INTERVEST

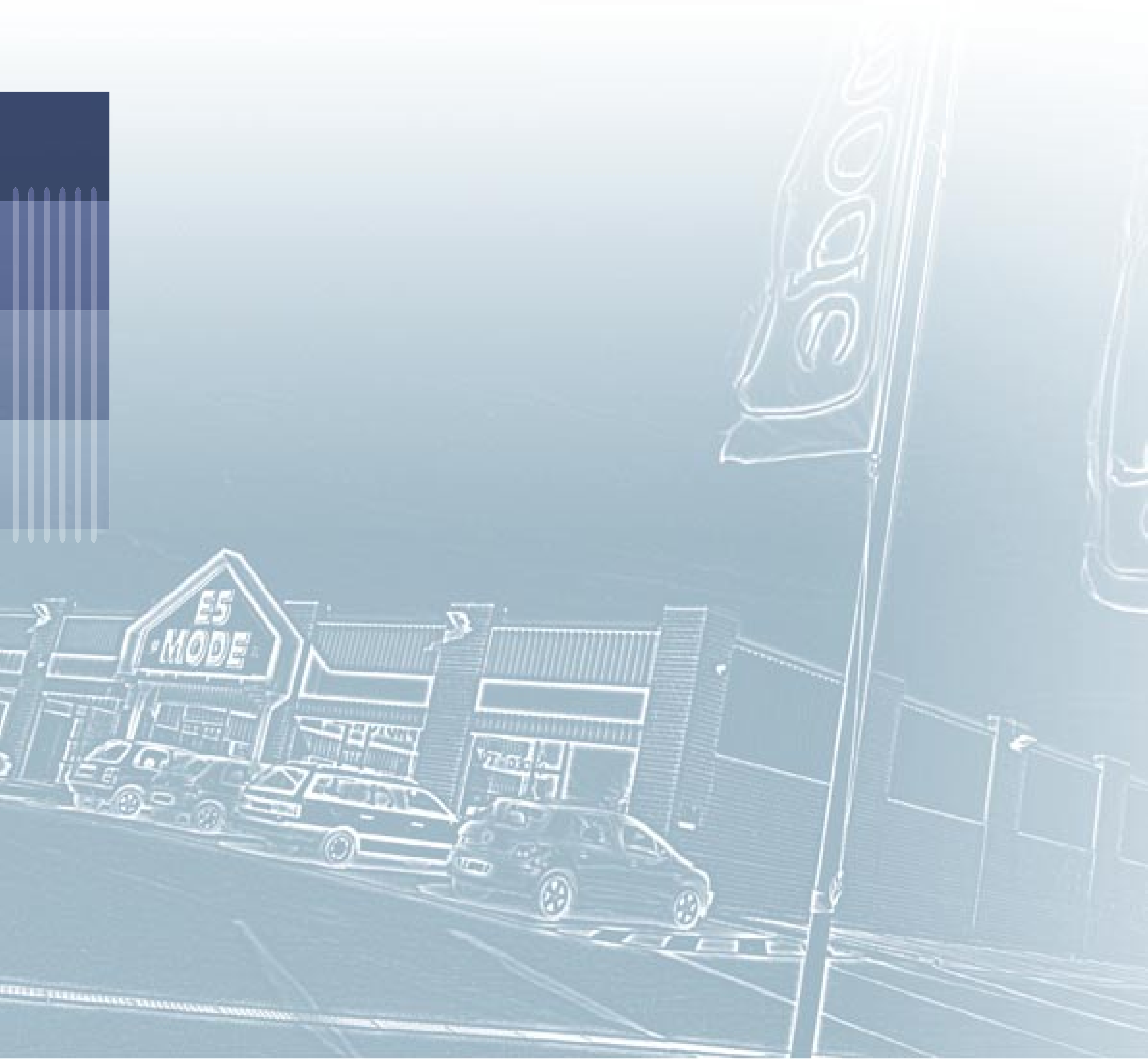
RETAIL

ANNUAL REPORT 31 December 2003

INTERVEST RETAIL

Property Investment Fund
with Fixed Capital under Belgian Law

ANNUAL REPORT 31 December 2003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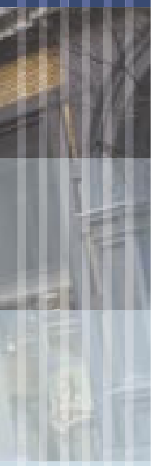

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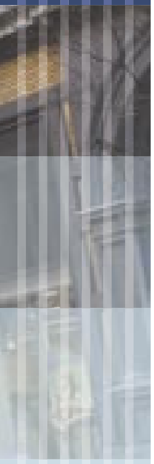
Letter to the shareholders



Dear shareholder,

We are pleased to present you with our annual report for the financial year 2003.

In its fourth year, our company has again achieved is objectives as in previous years.

Despite the crisis, the operating profit rose from € 12.2 million to € 12.9 million, making it possible for us to offer a gross dividend of € 2.54 per share. That is considerably higher than the assumed dividend of € 2.48.

The market for commercial property held up well in 2003, despite the limited economic growth and low consumer confidence. Rents were more or less able to maintain their level and the vacancy rate was kept down to 3.97% (not including the Messancy Outlet Centre).

While no acquisitions took place in 2003, the value of the portfolio still increased by nearly € 25 million. This is due partly to substantial rises in the value of existing properties and partly to investments we have made in the Messancy Outlet Centre. These investments have been financed by entering into new debts. In this way, we have created a financial leverage effect, as the interest we have to pay to the financial institutions is substantially lower than the initial returns that we expect to realise on these investments.

The debt ratio at year end was 49.38%; this means that the possibilities of achieving further growth in the property portfolio by taking up additional financing are limited. Accordingly, alternative possibilities such as mergers and acquisitions will be looked for. If the financial markets permit, the possibility of a share issue will also be investigated.

For 2004, our attention will focus primarily on the further realisation of the project in Messancy, while the (re)development possibilities within the existing portfolio will be examined in order to maximise internal growth.

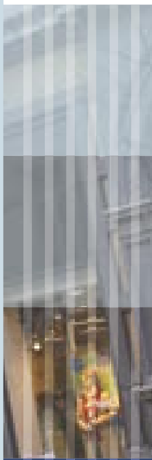
For the future, we aim to further expand the position of Intervest Retail as an important player in the area of Belgian commercial property. A larger portfolio, higher market capitalisation and a higher free float will make the share more attractive to shareholders and increase its liquidity.

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

The Board of Directors

Key figures[1]

PROPERTY ASSETS	31.12.2003	31.12.2002	31.12.2001
Total lettable area (m^2)	220,684	207,000	186,781
Occupancy rate Messancy Outlet Centre included (%)	87.16	-	-
Occupancy rate Messancy Outlet Centre excluded (%)	96.03	95.28	96.51
Value deed in hand (€ 000)	284,847	260,603	220,769
Value costs-to-buyer (€ 000)	254,174	232,471	193,766
BALANCE SHEET INFORMATION[2]			
Adjusted shareholders' equity after profit appropriation (€ 000)	130,633	126,333	126,432
Debt ratio after profit appropriation (%)	49.38	46.31	37.18
RESULTS (€ 000)			
Operating result			
Turnover	18,906	17,461	15,644
Not recovered charges	-170	-149	-150
Other operating income	205	169	263
Net turnover	18,941	17,481	15,757
Operating costs	-3,323	-2,444	-2,408
Operating result	15,618	15,037	13,349
Financial result	-2,990	-2,861	-1,657
Operating result before taxes	12,628	12,176	11,692
Taxes	282	11	-60
Operating result	**12,910**	**12,187**	**11,632**
Result on the portfolio			
Realised added value or loss of value on portfolio items	314	-681	4,816
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	4,013	-1,816	1,109
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-38	674	-2,001
Result on the portfolio	**4,289**	**-1,823**	**3,924**
Exceptional result	**0**	**0**	**0**
Result of the period	**17,199**	**10,364**	**15,556**
INFORMATION PER SHARE			
Number of shares	5,078,525	5,078,525	5,038,746
Number of shares entitled to dividend	5,078,525	5,046,019	5,038,746
Net asset value (incl. dividend) (€)	34.30	33.03	32.75
Gross dividend (€)	2.54	2.42	2.30
Net dividend[3] (€)	2.16	2.06	1.96
Share price on closing date (€)	34.00	33.30	30.01
Over-/undervaluation on net asset value (%)	-0.88	0.82	-8.37



[1] *For 2001 and 2003, these are consolidated figures. Intervest Retail had Immobilière de l'Observatoire NV/SA as a subsidiary at 31.12.2001, and Messancy Outlet Management NV/SA as a subsidiary at 31.12.2003. The figures for 2002 are unconsolidated because Intervest Retail had no subsidiaries at 31.12.2002. These figures have been audited by our Statutory Auditor.*
[2] *Prepared in accordance with a costs-to-buyer valuation.*
[3] *On the assumption that the withholding tax of 15% applies.*

Report of the Board of Directors

Report of the Board of Directors

1. Profile

Intervest Retail invests exclusively in Belgian commercial property, focusing primarily on inner-city locations in prime locations, retail warehouses and shopping centres. Beside, the company also invests in a factory outlet in Messancy.

At present the portfolio is made up of 357 lettable units, spread over 102 different locations. 37% of the property portfolio consists of inner city locations, 47% of retail warehouses and 16% of a factory outlet. The total value as at 31 December 2003 is € 284,846,632 (investment value deed in hand).

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. Investment policy

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 property investment fund maintains an investment policy focused on high-quality commercial property which is leased to first-class tenants. Its investments do not require major repair work in the short term and are strategically placed at good locations.

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

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

2.1. Increaseed liquidity of the share

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

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

In order to improve its liquidity, Intervest Retail concluded a 'Liquidity Providing' contract with Bank Degroof. The liquidity of most Belgian property investment funds is relatively low. One major reason for this is that these funds are often too small -both in terms of market capitalisation and free float[4]- to catch the eye of professional investors. In addition, shares in property investment funds are generally purchased as longer-term investments rather than on a speculative basis, which reduces the number of transactions.

[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 the shareholders. After all, by investing in commercial property throughout Belgium, it is possible to cushion potential cyclical movements in the market. This also means that the company is not dependent on one or a small number of major tenants or projects.

- The **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 (long term) renovation costs, consultancy fees, publicity costs, etc.

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

- It allows a specialised management team to use its far-reaching knowledge of the market to pursue an innovative and creative policy, resulting in **increasing shareholder value**. This makes it possible to realise growth, not only in terms of the rental income, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new terms of lease, an improvement in the quality of the lessees, the offering of new services, etc.

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

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.

2.3. Improvement of risk spread

Intervest Retail endeavours to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as clothes, food, do-it-yourself, home interior, etc.

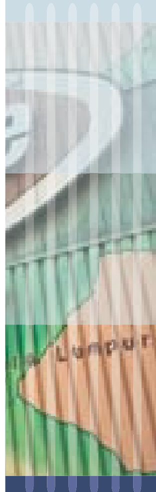
Besides, the investment fund strives to maximize the geographic spread of its premises over entire Belgium.

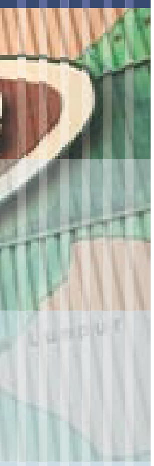
The management of the expiry dates and first interim expiry dates of the tenancy agreements is more difficult, given that most of the tenancy agreements are governed by the legislation on commercial leases (law of 30.04.1951), allowing the tenants to terminate legally their tenancy agreement every three years.

3. Prospects

Our efforts for 2004 and the further future will be aimed not simply at maintaining Intervest Retail's present position as the largest investment fund in the area of Belgian commercial property but also at expanding that position. This may be done through direct acquisitions, mergers and takeovers. Our vision is that the portfolio should grow to a size of around € 500 million over time.

In view of the low level of interest rates, the current stock exchange climate and the company's good performance in recent years, the company is continuing to look at the possibility of capital increases making a call on public capital. The planned growth could be financed with the resources that this could provide.





In the short term, our efforts will be focused mainly on improving the quality of the existing property portfolio, developing the Messancy Outlet Centre successfully, and working out details of a new use for the “Wooncentrum Van De Ven” in Olen (see page 23 and following).

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.

Up to 31 December 2003, the company was managed by Intervest Management NV/SA, a subsidiary of VastNed Retail NV/SA, with which Intervest Retail had concluded a contract on market terms. However, in view of the international trend towards greater transparency of investment funds and increased continuity of management, in November 2003 the decision was taken to transfer all the activities of Intervest Management NV/SA that related to the management of Intervest Retail NV/SA to the latter with effect from 1 January 2004.

This means that the investment fund became a ‘self managed fund’ as of 1 January, and currently employs 8 of the former employees of Intervest Management NV/SA. Since 1 January, the investment fund has also had its own Executive Committee (see also point 4.4. below), and all day-to-day tasks have been carried out by the investment fund itself.

Technically this change took place by means of a transfer for valuable consideration (i.e. sale), with legal continuity (in accordance with article 770 in conjunction with article 760 of the Belgian Company Code), of the ‘Retail’ business segment from Intervest Management NV/SA to Intervest Retail NV/SA. This means that all assets and liabilities, all rights and obligations (including all contracts) and all personnel that could be assigned to the relevant business segment were transferred automatically and with legal continuity to Intervest Retail NV/SA.

The main benefits of this change are that:

- the investment fund controls its own operating costs;
- the investment fund has a fully dedicated management team, which helps with continuity;
- there is greater independence regarding to the majority shareholder (Intervest Management NV/SA was, after all, a 100% subsidiary of VastNed Retail NV/SA).

4.2. Board of Directors

Intervest Retail is managed by a Board of Directors consisting of five members. The directors are appointed for a period of six years. Their appointment may be revoked at any time by the General Meeting.

The Board consists of the following members:

- **Paul Christiaens (59), Director,**
  Vijverstraat 53, 3040 Huldenberg
  Director of property companies

- **Gérard Philippson (53), Director,**
  Saturnelaan 34, 1180 Brussels
  Managing Director of Sopedi (company specialising in property leasing)

- **Joost Rijnboutt (64), Managing Director,**
  Leopold de Waelplaats 28/42, 2000 Antwerp
  Managing Director of Intervest Offices NV/SA

- **Hubert Roovers (60), Managing Director,**
  Franklin Rooseveltlaan 38, The Netherlands - 4835 AB Breda
  Chief Investment Officer, VastNed Management Closed Limited Liability Company under Dutch Law.

- **Reinier van Gerrevink (55), Chairman,**
  Bankastraat 123, The Netherlands -
  2585 EL 's-Gravenhage
  Chief Executive Officer, VastNed Management
  Closed Limited Liability Company under Dutch
  Law.

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

The Board meets at least four times a year. During the 2003 financial year the Board met on six 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 occurred two times in 2003. The first occasion was when Intervest Management's management fee was increased, and the second when the "Retail" business segment was transferred from Intervest Management to the investment fund. For more details, please see the consolidated annual report on page 64.

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
- controlling the Executive Committee

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

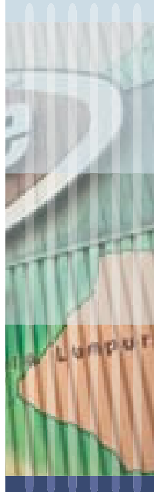
Every independant director receives € 12,395 a year as a director's fee. The independent managing director also receives a remuneration of € 17,352. The directors who represent the majority shareholder do not receive a fee.

The total number of shares Intervest Retail in personal possession of the directors amounts to 1,000 pieces.

4.3. Audit Committee

On the initiative of the Board of Directors, an Audit Committee was set up. Its principal tasks are as follows:
- internal auditing of the correctness and completeness of the financial information to be published
- supervision of the day-to-day policy implemented by the members of the Executive Committee
- supervision of the auditing process as implemented by the Statutory Auditor
- implementation of the corporate governance principles

The Audit Committee meets at least four times a year. It reports its findings and recommendations directly to the Board of Directors.



The Audit Committee is composed of the following members:

- **Gérard Philippson**, Independent Director
- **Paul Christiaens**, Independent Director
- **Reinier van Gerrevink**, Chairman of the Board of Directors

Members do not receive any additional payment for this work over and above their normal director's fee.

The installation of the Audit Committee has been approved by the Banking, Financing and Insurance Commission on 01.03.2004, the Committee being operational as from this date onwards.

4.4. Executive Committee

In October 2003, the decision was taken to set up an Executive Committee with effect from 1 January 2004. In accordance with article 524b of the Belgian Company Code and article 15 of the company's articles of association, the Board of Directors decided to transfer all managerial powers to this Executive Committee, with the exception of:

- the managerial powers that relate to the company's strategic policy;
- the actions that, on the basis of statutory provisions, are reserved for the Board of Directors, such as the purchase and sale of property, the conclusion of tenancy agreements in excess of nine years, the conclusion of agreements placing immovable property under leasing arrangements and relating to real rights over immovable property, and the approval of the annual accounts;
- in addition, actions and transactions that could give rise to the application of article 524 of the Belgian Company Code.

The Executive Committee must submit decisions relating to certain matters to the Board of Directors in advance, for approval.

The Executive Committee is composed as follows (from 1 January 2004):

- **Closed Limited Liability Company under Belgian Law Gert Cowé**, represented by Gert Cowé, Chairman, Chief Executive Officer
- **Closed Limited Liability Company under Belgian Law Nicolas Mathieu**, represented by Nicolaas Mathieu, Chief Financial Officer
- **Closed Limited Liability Company under Belgian Law Rudi Taelemans**, represented by Rudi Taelemans, Chief Operational Officer

The members of the Executive Committee have been appointed for an indefinite period. Their mandates may be terminated at any time.

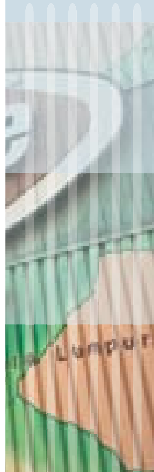
There are no Intervest Retail shares in possession of the Executive Committee.

4.5. Statutory Auditor

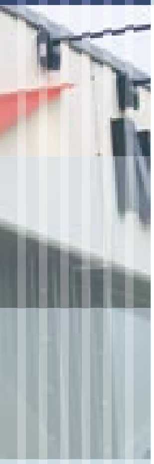
The Statutory Auditor, who is appointed by the General Meeting of Shareholders, i.e. Ludo De Keulenaer, certifies the annual accounts. As Intervest Retail NV/SA is a property investment fund, the Statutory Auditor must also prepare a special report on the annual figures for the Banking, Finance and Insurance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

4.6. Property expert

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



Report of the Executive Committee



Report of the Executive Committee

In the past year, Intervest Retail has focused on the management and optimisation of the existing portfolio.

For example, a sales programme was approved by the Board of Directors under which a number of properties could be sold provided that an appropriate price was obtained. There was a variety of reasons why those properties were included in the sales programme:

- they are not retail premises but offices, warehouses or residential properties;
- the properties are located on sites where no further growth is expected, or sites that have become less attractive;
- they are single properties in isolated positions, making their management too labour-intensive.

The scope of this sales programme is around € 19 million. In 2003, € 2.4 million of the programme was sold.

The Board of Directors has the task of evaluating the portfolio on a continuous basis and adding properties to that sales programme as appropriate. As a result, over time the portfolio will come to consist only of high-quality buildings.

As well as the upgrading of the existing portfolio, a great deal of attention was focused on the development of the Messancy Outlet Centre and the redevelopment of the “Wooncentrum Van De Ven” in Olen.

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. On the contrary, given investors’ high level of interest in retail properties, the gross initial returns[5] had fallen still further, with the result that the portfolio has increased in value.

As at 31 December 2003, the portfolio’s value was € 285 million, compared to € 261 million at the beginning of the financial year.

The financial year was concluded with a consolidated operating profit (direct investment result) of € 12.9 million, or € 2.54 per share.

In accordance with article 6.2.2. of Chapter VI of Schedule A to the R.D. of 18.09.1990 on the prospectus that must be published for securities to be included in the first market of a stock exchange, we can advise you that there are no facts to be communicated[6].

In 2003, 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.

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[5] Gross Initial Return (GIR): the return arrived at by dividing gross rents by the value (deed in hand) of the property.
[6] This article refers to details of the nature and scope of the interests of the members of the directorial, management and supervisory organs in transactions performed by the issuing institution that are unusual in their nature and conditions, such as purchasing outside the normal course of business, acquiring or selling parts of the fixed assets during the previous or current financial year. Details of unusual transactions entered into in previous financial years and not completely settled.

1. The commercial property market[7]

1.1. General

2003 will not go down in history as an outstanding year for commercial property. The combination of economic difficulties and particularly hot weather conditions in the summer months put pressure on retailers' activities. In addition, political uncertainty and the failure of economic recovery to materialise caused consumer confidence to fall still further.

1.2. The rental market

The leasing market in 2003 can best be described as poor. It was mainly leasing activities in the shopping centres and retail warehouses that kept business up to a reasonable level.

Inner-city shops

Leasing in the main shopping streets clearly recorded a lower level than in previous years. This was due primarily to the fact that important major chains such as Hennes & Maurits and Zara have now reached saturation levels. The absence of newcomers in the market, particularly as far as the larger floor areas are concerned, also resulted in a lower level of leasing than in previous years.

Activity in the city centre has slumped almost totally as a result of the economic difficulties. Nevertheless, there is still a mood of optimism. "Given the economic situation, it was quite possible that there could have been major restructurings and even closures of various sales outlets and retail chains in difficulty. But in fact that disaster scenario has not happened at all. The brands have been adopting a wait-and-see attitude since the start of the year", says Boris van Haare Heijmeijer of Cushman & Wakefield Healey & Baker.

Average rents in the city centres remained stable in 2003 or declined slightly.

An overview is given below of the most important rents in Belgium (in €/m^2/annum, for a retail shop of 150 m^2):

• Brussels, Nieuwstraat:	1,264
• Antwerp, Meir:	1,239
• Ghent, Veldstraat:	942
• Brugge, Steenstraat:	818
• Hasselt, Hoogstraat:	818
• Luik, Vinave d'île:	818

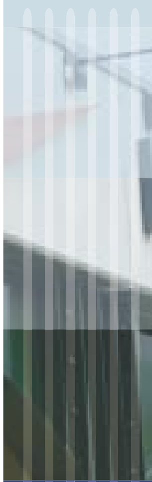
Another phenomenon on the market of the inner-city shops is so-called "key monies" (or pas-de-porte). These are ingoing payments that the retail chains pay one another when they transfer the tangible and intangible assets of a business at a certain location. In actual fact, the shop is being let to a 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.

The present economic context generally brought a contraction in these key monies. Thus, although less was in fact paid for the same space in 2003 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.

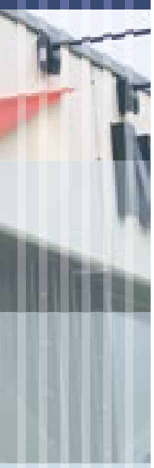
Shopping centres

It was an outstanding year for shopping centres, with newcomers including the opening of Les Grands Prés in Bergen (36,000 m^2), the ceremonial opening of the first phase of the expansion of the Waasland Shopping Centre in Sint-Niklaas (45,000 m^2) and the Woluwe Shopping Centre.

"The small number of retail spaces and the new products being put on the market work to the benefit of leasing conditions for shopping centres. After all, shopping centres continue to be preferred by consumers thanks to their good commercial mix, their easy accessibility and their safety. We also notice that, when there is an economic slowdown,



[7] *This text was partly based on data from Cushman & Wakefield Healey & Baker.*



shopping centres put up better resistance as regards turnover than shops in the city centre. These various factors explain the continuous rise in rental values that are effectively narrowing the gap with the city centres. Whereas 10 years ago we were still seeing a difference of 75% between the Meir and the Wijnegem Shopping Centre, that difference has now shrunk to 25%", Boris van Haare Heijmeijer explains on the basis of his analysis.

Average rents easily reach € 400/m^2/year, and in the more expensive segments such as clothing, top rents of € 800 to € 900/m^2/year can sometimes be achieved.

The rents for shopping centres are clearly on the rise.

Retail warehouses
The retail warehouse market is not suffering so much from the recession, as there are a reasonable number of discount players in that market. Thanks to their cheaper products, they are the players who benefit from an economic malaise by contrast to the more expensive city centre locations.

The average rent is fluctuating between € 80 and € 90/m^2/year. For prime locations, prices of € 125 to € 150/m^2/year are sometimes paid.

This market too is characterised by a number of major projects such as the Hydrion project in Arlon and the redevelopment of the Ikea site in Awans-Hognoul.

For the rest, it is a matter of waiting for the amendments to the socio-economic legislation that Parliament should confirm before the end of its session. These will probably make it easier to obtain permits for smaller areas.

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 m^2) has opened in Maasmechelen, and is to be expanded by a further 10,000 m^2.

There are also plans for a factory outlet in Verviers and Ghent.

Intervest Retail has purchased a factory outlet in Messancy, with around 13,700 m^2 of shop space and around 4,000 m^2 for leisure activities and restaurants. The complex opened its doors in June 2003. "In Messancy, leasing only seems to have got off the ground towards the end of 2003 after a difficult start. But we believe that the critical point is past and that the positive trend will become further established in 2004", says Eric Van Dyck of Cushman & Wakefield Healey & Baker.

1.3. The investment market

In general, the trend on the investment market is comparable to the trend on the letting market. But for the first time in 20 years, the evolution in the two sectors does not appear to be running in parallel. On the one hand, it is true that investors are showing caution because of the fact that it will be less easy to let any accommodation falling vacant. On the other hand, they are quite bullish on acquisitions due to the low interest rates, with the result that the risk premium that exists between those interest rates and the return on property is quite high.

Total sales volumes were around € 200 million in 2003 compared to € 126 million in the previous year. In terms of value, it was mainly shopping centres (46%) that were sold, followed by inner-city locations (31%) and retail warehouses (23%).

Institutional investors were very active; they accounted for 68% of sales and 55% of purchases. The buyers were mainly Belgian (74%) and Dutch (26%) nationals. The transactions took place in Flanders (86%), Brussels (10.5%) and the Walloon region (3.5%).

Whereas the average initial return for city centre sites was around 6% in the last two years, there are now transactions taking place regularly between 5.5% and 6%, and for small transactions returns below 5.5% are even being recorded occasionally.

There are few points of comparison available in the sector for shopping centres. Nevertheless there are concrete indications that a return of 6.5% can be obtained for a good shopping centre, and even 6% to 6.25% for an outstanding shopping centre.

This is because a property with a lower return is more expensive to purchase than a property with a higher return, because this is normally combined with a lower risk profile.

Rates of return on the retail warehouse market have been stable to slightly falling in recent years. For a long time, there was a psychological barrier here, the idea that “It’s nothing but four walls and a ceiling”. But at the moment, new international investors are taking an interest in this segment. They come mainly from the United Kingdom where they are used to rate of return of 5.5% to 6%, so that they find the Benelux returns of 7.25% to 7.5% perfectly acceptable.

As long as interest rates continue at their present level, the trend of falling initial returns looks set to increase.

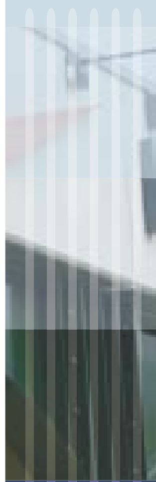
2. Important developments that have taken place in 2003

Last year, the value of the property portfolio developed from € 232 million to € 254 million (values costs-to-buyer).

The details of that increase are as follows:

• value portfolio as at 01.01.2003:	€ 232,471,142
• purchases:	€ 0
• sales:	- € 2,107,529
• unrealised added values:	€ 11,843,490
• unrealised losses of value:	- € 2,470,310
• investments:	€ 14,436,830
• value portfolio as at 31.12.2003:	€ 254,173,623

All of Intervest Management’s management activities were transferred to Intervest Retail and an Executive Committee was appointed. That meant that Intervest Retail became a self-managed fund in order to increase transparency to the outside world in line with what is accepted internationally. We refer in this context to the chapter on Corporate Governance on page 14.



2.1. Purchases

No new acquisitions were made in 2003.

2.2. Sales

During the past years, the following properties in the sales programme referred to above were sold or exchanged:

Location	Address	Type of property	Selling price (€)	Book value on sale (€)	Added value or loss of value (€)
A. Sales					
Antwerp	Hovenierstraat 1	inner-city location	515,000.00	511,703.89	3,296.11
Antwerp	Korte Gasthuisstraat 27	apartment	315,000.00	288,586.26	26,413.74
Hasselt	Sint-Hubertusplein 46	retail warehouse	426,000.00	421,298.22	4,701.78
Marcinelle	Rue des Champs 17	local shop	114,100.00	74,142.72	39,957.28
Mechelen	Bruul 39-41	apartment	120,000.00	97,289.98	22,710.02
Mortsel	Statielei 71/73	apartment	360,000.00	306,257.76	53,742.24
Rixensart	Rue Boisacq 11	local shop	170,000.00	103,123.00	66,877.00
Wavre	Rue Pont du Christ 46	apartment	348,500.00	305,126.77	43,373.23
B. Exchange					
Wilrijk	Oude Baan 59-79	land	-	-	14,873.61
Total			**2,368,600.00**	**2,107,528.60**	**275,945.01**

2.3. Olen

In 2003, a study was compiled for the “Wooncentrum Van De Ven” in Olen by a French bureau specialising in retail property. The provisional conclusions are optimistic. Despite the specific location of the project (with limited visibility and difficult accessibility) there seems to be sufficient potential for changing the use of the centre.

In the meantime contact has already been made with potential tenants. Intervest Retail noticed that there is sufficient interest in the location. Over the coming months, Intervest Retail will further develop the project, test its commercial feasibility and discuss technical and legal matters with several government institutions.

In 2001, Intervest Retail bought three villas from Mr Van De Ven or associated companies. Before that purchase could be transferred at the registry office, one of the seller companies was declared to be in involuntary liquidation. As a result, the sale of one villa was not valid in respect of the receiver, with the result that the villa remains in receivership despite having been paid for by Intervest Retail. The necessary legal steps have been taken to attempt to recover that villa or the purchase price.

2.4. Messancy Outlet Centre

Last year was dominated by the launch of the Messancy Outlet Centre (MOC). That project was purchased in November 2002. Building started in December 2002 and the centre opened its doors on 05.06.2003.

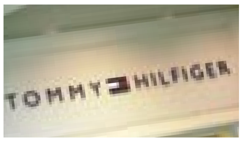
A factory outlet is a concentration of shops where the manufacturers can offer their wares directly to the consumer at big discounts (at least 25% of the retail price). In addition, these products have to be the last of a series, the last season's goods or slightly damaged, or form part of overstocks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

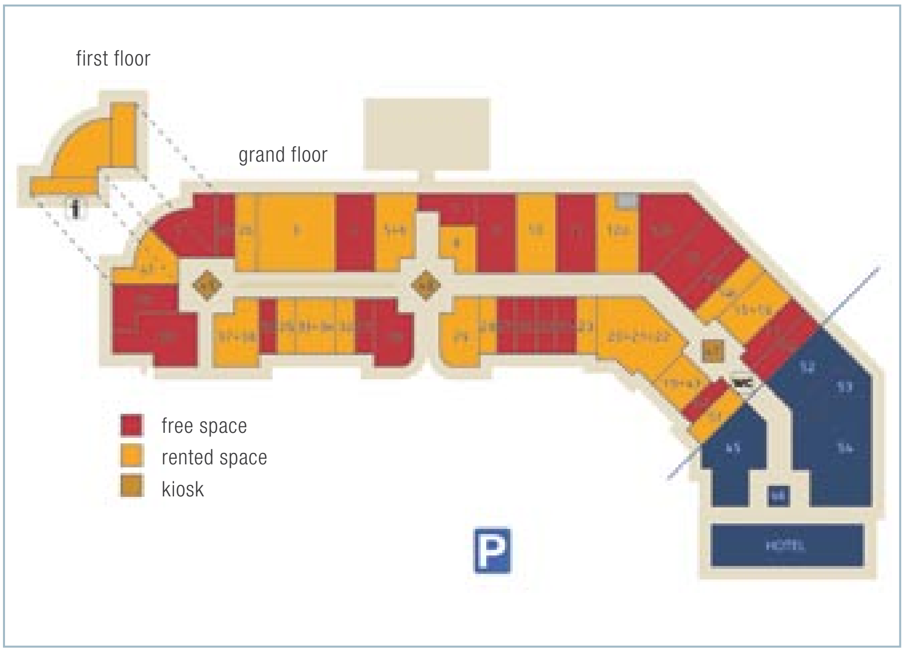
The rents paid by the tenants are largely related to the sales they generate in the Messancy Outlet Centre (sales-related rents). So the choice of tenant is extremely important; it determines the level of rents that Intervest Retail will receive, and the tenants also have to complement each other, since the right tenant mix will attract the maximum number of customers.

In addition, all tenancy agreements are subject to the Law on Commercial Rents,

which makes it very difficult for the owner to terminate a tenant's lease. All these factors mean that a great deal of time has to be devoted to the choice of tenants and that Intervest Retail cannot allow itself to be seduced into "filling up" the MOC quickly with those tenants who come along first. Allowance was made for that longer letting period when the MOC was acquired.

The Messancy Outlet Centre consists of around 13,700 m² of shop space and around 4,000 m² for leisure activities and restaurants. As at 31.12.2003, about 42% of the retail units have been let. Among the tenants, there are several well-established brands:





As work on the Messancy Outlet Centre was fully completed at the end of 2003, it was shown as operational (i.e. lettable) property. As a result, the property fund's total vacancy rate has gone up from 3.97% (without the Messancy Outlet Centre) to 12.84%.

Factory outlet centres are not having an easy time in Europe at the moment. The development and letting of outlet centres takes around two years on average, firstly because the lessors have to deal with manufacturers rather than retailers, and secondly because they cannot proceed too rapidly due to the sales-related rents and have to obtain the good brands. In addition, the various new outlet centres being opened and the economic crisis have led a number of manufacturers to show extreme caution and scepticism, with the result that the letting of new centres is proceeding sluggishly. So it is absolutely essential that the Messancy Outlet Centre should reach its turnaround point (at which at least 60% of the retail units have been let) in 2004.

Sales figures and visitor numbers for the first six months since the opening are satisfactory. Marketing efforts will be increased still further in 2004 in order to raise the number of visitors.

The Messancy Outlet Centre is managed by Messancy Outlet Management NV/SA, a subsidiary of Intervest Retail. For more information on the MOC see **www.messancyoutletcentre.be**.

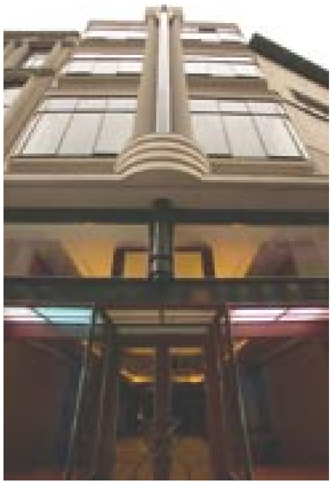
3. Post balance sheet events

The property located at Meir 99 in Antwerp has been renovated completely in consultation with the Historic Buildings and Landscapes Office.

The property was fully restored to its original condition. The main modifications carried out in this respect included the restoration of the art deco shop counters and cupboards and returning the entrance area to its original state. The floors were also replaced and the false ceiling removed. In addition, the building's facade was also resorted.

The current tenancy agreement with Kruidvat had to be cancelled to allow the work to be carried out. The work started in November and ended in mid-January 2004. The cost is estimated at € 850,000 exclusive of VAT.

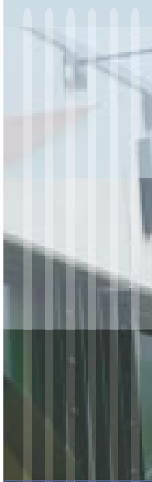
At the beginning of January a new tenancy agreement has been signed with Massimo Dutti. Because of this, the value of the property will probably increase from € 4.35 million as at 31.12.2003 to € 5.36 million (value costs-to-buyer) as at 31.03.2004. The premise will reopen at the beginning of May 2004.



4. Summary of the figures[8]

BALANCE SHEET (€ 000)	31.12.2003	31.12.2002	31.12.2001
ASSETS			
Formation expenses	0	0	0
Tangible fixed assets	254,270	232,471	193,761
Financial fixed assets	15	14	16
Amounts receivable after one year	0	0	0
Amounts receivable within one year	5,323	3,131	1,311
Cash investments	0	76	7,437
Liquid assets	961	2,391	974
Transitory accounts	22	135	36
Total assets	**260,591**	**238,218**	**203,535**
LIABILITIES			
Equity capital	130,632	126,333	126,432
Minority interests	3	0	156
Provisions for risks and charges	195	195	496
Amounts payable after one year	69,435	19,188	19,418
Financial debts	*63,842*	*19,105*	*19,369*
Other debts	*5,593*	*83*	*49*
Amounts payable within one year	59,246	91,122	56,247
Financial debts	*43,856*	*72,835*	*43,262*
Other debts	*15,390*	*18,287*	*12,985*
Transitory accounts	1,080	1,380	786
Total liabilities	**260,591**	**238,218**	**203,535**

RESULTS (€ 000)	31.12.2003	31.12.2002	31.12.2001
Operating result			
Turnover	18,906	17,461	15,644
Not recovered charges	-170	-149	-150
Other operating income	205	169	263
Net turnover	18,941	17,481	15,757
Operating costs	-3,323	-2,444	-2,408
Operating result	15,618	15,037	13,349
Financial result	-2,990	-2,861	-1,657
Operating result before taxes	12,628	12,176	11,692
Taxes	282	11	-60
Operating result	**12,910**	**12,187**	**11,632**
Result on the portfolio			
Realised added value or loss of value on portfolio items	314	-681	4,816
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	4,013	-1,816[9]	1,109
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-38	674	-2,001
Result on the portfolio	**4,289**	**-1,823**	**3,924**
Exceptional result	**0**	**0**	**0**
Result of the period	**17,199**	**10,364**	**15,556**
Group share	17,199	-	15,584
Third-party share	0	-	-28



[8] *For 2001 and 2003 these are consolidated figures, for 2002 these are the unconsolidated figures. The balance sheet was prepared on the basis of a costs-to-buyer valuation.*

[9] *The loss is the result of writing down acquisition costs on purchase and reducing the value of the Van De Ven project in Olen. Without these write-downs, this result would have been a profit of € 5.9 million.*

5. Comments on the figures

5.1. Modified scheme for presentation of the annual accounts for property investment funds

In accordance with the legislation governing property investment funds, Intervest Retail NV/SA's property is valued four times a year by independent property experts at market value (costs-to-buyer, i.e. the estimated selling value or the investment value (deed in hand) produced by a certain rental yield in relation to the risk typical of the property and location, and from which any registration fees and notarial charges may need to be deducted in the event of a sale). Accordingly, no depreciation is applied to the property. On 12 March 2003, Intervest Retail NV/SA obtained approval from the Minister for Economic Affairs to present its annual accounts in accordance with a modified scheme. This modified scheme mainly involves splitting up the profit and loss account into the operating result and the result on the portfolio.

The operating result includes all operating income (rents received, costs charged on) and financial income (interest received on credits at financial institutions), 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 that in accordance with the actual distribution policy will be distributed in full to the shareholders.

The result on the portfolio covers all movements in the property portfolio and comprises:

- Added value or loss of value on sales of portfolio items;
- Changes in the market value of the premises as a result of the valuation by the property experts, these being (depending on the situation) unrealised added value and/or unrealised losses of value.

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

5.2. Assets

Tangible fixed assets are € 254.27 million, compared to € 232.47 million one year previously. Operational property has increased by € 35.06 million to a value of € 250.46 million, compared to € 215.40 million in 2002. That increase is due to:

- the Messancy Outlet Centre, the let part of which was valued at € 13.08 million and the remainder at € 20.35 million;
- an increase of € 6.41 million in the property expert's valuation of the remaining property, minus unrealised value losses of € 1.70 million on the portfolio;
- transfers to non-operational property to the value of € 1.20 million;
- sales of a number of non-strategic properties to the value of € 2 million;
- other investments in the amount of € 0.12 million.

Furniture, vehicle park, equipment and other tangible fixed assets that were taken over at the end of the year at approximately book value from Intervest Management NV/SA within the context of the internalisation of management amount to € 0.1 million. Assets in construction amount to € 3.72 million, compared to € 17.08 million one year previously. These are mainly non-operational properties in Olen.

The valuation deed in hand of the operational and non-operational property (i.e. the investment value produced by a certain rental yield in relation to the risk typical of the property and location before deduction of registration fees and notarial charges in the event of a sale) is € 284.85 million.

Of the financial fixed assets, € 0.015 million consists of security payments. The unconsolidated figures also include a majority holding of € 0.06 million in the company Messancy Outlet Management NV/SA. That company is included in full in the consolidated figures. Messancy Outlet Management NV/SA manages the Messancy Outlet Centre locally, ensuring for instance that all expenses are charged on to the tenants and owner.

Current assets amount to € 6.31 million and consist of trade accounts receivable (€ 1.41 million); other receivables, mainly from the tax authorities, property purchasers and Messancy Outlet Management NV/SA (€ 3.91 million); liquid assets in bank accounts (€ 0.96 million); and deferred charges and accrued income (€ 0.22 million). Bad debts are included to the value of € 0.23 million. Debts for which the possibility of collection has been estimated at less than 50% have been cleared from the balance sheet and the operating result.

5.3. Liabilities

The shareholders' equity of Intervest Retail NV/SA is € 130.63 million. Nominal capital is unchanged at € 97.21 million, and issue premiums are again € 4.18 million as in the previous year. The reserves amount to € 28.24 million and represent unrealised added value resulting from the valuation of the property portfolio at market value. These reserves, which are not available for distribution, are up by € 4.29 million compared to the previous year, due to the revaluation of the portfolio by the property experts.

The Board of Directors is expressly permitted to increase the nominal capital by the amount of € 97,213,233.32 in one or more stages. That permission remains in force until 24.01.2008.

The total number of shares is unchanged at 5,078,525, so that the net asset value costs to buyer, excluding dividend, is € 25.72 per share. Including dividend, the net asset value costs to buyer is € 28.26 per share. Valued deed in hand, the net asset value excluding dividend is € 31.76, and including dividend € 34.30. Accordingly, relative to the share price at the closing date of € 34.00 per share, shares are listed with a slight undervaluation of less than 1% compared to their net asset value deed in hand.

The provisions amount to € 0.20 million and consist of provisions for legal disputes.

Amounts payable are € 129.761 million, compared to € 111.69 million in the previous year.

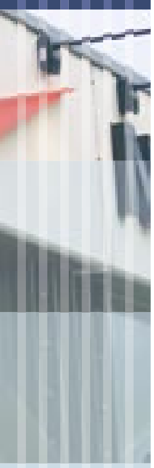
Amounts payable after one year come to € 69.44 million and are made up of long-term bank loans with a fixed rate of interest (€ 63.82 million), leasing debts (€ 0.02 million), and various amounts payable to the project developer of the Messancy Outlet Centre, various other creditors and guarantees received in cash (€ 5.59 million). The average rate of interest paid in 2003 is 3.6%.

Amounts payable within one year come to € 59.25 million and are made up of bank loans for which the portion included falls due within the year and must be repaid or extended (€ 43.86), trade creditors and invoices to be received (€ 2.15 million), tax payable (€ 1.06 million), the holiday allowance provision (€ 0.04 million), and various debts (€ 12.14 million). This last amount also includes the dividend for the financial year, exclusive of withholding tax. Finally, the accounts payable include deferred charges and accrued income in the amount of € 1.08 million.

Intervest Retail NV/SA had the rate of interest on part of its loans fixed for the long term in mid-2003, to take effect from the end of December. The company has therefore enjoyed the full benefits of the lower short-term interest rates in 2003, whilst having fixed these rates at a historically low level for the years to come in view of the economic upturn and a possible rise in interest rates. At 31.12.2003, 59% of the bank debt is long-term finance at fixed interest rates. The debt ratio is 49.38%. Allowing for the maximum legal debt ratio of 50% for property investment funds, Intervest Retail still has a margin of € 2.5 million available in this context.

5.4. Operating result

Turnover rose to € 18.91 million compared to € 17.46 million in 2002. Operating costs also rose, to € 4.97 million compared to € 4.018 million in the previous year. That increase was mainly due to the conversion costs for the property at Meir 99 in Antwerp, and to a lesser degree to a rise in management costs. Operating profit increased to € 15.62 million, against € 15.04 million in the previous year. The financial loss rose only slightly to - € 2.99 million this year, compared to - € 2.86 million in 2002. However,



the financial result has improved relative to the increased debts. It must be stated, though, that comparing the results has been made more difficult by the fact that the mergers of 30.12.2002 took effect retroactively from 01.07.2002. The figures for 2003 are consolidated, whereas the figures for 2002 were prepared on an unconsolidated basis inasmuch as Intervest Retail acquired control of Messancy Outlet Management NV/SA on 31.12.2003 by acquiring 950 of the 1,000 shares in that company. However, the consolidated result for 2003 is the same as the unconsolidated result.

Consolidated operating profits increased by € 0.72 million to € 12.91 million, compared to € 12.19 million in the previous year. Therefore if the operating profit is distributed in full the gross distributable profit is € 2.54 per share, compared to € 2.42 per share last year. It has thus been possible to achieve an increase of almost 5% in operating profit and the dividend per share in spite of the economic crisis.

5.5. Result on the portfolio

According to the property experts' estimate, the profit on the portfolio comes to € 4.29 million. That is € 0.84 per share. These added-values have been added to the reserves unavailable for distribution, bringing these reserves from € 23.95 million up to € 28.24 million. Realised added values of € 0.44 million were posted in respect of the acquisition value, while losses of value of € 0.13 million were realised on the sale of non-strategic property such as apartments over shops and commercial property deemed to have insufficient growth potential. The unrealised added values resulting from an increase in the property experts' valuation amount to € 6.49 million. Scarcely any unrealised added values have been shown in the result in respect of the Messancy Outlet Centre for the present, as the amount payable to the project developer with whom the project is being developed has been calculated at a maximum. The project developer is entitled by contract to a share in the added value that depends on the investment costs and the rents.

The unrealised losses of value amount to € 2.48 million. The cause of the unrealised profit on the valuation of the portfolio is the increase in rents for commercial property, due primarily to the shortage of good properties in good locations. As a result, the crisis has not had any great impact on demand for commercial property so far.

The exceptional results are nil, so the overall consolidated profit for the financial year, i.e. the sum of the operating result, the result on the portfolio and the exceptional result, comes to € 17.20 million compared to € 10.36 million last year. That represents a gross return of almost 10% relative to the share price at the end of the year.

6. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31.12.2003 will be approved and that the profit for the financial year will be appropriated as follows:[10]

• profit for the financial year:	€ 17,198,748.57
• transfer to the non-distributable reserves:	- € 4,289,146.40
• profit carried forward from the previous financial year:	€ 985,170.58
• profit balance to be appropriated:	€ 13,894,772.75

This amount breaks down as follows:

• profit to be carried forward:	€ 995,319.25
• indemnification of the capital:	€ 12,899,453.50

The proposed dividend distribution conforms to article 62 of the R.D. of 10.04.1995 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. Consequently, 99% of the operating profit will be distributed.

[10] *As legally speaking only the profit of the unconsolidated annual accounts can be distributed and not the consolidated profit, the present profit distribution has been based on the consolidated profit figures.*

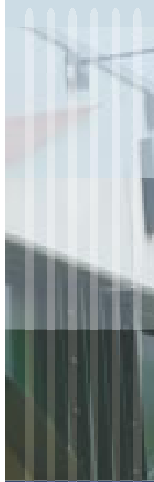
Taking into account that 5,078,525 shares will share in the full profit for the financial year, the proposal that a gross dividend € 2.54 per share be distributed will be put before the General Meeting of Shareholders on 12 May 2004. This is € 2.16 net after the deduction of 15% withholding tax. The total gross dividend to be distributed therefore amounts to € 12,899,453.50 million.

Since the total net income for the year 2003 is € 12,909,602.17, of which € 12,899,453.50 will be distributed as a dividend, the Board of Directors proposes to transfer the balance of € 10,148.67 to the profit to be carried forward.

The dividend is payable from Friday, 28 May 2004 onwards. Holders of bearer shares must present coupon number 4.

7. Forecast

The forecast for 2004 depends heavily on the success and speed with which the Factory Outlet Centre in Messancy can be developed. Allowing for a cautious analysis of this development, an operating profit per share of between € 2.54 and € 2.60 may be expected.

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Report on the share

Report on the share

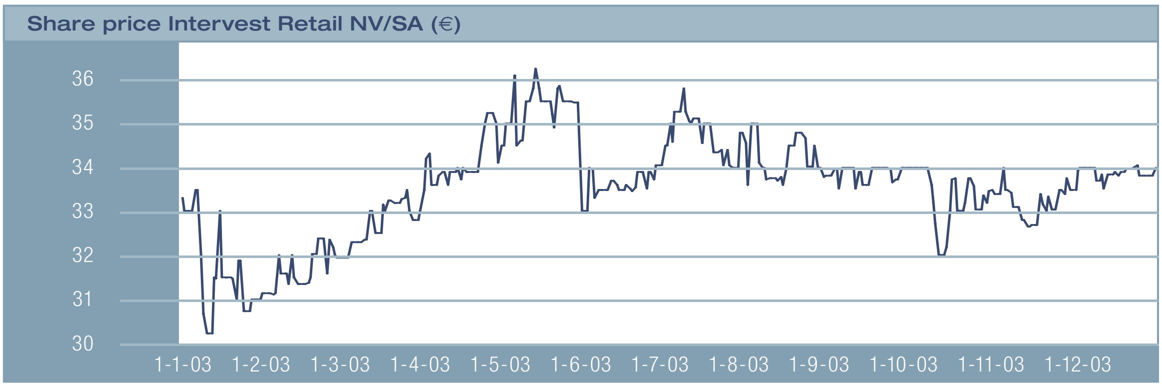
1. Stock market information

Since 1 January 2002 Intervest Retail has been listed on the Next Prime segment of Euronext 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:

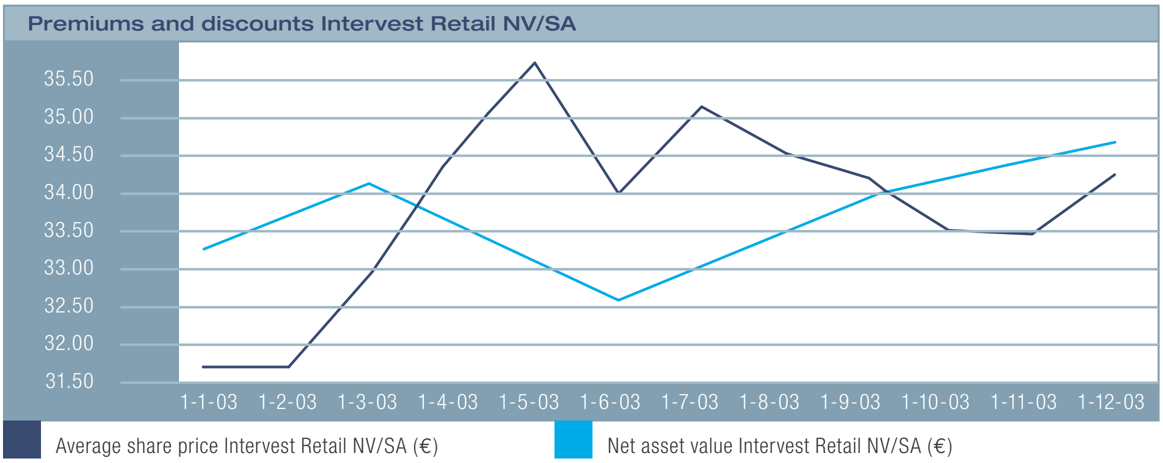
- publishing quarterly figures
- preparing a number of analyst's reports every year
- maintaining a professional website
- complying with International Financial Reporting Standards (IFRS)

These companies pursue a professional communication policy and set themselves strict quality requirements.

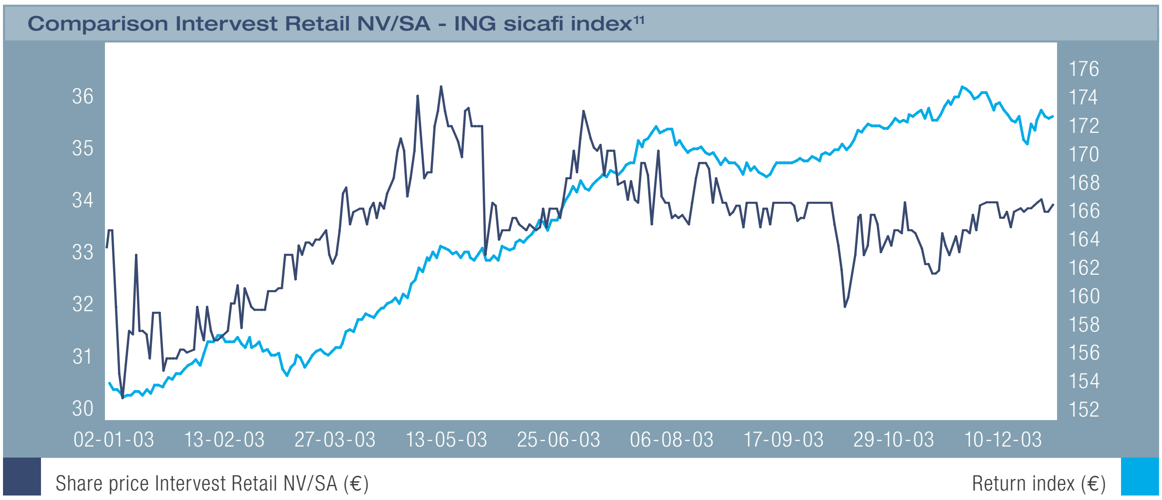
Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among investors (a.o. institutional investors).



In 2003 the share price was subject to a certain amount of fluctuation. At its lowest point it reached € 30.25 (10 January) and at its highest € 36.24 (13 May). The increase from November onwards is in line with the trend for all property indices. Property securities stay a favorite investment in times of economic uncertainty.



The net asset value (deed in hand) of Intervest Retail (on a consolidated basis) includes the dividend of 2002 up to the payment date at the end of May.



The ING Sicafi 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.

[11] *Additional information over the indices can be asked for at ING Belgium regarding the ING sicafi index, at Euronext Brussels regarding the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) concerning the GPR 250 Europe and GPR 250 Belgium.*

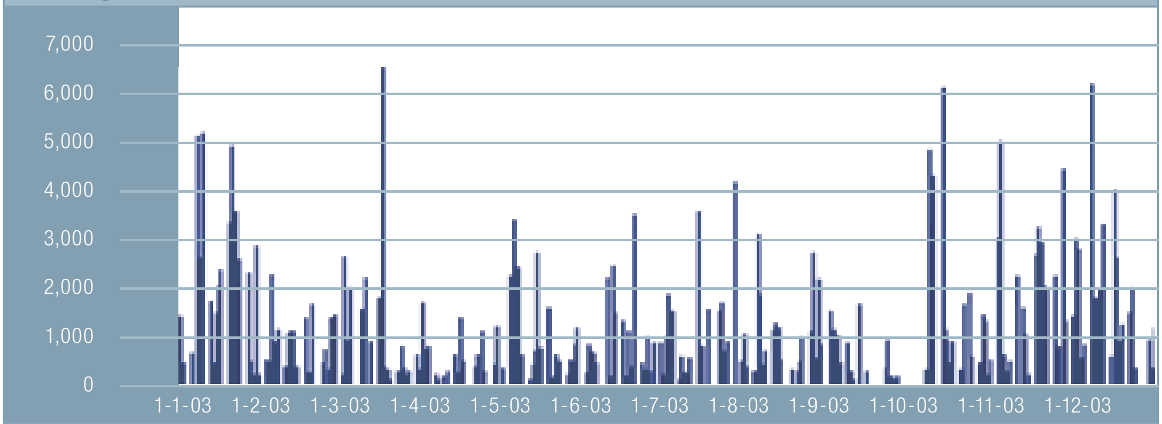
Comparison Intervest Retail NV/SA - other indices

Intervest Retail (€)
Euronext 100 (€)
GPR 250 Europe (€)
Bel 20 (€)
GPR 250 Belgium (€)

Source: Global Property Research, 2004

The share price of Intervest Retail followed the same trend as the international property indices.

Trading number of shares



Intervest Retail NV/SA

The traded volumes, with an average of 1,168 units a day, exceeded the level of the previous year. In general, property investment funds attracted increased interest from investors as a safe haven.

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 22.82%. Efforts will be ongoing to further increase this free float figure and thereby improve negotiability.

2. Dividend and number of shares

	31.12.2003
Number of shares at the end of the period	5,078,525
Number of shares entitled to dividend	5,078,525

Share price (€)	
Highest	36.24
Lowest	30.25
Share price on closing date	34.00
Over-/undervaluation in relation to the net asset value (deed in hand) (%)	-0.88

Data per share (€)	**31.12.2003**	**31.12.2002**	**31.12.2001**
Net asset value (incl. dividend)	34.30	33.03	32.75
Gross dividend	2.54	2.42	2.30
Net dividend	2.16	2.06	1.96

3. Shareholders

As at 31.12.2003 the following shareholders were known to the company:

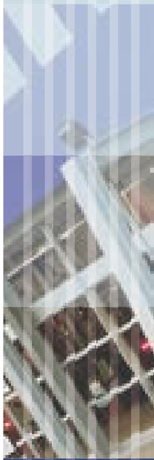
VastNed Retail NV/SA Max Euwelaan 1 3006 AK Rotterdam The Netherlands	**3,839,486 shares**	**(75.60%)**
CFB (Belgique) NV/SA Louizalaan 126 1050 Brussels	**80,431 shares**	**(1.58%)**
Public	**1,158,608 shares**	**(22.82%)**
Total	**5,078,525 shares**	**(100%)**

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

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

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

In the meantime, Immocorp 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 12 May 2004 at 2.30 at the company's offices, Uitbreidingstraat 18, B-2600 Antwerp-Berchem

- Announcement of results as at 31 March 2004: Tuesday 18 May 2004

- Dividend payable: from Friday 28 May 2004

- Announcement of half year results as at 30 June 2004: Wednesday 11 August 2004

- Announcement of results as at 30 September 2004: Tuesday 9 November 2004


ALDI
MARKT
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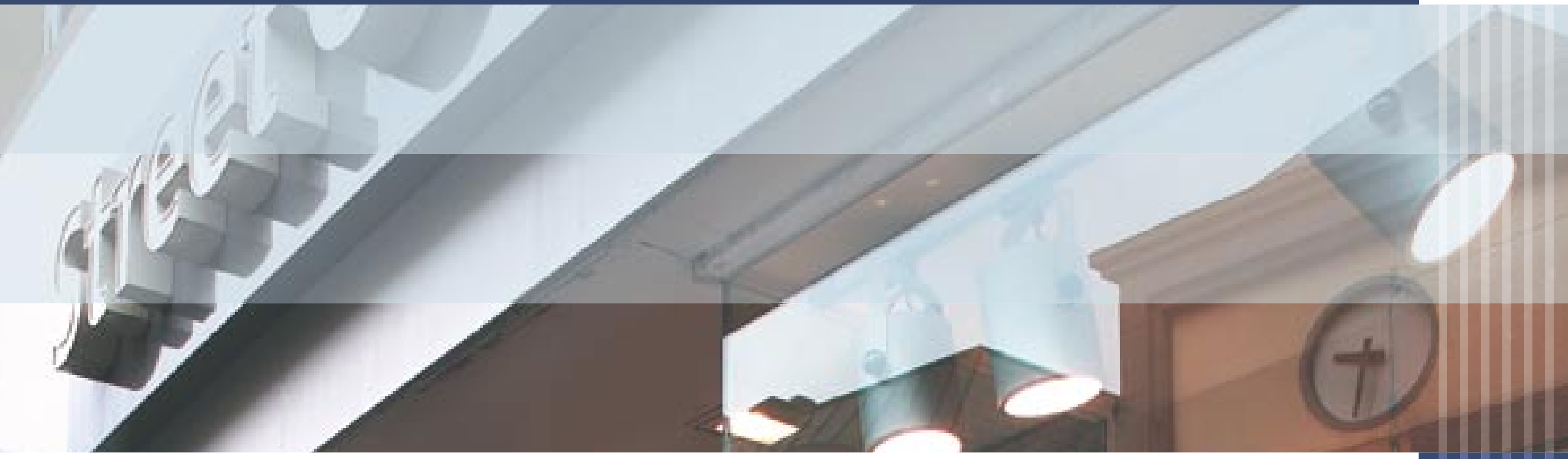
IV Property report



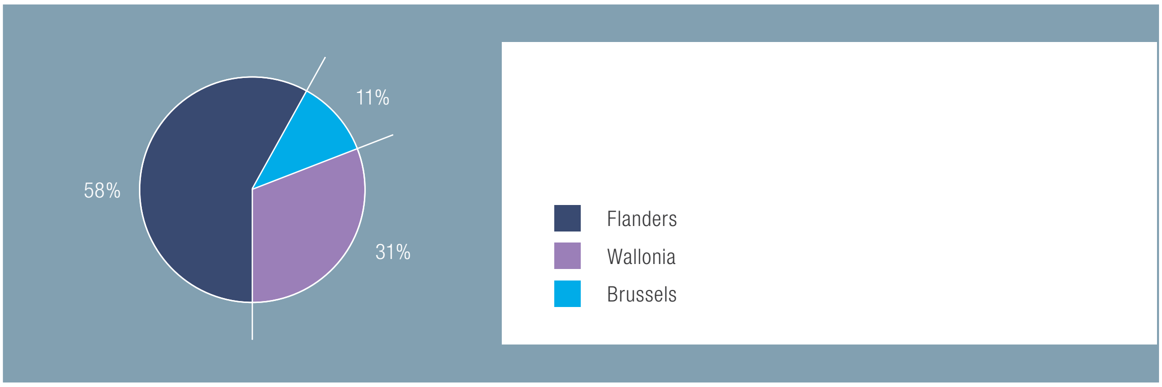
Property report

1. Composition of the portfolio[12]

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.

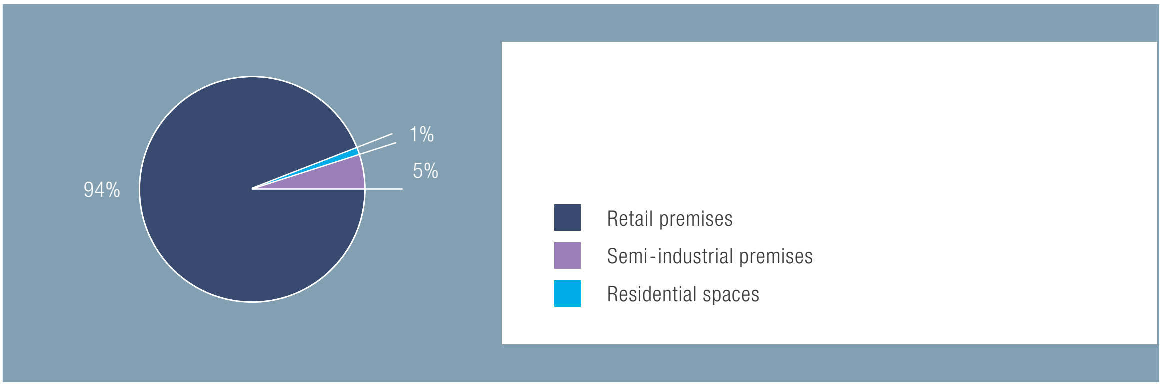
1.1. Geographic spread

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



1.2. Type of building

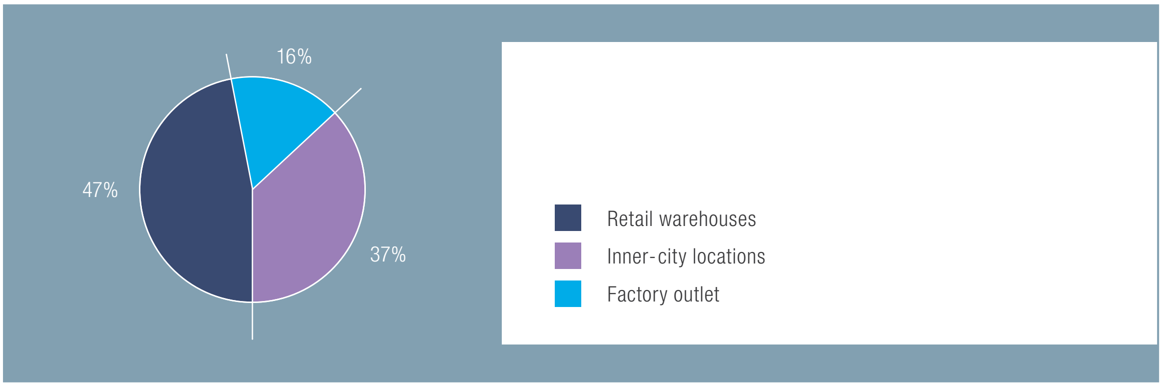
In total Intervest Retail's portfolio at the end of 2003 consists of 357 lettable premises. 94% of the premises are retail premises and the remaining 6% are primarily semi-industrial premises and residential spaces.



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

1.3. Type of retail property

Of the retail premises, 37% are inner-city locations, 47% are retail warehouses and 16% represent a factory outlet.



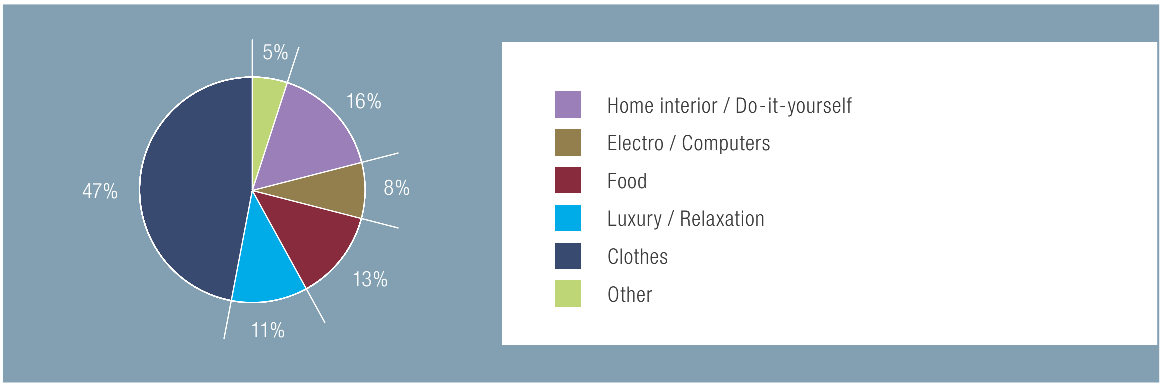
The category **inner-city locations** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category.

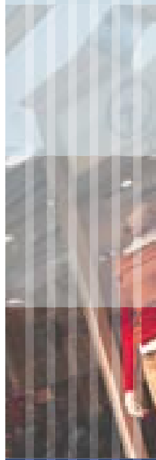
For **retail warehouses** it is primarily the location of the premises alongside major traffic routes that is the characteristic feature, together with a large sales area (from 400 m^2). This category includes both free-standing buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas.

In a **factory outlet**, manufacturers offer their products directly to the consumer, i.e. without wholesalers and retailers. The products sold are mostly excess stocks and line-ends so that discounts of at least 25%.

1.4. Sector of tenants

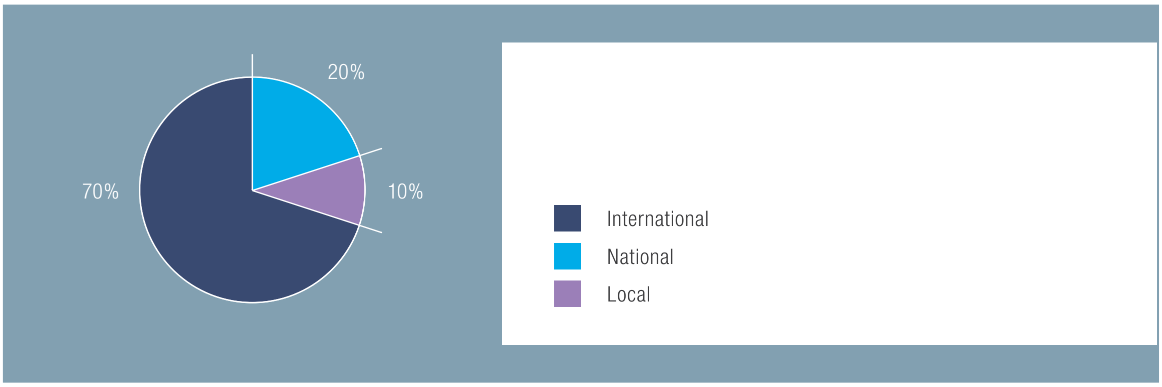
The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.





1.5. Region of activity of tenants[13]

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.

A significant proportion of the rental expenses (such as withholding tax, other taxes, insurance and costs for shared areas) is paid by the tenant.

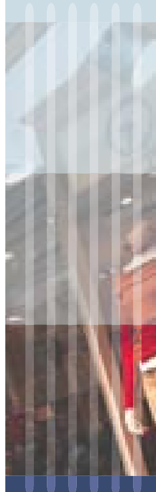
All of these factors result in a high occupancy rate for the portfolio (96,03%, excluding the Messancy Outlet Centre). If the Messancy Outlet Centre is included, the occupancy rate comes out at 87.16%.

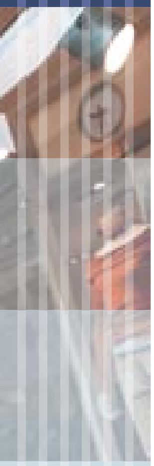
2. Description of the portfolio

Address	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer € 000	Weighing per property (%)
PROPERTY IN OPERATION					
AALST - Albrechtlaan 56	retail warehouse	1,000	63	324	0.13
AALST - Kalfstraat 3	retail warehouse	9,126	647	7,101	2.79
AALST - Nieuwstraat 10	inner-city location	145	60	769	0.30
AARTSELAAR - Antwerpsesteenweg 13/4	retail warehouse	990	99	1,160	0.46
ALLEUR - Avenue de l'expansion 16	semi-industrial	2,221	124	1,101	0.43
ANDENNE - Avenue Roi Albert 39	retail park	4,701	271	2,894	1.14
ANS - Rue de Français 393	retail park	3,980	314	3,243	1.28
ANTWERPEN - Abdijstraat 29	inner-city location	130	28	308	0.12
ANTWERPEN - Abdijstraat 82/84	inner-city location	165	42	465	0.18
ANTWERPEN - Breydelstraat 33	inner-city location	144	43	517	0.20
ANTWERPEN - Carnotstraat 18/20	inner-city location	1,298	96	1,024	0.40

[13] *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.*

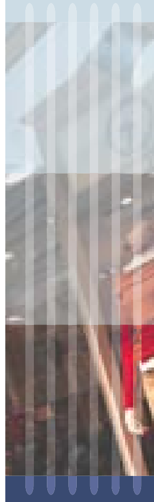
Address	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer € 000	Weighing per property (%)
ANTWERPEN - De Keyserlei 47	inner-city location	60	41	500	0.20
ANTWERPEN - De Keyserlei 49	inner-city location	118	55	658	0.26
ANTWERPEN - Frankrijklei 27	inner-city location	624	70	767	0.30
ANTWERPEN - Groendalstraat 11	inner-city location	39	21	277	0.11
ANTWERPEN - Huidevettersstraat 12	inner-city location	791	248	3,446	1.36
ANTWERPEN - Korte Gasthuisstraat 27	inner-city location	155	63	816	0.32
ANTWERPEN - Leysstraat 17	inner-city location	149	140	1,949	0.77
ANTWERPEN - Leysstraat 28/32	inner-city location	1,870	721	9,796	3.85
ANTWERPEN - Meir 99	inner-city location	384	350	4,350	1.71
ANTWERPEN - Schuttershofstraat 30	inner-city location	66	48	641	0.25
ANTWERPEN - Schuttershofstraat 32/Arme Duivelstraat 2	inner-city location	54	48	644	0.25
ANTWERPEN - Schuttershofstraat 32/Kelderstraat 7	inner-city location	320	61	820	0.32
BALEN - Molsesteenweg 56	retail park	1,871	115	1,219	0.48
BASTOGNE - Route de Marche 104	retail park	593	37	322	0.13
BEAUMONT - Rue G. Michiels 40	retail warehouse	1,113	94	831	0.33
BOECHOUT - Hovensesteenweg 123-127	retail warehouse	1,022	63	656	0.26
BORGLOON - Sittardstraat 10	retail park	996	52	493	0.19
BREE - Toleikstraat 30	retail warehouse	855	51	531	0.21
BRUGGE - Steenstraat 80	inner-city location	2,670	756	11,406	4.49
BRUXELLES - Avenue Louise 7	inner-city location	248	208	3,062	1.21
BRUXELLES/SCHAARBEEK - Chaussée de Louvain 610/640	retail park	2,964	288	3,396	1.34
BRUXELLES - Chaussée d'Ixelles 16	inner-city location	1,255	220	2,556	1.01
BRUXELLES - Chaussée d'Ixelles 41/43	inner-city location	5,248	1,212	14,802	5.82
BRUXELLES - Chaussée d'Ixelles 65	inner-city location	245	44	561	0.22
BRUXELLES - Rue Bienvenue 13/15	semi-industrial	4,260	267	2,586	1.02
BRUXELLES - Rue Neuve 98	inner-city location	162	145	1,904	0.75
CHARLEROI - Rue de la Montagne 5/7	inner-city location	948	182	1,948	0.77
CHÊNÉE - Rue de la Station 23	retail park	2,881	212	2,084	0.82
DIEST - Hasseltstraat 15	inner-city location	200	33	377	0.15
DILSEN - STOKKEM - Rijksweg 17	retail warehouse	992	69	693	0.27
DINANT - Tienne de l'Europe	retail park	4,330	291	3,078	1.21
FLÉMALLE - Rue de la Fabrique 6	retail park	2,835	190	1,856	0.73
FROYENNES - Rue des Roselières 6	retail warehouse	950	73	829	0.33
GENK - G. Lambertlaan 115	retail park	3,109	216	2,068	0.81
GENK - Hasseltweg 74	retail park	2,099	177	1,940	0.76
GENT - Veldstraat 81/Zonnestraat 6/10	inner-city location	3,510	392	4,838	1.90
GENT - Volderstraat 15	inner-city location	279	81	945	0.37
GERPINNES - Rue de Bertransart 99	retail park	990	64	604	0.24

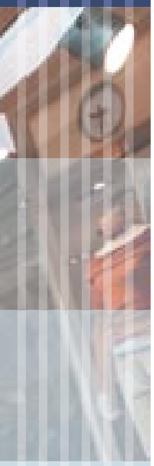




Address	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer € 000	Weighing per property (%)
GLAIN - Rue St. Nicolas 572	retail park	1,990	98	828	0.33
GRIVEGNÉE - Rue Servais Malaise	retail warehouse	2,000	113	1,146	0.45
HANNUT - Rue de Huy 63	retail park	3,015	177	1,787	0.70
HASSELT - Genkersteenweg 76	retail warehouse	1,241	92	1,012	0.40
HASSELT - Genkersteenweg 282	retail warehouse	2,020	98	1,016	0.40
HEUSDEN-ZOLDER - Inakker	retail warehouse	1,019	61	633	0.25
HOBOKEN - Zeelandstraat 6-8	retail warehouse	2,490	176	1,879	0.74
KAMPENHOUT - Mechelsesteenweg 38/42	retail park	3,002	170	1,862	0.73
KAPELLEN - Eikendreef 5	retail park	906	46	415	0.16
LA LOUVIÈRE - Rue Albert I 84/86	inner-city location	190	54	575	0.23
LEOPOLDSBURG - Lidostraat 7	retail park	1,670	91	914	0.36
LEUVEN - Bondgenotenlaan 69-73	inner-city location	1,589	518	6,700	2.64
LIÈGE - Pont d'Ile 35	inner-city location	80	56	662	0.26
LIÈGE - Pont d'Ile 45	inner-city location	60	59	753	0.30
LIÈGE - Pont d'Ile 49	inner-city location	380	86	1,134	0.45
MALMÉDY - Avenue des Alliés 14B	retail park	813	51	511	0.20
MECHELEN - Bruul 39-41	inner-city location	378	179	2,362	0.93
MECHELEN - Bruul 42-44	inner-city location	1,410	340	4,102	1.61
MECHELEN - Yzerenleen 30	inner-city location	350	48	578	0.23
MERKSEM - Bredabaan 474/476	inner-city location	470	92	979	0.39
MESSANCY - Route d'Arlon 199	outlet	17,943	3,311	33,433	13.15
MESSANCY - Rue de l'Institut 44	retail park	1,998	103	1,071	0.42
MONS - Chaussée de Binche 101	retail warehouse	1,000	65	681	0.27
MONS - Grand Rue 19	inner-city location	170	70	823	0.32
MONS - Rue de La Chaussée 31/33	inner-city location	380	144	1,686	0.66
MORTSEL - Statielei 71/73	inner-city location	425	114	1,334	0.52
MOUSCRON - Petite Rue 18	inner-city location	235	37	428	0.17
OLEN - Lammerdries 6	retail park	13,452	739	6,686	2.63
OOSTENDE - Torhoutsesteenweg 610	retail warehouse	1,000	79	919	0.36
OVERPELT - Burgemeester Misottenstraat 3	retail warehouse	877	75	800	0.31
PHILIPPEVILLE - Rue de France	retail park	3,705	285	2,965	1.17
ROESELARE - Brugsesteenweg 524	retail warehouse	1,000	73	822	0.32
SCHELLE - Provinciale Steenweg 453/455	retail park	2,962	181	1,859	0.73
SCHERPENHEUVEL - Manneberg 26	retail warehouse	600	68	704	0.28
SERAING - Boulevard Pasteur 47	retail warehouse	1,263	88	824	0.32
SINT-JOB-IN-'T-GOOR - Handelslei 10	retail warehouse	600	60	600	0.24
SINT-NIKLAAS - Kapelstraat 119	retail warehouse	940	77	440	0.17
SINT-TRUIDEN - Hasseltsesteenweg 69	retail warehouse	850	79	812	0.32
SINT-TRUIDEN - Kattestraat 25	retail park	1,401	92	982	0.39
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	18,866	1,381	14,876	5.85
TIENEN - Slachthuisstraat 36	retail park	4,871	381	4,059	1.60

Address	Type of building	Surface area	Rent in € 000	Value Costs-to-buyer € 000	Weighing per property (%)
TURNHOUT - Gasthuisstraat 5-7	inner-city location	1,047	240	2,995	1.18
TURNHOUT - Gasthuisstraat 32	inner-city location	1,743	286	3,446	1.36
VILVOORDE - Leuvensestraat 39/41 - Nowélaan 41	inner-city location	485	99	1,027	0.40
VILVOORDE - Luchthavenlaan 5	retail warehouse	6,345	440	4,966	1.95
VILVOORDE - Mechelsesteenweg 30	retail park	7,726	600	6,365	2.50
WATERLOO - Chaussée de Bruxelles 284	retail park	1,198	103	1,139	0.45
WAVRE - Rue du Commerce 26	inner-city location	140	50	523	0.21
WAVRE - Rue Pont du Christ 46 - Rue Barbier 15	inner-city location	343	107	1,223	0.48
WILRIJK - Boomsesteenweg 643-645	retail warehouse	1,837	130	1,466	0.58
WILRIJK - Boomsesteenweg 666-672	retail park	4,884	439	5,294	2.08
WILRIJK - Oude Baan 59-79/Boomsesteenweg 660-664	semi-industrial	20,170	810	6,207	2.44
TOTAL		**220,684**	**22,596**	**250,458**	**98.54**
PROPERTY NOT IN OPERATION					
AALST - Kalfstraat 3	offices	600	30	180	0.07
ELEWIJT ZEMST - Keizer Karellaan	land	2,100	0	59	0.02
OLEN - Lammerdries 6	retail warehouse	14,030	471	2,527	0.99
OLEN - Lammerdries 6	land	32,389	-	0	0.00
OLEN - Lammerdries 6	villas	0	-	528	0.21
VILVOORDE - Mechelsesteenweg 30	offices	714	48	317	0.13
WAVRE - Rue du Commerce 26	apartments	260	12	105	0.04
TOTAL		**50,093**	**561**	**3,716**	**1.46**
TOTAL PROPERTY IN OPERATION + NOT IN OPERATION		**270,777**	**23,157**	**254,174**	**100.00**





3. Evolution of the portfolio

	31.12.2003	31.12.2002	31.12.2001
Value of buildings in operation (€)	279,192,154	240,226,934	214,021,058
Value of buildings not in operation (€)[14]	5,654,478	20,375,998	6,747,904
Value of portfolio deed in hand (€)	284,846,632	260,602,932	220,768,962
Value of portfolio costs-to-buyer (€)	254,173,623	232,471,141	193,765,974
Current rents (€)	19,693,796	18,415,818	16,624,367
Yield (%)[15]	7.05	7.67	7.77
Current rents, including estimated rental value (€)	22,596,261	19,326,186	17,237,375
Yield if fully let (%)	8.09	8.04	8.05
Total lettable area (m^2)	220,684	207,000	186,781
Occupancy rate incl. Messancy Outlet Centre (%)	87.16	-	-
Occupancy rate excl. Messancy Outlet Centre (%)	96.03	95.28	96.51

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

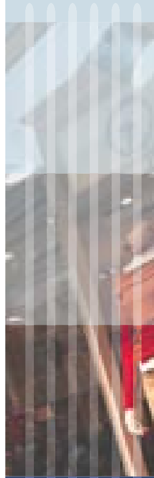
In the valuation report of 31 December 2003, Cushman & Wakefield Healey & Baker stated the following:

"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 € 254,170,000 (two hundred and fifty-four million one hundred and seventy thousand euro)."

Done in good faith in Brussels on 31 December 2003.

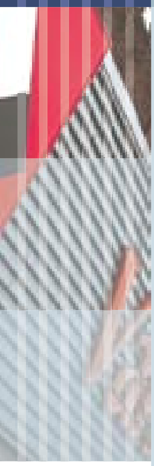
For Cushman & Wakefield Healey & Baker
Eric Van Dyck - Kris Peetermans

[14] *These are properties under renewal or redevelopment.*
[15] *Calculated on the basis of the current (gross) rent divided by the value of the buildings in operation.*




GREGGS

V Financial report



V Financial report

1. Consolidated annual accounts

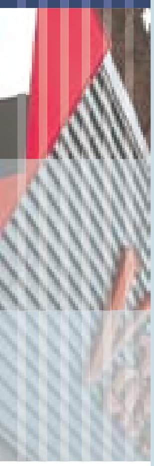
1.1. Balance sheet after profit distribution[16]

The participation in Messancy Outlet Management NV/SA has been acquired on 30.12.2003. For the financial year 2002 no consolidated annual accounts had to be drawn up.

ASSETS	**Financial year**
FIXED ASSETS	254,285
IV. Tangible fixed assets	254,270
A. Land and buildings	250,458
B. Plant, machinery and equipment	41
C. Furniture and vehicles	33
D. Leasing and other similar rights	22
F. Assets under construction and advance payments	3,716
V. Financial fixed assets	15
B. Other companies	15
2. Amounts receivable	15
CURRENT ASSETS	6,306
VIII. Amounts receivable within one year	5,323
A. Trade debtors	1,411
B. Other amounts receivable	3,912
X. Liquid assets	961
XI. Transitory accounts	22
TOTAL ASSETS	**260,591**

[16] *Article 32 of the R.D. of 06.03.1990.*

LIABILITIES	Financial year
SHAREHOLDERS' EQUITY	130,632
I. Capital	97,213
A. Issued capital	97,213
II. Issue premiums	4,183
IV. Consolidated reserves (+) (-)	29,236
THIRD-PARTY INTERESTS	3
VIII. Third-party interests	3
PROVISIONS, DELAYED TAXATION AND TAX LATENCIES	195
IX. A. Provisions for risks and charges	195
4. Other risks and charges	195
DEBTS	129,761
X. Amounts payable after more than one year	69,435
A. Financial debts	63,842
3. Leasing and other similar obligations	18
4. Credit institutions	63,824
D. Other amounts payable	5,593
XI. Amounts payable within one year	59,246
A. Amounts payable after one year that fall due within the year	285
B. Financial debts	43,571
1. Credit institutions	43,571
C. Trade debts	2,148
1. Suppliers	2,148
E. Debts relating to taxation, remuneration and social security	1,099
1. Taxation	1,057
2. Remuneration and social security	42
F. Other amounts payable	12,143
XII. Transitory accounts	1,080
TOTAL LIABILITIES	**260,591**



1.2. Profit and loss account

A. OPERATING RESULT	**Financial year**
I. Operating income	20,590
A. Turnover	18,906
C. Other operating income	1,684
II. Operating charges	-4,972
A. Services and other goods	3,199
E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	125
F. Other operating charges	1,648
III. Gross operating profit (Gross operating loss) (+) (-)	15,618
IV. Financial income	77
B. Income from current assets	57
C. Other financial income	20
V. Financial charges	-3,067
A. Charges of debts	3,050
C. Other financial charges	17
VI. Taxation (-) (+)	282
A. Taxation (-)	-5
B. Regularisation of taxes and withdrawals from tax provisions	287
VII. Net operating profit (Net operating loss) (+) (-)	12,910

B. RESULT ON THE PORTFOLIO	
VIII. Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (+) (-)	314
A. Property assets (within the meaning of the R.D. of 10.04.95)	314
- Added value	445
- Loss of value	-131
IX. Changes in the unrealised added value or loss of value on the portfolio (+) (-)	3,975
A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	4,013
- Added value	6,490
- Loss of value	-2,477
C. Changes in the market value previously recorded on the portfolio items disposed of during the financial year	-38
- Added value	-248
- Loss of value	210
XI. Profit (Loss) on the portolio (+) (-)	4,289

C. EXCEPTIONAL RESULT	
XV. Consolidated profit (Consolidated loss) (+) (-)	17,199
B. Group share	17,199

1.3. Consolidation criteria

A. Indication of the criteria employed for the purposes of the full consolidation, the pro-rata consolidation and the net asset value method, and of the situations in which these criteria are not applied, including the reasons for such deviation (in application of article 69 I. of the R.D. of 06.03.1990).

The consolidated annual accounts were prepared in accordance with the R.D. of 06.03.1990 on the basis of the consolidated annual accounts of the companies and internationally accepted accounting principles.

On 12.03.2003 Intervest Retail NV/SA received approval from the Minister for Economic Affairs to deviate from the usual form used for the presentation of annual accounts. This followed a favourable recommendation by the Commission for Accounting Standards. This deviation applies to the 2002, 2003 and 2004 financial years. The consolidated annual accounts have been prepared in accordance with this deviation.

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

B. Information that allows a meaningful comparison to be made with the consolidated annual accounts for the previous financial year, if the composition of the consolidated entity has undergone a substantial change over the course of the financial year (in application of article 18 of the R.D. of 06.03.1990).

The participation in Messancy Outlet Management NV/SA has been acquired on 30.12.2003. For the financial year 2002, no consolidated annual accounts had to be prepared.

1.4. Valuation rules[17]

1.4.1. General principles

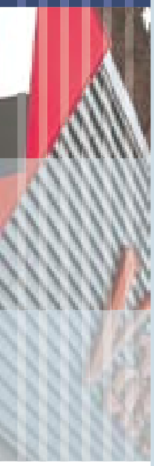
The valuation rules are established in line with the general accounting principles applicable in Belgium, and more specifically on the basis of the provisions of Book II of the R.D. in execution of the Belgian Company Code of 30.01.2001, the R.D. of 12.09.1983 in execution of the act of 17.07.1975 on the accounting and annual accounts of companies, the amended R.D. of 04.03.1991 relating to certain institutions for collective investment, the R.D. of 08.03.1994 concerning the accounting and annual accounts of certain institutions for collective investment with a variable number of shares and the R.D. 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 investment value on a costs-to-buyer basis, i.e. the value for the investor, offering him a certain return in accordance with the risk and the situation typical for the premise, excluding the registration fees and notarial charges. This is the value that the company would receive if it had to sell the property (net liquidation value).

As Intervest Retail is of the opinion that the statutory form for the presentation of annual accounts, as this applies to property investment funds, has not been adapted to the specific characteristics of this sector,

[17] *All the amounts mentioned hereafter are in euro.*



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 1.5.).

1.4.2. 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 are regarded as an additional cost of these purchases and are 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.[18]

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 R.D. in execution of the Belgian Company Code of 30.01.2001, the downward and upward value adjustments to the immovable

[18] *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.*

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 R.D. The losses 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 there are reinvested within a term of four years starting from the first day in which the added values have been realised. These realised 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 R.D. 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 re-letting without no intervening vacancy are not capitalised, and are deducted from the operating profit because the property expert doesn’t take these commissions into account in his valuation.

- **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, pro rata temporis with the moment in the financial year on which these tangible fixed assets have been acquired. If the financial year covers more or less than 12 months, the depreciation is calculated pro rata temporis.

The following percentages apply:

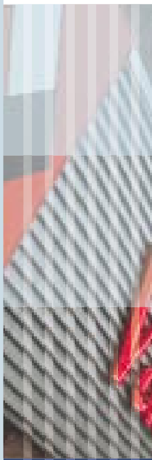
- Plant, machinery and equipment	20%
- Furniture and rolling stock	25%
- IT equipment	33%

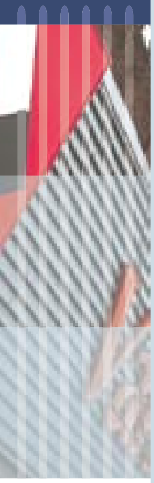
Purchases for a unit price of less than € 2,500, excluding VAT, are charged to the financial year on the date of their purchase. For tangible fixed assets other than immovable property whose use is not limited in time, downward value adjustments are recorded in the event of a sustained reduction in value.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

When tangible fixed assets other than immovable property are sold or decommissioned, the acquisition costs and depreciation that relate to them are removed from the accounts and capital gains or losses are 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. These costs are, however, only capitalised if they exceed € 50,000.

1. Expenditures relating to maintenance and repair works that do 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 work that adds a function to the building or significantly improves 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 R.D. 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 R.D. 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 R.D. 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 R.D. 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.

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.

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. These payments are only apportioned over time if they exceed € 50,000. The damages paid are only included in the profit and loss account when all renovations have been carried out on the leased property; until then, the damages paid and the costs of renovation are recorded under deferred charges and accrued income.

LIABILITIES

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.

- **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 closing date. Debts in foreign currencies are converted into euros at the closing exchange rate on the balance sheet date.

1.4.3. 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.

1.5. Scheme of the annual accounts

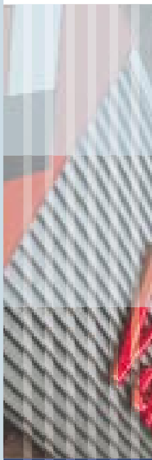
As Intervest Retail NV/SA is of the opinion that the legal scheme for the presentation of the annual accounts, applicable to property investment funds, is not adapted to the specific characteristics of this sector, on 12.03.2003 it received approval from the Minister for Economic Affairs to deviate from 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.

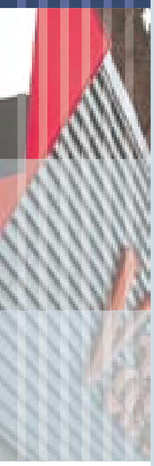
The main characteristic of this deviated scheme is the restructuring of the profit and loss account around two key sections.

- **The section on the operating results**

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

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





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

  Since the amount of realised 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 realised added value already included in the profit and loss account (at that time still a deferred added value), as otherwise it would be included in the profit and loss account twice. 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. Realised added value or loss of value on portfolio items (in relation to their acquisition cost) (VIII)
2. Unrealised added value or loss of value on the portfolio (IX)

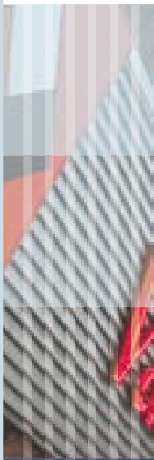
1.6. Additional notes

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

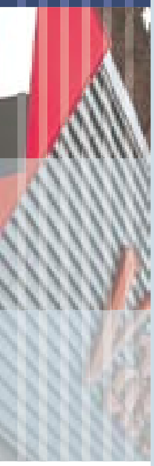
NAME, full address of registered OFFICE and, in the case of a company under Belgian law, the VAT or NATIONAL NUMBER	Method applied for inclusion in the accounts (F)[19 20]	Portion held in capital[21] (in %)	Change in the percentage of the portion held in the capital (in relation to the previous financial year)[22]
Messancy Outlet Management NV/SA Route d'Arlon 199 6780 Messancy BE 480.162.668	F	95	

IX. STATEMENT OF TANGIBLE FIXED ASSETS

	4. Leasing and other similar rights	6. Assets under construction and advance payments
a) ACQUISITION COST		
As at the end of the previous financial year	0	21,733
Movements during the financial year		
- Acquisitions, including produced fixed assets	24	14,317
- Sales and disposals (-)	0	-128
- Transfers from one heading to another (+)(-)	0	-26,905
As at the end of the financial year	24	9,017
b) ADDED VALUES		
As at the end of the previous financial year	0	-4,657
Movements during the financial year		
- Recorded	0	238
- Written down (-)	0	-759
- Transfers from one heading to another (+)(-)	0	-123
As at the end of the financial year	0	-5,301
c) DEPRECIATIONS AND DOWNWARD VALUE ADJUSTMENTS		
Movements during the financial year		
- Recorded	2	0
As at the end of the financial year	2	0
d) NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR	22	3,716
(a)+(b)-(c) of which:		
- Plant, machinery and equipment	7	0
- Furniture and vehicles	15	0



[19] *F: Full consolidation.*
[20] *If a change in the percentage of the portion of capital held has resulted in a change in the method employed for inclusion in the accounts, the indication of the new method is followed by an asterisk.*
[21] *Portion of the capital of this company that is held by the companies included in the consolidation and by persons acting in their own name but for the account of these companies.*
[22] *If the composition of the consolidated entity is influenced significantly by the changes in this percentage, additional information is provided in statement V (art. 18).*



X. STATEMENT OF FINANCIAL FIXED ASSETS

		3. Other companies
2.	Receivables	
	NET BOOK VALUE AS AT THE END OF THE PREVIOUS FINANCIAL YEAR	14
	Movements during the financial year	
	- Additions	1
	NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR	15

XI. STATEMENT OF CONSOLIDATED RESERVES

	Amounts
Consolidated reserves as at the end of the previous financial year (+)(-)	0
Movements during the financial year	
- Group share in the consolidated result (+)(-)	29,236
Consolidated reserves as at the end of the financial year (+)(-)	29,236

XIII. STATEMENT OF DEBTS

		Debts with a remaining term of		
A.	BREAKDOWN OF DEBTS ORIGINALLY PAYABLE AFTER ONE YEAR BY THE REMAINING TERM OF THE DEBT	1. No more than one year	2. More than one year but no more than 5 years	3. More than 5 years
	Financial debts	285	62,429	1,413
	3. Leasing and other similar obligations	5	18	0
	4. Credit institutions	280	62,411	1,413
	Other amounts payable	0	5,593	0
	TOTAL	285	68,022	1,413

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

		Financial year
A.	Total amount of remuneration arising from their activities in the consolidating company, its subsidiaries and associated companies, including the amount of the retirement pensions allocated to the former directors or business managers in connection with the above.	55

XVIII. TAXATION

Intervest Retail NV/SA has a number of disputes with the tax authorities, the majority of which are subject to a complaints procedure. Most of these disputes relate to the determination of the taxable basis of the so-called “exit tax” that is due on recognition as a property investment fund or on the merger of the company with a property investment fund. More particularly, the dispute relates to the interpretation of the term “actual value of the corporate assets” as specified in article 210 §2 of the income tax code. The total amount of additional assessments in this context is € 218,251.

According to Intervest Retail NV/SA and the vast majority of other Belgian property investment funds, who have the same problem, this term should be interpreted in accordance with cassation law in its normal and usual meaning i.e. the liquidation of selling value of the equity. This should be determined using the selling value or "costs-to-buyer" value of (the real estate on) the asset less the selling value of the debts. However, the administration maintains that the actual value of corporate asset should be determined using the value of the shares, the value deed in hand of the real estate or any other higher value. Consequently no provision has been made in the enclosed annual accounts.

XIX. MESSANCY OUTLET CENTRE

a. Deferred payment of share price Immo GL NV/SA

In 2002 the shares of Immo GL were acquired by Intervest Retail NV/SA (97.6%) and a third shareholder (2.4%) at a fixed price. It was also determined that the share price, with a set return, could be increased in relation to the future revenues of Immo GL until 30.06.2006 at the latest.

As Immo GL NV/SA was absorbed by Intervest Retail NV/SA in the merger on 30.12.2002 and these revenues that were not realised were not taken into account when determining the exchange ratio so that no shares were issued to the shareholders concerned, the merger transferred this obligation to Intervest Retail NV/SA.

b. Capitalization of cost Messancy

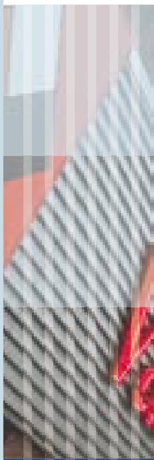
The Messancy Outlet Centre, which has been developed jointly with the project developer since the end of 2002, has been valued, like the other real estate and in the accordance with legislation relating to property investment funds, at market value by the independent property expert. The offices made available to users have been valued by the property expert using the ongoing revenues paid by these users. The other part has been valued by the property expert at cost price. All the costs for developing the project, such as the purchase price of the land, the building costs, fees, commissions for attracting users, promotion costs, services, costs for the premises being empty and intercallary interests are activated until 75% of the chargeable costs can be passed on to the users of the Messancy Outlet Centre.

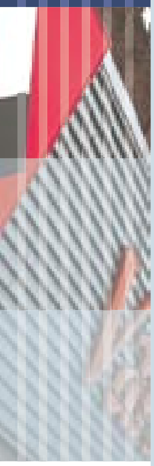
XX. OLEN

A study was compiled for the "Wooncentrum" Van De Ven in Olen by a French bureau specialising in retail property. The provisional conclusions are optimistic. Despite the specific location of the project (with limited visibility and difficult accessibility) there seems to be sufficient potential for changing the use of the centre.

In the meantime contact has already been made with potential tenants. Intervest Retail noticed that there is sufficient interest in the location. Over the coming months, Intervest Retail will further develop the project.

In 2001 Intervest Retail purchased three villas from Mr Van De Ven or affiliated companies. Before this purchase could be transferred to the registration office, one of the vendor companies was declared insolvent. Consequently the sale of one villa cannot be offset with the receiver, which means that the villa (although paid for by Intervest Retail NV/SA) remains the property of the receiver. The necessary legal steps to attempt to recover this villa or the purchase price have been set in motion.





1.7. Consolidated annual report by the Board of Directors

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

Entreprise identification number (0)431.391.860
VAT number BE 431.391.860 (partial liability)

Annual report for the financial year ended on 31 December 2003

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 01.01.2003 and ended on 31.12.2003.

Since the company has to consolidate the subsidiary Messancy Outlet Management NV/SA (the "fully consolidated subsidiary"), Intervest Retail NV/SA is required to provide an annual report on the consolidated annual accounts in addition to the annual report on the unconsolidated annual accounts.

Messancy Outlet Management NV/SA, which carries on the day-to-day management of the Messancy Outlet Centre, one of the properties owned by Intervest Retail NV/SA, became a subsidiary of Intervest Retail NV/SA following the transfer of Intervest Management NV/SA's "Retail" business segment by Intervest Retail NV/SA with effect from 31.12.2003, as 950 of the 1,000 shares in Messancy Outlet Management NV/SA were held by the "Retail" business segment of Intervest Management NV/SA.

However, the influence of this fully consolidated subsidiary on Intervest Retail NV/SA's consolidated annual accounts is limited precisely because the subsidiary only carries on the day-to-day management of the Messancy Outlet Centre.

This annual report, which constitutes both the unconsolidated and the consolidated annual report, is provided to you together with the annual accounts (both consolidated and unconsolidated).

1. Comments on the consolidated and unconsolidated 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 R.D. relating to property investment funds dated 10.04.1995).

2. The nominal capital of the company as at 31.12.2003 is € 97,213,233.32.
There were no changes in the nominal capital during the financial year to 31.12.2003.

3. 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 total amount of the additional assessments in this context is € 218,251.

Intervest Retail NV/SA lodged notices of objection to these additional assessments on 17.03.2003.

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.

4. *Deviation from the statutory form for the presentation of the annual accounts.*
The Board of Directors notes that the derogation from the statutory form of the annual accounts granted on 12.03.2003 under article 125 of the Belgian Companies Code continues to apply until the financial year ending 31.12.2004.

5. *Further comments on the consolidated and unconsolidated annual accounts.*
The Board of Directors can therefore comment on the annual accounts for the year ended 31.12.2003 as follows:

Operating income for the financial year ended on 31.12.2003 amounts to € 20,589,932, whilst operating costs for the same financial year come to € 4,972,291. For the financial year ended on 31.12.2003, a gross operating profit of € 15,617,641 has therefore been realised.

Financial income for the financial year ended on 31.12.2003 amounts to € 77,425, whilst financial costs for the same financial year come to € 3,067,546.

For the financial year ended on 31.12.2003 an operating profit (after taxes) of € 12,909,602 has therefore been realised.

However, primarily as a result of an increase in the market value of the property portfolio, a gain of € 4,289,147 was realised on the portfolio for the financial year ended on 31.12.2003.

The profit for the financial year amounts to € 17,198,749.

2. Appropriation of profit

As mentioned above, the financial year ended 31.12.2003 closed with an operating profit of € 12,909,602.

The Board of Directors proposes to distribute a dividend of € 2.54 per share. As 5,078,525 shares participate in the profit for the financial year ending on 31.12.2003, that represents a total dividend payment of € 12,899,454.

Thus, the Board of Directors proposes the following appropriation of the operating profit of the company as at 31.12.2003:

- operating profit to be appropriated of the financial year:	€ 12,909,602
- profit to be distributed as a dividend payment to the shareholders:	€ 12,899,454
- operating profit to be carried forward to the next financial year:	€ 10,148

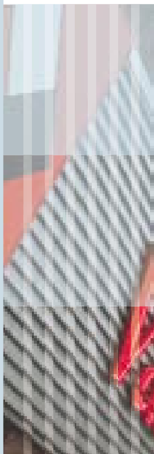
3. Information on important events after the closure of the financial year

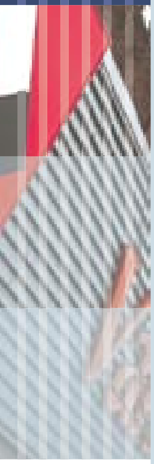
The property located at Meir 99 in Antwerp has been renovated completely in consultation with the Historic Buildings and Landscapes Office.

The property was fully restored to its original condition. The main modifications carried out in this respect included the restoration of the art deco shop counters and cupboards and returning the entrance area to its original state. The floors were also replaced and the false ceiling removed. In addition, the building's facade was also resorted.

The current tenancy agreement with Kruidvat had to be cancelled to allow the work to be carried out. The work started in November and ended in mid-January 2004. The cost is estimated at € 850,000 exclusive of VAT.

At the beginning of January a new tenancy agreement has been signed with Massimo Dutti. Because of this, the value of the property will probably increase from € 4.35 million as at





31.12.2003 to € 5.36 million (value costs-to-buyer) as at 31.03.2004. The premise will reopen at the beginning of May 2004.

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: an amount of € 5,385 (incl. VAT) in total for extraordinary duties, to Deloitte & Touche Tax Advisors.

6. Autonomous management/corporate governance - sound management

1. The Board of Directors confirms in the first place that 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 Banking, Finance and Insurance Commission and Euronext Brussels.

   The Board of Directors's operation must also be organised in such a way that at least half of the directors sit on the Board 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).

   The composition of the Board of Directors remained unchanged during the financial year ending 31.12.2003.

2. The Board of Directors next wishes to inform you that it was decided to increase the fee to Intervest Management NV/SA, which was equal to 4% of the rental income received by Intervest Retail NV/SA up to 01.04.2003, to 0.5% of the market value of the investment fund's property, as valued at costs-to-buyer (i.e. excluding registration fees and transaction costs) by the company's property experts, after the deduction of the management fee which, if applicable, is paid by the tenants directly (to Intervest Management or external managers) and with the exclusion of the Messancy Outlet Centre, on an annual basis. That increase took effect retroactively from 01.04.2003.

   Intervest Management NV/SA has to invoice this management fee directly to the tenants of the Intervest Retail NV/SA properties in accordance with their respective tenancy agreements, as has been the case in the past. Intervest Retail NV/SA will be responsible itself for the payment of Intervest Management NV/SA's fee only if and to the extent that the payment of that management fee of 0.5% of the market value of the investment fund's property, valued at costs-to-buyer, cannot be obtained directly from those tenants under the tenancy agreements.

   However, the sole shareholder of Intervest Management NV/SA is VastNed Retail NV/SA, a company incorporated under Dutch law. But VastNed Retail NV/SA, a "fiscal investment institution" under Dutch law, is also a major shareholder in Intervest Retail NV/SA, i.e. a shareholder exercising a decisive influence or a significant influence on the appointment of the directors of Intervest Retail NV/SA.

Given the ownership structure of Intervest Management NV/SA as outlined above, it could be argued that there were indications that an indirect financial advantage was being granted to an Intervest Management NV/SA shareholder capable of exercising a decisive or significant influence on the appointment of the company's directors, so that the application criteria imposed by article 524 §1 of the Belgian Companies Code were satisfied.

The Board of Directors therefore charged three of its members, Mr Christiaens, Mr Philippson and Mr Rijnboutt, selected for their independence in respect of the possible decision to increase the Intervest Management NV/SA management fee, and also an expert, BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, selected for the same reason, with describing the financial consequences of the intended transaction for Intervest Retail NV/SA and providing a reasoned assessment of it. That description and assessment had to demonstrate that the decision was in the interests of the Intervest Retail NV/SA and all its shareholders and did not involve any advantage in the form of a preferential payment that would be granted directly or indirectly to a major shareholder in Intervest Retail NV/SA.

Both Mr Rijnboutt, Mr Christiaens and Mr Philippson and the expert BDO Company Auditors, represented by Mr Hans Wilmots, accordingly drew up reports describing and assessing these issues.

The decision of the report by Mr Rijnboutt, Mr Christiaens and Mr Philippson read as follows:

"The undersigned directors are of the opinion that the described transaction, in particular the increase in the management fee due to Intervest Management NV/SA on an annual basis to 0.5% of the value of the company's property, valued costs-to-buyer, as valued by the company's property experts, after the deduction of the management fee which, if applicable, is paid by the tenants directly (to Intervest Management or external managers) and excluding the Messancy Outlet Centre, to be implemented retroactively from 01.04.2003, is in the interests of Intervest Retail NV/SA and all its shareholders. They are also of the opinion that there is no reason to fear that the major shareholder of Intervest Retail NV/SA would receive any advantage, either directly or indirectly, in the form of a preferential payment through that increase in the management fee."

The decision in the report from BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, then read as follows:

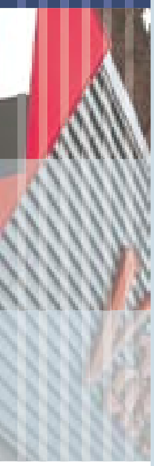
"Taking into account all of the aforementioned considerations and after studying the information that was made available, the independent expert is of the opinion that the transaction presented fits in with the interest of the company and all its shareholders. Furthermore, the transaction that will be presented to the Board of Directors does not contain any unusual or privileged advantage for a specific shareholder."

It therefore appeared to the Board of Directors that there was no objection whatever to Intervest Retail NV/SA's approval of the proposed increase in the management fee for Intervest Management NV/SA.

The procedure imposed by article 24 of the R.D. of 10.04.1995 in relation to property investment funds was also duly observed, for example by reporting the planned increase in the management fee for Intervest Management NV/SA to the Belgian Banking, Finance and Insurance Commission in advance.

3. This increase in the management fee for Intervest Management NV/SA, however, was only temporary in nature from the outset. A solution was being sought simultaneously which would allow the investment fund to manage its own property itself. This means that the management expenses would now be borne by the investment fund itself and not a third party.

To this end, the Board of Directors decided on 07.10.2003 to draw up and file a proposal with the court registry, involving the transfer of the



"Retail" business segment of Intervest Management NV/SA to Intervest Retail NV/SA for valuable consideration. The transfer of the "Retail" business segment, which includes management of the Intervest Retail NV/SA property under the charge of Intervest Management NV/SA, occurred in accordance with article 770 in conjunction with article 760 of the Belgian Companies Code, i.e. on a continuous basis, and implies that from the transfer date, i.e. 31.12.2003, Intervest Retail NV/SA will take care of this management itself.

The "Retail" business segment is comprised of all assets and liabilities, as well as all rights and obligations, directly or indirectly linked to the activity of management, in the broadest sense, i.e. including the property management, administrative, financial, and company law-related management, marketing, etc., of (the properties of) the property investment fund Intervest Retail NV/SA and all associated activities. This business segment includes (though not exhaustively) the contracts concluded with suppliers and (sub-) contractors of the properties of Intervest Retail NV/SA, the tenancy agreement for the offices of the "Retail" business segment of Intervest Management NV/SA at Uitbreidingstraat 18 in B-2600 Berchem, the employment contracts with the personnel of the "Retail" business segment, the shares owned by Intervest Management NV/SA in the company Messancy Outlet Management NV/SA, and all associated agreements and commitments.

However, it should be noted again that the sole shareholder of Intervest Management NV/SA is the company incorporated under Dutch law VastNed Retail NV/SA. But VastNed Retail NV/SA, a "fiscal investment institution" under Dutch law, is also a major shareholder in Intervest Retail NV/SA, i.e. a shareholder exercising a decisive influence or a significant influence on the appointment of the directors of Intervest Retail NV/SA.

Given the ownership structure of Intervest Management NV/SA as outlined above, it could be argued that an indirect financial advantage (specifically, the price to be paid by the latter company for the "Retail" business segment) was being granted to an Intervest Management NV/SA shareholder capable of exercising a decisive or significant influence on the appointment of the company's directors, so that the application criteria imposed by article 524 §1 of the Belgian Companies Code were satisfied.

The Board of Directors therefore again decided to charge three of its members, Mr Christiaens, Mr Philippson and Mr Rijnboutt, selected for their independence in respect of the decision to transfer the "Retail" business segment, and also an expert, BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, selected for the same reason, with describing the financial consequences of the intended transaction for Intervest Retail NV/SA and providing a reasoned assessment of it. That description and assessment had to demonstrate that the decision was in the interests of Intervest Retail NV/SA and all its shareholders and did not involve any advantage in the form of a preferential payment that would be granted directly or indirectly to a major shareholder in Intervest Retail NV/SA.

Both Mr Rijnboutt, Mr Christiaens and Mr Philippson and the expert BDO Company Auditors, represented by Mr Hans Wilmots, accordingly drew up reports describing and assessing these issues.

The decision of the report by Mr Rijnboutt, Mr Christiaens and Mr Philippson read as follows:

"The undersigned directors are of the opinion that the described transaction, specifically the conclusion of an agreement with Intervest Management NV/SA for the transfer of the company's "Retail" business segment to Intervest Retail NV/SA, is in the interest of Intervest Retail NV/SA and all its shareholders. They are also of the opinion that there is no reason to fear that the major shareholder of Intervest Retail NV/SA would receive any advantage, either directly or indirectly, in the form of a preferential payment through the transfer of the "Retail" business segment.

Although in the determination of the price for the "Retail" business segment the employee-related liabilities of that business segment were not taken into account in view of its transfer as a going concern, it should be pointed out that VastNed Retail NV/SA (i.e. the sole shareholder of Intervest Management NV/SA, and, as a result, having unlimited liability for current commitments of the latter) bears responsibility for company liabilities as they arise linked to any redundancies for the period between 2004 and 2006 of members of staff connected with the "Retail" business segment up to a maximum of € 36,000. If this amount has not yet been reached on 01.01.2005, this maximum obligation will be reduced to € 24,000, and if this amount has not yet been reached on 01.01.2006, this maximum obligation will be € 12,000 until 31.12.2006 at the latest. Furthermore, VastNed Retail NV/SA has undertaken to bear the expense of a portion of the cost of the members of the Board of Intervest Retail NV/SA yet to be appointed who are currently directors of Intervest Management NV/SA.

Finally, they wish to point out that any corporation tax for the 2004 tax year and previous years that is not listed in the statement of assets and liabilities as at 30.12 2003, to be drawn up by BDO Company Auditors, in the context of the determination of the Definitive Price, will in any event be borne by Intervest Management NV/SA, which will consequently indemnify Intervest Retail NV/SA."

The decision of the report of BDO Company Auditors, represented by Mr Hans Wilmots, then read:

"Taking into account all of the aforementioned considerations and after studying the information that was made available, the independent expert is of the opinion that the transaction presented fits in with the interest of the company and all its shareholders. Furthermore, the transaction that will be presented to the Board of Directors does not contain any unusual or privileged advantage for a specific shareholder."

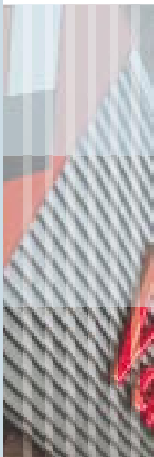
Therefore, it appeared to the Board of Directors once again that there was not a single objection to the transfer by Intervest Management NV/SA of the "Retail" business segment to Intervest Retail NV/SA, on payment by the latter of the agreed price as stated in the transfer proposal of 13.11.2003.

The procedure imposed by article 24 of the R.D. of 10.04.1995 in relation to property investment funds was also duly observed, for example by reporting the transfer of the "Retail" business segment to the Belgian Banking, Finance and Insurance Commission in advance.

On 13.11.2003, this proposal for the transfer for valuable consideration of the "Retail" business segment from Intervest Management NV/SA to Intervest Retail NV/SA was signed, and on 17.11.2003 the proposal was filed with the court registry. After six weeks, i.e. on 30.12.2003, it was subsequently decided to actually proceed with the transfer of the "Retail" business segment, as at 31.12.2003. From this date onwards, the properties of Intervest Retail NV/SA are, therefore, being managed by the company and its own personnel.

4. The Board of Directors also decided on 07.10.2003 to set up an Executive Committee as specified in article 524a of the Belgian Companies Code with effect from 01.01.2004.

   The following legal entities were appointed indefinitely as members of this Executive Committee:
   - Gert Cowé Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Gert Cowé. Gert Cowé Closed Limited Liability Company under Belgian Law was appointed CEO (Chief Executive Officer) of Intervest Retail NV/SA;
   - Rudi Taelemans Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Rudi Taelemans; Rudi Taelemans Closed Limited Liability Company under Belgian Law was appointed as Retail Director or COO (Chief Operational Officer) of Intervest Retail NV/SA



- Nicolas Mathieu Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Nicolaas Mathieu; Nicolas Mathieu Closed Limited Liability Company under Belgian Law was appointed as Financial Director or CFO (Chief Financial Officer) of Intervest Retail NV/SA;

Gert Cowé Closed Limited Liability Company under Belgian Law was also appointed as chairman of this Executive Committee.

On 16.12.2003, it was also decided to set up an Audit Committee within the company's Board of Directors, comprising Mr Christiaens, Mr Philippson, and Mr van Gerrevink. The main task of the audit committee is to assist the Board of Directors in its supervision of the Executive Committee.

7. Obligation to disclose information periodically

We hereby present for your information and your approval the consolidated as well as the unconsolidated annual accounts. 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 31.12.2003. This report, the report of the Statutory Auditor and the consolidated and unconsolidated annual accounts for the financial year closed on 31.12.2003 have been made available to you.

We propose that you discharge the directors and the Statutory Auditor (i.e. Mr Ludo De Keulenaer), likewise, from all liability arising from the exercise of their mandates during the past financial year.

Drawn up in Berchem-Antwerp, on 24.02.2004.

The Board of Directors,

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

1.8. Report of the Statutory Auditor

Statutory auditor's report on the consolidated annual accounts as at 31.12.2003 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 you have entrusted to us.

We have audited the consolidated annual accounts which have been prepared under the responsibility of the Board of Directors of the company over the financial year closed on 31.12.2003 and which show a balance sheet total of € 260,591 (000) and an income statement resulting in a profit of the year of € 17,199 (000). We have also audited the consolidated annual report.

Unqualified audit opinion on the consolidated annual accounts

Our audit was made in accordance with the auditing standards of the Belgian Institute of Company Auditors. These require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement, taking into account Belgian law and regulations with respect to the consolidated annual accounts.

In accordance with these standards, we have taken into consideration the administrative and accounting procedures and system of internal control of the company. We received from the management of the company the information and explanations we requested. We examined, on a test basis, evidence supporting the amounts in the consolidated annual accounts. We also assessed the valuation rules, the principles of consolidation, significant accounting estimates and the presentation of the consolidated annual accounts as a whole. We believe that these procedures provide a reasonable basis for our opinion.

In accordance with article 125 of the Company Law, the Minister of Economic Affairs has agreed on 12.03.2003 to a deviation of the presentation-scheme of the annual accounts. This deviation has been granted for the years 2002, 2003 and 2004. The consolidated annual accounts for the year ended 31.12.2003 have been prepared in conformity with this scheme.

In our opinion, the consolidated annual accounts present fairly the financial position of Intervest Retail NV/SA and subsidiaries as at 31.12.2003 and the results of their operations for the year then ended, in conformity with the applicable Belgian law and regulations, and the notes to the consolidated annual accounts are adequate.

Additional statements

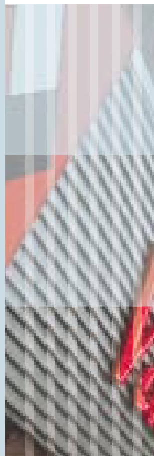
We complete our report with the following additional statements which do not modify the scope of the above-mentioned opinion on the consolidated annual accounts:

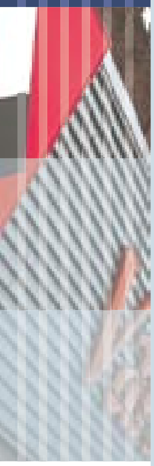
- The consolidated annual report is in agreement with the consolidated annual accounts and includes the information required by the Belgian Company Code.

Brussels, 25.02.2004

The Statutory Auditor,

Ludo De Keulenaer
Partner of Deloitte & Partners Company Auditors





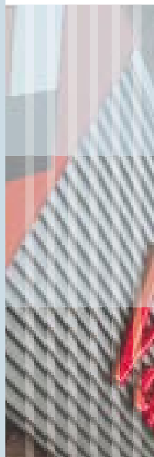
2. Unconsolidated annual accounts

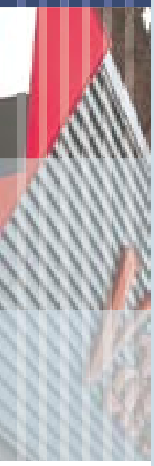
In accordance with article 105 of the Belgian Company Code, this annual report contains an abbreviated version of the annual accounts of Intervest Retail NV/SA that are required under the articles of association. The annual report and the annual accounts of Intervest Retail NV/SA and the report of the 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 as at 31.12.2003.

2.1. Balance sheet after profit distribution

ASSETS	**Financial year**	**Previous financial year**
FIXED ASSETS	254,288	232,485
III. Tangible fixed assets	254,214	232,471
A. Land and buildings	250,458	215,395
B. Plant, machinery and equipment	10	0
C. Furniture and vehicles	30	0
F. Assets under construction and advance payments	3,716	17,076
IV. Financial fixed assets	74	14
A. Affiliated companies	59	0
1. Participating interests	59	0
C. Other financial fixed assets	15	14
2. Amounts receivable and cash guarantees	15	14
CURRENT ASSETS	5,458	5,733
VII. Amounts receivable within one year	4,702	3,131
A. Trade debtors	466	745
B. Other amounts receivable	4,236	2,386
VIII. Investments	0	76
B. Other investments	0	76
IX. Liquid assets	734	2,391
X. Transitory accounts	22	135
TOTAL ASSETS	**259,746**	**238,218**

LIABILITIES	Financial year	Previous financial year
SHAREHOLDERS' EQUITY	130,633	126,333
I. Capital	97,213	97,213
A. Issued capital	97,213	97,213
II. Issue premiums	4,183	4,183
IV. Reserves	28,241	23,952
B. Reserves not available for distribution	28,241	23,952
2. Other	28,241	23,952
V. Profit carried forward	996	985
PROVISIONS AND DEFERRED TAXATION	195	195
VII. A. Provisions for risks and charges	195	195
4. Other risks and charges	195	195
DEBTS	128,918	111,690
VIII. Amounts payable after more than one year	69,418	19,188
A. Financial debts	63,825	19,105
4. Credit institutions	63,825	19,105
D. Other amounts payable	5,593	83
IX. Amounts payable within one year	58,511	91,122
A. Amounts payable after one year that fall due within the year	280	264
B. Financial debts	43,571	72,571
1. Credit institutions	43,571	72,571
C. Trade debts	1,424	3,986
1. Suppliers	1,424	3,986
E. Debts relating to taxation, remuneration and social security	1,093	1,978
1. Taxation	1,051	1,978
2. Remuneration and social security	42	0
F. Other amounts payable	12,143	12,323
X. Transitory accounts	989	1,380
TOTAL LIABILITIES	**259,746**	**238,218**





2.2. Profit and loss account

		Financial year	Previous financial year
A.	OPERATING RESULT		
I.	Operating income	20,590	19,055
	A. Turnover	18,906	17,461
	C. Other operating income	1,684	1,594
II.	Operating charges (-)	-4,972	-4,018
	A. Services and other goods	3,199	2,665
	E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	125	-301
	F. Other operating charges	1,648	1,654
III.	Gross operating profit (Gross operating loss) (+) (-)	15,618	15,037
IV.	Financial income	77	114
	B. Income from current assets	57	88
	C. Other financial income	20	26
V.	Financial charges (-)	-3,067	-2,975
	A. Charges of debts	3,050	2,939
	C. Other financial charges	17	36
VI.	Taxation (-) (+)	282	11
	A. Taxation (-)	-5	0
	B. Regularisation of taxes and withdrawals from tax provisions	287	11
VII.	Net operating profit (Net operating loss) (+) (-)	12,910	12,187
B.	B. RESULT ON THE PORTFOLIO		
VIII.	Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (+) (-)	314	-681
	A. Property assets (within the meaning of the R.D. of 10.04.95)	314	-681
	- Added value	445	18
	- Loss of value	-131	-699
IX.	Changes in the unrealised added value or loss of value on the portfolio (+) (-)	3,975	-1,142
	A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	4,013	-1,816
	- Added value	6,490	7,397
	- Loss of value	-2,477	-9,213
	C. Changes in market value previously recorded on the portfolio items disposed of during the financial year	-38	674
	- Added value	-248	-32
	- Loss of value	210	706
XI.	Profit (Loss) on the portfolio (+) (-)	4,289	-1,823
XV.	Profit (Loss) for the financial year (+) (-)	17,199	10,364

	Financial year	Previous financial year
D. RESULT FOR APPROPRIATION		
XV. Profit (Loss) for the financial year (+) (-)	17,199	10,364
XVI. Appropriation of the added value or loss of value on sales of portfolio items (+) (-)	-4,289	1,823
A. Transfer to the non-disposable reserves (-)	-4,289	0
B. Withdrawal from the non-disposable reserves (+)	0	1,823
XVII. Profit balance for appropriation (Net deficit for absorption) for the financial year (+) (-)	12,910	12,187
TREATMENT OF RESULT		
A. Profit balance for appropriation	12,911	13,136
1. Profit for appropriation for the financial year	12,910	12,187
2. Profit carried forward from the previous financial year	1	949
D. Result to be carried forward	-11	-925
1. Profit to be carried forward (-)	-11	-925
F. Profit to be distributed (-)	-12,899	-12,211
1. Indemnification of the capital	-12,899	-12,211

3. Debts and securities

The average interest paid in 2003 was 3,6%.

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

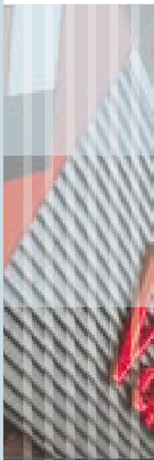
Total amount: 63,824

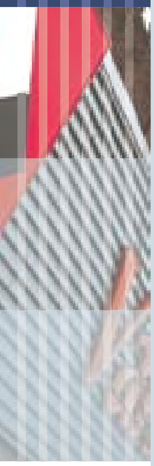
Credit institution	Amount	Term	Type of credit
Aareal Bank	25,000	05.08.2008	Investment credit
Fortis Bank	20,000	15.12.2008	Investment credit
Fortis Bank	2,711	30.06.2012	Advance instalments
ING Bank	16,113	20.03.2005	Roll-over credit

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

Total amount: 43,851

Credit institution	Amount	Type of credit
Fortis Bank	280	Advance instalments
ING Bank	8,676	Fixed advance
Hollandse Bank-Unie	17,500	Fixed advance
Dexia	12,395	Fixed advance
Fortis Bank	5,000	Fixed advance





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

Total amount:	24,789
Type of derivate:	Intrest Rate Swap (IRS)
Final maturity date:	20.03.2005

3.4. 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 R.D. on property investment funds.

3.5. 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 within one year or after 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:

long-term:	€ 63,824	(59%)
short-term:	€ 43,851	(41%)
total:	**€ 107,675**	**(100%)**

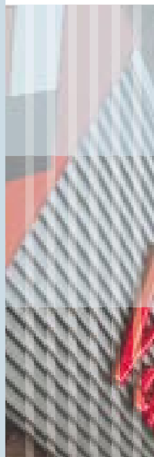
A significant share of the short-term loans according to the above split consists, however, of tranches taken up under lines of credit guaranteed for a longer period. The tranches of these lines of credit were mainly taken up on a short-term basis under the present economic conditions in order to benefit from the relatively low short-term interest rates. 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:

long-term:	€ 85,175	(79%)
short-term:	€ 22,500	(21%)
total:	**€ 107,675**	**(100%)**

Breakdown by variable or fixed-interest nature of the loans:

long-term:	€ 72,780	(68%)
short-term:	€ 34,895	(32%)
total:	**€ 107,675**	**(100%)**

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VI General information

VI

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. Enterprise identification number and VAT number

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

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 15.06.1987, as published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of 09.07.1987 under no. 870709-272.

The articles of association have been amended on numerous occasions. They were last coordinated on 30.12.2002.

Since 22.12.1998, 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 Banking, Finance and Insurance Commission.

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 118 of the act of 04.12.1990 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 04.12.1990.

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 13.04.1995.

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 R.D. 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 01.11.1999 to 31.12.2000.

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	1,488.00	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 R.D. 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.

In 2003, the Board of Directors hasn't made use of the authorisation granted to it to utilise amounts of the permitted capital:

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 R.D. of 10.04.1995 relating to property investment funds, there is no deviation from the preferential right of shareholders, as specified in articles 592 to 595 of the Belgian Company Code. The company must also conform to the provisions relating to the public issue of shares contained in article 125 of the act of 4.12.1990 and to articles 28 et seq of the R.D. 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 R.D. 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[23]

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.

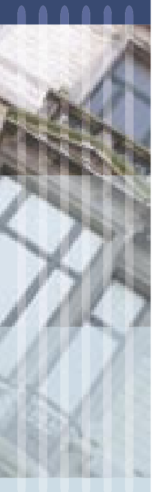
The bearer shares can be issued as single shares or collective shares. The collective shares represent several single shares in accordance with a form to be specified by the Board of Directors. They can be split into sub-shares at the sole discretion of the Board of Directors. If combined in sufficient 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

[23] *These articles aren't the complete, nor the litteral reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office.*



company's registered office. Registered subscription certificates will be issued to the shareholders.

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

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 Banking, Finance and Insurance Commission of the number of financial instruments in their possession, whenever the voting rights connected with these financial instruments reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

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

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 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 R.D. 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.

Artikel 15 - Delegation of authority

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

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

The Board of Directors, the Executive Committee and the Managing Directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective powers.

The Board can determine the remuneration of each mandatory to whom special powers are assigned, all in accordance with the law of 04.12.1990 relating to the Financial Transactions and the Financial Markets, and its implementation decrees."

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 R.D. 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 Banking, Finance and Insurance Commission, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 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 a 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 realised on fixed assets, in so far as these are recorded in the profit and loss account.

The decision on how the remaining twenty per cent will be appropriated will be taken by the General Meeting on the proposal of the Board of Directors.

Added values on the realisation of fixed assets, however, are excluded from net income, as specified in paragraph 1, to the extent that they will be reused within a period of four years, starting from the first day of the current financial year in which these capital gains will be realised. The portion of the realised added values that has not been reused after the period of four years will be added to the net income, as defined, 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 mandate of the Statutory Auditor will end immediately after the annual meeting in 2004.

The remuneration of the Statutory Auditor amounts to € 64,050 (excl. VAT, incl. costs) 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 R.D. 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) with a minimum of € 37,184 per annum	0.01% 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

In accordance with the R.D. of 10.04.95, they value four times a year the portfolio.

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 € 2,000 a month.

8. Property investment fund - legal framework

The Investment Fund system was regulated in the R.D. 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.

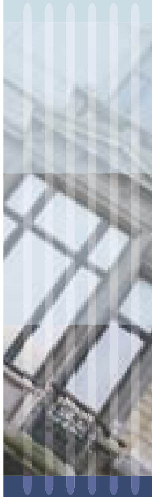
The Investment Fund is monitored by the Banking, Finance and Insurance Commission and is subject to specific regulations, the most notable provisions of which are as follows:

- the form of a limited liability company or a partnership limited with a share capital with minimum capital of € 1,239,467.62
- a debt ratio limited to 50% of total assets
- strict rules relating to conflicts of interests
- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent valuers
- spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
- exemption from corporation tax on the condition that at least 80% of the profits are distributed
- withholding tax (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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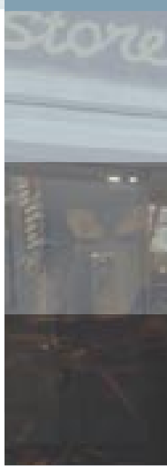

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