INTERVEST
RETAIL

ANNUAL REPORT

31 December 2002

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INTERVEST
RETAIL

Property Investment Fund
with Fixed Capital
under Belgian Law

ANNUAL REPORT 2002

Hannut - Chaussée de Huy 2

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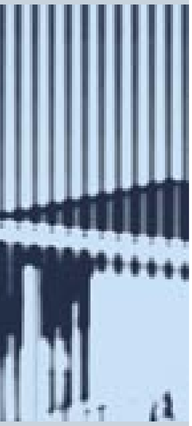

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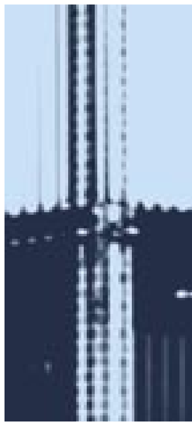


Letter to the shareholders

Dear shareholder,

We have great pleasure in presenting you the annual report for the financial year 2002.

Despite the less favourable economic climate, we have succeeded in achieving our objectives for that year.

Operating profit rose from € 11.6 million to € 12.2 million, which means that we can offer you a gross dividend of € 2.42 per share. This is slightly higher than the forecasted dividend of € 2.40.

The commercial property market held its own successfully in 2002, despite sluggish economic growth, reduced business investments and poorly performing stock markets. Rents were maintained at their previous levels, and vacancies were limited to 4.72% at the year end.

Although the supply of high-quality retail premises is scarce, we succeeded in growing our portfolio from € 221 million to € 261 million. We did so by taking up additional debt, thus creating financial leverage. The interest we have to pay to financial institutions is, after all, significantly lower than the initial return on investments in retail property.

Our debt ratio at the year end was 46.31%, which implies that there is only limited further room for growth in the property portfolio on the basis of additional borrowing.

For the future, we should like to go on expanding the position of Intervest Retail as an important player in the Belgian commercial property sector. We intend to make the share more attractive to shareholders and improve its liquidity with a larger portfolio, higher market capitalisation and an increased free float.

Since additional growth can no longer be achieved by borrowing, alternative routes such as mergers and acquisitions will be sought. If the financial markets allow, the possibility of an issue will also be examined.

In the meantime, we should like to thank you for the confidence you have placed in our management to date.

The Board of Directors

Key figures[1]

PROPERTY ASSETS	31.12.2002	31.12.2001	31.12.2000[2]
Total lettable area (m²)	207,000	186,781	189,742
Occupancy rate (%)	95.28	96.51	96.14
Value deed in hand (€ 000)	260,603	220,769	199,636
Value costs-to-buyer (€ 000)	232,471	193,766	175,975

BALANCE SHEET INFORMATION[3]			
Adjusted shareholders' equity after profit appropriation (€ 000)	126,333	126,432	122,437
Debt ratio after profit appropriation (%)	46.31	37.18	32.03

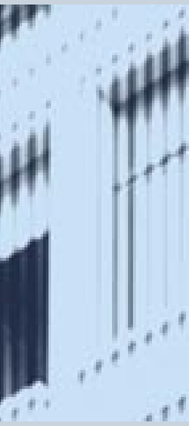
RESULTS (€ 000)			
A. Operating result			
Turnover	17,461	17,127	17,680
Net operating expenses	-2,424	-3,778	-3,192
Financial result	-2,861	-1,657	-1,777
Operating result before taxes	12,176	11,692	12,711
Taxes	11	-60	74
Operating result	12,187	11,632	12,785
B. Result on the portfolio			
Added value or loss of value on sales of portfolio items	-681	4,816	316
Changes in the unrealized market value on the portfolio			
- property in the portfolio	-1,816	1,109	1,817
- changes in market value previously recorded on the portfolio items disposed of during the financial year	674	-2,001	36
Result on the portfolio	-1,823	3,924	2,169
Result of the period	**10,364**	**15,556**	**14,954**

INFORMATION PER SHARE			
Number of shares	5,078,525	5,038,746	5,038,746
Number of shares entitled to dividend	5,046,019	5,038,746	5,000,800
Net asset value (inc. result)	33.03	32.75	31.52
Gross dividend	2.42	2.30	2.55
Net dividend	2.06	1.96	2.17
Share price on closing date	33.30	30.01	28.39
Undervaluation on net asset value (%)	0.82	-8.37	-9.93

1 *For 2000 and 2002 these are unconsolidated figures, for 2001 these are the consolidated figures.*
2 *The financial year 2000 covered a period of 14 months.*
3 *Prepared in accordance with a costs-to-buyer valuation.*

Antwerp - Schuttershofstraat 30

1 Report of the Board of Directors



1. 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 and factory outlets 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 335 lettable units, spread over 106 different locations. The retail portfolio consists of 44% inner-city locations and 56% of retail warehouses.

Premises are often let to large chains that want 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, which limits the vacancy.

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 assets.

Intervest Retail values its property on a "costs-to-buyer" basis, that is exclusive of registration fees (10 à 12.5%) 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.

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.

2. Strategy

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

2.1. Increase of the liquidity of the Intervest Retail share

Through contributions of property and mergers, Intervest Retail is endeavouring to systematically increase the free float[4] of its shares. This improves the liquidity of the share, making it more attractive to both private and institutional investors.

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, Intervest Retail concluded a 'Liquidity Providing' contract with Bank Degroof. Since then the volumes traded on a daily basis have increased substantially.

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. Cofinimmo's inclusion in the Bel-20 as from March 2003 may alter this situation.

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

2.2. Expansion of the property portfolio

A large portfolio clearly offers a number of benefits:

- It helps to **spread the risk** for shareholders. After all, by investing in various types of commercial property (retail warehouses, inner-city locations, shopping centres and factory outlets), 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.

- 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 maintenance and repair, the renovation costs, consultancy fees, publicity costs, etc.

- If the size of the overall portfolio increases, this strengthens the management's **negotiating position** in discussions about new terms of lease, offering new services, etc.

- 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's value**. This makes it possible to realise growth, not only in terms of the rental income, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new terms of lease, an improvement in the quality of the lessees, the offering of new services, etc.

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 proved by the fact that Intervest Retail purchased a retail warehouse portfolio to the value of € 24.3 million in 2002. As far as the inner-city locations are concerned, there is a shortage of supply in most cities.

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.

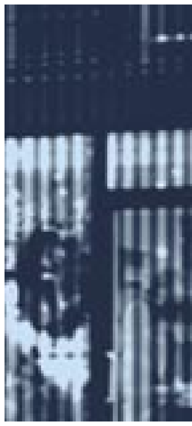
Intervest Retail's management also keeps its eyes open for opportunities for mergers with (or takeovers of) other retail investment funds or real estate certificates.

3. Prospects

The past years were characterised by rapidly expanding international retail chains looking to acquire sufficient market share in every geographic area, which led to the opening of a large number of new shops. A lull seems to have set in at the moment, partly because of the less favourable climate, partly because the chains want to assimilate their expansion.

These prime locations have few or no vacancies. The 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.

In the short term, our efforts will concentrate mainly on improving the quality of the existing property portfolio, successfully developing the Factory Outlet Centre in Messancy and seeking a new use for the Winkelcentrum Van De Ven in Olen.

4. Corporate governance

4.1. 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.

4.2. 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 (58), Director,**
  Vijverstraat 53, 3040 Huldenberg
  Director of property companies

- **Gérard Philippson (52), Director,**
  Saturnelaan 34, 1180 Brussel
  Managing Director of Sopedi (company specialising in property leasing)

- **Joost Rijnboutt (63), Managing Director,**
  Leopold de Waelplaats 28/42, 2000 Antwerpen
  Managing Director of Intervest Offices NV/SA

- **Hubert Roovers (59), Managing Director,**
  Franklin Rooseveltlaan 38, NL – 4835 AB Breda
  Chief Investment Officer,
  VastNed Management BV

- **Reinier van Gerrevink (54), Chairman,**
  Bankastraat 123, NL – 2585 EL 's-Gravenhage
  Chief Executive Officer,
  VastNed Management BV

The Extraordinary General Meeting of 30.12.02 noted the resignation of Mr Kornelis Streefkerk as a director.

Messrs Christiaens, Philippson and Rijnboutt qualify as independent directors and Mr Roovers and van Gerrevink represent the shareholder VastNed Retail NV/SA

The Board meets at least four times a year. During the 2002 financial year the Board met on five 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. A situation of this kind in which the procedure provided for in article 524 of the Belgian Company Code has to be observed did not occur in the course of 2002.

4.3. 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 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

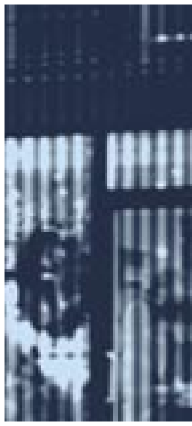
Every independant director receives € 12,395 a year as a director's fee. The independent managing director also receives a remuneration of € 17,352.

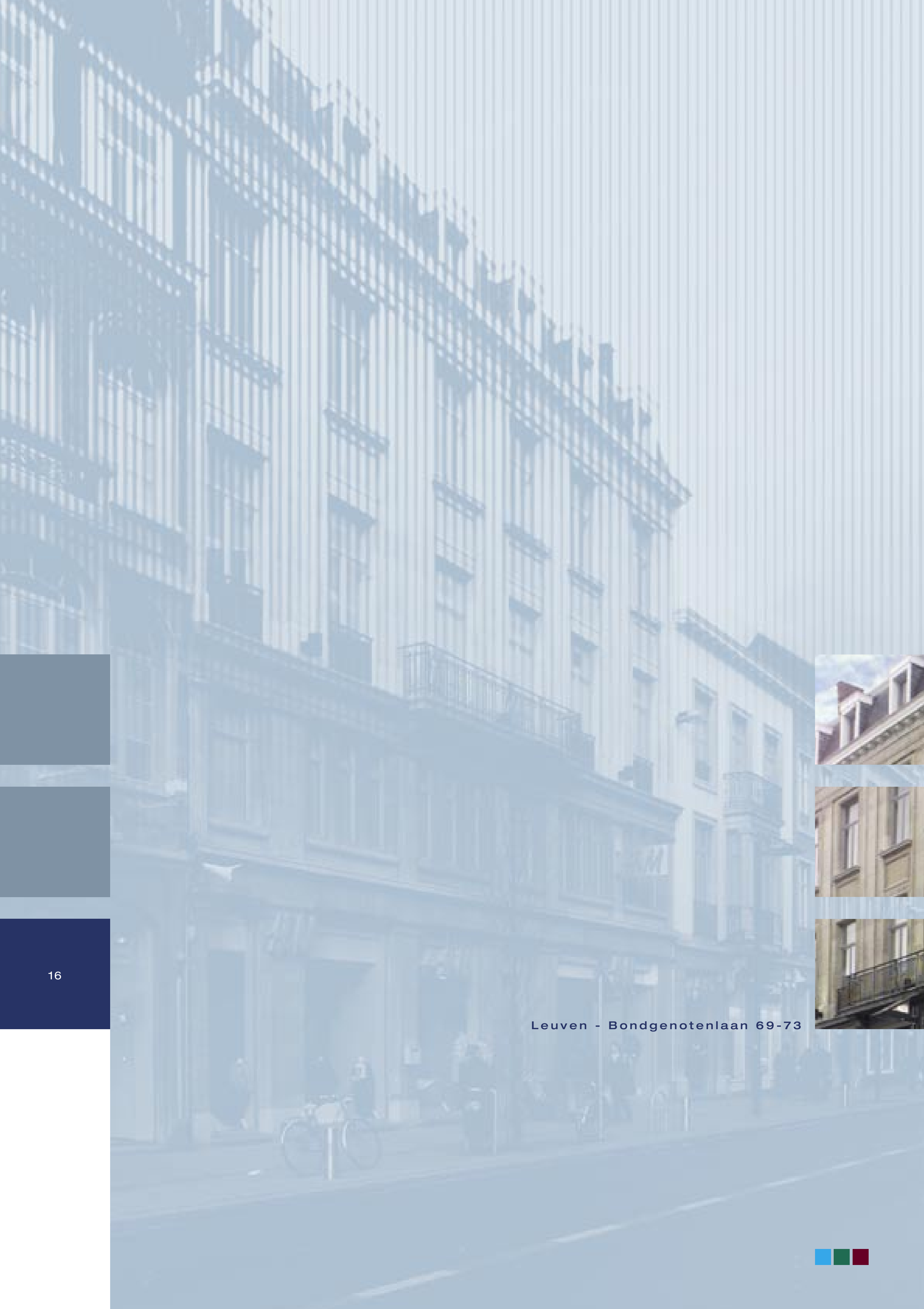
4.4. Approval of the accounts

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

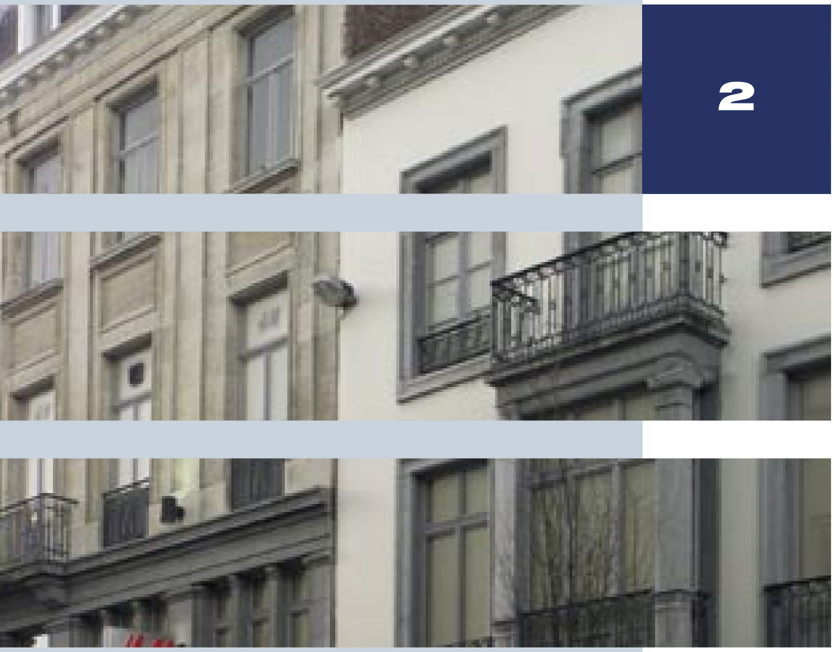
4.5. Valuation of the property

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





Leuven - Bondgenotenlaan 69-73



2

Management report

During 2002 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, which improved the quality of the property portfolio.

As at 31 December 2002 the portfolio came to € 261 million, being € 221 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 € 12.2 million, or € 2.42 per share.

In 2002, 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.

1. The commercial property market[5]

1.1. General

Although the commercial property market is heavily dependent on the general economic situation, it does not appear to be suffering much from the current recession as yet. Despite the slow growth of the economy in 2002, it seems as though consumer confidence has not -yet- been affected.

The major retail chains themselves are also continuing their dynamic progress. New branches are still appearing and expansion is proceeding, albeit at a slower pace. In 2002, these chains consolidated further and reinforced their positions, without a great deal of commotion.

1.2. The rental market

Inner-city shops

The market for inner-city shops was once more an active one. There were new entrants to the market, while the existing chains continued to grow.

The newcomers included Score (prêt-à-porter), Ecco (footwear), Karen Millen (prêt-à-porter) and Media Markt (electro).

Existing chains are in the throes of an expansion phase (Hema, C&A), or are trying to reposition themselves (Hennes & Mauritz). The Spanish groups, too, such as Cortefiel (a.o. Milano, Women'Secret) and Inditex (a.o. Zara, Massimo Duti, Bershka) are also still on the advance.

"So although there is not nearly as much activity as in 1999 and 2000, the market is fairly dynamic", according to Boris van Haare Heijmeijer of Cushman & Wakefield Healy & Baker. "In this context, rents are showing a slight dip of 5% compared with 2001".

An overview is given below of the most important rents in Belgium (in €/m²/annum, for a retail shop of 150 m²):

- Brussels, Nieuwstraat:	1,264
- Antwerp, Meir:	1,239
- Brussels, Louizalaan:	1,115
- Ghent, Veldstraat:	942
- Bruges, Steenstraat:	818
- Hasselt, Hoogstraat:	818
- Liège, Vinave d'île:	818

Another phenomenon on the market of the inner-city shops is so-called "key monies" (or pas-de-porte). These are ingoing payments that the retail chains pay one another when they transfer the

[5] *This text was partly based on information of Cushman & Wakefield Healey & Baker and C&T Retail.*

tangible and intangible assets of a business at a certain location. In actual fact, the shop is being let to a different tenant who is prepared to pay a (sometimes considerable) sum to the outgoing tenant. The owner of the premises cannot refuse such a transfer of a commercial firm, but he does not share the benefits of the ingoing payment or a possible increase in the rent.

According to C&T Retail, the relatively slack market has led to a reduction in these key monies. Thus, although less was in fact paid for the same space in 2002 than in preceding years, rents remained pretty stable for the landlords. It can therefore be said that these key monies are playing the role of a “shock-absorber” in the correction of the market.

Shopping centres

In the field of shopping centres, Belgium is closing its gap to other countries to some extent: a number of developments opened in 2002 (M2 at Maasmechelen, Ninia at Ninove) or will open their doors in the next few years (Twee Torens at Hasselt, Grands Prés at Bergen, l’Esplanade at Louvain-la-Neuve, the shopping centre at Sint-Niklaas, Heron City at Brussels, etc.).

Retail warehouses

2002 was a stable year for the retail warehouse market. There are no longer so many locations available, and it is fairly difficult to obtain the required socio-economical permits.

We are awaiting amendments to the economic development legislation in 2003, which the government will have to finalise before the end of its period of office. These will probably make it easier to obtain permits for smaller areas.

The main news for 2002 includes the advent of Gemo (a French footwear chain), the sale of Carpet Land to Carpet Right and the expansion of Ikea.

This relatively stable market is ensuring that the level of rents is more or less sustained. Rents for the highest quality locations are trending upwards from € 75 to € 87.5/m²/annum. A record rent of € 150/m²/annum is being paid for one particular top location.

Factory outlets

The phenomenon of the factory outlet shops is beginning to catch on in Belgium. A factory outlet is a concentration of shops where the manufacturers can offer their wares directly to the consumer at big discounts (at least 25% of the retail price). In addition, these products have to be the last of a series, the last season’s goods or slightly damaged, or form part of overstocks or trial products.

The first factory outlet (Maasmechelen Village, with an area of 10,000 m²) has opened in Maasmechelen, and is to be expanded by a further 10,000 m² by the end of 2003.

An outlet has also been given planning permission in Verviers, the “Outlet des Ardennes”.

Intervest Retail has purchased a factory outlet in Messancy, with around 13,700 m² of shop space and around 4,000 m² for leisure activities and restaurants. This complex will open in 2003.

1.3. The investment market

2002 was a successful year for commercial investments. The total sales volume for the whole country came to € 126 million. The investment market was also extremely dynamic.

The supply of good premises is tight, making it difficult to meet the high demand. Not many owners are inclined to sell their properties during this time of economic slowdown and stock market crises.

For some years now, the market is continuing its professionalism, part of a basis trend. More and more institutional investors are purchasing commercial property. In 2002, these investors represented 59% of the transactions, compared with 41% of private buyers. The private individuals accounted for 57% of sellers.

The retail property investment market still has a strong national connotation. Eight out of ten buyers are of Belgian nationality. These are followed by the Germans (10%), the Dutch (9%) and the British (1%). We find the same phenomenon among the vendors (74% of Belgian nationality, 16% Dutch and 10% British).

This year, Wallonia accounted for the largest share of the investment volume (51%), compared with 44% in Flanders and 5% in Brussels. This was because of Intervest Retail's investment in Messancy.

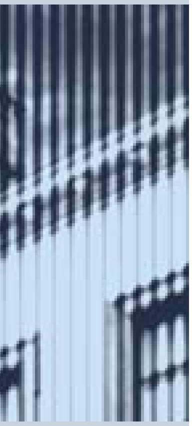
Retail warehousing has proved a great success: this segment represented 56% of investments, while shopping streets accounted for 44%.

"This solid activity is keeping the yield at a good level", according to Eric Van Dyck of Cushman & Wakefield Healey & Baker. "In retail warehousing, the prime yield is 7.75% for an average of 8.25%, while the yield on the commercial stars varies between 6% and 6.25%. I am fairly optimistic for the coming months, all the more so because the chains are working with sale & lease back setups, just like some companies in the office segment. So the year 2003 is getting off to a good start".

2. Important developments that have taken place in 2002

During the financial year, Intervest Retail managed to expand its property portfolio from € 221 million to € 261 million (deed in hand) in a market with very little supply.

Sint-Truiden



Heusden-Zolder

2.1. Purchases

In September, 11 companies were acquired which owned the following premises:

Adress	Type of commercial building	Surface area	Rent in € 000
BOECHOUT - Hovensesteenweg 123-127	retail warehouse	1,022	63
CHENEE - Rue de la Station 23	retail park	2,881	211
DINANT - Tienne de l'Europe	retail park	2,308	152
FLEMALLE - Rue de la Fabrique 6	retail park	2,835	189
GENK - Hasseltweg 74	retail park	2,099	174
GRIVEGNEE - Rue Servais Malaise	retail warehouse	2,000	112
HEUSDEN-ZOLDER - Inakker	retail warehouse	1,019	61
HOBOKEN - Zeelandstraat 6-8	retail warehouse	2,490	173
OVERPELT - Burgemeester Misottenstraat 3	retail warehouse	877	74
SCHELLE - Provinciale Steenweg 453/455	retail park	992	73
SINT-JOB-IN-'T GOOR - Handelslei 10	retail warehouse	600	59
SINT-TRUIDEN - Hasseltsesteenweg 69	retail warehouse	850	78
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	4,999	254
TIENEN - Slachthuisstraat 36	retail park	4,871	372
Total:		**29,843**	**2,045**

Tielt-Winge

Tienen

The average initial yield on this investment was 8.44% (at an investment value of € 24.3 million). These companies were merged on 30 December 2002, with a retroactive accounting effect from 1 July 2002 onwards.

Immo GL NV/SA was purchased in November. This company owned land in Messancy which was to be developed as a factory outlet (this company was also merged on 30.12.2002).

At factory outlets, manufacturers offer their products directly to consumer, without wholesalers and retailers. The products sold are mainly overstocks and ends of series, which means that reductions of between 30% and 70% can be given. Belgium only has one other factory outlet, namely Maasmechelen Village.

Messancy

Messancy

The Messancy project is to have a shopping area of around 13,700 m². In addition, leisure activities occupying around 3,000 m² and two restaurants are planned. In addition, the developer Group GL International is to build a hotel there, which, however, will not be purchased by Intervest Retail.

Construction started in October, and is to be completed by April 2003. The total cost of acquisition and construction is estimated at over € 40 million.

The opening date depends on the speed with which tenants can be found, but it will definitely be in 2003. You fill find further information about the Messancy Outlet Centre at the web address **www.messancyoutletcentre.be**.

This acquisition will introduce further diversification into the property portfolio, both geographically (Wallonia) and by type of product.

2.2. Sales

A number of non-strategic buildings were sold in 2002 with a loss of value of around € 7,500. This improved the average quality of the portfolio.

Location	Adress	Surface area	Selling price (€ 000)
Anhée	Place Communale 18	409	125
Antwerpen	Abdijstraat 150	120	113
Antwerpen	Vestingstraat 3	60	365
Courcelles	Rue du Gaulle 164/168	870	126
Forchies La Marche	Rue Vandervelde 25	498	100
Herstal	Louis Demeuse 78	372	75
Herzele	Solleveld 17	521	161
Kluisbergen	Kerkstraat 11	634	160
Kortrijk	Overbekeplein 14	108	62
Nazareth	'S Gravenstraat 134	578	174
Souvret	Rue du Peuple 6	534	70
Stekene	Bormte 9	578	154
Waarschoot	Jaspaerstede 2	846	322
Wanfercée	Rue Gossiaux 23	347	62
Total:		**6,475**	**2,069**

Further properties are earmarked for sale in the next few years. The value of these premises amounts approximately to € 18 million.

2.3. Olen

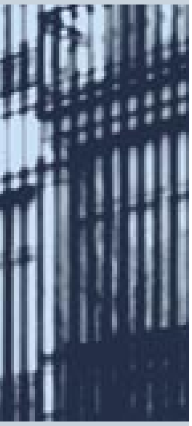
We are still seeking a suitable new use for the Winkelcentrum Van De Ven in Olen. The specific location and the chance of obtaining additional development permits in particular are putting obstacles in the way of this plan.

As a precautionary measure, we wrote down the value of this project by a further € 2.6 million in 2002.

In 2001, Intervest Retail purchased three villas from Mr Van De Ven or affiliated companies. Before this purchase could be recorded at the registration office, one of the sellers was declared bankrupt. As a result, the sale of one of the villas could not be accepted as valid by the official receiver, which means that it remains the property of the bankrupt's estate although Intervest Retail had paid for it. Appropriate legal steps have been taken to try to recover this villa or the purchase price.

3. Post balance sheet events

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



4. Summary of the figures[6]

BALANCE SHEET (€ 000)	31.12.2002	31.12.2001	31.12.2000
ASSETS			
Tangible fixed assets	232,471	193,761	175,975
Financial fixed assets	14	16	20
Current assets	5,733	9,758	4,133
Total assets	**238,218**	**203,535**	**180,128**
LIABILITIES			
Shareholders' equity	126,333	126,432	122,437
Third-party interests	0	156	0
Provisions for risks and charges	195	496	248
Amounts payable after one year	19,188	19,418	19,722
Amounts payable within one year	91,122	56,247	37,402
Accrued charges and deferred income	1,380	786	319
Total liabilities	**238,218**	**203,535**	**180,128**

RESULTS (€ 000)	31.12.2002	31.12.2001	31.12.2000[7]
A. Operating result			
Turnover	17,461	17,127	17,680
Net operating costs	-2,424	-3,778	-3,192
Financial result	-2,861	-1,657	-1,777
Operating result before taxes	12,176	11,692	12,711
Taxes	11	-60	74
Operating result	**12,187**	**11,632**	**12,785**
B. Result on the portfolio			
Added value or loss of value on sales of portfolio items	-681	4,816	316
Changes in the unrealized market value on the portfolio			
- property in the portfolio	-1,816[8]	1,109	1,817
- changes in market value previously recorded on the portfolio items disposed of during the financial year	674	-2,001	36
Result on the portfolio	**-1,823**	**3,924**	**2,169**
Result of the period	**10,364**	**15,556**	**14,954**
Group share	-	15,584	-
Third-party share	-	-28	-

6 *For 2000 and 2002 these are unconsolidated figures, for 2001 these are the consolidated figures. The balance sheet was prepared on the basis of a costs-to-buyer valuation.*

7 *The financial year 2000 covered a period of 14 months.*

8 *The loss is to be attrributed to write-offs of acquisition costs on purchases and a downward value adjustment of the Van De Ven project in Olen. Without these write-offs, a profit of € 5.9 million would have been made.*

5. Comments on the figures

Tangible fixed assets increased from € 193.76 million to 234.47 million. This is an increase of almost 20%, due to the merger on 8 May 2002 with Immobilière de l'Observatoire and the mergers on 30 December 2002 with 12 companies acquired from Group GL. The property portfolio was valued as at 31 December 2002 at € 232.47 million (excluding purchase costs) by Cushman & Wakefield Healey & Baker. This amount corresponds to a property portfolio of around € 260.60 million including purchase costs (on the basis of deed in hand valuation).

The company's shareholders' equity (after profit distribution) has stayed pretty constant at € 126.33 million compared with € 126.43 million in the previous year.

The loan capital has risen from € 76.45 to € 111.69 million to finance the acquisitions made in 2002. Around four fifths of the total debt consists of short-term borrowings, although the lines of credit are guaranteed for the longer term. The company is taking advantage of the currently low short-term interest rates to push down its financial costs. However, the majority of the short-term debt can quickly be converted into longer-term loans at fixed interest rates.

On 12 March 2003, Intervest Retail obtained approval from the Minister for Economic Affairs to present its annual accounts in abbreviated form.

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 or loss of value on sales of portfolio items
  - Changes in the unrealized market value on the portfolio

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

The operating profit for the financial year amounts to € 12.19 million.

A loss of value on the portfolio of € 1.82 million was posted in the 2002 financial year, amounting to around 0.8% of the portfolio's value as at 31 December 2002. The reason for this loss was fluctuations in the portfolio, losses on mergers and the purchase costs deducted because Intervest Retail records its assets exclusive of purchase costs.

The profit for the financial year amounts to € 10.36 million.

6. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31 December 2002 will be approved and that the profit for the financial year will be appropriated as follows

- profit for the financial year:	10,363,699.19
- withdrawal from the reserves not available for distribution:	1,823,445.90
- profit carried forward from the previous financial year:	949,044.54
- profit balance to be appropriated:	13,136,189.63

This amount breaks down as follows:

- profit to be carried forward:	924,823.65
- indemnification of the capital:	12,211,365.98

The (negative) results on the portfolio will not affect the dividends paid to shareholders. The result of € (-)1,823,445.90 has been withdrawn from the reserves not available for distribution, so that a profit of € 12,211,365.98 can be paid out.

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.

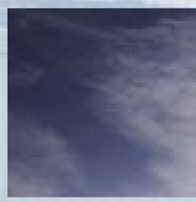
Taking into account that 5,046,019 shares will share in the full profit for the financial year, the proposal that a gross dividend € 2.42 per share be distributed will be put before the General Meeting of Shareholders on 8 May 2003. This is € 2.06 net after the deduction of 15% withholding tax. The total gross dividend to be distributed therefore amounts to € 12.211 million.

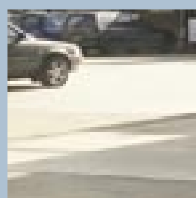
Since the total net income for the year 2002 is € 12,187,145.09, the Board of Directors proposes to withdraw € 24,220.89 from the profits carried forward in previous years.

The dividend is payable from Friday, 30 May 2003 onwards. Holders of bearer shares must present coupon number 3.

7. Forecast for profit and loss account

The forecast for 2003 depends heavily on the success and speed with which the Factory Outlet Centre in Messancy can be developed. Stripping out this development, we are aiming for operating earnings per share of € 2.48.

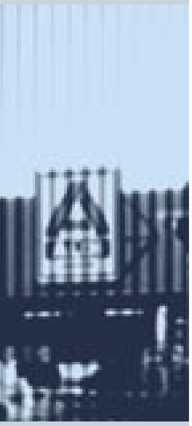




Chênée - Rue de la Station 23

3

Report on the share



1. Stock market information

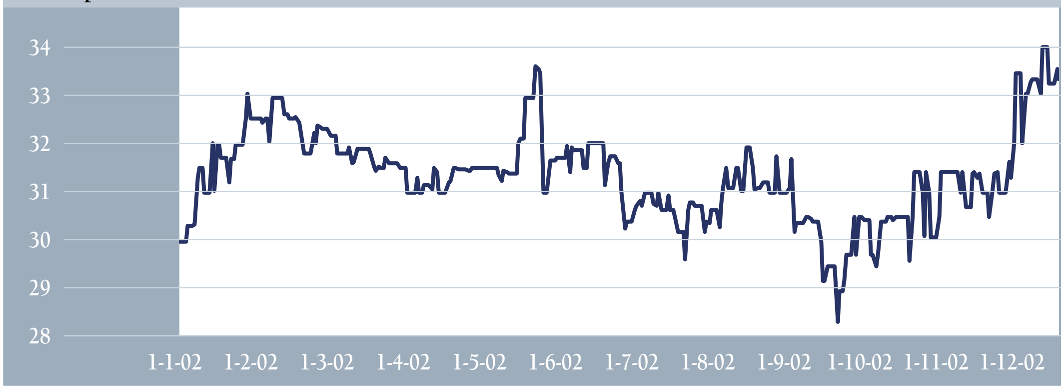
Since 1 January 2002 Intervest Retail has been listed on the Next Prime segment of Euronext in Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

- 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 (a.o. institutional investors).

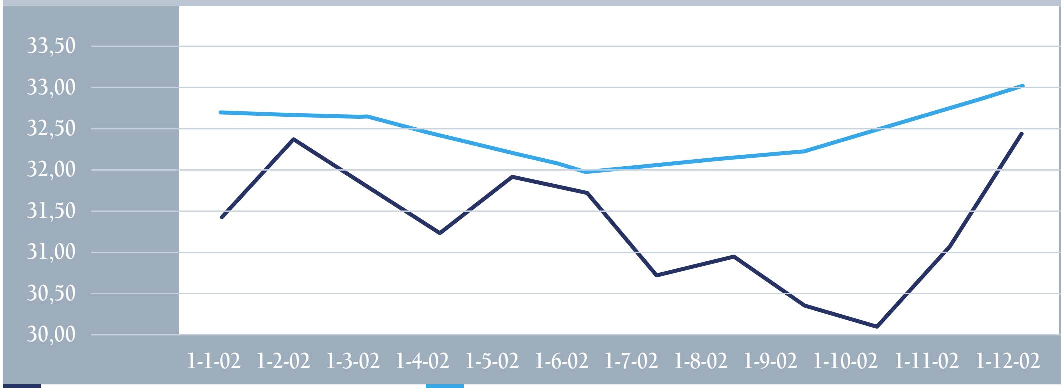
Stock price Intervest Retail NV/SA



In 2002 the price of the share was subject to a certain amount of fluctuation. At its lowest point it reached € 28.39 (30 September) and at its highest € 33.95 (24 December).

The low of € 28.39 was due to the execution of a large sell order, which depressed the share price. The increase from November onwards is in line with the trend for all property indices. Property securities are always a favorite investment in times of economic uncertainty.

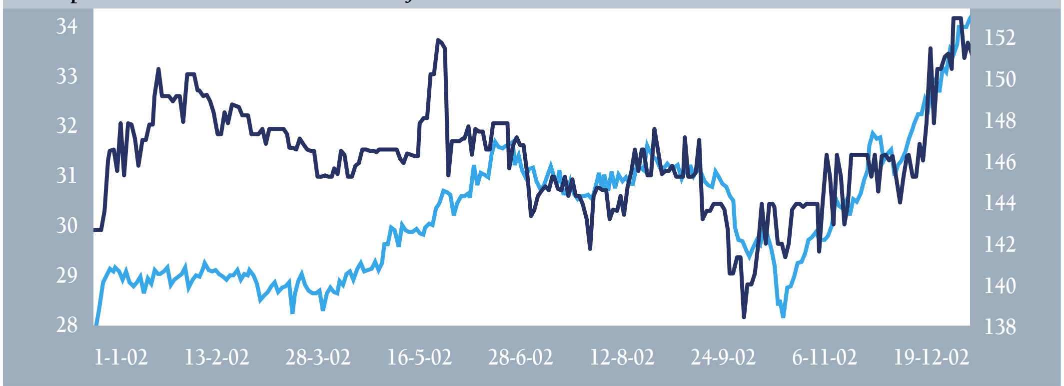
Premiums and discounts Intervest Retail NV/SA



Average stock price Intervest Retail   Net asset value Intervest Retail

The net asset value of Intervest Retail includes the dividend of 2001 up to the payment date at the end of May.

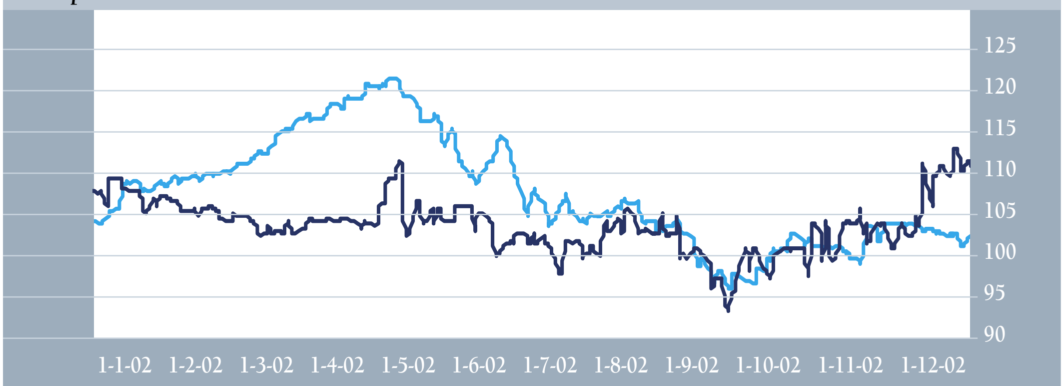
Comparison Intervest Retail - BBL sicafi index



Stock price Intervest Retail   Return Index

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 distributed dividends.

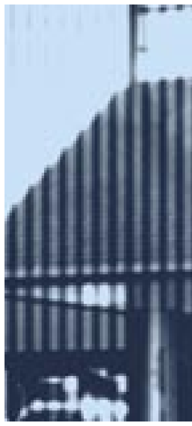
Comparison Intervest Retail NV/SA - GPR 250 index



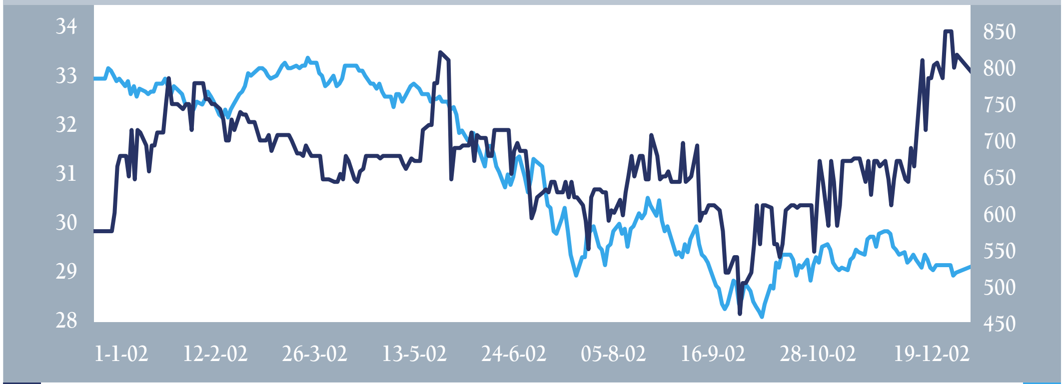
Intervest Retail (EUR) - Total Return Index   GPR 250 Europe (EUR) - Total Return Index

The GPR 250 Europe is a Global Property Research index which groups the 250 largest listed international real estate companies, weighted by their free float.

Source: Global Property Research, 2003

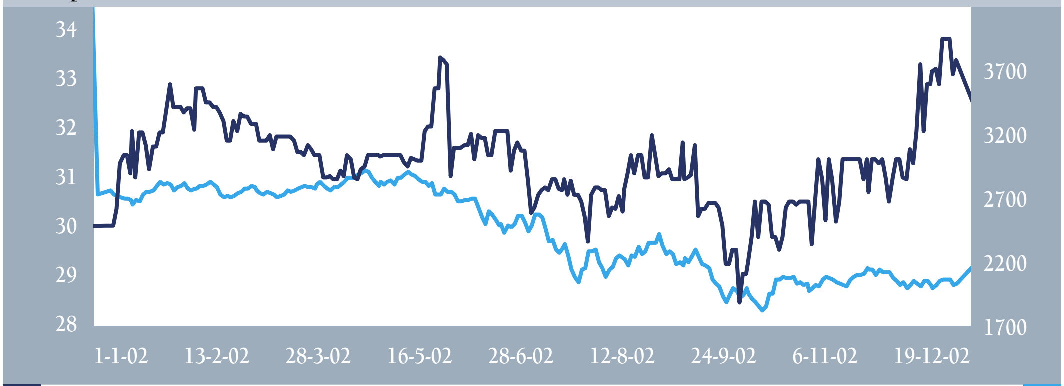


Comparison Intervest Retail NV/SA - Euronext 100



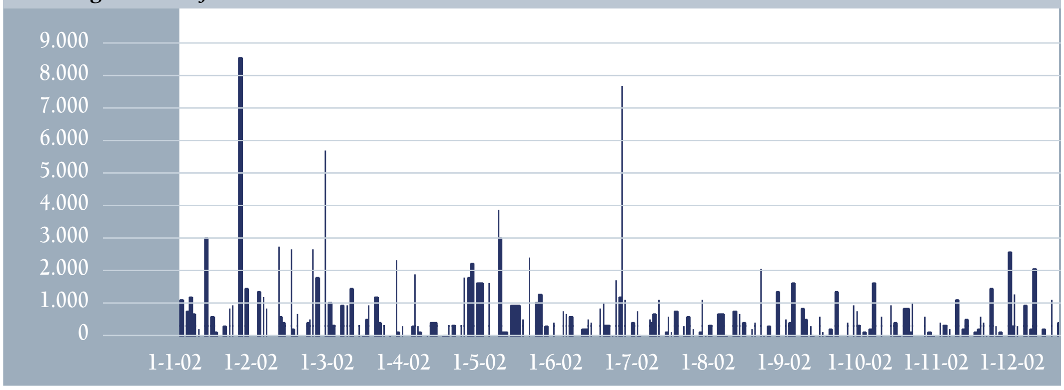
Stock price Intervest Retail Euronext 100

Comparison Intervest Retail NV/SA - Bel 20



Stock price Intervest Retail Bel 20

Trading number of shares



The traded volumes, with an average of 749 units a day, exceeded the level of the previous year.

In December 2001, 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.

At the year end, the free float amounted to 22.48%. Efforts will be ongoing to further increase this free float figure and thereby improve negotiability.

2. Dividend and number of shares

	31.12.2002
Number of shares at the end of the period	5,078,525
Number of shares entitled to dividend	5,046,019

Share price	**31.12.2002**
Highest	€ 33.95
Lowest	€ 28.39
Share price on closing date	€ 33.30

Data per share	**31.12.2002**	**31.12.2001**	**31.12.2000**[9]
Shareholders' equity (inc. dividend)	33.03	32.75	31.52
Gross dividend	2.42	2.30	2.55
Net dividend	2.06	1.96	2.17

3. Shareholders

As at 31.12.2002 the following shareholders were known to the company:

VastNed Retail NV/SA Max Euwelaan 1 3006 AK Rotterdam The Netherlands	**3,856,625 shares**	**(75.94%)**
CFB (Belgique) NV/SA Louizalaan 126 1050 Brussels	**80,431 shares**	**(1.58%)**
Public	**1,141,469 shares**	**(22.48%)**
Total	**5,078,525 shares**	**(100%)**

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

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.

4. Financial calendar

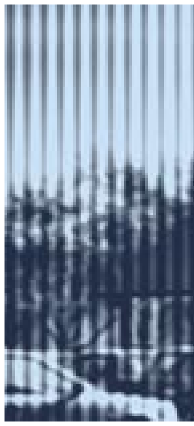
- General Meeting of Shareholders: Wednesday, 14 May 2003 at 2.30 p.m. at the company's offices, Uitbreidingstraat 18, B-2600 Antwerp-Berchem.

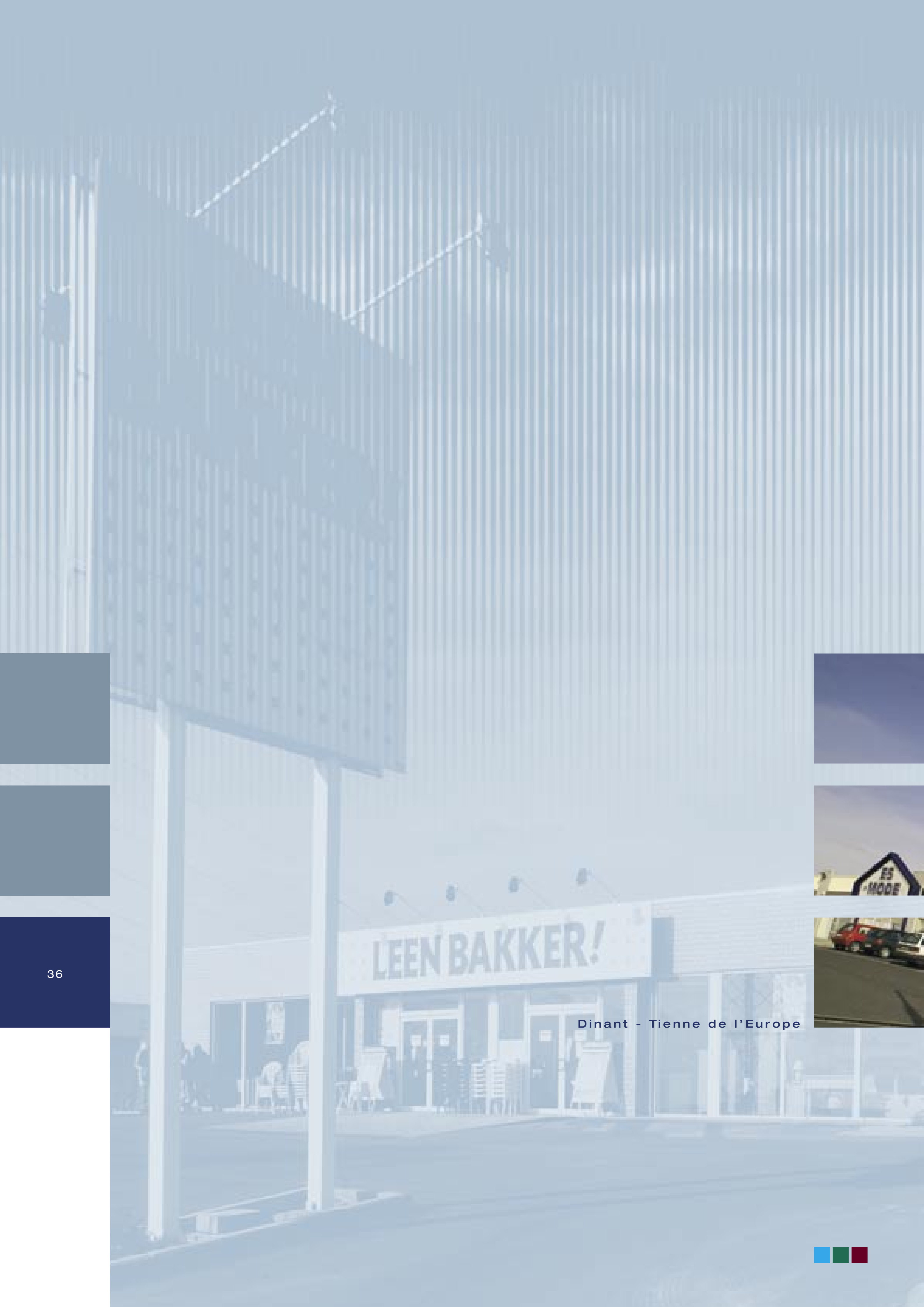
- Announcement of results as at 31 March 2003: Wednesday, 28 May 2003.

- Dividend payable: from Friday, 30 May 2003.

- Announcement of half year results as at 30 June 2003: Wednesday, 20 August 2003.

- Announcement of results as at 30 September 2003: Wednesday, 26 November 2003.





Dinant - Tienne de l'Europe

4

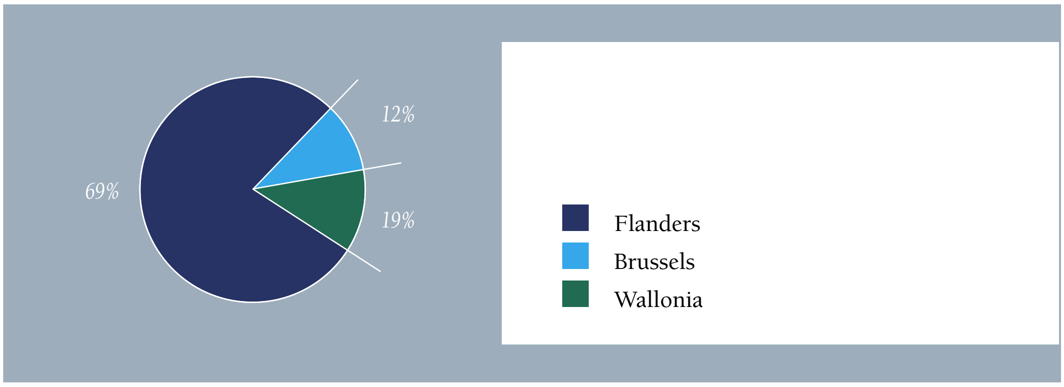
Property report

1. Composition of the portfolio[10]

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

1.1. Geographic spread

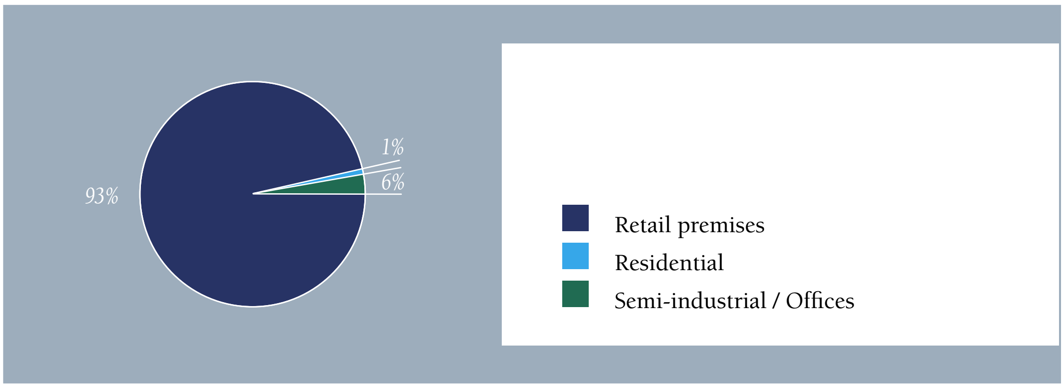
The stores are spread throughout Belgium, with a good distribution across the various regions.



Wallonia's share will increase to around 30% when the development of the Messancy Outlet Centre is completed.

1.2. Type of building

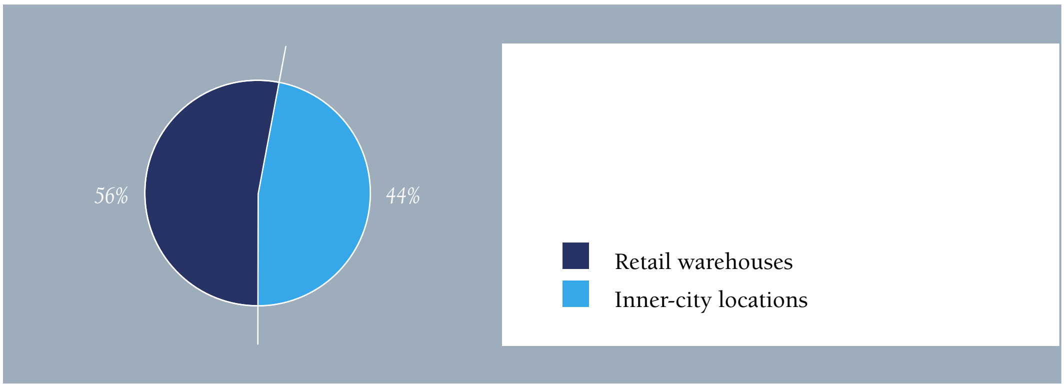
In total Intervest Retail's portfolio at the end of 2002 consists of 335 lettable premises. 93% of the premises are retail premises, and the remaining 7% are primarily semi-industrial premises, offices and residential spaces.



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

1.3. Type of retail property

Of the retail premises, 44% are inner-city locations and 56% retail warehouses.

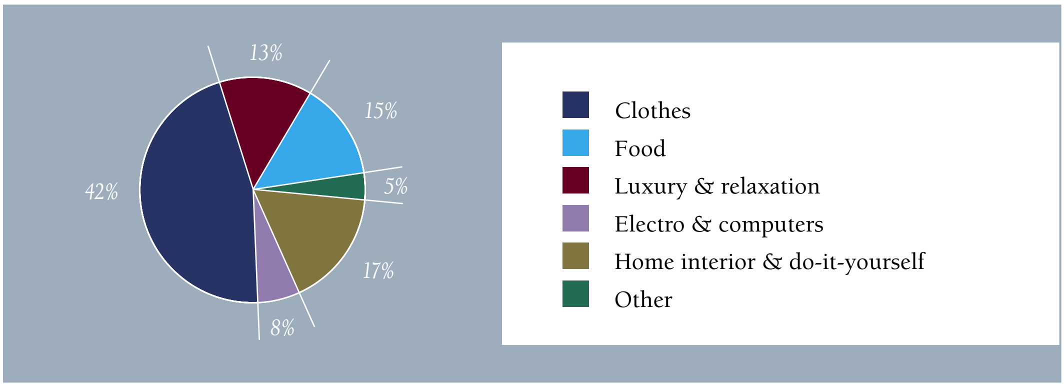


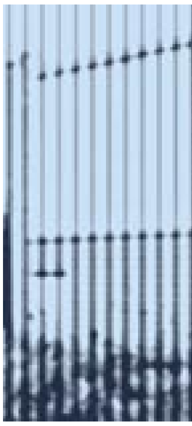
It is imperative for the category **inner-city locations** that these premises are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category.

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 m^2). 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.

1.4. Sector of tenants

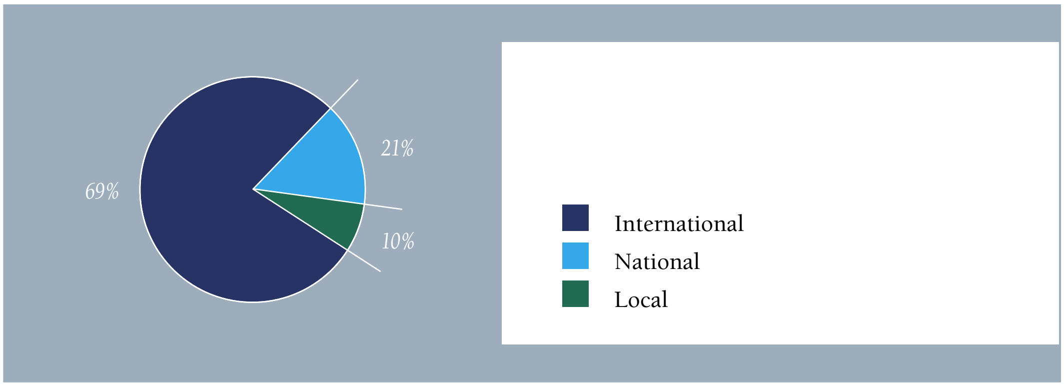
The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.





1.5. Region of activity of tenants[11]

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



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%).

2. Description of the portfolio

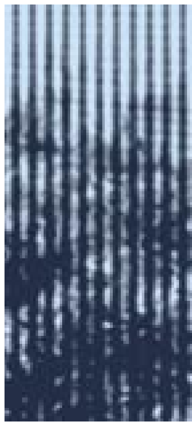
Adress	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer
PROPERTY IN OPERATION				
AALST – Albrechtlaan 56	retail warehouse	1,000	62	430
AALST – Kalfstraat 3	retail warehouse	9,126	638	7,003
AALST – Nieuwstraat 10	inner-city location	145	59	759
AARTSELAAR – Antwerpsesteenweg 13/4	retail warehouse	990	98	1,146
ALLEUR – Avenue de l'Expansion 16	semi-industrial	2,221	130	1,192
ANDENNE – Avenue Roi Albert 39	retail park	4,701	267	2,858
ANS – Rue de Français 393	retail park	3,980	310	3,200
ANTWERPEN – Abdijstraat 29	inner-city location	130	28	304

[11] *A national chain has to have at least five points of sale. An international chain must have at least five points of sale in at least two countries.*

Adress	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer in € 000
ANTWERPEN – Abdijstraat 82/84	inner-city location	165	42	460
ANTWERPEN – Breydelstraat 33	inner-city location	144	42	511
ANTWERPEN – Carnotstraat 18/20	inner-city location	1,298	95	1,008
ANTWERPEN – De Keyserlei 47	inner-city location	60	41	492
ANTWERPEN – De Keyserlei 49	inner-city location	118	54	650
ANTWERPEN – Frankrijklei 27	inner-city location	624	69	769
ANTWERPEN – Groendalstraat 11	inner-city location	39	21	274
ANTWERPEN – Hovenierstraat 1	inner-city location	145	42	512
ANTWERPEN – Huidevettersstraat 12	inner-city location	791	245	3,162
ANTWERPEN – Korte Gasthuisstraat 27	inner-city location	155	89	1,098
ANTWERPEN – Leysstraat 17	inner-city location	149	140	1,914
ANTWERPEN – Leysstraat 28/32	inner-city location	1,870	702	9,208
ANTWERPEN – Meir 99	inner-city location	384	392	5,258
ANTWERPEN – Schuttershofstraat 30	inner-city location	66	47	635
ANTWERPEN – Schuttershofstraat 24/ Arme Duivelstraat 2	inner-city location	54	48	644
ANTWERPEN – Schuttershofstraat 32/Kelderstraat 7	inner-city location	320	60	778
BALEN – Molsesteenweg 56	retail park	1,871	113	1,172
BASTOGNE – Route de Marche 104	retail park	593	37	302
BEAUMONT – Rue G. Michiels 40	retail warehouse	1,113	93	820
BOECHOUT – Hovensesteenweg 123-127	retail warehouse	1,022	63	648
BORGLOON – Sittardstraat 10	retail park	996	51	488
BREE – Toleikstraat 30	retail warehouse	855	51	523
BRUGGE – Steenstraat 80	inner-city location	2,670	749	11,297
BRUXELLES – Avenue Louise 7	inner-city location	248	205	3,021
BRUXELLES/SCHAERBEEK – Chaussée de Louvain 610/640	retail park	2,964	284	3,246
BRUXELLES – Chaussée d'Ixelles 16	inner-city location	1,255	215	2,505
BRUXELLES – Chaussée d'Ixelles 41/43	inner-city location	5,248	1,122	13,235
BRUXELLES – Chaussée d'Ixelles 65	inner-city location	245	44	553
BRUXELLES – Rue Bienvenue 13/15	semi-industrial	4,260	266	2,528
BRUXELLES – Rue Neuve 98	inner-city location	162	143	1,806
CHARLEROI – Rue de la Montagne 5/7	inner-city location	948	179	1,868
CHENEE – Rue de la Station 23	retail park	2,881	211	2,071
DIEST – Hasseltstraat 15	inner-city location	200	33	372
DILSEN - STOKKEM – Rijksweg 17	retail warehouse	992	68	682
DINANT – Tienne de l'Europe	retail park	4,330	289	3,056
FLEMALLE – Rue de la Fabrique 6	retail park	2,835	189	1,840
FROYENNES – Rue des Roselières 6	retail warehouse	950	72	818
GENK – G. Lambertlaan 115	retail park	3,109	213	2,042

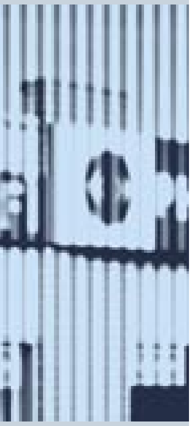
Adress	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer in € 000
GENK – Hasseltweg 74	retail park	2,099	174	1,911
GENT – Veldstraat 81 / Zonnestraat 6/10	inner-city location	3,510	386	4,770
GENT – Volderstraat 15	inner-city location	279	80	930
GERPINNES – Rue de Bertransart 99	retail park	990	64	599
GLAIN – Rue St. Nicolas 572	retail park	1,990	97	821
GRIVEGNEE – Rue Servais Malaise	retail warehouse	2,000	112	1,128
HANNUT – Chaussée de Huy 2	retail park	3,015	185	1,819
HASSELT – Genkersteenweg 76	retail warehouse	1,241	91	1,006
HASSELT – Genkersteenweg 282	retail warehouse	2,020	97	1,002
HASSELT – St. Hubertusplein 46	retail warehouse	895	53	391
HEUSDEN-ZOLDER – Inakker	retail warehouse	1,019	61	633
HOBOKEN – Zeelandstraat 6-8	retail warehouse	2,490	173	1,838
KAMPENHOUT – Mechelsesteenweg 38/42	retail park	3,002	167	1,732
KAPELLEN – Eikendreef 5	retail park	906	45	411
LA LOUVIERE – Rue Albert I 84/86	inner-city location	190	53	567
LEOPOLDSBURG – Lidostraat 7	retail park	1,670	90	901
LEUVEN – Bondgenotenlaan 69-73	inner-city location	1,589	511	6,382
LIEGE – Pont d'Ile 35	inner-city location	80	55	652
LIEGE – Pont d'Ile 45	inner-city location	60	59	742
LIEGE – Pont d'Ile 49	inner-city location	380	85	1,121
MALMEDY – Avenue des Alliés 14B	retail park	813	48	484
MARCINELLE – Rue des Champs 17	local shop	603	19	74
MECHELEN – Bruul 39-41	inner-city location	378	184	2,385
MECHELEN – Bruul 42-44	inner-city location	1,410	337	4,065
MECHELEN – Yzerenleen 30	inner-city location	350	47	569
MERKSEM – Bredabaan 474/476	inner-city location	470	91	967
MESSANCY – Rue de l'Institut 44	retail park	1,998	102	1,057
MONS – Chaussée de Binche 101	retail warehouse	1,000	64	671
MONS – Grand Rue 19	inner-city location	170	69	870
MONS – Rue de La Chaussée 31/33	inner-city location	380	142	1,779
MORTSEL – Statielei 71/73	inner-city location	965	139	1,621
MOUSCRON – Petite Rue 18	inner-city location	235	37	422
OLEN – Lammerdries 6	retail park	15,032	824	7,458
OOSTENDE – Torhoutsesteenweg 610	retail warehouse	1,000	78	907
OVERPELT – Burgemeester Misottenstraat 3	retail warehouse	877	74	786
PHILIPPEVILLE – Rue de France	retail park	3,705	282	2,852
RIXENSART – Rue Boisacq 11	local shop	100	10	114
ROESELARE – Brugsesteenweg 524	retail warehouse	1,000	72	786
SCHELLE – Provinciale Steenweg 453/455	retail park	2,962	178	1,702
SCHERPENHEUVEL – Manneberg 26	retail warehouse	600	67	693
SERAING – Boulevard Pasteur 47	retail warehouse	1,263	87	835

Adress	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer in € 000
SINT-JOB-IN-'T GOOR – Handelslei 10	retail warehouse	600	59	593
SINT-NIKLAAS – Kapelstraat 119	retail warehouse	940	76	368
SINT-TRUIDEN – Hasseltsesteenweg 69	retail warehouse	850	78	805
SINT-TRUIDEN – Kattestraat 25	retail park	1,401	91	970
TIELT-WINGE – Aarschotsesteenweg 1/6	retail park	18,866	1,364	14,607
TIENEN – Slachthuisstraat 36	retail park	4,871	372	3,957
TURNHOUT – Gasthuisstraat 5-7	inner-city location	1,047	238	2,968
TURNHOUT – Gasthuisstraat 32	inner-city location	1,743	281	3,390
VILVOORDE – Leuvensestraat 39/41 - Nowélaan 41	inner-city location	485	98	983
VILVOORDE – Luchthavenlaan 5	retail warehouse	6,345	435	4,912
VILVOORDE – Mechelsesteenweg 30	retail park	7,726	592	6,296
WATERLOO – Chaussée de Bruxelles 284	retail park	1,198	101	1,120
WAVRE – Rue du Commerce 26	inner-city location	140	49	469
WAVRE – Rue Pont du Christ 46 - Rue Barbier 15	inner-city location	739	128	1,455
WILRIJK – Boomsesteenweg 643-645	retail warehouse	1,837	128	1,449
WILRIJK – Boomsesteenweg 666-672	retail park	4,884	433	5,057
WILRIJK – Oude Baan 59-79 / Boomsesteenweg 660-664	semi-industrial	20,170	803	6,386
Total property in operation		**207,000**	**19,326**	**215,396**
PROPERTY NOT IN OPERATION				
AALST – Kalfstraat 3	offices	600	30	180
ELEWIJT ZEMST – Keizer Karellaan	land	2,100	0	59
MESSANCY – Route Nationale 81	outlet centre	18,676	0	14,011
OLEN – Lammerdries 6	retail warehouse	12,450	349	1,875
OLEN – Lammerdries 6	land	32,389	0	0
OLEN – Lammerdries 6	villas	0	0	528
VILVOORDE – Mechelsesteenweg 30	offices	714	48	317
WAVRE – Rue du Commerce 26	appartments	260	12	105
Total property not in operation		**67,189**	**439**	**17,075**
Total property in operation + not in operation		**274,189**	**19,766**	**232,471**



3. Evolution of the property portfolio

	31.12.2002	31.12.2001	31.12.2000
Value of buildings in operation (€)	240,226,934	214,021,058	190,959,752
Value of buildings not in operation (€)	20,375,998	6,747,904	8,676,273
Value of portfolio deed in hand (€)	260,602,932	220,768,962	199,636,025
Value of portfolio costs-to-buyer (€)	232,471,141	193,765,974	175,975,465
Current rents (€)	18,415,818	16,624,367	14,876,499
Yield (%)[12]	7.67	7.77	7.79
Current rents, including estimated rental value (€)	19,326,186	17,237,375	15,474,425
Yield if fully let (%)	8.04	8.05	8.10
Total lettable area (m²)	207,000	186,781	189,742
Occupancy rate (%)	95.28	96.51	96.14



4. Valuation of the portfolio by Cushman & Wakefield Healey & Baker

In the valuation report of 31 December 2002, Cushman & Wakefield Healey & Baker stated the following:

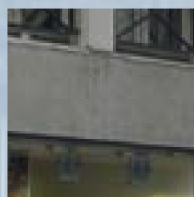
"Taking into account all of the remarks, definitions and reservations which are included in this report and its appendices and which form an integral part of it, we consider the market value of this portfolio on a "costs-to-buyer" basis to be € 232,471,000 (two hundred and thirty-two million four hundred and seventy-one thousand euros)."

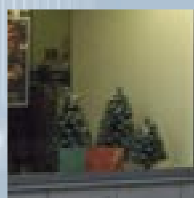
Done in good faith in Brussels on 31 December 2002.

For Cushman & Wakefield Healey & Baker

Eric Van Dyck

[12] *Calculated on the basis of the current (gross) rent divided by the value of the buildings in operation.*





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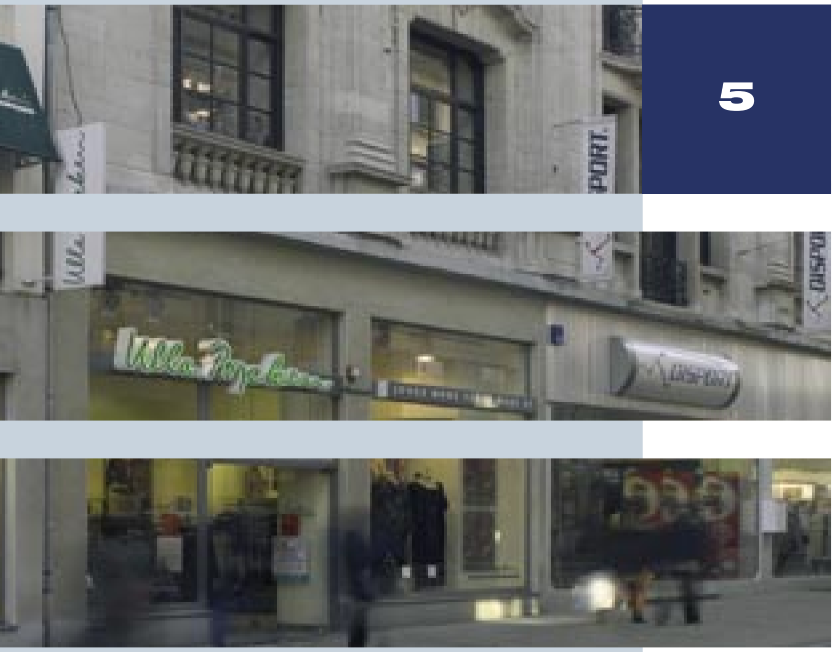


5

Financial report

1. Unconsolidated accounts

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.

1.1. Balance sheet

BALANCE SHEET AFTER PROFIT DISTRIBUTION

ASSETS	Financial year	Previous financial year
FIXED ASSETS	**232,485**	**191,977**
III. Tangible fixed assets	232,471	187,727
A. Land and buildings	215,395	183,142
F. Assets under construction and advance payments	17,076	4,585
IV. Financial fixed assets	14	4,250
A. Affiliated companies	0	4,234
1. Participating interests	0	4,234
C. Other financial fixed assets	14	16
2. Amounts receivable and cash guarantees	14	16
CURRENT ASSETS	**5,733**	**9,705**
VII. Amounts receivable within one year	3,131	1,310
A. Trade debtors	745	605
B. Other amounts receivable	2,386	705
VIII. Investments	76	7,437
B. Other investments	76	7,437
IX. Liquid assets	2,391	940
X. Deferred charges and accrued income	135	18
TOTAL ASSETS	**238,218**	**201,682**

LIABILITIES		Financial year	Previous financial year
SHAREHOLDERS' EQUITY		**126,333**	**126,983**
I.	Capital	97,213	97,000
	A. Issued capital	97,213	97,000
II.	Issue premiums	4,183	4,183
IV.	Reserves	23,952	24,851
	B. Non-disposable reserves	23,952	24,851
	2. Other	23,952	24,851
V.	Profit carried forward	985	949
PROVISIONS AND DEFERRED TAXES		**195**	**496**
VII.	A. Provisions for risks and charges	195	496
	3. Major repair and maintenance works	0	248
	4. Other risks and charges	195	248
DEBTS		**111,690**	**74,203**
VIII.	Amounts payable after one year	19,188	19,418
	A. Financial debts	19,105	19,369
	4. Credit institutions	19,105	19,369
	D. Other amounts payable	83	49
IX.	Amounts payable within one year	91,122	54,033
	A. Amounts payable after one year that fall due within the year	264	369
	B. Financial debts	72,571	39,801
	1. Credit institutions	72,571	39,801
	C. Trade debts	3,986	404
	1. Suppliers	3,986	404
	E. Debts relating to taxes, remuneration and social security contributions	1,978	893
	1. Taxes	1,978	893
	F. Other amounts payable	12,323	12,566
X.	Accrued charges and deferred income	1,380	752
TOTAL LIABILITIES		**238,218**	**201,682**

1.2. Profit and loss account

A. OPERATING RESULT		Financial year	Previous financial year
I.	Operating income	19,055	16,998
	A. Turnover	17,461	15,520
	C. Other operating income	1,594	1,478
II.	Operating charges (-)	-4,018	-3,771
	A. Services and other goods	2,665	2,025
	E. Provisions for risks and charges (additions (+)/expenditure and withdrawals (-))	-301	248
	F. Other operating charges	1,654	1,498
III.	Gross operating profit/loss (+) (-)	15,037	13,227
IV.	Financial income	114	586
	B. Income from current assets	88	584
	C. Other financial income	26	2
V.	Financial charges (-)	-2,975	-2,221
	A. Charges of debts	2,939	2,210
	C. Other financial charges	36	11
VI.	Taxes (-) (+)	11	0
	B. Regularisation of taxes and withdrawals from provisions before taxes	11	0
VII.	Net operating profit/loss (+) (-)	12,187	11,592

B. RESULT ON THE PORTFOLIO		Financial year	Previous financial year
VIII.	Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (+) (-)	-681	4,816
	A. Property assets (within the meaning of the R.D. of 10.04.1995)	-681	4,816
	- Added value	18	5,036
	- Loss of value	-699	-220
IX.	Changes in the unrealized market value of portfolio items (+) (-)	-1,142	-273
	A. Property assets at the end of the year (within the meaning of the R.D. of 10.04.1995)	-1,816	1,728
	- Added value	7,397	8,092
	- Loss of value	-9,213	-6,364
	C. Changes in market value previously recorded on the portfolio items disposed of during the year	674	-2,001
	- Added value	-32	-2,259
	- Loss of value	706	258
XI.	Profit (Loss) on the portfolio (+) (-)	-1,823	4,543

C. EXCEPTIONAL RESULT		Financial year	Previous financial year
XIV.	Exceptional profit (exceptional loss) (+) (-)	0	0
XV.	Profit (Loss) for the financial year (+) (-)	10,364	16,135

D. Result for appropriation			
XV.	Profit (Loss) for the financial year (+) (-)	10,364	16,135
XVI.	Appropriation of the change in the market value of portfolio items	1,823	-4,543
	A. Transfer to the non-disposable reserves (-)	0	-4,543
	B. Withdrawal fom the non-disposable reserves (+)	1,823	0
XVII.	Profit balance for appropriation (net deficit to be absorbed) for the financial year (+) (-)	12,187	11,592

TREATMENT OF RESULT			
A.	Profit balance for appropriation	13,136	12,538
	1. Profit for appropriation for the financial year	12,187	11,592
	2. Profit carried forward from the previous financial year	949	946
D.	Result to be carried forward	-925	-949
	1. Profit to be carried forward (-)	-925	-949
F.	Profit to be distributed (-)	-12,211	-11,589
	1. Indemnification of the capital	-12,211	-11,589

1.3. Valuation rules

1.3.1. 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 30.01.2001, the Royal Decree of 12.09.1983 in execution of the Act of 17.07.1975 on the accounting and annual accounts of companies, the amended Royal Decree of 04.03.1991 relating to certain institutions for collective investment, the Royal Decree of 08.03.1994 concerning the accounting and annual accounts of certain institutions for collective investment with a variable number of shares and the Royal Decrees of 10.04.1995 and 10.06.2001 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).

The exit tax due by companies that have been taken over by the property investment fund, is deducted from the upward value adjustment determined upon the merger which is posted to the non-disposable reserve, for the property investment fund after the merger, in accordance with the recommendations of the Commission for Accounting Standards to property investment funds.

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 12.03.2003 by the Minister for Economic Affairs for the financial years 2002, 2003 and 2004 (see also section 1.4.).

1.3.2. 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, consulting costs, reinvestment compensations, mortgage release costs of the financing of the absorbed companies and other merger 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 17.07.1975 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.[13]

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 30.01.2001, 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.

The added values on the realization of fixed assets are considered as not available for distribution to the extent that they are reinvested within a term of four years starting from the first day in which the added values have been realized. These realized added values are registered in the result of the financial year under the caption "result on the portfolio" and are added to the non-disposable reserves during the treatment of result.

Contrary to articles 64 §1 and 65 of the Royal Decree in execution of the Belgian Company Code of 30.01.2001, Intervest Retail does not write off buildings, real rights over buildings or properties placed under a leasing arrangement with Intervest Retail.

The commissions paid to brokers after a vacant period are capitalised in view of the fact that property experts deduct estimated commissions from the estimated value of the property after vacant periods. The commissions paid to brokers after immediate reletting without no intervening vacancy are not capitalised, and are deducted from the operating profit because property experts do not take these commissions into account in their valuations.

- **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

[13] *The tangible fixed assets are therefore entered at the value estimated by the property expert, "costs-to-buyer" i.e. excluding costs, registration fees and professional fees. By applying this valuation method, Intervest Retail expresses the net realization value of the assets if Intervest Retail were to be wound up.*

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.

- **Entry of work on buildings**
For accounting purposes, the work on buildings charged to the owner is either deducted from the operating profit or capitalised (added to the asset value of the building), 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 and alterations, on the other hand, are entered on the assets side of the balance sheet: renovations are normally undertaken every 10 to 15 years and consist of the virtually complete renewal 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. Alterations are occasional works that add a function to the building or significantly improve its comfort, thereby leading to an increase in the rent and the rental value, or without which the current level of rent could not be sustained. E.g.: the installation of an air conditioning system. The costs eligible for capitalisation relate to the materials, contract work, technical studies and architects' fees, excluding internal costs.

- **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 30.01.2001, 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 composed.

Articles 10 and 14 §1 of the Royal Decree of 08.03.1994 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 30.01.2001 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 08.03.1994 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 realization 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.

  The damages paid by tenants for cancellation of their rent contracts is apportioned over time, over the number of months' rent paid by the tenant as damages if the property in question is not let during this period. If the property in question is re-let, the damages payable due to the cancellation of the rent contract are recorded in the profit or loss of the period in which they are incurred or, if they are not fully apportioned over the time if the property is re-let at a later period, the remaining balance at the time of re-letting is recorded.

  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.

- **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.

1.3.3. 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.

1.4. 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 12.03.2003 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 2002, 2003 and 2004.

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 realized 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 portfolio in the profit and loss account.

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

Changes in the market value of the portfolio 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. 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.

Since the amount of realized added values has to be calculated in relation to the acquisition cost of the immovable property concerned, a reversal of charges must be made for the portion of the realized 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. This reversal of charges is entered in section IX: "Changes in market value previously recorded on portfolio items disposed of during the financial year".

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

1. added values or loss of value on sales of portfolio items (in relation to their acquisition cost) (VIII)
2. changes in the unrealized market value on the portfolio (IX)

1.5. Additional note

III.	STATEMENT OF TANGIBLE FIXED ASSETS		
a)	**Acquisition cost**	**Land and buildings**	**Assets under construction and advance payments**
	As at end of previous financial year	177,251	7,736
	Movements during the financial year		
	- Acquisitions, including produced fixed assets	29,255	14,346
	- Sales and disposals (-)	-2,750	0
	- Transfers from one caption to another (+) (-)	376	-376
	As at end of financial year	204,132	21,733
b)	**Added values**		
	As at end of previous financial year	5,892	-3,178
	Movements during the financial year		
	- Recorded	7,813	139
	- Written off (-)	-1,390	-2,670
	- Transferred from one caption to another (+) (-)	-1,052	1,052
	As at end of financial year	11,263	-4,657
d)	**Net book value as at end of financial year**	**215,395**	**17,067**

IV.	STATEMENT OF FINANCIAL FIXED ASSETS	
1.	**Participating interests and shares**	**Affiliated companies**
a)	**Acquisition cost**	
	As at end of previous financial year	4,234
	Movements during the financial year	
	- Acquisitions	19,230
	- Sales and disposals (-)	-23,464
	As at end of financial year	0
c)	**Depreciations**	
	As at end of previous financial year	0
	Movements during the financial year	
	- Recorded	2,078
	- Written off after being sold and disposed of (-)	-2,078
	As at end of financial year	0
d)	**Net book value as at end of financial year**	**0**

2.	Receivables	Other companies
	Net book value as at end of previous financial year	**16**
	Movements during the financial year	
	Repayments (-)	-2
	Net book value as at end of financial year	**14**

VI.	INVESTMENTS: OTHER INVESTMENTS	Financial year	Previous financial year
	Forward accounts at credit institutions with a remaining	76	7,437
	term or term of notice of:		
	- maximum one month	76	7,437

VII.	DEFERRED CHARGES AND ACCRUED INCOME	Financial year
	Deferred charges	124
	Accrued income	11

VIII. STATEMENT OF THE CAPITAL

A. Nominal capital

1.	Issued Capital	Amounts	Number of shares
	As at end of previous financial year	97,000	5,038,746
	Movements during the financial year		
	- *merger Immobilière de l'Observatoire*	3	7,273
	- *merger Retail Development, GL Properties, Micol, Goorinvest, Framonia, Tafar, Winvest, Avamij, Immo Shopping Tienen, Lemi and Immo 2000M*	209	26,701
	- *merger Immo GL*	1	5,805
	As at end of the financial year	97,213	5,078,525

2.	Composition of the capital	Amounts	Number of shares
	1. Type of share		
	- Normal shares without nominal value	97,213	5,078,525
	2. Registered or bearer shares		
	- Registered shares	/	3,455,669
	- Bearer shares	/	1,622,856

IX.	PROVISIONS FOR OTHER RISKS AND CHARGES	Financial year
	Provisions for pending differences	195

X.	STATEMENT OF DEBTS			
A.	**Breakdown of debts originally payable after one year by the remaining term of the debt**			
	Debts with a remaining term of:			
		No more than one year	More than one year but no more than 5 years	More than 5 years
	Financial debts	264	17,339	1,766
	4. Credit institutions	264	17,339	1,766
	Other amounts payable	0	83	0
	Total	**264**	**17,422**	**1,766**

C.	Debts relating to taxes, remuneration and social security contributions	
	1. Taxes	**Financial year**
	b) Non due tax debts	51
	c) Estimated tax debts	1.927

XI.	DEFERRED CHARGES AND ACCRUED INCOME	Financial year
	Interests payable	1.147
	Other	233

XII.	OPERATING RESULT	Financial year	Previous financial year
E.	**Provisions for risks and charges**		
	Additions	0	248
	Expenditure and withdrawals (-)	-301	0
F.	**Other operating charges**		
	Income and other taxes on the company's ordinary operations	1,610	1,261
	Other	44	237

XIII.	FINANCIAL RESULT	Financial year	Previous financial year
A.	**Other financial income**		
	Various financial income	26	2
E.	**Other financial charges**		
	Provisions of financial character		
	- Bank charges	35	9
	- Various financial charges	1	2

XVI.	VALUE-ADDED TAX AND TAX CHARGED TO A THIRD PARTY		
		Financial year	**Previous financial year**
A.	**The value-added tax charged**		
	1. Deductable to the company	573	422
	2. By the company	669	162

XVIII.	RELATIONS WITH AFFILIATED COMPANIES AND COMPANIES WITH WHICH A PARTICIPATING INTEREST EXISTS		
	Affiliated companies	**Financial year**	**Previous financial year**
	1. Financial fixed assets	0	4,234
	- Participating interests	0	4,234
	2. Receivables	0	453
	- Payable in one year or less	0	453
	4. Debts	0	1,675
	- Payable in one year or less	0	1,675
	7. Financial result	0	572
	- Income from current assets	0	553
	- Charges of debts	0	19

XIX.	FINANCIAL RELATIONS WITH THE DIRECTORS AND BUSINESS MANAGERS	Financial year
	4. Direct or indirect emoluments and pensions granted and charged to the profit and loss account, unless this disclosure relates exclusively or mainly to the situation of one single, identifiable person:	
	To directors and business managers	65

XX. SOCIAL BALANCE SHEET

Regarding the social balance sheet, there is nothing to report as the company doesn't employ any personnel.

XXI. SHAREHOLDERS' STRUCTURE OF THE COMPANY

- Vastned Retail	75.94%
- CFB	1.58%
- Publiek	22.48%

XXII. INCORPORATIONS OF MERGER INTO THE ACCOUNTS

The incorporation of the merger transactions into the accounts means that certain balance sheet moments cannot be explained unambiguously by the corresponding line from the profit and loss account or the treatment of the result.

XXIII. TAX

Intervest Retail NV/SA is challenging a number of decisions by the tax authorities. The majority of these challenges are currently in the objection stage, and relate for the most part to the determinations of the taxable basis for the "exit tax" that is payable when a company is recognised as, or merged with, a property investment fund. More specifically, they relate to the interpretation of the term "actual value of the nominal capital", as specified in the article 210 §2 of the Belgium Income Tax Code.

Intervest Retail NV/SA and the overwhelming majority of other Belgian property investment funds, which are faced with the same problem, believe that this term should be interpreted, in accordance with Supreme Court case law, in its normal, usual meaning, i.e. the winding-up value of selling value of the shareholders' equity, which should be determined on the basis of the selling value or 'costs-to-buyer" value of (the property on) the assets side of the balance sheet, less the selling value of the debts. However, the authorities argue tha the actual value of the nominal capital should be determinded on the basis of the value of the shares, the deed in hand value of the property, or some other higher value.

XXIV. DEFERRED PAYMENT OF IMMO GL NV/SA SHARE PRICE

In 2002, the shares in Immo GL were acquired at a fixed price by Intervest Retail NV/SA (97.6%) and a third-party shareholder (2.4%). It was also specified that the share price, at a fixed return, could be increased in proportion with the future income of Immo GL until 30 June 2006 at the latest.

Given that on 30 December 2002 Immo GL NV/SA was aborbed by Intervest Retail NV/SA through a merger, and this unrealized income was not taken into consideration when determining the exchange ratio (which meant that no shares were issued to the shareholders concerned in relation to it), this obligation has, as a result of the merger, been transferred to Intervest Retail NV/SA.

DECLARATION RELATING TO THE CONSOLIDATED ANNUAL ACCOUNTS

A. Information to be provided by any company which is subject to the provisions ofthe Royal Decree of 6 March 1990 concerning the consolidated annual accounts of companies.

The company

- subject to the said Royal Decree of 6 March 1990 has prepared and published consolidated annual accounts and a consolidated annual report: no
- has not prepared any consolidated annual accounts and consolidated annual report, because it is exempted from doing so for the following reason(s): The company is itself a subsidiary of a parent company which prepares and publishes consolidated annual accounts, in which its own annual accounts are included by consolidation: yes

B. Information which must be provided by the company, if it is a subsidiary company or joint subsidiary company

- Name, full address of the registered office, if it is a company incorporated under Belgian law, the VAT or national number of the parent company(ies) with an indication of whether that parent company or those parent companies prepares or prepare, publishes or publish consolidated annual accounts, in which its own annual accounts are included by consolidation[14]:

  VASTNED RETAIL
  Max Euwelaan 1
  PO Box 4444
  AK 3006 Rotterdam, The Netherlands
  Prepares a consolidated annual accounts for the greater part.

- If the parent company(ies) is/are a company or companies incorporated under foreign law, the place where the consolidated annual accounts as intended above may be obtained[14]:

  VASTNED RETAIL
  Max Euwelaan 1
  PO Box 4444
  AK 3006 Rotterdam, The Netherlands

[14] *If the company's annual accounts are consolidated at different levels, then those details shall be provided on the one hand for the greater part and on the other hand for the lesser part of companies of which the company forms part as a subsidiary and for which consolidated annual accounts are prepared and published.*

1.6. Statutory Auditor's report

Statutory auditor's report for the financial year ended 31 december 2002 to the shareholders' meeting of the company

INTERVEST RETAIL NV/SA,
BELGIAN PROPERTY INVESTMENT FUND

To the Shareholders,

In accordance with the legal and statutory requirements, we are pleased to report to you on our audit assignment which has been entrusted to us.

We have examined the financial statements for the year ended 31 December 2002, which have been prepared under the responsibility of the Board of Directors and which show a balance sheet total of € 238,218 (000) and an income statement resulting in a profit for the year of € 10,364 (000). In addition, as required by law, we have performed specific additional audit procedures.

Unqualified audit opinion on the financial statements

We conducted our audit in accordance with the standards of the "Institut des Réviseurs d'entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement taking into account the legal and statutory requirements applicable to financial statements in Belgium.

In accordance with these standards we have taken into account the administrative and accounting organization of your company as well as the procedures of internal control. The responsible officers of the company have clearly replied to all our requests for information and explanations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the accounting policies used, the significant estimates made by the company and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In accordance with article 15 of the Accounting Law of July 17, 1975, the Minister of Economic Affairs has agreed on 12 March 2003 to a deviation of the presentation-scheme of the annual accounts. This deviation has been granted for the years 2002, 2003 and 2004. The annual accounts for the year ended 31 December 2002 have been prepared in conformity with this scheme.

In our opinion, taking into account the applicable legal and regulatory requirements, the financial statements give a fair and true view of the company's assets, liabilities, financial position as of 31 December 2002, and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

Additional statements

We supplement our report with the following certifications which do not modify our audit opinion on the financial statements:

- The directors' report contains the information required by the law and is consistent with the financial statements.

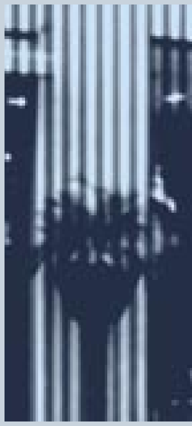
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the legal and statutory requirements applicable in Belgium.

- No transactions have been undertaken or decisions taken in violation of the company's statutes or the Companies Code which we would have to report to you. The appropriation of the results proposed to the General Meeting is in accordance with legal and statutory requirements.

Brussels, 11 April 2003

The Statutory Auditor,

Ludo De Keulenaer
Partner of Deloitte & Partners Company Auditors



1.7. Annual report of the Board of Directors

INTERVEST RETAIL
Property investment fund under Belgian law
Limited liability company
Uitbreidingstraat 18
B-2600 Berchem-Antwerp

Antwerp commercial register no. 341.493
VAT number BE 431.391.860 (partial liability)

Annual report for the financial year ended on 31 December 2002

In accordance with the statutory provisions, we have pleasure in presenting you our report on the position of your company for the financial year that started on 1 January 2002 and ended on 31 December 2002.

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

1. Comments on the annual accounts

1. In so far as it is still necessary, the Board of Directors would like to remind you that the company was recognised as a property investment fund in December 1998, as a result of which its tangible fixed assets have to be valued at market value, as determined by the property experts at the end of each financial year (see article 55 et seq of the Royal Decree relating to property investment funds dated 10.04.1995).

2. *The nominal capital of the company as at 31.12.2002 is € 97,213,233.32.*
   The Board of Directors also informs you that on 08.05.2002 Intervest Retail NV/SA took over the limited liability company Immobilière de l'Observatoire by means of a merger. On 02.10.2001 the company had already acquired 650 of the 683 shares in Immobilière de l'Observatoire NV/SA. Following this merger, 7,273 new shares were issued and the nominal capital of the company was increased by € 2,995.61. This saw the amount of nominal capital rise from € 97,000,000 to € 97,002,995.61, divided into 5,046,019 shares.

   This Extraordinary General Meeting of 08.05.2002 also resolved to authorise the Board of Directors to acquire company shares, if this is necessary to save the company from serious and imminent harm. The Board of Directors was also again authorised to increase the nominal capital, within the context of the permitted capital, by a maximum amount of € 97,002,995.61 (i.e. the nominal capital of the company following this merger). The company's articles of association were also amended in accordance with the Belgian Company Code.

   The Board of Directors also wishes to inform you that by resolution of the Extraordinary General Meeting of 30.12.2002 the company has taken over the limited liability companies GL Properties, Retail Development, Winvest, Immo 2000 M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol, Immo Shopping Tienen and Immo GL by means of a merger. Previously, on 27.09.2002, the company had already acquired approximately 90% of the shares in each of GL Properties NV/SA, Retail Development NV/SA, Winvest NV/SA, Immo 2000 M NV/SA, Avamij NV/SA, Goorinvest NV/SA, Tafar NV/SA, Lemi NV/SA, Framonia NV/SA, Micol NV/SA and Immo Shopping Tienen NV/SA. On 04.11.2002 Intervest Retail NV/SA acquired 244 of the 250 shares in Immo GL NV/SA. Following this merger, 32,506 new shares were issued and the nominal capital of the company was increased by € 210,237.71. This saw the amount of nominal capital rise from € 97,002,995.61 to € 97,213,223.32, divided into 5,078,525 shares.

On 30.12.2002, the amount by which the Board of Directors is able to increase the capital of the company in one or more operations (i.e. the permitted capital) was renewed and increased, with the result that the Board of Directors has access to permitted capital of € 97,213,233.32 for a period of 5 years, starting from the publication of this decision in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees, which took place on 24.01.2003.

The Board of Directors points out that ultimately it was not possible to go through with the planned purchase of a retail warehouse park in Herstal, consisting of four properties, as mentioned on page 9 of the half year report of 30.06.2002.

3. *Development of the Messancy Outlet Centre.*
Op 09.10.2002 en 04.11.2002 sloot de vennootschap een overeenkomst af met Group GL inzake de gezamenlijke ontwikkeling en commercialisering van het Messancy Outlet Centre, een zgn. factory outlet te Messancy, op dat ogenblik eigendom van de vennootschap Immo GL NV/SA. As already mentioned, on 04.11.2002 Intervest Retail NV/SA acquired 97.60% of the shares in Immo GL NV/SA and merged this company with Intervest Retail NV/SA on 30.12.2002 (see above). As a result, from that point on Intervest Retail NV/SA became the owner of the Messancy Outlet Centre due for development.

It is anticipated that the Messancy Outlet Centre will open in the second quarter of 2003.

4. *Tax system*
On 20.09.2000 Intervest Retail NV/SA took over the real estate companies Nieuwe Antwerpse Luxebuildings NV/SA, News of the World NV/SA, Immorent NV/SA and Zeven Zeven NV/SA by means of a merger.

However, in relation to the 2000 tax year (i.e. the tax year that ran up to the merger date of 20.09.2000), Intervest Retail NV/SA received, exceptionally, additional assessment notices dated 20.12.2002 for each of these four companies, due to the fact that the basis for the calculation of the exit tax due as a result of the merger of 20.09.2000 (i.e. the actual value of the nominal capital of the acquired company) is being contested by the authorities.

The additional assessment notices mentioned are being contested by Intervest Retail NV/SA by means of letters of objection.

In view of the letters of objection submitted, the amounts of these additional assessment notices have been entered as a debt and a receivable within the same liability account on the company's balance sheet. The Board of Directors also wishes to inform you that it cannot agree with the arguments put forward by the authorities, and that on the basis of objective legal and fiscal criteria it is confident that the aforementioned disputes with the tax authorities will be settled in the company's favour.

5. *Deviation from the statutory form for the presentation of the annual accounts.*
Finally, the Board of Directors wishes to highlight the fact that the company has applied for the deviation from the statutory form for the presentation of the annual accounts, as permitted by the Minister for Economic Affairs, following a recommendation by the Commission for Accounting Standards, to be renewed (see p. 49 of the company's annual report as at

31.12.2001). This renewal relates to the financial year ended on 31.12.2002.

6. *Further comments on the annual accounts.* The Board of Directors can therefore comment on the annual accounts for the year ended 31.12.2002 as follows:

Operating income for the financial year ended on 31.12.2002 amounts to € 19,054,446, whilst operating costs for the same financial year come to € 4,017,638. For the financial year ended on 31.12.2002, a gross operating profit of € 15,036,808 has therefore been realized.

Financial income for the financial year ended on 31.12.2002 amounts to € 113,579, whilst financial costs for the same financial year come to € 2,974,679.

For the financial year ended on 31.12.2002 a net operating profit of € 12,187,145 has therefore been realized.

However, primarily as a result of a decline in the market value of the property portfolio, a loss of € 1,823,446 was realized on the portfolio for the financial year ended on 31.12.2002.

The profit for the financial year amounts to € 10,363,699.

2. Appropriation of profit

As mentioned above, the financial year ended on 31.12.2002 closed with an operating profit of € 12,187,145.

The Board of Directors proposes to pay a dividend of € 2.42 per share, amounting to a total of € 12,211,366 (there are 5,046,019 shares participating in the company's profit for the financial year ended on 31.12.2002, in view of the fact that the 32,506 new shares issued on the occasion of the merger of 30.12.2002 will only participate in the profit for the financial year commencing on 01.01.2003). Consequently, the sum of € 24,221 will be drawn from the profit carried forward from previous financial years.

Thus, the Board of Directors proposes the following appropriation of the operating profit of the company as at 31.12.2002:

- operating profit to be appropriated for the financial year	€ 12,187,145
- profit to be distributed as a dividend payment to the shareholders	€ 12,211,366
- withdrawal from the profit carried forward from previous financial years	€ 24,221

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

No events worthy of mention occurred after the close of the financial year on 31.12.2002.

4. Research & Development activities - Branch offices

Our company did not develop any activities of its own in the area of research and development.
The company has no branch offices.

5. Special payments to the Statutory Auditor

During the past financial year, the following costs were recorded for duties performed by the Statutory Auditor or by persons with whom the Statutory Auditor maintains a professional working relationship:

(i) an amount of € 26,590 in total for statutory engagements;
(ii) an amount of € 126,825 in total for extraordinary duties, in particular € 42,065 to Arthur Andersen resp Deloitte & Partners Company Auditors (including € 22,890 for due diligence) and € 84,760 to Arthur Andersen resp Deloitte & Partners Tax Advisors (including € 12,800 for due diligence) (excl. VAT).

6. Autonomous management/corporate governance - sound management

1. The Extraordinary General Meeting of 30.12.2002 also noted the resignation of Mr Kornelis Streefkerk as a non-independent director and passed a resolution to appoint Messrs Reinier van Gerrevink and Hubert Roovers as new, non-independent directors of the company. The subsequent Board of Directors of 30.12.2002 noted the resignation of Mr Streefkerk as Managing Director and of Mr Rijnboutt as Chairman of the Board of Directors. The Board of Directors then appointed Mr Roovers as Managing Director of the company and Mr van Gerrevink as Chairman of the Board of Directors.

2. 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 the regulations relating to sound management which have been approved by the Commission for Banking and Finance and Euronext Brussels.

   The Board of Directors' operation must also be organised in such a way that at least half of the directors sit on the Board of Directors as independent directors (in the meaning of the new article 524 §4, par. 2 of the Belgian Company Code (introduced by the Act of 02.08.2002)). The directors would like to point out that Messrs van Gerrevink and Roovers cannot be regarded as independent directors. Messrs Rijnboutt, Christiaens and Philippson, on the other hand, can be regarded as independent directors in the meaning of the new article 524 §4, par. 2 of the Belgian Company Code (introduced by the Act of 02.08.2002).

3. The Extraordinary General Meeting of 08.05.2002 also passed a resolution to appoint Mr Ludo De Keulenaer, Company Auditor, a recognised auditor in the meaning of article 132 §1, par. 3 of the Act of 04.12.1990 on financial transactions and financial markets and a partner of Arthur Andersen Company Auditors CVBA (now Deloitte & Partners Company Auditors CVBA), as Statutory Auditor of the company.

4. Finally, the Board of Directors should like to inform you that the company has terminated the custodian bank agreement with Fortis Bank NV/SA as from 01.09.2002. From this date onwards, Bank Degroof NV/SA has been the custodian bank of Intervest Retail NV/SA.

   In addition, the company's financial services agreement with Fortis Bank NV/SA has been terminated, likewise as from 01.09.2002. From that time onwards, the company's financial services have been provided by Bank Degroof NV/SA.

7. Obligation to disclose information periodically

We hereby present the 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 31.12.2002. This report, the report by the Board of Statutory Auditors and the annual accounts for the financial year closed on 31.12.02 have been made available to you.

We propose that you discharge the directors and the Statutory Auditor (i.e. Mr Ludo De Keulenaer), likewise, for the period from 01.01.2002 to 08.05.2002, Arthur Andersen Company Auditors (now Deloitte & Partners Company Auditors), represented by Mr Rik Neckebroeck, from all liability arising from the exercise of their mandates during the past financial year.

Drawn up in Berchem-Antwerp, on 10 April 2003

The Board of Directors,

Mr Paul Christiaens
Mr Gérard Philippson
Mr Joost Rijnboutt
Mr Hubert Roovers
Mr Reinier van Gerrevink

2.Debts and securities

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

Total amount: 19,105

Credit institution	Amount	Term	Type of credit
Fortis Bank	2,992	30.06.2012	Advance instalments
BBL Bank	16,113	20.03.2005	Roll-Over credit

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

Total amount: 72,835

Credit institution	Amount	Type of credit
Fortis Bank	264	Advance instalments
BBL Bank	8,676	Fixed advance
Hollandse Bank-Unie	26,500	Fixed advance
Dexia	12,395	Fixed advance
Fortis Bank	25,000	Fixed advance

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

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

2.4. Securities

No mortgages have been registered, nor powers to mortgage granted. Most financial instititions demand that the investment fund permanently satisfies the financial ratios as prescribed by the Royal Decree on property investment funds.

2.5. Structure of the financing

The split of the company's financing between short-term and long-term liabilities have been incorporated in the annual accounts, in accordance with the law and royal decrees relating to annual accounts, based on the due dates of these loans, i.e. split into those due in less than one year or in more than one year. On the basis of this accounting split, the structure of the financing can be presented as follows:

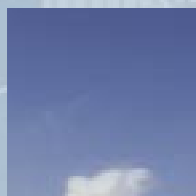
Split depending on the due date of the tranches of loans taken up:

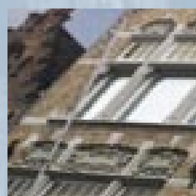
short-term:	€ 72,835	(79%)
long-term:	€ 19,105	(21%)
total:	€ 91,940	(100%)

A significant share of the short-term loans according to the above split consists, however, of tranches taken up under lines of credit guaranteed for a longer period. The tranches of these lines of credit were mainly taken up on a short-term basis under the present economic conditions in order to benefit from the relatively low short-term interest rates. The majority of these borrowings can, however, be converted into long-term loans at fairly short notice. On the basis of the availability and expiry dates of the lines of credit, the structure of the financings can be presented as follows:

Split according to expiry date of credit lines:

short-term:	€ 51,500	(56%)
long-term:	€ 40,440	(44%)
total:	€ 91,940	(100%)





Bruges - Steenstraat 80

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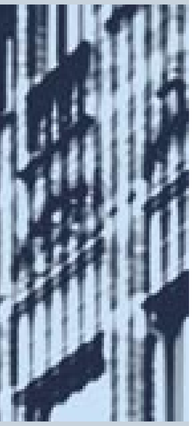
General information



1. Identification

1.1. Name

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

1.2. 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.

1.3. 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.

1.4. 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 30 December 2002.

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 aformentioned 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.

1.5. Duration

The company was founded for an indefinite period.

1.6. 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 rights on participating interests 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 listing of a stock exchange of a member state of the European Union, the NYSE, the NASDAQ or a Swiss stock exchange. The company may possess cash reserves in any currencies in the form of sight or time deposits or in the form of another easily negotiable monetary instrument. The company may lend securities in accordance with the conditions permitted by law.

1.7. 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.

1.8. 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.

2. Nominal capital

2.1. Issued capital

The nominal capital amounts to € 97,213,233.32 and is divided into 5,078,525 fully paid-up shares with no statement of nominal value.

2.2. 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
08.05.2002	Merger Immobilière de l'Observatoire NV/SA	2,995.61	7,273	97,002,995.61	5,046,019
30.12.2002	Merger 11 GL companies	208,749.71	26,701	97,211,745.32	5,072,720
30.12.2002	Merger Immo GL NV/SA	1,488	5,805	97,213,233.32	5,078,525

2.3. Permitted capital

The Board of Directors is expressly permitted to increase the nominal capital in one or more operations by an amount of € 97,213,233.32 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 30.12.2002, i.e. as from 24.01.2003. 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 mentioned, on 30.12.2002 the amount of the permitted capital has been increased to € 97,213,233.32. Ever since, the Board of Directors hasn’t made use of the permitted capital.

2.4. 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.

2.5. 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 04.12.1990 and to articles 28 and 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 602, 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

3. Extract from the articles of association

3.1. 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.

3.2. 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.

3.3. Administration and supervision

Article 12. – Composition of the Board of Directors

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

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next General Meeting, when a definitive appointment will be made. Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among his partners, business managers, directors or employees a permanent representative to be charged with the performance of that mandate on behalf of and for the account of the legal entity in question. That representative must satisfy the same conditions and is liable under civil law and responsible under criminal law as if he himself were performing the mandate in question on his own behalf and on his own account, without prejudice to the joint and several liability of the legal person whom he represents. That legal entity may not dismiss his representative without at the same time naming a successor.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the 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 Belgian Company Code as where appropriate they may be amended.

Article 18. – Auditing

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

The Statutory Auditor(s) also audit(s) and certify (certifies) the accounting information contained in the company's annual accounts. At the request of the 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 04.12.1990.

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

3.5. 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 application of this article, net income is defined as the profit for the financial year, excluding downward value adjustments, reversals of downward value adjustments and added values realized on fixed assets, in so far as these are recorded in the 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 realized. The portion of the realized added values that has not been reused after the period of four years will be added to the net income, as defined, of the financial year following this period.

4. Statutory Auditor

Mr Ludo De Keulenaer, partner in the professional partnership in the form of a co-operative partnership with limited liability, Deloitte & Partners Company Auditors, with offices at Berkenlaan 8b, B-1831 Diegem.

The remuneration of the Statutory Auditor amounts to € 50,600 a year for the auditing of the annual accounts.

5. Custodian bank

Since 01.09.2002, Bank Degroof 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 (consolidated):	**payment per tranche (excl. VAT)**
- of € 0 - € 124 million (rounded off):	0.02% per annum
- from € 124 million (rounded off):	0.01% per annum

with a minimum of € 37,184 per annum.

If the total assets amount to € 496 million (rounded off) or more, a commission of 0.01% per annum will be calculated on the total assets.

6. Property expert

The property expert designated by Intervest Retail is Cushman & Wakefield 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

7. 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. As from January 2003 this remuneration has been decreased to € 2,000 a month.

8. Property investment fund – legal framework

The Investment Fund system was regulated in the Royal Decrees of 10.04.1995 and 10.06.2001 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:

1. the form of a limited liability company or a partnership limited with a share capital with minimum capital of € 1,239,467.62
2. a debt ratio limited to 50% of total assets
3. strict rules relating to conflicts of interests
4. recording of the portfolio at market value without the possibility of depreciation
5. a three-monthly estimate of the property assets by independent valuers
6. spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
7. exemption from corporation tax on the condition that at least 80% of the profits are distributed
8. withholding tax (which is the final tax) of 15%, deducted as the dividend is made payable.

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.

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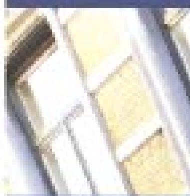

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