INTERVEST
RETAIL

Annual report 2004

31 December 2004

Key figures[1]

PROPERTY ASSETS	31.12.2004	31.12.2003	31.12.2002
Total lettable area (m^2)	215,646[2]	220,684	207,000
Occupancy rate Messancy Outlet Shopping included (%)[3]	87.05	87.16	-
Occupancy rate Messancy Outlet Shopping excluded (%)	97.41	96.03	95.28
Value deed in hand (€ 000)	283,857	284,847	260,603
Value costs-to-buyer (€ 000)	253,491	254,174	232,471
BALANCE SHEET INFORMATION[4]			
Adjusted shareholders' equity after profit appropriation (€ 000)	130,284	130,633	126,333
Debt ratio after profit appropriation (%)	49.29	49.38	46.31
RESULTS (€ 000)			
Operating result			
Turnover	**19,158**	**18,906**	**17,461**
Not recovered charges	-157	-170	-149
Other operating income	403	205	169
Net turnover	**19,404**	**18,941**	**17,481**
Operating costs	-3,562	-3,323	-2,444
Operating result	**15,842**	**15,618**	**15,037**
Financial result	**-2,957**	**-2,990**	**-2,861**
Operating result before taxes	**12,885**	**12,628**	**12,176**
Taxes	-7	282	11
Operating result	**12,878**	**12,910**	**12,187**
Result on the portfolio			
Realised added value or loss of value on portfolio items	303	314	-681
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	-567	4,013	-1,816
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-63	-38	674
Result on the portfolio	**-327**	**4,289**	**-1,823**
Exceptional result	**0**	**0**	**0**
Result of the period	**12,551**	**17,199**	**10,364**
INFORMATION PER SHARE			
Number of shares	5,078,525	5,078,525	5,078,525
Number of shares entitled to dividend	5,078,525	5,078,525	5,046,019
Net asset value (incl. dividend) (€)	34.17	34.30	33.03
Gross dividend (€)	2.54	2.54	2.42
Net dividend[5] (€)	2.16	2.16	2.06
Share price on closing date (€)	34.89	34.00	33.30
Over-/undervaluation on net asset value (%)[6]	2.11	-0.88	0.82

1 For 2003 and 2004, these are consolidated figures. Intervest Retail had Messancy Outlet Management NV/SA as a subsidiary as at 31.12.2003 and 31.12.2004. The figures for 2002 are unconsolidated because Intervest Retail had no subsidiaries at 31.12.2002. The figures over 2002, 2003 and 2004 have been audited by our Statutory Auditor.

2 The reduction in relation to 2003 is mainly due to sales and redestinations of property not in operation.

3 During the calculation of the occupancy rate, the assets in renovation weren't taken into account.

4 Prepared in accordance with a costs-to-buyer valuation.

5 On the assumption that the withholding tax of 15% applies.

6 The over-/undervaluation regarding to the net asset value is calculated on the basis of the net asset value including dividend.

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Letter to the shareholders

Rue de France, 5600 Philippeville

Dear shareholder,

We are pleased to present you our annual report for the financial year 2004 .

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

As a result of limited economic growth and low consumer confidence levels, many retail chains saw their revenues fall. This forced them to watch their costs more closely, which of course has an impact on demand for new store space and on rental prices.
Our portfolio has nonetheless held up well. The occupancy rate remained high (97.41% excluding Messancy Outlet Shopping).

Operating profit was at the same level as the previous year (€ 12.9 million). The cause of this status quo is the slower than expected progress in the renting out of Messancy Outlet Shopping. The dividend for the financial year 2004 is thus also the same as the previous year, namely € 2.54 per share.

In the course of 2004 the portfolio fell from € 284.8/€ 254.2 million[7] to € 283.9/€ 253.5 million The decrease of € 0.7 million (costs-to-buyer) can be explained by sales (- € 1.8 million), investments (€ 7.1 million), a write-down on the debt to the project developer of Messancy Outlet Shopping (- € 5.4 million) and fluctuations in the value of the portfolio (- € 0.6 million). These fluctuations in value are made up on the one hand of increases in value (€ 7.7 million) and on the other of decreases in value (- € 8.3 million).

The debt ratio at the end of the year was 49.29%, which implies that further growth of the real estate portfolio through securing additional financing is only possible to a limited extent. Alternatives such as mergers and takeovers will thus be sought. If the financial markets allow it and enough attractive investment dossiers can be found, the possibility of a share issue will also be studied.

The renting out of Messancy Outlet Shopping is progressing more slowly than expected. We have thus implemented several radical changes in the areas of rental and marketing that will hopefully get this project back on the right track again in 2005. Messancy will thus also be – in addition to the redevelopment of the Wooncentrum Van De Ven in Olen – the greatest challenge for 2005.

By these efforts we aim to further expand the position of Intervest Retail as an important player in the area of Belgian commercial property.

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

The Board of Directors

7 The first value reflects the investment value deed-in-hand, including transfer costs. The second figure is the value costs-to-buyer, excluding transfer costs.


Clara·Clara

I Report of the Board of Directors

Rue de la Chaussée 31-33, 7000 Mons

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 343 lettable units, spread over 100 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 2004 is € 283.856.844 (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. Increased 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[8] – 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.

Since the end of 2003 the free float of the share has increased from 22.82% to 27.48% as at 31.12.2004.

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.

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

- 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

For 2005 and the further future efforts will be focused on not only maintaining the current position of Intervest Retail as the largest property investment fund, but also further consolidating this position. This can be achieved by way of direct acquisitions, purchases, mergers and takeovers. Our vision for the long term is that the portfolio should grow to a size of roughly € 500 million.

Given the low interest rates, the current stock market climate and the attractive performance of the company in recent years, the company is continuing to examine possible capital increases involving calling upon public savings. The resources derived in this manner can be used to finance the planned growth.

Over the short term our efforts will above all be focused upon improving the quality of the existing real estate portfolio, the studying of various growth scenarios, the successful development of Messancy Outlet Shopping and the redevelopment of the Van De Ven Shopping Centre in Olen (see page 21 and further).

4. Corporate governance

4.1. General guidelines

Corporate governance (CG) is a body of rules and behaviour according to which companies should be managed and monitored.

In the course of 2004 a great deal of attention was given to CG: the Lippens commission drew up a Belgian Code, various abuses came to light, parliamentary initiatives were taken regarding openness about remuneration of directors, etc.

The Lippens Commission[9] drew up a 'Belgian Code of Corporate Governance' on December 9th, 2004[10]. The goal of this Code is to create long-term shareholder value. Recent examples of poor CG have in addition shown that the result is significant losses and loss of shareholder value.

In 2003 the European Commission launched its action plan "Modernisation of Company Law and Increased Corporate Governance within the European Union". As a result all member states had to draw up their own national code regarding CG. It is thus also to be expected that many of the recommendations of the Lippens Commission will be integrated into Belgian legislation.

According to the Code companies are recommended to make public two different documents:

- Corporate Governance Charter: this describes the major aspects of the application of CG and should be posted on the company's website by January 1st, 2006 at the latest.
- Corporate Governance Chapter: this provides more factual information regarding CG such as changes in the Board of Directors and remuneration of directors and management. This chapter should preferably already be integrated into the annual reports for financial year 2004.

Intervest Retail has already been applying a large number of the CG recommendations for years. It has been describing them in its annual report since 2002. The intention is that the investment fund will discuss the guidelines issued by the Commission in 2005 and implement the majority of them.

Intervest Retail is a public limited company. As a result the shareholders, in the context of the General Meeting of Shareholders, have the broadest decision-making powers.

Since January 1st, 2004 the property investment fund has been a 'self-managed fund', that is to say, all staff responsible for managing the company are also actually on the payroll of the company. There are thus no management agreements with third parties, with the exception of the technical management of several specific buildings.

9 This commission was made up of representatives from the Commission for Banking, Finance and Insurance (CBFA), Euronext Brussels and the Association of Belgian Companies (VBO). The commission was named after its chairman, Count Maurice Lippens.
10 For the complete Code see www.corporategovernancecommittee.be.

4.2. Board of Directors

The company is managed following the "two-tier" system: on the one hand there is a Board of Directors and on the other hand there is an Executive Committee.

Intervest Retail is managed by a Board of Directors consisting of five members of which there are three independent members and of which 2 represent the major shareholder.

The Board consists of the following members:

Paul Christiaens (60), Director,
Vijverstraat 53, 3040 Huldenberg
Director of property companies

Gérard Philippson (54), Director,
Saturnelaan 34, 1180 Brussels
Managing Director of Sopedi (company specialising in property leasing)

Joost Rijnboutt (65), Managing Director,
Leopold de Waelplaats 28/42, 2000 Antwerp
Managing Director Intervest Offices NV/SA

Hubert Roovers (61), Managing Director,
Franklin Rooseveltlaan 38, The Netherlands – 4835 AB Breda
Director Special Projects, VastNed Management Closed Limited Liability Company under Dutch Law.

Reinier van Gerrevink (56), 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 2004 financial year the Board met on five occasions.

Certain directors hold mandates as directors in other companies. If because of this, or for another reason, a director is confronted with a financial conflict of interest in the context of a decision or transaction that falls under the competence of the Board of Directors, article 523 of the Companies Code is to be applied and the director involved is requested not to participate in the deliberations regarding the decision or transaction, nor in the corresponding voting (article 523, § 1 and following). In case of a possible conflict of interest with a majority shareholder of the company, the procedure described in article 524 of the Companies Code is to be applied. Such a situation, in which the procedure foreseen in either article 523 or article 524 of the Companies Code would have been followed, did not occur in 2004.

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

The total number of shares Intervest Retail in personal possession of the independent 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 auditing process as implemented by the Statutory Auditor
- composition and implementation of the corporate governance principles

The Audit Committee meets at least four times a year. During the financial year 2004, the Audit Committee met four times. 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

Since 1 January 2004 an Executive Committee has been set up. In accordance with article 524bis 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 2005):

- **Closed Limited Liability Company under Belgian Law Gert Cowé,** represented by Gert Cowé, Chairman, Chief Executive Officer
- **Closed Limited Liability Company under Belgian Law Rudi Taelemans,** represented by Rudi Taelemans, Chief Operating Officer

The agreement with Closed Limited Liability Company Nicolas Mathieu (Chief Financial Officer) was terminated as of 31/12/2004; until the present time no replacement has been foreseen. In expectation of the appointment of a substitute of Closed Limited Liability Company Nicolas Mathieu, these tasks are hold by Closed Limited Liability Company Gert Cowé.

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

During 2004 a total remuneration of € 337,650 has been payed to the Executive Committee. This amount is inclusive all remunerations, costs and charges, as well as a resignation remuneration.

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. Deloitte & Partners Company Auditors professional partnership in the form of a co-operative partnership with limited liability, represented by Mr. Rik Neckebroeck certifies the annual accounts.

4.6. Property experts

The property portfolio is valued every quarter by two independent experts.

Molsesteenweg 56, 2490 Balen


"Hoe maakt
u het?"
Met
GAMMA!

II 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 2004, € 1.8 million of the programme was sold with a small added value.

The Executive Committee 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 Messancy Outlet Shopping (see page 22) and the redevelopment of the "Wooncentrum Van De Ven" in Olen (see page 21) .

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[11] had fallen still further, with the result that a lot of premises of the portfolio have increased in value.

A new rental and marketing strategy was implemented for Messancy Outlet Shopping (see also page 23). This will result in a significant increase in the likelihood of rental, but the rental revenues over the short term will however be lower than originally calculated, on the one hand, mainly due to the sever letting policy of Intervest Retail and on the other hand the difficult rental market (see point 2.4. on page 22 en following). The investments will also be higher than initially estimated. The latest evaluation takes these facts into account. During 2004, there were investments of € 5.8 million in MOS and € 9.5 devaluations by the property expert. Besides, the debt to the MOS project developer of € 5.8 million has been taken back so that the impact of MOS on the portfolio result has been limited to € 4.1 million. Compared to the end of 2003, the value of MOS is € 3.68 million (costs-to-buyer) lower at the end of 2004.

As at December 31st, 2004 the size of the portfolio was € 284 million as compared to € 285 million at the beginning of the financial year.

The financial year was closed with an operating profit (direct investment result) of € 12.9 million, i.e. € 2.54 per share.

In accordance with article 6.2.2. of Chapter VI of Schedule A of the Royal Decree of 18/09/1990 regarding the prospectus that must be published upon the inclusion of securities in the primary market of a stock exchange, we are pleased to report that there are no facts to be reported[12].

In 2004 Intervest Retail maintained its position as specialist in retail investments and will as a result remain a solid and professional partner for local and international tenants in future. We are thus also convinced that investors can be offered a return that will remain attractive.

11 *Gross Initial Return (GIR): the return arrived at by dividing gross rents by the value (deed in hand) of the property.*

12 *This article refers to information regarding the type and extent of the interests of the members of the managing, executive and supervisory bodies in the transactions carried out by the issuing entity that are unusual in terms of their nature and conditions, such as acquisitions beyond the scope of normal business operations and the acquisition or sale of part of the fixed assets during the current and previous financial year. It also refers to information regarding unusual transactions concldued in previous financial years that are not fully completed.*

1. The commercial property market[13]

1.1. General

In terms of retail real estate 2004 will be remembered as moderate and stable. The rental market in general did not experience any major rises or falls. The limited economic recovery has not yet led to improvement in the sales figures of retail chains. In terms of investments, demand for quality retail real estate continues to exceed supply.

1.2. The rental market

The rental market can be described as rather "moderate" in 2004. The level was reasonably maintained predominantly by rental activities in shopping centres on the one hand and main road stores on the other

Inner-city shops

Rentals in the main shopping streets were at a low level during 2004. This was above all attributable to several major large chains reaching saturation positions. The absence of newcomers in the market also led to less rentals than in previous years.

Due to the economic situation activity in the town centre has come to almost a complete standstill. Despite this economic climate there has still not yet been any massive restructuring or closure of points of sale and store chains. Most chains seem to have adopted a waiting position for the time being, although operational cost awareness is having an impact on rental levels.

The average rental revenues in town centres remained stable or fell slightly in 2004.

Below is an overview of the most important rental values in Belgium (in €/m²/year, for a 150 m² retail property):

Brussels, Nieuwstraat:	1,250
Antwerp, Meir:	1,250
Ghent, Veldstraat:	925
Bruges, Steenstraat:	800
Hasselt, Hoogstraat:	800
Liège, Vinave d'île:	800

Another phenomenon in the market for town centre shops is that of so-called "key monies". These are acquisition amounts that store chains pay to one another when they transfer the goodwill associated with their business activities in a certain location to another tenant. In actuality the store property is rented to another tenant who is prepared to pay a (sometimes significant) sum to the departing tenant. The owner of the property usually cannot refuse such a transfer of goodwill, but is not however entitled to part of the acquisition amount.

In the current economic context these key monies have in general shrunk or even disappeared. So although in 2004 less was in fact paid for the same space as in previous years, rental revenues remained fairly stable for landlords. It can thus be said that these key monies act as a "shock absorber" that regulates the market.

Shopping centres

Just as the year before, 2004 was a good year for shopping centres. The opening of the second and most important part of the new Waasland Shopping Center (45,000 m²) was very successful. The commercialisation of L'Esplanade in Louvain-la-Neuve (30,000 m²) also appears to be going well.

"The limited amount of sales space and the new products being brought onto the market work to the advantage of rental revenues in shopping centres. Thanks to their good commercial mix, their good reachability and their safety, consumers continue to prefer shopping centres. We have also observed that during economic slowdowns shopping centres resist better than town centre stores in terms of revenues. These factors explain the continuous increase in rental revenues that reduces de facto the difference with town centres. Whereas 10 years previously a difference of 75% could be observed between the Meir and Wijnegem Shopping Centre, today it has shrunk to 25%", stated the analysis of Boris van Haare Heijmeijer (Cushman & Wakefield).

Average rents easily reach € 400/m²/year and in the more expensive segments such as textiles top rents of € 800 to € 900/m²/year (in zone A) are sometimes even reached.

Rental revenues for shopping centres are clearly increasing.

13 *This text is mainly based on information of Cushman & Wakefield.*

Retail warehouses

The market for retail warehouses has suffered less from the recession given that there is a relatively large amount of discount players in this market. It is these players that are able to take advantage of economic malaise – thanks to their cheaper products – compared to the more expensive central locations.

The average rental price fluctuates around € 85/m²/year. For top locations prices of € 125 to € 150/m²/year are sometimes paid. Although only a limited number of chains were really expanding, as a result of limited supply this caused upward pressure.

This market is also characterised by several major projects. One new trend is the emergence of large retail parks (or shopping parks): a large offering of stores, with the same uniform architecture, with a large catering and recreational offering, run by a single management. Examples of this are among others the Hydrion project in Arlon and the redevelopment by Intervest Retail of the Wooncentrum Van De Ven in Olen.

Factory outlets

The phenomenon of factory outlets is beginning to make headway in Belgium. The concept consists of a concentrated offering of stores where producers can offer their goods directly to consumers at significant discounts (of at least 25% on the retail price). In addition these products should be the either the last of a series, from a previous season, slightly damaged, part of overstocks or test products.

In Maasmechelen the first factory outlet (Maasmechelen Village) has been opened and the second phase (10,000 m²) is currently being developed.

In Verviers (10,000 m²) and in Gent (8,000 m²) factory outlets are also being planned.

In Messancy Intervest Retail owns a factory outlet with ± 13,700 m² of store area and ± 4,000 m² destined for leisure time and restaurants. The complex opened its doors in June 2003.

1.3. The investment market

In general the tendency in the investment market is comparable to the rental market. It is however the first time in 20 years that developments in both sectors are apparently not moving in parallel.

It is on the one hand correct that investors are very hungry for acquisitions given low interest rates, leading to the risk premium that exists between these interest rates and the return on real estate being fairly large. On the other hand it is also true that investors are cautious due to the fact that potentially unoccupied space will be less easy to rent.

Aarschotsesteenweg 1-6, 3390 Tielt-Winge

The total sales volume was roughly € 650 million in 2004, compared to € 150 million the previous year. It should however be noted that roughly half of these transactions were 'pocket to pocket' sales, i.e. sales between associated companies. In this way ING Real Estate Development sold the Waasland Shopping Center and a part of the Wijnegem Shopping Center to ING Retail Property Fund France Belgium for an amount of € 285 million.

In terms of value it was above all shopping centres that were sold (77%), followed by town centre stores (15%) and main road stores (8%).

In 2004 institutional investors were also very active once again: they represented more than 85% of all investments, which illustrates that the retail real estate market has evolved into a truly professional market.

The buyers were predominantly of Dutch (55%), German (20%) and Belgian (14%) nationality.

Whereas the average initial yield for town centre stores was at about 6% during the last two years, transactions are now regularly being done at between 5.5% and 6%. For small transactions yields lower than 5.5% are even sporadically observed.

In the shopping centre sector few points for comparison are available. There are nonetheless indications that for a good shopping centre it is possible to realise a yield of 6.5% and for an excellent shopping centre even 6% to 6.25% can be realised.

In recent years yields in the main road market have been stable or slightly falling. For a long time there was a psychological barrier here ("after all, it's only four walls and a roof"); currently however new international investors have presented themselves in this segment. The latter are mainly from the United Kingdom where yields of 5.5 to 6% are normal, and they consider yields in the Benelux of 7.25 to 7.5% perfectly acceptable. Today the psychological barrier appears to be at roughly 7%.

As long as interest rates remain at their current level, the downward trend in initial yields seems set to be reinforced.

14 Report, Parl.st., session 2003-2004, 51, 1035/007, pages 3 up to and including 5.

1.4. Reform of legislation regarding business location

The law of June 29th, 1975 regarding business location (the so-called "Bolt Law") aimed to subject the operation of certain new store projects to an additional permit (the "socio-economic permit") subsequent to an investigation of their impact on the commercial environment from a social and economic viewpoint.

The application of this law led to a great deal of dissatisfaction and a lack of clarity for various economic players. Save for it being made stricter in 1994, this law has remained unchanged for almost 30 years. It is thus outdated and unsuitable for developments in a constantly evolving sector.

In the context of administrative simplification the government has since 2002 been adapting this law "to the needs and character of the current commercial landscape" by "improving the cohesion between small, medium-sized and large retail companies without on the one hand hindering the creation of new business locations and expansion of existing locations, and without on the other hand causing vacancy within town centres"[14].

The new draft legislation was accepted by both the Chamber of Representatives and the Senate during their plenary sessions of July 15th and 17th, 2004 respectively. The law was published in the Belgian Law Gazette on October 5th, 2004; it will be effective as of July 1st, 2005.

The most important changes compared to the old law are the following:

- For certain expansion and relocation projects only reporting requirements are applicable
- The procedures have been simplified: as of now the Board of the Mayor and Aldermen rules on the granting of a permit. The new role of the National Social-Economic Committee for Retail is much more limited than the old Social-Economic Committee for Retail
- The procedures have been speeded up and the possibilities for appeals expanded
- Elimination of the so-called zones 1 and 2, whereby as of now town centre stores larger than 400 m² (net sales area) also require a permit

- If the authorities do not reach a decision in a timely manner, the application is assumed to have been approved (principle of tacit permission)

This new legislation will undoubtedly result in a great deal of change, given that as of 1/7/2005 permits can be granted at a more local level. There will thus potentially be more (large scale) store projects in the coming years. It is however too soon to make definitive pronouncements: the future will show what the consequences the new law will have.

2. Important developments that have taken place in 2004

Last year, the value of the property portfolio developed from € 254 million to € 253 million (values costs-to-buyer).

The details of that evolution are as follows:

- value portfolio 01.01.2004:	€ 254,173,623
- acquisitions:	€ 0
- sales:	- € 1,843,727
- unrealised added values:	€ 7,729,565
- unrealised losses of value:	- € 8,296,754
- investments:	€ 7,087,900
- withdrawal debt project developer MOS:	- € 5,359,979
- value portfolio 31.12.2004:	€ 253,490,628

2.1. Acquisitions

No acquisitions were made in 2004.

2.2. Sales (see table below)

During the past year, the following properties in the sales programme referred to above were sold:

Location	Address	Surface Area (m²)	Selling price (€)	Book value on sale (Costs-to-buyer) (€)	Added value or loss of value (€)
Alleur	Avenue de l'Expansion 16	2,221	1,100,000	1,106,045	-6,045
Gerpinnes	Rue de Bertransart 99	700	445,000	446,519	-1,519
Elewijt-Zemst	Keizer Karellaan	2,100	299,000	59,338	239,662
Vilvoorde	Mechelsesteenweg 30	263	95,000	85,404	9,596
Wavre	Rue Pont du Christ 46	28	40,000	33,766	6,234
Wavre	Rue du Commerce 26	215	105,000	112,655	-7,655
Total:		**5,527**	**2,084,000**	**1,843,727**	**240,273**

2.3. Olen

In September 2004, Intervest Retail has announced that it is considering redeveloping the present Van De Ven shopping centre in Olen into a unique, innovative new-generation shopping park in order to exploit the retail site's potential to the optimum. Intervest Retail is thinking specifically of an open air park based on the themes of "home", "garden" and "hobbies & leisure" with a generous range of services and facilities, 35,000 m² in size and nestling in pleasant surroundings. The overall concept is intended to provide visitors with the optimum shopping experience and represent commercial added value for tenants.

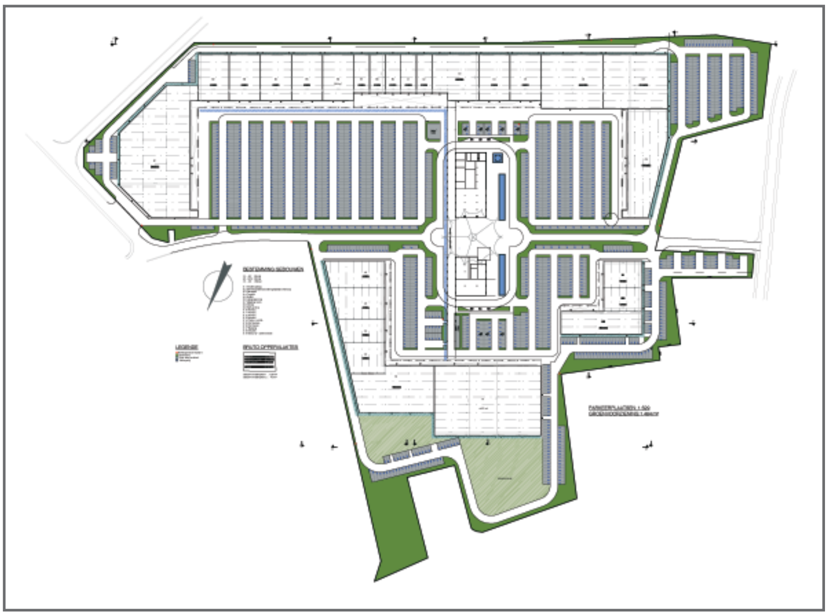
Under the provisional working name of *Shopping Park Olen 2006* this unique project continues to build on the original success formula of Van De Ven: shopping as synonym for pleasure thanks on the one hand to a strong offering of well-defined themes and on the other sufficient recreational facilities for visitors (including organised events at regular times). Intervest Retail intends to use the redevelopment to breathe fresh life into the historically heavily visited site in order to make a commercial success of it once again.

The origins of today's Van De Ven shopping centre lie with the home furnishings boutique set up by Frans Vandeven, the man who in the seventies, as one of the pioneers of the fun shopping trend, wanted to make shopping synonymous with pleasure. In a relatively short time Vandeven actually did succeed in his idea. Thanks to the combination of a very strong concept for that time, organising numerous performances by Flemish artists and other forms of entertainment, and systematically indulging customers in special offers and/or small gifts, the home furnishings boutique grew into a shopping centre of approximately 30,000 m², with alongside articles for the home a range of shoes, clothing and leisure goods.

Thanks to persistent advertising campaigns the Van De Ven shopping centre became a household word throughout Flanders. The centre enjoyed its heydays from the mid eighties to the mid nineties, especially on Saturdays and Sundays. However, since the end of the nineties the concept has been found to have become somewhat dated and the showrooms are attracting fewer visitors, possibly because of the fact that both the formula and the appearance of the centre have not been changed or not changed enough over the past 30 years to respond to today's consumer expectations and retail outlet standards.

Shopping Park Olen 2006 is conceived as an open air park based on the themes of **home – garden – hobbies & leisure**, set in some pleasant surroundings. Indeed the overall concept is planned as being one architecturally uniform, high quality entity with covered esplanades located around a central car-free plaza with several catering facilities, ample green zones and water features.

The shopping park will comprise a balanced mix of larger (< 5,000 m²) and smaller stores (> 360 m²). Space is being allowed



for chain stores and local independents alike, together introducing a generous and diversified range spread over the 3 core domains (home, garden, hobbies & leisure).

Besides its range of stores the park will also have a comprehensive package of services and facilities, with central starting points based on store comfort, experience and children-friendliness. For instance there will be ample free parking for 1,500 cars (including spaces for the disabled and expectant mothers), a loading/unloading area, crèche facilities, a covered playground, ample sanitary facilities, wheelchair hire and a good deal of other services.

Continuing to build on the fun shopping tradition of the Van De Ven shopping centre, it is also the intention to organise entertainment and events for adults and children alike, specifically on Saturdays and Sundays at regular times.

Besides the day-to-day management of the centre a professional caretaker will also be looking after such aspects as upkeep, waste management and safety. Furthermore, the caretaker will be responsible for the centralised promotion of the shopping park, among others by means of a strategic marketing policy based on advertising campaigns and organising events and entertainment for young and old in the centre.

In its present form the concept will require an investment of between € 35 and € 40 million. Discussions with the municipality of Olen and the higher authorities are underway. The application for an urban development permit was submitted at the end of December 2004. The application for a socio-economic permit was submitted in January 2005. A legal dispute surrounding one of the villas on the site is still running[15].

If the project gets given the green light by mid-2005, the shopping park might be able to open its doors by the end of 2006.

2.4. Messancy Outlet Shopping

Last year was characterised above all by the further commercialisation of Messancy Outlet Shopping (MOS). This project was project purchased in November 2002. Construction started in December 2002 and the centre opened its doors on 05/06/2003.

The centre is a concentrated offering of stores where producers can offer their goods directly at significant discounts (at least 25% on retail prices). In addition these products must be either the last of a series, from a previous season, slightly damaged, part of overstocks or test products.

The rents paid by tenants are mostly linked to the revenues they generate at Messancy Outlet Shopping (revenue-linked rents). The choice of tenant is thus extremely important: it determines not only the amount of rental revenues Intervest Retail will receive; tenants must in addition complement each other. The right mix of tenants will after all ensure a maximum number of customers is attracted.

Furthermore all the rental agreements fall under legislation applicable to commercial rental, which makes it very difficult for the owner to give the tenants their notice. All these factors mean that the necessary time must be spent selecting tenants and that Intervest Retail should not let itself be tempted to “fill up” MOS quickly on a first come, first serve basis.

Messancy Outlet Shopping consists of ± 13,700 m² of store area and ± 4,000 m² for catering and leisure time. There are a variety of well-known brands among the tenants: (see the facing page)

15 In 2001 Intervest Retail bought three villas from Mr. Vandeven or associated companies. Before this purchase could be recorded at the registration office, one of the selling companies was declared bankrupt. As a result the sale of 1 villa is probably not acceptable to the receiver, which means that it is unclear who the legal owner of the villa is (even though Intervest Retail has paid about € 620.000). The necessary legal steps are being taken in order to recover either the villa or the purchase price.

Currently factory outlet centres are not having an easy time of it in Europe. The development and rental of outlet centres takes roughly two years on average, given that one the one hand one has to deal with producers rather than retailers and on the other hand due to revenue-linked rents one cannot proceed too quickly and must be sure to secure good brands. Various new outlet centres openings and the economic crisis lead in addition to great caution and scepticism among several producers, which slows down the renting of new centres.

MOS is also struggling with a difficult rental market. The occupancy rate as at 31/12/2004 (37.64%) was even lower than at the end of 2003 (42%). This is due to the bankruptcy of the Dutch parent companies of Villa Happ and Dobber which led to roughly 700 m² being lost. An additional 173 m² were rented.

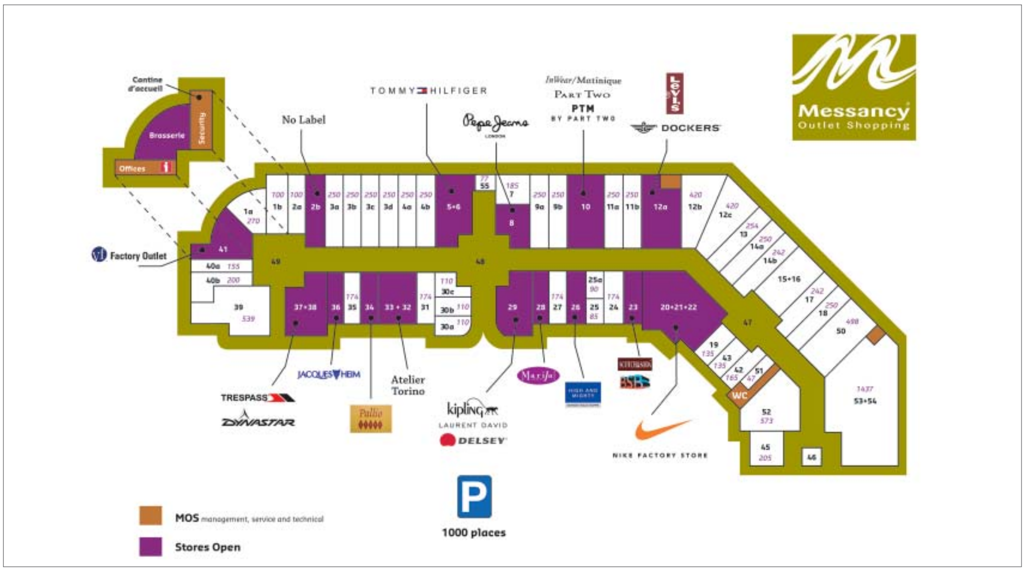
Given this difficult situation Intervest Retail decided in mid-2004 to implement several radical changes in order to get the project back on track:

- The services of Retail Consulting Ltd. (made up of international experts in the field of factory outlets) were retained to develop and implement a new rental strategy. The latter consists of on the one hand giving potential tenants rental proposals with attractive financial conditions, and on the other hand giving potential tenants a guarantee that they need only open their store if there is a certain minimum occupancy. This last condition seems especially to be a decisive argument. A (guaranteed) minimum number of operational stores will after all result in increased visitor numbers and increased sales revenues.
- A new marketing campaign was set up in view of re-opening the centre before the summer of 2005.
- In terms of architecture and design the centre will undergo thorough modification in order to make it more commercially attractive.

These efforts should bear fruit by summer 2005 at the latest.

The real estate expert (de Crombrugghe) valued this project as at December 31st, 2004 on the basis of the new commercial strategy. During 2004, there were investments of € 5.8 million in MOS and there was a devaluation of € 9.5 million by the property expert. Because of this, the value of MOS as at 31.12.2004 is € 3.68 million (costs-to-buyer) lower compared to the end of 2003.

If this new strategy is not successful, an even greater reduction in value will in all likelihood be necessary. This extent of this reduction is difficult to estimate at this time.



When the project was purchased it was agreed with the sellers that share price, at a fixed rate of return, could be increased in proportion to future revenues until 30/06/2006 at the latest. This price adjustment was still estimated at € 5.4 million as at 31/12/2003 and was booked as such on the balance sheet as debt.

In the meantime the company is of the opinion that this debt is no longer certain and fixed, given the slower rental, lower revenues and higher costs of the project.

Furthermore at the beginning of 2005 request for arbitration was submitted to terminate this agreement with the sellers and compensation for damages was demanded. The reason for this is that the company feels the sellers manifestly neglected to fulfil their contractual obligations.

It was thus decided to write down this debt of € 5.4 million.

Messancy Outlet Shopping is managed by Messancy Outlet Management NV/SA, a subsidiary of Intervest Retail. For further information about MOS see www.messancyoutletcentre.be.

2.5. Renovation property Antwerp – Meir 99

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 work started in November 2003 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 increased from € 5 million as at 31.12.2003 to € 6.4 million (value costs-to-buyer) as at 31.03.2004. The premise has reopened at the beginning of May 2004.

2.6. Fire in Wilrijk – Oude Baan

On 28 April 2004, 3 of the 4 stores located in Wilrijk – Boomsesteenweg 666-672 burned down because of a lightning stroke. Three stores had to be completely rebuild (AS Adventure, Brantano and Prémanan). The fourth store also suffered a lot of damage as a result of which considerable restoration works were imperative.

The works have in the mean time been completed. The buildings were delivered to the same tenants as before in January 2005. In the mean time the tenants have once again opened their doors. The costs of the fire were almost completely covered by the insurance company.

2.7. Tax system

By way of the Royal Decree of 15/4/1995 the legislator gave property investment funds an advantageous fiscal status. When a company transforms its status into that of a property investment funds, or when (ordinary) companies merge with a property investment fund, they have to pay a one-time exit tax. The property investment funds subsequently subject to taxation on only very specific elements, such as “rejected expenses”. No corporate tax is thus paid on the majority of the profit derived from rental revenue and capital gains realised on the sale of real estate assets.

The rate of this exit tax has fallen since January 1st, 2005 from 20.085% (19.5% + 3% crisis tax) to 16.995% (16.5% + 3% crisis tax). This is a good thing for the sector given that it improves the competitive position of property investment funds compared to other investors. It will thus become more attractive in fiscal terms for the owners of real estate companies to transfer them to a property investment fund.

In addition to this rate reduction the discussion surrounding the basis for taxation has finally been brought to an end.

According to fiscal legislation this basis for taxation is to be calculated as the difference between the actual value of the equity and the (fiscal) book value. The discussions between the investment funds and the Ministry of Finance concerned the method for calculation of the actual value of the equity: was the investment value (including transfer costs) or a sales value (excluding costs) to be taken into account? The fiscal authorities were of the opinion that the transfer costs (such as registration duties and notary costs) were to be included, leading to a higher actual value and thus to a higher rate of taxation.

The Minister of Finance has now decided by way of a circular (dated 23/12/2004) that these transfer costs need not be taken into account, which is of course a good thing for the property investment funds. This ruling is also applicable to all current disputes, such that most tax assessment from previous years cannot be considered as relevant[16].

Intervest Retail was always of the opinion that there were sufficient objective arguments on hand to dispute these tax assessments. A counter-booking was thus made for these tax assessments such that there was no effect upon results.

Use of this booking method also means that it is not necessary to write down provisions as a result of this circular. In other words this circular has no effect upon the results of the company.

3. Post balance sheet events

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

16 This circular does however stipulate that securitisation premiums are subject to corporate tax. Tax assessment on the basis of a securitisation premium would thus be due. The company disputes this interpretation.

4. Summary of the figures[17]

BALANCE SHEET (€ 000)	31.12.2004	31.12.2003	31.12.2002
ASSETS			
Formation expenses	0	0	0
Intangible fixed assets	16	0	0
Tangible fixed assets	253,628	254,270	232,471
Financial fixed assets	18	15	14
Amounts receivable after one year	0	0	0
Amounts receivable within one year	3,658	5,323	3,131
Cash investments	0	0	76
Liquid assets	1,666	961	2,391
Transitory accounts	34	22	135
Total assets	**259,020**	**260,591**	**238,218**
LIABILITIES			
Equity capital	130,284	130,632	126,333
Minority interests	3	3	0
Provisions for risks and charges	195	195	195
Amounts payable after one year	63,798	69,435	19,188
Financial debts	*63,543*	*63,842*	*19,105*
Other debts	*255*	*5,593*	*83*
Amounts payable within one year	63,870	59,246	91,122
Financial debts	*45,626*	*43,856*	*72,835*
Other debts	*18,244*	*15,390*	*18,287*
Transitory accounts	870	1,080	1,380
Total liabilities	**259,020**	**260,591**	**238,218**

RESULTS (€ 000)	31.12.2004	31.12.2003	31.12.2002
Operating result			
Turnover	19,158	18,906	17,461
Not recovered charges	-157	-170	-149
Other operating income	403	205	169
Net turnover	19,404	18,941	17,481
Operating costs	-3,562	-3,323	-2,444
Operating result	15,842	15,618	15,037
Financial result	-2,957	-2,990	-2,861
Operating result before taxes	12,885	12,628	12,176
Taxes	-7	282	11
Operating result	**12,878**	**12,910**	**12,187**
Result on the portfolio			
Realised added value or loss of value on portfolio items:	303	314	-681
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	-567	4,013	-1,816[18]
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-63	-38	674
Result on the portfolio	**-327**	**4,289**	**-1,823**
Exceptional result	0	0	0
Result of the period	**12,551**	**17,199**	**10,364**
Group share	12,551	17,199	-
Third-party share	0	0	-

17 For 2004 and 2003 these are consolidated figures, for 2002 these are unconsolidated figures. The balance sheet was prepared on the basis of a costs-to-buer valuation of the property.

18 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, the 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 amounted to € 253.63 million compared to € 254.27 million one year earlier. The majority of this change is attributable to the various movements in the real estate portfolio (see item 2 page 20). Furniture, vehicles, equipment and other tangible fixed assets amounted to € 0.14 million.

The valuation deed-in-hand of the operational and non-operational real estate (i.e. the investment value that a specific rental return yields in proportion to the risk linked to the property and the location without deduction of the registration duties and notary costs for a potential sale) amounted to € 283.86 million.

€ 0.018 million of the financial fixed assets are guarantees paid. In the non-consolidated figures there is in addition a majority stake of € 0.06 million in the company Messancy Outlet Management NV/SA. This company is fully integrated in the consolidated figures. Messancy Outlet Management NV/SA manages Messancy Outlet Shopping on location and ensures among others that all costs are invoiced onward to tenants and owners.

Current assets amounted to € 5.36 million, of which € 1.89 million was trade receivables, € 1.77 million was other receivables (due mainly from insurance companies), € 1.67 million was cash in hand at bank and € 0.03 million was accruals.

5.3. Liabilities

The equity of Intervest Retail NV/SA amounted to € 130.28 million. The company's capital remained unchanged at € 97.21 million. The share premium account amounted to € 4.18 million, as in the previous year. The consolidated reserves amounted to € 28.88 million and are related to unrealised capital gains as a result of the valuation of the real estate portfolio at market value. These reserves not available for distribution fell by € 0.33 million compared to the previous year as a result of the revaluation of the real estate portfolio by the real estate expert.

The Board of Directors is expressly authorised to increase the company's capital at once or in several steps by an amount of € 97,213,233.32. This authorisation remains valid until 24/01/2008.

The total number of shares remained unchanged at 5,078,525 such that the intrinsic value costs-to-buyer excluding dividend amounted to € 25.65 per share. Including dividend the intrinsic value costs-to-buyer amounted to € 28.19 per share. Valued deed-in-hand the intrinsic value excluding dividend amounted to € 31.63. This was € 34.17 including dividend. Compared to the share price of € 34.89 per share on the closing date, the share is consequently quoted with an over-valuation of 2.11% compared to the intrinsic value deed-in-hand.

Provisions amounted to € 0.20 million and are composed of provisions made for legal disputes.

Debts amounted to € 128.54 million compared to € 129.76 million the previous year.
Amounts payable at more than one year amounted to € 63.80 million of which € 63.53 million is long term fixed rate debt to banks, € 0.02 million is leasing debt and € 0.25 million is various other debts and guarantees received in cash. The decrease in debts payable at more than one year is due to the write-down of the debt to the project developer of Messancy Outlet Shopping (see item 2.4 page 22).
Debts payable within one year at the most amounted to € 63.87 million, of which € 45.62 million is bank loans of which the tranche drawn down matures and must be repaid or renewed, € 3.26 million is trade payables and invoices to be received, € 0.08 million is tax payable, € 0.07 million is provisions for holiday allowance payables and € 14.84 million is other debt. The latter also includes the dividend for the financial year, including withholding tax. Lastly, debt also includes accruals amounting to € 0.87 million.

The debt ratio is 49.29%. Taking into account the maximum legally permissible debt ratio for property investment funds of 50%, Intervest Retail still has a margin (assuming the real estate portfolio remains unchanged) of € 1.8 million in this respect.

5.4. Operating result

Revenues increased to € 19.16 million compared to € 18.91 million in 2003. Operating expenses also increased to € 3.56 million compared to € 3.32 million the previous year. Operating profit increased to € 15.84 million compared to € 15.62 million the previous year. The financial result fell to - € 2.96 million this year compared to € 2.99 million in 2003. When comparing results across three years it should be stated that this is made more difficult by the fact that the mergers of 30/12/2002 were made effective retroactively as of 01/07/2002. Figures for 2003 and 2004 are consolidated, whereas figures from 2002 were drawn up on a non-consolidated basis given that as at 31/12/2003 Intervest Retail gained control of Messancy Outlet Management NV/SA by securing 950 of 1,000 shares in this company. The consolidated result for 2004 however the same as the non-consolidated result.

Consolidated operating profit fell by € 0.03 million to € 12.88 million compared to € 12.91 million the previous year. The gross distributable profit per share for a 100% distribution of the operating profit thus amounted to € 2.54 per share rounded off compared to € 2.54 per share the previous year. Despite the lack of rentals in Messancy Outlet Shopping the same dividend can be distributed as last year, if a small allocation of € 0.02 million is made from the accumulated profits of previous years.

5.5. Result on the portfolio

The result on the portfolio this year yielded a loss of € 0.33 million. This loss was deducted from reserves not available for distribution, such that these reserves fell from € 28.24 million to € 27.91 million. € 0.38 million of capital gains realised was booked against the acquisition value and € 0.08 million of losses realised on the sale of non-strategic real estate assets. The main reason for the negative unrealised total valuation of the real estate in the portfolio is the downward revaluation of the 'Messancy

Outlet Shopping' project. As previously mentioned, the real estate expert (de Crombrugghe) valued this project on the basis of a new commercial strategy (see item 2.4 page 22). During 2004, there were investments of € 5.8 million in MOS and there was a devaluation of € 9.5 million by the property expert. Besides, the debt tot the project developer of MOS was taken back so that the the impact of MOS on the result on the portfolio was limited to € 4.1 million.

The unrealised losses for the rest of the real estate amounted to € 4.17 million. The unrealised capital gains resulting from increases in valuations by the real estate experts amounted to € 7.73 million.

The extraordinary results are nil such that the global consolidated profit for the financial year, i.e. the sum of the operating profit, the result of the portfolio and extraordinary profit amounted to € 12.55 million, compared to € 17.20 million the previous year.
Compared to the share price at the end of the year this represents a gross return of 7.08%.

5.6. IFRS

Implications of implementing International Financial Reporting Standards (IFRS)

In 2002 the European Union accepted regulation 1606/2002, according to which all stock exchange listed companies in the European Union are obliged as of the financial year beginning on January 1st, 2005 to draw up their consolidated annual accounts according to the "International Financial Reporting Standards" (IFRS) and the "International Accounting Standards" (IAS) as issued by the "International Accounting Standards Board" (IASB).

Intervest Retail NV/SA will draw up its consolidated accounts in 2005 according to these accounting norms. This transition is considered to be a useful step in improving the transparency and comparability of the reporting stock exchange listed companies in general and Intervest Retail NV/SA in particular. This transition does however require substantial efforts on behalf of the management and staff of the company, and the support of external advisors is accompanied by corresponding costs.

Intervest Retail NV/SA has drawn up a detailed plan and freed up the necessary resources for the conversion of the consolidated accounts (which are currently drawn up in accordance with the generally accepted Belgian accounting rules and the Royal Decree of April 10th, 1995 regarding real estate investment trusts) to IFRS/IAS norms in a timely, accurate and efficient manner.

A number of steps have already been taken in this regard. A project team has been gathered whose members have attended seminars and had the necessary training in the matter. This project team is supported by advisors that have built up specialisation in this field. The transition to IFRS/IAS is in addition carried out in consultation with the company's auditor. The IFRS and IAS standards have been examined in order to investigate their applicability to the company. In addition, the IFRS/IAS rules applicable to every item in the balance sheet have been identified.

These were compared to the existing Belgian accounting rules and the main discrepancies, additional explanations requested, extra information required and action points necessary have been set out.

The most important relevant differences between the Belgian accounting rules and the IFRS/IAS standards for Intervest Retail NV are listed below.
Furthermore, on the basis of a first estimation, and indication has been provided of what the effect thereof on own equity as at January 1st, 2004 and December 31st, 2004. Given that the process surrounding IFRS/IAS regulation and application is not yet completely finished, the information below is still subject to change.

Booking of the dividend

According to Belgian accounting rules the annual accounts are drawn up after allocation of profit, such that the dividend to be distributed is booked as a debt in the year in which it is created. According to IFRS/IAS rules the profit for the financial year is part of own equity and the allocation of the result, including the dividend to be distributed, is only booked as a debt once the general meeting has approved this allocation of the result. This has a positive effect on own equity in the opening balance sheet as at January 1st, 2004 and the closing balance sheet as at December 31st, 2004 of € 12.9 million.

Booking of provisions for Maintenance and Repairs

According to IFRS/IAS rules provisions for maintenance and repair cannot be built up as is the case according to Belgian accounting law, and existing provisions of this type are to be considered as own equity. As Intervest Retail does not build up any provisions for maintenance and repair, this does not have any impact.

Valuation of real estate

The assets of Intervest Retail NV/SA are made up predominantly of real estate. This real estate is currently booked according to real market value, in accordance with the Royal Decree applicable to property investment funds, and as is also prescribed by IFRS/IAS rules. In Belgium however there is still no clarity regarding whether the concept of real market value as determined in the IFRS/IAS standards corresponds to the investment value deed-in-hand or the liquidation value costs-to-buyer as currently applied by the real estate experts. Although there has already been mutual consultation among real estate investment trusts, the association for collective investment vehicles and auditors, no final standpoint has been reached on the interpretation of the concept of real market value.

Rent rebates, rent-free periods and rental incentives

In terms of operating revenues, benefits awarded to tenants such as rent rebates, rent-free periods and other benefits will according to IFRS/IAS rules be subject to correction against the revenues, pro rata temporis for the period during which these rental revenues are allocated, i.e. as of the date upon which the building is made available until the first occasion on which the tenant can give notice. These rent rebates and rent-free periods are currently neither booked nor spread such that they only influence results for the period in which they are effectively allocated. Upon application of IFRS/IAS rules the spreading has a positive effect on operating profit of € 0.6 million on own equity and as at December 31st, 2004 a positive effect of € 0.8 million on own equity. However currently the incorporation of the spreading is being interpreted in conjunction with the investment value of the real estate, which would imply that ultimately no effect on own equity would be observed.

Booking of extraordinary expenses and revenues

According to Belgian accounting law certain expenses and revenues are to be booked as extraordinary expenses and revenues, which is not foreseen according to the IFRS/IAS standards.

Inclusion of explanations

The IFRS/IAS standards require far more explanations than Belgian accounting rules. This can include for instance illustrating the breakdown according to business and geographic segment, the cash flow table, the reconciliation of own equity and the breakdown of costs allocated to rent-generating and non-rent-generating real estate.

6. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31.12.2004 will be approved and that the profit for the financial year will be appropriated as follows[19]:

- profit for the financial year:	€ 12.551.264,32
- withdrawal from the non-distributable reservess:	€ 326.915,45
- profit carried forward from the previous financial year:	€ 995.319,25
- profit balance to be appropriated:	€ 13.873.499,02

This amount breaks down as follows

- profit to be carried forward:	€ 974.045,52
- 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.

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 11 May 2005. 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.

Since the total net income for the year 2004 is € 12.878.179,77, which fully will be distributed as a dividend, the Board of Directors proposes to withdrawn the deficit of € 21,273.73 from the profit carried forward from the previous financial year, so that the total dividend amounts to 100.17% of the net operating result.

The dividend is payable from 27 May 2005 onwards. Holders of bearer shares must present coupon number 5.

7. Forecast

For 2005, particularly the success of Messancy Outlet Shopping and the redevelopment of the Wooncentrum Van De Ven in Olen will determinate the result. It is subsequently difficult to make a evaluation of the profit for this year.

The profit will be clearly lower than in 2004, taken into account that MOS and the redevelopment in Olen will evoluate according to our planning (which is at this moment still incertain).

19 Given that 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.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III Report on the share

Volderstraat 15, 9000 Ghent

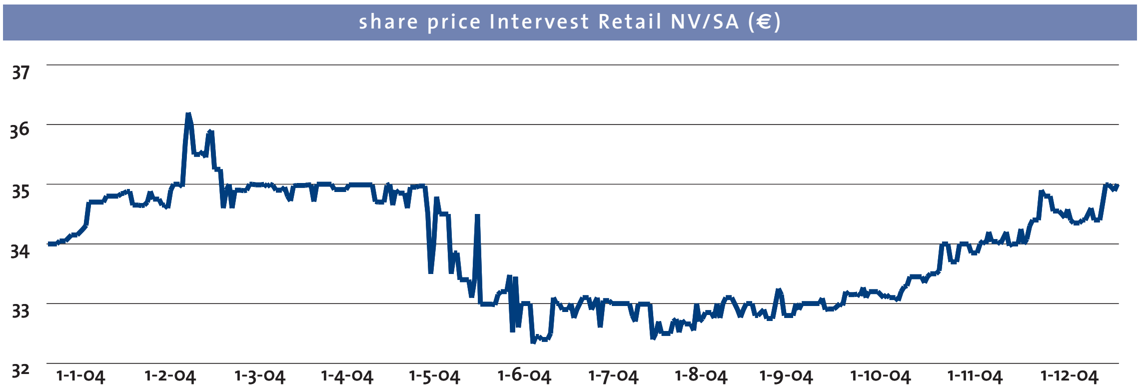
1. Stock market information

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:

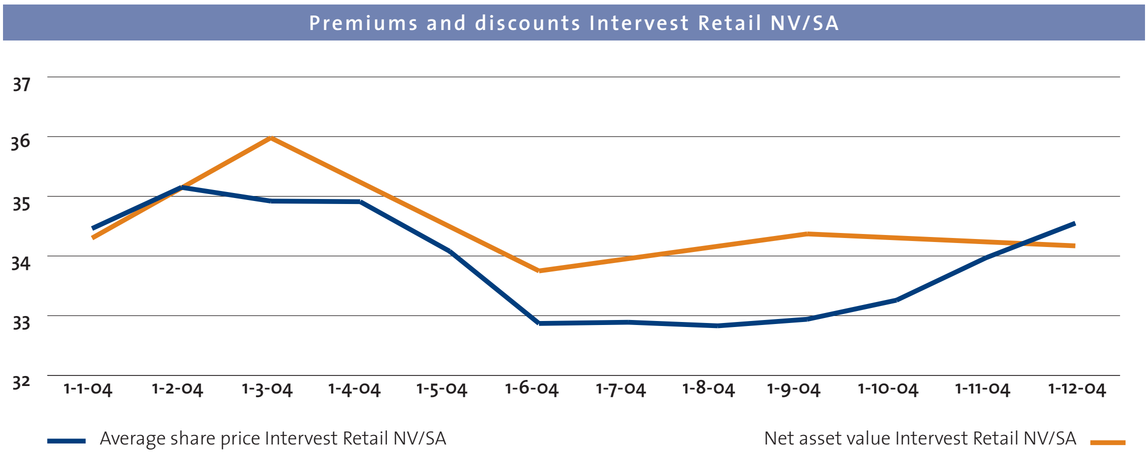
- publishing quarterly figures
- preparing a number of analyst's reports every year
- maintaining a professional website
- complying with International Financial Reporting Standards (IFRS)

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).

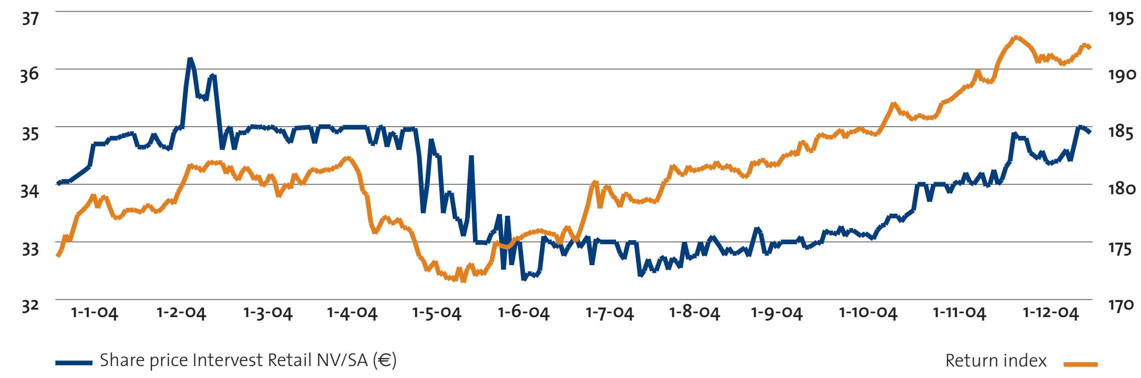


In 2004 the share price was subject to a certain amount of fluctuation. At its lowest point it reached € 32.33 (15 June 2004) and at its highest € 36.20 (18 February 2004).
The decrease at the end of May can be explained by the payment of the dividend over the financial year 2003. The increase as from medio 2004 is in line with the trend for all property indices. Property securities stay a favorite investment in times of economic uncertainty.



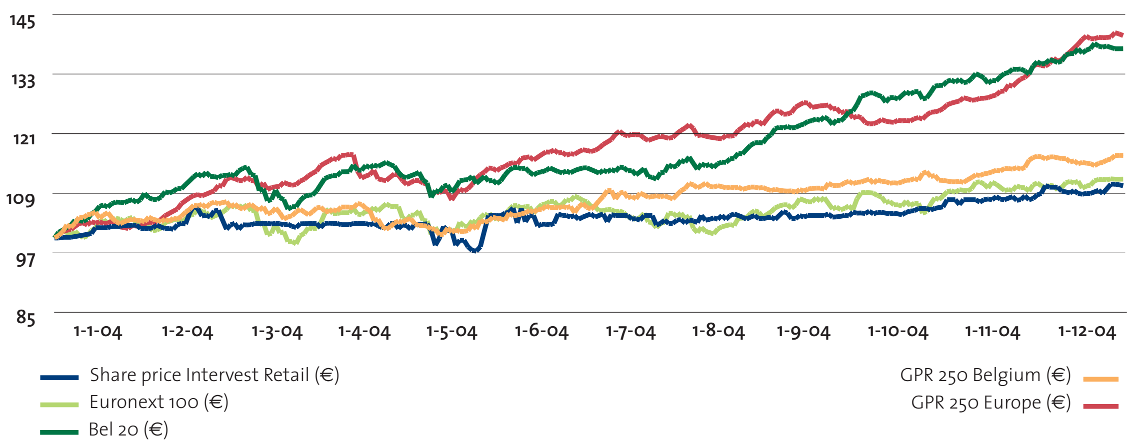
The net asset value (deed in hand) of Intervest Retail (on a consolidated basis) includes the dividend of 2003 up to the payment date at the end of May.

Comparaison Intervest Retail NV/SA – ING Sicafi index



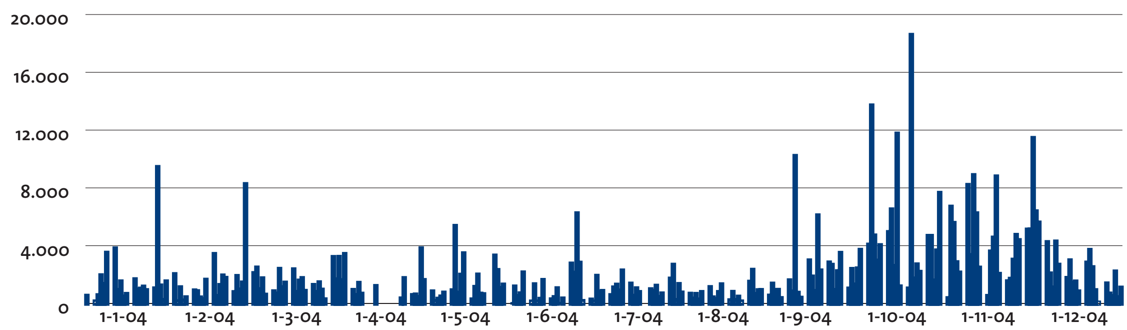
The ING Sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the volumes traded and the yield on the distributed dividends.

Comparaison Intervest Retail NV/SA – other indices

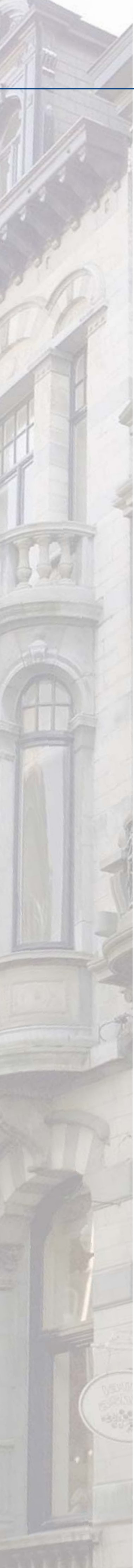


The share price of Intervest Retail followed the same trend as the Belgian property indices.[20]

Trading number of shares Intervest Retail



20 Additional information on 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) regarding the GPR 250 Europe and GPR 250 Belgium.



The traded volumes, with an average of 2,067 units a day, exceeded the level of the previous year (1,168 unitis a day). 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 27.48%. Efforts will be ongoing to further increase this free float figure and thereby improve negotiability.

2. Dividend and number of shares

	31.12.2004
Number of shares at the end of the period	5,078,525
Number of shares entitled to dividend	5,078,525

Share price (€)	31.12.2004
Highest	36.20
Lowest	32.33
Share price on closing date	34.89
Over-/undervaluation in relation to the net asset value (deed in hand) (%)	2.11

Data per share (€)	31.12.2004	31.12.2003	31.12.2002
Net asset value (inc. dividend)	34.17	34.30	33.03
Gross dividend	2.54	2.54	2.42
Net dividend	2.16	2.16	2.06

3. Shareholders

As at 31.12.2004 the following shareholders were known to the company:

VastNed Retail NV/SA	**3,602,329 shares**	**(70.93%)**
Max Euwelaan 1 3006 AK Rotterdam The Netherlands		
CFB (Belgique) NV/SA	**80,431 shares**	**(1.59%)**
Uitbreidingstraat 18 2600 Antwerp		
Public	**1,395,765 shares**	**(27.48%)**
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

- Announcement of results as at 31.12.2004: **Tuesday 22 February 2005**
- Announcement results as at 31 March 2005: **Tuesday 3 May 2005**
- General Meeting of Shareholders: **Wednesday 11 May 2005** at 14:30 at the company's offices, Uitbreidingstraat 18, 2600 Antwerp-Berchem
- Dividend payable: from **Friday 27 May 2005**
- Announcement of half year results as at 30 June 2005: **Wednesday 9 August 2005**
- Announcement of results as at 30 September 2005: **Thursday 27 October 2005**

IV Property report

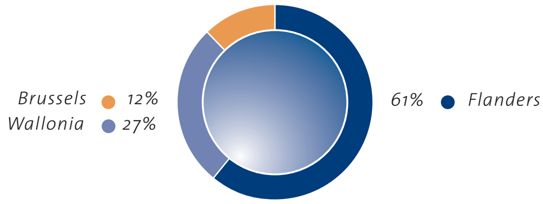
Meir 99, 2000 Antwerp

1. Composition of the portfolio[21]

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.

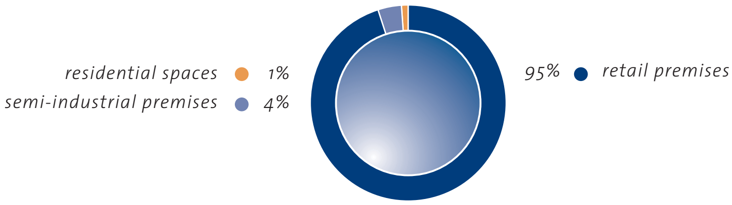
1.1. Geographic spread

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



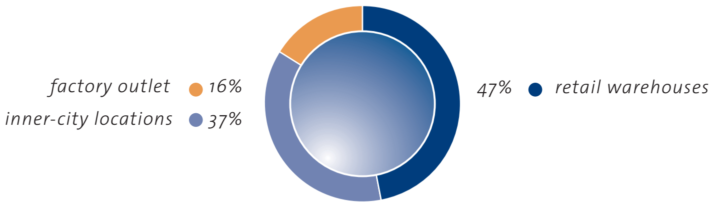
1.2. Type of building

In total Intervest Retail's portfolio at the end of 2004 consists of 343 lettable premises. 95% of the premises are retail premises, and the remaining 5% are primarily semi-industrial premises and residential spaces.



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.

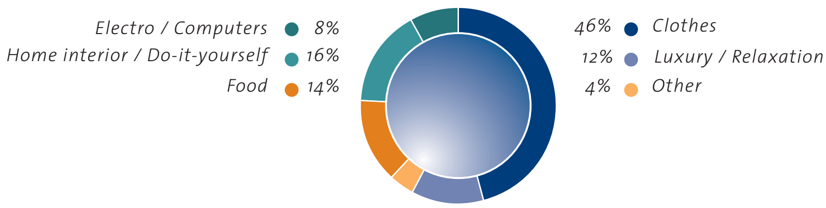


The category **inner-city locations** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category.
For **retail warehouses** it is primarily the location of the premises alongside major traffic routes that is the characteristic feature, together with a large sales area (from 400 m²). This category includes both free-standing buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas.
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%.

21 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 and the value of the portfolio.

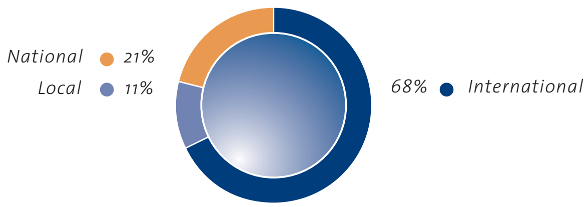
1.4. Sector of tenants

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[22]

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 (97.41%, excluding Messancy Outlet Shopping). If Messancy Outlet Shopping is included, the occupancy rate comes out at 87.05%.

22 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.

2. Description of the portfolio

Address	Type of building	Surface area (m²)	Rent (€ 000)	Value costs-to-buyer (€ 000)	Weighing per property (%)
Property in operation					
AALST - Albrechtlaan 56	retail warehouse	1,000	47	418	0.16
AALST - Kalfstraat 3	retail warehouse	9,126	657	7,126	2.81
AALST - Nieuwstraat 10	inner-city location	145	60	744	0.29
AARTSELAAR - Antwerpsesteenweg 13/4	retail warehouse	990	101	1,149	0.45
ANDENNE - Avenue Roi Albert 39	retail park	4,701	275	2,967	1.17
ANS - Rue de Français 393	retail park	3,980	320	3,341	1.32
ANTWERPEN - Abdijstraat 29	inner-city location	130	29	315	0.12
ANTWERPEN - Abdijstraat 82/84	inner-city location	165	43	454	0.18
ANTWERPEN - Breydelstraat 33	inner-city location	144	44	433	0.17
ANTWERPEN - Carnotstraat 18/20	inner-city location	1,298	98	1,045	0.41
ANTWERPEN - De Keyserlei 47	inner-city location	60	43	449	0.18
ANTWERPEN - De Keyserlei 49	inner-city location	118	55	730	0.29
ANTWERPEN - Frankrijklei 27	inner-city location	624	73	821	0.32
ANTWERPEN - Groendalstraat 11	inner-city location	39	22	278	0.11
ANTWERPEN - Huidevettersstraat 12	inner-city location	791	252	3,600	1.42
ANTWERPEN - Korte Gasthuisstraat 27	inner-city location	155	64	861	0.34
ANTWERPEN - Leysstraat 17	inner-city location	334	155	2,079	0.82
ANTWERPEN - Leysstraat 28/32	inner-city location	1,870	725	10,285	4.06
ANTWERPEN - Meir 99	inner-city location	384	400	5,792	2.28
ANTWERPEN - Schuttershofstraat 30	inner-city location	66	49	715	0.28
ANTWERPEN - Schuttershofstraat 32/Arme Duivelstraat 2	inner-city location	54	49	681	0.27
ANTWERPEN - Schuttershofstraat 32/Kelderstraat 7	inner-city location	320	62	932	0.37
BALEN - Molsesteenweg 56	retail park	1,871	116	1,185	0.47
BASTOGNE - Route de Marche 104	retail park	593	36	287	0.11
BEAUMONT - Rue G. Michiels 40	retail warehouse	1,113	95	836	0.33
BOECHOUT - Hovensesteenweg 123-127	retail warehouse	1,022	64	673	0.27
BORGLOON - Sittardstraat 10	retail park	996	53	496	0.20
BREE - Toleikstraat 30	retail warehouse	855	51	544	0.21
BRUGGE - Steenstraat 80	inner-city location	2,670	768	11,570	4.56
BRUXELLES - Avenue Louise 7	inner-city location	248	210	3,432	1.35
BRUXELLES/SCHAERBEEK - Chaussée de Louvain 610/640	retail park	2,964	292	3,718	1.47
BRUXELLES - Chaussée d'Ixelles 16	inner-city location	1,255	222	2,566	1.01
BRUXELLES - Chaussée d'Ixelles 41/43	inner-city location	5,248	1.193	15,189	5.99
BRUXELLES - Chaussée d'Ixelles 65	inner-city location	245	45	625	0.25
BRUXELLES - Rue Bienvenue 13/15	semi-industrial	4,260	271	2,500	0.99
BRUXELLES - Rue Neuve 98	inner-city location	162	147	2,125	0.84
CHARLEROI - Rue de la Montagne 5/7	inner-city location	948	185	1,973	0.78
CHÊNEÉ - Rue de la Station 23	retail park	2,881	215	2,103	0.83
DIEST - Hasseltstraat 15	inner-city location	200	34	385	0.15

Address	Type of building	Surface area (m²)	Rent (€ 000)	Value costs-to-buyer (€ 000)	Weighing per property (%)
DILSEN - STOKKEM - Rijksweg 17 nr 770	retail warehouse	992	70	656	0.26
DINANT - Tienne de l'Europe	retail park	4,330	294	3,047	1.20
FLÉMALLE - Rue de la Fabrique 6	retail park	2,835	192	1,872	0.74
FROYENNES - Rue des Roselières 6	retail warehouse	950	73	851	0.34
GENK - G. Lambertlaan 115	retail park	3,109	193	1,962	0.77
GENK - Hasseltweg 74	retail park	2,099	179	1,986	0.78
GENT - Veldstraat 81/Zonnestraat 6/10	inner-city location	3,510	398	5,381	2.12
GENT - Volderstraat 15	inner-city location	279	82	890	0.35
GERPINNES - Rue de Bertransart 99	retail park	290	19	186	0.07
GLAIN - Rue St.Nicolas 572	retail park	1,990	115	926	0.37
GRIVEGNÉE - Rue Servais Malaise	retail warehouse	2,000	116	1,117	0.44
HANNUT - Rue de Huy 63	retail park	3,015	196	1,930	0.76
HASSELT - Genkersteenweg 76	retail warehouse	1,241	94	1,066	0.42
HASSELT - Genkersteenweg 282	retail warehouse	2,020	100	1,032	0.41
HEUSDEN-ZOLDER - Inakker	retail warehouse	1,019	62	639	0.25
HOBOKEN - Zeelandstraat 6-8	retail warehouse	2,490	180	1,866	0.74
KAMPENHOUT - Mechelsesteenweg 38/42	retail park	3,002	181	1,954	0.77
KAPELLEN - Eikendreef 5	retail park	906	48	470	0.19
LA LOUVIÈRE - Rue Albert I 84/86	inner-city location	190	55	513	0.20
LEOPOLDSBURG - Lidostraat 7	retail park	1,670	92	922	0.36
LEUVEN - Bondgenotenlaan 69-73	inner-city location	1,589	524	7,303	2.88
LIÈGE - Pont d'Ile 35	inner-city location	80	57	712	0.28
LIÈGE - Pont d'Ile 45	inner-city location	60	60	793	0.31
LIÈGE - Pont d'Ile 49	inner-city location	380	88	1,363	0.54
MALMÉDY - Avenue des Alliés 14B	retail park	813	51	524	0.21
MECHELEN - Bruul 39-41	inner-city location	378	182	2,270	0.90
MECHELEN - Bruul 42-44	inner-city location	1,410	358	4,658	1.84
MECHELEN - Yzerenleen 30	inner-city location	350	49	510	0.20
MERKSEM - Bredabaan 474/476	inner-city location	470	85	876	0.35
MESSANCY - Route d'Arlon 199	outlet	18,459	3,334	29,749	11.74
MESSANCY - Rue de l'Institut 44	retail park	1,998	98	1,085	0.43
MONS - Chaussée de Binche 101	retail warehouse	1,000	66	678	0.27
MONS - Grand Rue 19	inner-city location	170	71	781	0.31
MONS - Rue de La Chaussée 31/33	inner-city location	380	146	1,546	0.61
MORTSEL - Statielei 71/73	inner-city location	425	121	1,099	0.43
MOUSCRON - Petite Rue 18	inner-city location	235	38	412	0.16
OLEN - Lammerdries 6	retail park	13,452	720	5,873	2.32
OOSTENDE -Torhoutsesteenweg 610	retail warehouse	1,000	80	962	0.38
OVERPELT - Burgemeester Misottenstraat 3	retail warehouse	877	76	793	0.31
PHILIPPEVILLE - Rue de France	retail park	3,705	290	3,030	1.20

Address	Type of building	Surface area (m²)	Rent (€ 000)	Value costs-to-buyer (€ 000)	Weighing per property (%)
ROESELARE - Brugsesteenweg 524	retail warehouse	1,000	73	796	0.31
SCHELLE - Provinciale Steenweg 453/455	retail park	2,962	183	1,841	0.73
SCHERPENHEUVEL - Manneberg 26	retail warehouse	600	69	551	0.22
SERAING - Boulevard Pasteur 47	retail warehouse	1,263	90	782	0.31
SINT-JOB-IN-'T-GOOR - Handelslei 10	retail warehouse	600	61	605	0.24
SINT-NIKLAAS - Kapelstraat 119	retail warehouse	940	51	319	0.13
SINT-TRUIDEN - Hasseltsesteenweg 69	retail warehouse	850	80	775	0.31
SINT-TRUIDEN - Kattestraat 25	retail park	1,401	94	1,091	0.43
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	18,866	1,418	15,170	5.98
TIENEN - Slachthuisstraat 36	retail park	4,871	388	4,064	1.60
TURNHOUT - Gasthuisstraat 5-7	inner-city location	1,047	244	3,232	1.27
TURNHOUT - Gasthuisstraat 32	inner-city location	1,743	250	3,298	1.30
VILVOORDE - Leuvensestraat 39/41 - Nowélaan 41	inner-city location	485	101	1,075	0.42
VILVOORDE - Luchthavenlaan 5	retail warehouse	6,345	448	4,901	1.93
VILVOORDE - Mechelsesteenweg 30	retail park	7,656	603	6,779	2.67
WATERLOO - Chaussée de Bruxelles 284	retail park	1,198	104	1,128	0.44
WAVRE - Rue du Commerce 26	inner-city location	272	50	526	0.21
WAVRE - Rue Pont du Christ 46 - Rue Barbier 15	inner-city location	315	106	1,183	0.47
WILRIJK - Boomsesteenweg 643-645	retail warehouse	1,837	132	1,454	0.57
WILRIJK - Boomsesteenweg 666-672	retail park	4,884	444	5,595	2.21
WILRIJK - Oude Baan 59-79/ Boomsesteenweg 660-664	semi-industrial	17,318	695	4,869	1.92
TOTAL Property in operation		**215,646**	**22,537**	**249,739**	**98.52**

Address	Type of building	Surface area (m²)	Rent (€ 000)	Value costs-to-buyer (€ 000)	Weighing per property (%)
Property not in operation					
AALST - Kalfstraat 3	offices	600	30	180	0.07
OLEN - Lammerdries 6	retail warehouse	1,030	471	2,526	1.00
OLEN - Lammerdries 6	land	32,389	0	0	0.00
OLEN - Lammerdries 6	villas	0	0	528	0.21
VILVOORDE - Mechelsesteenweg 30	offices	784	37	246	0.10
WILRIJK - Oude Baan 77-79	semi-industrial	2,852	120	272	0.11
TOTAL Property not in operation		**50,655**	**658**	**3,752**	**1.48**
TOTAL Property in operation + not in operation		**266,301**	**23,195**	**253,491**	**100.00**

3. Evolution of the portfolio

	31.12.2004	31.12.2003	31.12.2002	31.12.2001
Value of buildings in operation (€)	278,211,425	279,192,154	240,226,934	214,021,058
Value of buildings not in operation (€)[23]	5,645,419	5,654,478	20,375,998	6,747,904
Value of portfolio deed in hand (€)	283,856,844	284,846,632	260,602,932	220,768,962
Value of portfolio costs-to-buyer (€)	253,490,628	254,173,623	232,471,141	193,765,974
Current rents (€)	19,619,709	19,693,796	18,415,818	16,624,367
Yield (%)[24]	7.05	7.05	7.67	7.77
Current rents, including estimated rental value (€)	22,537,426	22,596,261	19,326,186	17,237,375
Yield if fully let (%)	8.10	8.09	8.04	8.05
Total lettable area (m²)	215,646	220,684	207,000	186,781
Occupancy rate incl. Messancy Outlet Shopping (%)	87.05	87.16	-	-
Occupancy rate excl. Messancy Outlet Shopping (%)	97.41	96.03	95.28	96.51

4. Valuation of the portfolio by the property experts

Messancy Outlet Shopping is valued by de Crombrugghe and Partners. All other retail premises are valued by Cushman & Wakefield.

4.1. Cushman & Wakefield

During 2004 the real estate expert Cushman & Wakefield switched to a different valuation method.

Until June 30th they based themselves predominantly on the Gross Initial Yield (GIY) method. This method is very frequently used for investments in retail real estate. It reflects the initial yield obtained from an investment, taking into account the gross rental revenues to be received when the property is fully occupied.

The GIY methode does not adequately take into account other parameters such as market rental rates, duration of rental contracts, costs specific to the investment, vacancy costs, rental costs, etc.

The new method does take into account all these parameters and thus provides a better reflection of the real value of the portfolio.

In its report of 31/12/2004, Cushman & Wakefield states that the value costs-to-buyer[25] of the store portfolio (excluding Messancy Outlet Shopping) amounted to € 223,741,455. The value "deed-in-hand"[26] of the store properties amounted to € 250,368,792.

4.2. de Crombrugghe

The valuation of Messancy Outlet Shopping is done by de Crombrugghe.

Given that there are few factory outlet centres on the market available for purposes of comparison, it is not simple to arrive at a correct valuation.

For its valuation de Crombrugghe based itself on the 'going concern' principle, assuming an investor interested in the property as a long-term investment with a view to securing additional tenants. This evaluation is thus not based on a liquidation scenario.

In addition the following elements were taken into account:
- Costs for vacancy, including lost rental revenue, service costs to be borne by the owner, rental costs, publicity, advertising and marketing costs related to rental, and costs of supervision, maintenance and modifications and/or incentives during the rental proces

23 These are properties under renewal or redevelopment..

24 Calculated on the basis of the current (gross) rent divided by the value of the buildings in operation.

25 These values are the liquidation values or "costs-to-buyer" values, that is to say after deduction of registration duties and notary costs potentially to be paid upon a later sale of the property subject to fiscal registration duty regulations.

26 These values correspond to the price an investor would be prepared to pay for each of the real estate assets in the portfolio, in order to becoem the owner thereof, benefit from rental revenues and bear the associated costs.

- A new centre goes through a running-in period prior to it being integrated into the habits of the inhabitants of the area it serves
- Rental prices were compared to the main European and Belgian competitors in Calais, Lelystad, Maasmechelen, Roermond, Roubaix, Talange, Troyes, Verviers and Zweibrucken
- A cautious assumption was used for expected revenues over the long term, namely € 2,800/m²/year, and revenue-linked rent of 9% on average, or in other words a rental revenue of on average € 252/m²/year for the store spaces. For the other areas (leisure and offices) lower values were used
- To derive these rental levels a correction was applied to the current rental situation of 30 months or 2.5 years on average
- On the basis of international comparisons it was assumed that an investor buying an outlet centre expects an initial yield of 8%

As mentioned on page 23 the company recently drastically modified its strategy for Messancy Outlet Shopping. The valuatio carried out by de Crombrugghe as at December 31st, 2004 was based on the assumption that this new commercial strategy would prove successful in the coming months.

If this turns out not to be the case, the parameters used need to be re-examined and the valuation will have to be corrected downwards. The precise impact is very difficult to estimate at this time, but will in in any event be considerable.

The valuation of Messancy Outlet Shopping at the end of 2004 amounted to € 33,488,052 (value deed-in-hand) / € 29,749,173 (value costs-to-buyer).

V Financial report


Route d'Arlon 199, 6780 Messancy

1. Consolidated annual accounts

1.1. Balance sheet after profit distribution[27]

The participation in Messancy Outlet Management NV/SA has been acquired on 30.12.2003.

ASSETS		Financial year	Previous financial year
FIXED ASSETS		253,662	254,285
II.	**Intangible fixed assets (note II)**	**16**	**0**
IV.	**Tangible fixed assets (note IX)**	**253,628**	**254,270**
	A. Land and buildings	249,739	250,458
	B. Plant, machinery and equipment	45	41
	C. Furniture and vehicles	70	33
	D. Leasing and other similar rights	22	22
	F. Assets under construction and advance payments	3,752	3,716
V.	**Financial fixed assets (note I to IV and X)**	**18**	**15**
	B. Other companies	18	15
	2. Amounts receivable	18	15
CURRENT ASSETS		5,358	6,306
VIII.	**Amounts receivable within one year**	**3,658**	**5,323**
	A. Trade debtors	1,888	1,411
	B. Other amounts receivable	1,770	3,912
X.	**Liquid assets**	**1,666**	**961**
XI.	**Transitory accounts**	**34**	**22**
TOTAL ASSETS		**259,020**	**260,591**

27 Article 124 of the R.D. of 30.01.2001 in execution of the Belgian Company Code.

LIABILITIES		Financial year	Previous financial year
SHAREHOLDERS' EQUITY		130,284	130,632
I.	Capital	97,213	97,213
	A. Issued capital	97,213	97,213
II.	Issue premiums	4,183	4,183
IV.	Consolidated reserves (note XI) (+)(-)	28,888	29,236
THIRD-PARTY INTERESTS		3	3
VIII.	Third-party interests	3	3
PROVISIONS, DELAYED TAXATION AND TAX LATENCIES		195	195
IX.	A. Provisions for risks and charges	195	195
	4. Other risks and charges (note IX)	195	195
DEBTS		128,538	129,761
X.	Amounts payable after more than one year (note XIII)	63,798	69,435
	A. Financial debts	63,543	63,842
	3. Leasing and other similar obligations	15	18
	4. Credit institutions	63,528	63,824
	D. Other amounts payable	255	5,593
XI.	Amounts payable within one year (note XIII)	63,870	59,246
	A. Amounts payable after one year that fall due within the year	305	285
	B. Financial debts	45,321	43,571
	1. Credit institutions	45,321	43,571
	C. Trade debts	3,259	2,148
	1 . Suppliers	3,259	2,148
	E. Debts relating to taxation, remuneration and social security	147	139
	1. Taxation	78	97
	2. Remuneration and social security	69	42
	F. Other amounts payable	14,838	13,103
XII.	Transitory accounts	870	1,080
TOTAL LIABILITIES		259,020	260,591

1.2. Profit and loss account

		Financial year	Previous financial year
A. OPERATING RESULT			
I.	**Operating income**	**24,581**	**20,590**
	A. Turnover	19,158	18,906
	C. Other operating income	5,423	1,684
II.	**Operating charges**	**-8,739**	**-4,972**
	A. Services and other goods	5,531	3,199
	B. Remuneration, social security costs and pensions	834	0
	C. Depreciations and downward value adjustments on formation costs, tangible and intangible fixed assets	63	0
	D. Depreciations and decrease in amounts written off trade debtors	447	0
	E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	0	125
	F. Other operating charges	1,864	1,648
III.	**Gross operating profit (Gross operating loss) (+) (-)**	**15,842**	**15,618**
IV.	**Financial income**	**61**	**77**
	B. Income from current assets	36	57
	C. Other financial income	25	20
V.	**Financial charges**	**-3,018**	**-3,067**
	A. Charges of debts	2,982	3,050
	C. Other financial charges	36	17
VI.	**Taxation (-) (+)**	**-7**	**282**
	A. Taxation	-7	-5
	B. Regularisation of taxes and withdrawals from tax provisions	0	287
VII.	**Net operating profit (Net operating loss) (+) (-)**	**12,878**	**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)**	**303**	**314**
	A. Property assets (within the meaning of the R.D. of 10.04.95)	303	314
	- Added value	381	445
	- Loss of value	-78	-131
IX.	**Changes in the unrealised added value or loss of value on the portfolio**	**-630**	**3,975**
	A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	-567	4,013
	- Added value	7,730	6,490
	- Loss of value	-8,297	-2,477
	C. Changes in the market value previously recorded on the portfolio items disposed of during the financial year	-63	-38
	- Added value	-135	-248
	- Loss of value	72	210
XI.	**Profit (Loss) on the portolio (+) (-)**	**-327**	**4,289**
C. EXCEPTIONAL RESULT		**0**	**0**
XV.	**Consolidated profit (Consolidated loss) (+) (-)**	**12,551**	**17,199**
	B. Group share	12,551	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 165, I. of the R.D. of 30.01.2001 in execution of the Belgian Company Code).

The consolidated annual accounts were prepared in accordance with the R.D. of 30.01.2001 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 12 of the above mentioned R.D.).
The participation in Messancy Outlet Management NV/SA has been acquired on 30.12.2003.

1.4. Valuation rules[28]

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.

28 All the amounts mentioned hereafter are in euro.

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, 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[29].

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 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

29 The tangible fixed assets are therefore entered at 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.

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.

The commissions paid to brokers regarding to a selling mandate are in charge of the realised added value or loss of value and from consequently a part of the results on the portfolio.

• 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, on the other hand, are entered on the assets side of the balance sheet. Renovations 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**

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.

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 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. 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

I. 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) [30, 31]	Portion held in capital [32] (in %)
Messancy Outlet Management NV/SA Route d'Arlon 199 6780 Messancy BE 480.162.668	F	95.00

VIII.STATEMENT OF INTANGIBLE ASSETS

(heading 21 of assets)

		2. Concessions, patents, licences, etc.
a) ACQUISITION COST		
Movements during the period		
. Acquisitions, including fixed assets		21
. Transfers from one heading to another	(+)(-)	4
At the end of the period		25
c) DEPRECIATION AND AMOUNTS WRITTEN DOWN		
Movements during the period		
. Recorded		9
At the end of the period		9
d) NET BOOK VALUE AT THE END OF THE PERIOD (a) - (c)		16

30 F : Full consolidation.

31 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.

32 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.

IX. STATEMENT OF TANGIBLE FIXED ASSETS

			1. Land and buildings	2. Plant, machinery and equipment	3. Furniture and vehicles	4. Leasing and other similar rights	6. Assets under construction and advance payments
a)	**ACQUISITION COST**						
	As at end of previous financial year		**229,266**	**45**	**33**	**24**	**9,017**
	Movements during the financial year:						
	. Acquisitions, including produced fixed assets		6,937	28	63	10	651
	. Sales and disposals	(-)	-1,657	0	-5	0	-124
	. Transfers from one caption to another	(+)(-)	-929	-5	0	0	929
	As at end of financial year		**233,617**	**68**	**91**	**34**	**10,473**
b)	**ADDED VALUES**						
	As at end of previous financial year		**21,192**	**0**	**0**	**0**	**-5,301**
	Movements during the financial year:						
	. Recorded		7,754	0	0	0	0
	. Written off	(-)	-12,977	0	0	0	0
	. Transferred from one caption to another	(+)(-)	153	0	0	0	5,301
	As at end of financial year		**16,122**	**0**	**0**	**0**	**0**
c)	**DEPRECIATIONS AND DOWNWARD VALUE ADJUSTMENTS**						
	As at end of previous financial year		**0**	**4**	**0**	**2**	**0**
	Movements during the financial year						
	. Recorded		0	19	25	10	1,267
	. Written down after sales and disposals	(-)	0	0	-4	0	0
	· Transfers from one heading to another		0	0	0	0	5,454
	As at end of financial year		**0**	**23**	**21**	**12**	**6,721**
d)	**NET BOOK VALUE AS AT END OF FINANCIAL YEAR**		**249,739**	**45**	**70**	**22**	**3,752**
	(a)+(b)-(c) of which:						
	. Land and buildings					0	3,752
	. Plant, machinery and equipment					10	0
	. Furniture and vehicles					12	0

X. STATEMENT OF FINANCIAL FIXED ASSETS

		3. Other companies
2.	Receivables	
	NET BOOK VALUE AS AT THE END OF THE PREVIOUS FINANCIAL YEAR	**15**
	Movements during the financial year	
	. Additions	3
	NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR	**18**

XI. STATEMENT OF CONSOLIDATED RESERVES

		Amounts
Consolidated reserves as at the end of the previous financial year	(+) (-)	29,236
Movements during the financial year		
. Group share in the consolidated result	(+) (-)	12,551
. Other modifications: dividends	(+) (-)	-12,899
Consolidated reserves as at the end of the financial year	**(+) (-)**	**28,888**

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	**305**	**62,505**	**1,038**
	3. Leasing and other similar obligations	8	15	0
	4. Credit institutions	297	62,490	1,038
	Other amounts payable	**0**	**255**	**0**
	TOTAL	**305**	**62,760**	**1,038**

XIV. RESULTS

A. NET TURNOVER

A. 1. Breakdown for the financial year and the previous financial year, per business category and per geographical market.

		Financial year	Previous financial year
A. 2.	Total turnover of the group in **Belgium**	19,158	18,906

B. AVERAGE NUMBER OF PERSONS EMPLOYED IN UNITS AND PERSONNEL CHARGES

B1. Fully consolidated enterprises

		Financial year	Previous financial year
B12.	**Personnel charges**		
	Remunerations and social charges	834	

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 wit	53

XVIII. TAX

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 relates to the determination of the taxable basis of the so-called «exit tax» that is due on recognition as a property investment fund 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.

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 «buyer costs» value or of (the real estate or 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 of the real estate where the purchaser pays the transfer costs or any other higher value. accounts.

«The Minister of Finance has now decided by way of a circular (dated 23/12/2004) that these transfer costs need not be taken into account, which is of course a good thing for the property investment funds. This ruling is also applicable to all current disputes, such that the tax assessment from previous years cannot be considered as relevant.

Intervest Retail was always of the opinion that there were sufficient objective arguments on hand to dispute these tax assessments. A counter-booking was thus made for these tax assessments such that there was no effect upon results.

Use of this booking method also means that it is not necessary to write down provisions as a result of this circular. In other words this circular has no effect upon the results of the company.

XIX. MESSANCY OUTLET SHOPPING

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

In 2002 the shares of the Immo GL were acquired by Intervest Retail NV/SA (97.6 %) and the third shareholder (2.4%) at a fixed price. It was also determined that the share price, it is set return, could be increased in relation to the future revenues of Immo GL until 30 June 2006 at the latest.

As Immo GL NV/SA was absorbed by Intervest Retail NV/SA in the merger on 30 December 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
In the mean time, the company is convinced that this debt is no longer certain and fixed given the slower letting of the project, the lower profits and the higher costs.
Besides, in the beginning of 2005 an appeal to arbitration has been turned in in order to end this agreement with the vendors and a claim has been submitted. The reason for this is that the company means the the vendors have manifest refrained from fulfilling their contractual obligations. It was thus decided to write down this debt of € 5.4 million in the portfolio result.

b) Capitalization of cost Messancy

Messancy Outlet Shopping, 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 real estate expert. The spaces made available to users have been valued by the real estate expert using the ongoing revenues paid by these users. The other part has been valued by the real estate 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 interest are activated until 75% of the chargeable costs can be passed on to users of Messancy Outlet Shopping till medio 2005.

XX. OLEN

In September 2004, Intervest Retail has announced that it is considering redeveloping the present Van De Ven shopping centre in Olen into a unique, innovative new-generation shopping park in order to exploit the retail site's potential to the optimum. This unique project is conceived as an open air park based on the themes of "home", "garden" and "hobbies & leisure" nestling in pleasant surroundings.

«In its present form the concept will require an investment of between € 35 and € 40 million. Discussions with the municipality of Olen and the higher authorities are underway. The application for an urban development permit was submitted at the end of December 2004. The application for a socio-economic permit was submitted in January 2005.

If the project gets given the green light by mid-2005, the shopping park might be able to open its doors by the end of 2006. 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) 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.

XXI. WILRIJK

On 28 April 2004, 3 of the 4 stores located in Wilrijk – Boomsesteenweg 666-672 burned down because of a lightning stroke. Three stores had to be completely rebuild (AS Adventure, Brantano and Prémanan). The fourth store also suffered a lot of damage as a result of which considerable restoration works were imperative.

The works have in the mean time been completed. The buildings were delivered to the same tenants as before in January 2005. In the mean time the tenants have once again opened their doors. The costs of the fire were almost completely covered by the insurance company.

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 about the financial year closed as at December 31st, 2004

In accordance with legal requirements we have the pleasure of reporting to you on the condition of your company regarding the financial year that started on January 1st, 2004 and ended on December 31st, 2004. By way of a reminder the Board of Directors would also like to draw your attention to the company's semi-annual report as at June 30th, 2004.

Given that the company must consolidate the subsidiary Messancy Outlet Management NV/SA (the so-called fully consolidated subsidiary) Intervest Retail NV must draw up an annual report about not only the non-cosoldiated annual accounts, but also an annual report about the consolidated accounts.

The influence of this fully consolidated subsidiary on the consolidated annual accounts of Intervest Retail NV/SA is however limited, given that this subsidiary is only responsible for the daily management of Messancy Outlet Shopping.

This annual report, that is both the non-consolidated and consolidated annual report, as well as the annual accounts (both non-consolidated and consolidated), are placed at your disposal.

1. COMMENTS ON THE NON-CONSOLIDATED AND CONSOLIDATED ANNUAL ACCOUNTS

1. To the extent that it is necessary the Board of Directors would firstly like to recall that the company was recognised as a real estate investment trust in December 1998, which means that the tangible fixed assets must be valued according to the market value as assessed by real estate experts at the end of every financial year (see article 55 and following of the Royal Decree regarding real estate investment trusts dated April 10th, 1995).

2. The capital of the company amounted to € 97,213,233.32 as at December 31st, 2004

There were no changes in the capital of the company during the financial year ended on December 31st, 2004.

3. Tax system

On September 20th, 2000 Intervest Retail NV/SA acquired the real estate companies Nieuwe Antwerpse Luxebuildings NV/SA, News of the World NV/SA, Immorent NV/SA and Zeven Zeven NV/SA by way of mergers.

For the tax assessment year 2000 (i.e. the assessment year underway until the merger date of September 20th, 2000) Intervest Retail NV/SA received special, tax declaration forms for each of these four companies, because the fact that the calculation basis for the exit tax due as a result of the merger of September 20th, 2000 (i.e. the real value of the equity of the company thus acquired) is disputed by the fiscal administration. The total amount of additional tax assessed in this regard amounts to € 218,251.-

Intervest Retail NV/SA submitted written objection to these additional tax assessments on March 17th, 2003.

On December 23rd, 2004 however an administrative circular was drawn up (published on January 6th, 2005), in which the administration accepts that the exit tax is to be calculated on the basis of a costs-to-buyer valuation (without registration duties or transaction costs) of the real estate asset in question. To the extent that the administration would still hold on to the assessment of the exit tax on the basis of the value of the shares issued (in exchange for a merger or contribution of the relevant real estate), it would be determined that the taxable basis for the exit tax cannot be lower than the value of the shares issued, divided by 100/112.5.

This circular became applicable immediately, which made it possible to bring a de facto end to a large part of the disputes pending.

In concrete terms this means that the disputes mentioned above will in all likelihood not need to be settled in court.

4. Deviation from the legal norms for the annual accounts.

The Board of Directors draws attention to the fact that on March 12th, 2003 a deviation from the legal norms for the annual accounts was authorised on the basis of article 125 of the Companies Code, and this up to and including the financial year closed as at December 31st, 2004.

5. Furhter comments on the consolidated and non-consolidated annual accounts.

a. The consolidated annual accounts

The Board of Directors can make the following comments regarding the consolidated annual accounts closed as at December 31st, 2004:

Operating revenues for the financial year closed as at December 31st, 2004 amounted to € 24,581,457, whereas the operating expenses for the financial year closed as at December 31st, 2004 amounted to € 8,739,478. The financial year was thus closed as at December 31st, 2004 with an operating profit that amounted to € 15,841,979.

The financial revenues for the financial year closed as at December 31st, 2004 amountde to € 61,094, wherease the financial expenses for the financial year closed as at December 31st, 2004 amounted to € 3,018,025.

For the financial year closed as at December 31st, 2004 an operating profit (after tax) of € 12,878,180 was thus realised.
Primarily as a result of a reduction in the market value of Messancy

Outlet Shopping a loss on the portfolio amounting to € 326,916 was realised for the financial year closed as at December 31st, 2004.

Profit for the financial year amounted to € 12,551,264

b. The non-consolidated annual accounts

Lastly the Board of Directors can make the following comments regarding the non-consolidated annual accounts closed as at December 31st, 2004:

The operating revenues for the financial year closed as at December 31st, 2004 amounted to € 22,415,444, whereas operating expenses for the financial year closed as at December 31st, 2004 amounted to € 6,648,841. Operating profit of € 15,766,603 was thus realised for the financial year closed as at December 31st, 2004.

Financial revenues for the financial year closed as at December 31st, 2004 amounted to € 127,357, whereas financial expenses for the financial year closed as at December 31st, 2004 amounted to € 3,015,947.

An operating profit (after taxes) of € 12,878,180 was thus realised for the financial year closed as at December 31st, 2004.

Primarily as a result of a reduction in the market value of Messancy Outlet Shopping a loss on the portfolio amounting to € 326,916 was realised for the financial year closed as at December 31st, 2004.

Profit for the financial year amounted to € 12,551,264

2. ALLOCATION OF THE RESULT

As was mentioned above the the financial year was closed as at December 31st, 2004 with an operating profit of € 12,878,180

The Board of Directors proposes to distribute a dividend of € 2.54 per share. Given that 5,078,525 shares participate in the result of the financial year closed as at December 31st, 2004, this amounts to a total dividend payout of € 12,899,454

The Board of Directors thus proposes to divide the operatin profit of the company as at December 31st, 2004 as follows:

- Operating profit for the financial year to be allocated:	€ 12,878,180
- Profit to be distributed, by means of dividend payoutto shareholders	€ 12,899,454
- Amount to be deducted from accumulated profits from previous financial years:	€ 21,274

3. INFORMATION ABOUT IMPORTANT EVENTS AFTER THE CLOSING OF THE FINANCIAL YEAR

There were no noteworthy events that occurred after the financial year was closed on December 31st, 2004.

4. RESEARCH & DEVELOPMENT ACTIVITEITEN – BRANCH OFFICES

No activities were developed by our company in the area of research and development.

The company does not have any branch offices.

5. OWNERSHIP OF OWN SHARES

Intervest Retail NV/SA does not own any of its own shares, neither directly nor indirectly.

6. REMUNERATION OF DIRECTORS AND MANAGING STAFF OF THE COMPANY

1. The directors of the company received the remuneration listed below directly and indirectly within the company in the course of the past financial year. No bonuses were awarded.

- Mr. Reinier van Gerrevink:	€ 0
- Mr. Hubert Roovers:	€ 0
- Mr. Joost Rijnboutt:	€ 27,720
- Mr. Paul Christiaens:	€ 12,395
- Mr. Gérard Philippson:	€ 12,395

2. The members of the Executive Board of the company received as remuneration directly and indirectly an amount of € 337,650, including a one-time severance payment borne by the real estate investment trust.

3. There were no major (> 500 units) acquisitions or transfers of voting shares in the company during the past financial year by members of the Board of Directors or members of the Executve Board or by persons closely linked to persons with similar managerial responsibilities.

7. EXTRAORDINARY REMUNERATION FOR THE STATUTORY AUDITOR

During the past financial year the following costs were booked for work done by the auditor, by persons with whom the auditor cooperates for professional reasons or by companies associated with the auditor: an amount of € 968.00 in total includng VAT for work carried out by Deloitte & Touche Belastingsconsulenten.

8. FINANCIAL INSTRUMENTS

Below the Board of Directors provides an oversight of the use by the company of financial instruments and, to the extent that it is relevant for the evaluation of its assets, liabilities, financial position and results, the goals and strategy of the company as regards risk management, including its strategy regarding hedging of all important transactions planned to which hedge accounting is applied, as well as the price risk, credit risk, liquidity risk and cash flow risk taken taken by the company.

The fixed rate loans amounted to € 72,500,742.09 in total as at December 31st, 2004. The portion of loands drawn down with a variable interest rate is € 36,644,676.24.
In order to cover the interest rate risk an Interest Rate Swap (IRS) contract was concluded on July 2nd, 2003 for a total amount of € 24,789,352.47. The final maturity date of this contract is March 20th, 2005. On October 4th, 2004 new coverage of € 25 million was secured in the form of a CAP and IRS until March 2010.

9. INDEPENDENT MANAGEMENT / CORPORATE GOVERNANCE

1. The Board of Directors wishes firstly to confirm that the company recognises that independent management of the investment vehicle is the best structural guarantee for the fulfllment of the legal obligation that an investment vehicle be managed in the exclusive interest of its shareholders. The expansion of this independent management is also outlined in both the guidelines for corporate governance approved by the Commission for Banking, Finance and Insurance and the Euronext Brussels and the Belgian Corporate Governance Code.

In addition the working of the Board of Directors is to be organised such that at least half of the directors sit on the Board of Directors as independent directors (in the sense of article 524, § 4, paragraph 2 of the Companies Code). The directors call attention to the fact that Messrs. van Gerrevink and Roovers cannot be considered as such independent directors. Messrs. Rijnboutt, Christiaens and Philippson on the other hand can be considered independent directors in the sense of article 524, § 4, paragraph 2 of the Companies Code. Consequently three independent directors sit on the Board of Directors, as prescribed by the Belgian Corporate Governance Code.

The composition of the Board of Directors remained unchanged during the financial year closed on December 31st, 2004. The mandates of the directors Paul Christiaens, Gérard Philippson and Joost Rijnboutt were renewed for a period of 3 years durig the General Meeting of Shareholders of May 12th, 2004.

2. For the record the Board of Directors reports that on October 7th, 2003 it already decided set up an Executive Board as meant in article 524b of the Companies Code, effective as of January 1st, 2004.

The following legal entities were then appointed members of the Executive Board for an indefinite term:

- Gert Cowé Closed Limited Liability Company under Belgian Law, represented by its fixed 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 fixed representative, Mr. Rudi Taelemans; Rudi Taelemans Closed Limited Liability Company under Belgian Law was appointed Retail Manager or COO ("Chief Operating Officer") of Intervest Retail NV/SA;
- Nicolas Mathieu Closed Limited Liability Company under Belgian Law, represented by its fixed representative, Mr. Nicolaas Mathieu;

Nicolas Mathieu Closed Limited Liability Company under Belgian Law was appointed Financial Manager or CFO ("Chief Financial Officer") of Intervest Retail NV/SA;

Gert Cowé Closed Limited Liability Company under Belgian Law was also appointed Chairman of this Executive Board.

The mandate of Nicolas Mathieu Closed Limited Liability Company under Belgian Law came in the meanwhile to an end as at December 31st, 2004, such that the Executive Board is now composed of Gert Cowé Closed Limited Liability Company under Belgian Law and Rudi Taelemans Closed Limited Liability Company under Belgian Law, represented as mentioned above.

3. On December 16th, 2003 it was also decided to set up an audit committee within the Board of Directors of the company, composed of Messrs. Christiaens, Philippson and van Gerrevink. The task of the audit committee is primarily to monitor the accuracy and completeness of the (financial) information to be published.

10. PERIODIC INFORMATION OBLIGATION

We hereby submit for your information the consolidated annual accounts and for your approval the non-consolidated accounts, which are an honest, complete and faithful account of the activities that took place during the financial year closed on December 31st, 2004. This report, the report of the auditor and both the consolidated and non-consolidated annual accounts for the financial year closed on December 31st, 2004 have beeen put at your disposal.

We propose that you acquit the directors and the auditor, i.e. Deloitte & Partners Bedrijfsrevisoren B.V. o.v.v. CVBA, represented by Mr. Rik Neckebroeck (appointed on May 12th, 2004 as successor to Mr. Ludo De Keulenaer, partner of Deloitte & Partners Bedrijfsrevisoren, whose mandate came to an end), of all responsibility arising from the exercising of their duties during the past financial year.

Drawn up in Berchem-Antwerp, on 21.02.2005.

The Board of Directors,

Mr Paul Christiaens
Mr Gérard Philippson
Mr Joost Rijnboutt
Mr Hubert Roovers

1.8. Report of the Statutory Auditor

INTERVEST RETAIL NV/SA, BELGIAN PROPERTY INVESTMENT FUND STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS AS AT 31.12.2004 TO THE SHAREHOLDERS' MEETING OF THE COMPANY

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 31.12.2004 and which show a balance sheet total of € 259.020 (000) and an income statement resulting in a profit of the year of € 12.551 (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 31.12.2004 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 31.12.2004 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.

21 February 2005

The Statutory Auditor

DELOITTE & PARTNERS Company Auditors

SC s.f.d. SCRL

Represented by Rik Neckebroeck

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 Offices NV/SA that are required under the articles of association. The annual report and the annual accounts of Intervest Offices 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 Offices NV/SA as at 31.12.2004.

2.1. Balance sheet after profit distribution

ASSETS		Financial year	Previous financial year
FIXED ASSETS		253,640	254,288
II.	Intangible fixed assets (note II)	16	0
III.	Tangible fixed assets (note III)	253,547	254,214
	A. Land and buildings	249,739	250,458
	B. Plant, machinery and equipment	5	10
	C. Furniture and vehicles	46	30
	D. Leasing and other similar rights	5	0
	F. Assets under construction and advance payments	3,752	3,716
IV.	Financial fixed assets (notes IV and V)	77	74
	A. Affiliated companies	59	59
	1. Participating interests	59	59
	C. Other financial fixed assets	18	15
	2. Amounts receivable and cash guarantees	18	15
CURRENT ASSETS		4,727	5,458
VII.	Amounts receivable within one year	3,183	4,702
	A. Trade debtors	875	466
	B. Other amounts receivable	2,308	4,236
IX.	Liquid assets	1,522	734
X.	Transitory accounts	22	22
TOTAL ASSETS		258,367	259,746

LIABILITIES		Financial year	Previous financial year
SHAREHOLDERS' EQUITY		**130,284**	**130,633**
I.	**Capital (note VIII)**	**97,213**	**97,213**
	A. Issued capital	97,213	97,213
II.	**Issue premiums**	**4,183**	**4,183**
IV.	**Reserves**	**27,914**	**28,241**
	B. Reserves not available for distribution	27,914	28,241
	2. Other	27,914	28,241
V.	**Profit carried forward**	**974**	**996**
PROVISIONS AND DEFERRED TAXATION		**195**	**195**
VII.	**A. Provisions for risks and charges**	**195**	**195**
	4. Other risks and charges (note IX)	195	195
DEBTS		**127,888**	**128,918**
VIII.	**Amounts payable after more than one year (note X)**	**63,785**	**69,418**
	A. Financial debts	63,530	63,825
	3. Leasing and other similar obligations	2	0
	4. Credit institutions	63,528	63,825
	D. Other amounts payable	255	5,593
IX.	**Amounts payable within one year (note X)**	**63,260**	**58,511**
	A. Amounts payable after one year that fall due within the year	300	280
	B. Financial debts	45,321	43,571
	1. Credit institutions	45,321	43,571
	C. Trade debts	2,740	1,424
	1. Suppliers	2,740	1,424
	E. Debts relating to taxation, remuneration and social security	61	134
	1. Taxation	0	92
	2. Remuneration and social security	61	42
	F. Other amounts payable	14,838	13,102
X.	**Transitory accounts**	**843**	**989**
TOTAL LIABILITIES		**258,367**	**259,746**

2.2. Profit and loss account

A. OPERATING RESULT		Financial year	Previous financial year
I.	**Operating income**	**22,416**	**20,590**
	A. Turnover	19,158	18,906
	C. Other operating income	3,258	1,684
II.	**Operating charges (-)**	**-6,650**	**-4,972**
	A. Services and other goods	3,767	3,199
	B. Remuneration, social security costs and pensions	536	0
	C. Depreciations	40	0
	D. Increase (+); decrease (-) in amounts written off trade debtors	447	0
	E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	0	125
	F. Other operating charges	1,860	1,648
III.	**Gross operating profit (Gross operating loss) (+) (-)**	**15,766**	**15,618**
IV.	**Financial income**	**128**	**77**
	B. Income from current assets	103	57
	C. Other financial income	25	20
V.	**Financial charges (-)**	**-3,016**	**-3,067**
	A. Charges of debts	2,980	3,050
	C. Other financial charges	36	17
VI.	**Taxation (-) (+)**	**0**	**282**
	A. Taxation	0	-5
	B. Regularisation of taxes and withdrawals from tax provisions	0	287
VII.	**Net operating profit (Net operating loss) (+) (-)**	**12,878**	**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) (+) (-)**	**303**	**314**
	A. Property assets (within the meaning of the R.D. of 10.04.95)	303	314
	- Added value	381	445
	- Loss of value	-78	-131
IX.	**Changes in the unrealized added value or loss of value on the portfolio (+) (-)**	**-630**	**3,975**
	A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	-567	4,013
	- Added value	7,730	6,490
	- Loss of value	-8,297	-2,477
	C. Changes in market value previously recorded on the portfolio items disposed of during the financial year	-63	-38
	- Added value	-135	-248
	- Loss of value	72	210
XI.	**Profit (Loss) on the portfolio (+) (-)**	**-327**	**4,289**
XV.	**Profit (Loss) for the financial year (+) (-)**	**12,551**	**17,199**

D. RESULT FOR APPROPRIATION		Financial year	Previous financial year
XV.	**Profit (Loss) for the financial year (+) (-)**	**12,551**	**17,199**
XVI.	**Appropriation of the added value or loss of value on sales of portfolio items (+) (-)**	**327**	**-4,289**
	A. Transfer to the non-disposable reserves	0	-4,289
	B. Withdrawal from the non-disposable reserves	327	0
XVII.	**Profit balance for appropriation (Net deficit for absorption) for the financial year (+) (-)**	**12,878**	**12,910**

TREATMENT OF RESULT		
A. Profit balance for appropriation	13,874	12,911
1. Profit for appropriation for the financial year	12,878	12,910
2. Profit carried forward from the previous financial year	996	1
D. Result to be carried forward	-974	-11
1. Profit to be carried forward	-974	-11
F. Profit to be distributed	-12,900	-12,900
1. Indemnification of the capital	-12,900	-12,900

3. Debts and securities

The average interest paid in 2004 was 3.5%.

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

Total amount: 63.528

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	2.415	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: 45.618

Credit institution	Amount	Type of credit
Fortis Bank	297	Advance instalments
ING Bank	8.676	Fixed advance
ING Bank	15.000	Fixed advance
Hollandse Bank-Unie	4.250	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

On 4.10.2004 a new interest-rate risk hedging contract was signed:

Amount:	25.000
Type of derivate:	CAP – IRS
Starting date	20.03.2005
Final maturity date:	19.03.2010

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:	€ 63.528	(58%)
Short-term:	€ 45.618	(42%)
Total:	€ 109.146	**(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:	€ 104.896	(96%)
Short-term:	€ 4.250	(4%)
Total:	€ 109.146	**(100%)**

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

Long term:	€ 72.501	(66%)
Short-term:	€ 36.645	(34%)
Total:	€ 109.146	**(100%)**


H&M

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.

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 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 and they were last coordinated on 30.12.2002.

Since 22.12.1998, the company 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 aforementioned act of 04.12.1990.

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

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 2004, the Board of Directors hasn't made use of the authorisation granted to it to utilise amounts 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[33]

3.1. Shares

Article 8 – Nature of the shares

The shares are bearer or registered shares or, in the event of the prior designation of an account holder by the Board of Directors, take the form of dematerialised securities.

The bearer shares are signed by two directors, whose signatures may be replaced by name stamps.

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

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

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

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

33 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.

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.

Article 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

The mandate of Mr Ludo De Keulenaer as Statutory Auditor of Intervest Retail ended immediately after the annual meeting on 12 May 2004. On 12 May Mr Rik Neckebroeck, 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 was appointed as Statutory Auditor.

The mandate of the Statutory Auditor will end immediately after the annual meeting to be held in 2007.

The remuneration of the Statutory Auditor amounts to € 69.174 (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 experts designated by Intervest Retail are:

- Cushman & Wakefield, based at Kunstlaan 58 PoBox 7, 1000 Brussels. The company is represented by Eric Van Dyck and Kris Peetermans.

- de Crombrugghe & Partners, based at G. Demeylaan 72-74, 1160 Brussels. The company is respresented by Guibert de Crombrugghe.

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: investing a maximum of 20% of capital in buildings that form one property unit, 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 16,995% on deferred added values and tax-free reserves.

Een Nederlandse versie van de jaarbrochure is eveneens beschikbaar.

The annual report is also available in English on the website : www.intervest.be

Production, design-layout - Comfi & Publishing - 02 290 90 90

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