. Persistent driving forces in the market are H&M and Zara, with the development of their new concepts such as Bershka and Pull & Bear, and the Cortefiel group, primarily with Women' Secret and Springfield. Mexx also showed strong expansion with the leasing of premises between 500 and 1,000 m^2. The expansion of telecom outlets was curbed substantially, a development that was not entirely unexpected. The battle for large premises of between 1,000 and 2,000 m^2, which raged fiercely in 1999 and 2000, has now clearly died down. Mango is weighing up its expansion plans, Cortefiel is still thinking carefully about the direction it should take and Benetton's priorities are no longer focused on Belgium. Companies that are looking for premises of 1,000 m^2 or more are few and far between. The most important of these are Mediamarkt, Saturn, Kruidvat, H&M, Esprit and the aforementioned companies Mexx and Cortefiel.

Because of the cautious stance of most retailers takeovers are falling. This is ultimately translated into lower lettable values. In most cities this phenomenon was less serious than expected, but in the four major cities (Antwerp, Brussels, Ghent and Liège) lettable values are falling by as much as 10%. Following the strong growth achieved in 2000, this consolidation was to be expected.

[6] Composed by Healey & Baker.

Retailers are extremely cautious about the prospects for 2002. Disappointing and declining turnover is expected, taking into account the low level of consumer confidence. This could also have a further impact on the fall in rents. Nevertheless, expectations are not entirely negative. There is a genuine interest in expansion in Belgium, and a number of financially strong groups are knocking on our door: Karen Millen (UK), Xanaka (France), Bershka (Spain). These groups are expected to open their first stores in Belgium in 2002. The relationship between supply and demand will in the end be the factor that determines the direction the market will take.

b. The investment market – inner-city locations

The year 2001 was a year of two speeds.

As far as the normal transactions that took place on the high street are concerned, 2001 was an ordinary year, with both the number of transactions and the average volume failing to exceed the usual annual average.

Yields remained at a stable level. For the real prime locations, yields of ± 6% were paid (Nieuwstraat Brussels and Meir Antwerp).

The yields for the other cities in the Belgian top ten varied between 6.25% and 7.25%.

2001 was also characterised by possibly the largest property transaction Belgium has ever seen, i.e. the sale of the GIB Immo assets to Redevco. The value of the property involved was in the region of € 1.38 billion. This was of course a unique transaction that probably won't be repeated for some time.

Mention should also be made of the sale of the two Marks & Spencer properties, which were the subject of a speculative sale to a Dutch private investor.

In general, investments in commercial property remain in the hands of private investors.

One of the few institutional acquisitions made over the past year was the transaction between Intervest Retail and P&C relating to the sale of a number of former P&C buildings in Charleroi, Mechelen, Turnhout and Brussels.

Leaving aside the GIB Immo and Marks & Spencer transactions, this transaction accounted for around 20% of the volume traded in 2001.

In 2002 we expect a sustaining demand for well situated properties and a continuing shortage in the supply of such premises.

A change in the supply situation will only occur if interest rates rise markedly, giving potential sellers an alternative for the reinvestment of the funds becoming available when they sell their property.

c. The letting market – periphery

During the year 2001 the retail warehouse market once again displayed excellent stability. This applied to both the letting and investment markets.

2001 was characterised by a healthy demand from an albeit limited number of chains. A number of Belgian chains have as good as completed their expansion and are therefore taking a highly selective approach in their search for new locations. Nevertheless, a number of players are still extremely active: in particular the Mitiska group (primarily with the names Idé and Fun), Prémaman, Krëfel, etc. Furthermore, strong demand can still be observed from the chains that are active in the shoe and clothing sector: Brantano, E5 Mode, JBC, Pecotex, Euro Shoe, etc. In other sectors, and in particular furniture, do-it-yourself and decoration branch, little activity is observed, with a small number of exceptions.

Of the international chains already present, those in the shoe and clothing sector are expanding the most: Deichman Schuhe and Vögele are two examples here.

It is hoped that new international chains will be making an entry. For the time being, the possible arrival of Media-markt in Belgium is a step in the right direction.

A generally healthy demand, coupled with a still limited supply of quality premises, has led to further stability in the area of rents. For an average location 75 €/m²/a year can quite easily be charged, with peaks of up to 125 €/m²/a year for the real prime locations. We do not expect this situation to change significantly over the coming period.

d. The investment market – periphery

The stability of the tenant market, coupled with yields that are still attractive, means that retail warehouses are still in demand among both private and institutional investors. Nevertheless, it is now clear that things have gone off the boil to some extent, and in 2001 yields changed little or not at all. A yield of between 8 and 8.5% is a good average, with 7.5% the top figure for the best locations. Now that the pressure for institutional investors has started to decline somewhat, a new dynamic can be observed among private investors.

e. The licence climate – periphery

In general there have been few changes in the climate for socio-economic licences.

In particular, applications relating to new outlets for shoes or clothing are still extremely sensitive. Nevertheless, it doesn't seem impossible to obtain licences for such outlets, as far as they fit in with current socio-economic policy. In this context, solitary locations on approach roads are much less likely to be approved than locations on integrated complexes on the edge of city centres. The latter are regarded as developments that strengthen the central area.

In 2001, parliamentary initiatives were also taken to simplify the socio-economic procedures and make them more transparent. Thus far, however, it has not been possible to reach a consensus, as a result of which a new statutory framework is still lacking.

Furthermore, in Flanders in particular a new development seems to be taking place: rather than the socio-economic licence, it is the planning permission that seems to be becoming the stumbling block of the future.

Now that the provinces are well under way with the implementation of the Flanders structural plan, it is becoming clear in which zones there can still be tolerated outside city centres retail. The zones where this is possible are being clearly marked out so that new opportunities can possibly be created in this area. For zones that have not been selected, the retention of the status quo is being imposed, and in many cases moves are being made towards a policy of eradicating retail outlets. This development will clearly limit the number of opportunities once again, but on the other hand may help bring about greater transparency. It can only be hoped that the granting of the necessary socio-economic licences follows the logic of the structural plans.

B Important developments that have taken place in 2001

During the financial year, Intervest Retail managed to expand its property portfolio from € 200 million to € 221 million (deed in hand) in a market with very little supply.

Acquisitions were made to a value of € 19 million (deed in hand). These all related to inner-city locations. The average gross initial yield for these acquisitions came to 7.18%. Furthermore, additional purchases amounting to € 2.8 million were made in Olen (land and residential properties).

A number of non-strategic buildings were sold in 2001 with a capital gain of € 2.8 million. This improved the average quality of the portfolio.

The acquisitions and expansions related to:

1. Van De Ven Olen

In Olen a number of additional villas and parcels of land were purchased with a surface area of 32,040 m². The total purchase price came to € 2.8 million.

The Wooncentrum Van De Ven has been experiencing a commercial decline for a number of years. Intervest Retail's aim is to reorientate the complex through these additional purchases. The bankruptcy of Van De Ven at the beginning of May, however, resulted in this plan being delayed.

Various contacts with the authorities in relation to planned conversion and infrastructure work are giving us cause for optimism. Exploratory discussions are currently being held with potential tenants with a view to filling the empty properties. Intervest Retail is of course looking for candidates with the same long-term strategy that it is pursuing itself.

In view of the uncertain situation with this project –due to recent developments–, the property expert took the decision on 30 June 2001 to adjust the value of this project downwards by approx. € 2.5 million.

As at 31 December 2001 there were no further accounts receivable from Van De Ven. It was also not necessary to record any capital losses as a result of the bankruptcy.

However, the possibility of invoking the transfer of ownership of one of the three villas acquired by the company on the Van De Ven site against the bankrupt entity is being disputed by the official receiver of the bankrupt Wooncentrum Van De Ven NV/SA. Legal proceedings have been instituted.

2. Bondgenotenlaan in Leuven

In October 2001, Intervest Retail purchased the limited liability company Immobilière de l'Observatoire. This company is the owner of premises located at Bondgenotenlaan no. 69-73, in Leuven (see p. 22: C Post balance sheet events). This inner-city location (formerly an Alma restaurant) with a commercial area of 1,485 m² has been let to Hennes & Mauritz and Kid Cool.

At the time of purchase the premises were valued at € 6.8 million.

3. P&C portfolio

In December a number of inner-city stores were purchased from P&C:

Brussels, Nieuwstraat 98	165 m²
Charleroi, rue de la Montagne 5-7	634 m²
Mechelen, Bruul 42-44	1,670 m²
Turnhout, Gasthuisstraat 5-7	1,094 m²

These premises have been let to Hennes & Mauritz, Vögele and The Phone House.

The acquisition cost came to more than € 12 million.

Mechelen

Charleroi

Brussels

Turnhout

The Board of Directors also designated a number of smaller premises that had to be removed from the portfolio in order to improve the portfolio's overall quality. Of these, the following premises were sold in 2001:

1. Frasnes-les-Gosselies, rue Albert 1st number 35

This is an empty retail property of 548 m^2. The selling price amounted to € 128,905 and the book value was € 123,947. A modest added value of € 4,958 was therefore realised.

2. Kortrijk, Overbekeplein 14

An empty office space with an area of 302 m^2 was sold for € 123,947. Since the book value was € 79,940, an added value of € 44,007 was realised.

An apartment and several parking spaces are still owned at this address. These will be sold in the future.

3. Vilvoorde, Luchthavenlaan 1-3

As far as Phase II of Cocoon Park is concerned, the Town of Vilvoorde has indicated that it would prefer the development of office space. As offices do not fit in with Intervest Retail's investment policy, it was decided to sell all of the property on this site (with the exception of the stores). This concerned a number of parcels of land at Mimas-traat, Luchthavenlaan, Fabrieksstraat, Leuvensesteenweg and an enclosed parcel, all located in Vilvoorde.

The sale was effected on 29 June 2001 to Vidu 2 NV/SA a subsidiary of VastNed Offices Belgium NV/SA, majority share-holder in Intervest Offices NV/SA, Intervest Retail's sister investment fund for a price of € 7.7 million. This price was based on an estimate as at 31 March 2001 by the independent valuer Healey & Baker. The costs of the transaction were borne by Vidu 2 NV/SA.

In accordance with art. 524, §1 of the Belgian Company Code, which regulates conflicts of interests involving the majority shareholder(s) of listed companies, prior to this sale a report was drawn up by three independent directors in which the financial consequences of this sale were described and in which a reasoned assessment of it was provided.

These independent directors were of the opinion that this sale was in the interests of Intervest Retail NV/SA and all its shareholders. They were also of the opinion that there was no reason to fear that as a result of this sale the majo-rity shareholder of Intervest Retail NV/SA would receive any advantage, either directly or indirectly, in the form of a preferential payment that could eventually benefit Vidu 2 NV/SA

Also in accordance with art. 524, §1 of the Belgian Company Code, an expert was appointed to provide assistance to the three independent directors. DTZ Winssinger was selected, due, among other things, to its independence. This independent expert was also of the opinion that the transaction described above was in the interests of Intervest Retail NV/SA and all its shareholders. It was also of the opinion that there was no reason to fear that as a result of this sale the majority shareholder of Intervest Retail NV/SA would receive any advantage.

This sale was a good piece of business for Intervest Retail, in view of the fact that an added value in excess of € 2.7 million was realised.

4. Kortrijk, Budastraat 26

This is an empty property of 80 m^2. The selling price amounted to € 35,945 and the book value was € 47,099. A loss of value of € 11,154 was therefore realised.

C Post balance sheet events

After the closure of the balance sheet on 31 December 2001, the company decided to sign a contract with Bank Degroof NV/SA, as a result of which the latter will take over the role of custodian bank for Intervest Retail NV/SA from 1 September 2002, thereby succeeding Fortis Bank NV/SA Bank Degroof will also take over the role of financial services provider from Fortis Bank.

The Board of Directors also decided to propose proceeding with a merger through the takeover of the company Immobilière de l'Observatoire NV/SA, in which Intervest Retail NV/SA holds 95% of the shares. In principle, shareholders will be asked to express their opinions on this merger at the same time as the annual meeting on 8 May 2002.

Otherwise there were no events worthy of mention after the balance sheet date.

D Summary of the figures

BALANCE SHEET

ASSETS (€ 000)	31.12.2001	31.12.2000
Tangible fixed assets	193,761	175,975
Financial fixed assets	16	20
Current assets	9,758	4,133
Total assets	203,535	180,128

LIABILITIES (€ 000)		
Shareholders' equity	126,432	122,437
Third-party interests	156	0
Provisions for risks and charges	496	248
Amounts payable after one year	19,418	19,722
Amounts payable within one year	56,247	37,402
Accrued charges and deferred income	786	319
Total liabilities	203,535	180,128

	RESULTS (€ 000)	31.12.2001	31.12.2000 [7]
A.	Operating result	17,127	17,680
	Net operating costs	-3,778	-3,192
	Financial result	-1,657	-1,777
	Operating result before taxes	11,692	12,711
	Taxes	-60	74
	Operating result	11,632	12,785
B.	Result on the portfolio		
	Added value or loss of value on sales of portfolio items	4,816	316
	Reversal of changes in market value previously recorded on portfolio items disposed of during the financial year	-2,001	36
	Change in the market value of portfolio items	1,109	1,817
	Result on the portfolio	3,924	2,169
	Result of the period	15,556	14,954
	Group share	15,584	-
	Third-party share	-28	-

E Comments on the figures

Tangible fixed assets increased from € 175.98 million to € 193.76 million. This relates to the land and buildings as valued by Healey & Baker as at 31 December 2001, but is exclusive of acquisition costs. The amount of € 193.76 million corresponds to a property portfolio of approximately € 221 million inclusive of acquisition costs (deed in hand method of valuation).

Current assets increased from € 4.13 million to € 9.76 million. The principal reason for this is the presence of substantial cash reserves, some of which have been invested for fixed terms.

The shareholders' equity of the company increased by 3.26% from € 122.44 million to € 126.43 million (after profit distribution). The operating result is not included in this increase. The increase can be attributed to added value (whether or not realised) on the property portfolio.

The provisions that have been built up have almost doubled in size. This can be attributed to orders placed at the end of 2001 for repair and renovation work. This work was carried out at the beginning of 2002. The company's policy is to spread the renovation work performed on its properties over time by means of pro-active management so that there is no need to build up separate provisions. For further details on these valuation rules, please refer to section V.

As far as loan capital is concerned, approximately 2/3 of the total debt burden is represented by short-term loans. The company is taking advantage of the currently low short-term interest rates to push down its financial costs.

On 19.10.1999 Intervest Retail obtained approval from the Minister for Economic Affairs to present its annual accounts in an adapted form. In its letter of 12 February 2001, the Commission for Accounting Standards also made a number of recommendations relating to the presentation of the profit and loss account of property investment funds.

[7] The financial year covered a period of 14 months.

Our company's profit and loss account therefore makes a distinction between:

- Operating result

  This result includes all operating income (rents received, costs charged on) and financial income (interest received on deposits), less operating costs (costs and services that relate directly to the management and operation of the property portfolio), financial costs (interest paid on debts) and tax paid. It is the net result from the company's ordinary operations.

- Result on the portfolio

  This section covers all movements in the property portfolio and comprises:
  - added value and loss of value realised on the sale of premises;
  - changes in the market value of the premises as a result of the property expert's valuations.

  This result on the portfolio is not distributed to shareholders but is transferred to the reserves not available for distribution.

The company's first financial year as a property investment fund ran from 1 November 1999 to 31 December 2000, which means that the result for the previous financial year related to a period of 14 months.

The operating result for the financial year amounts to € 11.63 million. This is slightly higher than the anticipated figure stated in the issue prospectus. As the acquisitions in 2001 were financed using loan capital, the financial profit (€ 1.66 million) is also higher than expected.

The added value realised on the sale of premises amounts to € 2.8 million.

The market value of the portfolio has increased by € 1.1 million. As Intervest Retail records its assets exclusive of acquisition costs, this amount is the result of the increased market value of the portfolio, less the acquisition costs written off.

The total consolidated profit for the financial year therefore amounts to € 15.56 million. The profit as shown in the unconsolidated annual accounts amounts to € 16.14 million.

F Profit appropriation

The Board of Directors proposes that the annual accounts as at 31 December 2001 will be approved and that the profit for the financial year will be appropriated as follows[8]:

(in € 000)

profit for the financial year:	16,135
transfer to the reserves not available for distribution:	-4,543
profit carried forward from the previous financial year:	946
profit balance to be appropriated:	12,538
profit to be carried forward:	949
indemnification of the capital:	11,589

The result on the portfolio cannot be distributed to shareholders and must consequently be transferred to the reserves not available for distribution.

[8] Since from a legal perspective only the profit from the simple annual accounts can be distributed, and not the consolidated profit, the current profit distribution is based on the profit figures stated in the simple annual accounts.

The proposed dividend distribution conforms to article 62 of the Royal Decree of 10 April 1995 relating to property investment funds. The dividend is in fact higher than the required minimum of 80% of net income. As announced in the issue prospectus, net income is being distributed in full (subject to rounding off).

Taking into account that 5,038,746 shares will share in the full profit for the financial year, the proposal that a gross dividend of € 2.30 per share be distributed will be put before the General Meeting of Shareholders on 8 May 2002. This is € 1.96 net after the deduction of 15% withholding tax. The total gross dividend to be distributed therefore amounts to € 11.589 million.

The dividend is payable from Friday 31 May 2002 from the counters of Fortis Bank, at presentation of dividend coupon number 2 in the case of bearer shares.

G Forecast for profit and loss account

The operating result for the 2002 financial year is expected to be in line with the figures stated in the issue prospectus. Depending, among other things, on the development of interest rates and on the situation in Olen relating to the redevelopment of the Van De Ven residential complex we anticipate that an operating result of around € 2.40 per share will be achieved.


maakt

III Report on the share

Luchthavenlaan 5, Vilvoorde

III Report on the share

A Stock market information

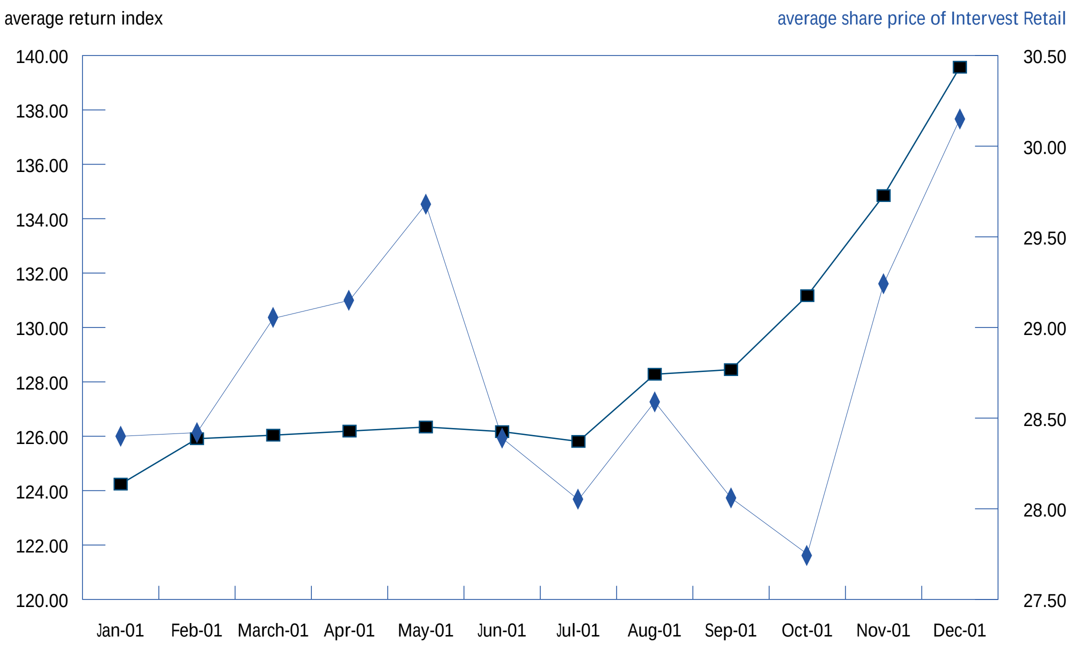
Since 1 January 2002 Intervest Retail has been listed on the Next Prime segment of Euronext in Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

- publishing quarterly figures
- preparing a number of analyst's reports every year
- maintaining a professional website
- complying with International Accounting Standards

This means that these companies pursue a professional communication policy and set themselves strict quality requirements.

Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among investors (institutional investors included).

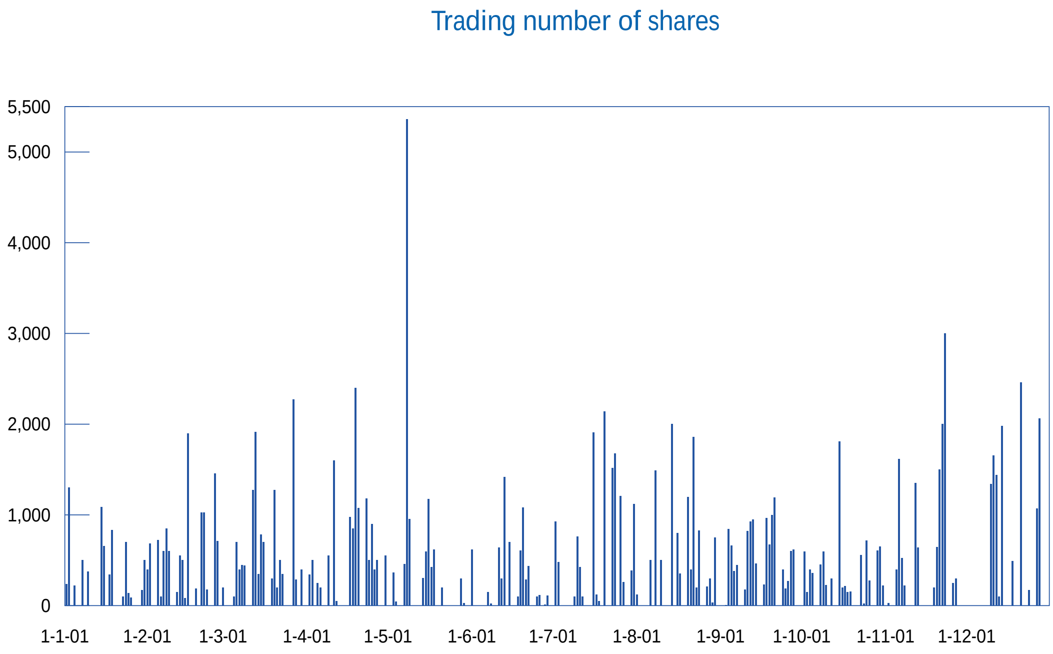
Comparison Intervest Retail - BBL sicafi index [9]



The traded volumes exceeded the level of the previous year (average of 685 units a day). This gives us cause for optimism.

In December, a liquidity contract was concluded with Bank Degroof with a view to promoting the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

[9] The BBL property investment fund return index is calculated on the basis of the market capitalisation of the various investment funds, the volumes traded and the yield on the dividends distributed. Source: BBL.



At the year end, the free float amounted to 22.2%. Efforts will be ongoing to further increase this free float figure and thereby improve negotiability.

B Dividend and number of shares

	31.12.2001
Number of shares at the end of the period	5,038,746
Share price	
Highest	€ 31.08
Lowest	€ 27.25
Share price on closing date	€ 30.01

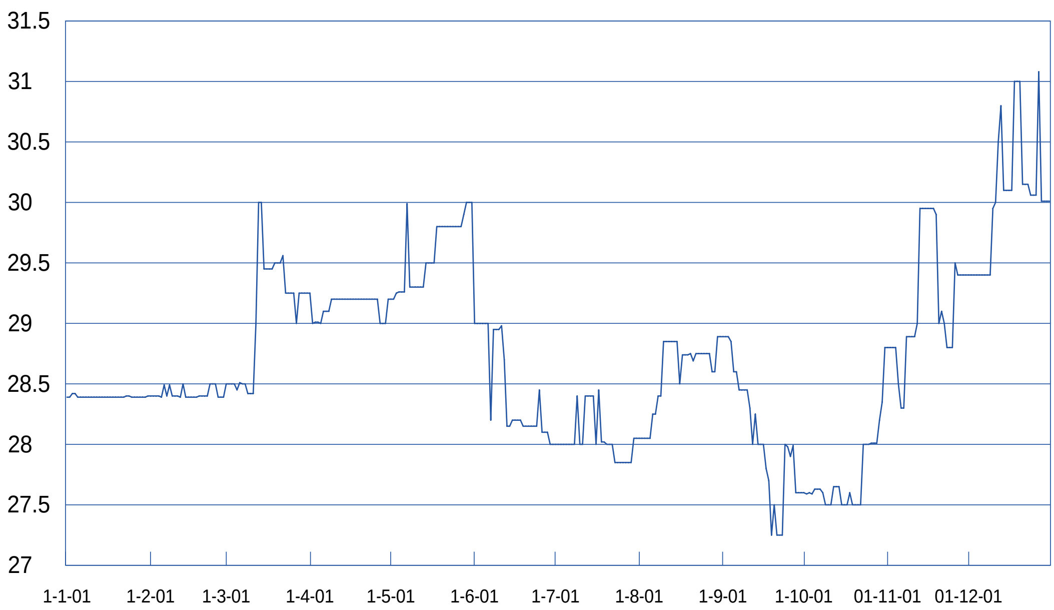
Information per share	31.12.2001	31.12.2000
Number of shares	5,038,746	5,038,746
Shareholders' equity at start of year (deed in hand)	31.52	28.39
Dividend distributed	-2.55	0
Direct investment result	2.31	2.56
Indirect investment result (inc. other transactions) [10]	1.47	0.57
Total investment result	3.78	3.13
Shareholders' equity (inc. dividend) at end of year	32.75	31.52
Gross dividend	€ 2.30	
Net dividend	€ 1.96	

[10] Other transactions are, among other things, acquisition costs.

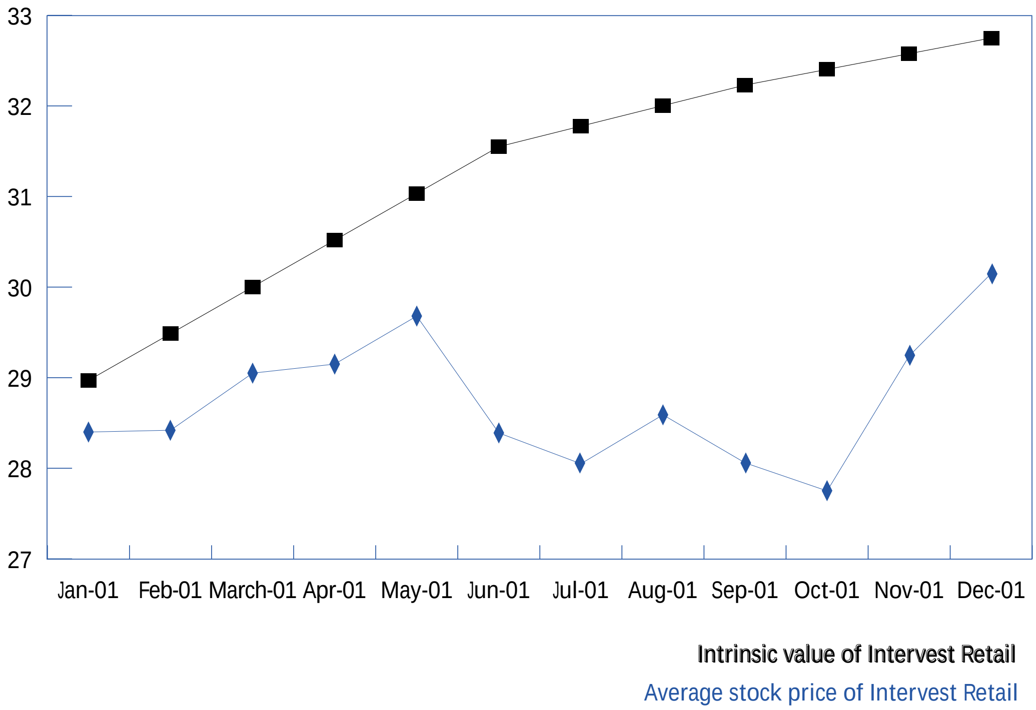
C Premiums and discounts

In 2001 the price of the share was subject to a certain amount of fluctuation. At its lowest point it reached € 27.25 (19 and 21 September) and at its highest € 31.08 (27 December). The price fell after 11 September and started recovering as from the end of October onwards.

Stock price of Intervest Retail NV/SA



Premiums and discounts of Intervest Retail NV/SA



D Shareholders

As at 31 December 2001 the following shareholders were known to the company:

VastNed Retail NV/SA	3,872,042 shares (76.85%)
Max Euwelaan 1 - NL-3006 AK Rotterdam	
CFB (Belgique) NV/SA	47,925 shares (0.95%)
Louizalaan 126 - B-1050 Brussels - Belgium	
Public	1,118,779 shares (22.20%)
Total	5,038,746 shares (100%)

Vastned Retail NV/SA and CFB (Belgique) NV/SA acted by mutual agreement.

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:

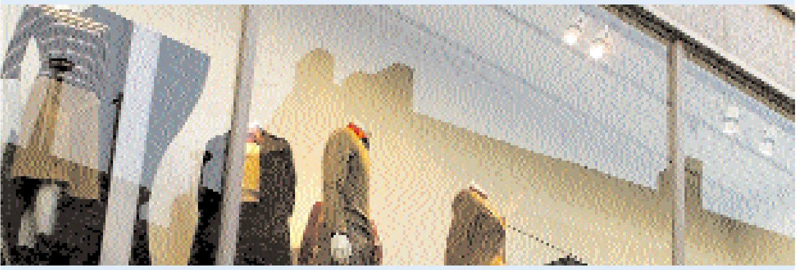
" The seller of INTERVEST NV/SA, i.e. IMMOCORP, undertakes to sell Shares on the stock exchange at the stock price, and at least at the inventory value " deed in hand ", as stated in the most recently published half year report or the quarterly update of the report from the property expert, and this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

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

E Financial calendar

- General Meeting of Shareholders: Wednesday 8 May 2002 at 2.30 p.m. at the company's offices, Uitbreidingstraat 18, B-2600 Antwerp-Berchem.
- Dividend making payable: from Friday 31 May 2002 from the counters of Fortis Bank.
- Announcement of half year results as at 30 June 2002: no later than Friday 30 August 2002.


H&M



IV Property report

Gasthuisstraat 32, Turnhout

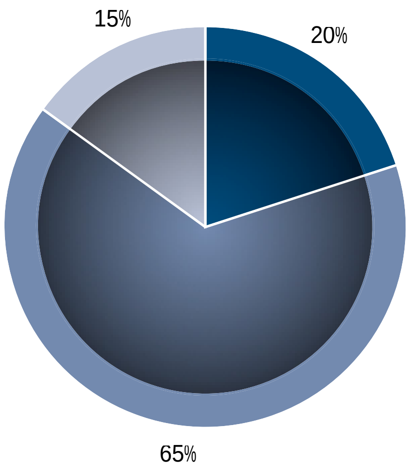
IV Property report

A Composition of the portfolio as at 31.12.2001 [11]

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

- Geographic spread

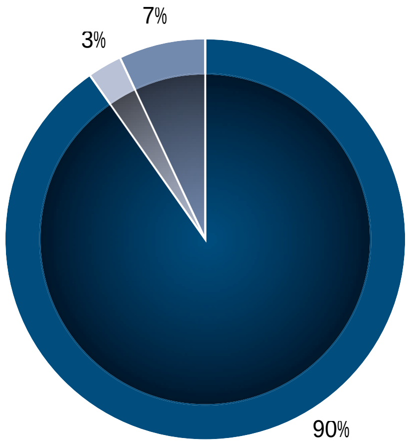
The stores are spread throughout Belgium, with a good distribution across the various regions.



Brussels	20%
Flanders	65%
The Walloon provinces	15%

- Type of building

In total Intervest Retail's portfolio at the end of 2001 consists of 280 premises in operation. 90% of the premises are retail premises, and the remaining 10% are primarily semi-industrial premises, offices and residential spaces.

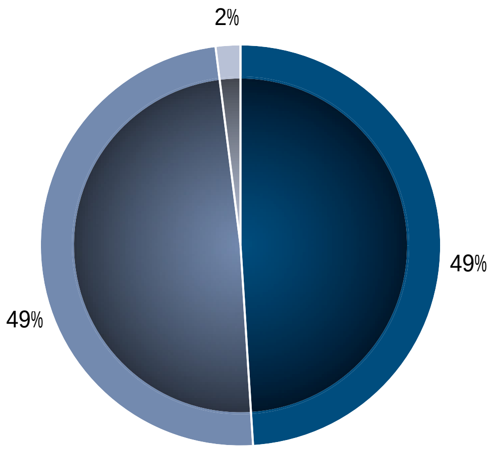


Retail premises	90%
Residential	3%
Semi-industrial + offices	7%

[11] The charts below do not take the property that is not in operation into account. They have been compiled on the basis of the annual rental income.

- Type of retail property

Of the retail premises, 49% are inner-city locations and 49% retail warehouses. The other 2% are stores that cannot be directly allocated to one of these categories, such as local shops.



Inner-city locations	49%
Retail warehouses	49%
Other	2%

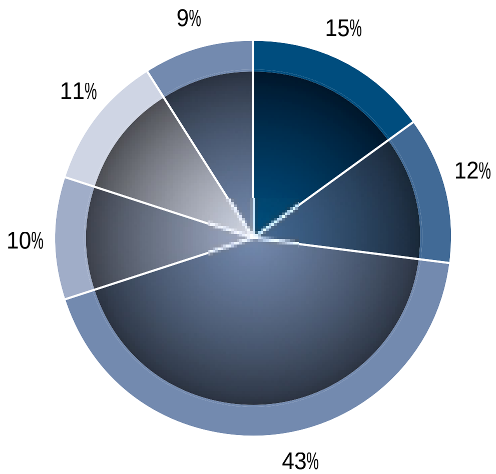
It is imperative for the category inner-city locations that these premises are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category.

For retail warehouses it is primarily the location of the premises alongside major traffic routes that is the characteristic feature, together with a 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.

Other stores include local shops, for example. These are premises with a local catchment area that are not located in a major trading centre. In many cases they are small supermarkets.

- Sector of tenants

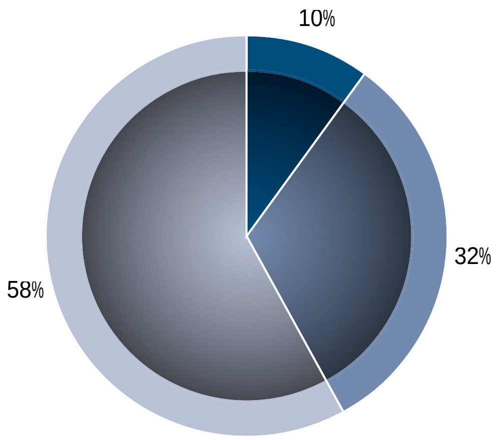
The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.



Home interior/Do-it-yourself	15%
Electro/computers	12%
Clothes	43%
Luxury/relaxation	10%
Food	11%
Other	9%

n Region of activity of tenants [12]

The list of tenants consists for the most part of international chains, which is beneficial to the quality and stability of the portfolio.



Local (< 5 sales outlets)	10%
National (> 5 sales outlets)	32%
International (> 5 sales outlets in > 2 countries)	58%

Most of the retail premises have been let on traditional leases 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.

On average the rents agreed are slightly below the normal market price. This is a result of loyal tenants extending their leases. It also means that an increase in rent is a possibility in the event of a lease being terminated. A significant proportion of the rental expenses (such as withholding tax, other taxes, insurance and costs for shared areas) is paid by the tenant.

All of these factors result in a high occupancy rate for the portfolio (96.51%).

B Description of the portfolio as at 31.12.2001

PROPERTY IN OPERATION

Location	Type of building	Area	Rent in € 000	Costs-to-buyer value in € 000
AALST – Albrechtlaan 56	retail warehouse	1,000	60	421
AALST – Kalfsstraat 3	retail warehouse	9,126	618	6,624
AALST – Nieuwstraat 10	inner-city location	145	57	721
AARTSELAAR – Antwerpsesteenweg 13/4	retail warehouse	990	94	1,072
ALLEUR – Avenue de L'Expansion 16	semi-industrial	2,221	128	1,199
ANDENNE – Avenue Roi Albert 39	retail park	4,701	251	2,592
ANHEE – Place Communale 18	local shop	409	15	103
ANS – Rue de Français 393	retail park	3,980	301	3,132

[12] A national chain must possess at least five sales outlets.

Location	Type of building	Area	Rent in € 000	Costs-to-buyer value in € 000
ANTWERPEN – Abdijstraat 29	inner-city location	130	28	298
ANTWERPEN – Abdijstraat 82/84	inner-city location	165	41	442
ANTWERPEN – Abdijstraat 150	inner-city location	120	15	116
ANTWERPEN – Carnotstraat 18/20	inner-city location	1,298	94	974
ANTWERPEN – Breydelstraat 33	inner-city location	144	42	491
ANTWERPEN – De Keyserlei 47	inner-city location	60	40	476
ANTWERPEN – De Keyserlei 49	inner-city location	118	52	614
ANTWERPEN – Frankrijklei 27	inner-city location	624	68	747
ANTWERPEN – Groendalstraat 11	inner-city location	39	19	244
ANTWERPEN – Huidevettersstraat 12	inner-city location	791	238	3,012
ANTWERPEN – Hovenierstraat 1	inner-city location	145	41	486
ANTWERPEN – Schuttershofstraat/Kelderstraat 7	inner-city location	320	59	752
ANTWERPEN – Korte Gasthuisstraat 27	inner-city location	155	87	1,064
ANTWERPEN – Leysstraat 28/32	inner-city location	1,870	680	8,750
ANTWERPEN – Leysstraat 17	inner-city location	149	146	1,984
ANTWERPEN – Meir 99	inner-city location	384	388	5,086
ANTWERPEN – Schuttershofstraat 30	inner-city location	66	46	601
ANTWERPEN – Schuttershofstraat 32/Arme Duivelstraat 2	inner-city location	54	47	621
ANTWERPEN – Vestingstraat 3	inner-city location	60	30	355
BALEN – Molsesteenweg 56	retail park	1,871	110	1,114
BASTOGNE – Rue de Marche 104	retail park	593	37	309
BEAUMONT – Rue G. Michiels 40	retail warehouse	1,113	90	796
BORGLOON – Sittardstraat 10	retail park	996	50	467
BREE – Toleikstraat 30	retail warehouse	855	50	505
BRUGGE – Steenstraat 80	inner-city location	2,670	727	10,718
BRUSSELS/SCHAERBEEK – Chaussée de Louvain 610/640	retail park	2,964	277	3,167
BRUXELLES – Chaussée d'Ixelles 16	inner-city location	1,255	210	2,441
BRUXELLES – Chaussée d'Ixelles 41/43	inner-city location	5,248	1,094	12,913
BRUXELLES – Chaussée d'Ixelles 65	inner-city location	245	43	547
BRUXELLES – Rue Bienvenue 13/15	semi-industrial	4,260	263	2,587
BRUXELLES – Avenue Louise 7	inner-city location	248	198	2,925
BRUXELLES – Rue Neuve 98	inner-city location	162	141	1,782
CHARLEROI – Rue de la Montagne 5/7	inner-city location	948	175	1,824
COURCELLES – Rue du Gaulle 164/168	local shop	870	40	236
DIEST – Hasseltstraat 15	inner-city location	200	32	354
DILSEN - STOKKEM – Rijksweg 17	retail warehouse	992	67	659
DINANT – Rue St. Jacques 14	retail park	2,022	136	1,416
FORCHIES-LA-MARCHE – Rue Vandervelde 25	local shop	498	22	94
FROYENNES – Rue des Roselières 6	retail warehouse	950	69	793
GENK – G. Lambertlaan 115	retail park	3,109	210	1,983
GENT – Veldstraat 81 Zonnestraat 6/10	inner-city location	3,510	378	4,570
GENT – Volderstraat 15	inner-city location	279	79	898
GERPINNES – Rue de Bertransart 99	retail park	990	63	619
GLAIN – Rue St. Nicolas 572	retail park	1,990	95	842
HANNUT – Chaussée de Huy 2	retail park	3,015	183	1,824
HASSELT – Genkersteenweg 76	retail warehouse	1,241	92	986
HASSELT – Genkersteenweg 282	retail warehouse	2,020	94	953
HASSELT – St. Hubertusplein 46	retail warehouse	895	53	396
HERSTAL – Rue L. Demeuse 78	local shop	372	27	105
HERZELE – Solleveld 17	local shop	521	8	144
KAMPENHOUT – Mechelsesteenweg 38/42	retail park	3,002	164	1,655

Location	Type of building	Area	Rent in € 000	Costs-to-buyer value in € 000
KAPELLEN – Eikendreef 5	retail park	906	44	390
KLUISBERGEN – Kerkstraat 11	retail warehouse	634	13	160
KORTRIJK – Overbekeplein 14	offices	108	8	57
LA LOUVIERE – Rue Albert I 84/86	inner-city location	190	52	559
LEOPOLDSBURG – Lidostraat 7	retail park	1,670	88	865
LEUVEN – Bondgenotenlaan 69-73	inner-city location	1,589	494	6,034
LIEGE – Pont d'Ile 35	inner-city location	80	55	644
LIEGE – Pont d'Ile 45	inner-city location	60	40	502
LIEGE – Pont d'Ile 49	inner-city location	380	83	1,092
MALMEDY – Avenue des Alliés	retail park	813	47	471
MARCINELLE – Rue des Champs 17	local shop	603	19	74
MECHELEN – Bruul 39-41	inner-city location	378	175	2,210
MECHELEN – Bruul 42-44	inner-city location	1,410	326	3,850
MECHELEN – Yzerenleen 30	inner-city location	350	47	550
MERKSEM – Bredabaan 474/476	inner-city location	470	89	931
MESSANCY – Rue de l'Institut 44	retail park	1,998	98	1,020
MONS – Rue de La Chaussée 31/33	inner-city location	380	140	1,754
MONS – Grand Rue 19	inner-city location	170	67	845
MONS – Chaussée de Binche 101	retail warehouse	1,000	63	652
MORTSEL – Statielei 71/73	inner-city location	965	135	1,539
MOUSCRON – Petite Rue 18	inner-city location	235	36	410
NAZARETH – 's Gravenstraat 134	local shop	578	20	176
OLEN – Lammerdries 6	retail park	18,181	889	7,867
OOSTENDE – Torhoutsesteenweg 610	retail warehouse	1,000	76	862
PHILIPPEVILLE – Rue de France	retail park	3,705	277	2,806
RIXENSART – Rue Boisacq 11	local shop	100	10	124
ROESELARE – Brugsesteenweg 524	retail warehouse	1,000	69	745
SCHELLE – Provinciale Steenweg	retail park	1,970	102	947
SCHERPENHEUVEL – Manneberg 26	local shop	600	66	670
SERAING – Boulevard Pasteur 47	local shop	1,263	85	814
SOUVRET – Rue du Peuple 6	local shop	534	24	95
SINT-NIKLAAS – Kapelstraat 119	retail warehouse	940	74	357
STEKENE – Bormte 9	local shop	578	16	154
ST-TRUIDEN – Kattestraat 25	retail park	1,401	89	927
TIELT-WINGE II – Aarschotsesteenweg 1/6	retail park	13,867	1,091	11,402
TURNHOUT – Gasthuisstraat 32	inner-city location	1,743	277	3,273
TURNHOUT – Gasthuisstraat 5-7	inner-city location	1,047	230	2,811
VILVOORDE Leuvensestraat 39/41 – Nowélaan 41	inner-city location	485	96	948
VILVOORDE – Luchthavenlaan 5	retail warehouse	6,345	428	4,727
VILVOORDE – Mechelsesteenweg 30	retail park	7,726	580	6,020
WAARSCHOOT – Jaspaerstede 2	local shop	846	37	299
WANFERCEE – Rue Gossiaux 23	local shop	347	12	66
WATERLOO – Chaussée de Bruxelles 284	retail park	1,198	100	1,105
WAVRE – Rue Pont du Christ 46 – Rue Barbier 15	inner-city location	739	125	1,420
WAVRE – Rue du Commerce 26	inner-city location	140	51	533
WILRIJK – Boomsesteenweg 666	retail park	4,884	413	4,720
WILRIJK – Boomsesteenweg 645	semi-industrial	1,837	124	1,366
WILRIJK – Oude Baan 55/79	semi-industrial	20,170	794	5,738
Total property in operation		186,781	17,237	189,181

PROPERTY NOT IN OPERATION [13]

Location	Type of building	Area	Rent in € 000	Costs-to-buyer value in € 000
AALST – Kalfstraat 3	offices	600	30	174
ELEWIJT ZEMST – Keizer Karellaan	land	2,100	0	57
OLEN – Lammerdries 6	retail warehouse	10,100	466	1,584
OLEN – Lammerdries 6	land	32,389	0	0
OLEN – Lammerdries 2a, 4 and 5	3 villas	0	0	2,479
VILVOORDE – Mechelsesteenweg 30	offices	714	48	291
Total property not in operation		45,903	544	4,585
Total property in operation + not in operation		232,684	17,782	193,766

C. Evolution of the property portfolio

	31.12.2001	31.12.2000
Value of buildings in operation (€)	214,021,058	190,959,752
Value of buildings not in operation (€)	6,747,904	8,676,273
Value of portfolio deed in hand (€)	220,768,962	199,636,025
Value of portfolio costs-to-buyer (€)	193,765,974	175,975,465
Current rents (€)	16,624,367	14,876,499
Yield (%)	7.77	7.79
Current rents, including estimated rental value of vacant properties (€)	17,237,375	15,474,425
Yield if fully let (%)	8.05	8.10
Total lettable area (m^2)	186,781[14]	189,742
Occupancy rate (%)	96.51	96.14

D. Valuation of the portfolio by Healey & Baker

In the estimation report of 31 December 2001 Healey & Baker stated the following:

"Taking into account all of the remarks, definitions and reservations which are included in this report and its appendices and which form an integral part of it, we consider the market value of this portfolio on a "costs-to-buyer" basis to be € 193,765,974 (one hundred and ninety-three million, seven hundred and sixty-five thousand nine hundred and seventy-four euros)."

Done in good faith in Brussels on 31 December 2001.
For Healey & Baker
Eric Van Dyck

[13] Property not in operation: this relates to premises undergoing renovation or redevelopment that consequently cannot be immediately let. The rent is the estimated market rent that can be obtained in the event of the property being let.

[14] The area of the lettable buildings fell from 189,742 m^2 to 186,781 m^2. This is mainly due to a number of premises in Olen being placed under the classification of property not in operation.

V Financial report

Molsesteenweg 56, Balen

V Financial report

A Consolidated annual accounts[15] (€ 000)

a. Balance sheet

			Financial year
ASSETS			
FIXED ASSETS			193,777
IV.	Tangible fixed assets (note IX)		193,761
	A.	Land and buildings	189,176
	F.	Assets under construction and advance payments	4,585
V.	Financial fixed assets (notes I to IV and X)		16
	B.	Other companies	16
		2. Receivables	16
CURRENT ASSETS			9,758
VIII.	Receivables payable within one year		1,311
	A.	Trade accounts receivable	606
	B.	Other debtors	705
IX.	Investments		7,437
	B.	Other investments	7,437
X.	Liquid assets		974
XI.	Deferred charges and accrued income		36
TOTAL ASSETS			**203,535**

[15] Article 32 of the Royal Decree of 6 March 1990.

			Financial year
LIABILITIES			
SHAREHOLDERS' EQUITY			126,432
I.	Capital		97,000
	A.	Issued capital	97,000
II.	Issue premiums		4,183
IV.	Consolidated reserves (note XI) (+)(-)		25,249
THIRD-PARTY INTERESTS			
VIII.	Third-party interests		156
PROVISIONS AND DELAYED TAXES AND TAX LATENCIES			496
IX.	A.	Provisions for risks and charges	496
		3. Major repair and maintenance work	248
		4. Other risks and charges (note IX)	248
DEBTS			76,451
X.	Amounts payable after one year (note XIII)		19,418
	A.	Financial debts	19,369
		4. Credit institutions	19,369
	D.	Other amounts payable	49
XI.	Amounts payable within one year (note XIII)		56,247
	A.	Amounts payable after one year that fall due within the year	3,461
	B.	Financial debts	39,801
		1. Credit institutions	39,801
	C.	Trade debts	409
		1. Suppliers	409
	E.	Debts relating to taxes, remuneration and social security contributions	1,685
		1. Taxes	1,685
	F.	Other amounts payable	10,891
XII.	Accrued charges and deferred income		786
TOTAL LIABILITIES			**203,535**

b. Profit and loss account

		Financial year
A. OPERATING RESULT		
I.	Operating income	17,127
	A. Turnover	15,644
	C. Other operating income	1,483
II.	Operating charges	-3,778
	A. Services and other goods	2,028
	E. Provisions for risks and charges (additions (+)/ expenditure and withdrawals (-))	248
	F. Other operating charges	1,502
III.	Operating profit/loss (+) (-)	13,349
IV.	Financial income	605
	B. Income from current assets	603
	C. Other financial income	2
V.	Financial charges	-2,262
	A. Charges of debts	2,251
	C. Other financial charges	11
VI.	Taxes (+) (-)	-60
	A. Taxes (-)	-60
VII.	Operating profit (+) (-)	11,632
B. RESULT ON THE PORTFOLIO		
VIII.	Added value or loss of value on sales of portfolio items (in relation to acquisition cost)	4,816
	A. Property assets (within the meaning of the Royal Decree of 10.04.1995)	4,816
	1. Immovable property and real rights on immovable property	4,816
	- Added value	5,036
	- Loss of value	-220
VIII.bis	Reversal of changes in market value previously recorded on the portfolio items disposed of during the financial year	-2,001
	- Added value	-2,259
	- Loss of value	258
IX.	Change in the market value of portfolio items (in relation to their book value on the last balance sheet, or, if more recent, the acquisition cost)	1,109
	A. Property assets (within the meaning of the Royal Decree of 10.04.1995)	1,109
	1. Immovable property and real rights on immovable property	1,109
	- Added value	8,092
	- Loss of value	-6,983
X.	Profit (Loss) on the portfolio (+) (-)	3,924
C. EXCEPTIONAL RESULT		
XIV.	Consolidated profit	15,556
	A. Third-party share	-28
	B. Group share	15,584

c. Consolidation criteria

A. Indication of the criteria employed for the purposes of the full consolidation, the pro rata consolidation and the net asset value method, and of the situations in which these criteria are not applied, including the reasons for such deviation (in application of article 69 I. of the Royal Decree of 6 March 1990).

The consolidated annual accounts were prepared in accordance with the Royal Decree of 6 March 1990 on the basis of the consolidated annual accounts of the companies and internationally accepted accounting principles.

On 19 October 1999 Intervest Retail NV/SA received approval from the Minister for Economic Affairs to deviate from the usual form used for the presentation of annual accounts. This followed a favourable recommendation by the Commission for Accounting Standards. This deviation applies to the 1999, 2000 and 2001 financial years. The consolidated annual accounts have been prepared in accordance with this deviation.

Full consolidation:
The full consolidation involves including the assets and liabilities of the subsidiary companies in full, as well as costs and income. Third-party interests are stated in a separate section in both the balance sheet and the profit and loss account. The full consolidation is applied in situations where the control percentage is 50% or more.

B. Information that allows a meaningful comparison to be made with the consolidated annual accounts for the previous financial year, if the composition of the consolidated entity has undergone a substantial change over the course of the financial year (in application of article 18 of the Royal Decree of 6 March 1990).

The interest in Immobilière de l'Observatoire NV/SA was acquired on 1 October 2001. We are therefore preparing consolidated annual accounts for the first time in this financial year.

d. Valuation rules

1. General principles

The valuation rules are established in line with the general accounting principles applicable in Belgium, and more specifically on the basis of the provisions of Book II of the Royal Decree in execution of the Belgian Company Code of 30 January 2001, the Royal Decree of 12 September 1983 in execution of the Act of 17 July 1975 on the accounting and annual accounts of companies, the amended Royal Decree of 4 March 1991 relating to certain institutions for collective investment, the Royal Decree of 8 March 1994 concerning the accounting and annual accounts of certain institutions for collective investment with a variable number of shares and the Royal Decrees of 10 April 1995 and 10 June 2001 relating to property investment funds.

The valuation basis used for the valuation of the company's assets, and in particular its property assets, is the market value of the assets on a mark-to-market basis. The market value of the property assets is the value assigned by the property expert for the drawing up of the inventory or a planned transaction in mind. The valuation rules have been drawn up in anticipation of the company's continued operation (going concern).

The market value included in the accounts is the value on a costs-to-buyer basis, i.e. the value for the investor, excluding the registration fees and notarial charges. This is the value that the company would receive if it had to sell the property (net liquidation value).

As Intervest Retail is of the opinion that the statutory form for the presentation of annual accounts, as this applies to property investment funds, has not been adapted to the specific characteristics of this sector, Intervest Retail requested approval to deviate from this form for its annual accounts. This approval was granted on 19 October 1999 by the Minister for Economic Affairs for the financial years 1999, 2000 and 2001.

2. Special principles

ASSETS

- Formation expenses

Formation expenses are charged to the financial year in which they were incurred. If, however, they exceed € 125,000, the Board of Directors can decide to write them off over a period of five years. In the case of costs connected with the issue of a loan, the write-off may also be spread over the term of the loan.

- Tangible fixed assets

Immovable property (including leased assets)

Immovable tangible fixed assets are valued at the time of purchase at the acquisition cost, including any additional costs and non-deductible VAT.

Fees in relation to the purchase of the buildings is regarded as an additional cost of these purchases and is entered on the assets side of the balance sheet, like the purchase price, the registration fees and the notarial charges, which form together the investment value. If the purchase takes place by means of the acquisition of the shares in a property company, by means of the non-cash contribution of a building against the issue of new shares or by means of a merger through the takeover of a property company, the notarial charges, audit costs and consulting costs are also regarded as additional costs of the acquisition and are entered on the assets side of the balance sheet.

Immovable property that is under construction or undergoing conversion or expansion is valued, in accordance with the progress of the work, at cost, including additional costs, registration fees and non-deductible VAT. If this value deviates substantially from the liquidation value, an adjustment is applied.

Without prejudice to the obligations contained in Article 7 of the Act of 17 July 1975 relating to the accounting and annual accounts of companies for which an inventory must be compiled at least once a year, Intervest Retail compiles an inventory each time it issues or repurchases shares by any other means than through the stock exchange.

The property expert precisely values the following components of the company's tangible fixed assets at the end of each financial year:

- the immovable property, the immovable property by use and the real rights over immovable property held by Intervest Retail or, if applicable, by a property company over which it has control ;
- the option rights to immovable property held by Intervest Retail or, if applicable, by a property company over which it has control, as well as the immovable property to which these rights relate ;
- the rights arising from contracts in which one or more properties are placed under a leasing arrangement with Intervest Retail or, if applicable, with a property company over which it has control, as well as the underlying property.

These valuations are binding for Intervest Retail as far as the preparation of its annual accounts is concerned.[16]

[16] Tangible fixed assets are therefore recorded at the value estimated by the property expert using the "costs-to-buyer" method, i.e. excluding costs, registration fees and professional fees. By employing this method of valuation, Intervest Retail is able to express what the net liquidation value of the assets would be if Intervest Retail were wound up.

In addition, at the end of each of the first three quarters of the financial year, the property expert also updates the total valuation of the aforementioned immovable property of Intervest Retail and, if applicable, the companies over which it has control, on the basis of the development of the market and the individual characteristics of the immovable property concerned.

Contrary to the provisions of articles 67, §1, 64, §2 and 57, §1 of the Royal Decree in execution of the Belgian Company Code of 30 January 2001, the downward and upward value adjustments to the immovable property, as specified by the expert, are expressed each time the inventory is compiled, in accordance with the provisions under article 57, §1 last subsection and article 57, §3 of the aforementioned Royal Decree.

The loss of value and added values recorded are included in the result for the financial year.

Contrary to articles 64, §1 and 65 of the Royal Decree in execution of the Belgian Company Code of 30 January 2001, Intervest Retail does not write off buildings, real rights over buildings or properties placed under a leasing arrangement with Intervest Retail.

- Tangible fixed assets other than immovable property

For tangible fixed assets other than immovable property whose use is limited in time, straight-line depreciation is applied, starting from the year in which these assets are included in the books, that year being regarded as a full year. If the financial year covers more or less than 12 months, the depreciation is calculated pro rata.

The following percentages apply:

- Plant, machinery and equipment 20%
- Furniture and rolling stock 25%
- IT equipment 33%

Purchases for a unit price of less than € 2,500, excluding VAT, are charged to the financial year on the date of their purchase. For tangible fixed assets other than immovable property whose use is not limited in time, downward value adjustments are recorded in the event of a sustained reduction in value. If applicable, upward value adjustments can also be recorded for these assets.

When tangible fixed assets other than immovable property are sold or decommissioned, the acquisition costs and depreciation that relate to them are removed from the accounts and capital gains or losses included in the profit and loss account.

- Financial fixed assets

Financial fixed assets are valued on the basis of their market value.
At the time of purchase, financial fixed assets are valued at the acquisition cost, without taking the additional costs included in the profit and loss account into consideration. The Board of Directors will decide whether additional costs need to be capitalised and, if applicable, on the period over which they must be written off.

Contrary to Articles 66, §2 first subsection and 57, §1 of the Royal Decree in execution of the Belgian Company Code of 30 January 2001, an inventory of the downward and upward value adjustments on the financial fixed assets held in affiliated property companies and property investment institutions is compiled each time the annual accounts are prepared.

Articles 10 and 14, §1 of the Royal Decree of 8 March 1994 relating to the accounting and annual accounts of certain institutions for collective investment with a variable number of units apply to the valuation of the financial fixed assets held in affiliated property companies and property investment institutions.
Article 57, §2 of the Royal Decree in execution of the Belgian Company Code of 30 January 2001 does not apply.

Articles 10, 14, §1 and 5, 15, 1st subsection, 16, §1, 1st subsection, and § 2, 1st subsection, of the Royal Decree of 8 March 1994 relating to the accounting and annual accounts of certain institutions for collective investment with a variable number of units apply to Intervest Retail.

- Receivables

Receivables payable in more than one year and receivables payable within one year are valued at their nominal value on the year-end date. Receivables in foreign currencies are converted into euros at the closing exchange rate on the balance sheet date. Receivables give rise to downward value adjustments if there is uncertainty about the payment of all or part of the receivables on the due date and if their liquidation value is lower than their book value.

- Investments

Each investment is recorded at its acquisition cost, excluding the additional costs included in the profit and loss account. Listed securities are valued at their market value.

Fixed-interest securities held in portfolio for which there is no liquid market are valued on the basis of the interest rate of the applicable market.

Downward value adjustments are applied if the liquidation value is lower than the market value on the year-end date.

- Deferred charges and accrued income

The costs incurred during the financial year that are fully or partially attributable to a subsequent financial year will be recorded under deferred charges and accrued income on the basis of a proportional rule.

Income and fractions of income that will only be collected during the course of one or more subsequent financial years, but which must be linked to the financial year in question, are recorded stating the value of the portion that relates to that financial year.

LIABILITIES

- Provisions for risks and charges

  Every year, the Board of Directors conducts a thorough analysis of the provisions that have been or are yet to be built up to cover the risks and costs that the company may face, and makes any necessary adjustments.

- Obligations and recourses

  The Board of Directors will value obligations and recourses at the nominal value of the legal commitment as stated in the contract; if there is no nominal value, or in borderline cases, they will be stated as off-balance sheet commitments.

- Entry of work on buildings

  Work on buildings that is charged to the owner is handled in two different ways for accounting purposes, depending on its nature.

  1. Expenditure relating to maintenance and repair work that does not add any additional functions or increase the level of comfort of the building is recorded as costs resulting from ordinary operations in the financial year, and is therefore deducted from the operating profit.
     E.g.: replacement of window frames (glass).
  2. Costs connected with major renovations, on the other hand, are entered on the assets side of the balance sheet: these activities are normally undertaken every 10 to 15 years and consist of the virtually complete renovation of parts of the building, in most cases with reuse of the existing basic structure and the application of the most up-to-date building techniques. After such a major renovation, the building can be partially considered as new, and is also included as such in the representation of the assets.
     E.g.: modernisation of roof and car park.

- Debts

  Debts are expressed at their nominal value on the year-end date. Debts in foreign currencies are converted into euros at the closing exchange rate on the balance sheet date.

3. Off-balance sheet rights and obligations

These rights and obligations are valued at nominal value on the basis of the amount stated in the contract.

If there is no nominal value and a valuation is possible, the rights and obligations are stated as off-balance sheet items.

e. Scheme of the annual accounts

As Intervest Retail NV/SA is of the opinion that the legal scheme for the presentation of annual accounts, applicable to property investment funds, is not adapted to the specific characteristics of this sector, on 19 October 1999 it received approval from the Minister for Economic Affairs to deviate from the usual scheme when presenting its annual accounts, following a favourable recommendation from the Commission for Accounting Standards. This deviation applies to the financial years 1999, 2000 and 2001.

The main characteristic of this deviated scheme is the restructuring of the profit and loss account around two key sections.

The section on the operating result

The intention is to represent the recurrent operating result realised through the management of the property portfolio. It therefore comprises financial income and costs, as well as outstanding tax costs (tax on rejected expenses).

The structure of operating income and costs has been simplified in such a way that the sections that are not applicable have been omitted (movements in work in progress; purchases and movement in stocks). The depreciation section has been retained, in view of the special situation that applies to the company, which requires that office equipment for the company's own use that was already present before the company was recognised as a property investment fund continues to be depreciated as planned.

The section on the result on the portfolio

The intention is to represent all transactions and accounting operations relating to the value of the port folio in the profit and loss account.

The realised added values or losses of value are clarified by presenting them individually.

Changes in the market value of the portfolio items are all included in the profit and loss account under a section entitled ad hoc. The result is that the section entitled upward value adjustment on shareholders' equity is omitted and transferred to the reserves not available for distribution.

The result for the financial year is therefore reliably defined as the sum of operating result, result on the portfolio and exceptional result. This last section has been simplified by leaving out certain items that do not apply to a property investment fund. In accordance with the non-distributable nature of the shared, deferred added-values on the portfolio, the difference in the market value of the portfolio is added to the reserves not available for distribution - which will consequently vary over time in accordance with the development of the estimated values via a specialised allocation section (XV). This is placed above the line for the operating result for the financial year. The restrictions and obligations relating to the distribution of dividends, as these arise from the legislation concerning property investment funds, will of course continue to apply.

Following the recommendation by the Commission for Accounting Standards of 12.02.2001, a section VIII bis has been added: "Reversal of changes in market value previously recorded on elements of the portfolio items disposed of during the financial year".

Since the amount of realised added-values has to be calculated in relation to the acquisition cost of the immovable property concerned, a contra entry must be made for the portion of the realised added-value already included in the profit and loss account (at that time still a deferred added-value), as otherwise it would be included in the profit and loss account twice.

In view of the above, section X "Profit (loss) on the portfolio" will reflect the complete development of the value of the portfolio during the financial year; section X will contain the following three components:

1) Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (VIII)
2) Reversal of changes in market value previously recorded on elements of the portfolio items disposed of during the financial year (VIII bis)
3) change in the market value of the portfolio items (IX)

f. Additional note

I. LIST OF THE CONSOLIDATED COMPANIES AND THE COMPANIES FOR WHICH THE NET ASSET VALUE METHOD IS APPLIED

NAME, full address of REGISTERED OFFICE and, in the case of a company under Belgian law, the VAT or NATIONAL NUMBER	Method applied for inclusion in the accounts [17+18]	Stake held in capital [19] (in %)
NV/SA Immobilière de l'Observatoire		
Uitbreidingstraat 18	I	95.2
B-2600 Berchem - Antwerp		
Nat. no. 421.009.989		

IX. STATEMENT OF TANGIBLE FIXED ASSETS

	1. Land and buildings (item 22)
a) Acquisition cost	
As at end of previous financial year	155,278
Transactions during the financial year:	
- Acquisitions, including produced fixed assets	19,364
- Assets disposed of and decommissioned (-)	-3,298
- Transfers from one caption to another (+) (-)	-5,047
As at end of financial year	166,297

17 I : full consolidation.

18 If a change in the percentage of the portion of capital held has resulted in a change in the method employed for inclusion in the accounts, the indication of the new method is followed by an asterisk.

19 Portion of the capital of this company that is held by the companies included in the consolidation and by persons acting in their own name but for the account of these companies.

20 If the composition of the consolidated entity is influenced significantly by the changes in this percentage, additional information is provided in statement V (art.18).

	1. Land and buildings (item 22)
b) Added values	
As at end of previous financial year	20,433
Movements during the financial year:	
- Recorded	7,975
- Written off (-)	-5,780
- Transferred from one caption to another (+) (-)	251
As at end of financial year	22,879
c) Depreciations and downward value adjustments	
As at end of previous financial year	264
Movements during the financial year:	
- Charges (-)	-264
As at end of financial year	0
d) Net book value as at end of financial year (a)+(b)-(c)	189,176

IX. STATEMENT OF TANGIBLE FIXED ASSETS

	6. Assets under construction and advance payments
a) Acquisition cost	
As at end of previous financial year	0
Transactions during the financial year:	
- Acquisitions, including fixed assets produced	2,793
- Transfers from one item to another (+) (-)	5,047
As at end of financial year	7,840
b) Added values	
As at end of previous financial year	0
Movements during the financial year:	
- Recorded	275
- Written off (-)	-3,279
- Transferred from one caption to another (+) (-)	-251
As at end of financial year	-3,255
d) Net book value as at end of financial year (a)+(b)-(c)	4,585

X. STATEMENT OF FINANCIAL FIXED ASSETS

	3. Other companies
2. Receivables	
Net book value as at end of previous financial year	20
Movements during the financial year:	
- Repayments (-)	-4
Net book value as at end of financial year	16

XI. STATEMENT OF CONSOLIDATED RESERVES

	Amounts
Consolidated reserves as at end of previous financial year (+) (-)	
Movement during the financial year:	
- Group share in consolidated profit/loss (+) (-)	15,584
Reserves of Intervest Retail NV/SA as at 31 December 2000	21,254
Dividend to be distributed	-11,589
Consolidated reserves as at end of financial year (+) (-)	**25,249**

XIII. STATEMENT OF DEBTS

	DEBTS WITH A REMAINING TERM OF		
	1. No more than one year	2. More than one year but no more than five years	3. More than five years
A. Breakdown of debts originally payable after one year by the remaining term of the debt			
Financial debts	3,461	17,269	2,100
4. Credit institutions	3,461	17,269	2,100
Other amounts payable	-	49	-
TOTAL	**3,461**	**17,318**	**2,100**

	Financial year
B. Debts (or parts of debts) guaranteed by real security or an irrevocable pledge on the assets of the companies included in the consolidation	
Financial debts	3,092
4. Credit institutions	3,092
TOTAL	**3,092**

XIV. RESULTS

		Financial year
A.	**NET TURNOVER**	
A.	2. Total turnover of the group in Belgium	15,644

XV. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

			Financial year
A.	2.	Real security placed or irrevocable pledges made by the companies included in the consolidation on their own assets as security for debts and obligations:	
		- by the companies included in the consolidation	4,090
	4.	b) Important obligations to sell fixed assets	114

XVI. RELATIONS WITH AFFILIATED COMPANIES AND COMPANIES WITH WHICH A PARTICIPATING INTEREST EXISTS AND WHICH ARE NOT INCLUDED IN THE CONSOLIDATION

		1. AFFILIATED COMPANIES
		Financial year
2.	**Receivables**	**453**
	- Payable in one year or less	453
7.	**Financial profit/loss**	
	- Income from current assets	553

XVII. FINANCIAL RELATIONS WITH THE DIRECTORS OR BUSINESS MANAGERS OF THE CONSOLIDATING COMPANY

		Financial year
A.	Total amount of remuneration arising from their activities in the consolidating company, its subsidiaries and associated companies, including the amount of the retirement pensions allocated to the former directors or business managers in connection with the above.	67

g. Report of the Statutory Auditor

INTERVEST RETAIL, NV/SA, property investment fund

CONSOLIDATED ANNUAL REPORT FOR 2001
CONSOLIDATED ANNUAL ACCOUNTS AS AT 31 DECEMBER 2001
REPORT OF THE STATUTORY AUDITOR

To the Shareholders of the property investment fund Intervest Retail, NV/SA:

We have audited the consolidated balance sheet of Intervest Retail, NV/SA and its subsidiary as at 31 December 2001, together with the consolidated profit and loss account, the notes and the annual report for the year then ended. The consolidated annual accounts have been prepared under the responsibility of the Board of Directors. The balance sheet total as at 31 December 2001 is € 203,535 (000) and the profit for the financial year then ended amounts to € 15,556 (000).

Opinion, without reservation, on for the consolidated annual accounts

We conducted our audit in accordance with the auditing standards of the Belgian Institute of Company Auditors. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement, taking into account the statutory provisions and the provisions of administrative law in Belgium in relation to consolidated annual accounts. In accordance with these standards, we have taken the administrative and accounting organisation and the internal auditing system of the company into account. We have examined, on a test basis, evidence supporting the amounts contained in the consolidated annual accounts. We have also assessed the accounting rules, the consolidation principles, any significant estimates made and the overall presentation of the consolidated annual accounts. We received the information and clarification we requested from the persons responsible at the company. We believe that these activities provide a reasonable basis for our opinion.

In application of article 15 of the Act of 17 July 1975 on company accounting, on 19 October 1999 the Minister for Economic Affairs declared that he was in agreement with the company deviating from the usual form for the presentation of its annual accounts. This deviation was granted for the 1999, 2000 and 2001 financial years. The consolidated annual accounts for the financial year ended on 31 December 2001 were prepared in accordance with the amended form of presentation.

In our opinion, the enclosed consolidated annual accounts give a true and fair view of the assets and financial position of Intervest Retail NV/SA and its subsidiary as at 31 December 2001, and of the results of its activities for the year then ended, taking the applicable statutory provisions and provisions of administrative law in Belgium into account. It is also our opinion that the notes provide appropriate support.

Additional declarations

We are supplementing our report with the following additional declarations. These do not affect the scope of the above declaration on the consolidated annual accounts:

- The consolidated annual report for the year ended 31 December 2001 contains the information required by law and is in accordance with the consolidated annual accounts.

- Notwithstanding formal aspects of minor importance, the consolidated annual accounts have been prepared in accordance with the statutory provisions and provisions of administrative law.

The Statutory Auditor,
ARTHUR ANDERSEN, Company Auditors
Rik Neckebroeck

5 March 2002

h. Annual report of the Board of Directors

INTERVEST RETAIL NV/SA
property investment fund under Belgian Law
Limited liability company
Uitbreidingstraat 18
B-2600 Berchem Antwerp

Antwerp Commercial Register number 341.493
V.A.T. number BE 431.391.860

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED AS AT 31 DECEMBER 2001

In accordance with the statutory provisions, we, the directors of the Intervest Retail NV/SA group, have pleasure in presenting you our report on the consolidated annual accounts, the company's position and our policy over the course of the financial year that commenced on 1 January 2001 and ended on 31 December 2001.

This annual report and the annual accounts are being made available to you.

1. Comments on the annual accounts

The Board of Directors would like to remind you once again that Intervest Retail NV/SA was recognised as a property investment fund on 22 December 1998, as a result of which its tangible fixed assets must be valued at market value, as determined by the property expert at the end of each financial year (see article 55 et seq of the Royal Decree relating to property investment funds dated 10 April 1995).

In 2001 no amendments were made to the company's articles of association. There were also no mergers or non-cash contributions. The financial year was therefore closed with authorised capital of € 97,000,000, represented by 5,038,746 shares.

The Board of Directors also considers it necessary to highlight the legal fact that the annual accounts as at 31 December 2001 are not comparable with those of a previous financial year, since the interest in Immobilière de l'Observatoire was acquired on 1 October 2001. We are therefore preparing consolidated annual accounts for the first time in this financial year.

The Board of Directors would finally like to point out that a deviation from the statutory form for the presentation of the annual accounts has been authorised by the Minister for Economic Affairs, following a recommendation by the Commission for Accounting Standards. The aim of this deviation is to make the profit and loss account and the presentation of realised and unrealised added values and losses of value as clear as possible. Through this form of presentation, the company is also hoping to make a clear distinction between operating result on the one hand and results arising from the portfolio on the other. This deviation from the statutory form also means that the financial reports conform to international practices as adopted in neighbouring countries.

The deviation from the statutory form for the annual accounts can be seen in the amended presentation of the profit and loss account, the model for which is set out below. The main characteristics of the above deviation can be summarised as follows:

- The profit and loss account is divided into two sections:
  - operating results;
  - results arising from the portfolio.

- The section “operating results“ presents the annually recurring operating results arising from the management of the portfolio. This section includes financial costs and income and (marginal) taxation ;
- The structure of operating costs and income is simplified by omitting the items that do not apply (goods purchased and movements in stocks, movement in stock of work in progress etc.) ;
- The section “results arising from the portfolio” includes all accounting transactions connected with the value of the portfolio ;
- The added values or losses of value realised are reported separately ;
- Variations in the market value of the portfolio are included in the profit and loss account under an item that has been specially created for this purpose. As a result, the item “ value adjustments” is being removed from shareholders’ equity and transferred to the “reserves not available for distribution”;
- The profit for the year is the sum of operating result, result arising from the portfolio and exceptional result . The item “exceptional result” is being simplified by removing the exceptional cost and income statements, which are not relevant in the context of a property investment fund ;
- In order to respect the non-distributable nature of the deferred added values on the portfolio, the variation in the market value of the portfolio is included in the “reserves not available for distribution”. These reserves will therefore vary in accordance with the development of the estimated market value, and will be represented using a specially allocated item, which can be found under the appropriation of the result. The restrictions and obligations relating to the distribution of dividends continue to apply, of course, in so far as they arise from the legislation that applies to property investment funds ;
- The addition to the statutory reserve has been abolished.

Following the recommendation by the Commission for Accounting Standards of 12 February 2001, a section VIII b has been added: “Reversal of changes in market value previously recorded on portfolio items”. Since the amount of realised capital gains has to be calculated in relation to the acquisition cost of the immovable property concerned, a contra entry must be made for the portion of the realised added value already included in the profit and loss account (at that time still a deferred capital gain), as otherwise it would be included in the profit and loss account twice.

In view of the above, section X “Profit (loss) on the portfolio” will reflect the complete development of the portfolio during the financial year ; section X will contain the following three components:

1) Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (VIII)
2) Reversal of changes in market value previously recorded on portfolio items (VIII bis)
3) change in the market value of portfolio items (IX)

On the basis of this principle, the Board of Directors can make the following comments on the annual accounts as at 31 December 2001:

Operating income for the financial year ended on 31 December 2001 amounts to € 17,126,769, whilst operating costs for the same financial year come to € 3,777,405. A gross operating profit of € 13,349,364 was therefore realised over the course of the financial year.

Financial income for the financial year amounts to € 605,550, whilst financial costs come to € 2,262,732.

Tax costs amount to € 59,821.

A net operating profit of € 11,632,361 was therefore realised over the course of the financial year.

The profit on the portfolio amounts to € 3,923,333. This profit is a consequence of the increased market value of the asset portfolio, amounting to € 1,109,116, and the realised capital gain on the portfolio of € 2,814,217.

The Board of Directors therefore proposes that during this financial year a consolidated profit of € 15,555,694 was recorded.

2. Appropriation of result

As stated above, this financial year was closed with a profit of € 15,555,694.

In accordance with the permitted deviation from the statutory form for the presentation of the annual accounts, the change in the market value of the portfolio, which as at 31 December 2001 amounts to € 1,109,116, and the capital gain realised on the portfolio, which as at 31 December 2001 amounts to € 2,814,217, are being transferred to the reserves not available for distribution. After deducting the portion accruing to third parties, i.e. € 29,927, this results in an allocation to the reserves not available for distribution of € 3,953,261.

Of the remaining profit for the financial year, € 1,915 accrues to third-party interests.

The financial year as at 31 December 2001 is therefore closed with a profit to be appropriated of € 11,630,445.

The Board of Directors proposes to distribute € 2.30 per share, which corresponds to a total dividend payment of € 11,589,116.

The Board of Directors therefore proposes that the remaining portion of the profit for the financial year be carried forward to the following financial year.

3. Information on important events after the closure of the financial year

After the closure of the balance sheet on 31 December 2001, the company decided to sign a contract with Bank Degroof NV/SA, as a result of which the latter will take over the role of custodian bank for Intervest Retail NV/SA from 1 September 2002, thereby succeeding Fortis Bank NV/SA Bank Degroof will also take over the role of financial services provider from Fortis Bank.

The Board of Directors also decided to propose proceeding with a merger through the takeover of the company Immobilière de l'Observatoire NV/SA, in which Intervest Retail NV/SA holds 95% of the shares. In principle, shareholders will be asked to express their opinions on this merger at the same time as the annual meeting on 8 May 2002.

Otherwise there were no events worthy of mention after the balance sheet date.

4. Research and development activities

Our company did not develop any activities of its own in the area of research and development.

5. Special payments to the Statutory Auditor

During the past financial year, costs amounting to € 91,061 were recorded in connection with exceptional activities performed by the Statutory Auditor or in connection with services provided by persons with whom the Statutory Auditor cooperates by virtue of its profession. These relate in particular to activities in the area of fiscal advice.

6. Autonomous management/corporate governance – sound management

The company recognises that the autonomous management of an investment institution is the most effective structural guarantee of compliance with the statutory requirement that an investment institution be managed in the exclusive interest of investors. A framework for the development of this kind of autonomous management is also provided in regulations relating to sound management, which have been approved by the Commission for Banking and Finance and the Stock Exchange Commission.

It is for this reason that the form of a limited liability company was selected, rather than a limited partnership with a share capital as the legal form for the property investment fund. The Board of Directors wishes to account for its policy annually towards the General Meeting, to enable the latter to monitor the relationships between shareholders, promoters and the governing body of Intervest Retail NV/SA on a permanent basis.

The Board of Directors's operation must also be organised in such a way that at least half of the directors sit on the Board as independent directors. The directors point out that Mr K. Streefkerk can be regarded as a dependent director and Messrs J. Rijnboutt, P. Christiaens, and G. Philippson as independent directors.

7. Application of article 524, §1 of the Belgian Company Code

In accordance with article 524, §1 of the Belgian Company Code, in the minutes of the meeting of the Board of Directors of 25 June 2001, Messrs Rijnboutt, Christiaens and Philippson, three directors selected due to their independence in respect of the intended transaction, assisted in this matter by DTZ Winssinger NV/SA, an independent expert, selected for the same reason, were asked to describe the financial consequences for Intervest Retail NV/SA and assess the financial consequences of the possible sale by Intervest Retail NV/SA of the following immovable property, located in Vilvoorde, to Vidu 2 NV/SA:

1. A parcel of land adjoining Mimastraat, Luchthavenlaan and Fabrieksstraat, in the southwestern corner of which an office building with a car park and other appurtenances has been erected, known to the land registry by name and currently included in the land register under district H, part of numbers 68/C/5, 26/L/2, 25/S/5, 68/D/5 and 69/T with a measured area of 18,500.71 m^2.
2. A parcel of land adjoining Leuvensesteenweg, known to the land registry by name and currently included in the land register under district H, part of numbers 26/L/2, with a measured area of 883.51 m^2.
3. An enclosed parcel of land adjoining " De Beek " on its northern side, known to the land registry by name and currently included in the land register under district H, part of numbers 26/L/2, with a measured area of 968.81 m^2.

In their report of 28 June 2001, the aforementioned directors decided that: " the transaction described, in particular the transfer of the aforementioned immovable property for a selling price of € 7,734,277.97, plus interest of 6.5% a year as of 1 January 2001, and an additional payment of € 297,472.23 for temporary right of way, is in the interests of Intervest Retail NV/SA and all its shareholders. They are also of the opinion that there is no reason to fear that as a result of this sale the majority shareholder of Intervest Retail NV/SA will receive any advantage, either directly or indirectly, in the form of a preferential payment that could eventually benefit Vidu 2 NV/SA "

The report of 28 June 2001, drawn up by DTZ Winssinger NV/SA, decided as follows: "The undersigned independent expert is of the opinion that the transaction described above is in the interests of Intervest Retail NV/SA and all its shareholders.

It is also of the opinion that there is no reason to fear that as a result of this sale the majority shareholder of Intervest Retail NV/SA will receive any advantage, either directly or indirectly, in the form of a preferential payment."

8. Obligation to disclose information periodically

We hereby present the consolidated annual accounts for your approval. They are a true, fair and complete reflection of the activities that have taken place over the course of the financial year that was closed on 31 December 2001.
This report, the report of the Statutory Auditor and the consolidated annual accounts for the financial year closed on 31 December 2001 have been made available to you.

We propose that you discharge the directors and the Statutory Auditor from all liability arising from the performance of their assignment during the past financial year.

Drawn up in Antwerp, 4 March 2002

The Board of Directors

B. Simple annual accounts (in € 000)

In accordance with article 105 of the Belgian Company Code, this annual report contains an abbreviated version of the annual accounts of Intervest Retail NV/SA that are required under the articles of association. The annual report and accounts of Intervest Retail NV/SA and the report of the Statutory Auditor are filed at and also available from the company's registered office. The Statutory Auditor has issued an unqualified opinion on the annual accounts of Intervest Retail NV/SA

a. Balance sheet

		Financial year	Previous financial year
	ASSETS		
	Fixed assets	191,977	175,995
III.	Tangible fixed assets (note III)	187,727	175,975
	A. Land and buildings	183,142	175,975
	F. Assets under construction and advance payments	4,585	0
IV.	Financial fixed assets (notes IV and V)	4,250	20
	A. Affiliated companies	4,234	0
	1. Participating interests	4,234	0
	C. Other financial fixed assets	16	20
	2. Cash receivables and suretyships	16	20
	Current assets	9,705	4,133
VII.	Receivables payable within one year	1,310	3,208
	A. Trade accounts receivable	605	1,063
	B. Other debtors	705	2,145
VIII.	Investments (notes V and VI)	7,437	0
	B. Other investments	7,437	0
IX.	Liquid assets	940	910
X.	Deferred charges and accrued income (note VII)	18	15
	TOTAL ASSETS	**201,682**	**180,128**

		Financial year	Previous financial year
	LIABILITIES		
	Shareholders' equity	126,983	122,437
I.	Capital (note VIII)	97,000	97,000
	A. Issued capital	97,000	97,000
II.	Issue premiums	4,183	4,183
IV.	Reserves	24,851	20,308
	B. Reserves not available for distribution	24,851	20,308
	2. Other	24,851	20,308
V.	Profit carried forward	949	946
	Loss carried forward (-)	141	0
	Provisions and delayed taxes	496	248
VII.	A. Provisions for risks and charges	496	248
	3. Major repair and maintenance work	248	0
	4. Other risks and charges (note IX)	248	248
	Debts	74,203	57,443
VIII.	Amounts payable after one year (note X)	19,418	19,722
	A. Financial debts	19,369	19,618
	4. Credit institutions	19,369	19,618
	D. Other amounts payable	49	104
IX.	Amounts payable within one year (note X)	54,033	37,402
	A. Amounts payable after one year that fall due within the year	369	235
	B. Financial debts	39,801	23,104
	1. Credit institutions	39,801	23,104
	C. Trade debts	404	1,062
	1. Suppliers	404	1,062
	E. Debts relating to taxes, remuneration and social security contributions	893	132
	1. Taxes	893	132
	F. Other amounts payable	12,566	12,869
X.	Accrued charges and deferred income (note XI)	752	319
	TOTAL LIABILITIES	**201,682**	**180,128**

b. Profit and loss account

		Financial year	Previous financial year
	A. Operating result		
I.	Operating income	16,998	17,680
	A. Turnover	15,520	16,209
	C. Other operating income	1,478	1,471
II.	Operating charges	-3,771	-3,192
	A. Services and other goods	2,025	1,718
	D. Depreciation and loss of value		
	on trade accounts receivable	0	76
	E. Provisions for risks and charges		
	(additions (+)/expenditure and withdrawals (-))	248	0
	F. Other operating charges	1,498	1,398
	G. Operating charges capitalised as restructuring charges		
III.	Operating profit/loss	13,227	14,488
IV.	Financial income	586	77
	B. Income from current assets	584	76
	C. Other financial income	2	1

		Financial year	Previous financial year
V.	Financial charges	-2,221	-1,854
	A. Charges of debts	2,210	1,821
	C. Other financial charges	11	33
VI.	Taxes (-) (+)	0	74
	A. Taxes (-)	0	-183
	B. Regularisation of taxes and withdrawals from provisions before taxes	0	257
VII.	Net operating profit	11,592	12,785
	B. Result on the portfolio		
VIII.	Added value or loss of value on sales of portfolio items (in relation to their acquisition cost)	4,816	316
	A. Property assets (within the meaning of the Royal Decree of 10.04.1995)	4,816	316
	1. Immovable property and real rights on immovable property	4,816	316
	- Added value	5,036	316
	- Loss of value	-220	0
VIII.bis	Reversal of changes in market value previously recorded on portfolio items disposed of during the financial year	-2,001	36
	- Added value	-2,259	0
	- Loss of value	258	36
IX.	Change in the market value of the portfolio items (in relation to their book value on the last balance sheet, or, if more recent, the acquisition cost)	1,728	1,817
	A. Property assets (within the meaning of the Royal Decree of 10.04.1995)	1,728	1,817
	1. Immovable and real rights on property		
	- Added value	8,092	5,213
	- Loss of value	-6,364	-3,396
X.	Profit on the portfolio	4,543	2,169
	C. Exceptional result		
XIV.	Profit for the financial year	16,135	14,954
	D. Result to be appropriated		
XIV.	Profit for the financial year	16,135	14,954
XV.	Appropriation of the change in market value of the portfolio items (+) (-) (section IX)	-4,543	-2,169
	A. Transfer to the reserves not available for distribution (-)	-4,543	-2,169
XVI.	Profit balance to be appropriated (net deficit to be absorbed) for the financial year (+) (-)	11,592	12,785
	TREATMENT OF RESULT		
	A. Profit balance to be appropriated	12,538	13,214
	Net deficit to be absorbed (-)		
	1. Profit to be appropriated for the financial year	11,592	12,785
	2. Profit carried forward from the previous financial year	946	429
	D. Result to be carried forward	-949	-462
	1. Profit to be carried forward (-)	-949	-462
	F. Profit to be distributed (-)	-11,589	-12,752
	1. Indemnification of the capital	-11,589	-12,752

C Debts and securities

a. Debts payable after one year to credit institutions (in € 000)

Total amount: 19,369

Credit institution	Amount	Term	Type of credit
Fortis Bank	3,256		Advance instalments
BBL Bank	16,113	20.03.2005	Roll-over credit

b. Debts payable within one year to credit institutions (in € 000)

Total amount: 43,262

Credit institution	Amount	Type of credit
Fortis Bank	369	Advance instalments
BBL Bank	8,676	Fixed advance
Hollandse Bank-Unie	18,730	Fixed advance
Dexia	12,395	Fixed advance
Fortis Bank	3,092	Fixed-interest

c. Interest-rate risk hedging (in € 000)

Total amount: 17,353
Type of derivative: Interest Rate Swap (IRS)
Final maturity date: 31.10.2003

d. Securities[21] (in € 000)

Bank	Security	Amount	Property
Fortis Bank	mortgage	4,090	Leuven, Bondgenotenlaan 69/73

[21] The security stated conforms to the conditions set by art. 53 of the Royal Decree of 10 April 1995 relating to property investment funds.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VI General information

Veldstraat 81, Ghent

VI General information

A Identification

a. Name

Intervest Retail NV/SA, Property Investment Fund with Fixed Capital under Belgian Law, or “vastgoedbevak” / “sicafi” under Belgian Law.

b. Registered office

Uitbreidingstraat 18, 2600 Antwerp-Berchem. In accordance with article 3 of the articles of association, the company’s registered office can be relocated within Belgium by resolution of the Board of Directors, provided this relocation is within the Dutch-speaking part of the country or the bilingual metropolitan area of Brussels, without an amendment to the articles of association being necessary. On 20 September 2000 the registered office was relocated from Louizalaan 126, 1050 Brussels to the current address.

c. Commercial register and VAT number

The company is entered in the commercial register of Antwerp under number 341.493. Its VAT number is (BE) 431.391.860.

d. Legal form, formation, publication

The limited liability company under Belgian law Intervest Retail 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 Bulletin of Acts, Orders and Decrees of 9 July 1987 under no. 870709-272.

The articles of association have been amended on numerous occasions. They were last coordinated on 20 September 2000.

Since 22 December 1998, Intervest Retail has been recognised as a “property investment fund with fixed capital under Belgian law”, or a “vastgoedbevak” / “sicafi” under Belgian law for short, which is registered with the Commission for Banking and Finance.

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 118 of the Act of 4 December 1990 on the financial transactions and the financial markets.

The company opted for the investment category specified in article 122, paragraph 1, §1, 5° of the aforementioned Act of 4 December 1990.

The company draws publicly on the savings system in the sense of article 26, §2 of the coordinated Acts on trading companies, as amended by the Act of 13 April 1995.

e. Duration

The company was founded for an indefinite period.

f. 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 et 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 units in other property investment institutions that are registered in the list referred to in article 120, first paragraph, second subsection or article 137 of the Act of 04.12.1990, 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 Royal Decree of 04.03.1991 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 official list 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.”

g. Financial year

The financial year starts on 1 January and ends on 31 December of each year. The first financial year as a property investment fund ran from 1 November 1999 to 31 December 2000.

h. Inspection of documents

- The articles of association of Intervest Retail NV/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 “Nationale Bank van België”.
- 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 organs are published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees.
- Financial announcements and notices convening the General Meetings are published in the financial press.

Other documents that are accessible to the public are available for inspection at the company’s registered office.

B Nominal capital

a. Issued capital

The nominal capital amounts to € 97,000,000 and is divided into 5,038,746 fully paid-up shares with no statement of nominal value.

b. Evolution of capital

Date	Transaction	Capital in €	Number of created shares	Total capital in €	Total number of shares
01.11.1999	Merger GL-TRUST	13,757,506	645,778	78,427,870	3,977,626
01.11.1999	Capital increase (VastNed)	21,318,843	882,051	99,746,713	4,859,677
25.11.1999	Capital reduction (settlement of losses)	-7,017,728	0	92,728,985	4,859,677
29.02.2000	Capital increase (contribution Bruul Mechelen)	2,263,470	90,829	94,992,455	4,950,506
30.06.2000	Capital increase (contribution La Louvière)	544,103	21,834	95,536,559	4,972,340
30.06.2000	Capital increase (contribution Louizalaan 7)	1,305,848	52,402	96,842,407	5,024,742
20.09.2000	Merger Leuwenkroon companies	78,595	14,004	96,921,003	5,038,746
20.09.2000	Conversion of capital into € + rounding	78,997	0	97,000,000	5,038,746

c. Permitted capital

The Board of Directors is expressly permitted to increase the nominal capital in one or more operations by an amount of € 92,728,985, through cash or non-cash contributions, and, if applicable, through the incorporation of reserves or issue premiums, in accordance with the rules prescribed by the Belgian Company Code, the articles of association and article 11 of the Royal Decree of 10.04.1995 relating to property investment funds.

This permission has been granted for a period of five years starting from the publication in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of the report of the extraordinary General Meeting of 25.11.1999. This permission may be renewed.

Each time the capital is increased, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares, unless the General Meeting takes a decision on this itself. The capital increases may give rise to the issue of shares with or without voting rights.

If the capital increases decided on by the Board of Directors as a consequence of the permission granted comprise an issue premium, the amount of this issue premium must be placed in a special non-disposable account, known as “issue premiums”, which, like the capital, will constitute the security for third parties and cannot be reduced or dispensed with this unless a decision to this effect is taken by a General Meeting that is assembled in accordance with the attendance and majority requirements envisaged for a capital reduction, with the exception of conversion into capital, as provided for above.

The Board of Directors has made use of the authorisation granted to it to utilise the following amounts of the permitted capital:

29.02.2000: € 2,263,470
30.06.2000: € 544,103
30.06.2000 : € 1,305,848

As at 31 December 2001, the balance of the permitted capital amounted to € 88,615,564. The Board of Directors will propose to the General Meeting on 8 May 2002 that, following the merger through the takeover of Immobilière de l'Observatoire NV/SA (see above), the authorisation to use the permitted capital be renewed and also increased to an amount equal to the new nominal capital after the merger.

d. Repurchase of own shares

In accordance with article 9 of the articles of association, the Board of Directors can proceed to repurchase fully paid-up company shares by means of purchase or conversion within the limits permitted by law, if such a purchase is necessary to save the company from serious and imminent harm. This permission is valid for three years from the publication of the minutes of the General Meeting and may be renewed for the same period.

e. Capital increase

Each capital increase will be carried out in accordance with articles 581 to 607 of the Belgian Company Code, subject to the requirement that in the event of cash subscription in accordance with article 11, §1 of the Royal Decree of 10.04.1995 relating to property investment funds, there is no deviation from the preferential right of shareholders, as specified in articles 592 to 595 of the Belgian Company Code. The company must also conform to the provisions relating to the public issue of shares contained in article 125 of the Act of 4.12.1990 and to articles 28 et seq of the Royal Decree of 10.04.1995.

Capital increases by means of non-cash contributions are subject to the provisions of articles 601 and 602 of the Belgian Company Code. Furthermore, and in accordance with article 11, §2 of the Royal Decree of 10.04.1995 relating to property investment funds, the following conditions must be observed:

1. the identity of the contributor must be stated in the report referred to in article 604, third subsection of the Belgian Company Code, as well as in the notice convening the General Meeting convened for the capital increase;
2. the issue price must not be less than the average share price during the thirty days preceding the contribution;
3. the report referred to under point 1 must also state the repercussions of the proposed contribution in respect of the situation of the earlier shareholders, in particular as far as their share in the profit and the capital is concerned.

C Extract from the articles of association

a. Shares

Article 8. - Nature of the shares
The shares are bearer or registered shares or, in the event of the prior designation of an account holder by the Board of Directors, take the form of dematerialised securities. The bearer shares are signed by two directors, whose signatures may be replaced by name stamps. 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 shareholders. Any transfer between living persons or following death, as well as any exchange of securities, will be recorded in the aforementioned register.

b. Ownership

Article 11. - Transparency regulations
In accordance with the regulations of the Act of 02.03.1989, 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 Commission for Banking and Finance 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.

c. 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. In the event that a legal entity is appointed as a director, this legal entity is obliged to designate a natural person to represent the legal entity in the exercising of its director's mandate. 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 Royal Decree of 10.04.1995, 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 Act of 22.03.1993 relating to the statute for and supervision of credit institutions.

Article 17. - Conflicts of interests
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 Royal Decree of 10.04.1995 relating to property investment funds, by the coordinated Acts on trading companies, and, if applicable, by any future amended versions of these documents.

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 Commission for Banking and Finance, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 133 of the Act of 4.12.1990.

d. General Meetings

Article 19. - Meeting
The ordinary General Meeting of Shareholders, known as the annual meeting, must be convened every year on the second Wednesday of May at 2.30 p.m. If this day is a public holiday, the meeting will be held on the next working

day. 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. 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.

e. Treatment of result

Article 29. - Appropriation of profit
The company will distribute at least eighty per cent (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 realised on fixed assets, in so far as these are recorded in the profit and loss account. 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 realisation 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 capital gains will be realised. The portion of the realised 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.

D Statutory Auditor

The private company in the form of a cooperative company with limited liability, Arthur Andersen Company Auditors (B014), with registered office at Warandeberg 4, 1000 Brussels, is represented by Mr Rik Neckebroeck. It will be proposed to the General Meeting on 8 May 2002 that Mr Ludo De Keulenaer, Uitbreidingstraat 2, 2600 Berchem, be appointed with immediate effect as Statutory Auditor of the Investment Fund, thereby joining Arthur Andersen Company Auditors in this role. The mandate of these two Statutory Auditors will end immediately after the annual meeting to be held in 2004.

The remuneration of the Statutory Auditor amounts to € 49,579 a year for the auditing of the annual accounts.

E Custodian bank

Fortis Bank has been designated as the custodian bank of Intervest Retail in the sense of articles 12 et seq of the Royal Decree of 10.04.1995 relating to property investment funds.

The annual remuneration takes the form of a commission, which is calculated as follows:

Total assets			**payment per tranche (excl. VAT)**
from € 0	–	€ 124 million (rounded off)	0.03%
from € 124	–	€ 248 million (rounded off)	0.01%
	>	€ 248 million (rounded off)	0.005%

From 01.09.2002 Bank Degroof will take over this service.

F Property expert

The property expert designated by Intervest Retail is Healey & Baker, based at Kunstlaan 58 PoBox 7, 1000 Brussels. The company is represented by Eric Van Dyck.

The remuneration is calculated as follows:

Original estimate:	0.04% of the market value on a costs-to-buyer basis
Annual re-estimate:	0.02% of the market value on a costs-to-buyer basis
Quarterly adjustments:	0.01% of the market value on a costs-to-buyer basis

G Liquidity Provider

In December 2001, a liquidity contract was concluded with Bank Degroof, Nijverheidsstraat 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 € 2,900 per month.

H property investment fund - legal framework

The Investment Fund system was regulated in the Royal Decrees of 10 April 1995 and 10 June 2001 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 Trusts 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 Commission for Banking and Finance and is subject to specific regulations, the most notable provisions of which are as follows:

- the form of a limited liability company or a partnership limited with a share capital with minimum capital of € 1,239,467.62
- a debt ratio limited to 50% 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 valuers
- 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
- withholding tax of 15% on gross dividends

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

Companies that merge are subject to a tax (exit tax) of 20.085% on deferred added values and tax-free reserves.

Intervest Retail NV/SA received recognition as a property investment fund on 22 December 1998.

INTERVEST
RETAIL

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