

INTERVEST
RETAIL

2005
ANNUAL REPORT





FINANCIAL CALENDAR

- Announcement annual results as at 31 December 2005: **Tuesday 21 February 2006**
- Announcement results as at 31 March 2006: **Tuesday 9 May 2006**
- General Meeting of Shareholders: **Wednesday 10 May 2006** at 2.30 pm at the company's offices, Uitbreidingstraat 18, B-2600 Antwerp-Berchem
- Dividend payable: as from **Friday 26 May 2006**
- Announcement half year results as at 30 June 2006: **Thursday 10 August 2006**
- Announcement results as at 30 September 2006: **Monday 6 November 2006**

INVENTORY OF THE TERMINOLOGY

WITH REFERENCE TO IAS 40

The European legislation provides that from the financial year beginning on 1.01.2005 or a later date listed companies must draw up their consolidated annual accounts under the international IAS/IFRS reference system. The property investment companies, which are a special category of listed collective investment companies, will just like the other Belgian companies adopt this change of reference system.

As investment property takes up the most important part of their assets, the property investment companies must pay particular attention to the valuation at “fair value” of their buildings, and thus see to the application of the IAS 40 standard.

In order to be able to interpret the concept of fair value correctly, it is necessary to understand these real-estate terms properly:

• Acquisition value

This term is to be used for the purchase of a building. If costs of transfer have been paid, they are included in the acquisition value.

• Investment value

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

• Fair value

This value is equal to the amount at which a building might be exchanged between well-informed parties, agreeing and acting in conditions of normal competition. From the perspective of the seller they should be understood as involving the deduction of registration fees.

Concerning the size of these registration fees the Belgian Association of Asset Managers (BEAMA) on 8 February 2006 published a relevant communication. See also www.beama.be.

A group of independent property experts, carrying out the periodical valuation of buildings of property

investment funds, ruled that for transactions of buildings in Belgium with an overall value of less than € 2.5 million, registration fees of 10.0% to 12.5% should be allowed, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2.5 million and considering the wide range of property transfer methods used in Belgium the same experts – on the basis of a representative sample of 220 transactions that were realised in the market from 2002 to 2005 and representing a grand total of € 6.0 billion – valued the weighted average of the fees at 2.5%.

In actuality this means that the fair value is equal to the investment value divided by 1.025 (for buildings with a value of more than € 2.5 million) or the investment value divided by 1.10/1.125 (for buildings with a value of less than € 2.5 million). As Intervest Retail in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2.5 million, the fair value was calculated by dividing the investment value by 1.025.

During the financial year 2005, Intervest Retail has systematically adapted its valuation method at the current interpretation of IAS40. Until 31 December 2004, the property portfolio has been valued at investment value, reduced with the transfer costs (“costs-to-buyer” principle). For the half year figures of 2005, which have been drawn up for the first time under IFRS, the property has been taken in the balance at investment value. This method has been modified on 31 December 2005 by the transition to the principle of valuation at fair value as above described.

KEY FIGURES

PROPERTY ASSETS	31.12.2005	31.12.2004
Total lettable area (m ²)	195,207	219,882
Occupancy rate incl Factory Shopping Messancy (%)	96,05	86,34
Occupancy rate excl Factory Shopping Messancy (%)	98,45	96,47
Fair value of the investment properties (€ 000)	284.668	276.934
Investment value of the investment properties (€ 000)	291.785	283,858

BALANCE SHEET INFORMATION		
Shareholders equity (€ 000)	171,703	166,629
Debt ratio IFRS (%)	40,73	40,63
Debt ratio R.D. 10.04.1995 (%)	43,38	44,12

RESULTS (€ 000)		
Net rental income	18.148	18.494
Property management costs and income	215	169
Property result	18.363	18.663
Property charges	-3.294	-2.012
General costs and other current operating income and expenses	-832	-920
Operating property result before result on the portfolio	14.237	15.731
Result on the portfolio	7.876	-574
Operating result	22.113	15.157
Financial result	-3.449	-2.889
Taxes	0	0
Net result	18.664	12.268

DATA PER SHARE		
Number of shares	5,078,525	5,078,525
Number of shares entitled to dividend	5,078,525	5,078,525
Net asset value (fair value) (€)	33,81	32,81
Net asset value (investment value) (€)	35,21	34,17
Net asset value (BE GAAP) (€)	-	34,17
Gross dividend (€)	2,14	2,54
Net dividend ¹ (€)	1,82	2,16
Share price on closing date (€)	43,50	34,89
Over- / undervaluation on net asset value (%)	28,66	6,34

¹ On the assumption that the withholding tax of 15% applies.

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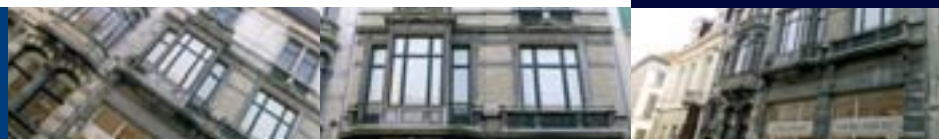
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LETTER TO THE SHAREHOLDERS



Dear shareholder,

We are pleased to present you our annual report for the financial year 2005.

Last year was nice and full of various projects and transactions: the continued redevelopment of the Van De Ven project in Olen, the implementing of a new commercial strategy for Factory Shopping Messancy, the purchase of the “Julianus” shopping centre in Tongeren, which is in the process of formation, and the disposal of a number of non-strategic premises.

The operating result before result on the portfolio for the 2005 financial year was € 14.2 million compared with € 15.7 million in 2004. This fall can chiefly be attributed to the concessions (rental incentives) that Intervest Retail gave to the new tenants of Factory Shopping Messancy as a result of the new commercial

policy and due to vacancy costs no longer being shown as an asset after the re-opening of Factory Shopping Messancy. The dividend per share for 2005 was € 2.14.

During 2005 the fair value of the portfolio rose from € 276.9 million to € 284.7 million. The investment value rose from € 283.9 million to € 291.8 million. The € 7.8 million rise in the fair value can be explained through disposals (- € 8.6 million), investments (€ 8.2 million) and changes in market value on the portfolio (€ 8.2 million). These changes in market value consist on the one hand of increases in value (€ 16.4 million) and on the other of decreases in value (- € 8.2 million).

On a financial and accounting level the 2005 year was characterised by the transition to IFRS. Adapting to these accounting principles mainly had the following implications for Interinvest Retail:

- The rental discounts and other benefits given to tenants were taken into the result, distributed over time, which had a negative impact on the distributable earnings of € 0.05 per share for 2005;
- The investment property was valued at fair value in accordance with IAS 40, with a decrease in value of 2.5% applied to the investment value as determined by the property experts (€ 7.1 million); this change in accounting rule has no impact on the distributable earnings to the shareholders.

The debt ratio in accordance with IFRS was 40.73 % at the end of 2005, which means that further growth of the property portfolio is possible through taking out additional financing. If the financial markets allow it and sufficient investment files are found, the option of a share issue will also be studied.

For 2006 the further development of Factory Shopping Messancy and the redevelopment of Wooncentrum Van De Ven are scheduled. The pursuit of the Julianus project in Tongeren will demand the necessary attention.

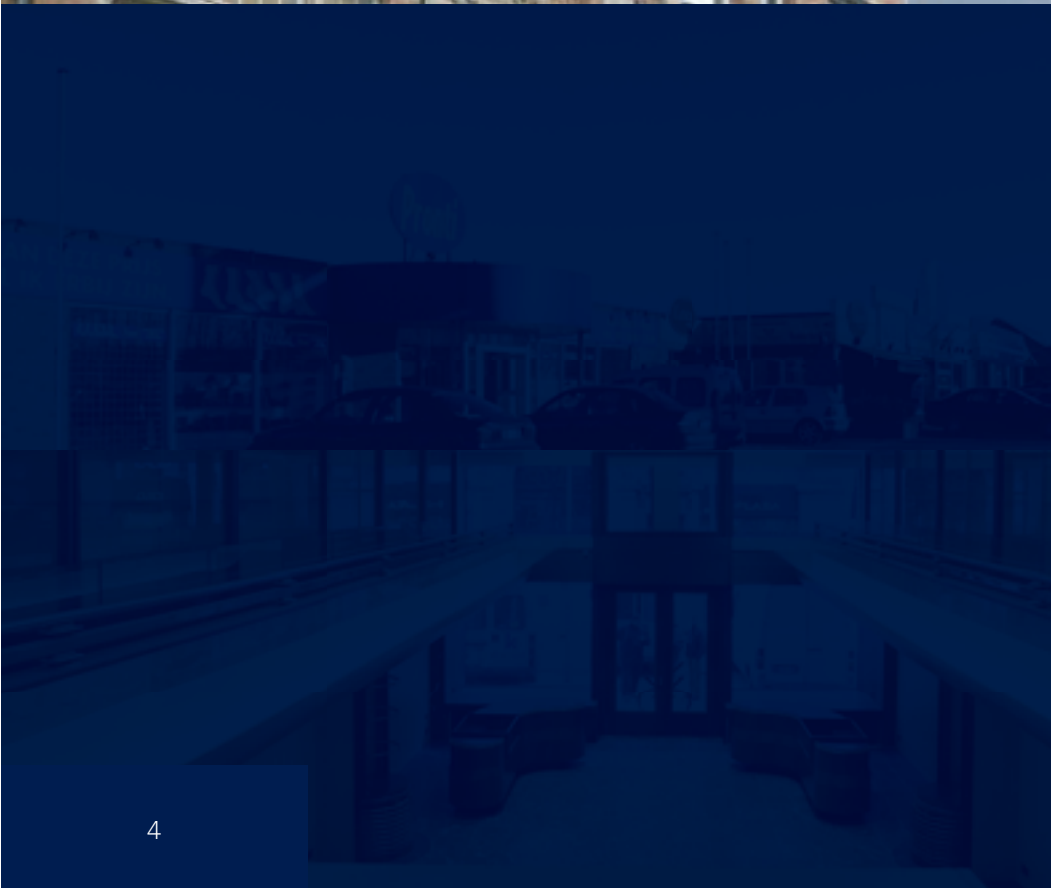
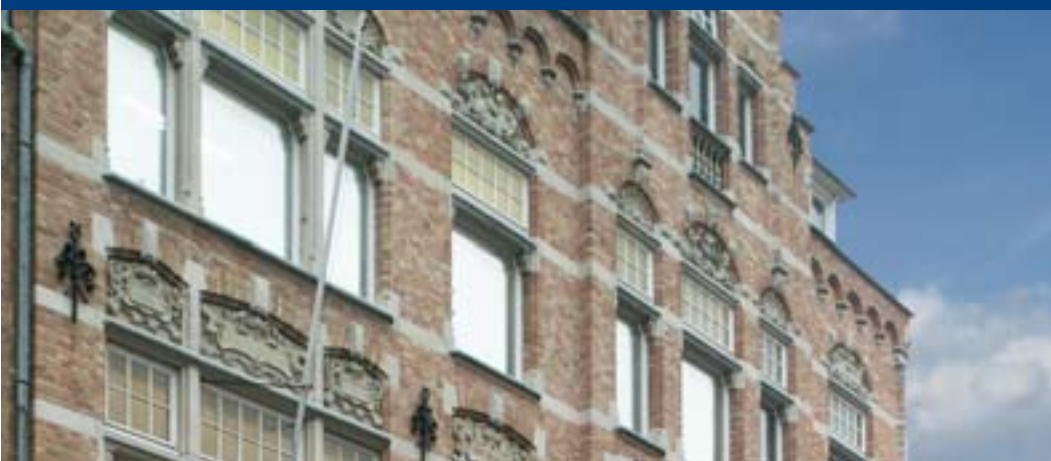
Through all these efforts we aim to further expand the position of Interinvest Retail as an important player in the field of Belgian commercial property. We are convinced that these efforts will contribute in the coming years to an improvement in the results.

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

The Board of Directors



I REPORT OF THE BOARD OF DIRECTORS





Steenstraat 80 - 8000 Bruges

INTERVEST RETAIL
ANNUAL REPORT 2005
REPORT OF THE
BOARD OF DIRECTORS

1. Profile

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

At present the portfolio is made up of 328 lettable units, spread over 97 different locations. 39% of the property portfolio consists of inner city locations, 50% of retail warehouses and 11% of a factory outlet. The total fair value as at 31 December 2005 is € 284.7 million (investment value € 291.8 million).

Interinvest 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 rental income 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.

Interinvest 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, Interinvest 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 float² – 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.

As from the end of 2004, the free float of the share has increased from 27.48% to 27.62% as at 31.12.2005.

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

² Free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

also means that the company is not dependent on one or a small number of major tenants or projects.

- The **economies of scale** that are achieved make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be distributed. We are thinking here in terms of the costs of maintenance and repair, the (long term) renovation costs, consultancy fees, publicity costs, etc.
- If the size of the overall portfolio increases, this strengthens **the management's negotiating position** in discussions about new terms of lease, offering new services, alternative locations, etc. It allows a specialised management team to use its 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.

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. Corporate governance

3.1. General

The content of this chapter is partly based on the regulations of Appendix F of the 'Belgian Corporate Governance Code' from the Lippens Commission. The Corporate Governance Charter that sets out in writing the internal rules of procedure for the administrative organs of Intervest Retail can be consulted on the company website (www.intervest.be).

3.2. Composition and operation of the Board of Directors

In 2005 the Board of Directors comprised 5 members, 3 of which were independent directors. The independent directors were appointed in 2004 for a period of 3 years, but their appointment can be revoked at any time by the General meeting.

Reinier van Gerrevink (56)

Address Bankastraat 123, NL 2585 EL 's-Gravenhage
Position Chairman
Term May 2008
Position/job Chief Executive Officer, VastNed Management BV

Hubert Roovers (62)

Address Franklin Rooseveltlaan 38, NL – 4835 AB Breda
Position Director
Term May 2008
Position/job Directeur Special Projects, VastNed Management BV

Paul Christiaens (61)

Address Vijverstraat 53, 3040 Huldenberg
Position Independent Director
Term May 2007
Position/job Director of property companies

G rard Philippson (55)

Address Saturnelaan 34, 1180 Brussel
Position Independent Director
Term May 2007
Position/job Managing Director Sopedii

Joost Rijnbout (66)

Address Leopold de Waelplaats 28/42, 2000 Antwerpen
Position Independent Director
Term May 2007
Position/job Managing Director Intervest Offices NV

Messrs Roovers and van Gerrevink represent the majority shareholder VastNed Retail NV.

Messrs Rijnbout and Roovers are charged with the day-to-day management, in application of article 4 § of the Royal Decree of 10 April 1995 on investment funds.

The Board of Directors met four times in 2005. The following directors were in attendance:

	21/2/2005	18/5/2005	8/8/2005	7/11/2005
Reinier van Gerrevink	absent	X	X	absent
Hubert Roovers	X	X	X	X
Paul Christiaens	X	X	X	X
G�rard Philippson	X	absent	X	absent
Joost Rijnbout	X	X	X	X

The most important items on the agenda were:
 The approval of the quarterly, half-yearly and annual figures
 The approval of the budgets
 The discussion on the property portfolio (inc. tenancy issues, valuations, insurance, renovations, etc.)

The rules pertaining to the composition and operation of the Board of Directors are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website www.intervest.be.

3.3. Composition and operation of the Audit Committee

The Audit Committee comprises the following members:

Name	Appointed to
Reinier van Gerrevink	Not specified
Paul Christiaens	Not specified
G�rard Philippon	Not specified

The Audit Committee met three times in 2005. The following directors were in attendance:

	21/2/2005	18/5/2005	8/8/2005
Reinier van Gerrevink	absent	X	X
Paul Christiaens	X	X	X
G�rard Philippon	X	absent	X

The most important items on the agenda were:
 - Discussion on the quarterly, half-yearly and annual figures
 - Discussion on the budgets

The Committee reported its findings and recommendations immediately to the Board of Directors.

The members do not receive any extra remuneration

for this job, apart from their normal director's fee. The rules pertaining to the composition and operation of the Audit Committee are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website www.intervest.be.

3.4. Conflicts of interest

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

There was no occurrence in 2005 of any such situation, necessitating compliance with this procedure provided for in article 523 or article 524 of the Company Code or the procedure referred to in article 24 of the Royal Decree of 10 April 1995.

3.5. The Executive Committee

In 2005 the Executive Committee was comprised as follows:

BVBA Gert Cow , represented by Gert Cow , Chairman, Chief Executive Officer

BVBA Rudi Talemans, represented by Rudi Talemans, Chief Operating Officer

Under article 524bis of the Company Code and article 15 of the company's articles of association, the Board of Directors transferred certain management powers. The rules pertaining to the composition



and operation of the Executive Committee are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website www.intervest.be.

3.6. Remuneration

The directors representing the majority shareholders have waived a director's fee.

The independent, non-executive directors receive an annual fixed fee.

The fixed fees in 2005 were:

- € 12,394 per annum to be a member of the Board of Directors
- € 0 per annum to be a member of a Committee
- € 0 per annum for performing the role of chairman of a Committee

Since the Executive Committee in 2005 only comprised two people, the Board of Directors is, for reasons of privacy, of the opinion that a joint disclosure of the total remuneration package is sufficient here and that the individual remuneration of the CEO (and therefore that of the other committee member) does not need to be disclosed. The amount of the remuneration allocated to members of the Management Committee was, as basic fee, € 229,920. The other components consisted of a variable remuneration of € 17,500.

In the 2005 financial year no shares or share options were allocated to the members of the Executive Committee. The members of the Executive Committee were appointed for an indefinite period and the dismissal compensation is equivalent to a year and a half's fixed fee.

3.7. Statutory Auditor

The Statutory Auditor, appointed by the General Meeting of Shareholders, is Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, which is represented by Mr Rik Neckebroeck, company auditor.

3.8. Property experts

The property portfolio will be valued each quarter by two independent property experts namely de Crombrughe & Partners and Cushman & Wakefield.

3.9. Comply or explain

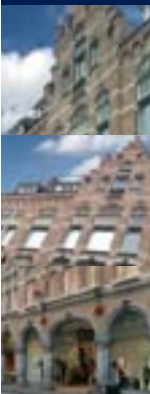
As already stated in the 2004 annual prospectus the company underlines its readiness to comply with the principles and terms of the Belgian code as far as possible. That process, however, will take some time. Below there follows the explanation ('explain') for the terms of the code which were deviated from in 2005:

Comment in connection with the terms under principle 4

Although the Board of Directors fully endorses the fourth principle, in 2005 the Board did not propose, appoint, create or evaluate any new directors. The Board intends, however, to work out a modified policy for this that will be able to come into force by the time of the General Meeting in 2007.

Terms 5.3 and 5.4 on the operation of the committee

The Board of Directors has decided, for the time being, not to set up an Appointment Committee or a Remuneration Committee. The Board sees the relevant tasks of these Committees as tasks of the full Board of Directors. The limited size of the Board makes an efficient debate on these subjects possible.



Executive management

The Management Committee does not comprise all executive directors. Because of the specificity of the composition of the Management Committee (and article 4 (1)(5) of the Royal Decree of 10 April 1995 on investment funds that expressly requires that two directors supervise the day-to-day management) this is a departure from clause 6.2.

Remuneration

As stated in point 6, as long as the Management Committee only has two members, the Board of Directors will give priority to clause 7.16 at the expense of clause 7.15. As a result, the fees of the two members of the executive management will only be disclosed jointly and not separately.

Appendix A: independence

For legal reasons Mr Rijnboutt was appointed as managing director but considering that according to the Board of Directors and the shareholders he also meets all other conditions of independence, he is also seen as an independent director.

Appendix B: transactions in shares

The legislation on investment funds and the supervision of the CBFA render specific application of these terms superfluous.

Appendix C: Audit Committee

The composition and the operation of the Audit Committee, as described in the charter, take into account the individual needs, limited scope and legal framework of the company. It is not desirable, given the circumstances, to comply with the detailed terms of appendix C of the code on top of that.

Appendixes D and E:

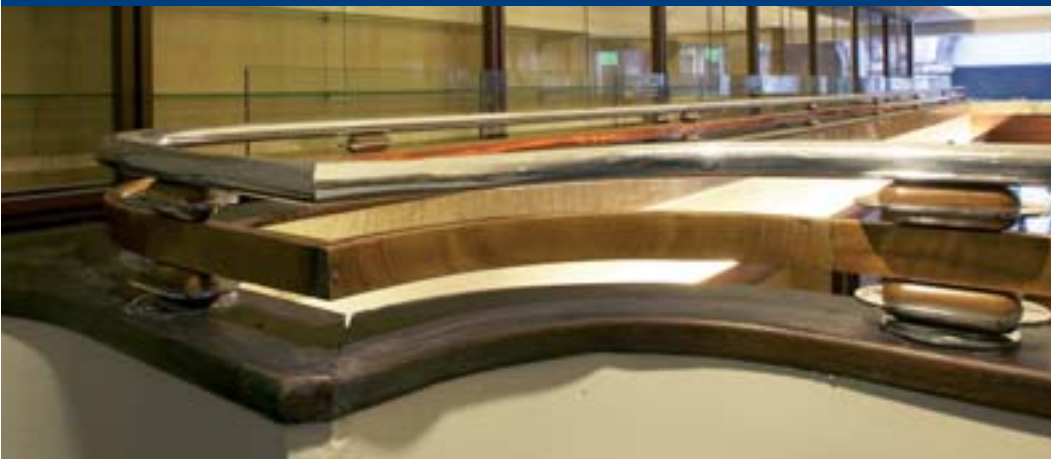
As stated above, the explanation in clauses 5.3. and 5.4 implies that in 2005 annexes D and E on the Appointment Committee and Remuneration Committee were not complied with. The full Board of Directors is undertaking this task.

Letter of Intent

In the coming months and years the Board of Directors will pay the necessary attention to corporate governance in order to comply with the Belgian code as far as possible. Apart from that, Intervest Retail has, ever since its creation, met all conditions of the strict investment fund legislation and, in this context, is also subject to the continual prudential supervision of the CBFA.



II REPORT OF THE EXECUTIVE COMMITTEE





Meir 99 - 2000 Antwerp

INTERVEST RETAIL
ANNUAL REPORT 2005
REPORT OF THE
EXECUTIVE COMMITTEE

1. The market of commercial real estate³

1.1. General

The market of commercial real estate is back on the up. Due to the optimism of Belgian families about Belgian economy and employment, spendings are again increasing. This is obviously good news for the chain stores. Because of low interests and the ready availability of financial resources, the demand for investments remains high.

1.2. The rental market

The rental market was characterised by an increasing demand of high-quality properties in 2005. Large, international retailers entered the Belgian market and were looking for suitable locations, both in the town centre and in the outskirts. This tendency has a positive influence on rents, which increased by the end of 2005.

Inner-city shops

Over the past year there have been a number of foreign newcomers on the Belgian market, looking for high-quality commercial locations in the town centre. A few examples are the clothes retailers New Look (UK), Sfera (Spain) and New Yorker (Germany).

Also long-established luxury clothes retailers – such as Essentiel, Donaldson and Sonia Rykiel – were expansive and have looked for larger shop locations.

The demand was so great that it exceeded the supply. Therefore the rents went up for the first time in years at the end of 2005.

An overview of the most important rent values in Belgium at the end of 2005 (in €/m²/year, for a 150 m² shop area):

	2005	2004
Brussels, Nieuwstraat	€ 1,350	€ 1,250
Antwerp, Meir	€ 1,300	€ 1,250
Ghent, Veldstraat	€ 1,025	€ 925
Bruges, Steenstraat	€ 900	€ 800
Hasselt, Hoogstraat	€ 900	€ 800
Liège, Vinave d'île	€ 900	€ 800

We do have to remark that the rents in the Belgian cities rose less than in the rest of the world. In the annual report of Cushman&Wakefield 'Main Streets across the World', where metropolises are classified according to rents, Belgian streets fall from the twenty-fifth to the twenty-eighth spot.

Shopping centres

By the end of 2004 the rents in shopping centres were rising. This rise continued into 2005. The supply was also smaller than the demand in shopping centres. Belgium is one of the twelve European countries with the least shopping centres, therefore there is still room for new shopping centres.

That is why the success of the opening of L'Esplanade in Louvain-la-Neuve (30,000m²) was not totally unexpected. All the large retailers that establish themselves in shopping centres are there: Zara, Hennes&Mauritz, C&A, Esprit, Mexx, Massimo Dutti, etc. Moreover, L'Esplanade welcomed some newcomers on the Belgian market, such as W80, Georges and Histoire d'Or.

Average rents easily amount to € 400/m²/year and in the more expensive segments, such as textile, top rents of € 800 to € 900/m²/year (in area A) are reached.

The rents for shopping centres are clearly rising.

³ This text was largely based on data from Cushman & Wakefield.

Retail warehouses

The large retail parks and the separate retail warehouses have done extremely well over the past year. In this area too the demand for high-quality property was larger than the supply, which caused rents to rise.

Chain stores which used to opt for property in the town centre or in a shopping centre, started to move towards retail warehouses. Examples are Kruidvat and Hema.

In the retail park market there were also some international newcomers, such as the Dutch Action and the German Zoomart. Moreover, some international groups showed a remarkable interest in Belgian retail warehouses and they took over existing formulas. For example, C&A and BR Bedding took over all Superconfex shops.

The average rent fluctuated around € 85/m²/year. For top locations, prices of € 125 to € 150m²/year are paid.

This market is also characterised by a number of large projects. A new tendency is the surge of large retail parks (or shopping parks): a wide range of shops, with the same uniform architecture, with a large offer of catering and leisure and administered by one management. Examples include the Hydriion project in Arlon and the redevelopment by Intervest Retail of Wooncentrum (Furniture and Decoration Centre) Van De Ven in Olen.

Factory outlets

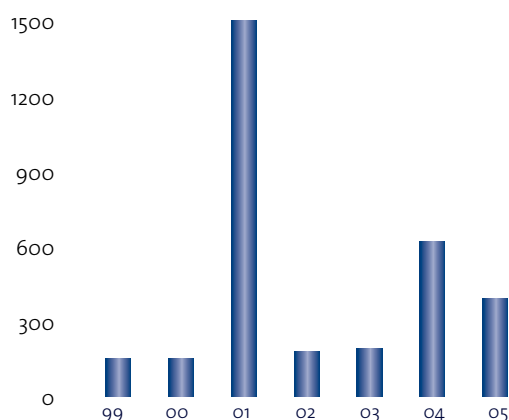
In factory outlets we find a concentrated offer of shops where producers offer their products directly to consumers with large discounts (at least 25% on retail shop price). These products have to be the leftovers of a series or of a previous season, slightly damaged, part of overstocks or test products.

The market for outlet centres continued to grow in Belgium. At the end of December a factory outlet centre opened its doors in Verviers. After Maasmechelen Village and Factory Shopping Messancy, which is property of Intervest Retail, this is the third factory outlet centre in Belgium. In Ghent there are also plans to develop an outlet centre.

1.3 The investment market

2005 was a strong year in terms of investments in commercial real estate. With a sold volume of almost € 400 million, 2005 is above the average of past years. 2004 was indeed better (€ 620 million), but there were several pocket-to-pocket sales during that year.

Retail investment volume in Mio EUR



Source : Cushman & Wakefield

The size of the available funds and the demand on the one hand, and the restrictions of the supply in the office sector, on the other hand, resulted in a shift of investments to the shop sector.

Private investors account for not less than 80% of the investments in the shop sector this year. In terms of nationality, mainly Belgians buy shops, closely followed by the Irish and the Dutch.



With a stronger demand than in the office sector, the returns of the shop sector were under heavy pressure the entire year and the top returns (Nieuwstraat, Louizalaan, Meir) of 5.25% and 5.5% at the start of the year, to only 4.5% at the end of 2005. For some transactions the return was even lower (including a sale in Nieuwstraat and a sale in Louizalaan).

Larger transactions included the Heron project on the Guldenvlieslaan in Brussels, the Andresen portfolio and "Den Tir" in Antwerp.

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".

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 2005

Last year, the fair value of the property portfolio developed from € 276.9 million to € 284.7 million (evolution investment value: from € 283.9 million to € 291.8 million).

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

- value portfolio as at 01.01.2005:	€ 276.9
- sales:	- € 8.6
- unrealised added values:	€ 16.4
- unrealised losses of value:	- € 8.2
- investments:	€ 8.2
- value portfolio as at 31.12.2005:	€ 284.7

2.1. Acquisitions



On 23 December the company signed a purchase agreement with IBC Vastgoed NV (subsidiary of Heijmans Belgium) concerning the shopping centre Julianus under construction in Tongeren.

The project is situated on the Maastrichterstraat, Tongeren's main shopping street. The total project includes on the one hand the redevelopment of a former hospital into shops and a hotel, and on the other hand, the new development of shops, flats and an underground car park. Intervest Retail acquires the shopping part consisting of 22 shops and one supermarket (total surface area 8,900 m²).

The total investment of Intervest Retail amounts to approximately € 18 million (costs payable by the vendor) to a gross initial yield (GIY) of 6.9%. The net initial yield is 6.7%. The construction Works started at the end of October 2005. The opening of the shopping centre is scheduled for the last quarter of 2007. In view of the current financing relations, Intervest Retail will be able to finance the project by means of foreign capital. As of 2008 the investment will be a positive contribution to the operational results.

The city of Tongeren will execute several public works in the immediate surroundings of the project, which will lead to the regeneration of the entire area. More specifically, adjustments will be made to Veemarkt, Leopoldwal near the project and Hospitaalplein which will increase the comfort of shoppers

2.2. Sales



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

- if they are not shops, but offices, warehouses or residential real estate;
- if the property is situated in locations where no more growth is expected or where the force of attraction has been reduced;
- if they are stand-alone properties that are isolated



and which makes their management too labour-intensive.

Within this context properties were sold in the

course of 2005 for an amount of € 8.6 million with a decrease in value of € 0.5 million.

It concerns the following properties:

Location	Address	Surface area in m ²	Selling price in €	Book value on sale (fair value) (€)	Added value or loss of value (€)
Brussels	Elsensesteenweg 65	245	675,000	689,928	-14,928
Brussels	Verwelkomingsstraat 13/15	4,260	2,344,000	2,476,575	-132,155
Wilrijk	Oude Baan 59-79 / Boomsesteenweg 660-664	20,170	5,300,000	5,434,898	-134,898
	Transaction costs				-216,119
TOTAL		24,675	8,319,000	8,601,401	-498,100



2.3. Olen

Intervest Retail has announced in September 2004 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. The property investment fund that specialises in commercial premises 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

The total concept is conceived as an architectural uniform and high-quality unit with covered esplanades, situated around a central car-free square with some restaurants and pubs, large green areas and water gardens. The shopping park will contain a balanced mixture of larger and smaller shops. There is both room for chain stores and for local traders, who will together offer a wide and varied range of products, spread over 3 core domains (living, garden, hobby & leisure time).

In addition to the shops, the park will also offer an extensive package of service and facilities, based on shopping comfort, experience and child-friendliness. A spacious car park for 1,500 cars (including spaces for disabled persons and young mothers), a loading and unloading area, child care, an indoor playground, large sanitary facilities, wheelchair hire and lots of other services.

A professional manager will be in charge of aspects such as maintenance, waste management and security, in addition to the daily management of the centre. The manager will also take care of central promotion of the shopping park, by means of a strategic marketing policy based on advertising

campaigns and the organisation of events and (children's) animation at the centre.

The concept as it is presented now will require an investment of € 35 to € 40 million.

The renting goes smooth: an in-principle agreement is concluded for 30% of the shops; for the other 70% advanced negotiations are ongoing.

On 7 July a socio-economic permit was issued by the commune of Olen with a number of prior conditions that were unacceptable for Interinvest Retail. The company appealed against it with the Interministerial committee, which issued the requested permit in full on 6 December. This allows the property investment fund to realise a project of 35,231 m² gross sales surface (26,642 m² net).

The building permit has not been issued up to present because it is unclear whether an Environmental Impact Report (EIR) needs to be drawn up. More clarity is expected by March 2006.

A legal dispute about one of the residences on the site is still ongoing.



2.4. Factory Shopping Messancy

Last year was dominated by the further commercialization of the Factory Shopping Messancy (FSM). That project was purchased in November 2002. Building started in December 2002 and the centre opened its doors on 05.06.2003

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

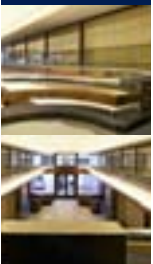
The rents paid by the tenants are largely related to the sales they generate in Factory Shopping Messancy (sales-related rents). So the choice of tenant is extremely important; it determines the level of rents that Intervest Retail will receive, and the tenants also have to complement each other, since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



In addition, all tenancy agreements are subject to the Law on Commercial Rents, which makes it very difficult for the owner to terminate a tenant's lease. All these factors mean that a great deal of time has to be devoted to the choice of tenants and that Intervest Retail cannot allow itself to be seduced into «filling up» the FSM quickly with those tenants who come along first. Allowance was made for that longer letting period when the FSM was acquired.

FSM consists of around 13,700 m² of shop space and around 4,000 m² for leisure activities and restaurants. Among the tenants, there are several well-established brands.

Factory outlet centres are not having an easy time in Europe at the moment. The development and





letting of outlet centres takes around two years on average, firstly because the lessors have to deal with manufacturers rather than retailers, and secondly because they cannot proceed too rapidly due to the sales-related rents and have to obtain the good brands. In addition, the various new outlet centres being opened and the economic crisis have led a number of manufacturers to show extreme caution and scepticism, with the result that the letting of new centres is proceeding sluggishly.



FSM also struggled with a difficult rental market in the early stages. The level of occupation was only 37.64% 18 months after the opening (31.12.2004).



Given this difficult situation Intervest Retail has decided medio 2004 to carry out several radical modifications in order to bring the project on the right track:



- appointment of a new team of specialised letting agents;
- development of a new marketing campaign in order to reopen the center before the summer of 2005
- Modifications to the centre in terms of architecture and design in order to make it more attractive

These measures were successfully implemented in 2005. In April there was a commercial reopening of the centre with 15 new lessees. At the end of 2005 the level of occupation of the shops was 82%.

Visitor numbers and turnovers have been on the up since then.

FSM is managed by Messancy Outlet Management NV, a subsidiary of Intervest Retail.

For more information about FSM see www.factoryshoppingmessancy.be.

3. Post balance sheet events

In maart 2006 werd een pakket winkels verkocht voor € 15,5 miljoen.

Location	Address	Surface area in m ²	Selling price in €	Book value on sale (fair value) (€)	Added value or loss of value (€)
Aalst	Kalfstraat 3	9,726	7,643,252	8,086,317	-443,065
Dinant	Tienne de l'Europe	3,308	2,399,285	2,491,861	-92,576
Gerpinnes	Rue de Bertransart 99	290	192,161	199,586	-7,425
Hannut	Rue de Huy 63	3,015	1,668,348	2,081,947	-413,599
Kapellen	Eikendreef 5	906	485,528	476,224	9,304
Roeselare	Brugsesteenweg 524	1,000	857,478	868,612	-11,134
Oostende	Torhoutsesteenweg 610	1,000	1,028,461	1,045,086	-16,625
Sint-Niklaas	Kapelstraat 119	940	315,275	357,665	-42,390
Sint-Truiden	Hasseltsesteenweg 69	850	890,303	831,907	58,396
Total		21,035	15,480,091	16,439,205	-959,114

4. Prospects

For 2006 and the years ahead we do not only aim at maintaining Interinvest Retail's position as largest investment fund in the field of Belgian commercial real estate, but also at further developing it. This can be achieved by direct purchases, mergers and takeovers. In the long term the portfolio should grow, according to us, to about € 500 million.

In view of the low interest rates, the current stock exchange climate and the nice profits of the company, Interinvest Retail keeps looking into the possibility of a capital increase by calling on

public capital. Such a capital increase will only be implemented if there are enough interesting investment objects to be bought.

In the short term our efforts will mainly be focused on improving the quality of the existing real estate portfolio, investigating several growth scenarios, the successful development of Factory Shopping Messancy and the redevelopment of the shopping centre Van De Ven in Olen (see page 19 and next).

5. Summary of the consolidated figures

BALANCE SHEET (€ 000)	31,12,2005	31,12,2004
ASSETS		
Non current assets	285,152	277,105
Intangible assets	10	16
Investment properties	280,107	272,373
Development projects	4,561	4,561
Other tangible fixed assets	455	137
Trade receivables and other non current assets	19	18
Current assets	9,121	5,357
Trade receivables	1,454	1,888
Tax receivables and other current assets	932	1,770
Cash and cash equivalents	6,566	1,665
Deferred charges and accrued income	169	34
Total assets	294,273	282,462
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	171,703	166,629
Non current liabilities	73,314	63,993
Provisions	195	195
Non current financial debts	72,816	63,543
Other non current liabilities	303	255
Current liabilities	49,256	51,840
Current financial debts	32,719	45,626
Trade debts and other current debts	2,691	3,406
Other current liabilities	12,025	1,938
Accrued charges and deferred income	1,821	870
Total shareholders' equity and liabilities	294,273	282,462



INCOME STATEMENT	2005	2004
Rental income	18,488	19,253
Rental related expenses	-340	-759
Property management costs and income	215	169
Property result	18,363	18,663
Property charges	-3,294	-2,012
General costs and other operating income and expenses	-832	-920
Operating result before result on the portfolio	14,237	15,731
Result on disposals of investment property	-498	-24
Result on disposals of other non financial assets	4	3
Changes in the fair value of investment properties	8,370	-553
Operating result	22,113	15,157
Financial result	-3,449	-2,889
Net result	18,664	12,268



6. Comments on the figures

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

Intervest Retail NV has, as a listed property fund, prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS). The comparative figures for the 2004 financial year were tailored to the IFRS-principles.

The tailored scheme mainly implies that the income statement on the portfolio is shown separately. This result on the portfolio includes all movements in the property portfolio and consists of:

- Realized increases or falls in value on sales of premises;
- Changes in the fair value of the premises as a result of the valuation by property experts, being dependent on the non-realized increases and/or falls in value.

The result on the portfolio was not paid out to the shareholders, but transferred to, or from the non-disposable reserves.

6.2. Assets

The non current assets increased from € 277.1 million to € 285.2 million. The rise in property (see point 2 page 17) explains the largest part of this increase. The property was valued on 31 December 2005 by the independent property experts at € 291.8 million (investment value) compared with € 283.9 million a year earlier. The fair value (i.e. investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future disposal) was € 284.7 million on 31 December 2005.

The other tangible fixed assets consist of furniture and fixtures, vehicles and equipment at € 0.5 million. The other non current assets consist of financial fixed assets at € 0.02 million. These financial fixed assets are mainly paid guarantees.

The current assets amount to € 9.1 million, consisting of € 1.5 million in trade receivables, € 0.9 million other receivables, € 6.6 million liquid funds in bank accounts (mainly through payment of the the selling price of Wilrijk at the end of December 2005) and € 0.1 million in deferred charges and accrued income. It includes a provision of € 0.6 million for bad debts.

6.3. Shareholders' equity and liabilities

The shareholders' equity of the investment fund is € 171.7 million. The nominal capital is unchanged at € 97.2 million. The share premiums are unchanged compared with the previous year (€ 4.2 million). The reserves are € 66.3 million and consist of non-realized increases in value as a result of the valuation of the property portfolio at fair value. These non-disposable reserves increased by € 8.1 million compared with the previous year. The result as at 31 December 2005 was € 11.8 million. The shareholders' equity was reduced by the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment property (€ 7.1 million) and by the changes in the fair value of financial derivatives (€ 0.7 million).

The Board of Directors is expressly permitted to increase the nominal capital on one or more occasions by an amount of € 97,213,233.32. This permission will be valid until 24.01.2008.

The total number of shares remained unchanged at 5,078,525 so that on 31 December 2005 the net asset value was € 33.81 per share. Compared with the share price on closing date of 31 December 2005

of € 43.50 per share, the share was subsequently listed with a premium of 28.66%.

The non-current debts increased compared with the previous year by € 9.3 million to € 73.3 million. This increase can be mainly explained by the conversion of a current loan to a non-current loan. The non-current provisions amount to € 0.2 million and consist of fees for legal disputes. The non-current financial debts come to € 72.8 million and consist of long-term bank financing at fixed rate. The other non-current debts (€ 0.3 million) consist of received bank guarantees for tenants and miscellaneous debts.

The current liabilities are € 49.3 million, consisting of € 32.8 million in bank loans of which the recognized instalment is due within the year and must be repaid or extended, € 2.7 million in trade receivables and invoices yet to be received, € 12.0 million in affiliated parties and miscellaneous debts, and finally € 1.8 million in accrued charges and deferred income.

The average rate of interest paid for 2005 was 3.52%.

On 31.12.2005 the debt ratio according to IFRS was 40.73%.

6.4. Income statement

Rental income fell from € 19.3 million in 2004 to 18.5 million in 2005. This fall is attributable to the lower (net) rental income from the factory outlet in Messancy as a result of rental incentives that are to be taken into account.

The rental related expenses fell by € 0.4 million because fewer provisions needed to be built up for bad debtors.

The property charges increased by € 1.3 million compared with 31 December 2004. This can be explained by vacancy costs no longer being shown as an asset after the re-opening of the factory outlet at Messancy.

The operational result before the result on the portfolio fell from € 15.7 million to € 14.2 million compared with the previous year (-9.5%), mainly as a result of the increase in rental incentives and vacancy costs in respect of the factory outlet in Messancy.

This year a reduction in value of € 0.5 million was realized on the disposal of non-strategic property (see point 2.2 page 17). The positive change in the fair value in 2005 from € 8.4 million is the result of the valuation from the property experts (€ 8.2 million) and the rental benefits allocated to the tenants (€ 0.2 million) being taken into the result, spread over time. The changes in market value of property consist on the one hand of increases in value (€ 16.4 million) and on the other of falls in value (- € 8.2 million).

The financial result was - € 3.4 million compared with - € 2.9 million due to an increase in interest rate charges. The increase can be explained because the main part of the interest paid on financing for the factory outlet is no longer regarded as construction interest and is therefore recognized in the financial result.



The net profit for the financial year was € 18.7 million in 2005 compared with € 12.3 million in 2004. The strong increase in net profit is chiefly the result of the positive change in the property portfolio in 2005 (€ 8.4 million) compared with 2004 (- € 0.6 million).

The profit distributable as dividend, based on the unconsolidated annual accounts of Intervest Retail NV, was € 10.9 million in 2005 compared with € 12.9 million in 2004. The gross distributable result per share was, in a 100% distribution, therefore rounded to € 2.14 per share compared with € 2.54 per share the previous year.

7. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31.12.2005 be approved and the profit for the financial year be spent as follows:

In thousands of €

• profit for the financial year	€ 18,664
• allocation of portfolio result on non-disposable reserves	- € 7,872
• profit carried forward	€ 10,792

At the General Meeting of Shareholders on 10 May 2006 there will be a proposal to distribute a gross dividend of € 2.14 per share. This is € 1.82 net after deduction of 15% property input tax. Taking into account 5,078,525 shares which will be part of the full result for the financial year this means a distributable dividend of € 10,868,044 .

The dividend is higher than the required minimum of 80% of the net profit, given that, in accordance with its policy in 2005 almost 100% of the unconsolidated distributable profit was paid out. The dividend will be payable as of 26 May 2006. As far as the bearer shares are concerned, this can be on submission of dividend certificate number 6.

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

8. Forecast

The 2006 result will, to a large extent, depend on the (financial) success of Factory Shopping Messancy . The visitor and turnover figures need to rise further, so that higher turnover rents can be generated.

Intervest Retail also missed out on the rental income from the properties sold in 2005 (± € 0.75 million) which – subject to reinvestment of the sales proceeds received – will have a negative impact on the earnings per share.

It is therefore difficult to give an accurate estimate of the profit for 2006.



III REPORT ON THE SHARE





Route d'Arlon 199 - Messancy

INTERVEST RETAIL
ANNUAL REPORT 2005
REPORT
ON THE SHARE

1. Stock market information

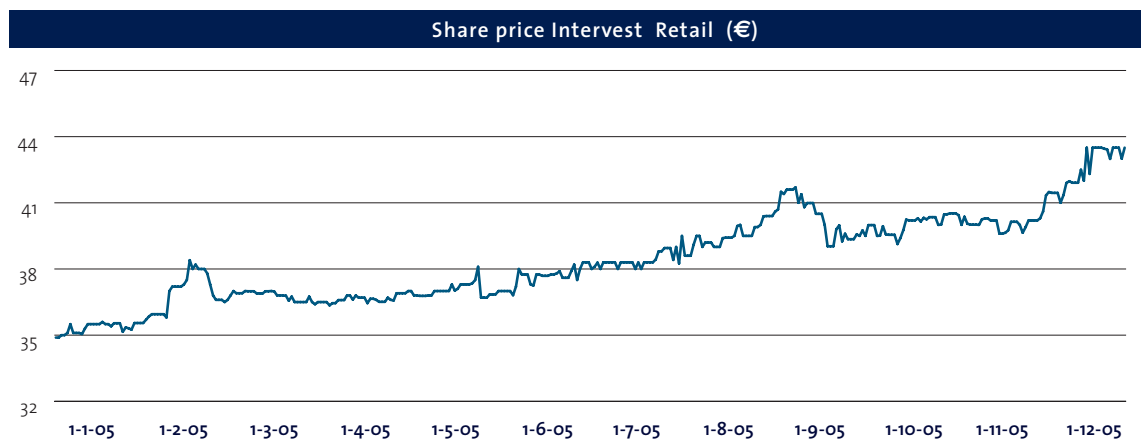
Since 1 January 2002 Intervest Retail has been listed on the Next Prime segment of Euronext Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

- publishing quarterly figures
- preparing a number of analyst's reports every year

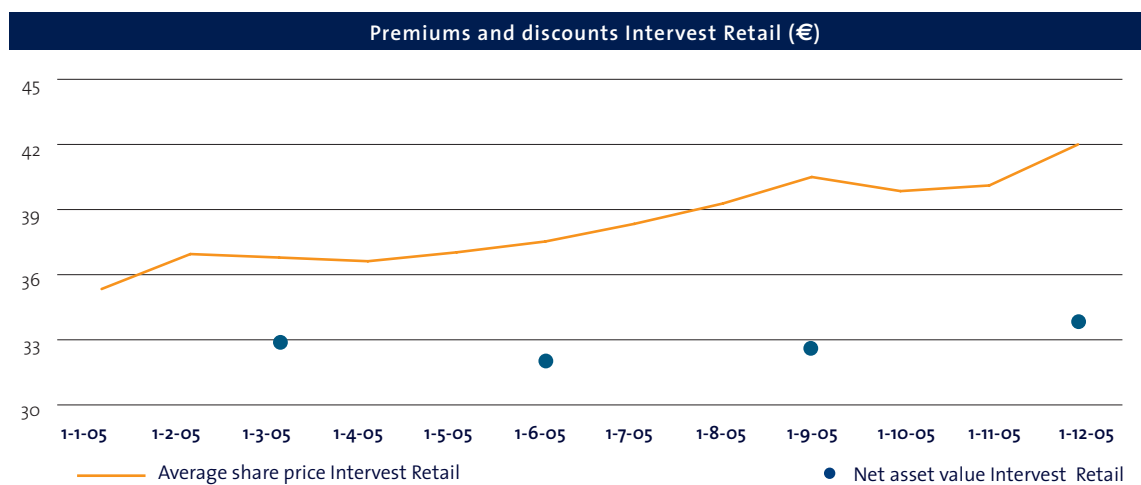
- maintaining a professional website
- complying with International Financial Reporting Standards (IFRS)

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

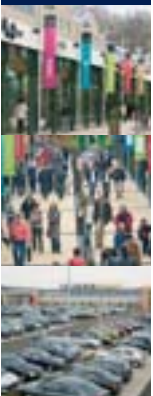
Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among investors (a.o. institutional investors).

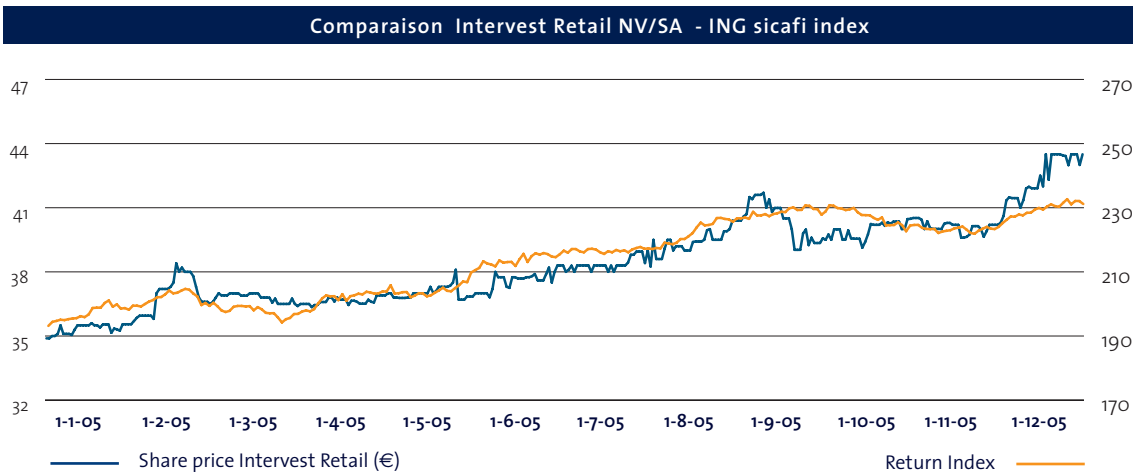


In 2005 the share price increased from € 34.89 (1 January) to € 43.50 (31 December 2005). The decrease at the end of May can be explained by the payment of the dividend over the financial year 2004. The increase from medio 2005 onwards is in line with the trend for all property indices. Property securities stay a favorite investment in times of low interest rates

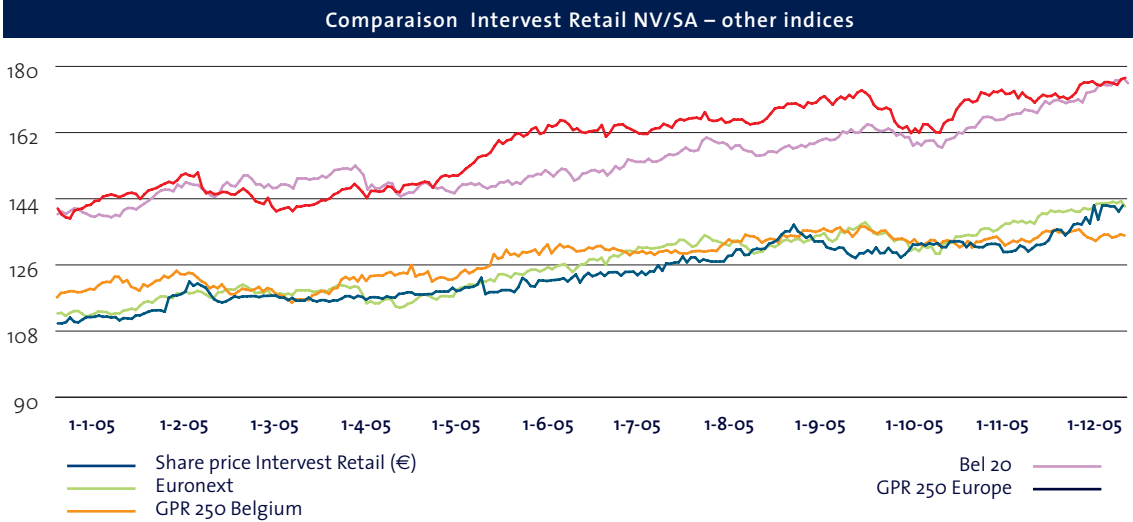


The net asset value of Intervest Retail (on a consolidated basis) includes the 2004 dividend up to the payment date at the end of May 2005.

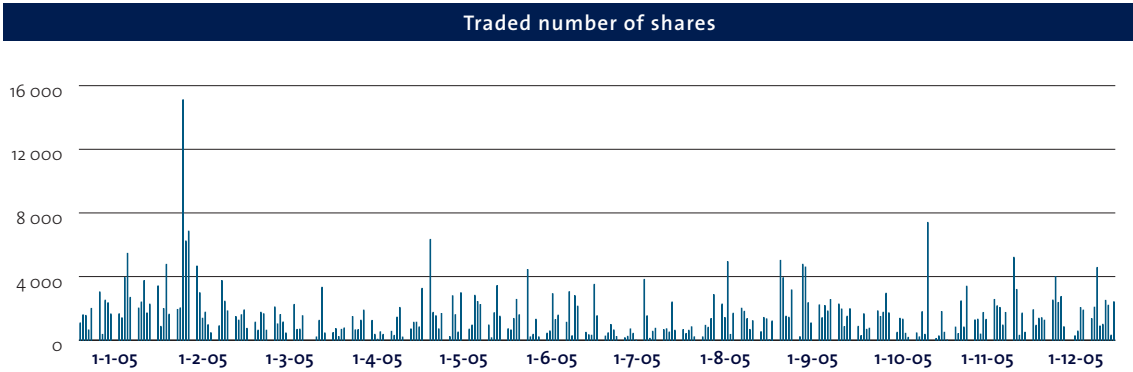




The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.



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



⁶ Additional information over the indices can be asked for at ING Belgium regarding the ING sicafi index, at Euronext Brussels regarding the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) concerning the GPR 250 Europe and GPR 250 Belgium.



The traded volumes, with an average of 1,621 units a day, exceeded the level of the previous year (2,067 units a day).

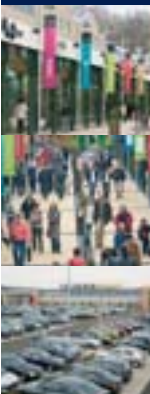
In December 2001, a liquidity contract was concluded with Bank Degroof with a view to promoting the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

At the year end, the free float amounted to 27.62%. Efforts will be ongoing to further increase this free float figure and thereby improve negotiability.

2. Dividend and number of shares

	31.12.2005
Number of shares at the end of the period	5,078,525
Number of shares entitled to dividend	5,078,525
Share price (€)	31.12.2005
Highest	43.50
Lowest	34.89
Share price on closing date	43.50
Over-/undervaluation in relation to the net asset value (deed in hand) (%)	28.66

Data per share (€)	31.12.2005	31.12.2004	31.12.2003	31.12.2002
Net asset value (fair value)	33.81	32.81	-	-
Net asset value (investment value)	35.21	34.17	-	-
Net asset value (BE GAAP)	-	34.17	-	-
Gross dividend	2.14	2.54	2.54	2.42
Net dividend	1.82	2.16	2.16	2.06



3. Shareholders

As at 31.12.2005 the following shareholders were known to the company:

VastNed Retail NV	3,595,529 shares	(70.80%)
Max Euwelaan 1 3006 AK Rotterdam The Netherlands		
CFB (Belgique) NV	80,431 shares	(1.58%)
Uitbreidingstraat 18 2600 Antwerp		
Public	1,402,565 shares	(27.62%)
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 annual results as at 31 December 2005: **Tuesday 21 February 2006**
- Announcement results as at 31 March 2006: **Tuesday 9 May 2006**
- General Meeting of Shareholders: **Wednesday 10 May 2006** at 2.30 pm at the company's offices, Uitbreidingstraat 18, B-2600 Antwerp-Berchem
- Dividend payable: as from **Friday 26 May 2006**
- Announcement half year results as at 30 June 2006: **Thursday 10 August 2006**
- Announcement results as at 30 September 2006: **Monday 6 November 2006**



IV PROPERTY REPORT





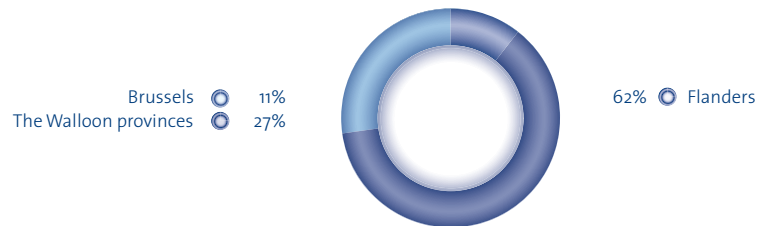
Leuvensesteenweg 610/640 -Schaarbeek

1. Composition of the portfolio ⁷

Interinvest 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.

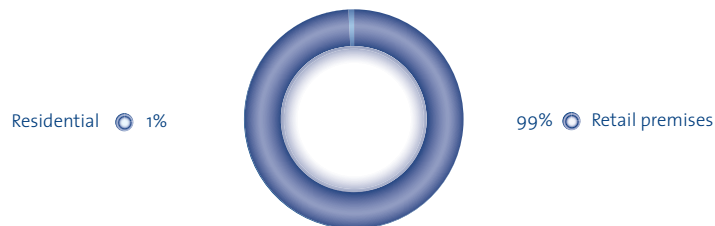
1.1. Geographic spread

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



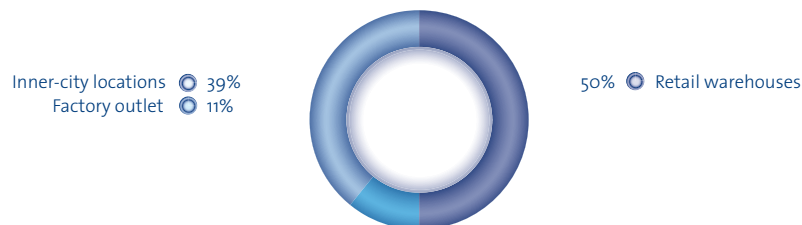
1.2. Type of building

In total Interinvest Retail's portfolio at the end of 2005 consists of 328 lettable premises. 99% of the premises are retail premises, and the remaining 1% are residential spaces.



1.3. Type of retail property

Of the retail premises, 39% are inner-city locations, 50% are retail warehouses and 11% 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.

⁷ The charts below do not take the development projects into account. They have been compiled on the basis of the annual rental income and the value of the portfolio.

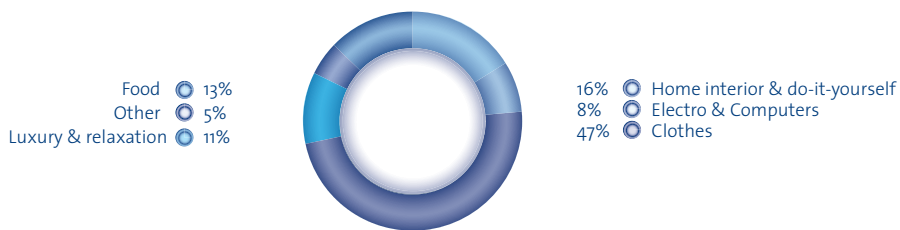


For retail warehouses it is primarily the location of the premises alongside major traffic routes that is the characteristic feature, together with a large sales area (from 400 m²). This category includes both free-standing buildings and retail parks. These are clusters of retail warehouses, often conceived 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%.

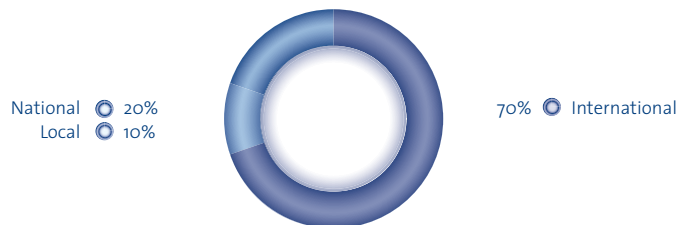
1.4. Sector of tenants

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 ⁸

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 (98.45%, excluding Factory Shopping Messancy). If Factory Shopping Messancy is included, the occupancy rate comes out at 96.05%

⁸ 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 retail property	Surface	Rent in € 000	Fair value in € 000	Investment value in € 000	Weighing per property (%)
Vastgoedbeleggingen						
AALST - Albrechtlaan 56	retail warehouse	1,000	48	461	473	0.16
AALST - Kalfstraat 3	retail warehouse	9,126	680	7,796	7,991	2.74
AALST - Kalfstraat 3	offices	600	30	291	298	0.10
AALST - Nieuwstraat 10	inner-city loc.	145	62	801	821	0.28
AARTSELAAR - Antwerpsesteenweg 13/4	retail warehouse	990	103	1,290	1,322	0.45
ANDENNE - Avenue Roi Albert 39	retail park	4,701	281	3,603	3,693	1.27
ANS - Rue de Français 393	retail park	3,980	327	3,830	3,926	1.35
ANTWERPEN - Abdijstraat 29	inner-city loc.	130	29	343	352	0.12
ANTWERPEN - Abdijstraat 82/84	inner-city loc.	165	48	497	509	0.17
ANTWERPEN - Breydelstraat 33	inner-city loc.	144	45	460	472	0.16
ANTWERPEN - Carnotstraat 18/20	inner-city loc.	1,298	100	1,132	1,160	0.40
ANTWERPEN - De Keyserlei 47	inner-city loc.	60	44	495	507	0.17
ANTWERPEN - De Keyserlei 49	inner-city loc.	118	56	829	850	0.29
ANTWERPEN - Frankrijklei 27	inner-city loc.	624	77	932	955	0.33
ANTWERPEN - Groendalstraat 11	inner-city loc.	39	22	336	344	0.12
ANTWERPEN - Huidvettersstraat 12	inner-city loc.	791	260	4,421	4,532	1.55
ANTWERPEN - Korte Gasthuisstraat 27	inner-city loc.	155	66	978	1,002	0.34
ANTWERPEN - Leysstraat 17	inner-city loc.	334	158	2,533	2,596	0.89
ANTWERPEN - Leysstraat 28/32	inner-city loc.	1,870	737	12,143	12,447	4.27
ANTWERPEN - Meir 99	inner-city loc.	384	407	7,106	7,284	2.50
ANTWERPEN - Schuttershofstraat 30	inner-city loc.	66	49	885	907	0.31
ANTWERPEN - Schuttershofstraat 32 Arme Duivelstraat 2	inner-city loc.	54	50	841	862	0.30
ANTWERPEN - Schuttershofstraat 24/Kelderstr. 7	inner-city loc.	320	64	1,166	1,195	0.41
BALEN - Molseseesteeweg 56	retail park	1,871	118	1,278	1,310	0.45
BASTOGNE - Route de Marche 104	retail park	593	36	270	277	0.09
BEAUMONT - Rue G. Michiels 40	retail warehouse	1,113	97	938	961	0.33
BOECHOUT - Hovenseesteeweg 123-127	retail warehouse	1,022	66	734	752	0.26
BORGLOON - Sittardstraat 10	retail park	996	54	539	552	0.19
BREE - Toleikstraat 30	retail warehouse	855	53	622	638	0.22
BRUGGE - Steenstraat 80	inner-city loc.	2,670	785	13,057	13,383	4.59
BRUXELLES - Avenue Louise 7	inner-city loc.	248	215	4,020	4,120	1.41
BRUXELLES/SCHAERBEECK - Ch. de Louvain 610/640	retail park	2,964	298	4,457	4,568	1.57
BRUXELLES - Chaussée d'Ixelles 16	inner-city loc.	1,255	228	2,892	2,964	1.02
BRUXELLES - Chaussée d'Ixelles 41/43	inner-city loc.	5,248	1,222	16,660	17,077	5.85
BRUXELLES - Rue Neuve 98	inner-city loc.	162	151	2,576	2,640	0.90
CHARLEROI - Rue de la Montagne 5/7	inner-city loc.	948	188	2,184	2,239	0.77
CHÉNÉE - Rue de la Station 23	retail park	2,881	219	2,405	2,465	0.84
DIEST - Hasseltstraat 15	inner-city loc.	200	34	419	429	0.15
DILSEN - STOKKEM - Rijksweg 17	inner-city loc.	992	72	703	721	0.25
DINANT - Tienne de l'Europe	retail park	4,330	301	3,267	3,349	1.15
FLÉMALLE - Rue de la Fabrique 6	retail park	2,835	205	2,220	2,275	0.78
FROYENNES - Rue des Roselières 6	retail warehouse	950	75	1,018	1,043	0.36



Address	Type of retail property	Surface	Rent in € 000	Fair value in € 000	Investment value in € 000	Weighing per property (%)
GENK - G. Lambertlaan 115	retail park	3,109	199	2,223	2,279	0.78
GENK - Hasseltweg 74	retail park	2,099	181	2,377	2,436	0.83
GENT - Veldstraat 81/Zonnestraat 6/10	inner-city loc.	3,510	407	6,158	6,312	2.16
GENT - Volderstraat 15	inner-city loc.	279	87	1,120	1,148	0.39
GERPINNES - Rue de Bertrantsart 99	retail park	290	19	200	205	0.07
GLAIN - Rue St.Nicolas 572	retail park	1,990	117	1,008	1,033	0.35
GRIVEGNEE - Rue Servais Malaise	retail warehouse	2,000	118	1,246	1,277	0.44
HANNUT - Rue de Huy 63	retail park	3,015	191	2,082	2,134	0.73
HASSELT - Genkersteenweg 76	retail warehouse	1,241	95	1,274	1,306	0.45
HASSELT - Genkersteenweg 282	retail warehouse	2,020	102	1,165	1,194	0.41
HEUSDEN-ZOLDER - Inakker	retail warehouse	1,019	63	694	711	0.24
HOBOKEN - Zeelandstraat 6-8	retail warehouse	2,490	183	2,013	2,063	0.71
KAMPENHOUT - Mechelsesteenweg 38/42	retail park	3,002	185	2,260	2,316	0.79
KAPellen - Eikendreef 5	retail park	906	49	476	488	0.17
LA LOUVIÈRE - Rue Albert I 84/86	inner-city loc.	190	56	581	596	0.20
LEOPOLDSBURG - Lidostraat 7	retail park	1,670	104	1,106	1,134	0.39
LEUVEN - Bondgenotenlaan 69-73	inner-city loc.	1,589	537	8,931	9,154	3.14
LIÈGE - Pont d'Ile 35	inner-city loc.	80	58	854	875	0.30
LIÈGE - Pont d'Ile 45	inner-city loc.	60	62	959	983	0.34
LIÈGE - Pont d'Ile 49	inner-city loc.	380	89	1,660	1,702	0.58
MALMÉDY - Avenue des Alliés 14B	retail park	813	52	585	600	0.21
MECHELEN - Bruul 39-41	inner-city loc.	378	185	2,737	2,805	0.96
MECHELEN - Bruul 42-44	inner-city loc.	1,410	403	6,134	6,287	2.15
MECHELEN - Yzerenleen 30	inner-city loc.	350	50	562	576	0.20
MERKSEM - Bredabaan 474/476	inner-city loc.	470	78	949	973	0.33
MESSANCY - Route d'Arlon 199	outlet	18,459	2,236	34,723	35,591	12.20
MESSANCY - Rue de l'Institut 44	retail park	1,998	100	1,017	1,042	0.36
MONS - Chaussée de Binche 101	retail warehouse	1,000	68	754	773	0.26
MONS - Grand Rue 19	inner-city loc.	170	72	889	911	0.31
MONS - Rue de La Chaussée 31/33	inner-city loc.	380	134	1,794	1,839	0.63
MORTSEL - Statielei 71/73	inner-city loc.	425	123	1,256	1,287	0.44
MOUSCRON - Petite Rue 18	inner-city loc.	235	39	453	464	0.16
OLEN - Lammerdries 6	retail park	13,452	727	6,376	6,535	2.24
OOSTENDE - Torhoutsteenweg 610	retail warehouse	1,000	82	1,045	1,071	0.37
OVERPELT - Burgemeester Misottenstraat 3	retail warehouse	877	78	855	876	0.30
PHILIPPEVILLE - Rue de France	retail park	3,705	296	3,810	3,905	1.34
ROESELARE - Brugsesteenweg 524	retail warehouse	1,000	75	868	890	0.31
SCHELLE - Provinciale Steenweg 453/455	retail park	2,962	186	2,202	2,257	0.77
SCHERPENHEUVEL - Manneberg 26	retail warehouse	600	71	579	593	0.20
SERAING - Boulevard Pasteur 47	retail warehouse	1,263	91	834	855	0.29
SINT-JOB-IN-'T-GOOR - Handelslei 10	retail warehouse	600	62	653	669	0.23
SINT-NIKLAAS - Kapelstraat 119	retail warehouse	940	53	358	367	0.13
SINT-TRUIDEN - Hasseltsesteenweg 69	retail warehouse	850	81	832	853	0.29
SINT-TRUIDEN - Kattestraat 25	retail park	1,401	95	1,191	1,221	0.42
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	18,866	1,450	17,285	17,717	6.07



Address	Type of retail property	Surface	Rent in € 000	Fair value in € 000	Investment value in € 000	Weighing per property (%)
TIENEN - Slachthuisstraat 36	retail park	4,871	396	4,967	5,091	1.74
TURNHOUT - Gasthuisstraat 5-7	inner-city loc.	1,047	248	3,792	3,887	1.33
TURNHOUT - Gasthuisstraat 32	inner-city loc.	1,743	260	3,933	4,031	1.38
VILVOORDE - Leuvensestraat 39/41 - Nowélaan 41	inner-city loc.	485	55	5,711	688	0.24
VILVOORDE - Luchthavenlaan 5	inner-city loc.	6,345	461	8,443	5,854	2.01
VILVOORDE - Mechelsesteenweg 30	retail park	7,656	629	364	8,654	2.97
VILVOORDE - Mechelsesteenweg 30	offices	784	37	364	373	0.13
WATERLOO - Chaussée de Bruxelles 284	retail park	1,198	110	1,344	1,378	0.47
WAVRE - Rue du Commerce 26	inner-city loc.	272	51	587	602	0.21
WAVRE - Rue Pont du Christ 46 - Rue Barbier 15	inner-city loc.	315	108	1,322	1,355	0.46
WILRIJK - Boomsesteenweg 643-645	inner-city loc.	1,837	135	1,581	1,621	0.56
WILRIJK - Boomsesteenweg 666-672	retail park	4,884	458	6,840	7,012	2.40
TOTAL INVESTMENT PROPERTIES		195,207	20,897	280,107	287,110	98.40
Development projects						
OLEN - Lammerdries 6	inner-city loc.	14,030	471	3,991	4,091	1.40
OLEN - Lammerdries 6	land	32,389	0	0	0	0.00
OLEN - Lammerdries 6	villas	0	0	570	584	0.20
TOTAL DEVELOPMENT PROJECTS		46,419	471	4,561	4,675	1,60
Total investment properties and development projects		241,626	21,368	284,668	291,785	100,00

3. Evolution of the property portfolio

	IFRS		BE GAAP (deed in hand)		
	31/12/2005	31/12/2004	31/12/2004	31/12/2003	31/12/2002
Value investment properties (€ 000)	280,107	272,373	278,809	279,192	24,027
Value development projects (€ 000)	4,561	4,561	5,048	5,654	20,376
Current rents (€ 000)	20,071	19,620	19,620	19,694	18,416
Yield (%)	7.17	7.20	7.04	7.05	7.67
Current rents, including estimated rental value on vacancy (€ 000)	20,897	22,724	22,537	22,596	19,326
Yield if fully let (%)	7.46	8.34	8.08	8.09	8.04
Total lettable area of the investment properties (m ²)	195,207	219,882	215,646	220,684	207,000
Occupancy rate incl FSM (%)	96.05	86.34	87.05	87.16	-
Occupancy rate excl FSM (%)	98.45	96.47	97.41	96.03	95.28



4. Valuation of the portfolio by the property experts

Factory Shopping Messancy was valued by de Crombrugge and Partners. All other commercial premises were valued by Cushman & Wakefield.

4.1. Cushman & Wakefield

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

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

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

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

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

Next, the Adjusted ERV is calculated: this is 60% of the difference between the current rent and the ERV. If the current rent is higher than the ERV, the Adjusted ERV is equal to the ERV and the 60% rule doesn't apply. A following step consists of determining a yield or

capitalisation rate for which an investor would be prepared to buy the premises.

By dividing the Adjusted ERV by the capitalisation rate, you get the gross value (value deed in hand). Any adjustments (e.g. costs of vacancies) can be made at this point.

In its report of 31.12.2005, Cushman & Wakefield valued the investment value of the commercial portfolio at € 256,193,818.

4.2. de Crombrugge & Partners

The valuation of Factory Shopping Messancy is done by de Crombrugge.

For its valuation de Crombrugge 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
- 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 € 2,500 /m² /year, and revenue-linked rent of 8% on average, or in other words a rental revenue of on average



€ 200/m²/year for the retail 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 36 months.
- On the basis of international comparisons it was

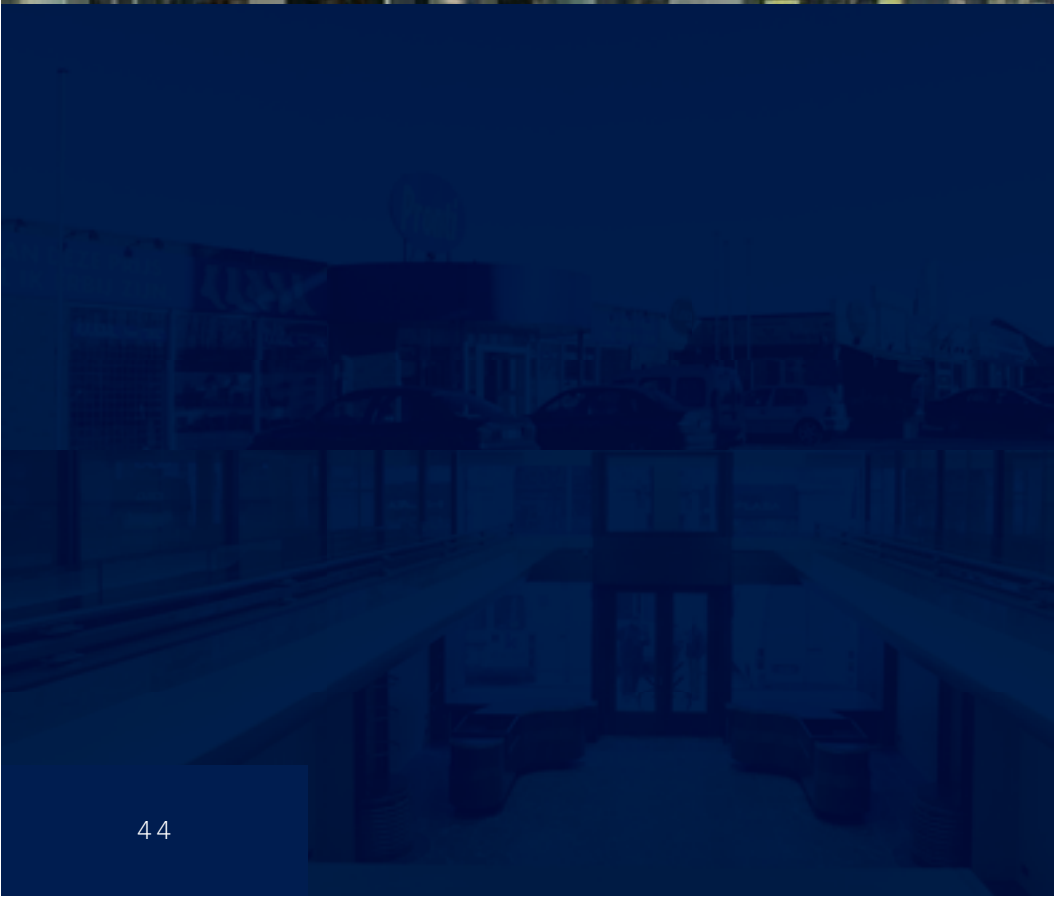
assumed that an investor buying an outlet centre expects an initial yield of 7,5%

The investment value of Factory Shopping Messancy at the end of 2005 € 35,590,750.





V FINANCIAL REPORT





Elsensesteenweg 65 - Brussels

INTERVEST RETAIL

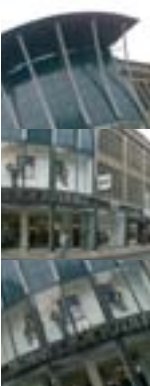
ANNUAL REPORT 2005

FINANCIAL REPORT

FINANCIAL REPORT

1. CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT	Notes	2005	2004
<i>in € 000</i>			
Rental income	5.4.1	18,488	19,253
Rental related expenses	5.4.2	-340	-759
NET RENTAL INCOME		18,148	18,494
Recovery of property expenses	5.4.3	147	181
Recovery of charges and taxes normally payable by tenants on let properties	5.4.4	4,257	3,593
Charges and taxes normally payable by tenants on let properties	5.4.5	-4,214	-3,593
Other rental related income and expenses	5.4.6	25	-12
PROPERTY RESULT	5.4	18,363	18,663
Technical costs	5.5.1	-793	-792
Commercial costs	5.5.2	-213	-136
Charges and taxes on unlet properties	5.5.3	-1,224	-237
Property management costs	5.5.4	-1,017	-781
Other property charges	5.5.5	-47	-66
PROPERTY CHARGES	5.5	-3,294	-2,012
OPERATING PROPERTY RESULT		15,069	16,651
General costs	5.6	-958	-1,022
Other current operating income and expenses	5.7	126	102
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		14,237	15,731
Result on disposals of investment property	5.9	-498	-24
Result on sales of other non financial assets	5.10	4	3
Changes in fair value of investment property and development projects	5.11	8,370	-553
OPERATING RESULT		22,113	15,157
Financial income	5.12	35	127
Interest charges	5.12	-3,451	-2,980
Other financial charges	5.12	-33	-36
FINANCIAL RESULT	5.12	-3,449	-2,889
RESULT BEFORE TAXES		18,664	12,268
NET RESULT		18,664	12,268
Attributable to:			
Equity holders of the parent	5.13	18,664	12,268
Minority interests		0	0



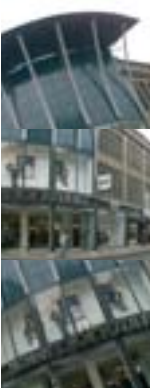
RESULT PER SHARE	Notes	2005	2004
Number of ordinary shares	5.13	5,078,525	5,078,525
Basic earning per share (in €)	5.13.3	3,68	2,42
Diluted earnings per share (in €)	5.13.3	3,68	2,42
Distributable earnings per share (in €)	5.13.3	2,14	2,54



2. CONSOLIDATED BALANCE SHEET

ASSETS	Notes	2005	2004
<i>in € 000</i>			
Non-current assets		285,152	277,105
Intangible assets	5.14	10	16
Investment properties	5.15	280,107	272,373
Development projects	5.15	4,561	4,561
Other tangible fixed assets	5.14	455	137
Trade receivables and other non-current assets	5.16	19	18
Current Assets		9,121	5,357
Trade receivables	5.17.1	1,454	1,888
Tax receivables and other current assets	5.17.2	932	1,770
Cash and cash equivalents	5.17.3	6,566	1,665
Deferred charges and accrued income	5.17.4	169	34
TOTAL ASSETS		294,273	282,462

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	2005	2004
<i>in € 000</i>			
Shareholders' Equity	3 en 5.18	171,703	166,629
Shareholders' equity attributable to the shareholders of the parent company		171,700	166,626
<i>Share capital</i>	5.18.1	97,213	97,213
<i>Share premium</i>	5.18.2	4,183	4,183
<i>Reserves</i>	5.18.3	66,269	58,204
<i>Result</i>	5.18.4	11,841	13,949
<i>Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties</i>	5.18.5	-7,116	-6,923
<i>Changes in fair value of financial assets and liabilities</i>	5.18.6	-690	0
Minority interests	5.18.7	3	3
Liabilities		122,570	115,833
Non-current liabilities	5.19.en 5.21	73,314	63,993
<i>Provisions</i>	5.19.1	195	195
<i>Non-current financial debts</i>		72,816	63,543
Credit institutions	5.21	72,790	63,528
Financial lease	5.21	26	15
<i>Other non-current liabilities</i>	5.19.2	303	255
Current liabilities	5.20 en 5.21	49,256	51,840
<i>Current financial debts</i>		32,719	45,626
Credit institutions	5.21	32,710	45,618
Financial lease	5.21	9	8
<i>Trade debts and other current debts</i>	5.20.1	2,691	3,406
<i>Other current liabilities</i>	5.20.2	12,025	1,938
<i>Accrued charges and deferred income</i>	5.20.3	1,821	870
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		294,273	282,462



DEBT RATIO	2005	2004
Debratio IFRS ⁹ (%)	40,73	40,63
Debratio R.D. 10.04.1995 ¹⁰ (%)	43,38	44,12

NET ASSET VALUE PER SHARE	2005	2004
Net asset value per share (fair value)	33,81	32,81
Net asset value per share (investment value)	35,21	34,17

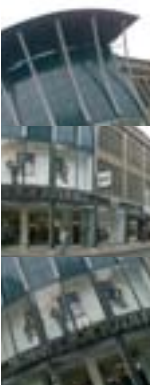
⁹ The debt ratio is calculated as the liabilities (excluding provisions and accrued charges and deferred income) less the change in the fair value of the coverage instruments, divided by the total assets.

¹⁰ The difference between the two methods of calculation arises firstly from the representation of the balance sheet before allocation (IFRS-norms) or after distribution (Belgian accounting norms) of the dividend for the financial year, and secondly from the difference in valuation of the property (fair value under IFRS-norms versus investment value under Belgian accounting norms).



3. STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN EQUITY	Share capital	Share premium	Reserves not available for distribution
	Ordinary shares		
<i>in € 000</i>			
AMOUNT ACCORDING TO BE GAAP AT DECEMBER 31, 2003	97,213	4,183	28,241
IFRS MODIFICATIONS:			
- Incorporation of revaluation gains on investment properties			30,673
- Apportion of benefits granted to tenants			-109
- Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties			
- Reversal of proposed dividend into result			
AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2003	97,213	4,183	58,805
- Profits of financial year 2004			
- Transfer of the result on the portfolio to the reserves not available for distribution			-577
- Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties			
- Dividends of financial year 2003			-24
AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2004	97,213	4,183	58,204
- Profits of financial year 2005			
- Transfer of the result on the portfolio to the reserves not available for distribution			7,872
- Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties			193
- Dividends of financial year 2004			
- Changes in the fair value of financial assets and liabilities			
* financial assets held for sale			
* financial instruments			
AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2005	97,213	4,183	66,269

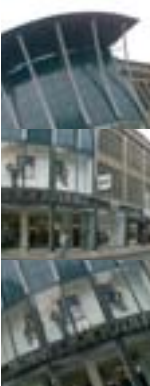


Result	Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	Changes in fair value of financial assets and liabilities	Minority interests	Shareholders' equity
995			3	130,635
109				30,673
12,900	-6,947			-6,947
14,004	-6,947		3	12,900
12,268				167,261
577				12,268
-12,900	24			-12,900
13,949	-6,923		3	166,629
18,664				18,664
-7,872				
-12,900	-193			-12,900
		-690		-690
11,841	-7,116	-690	3	171,703



4. CONSOLIDATED CASH-FLOW STATEMENT

	Notes	2005	2004
<i>in € 000</i>			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,665	961
1. Cash-flow from operating activities		22,538	17,760
Net profit of the financial year	1	18,664	12,268
Adjustments for transactions of non-current nature		-7,586	695
- Depreciations on intangible and other tangible fixed assets (+/-)	5.14	48	60
- Loss on the sale of investment properties	5.9	498	24
- Profit on sale of other non financial assets	5.10	-4	-3
- Apportion of benefits granted to tenants	5.11	243	61
- Variation in the fair value of investment properties and development projects	5.11	-8,370	553
- Revaluation gains on financial fixed assets recorded in income statement		-1	0
Changes in working capital		11,460	4,797
* Movement of assets			
- Trade receivables	5.17.1	434	-477
- Tax receivables and other current assets	5.17.2	838	2,642
- Deferred charges and accrued income	5.17.4	-135	-12
* Movement of liabilities			
- Trade debts and other current debts	5.20.1	-715	1,111
- Other current liabilities	5.20.2	10,087	1,743
- Accrued charges and deferred income	5.20.3	951	-210
2. Cash-flow from investment activities		-437	-5,639
Acquisition of intangible and other tangible fixed assets	5.14	-360	-117
Investments in existing investment properties	5.15	-6,823	-6,022
Investments in development projects	5.15	-750	-644
Capitalised interest expenses	5.15	-634	-922
Acquisition of assets with deferred payment		16	9
Proceeds from the sale of investment properties	5.9	8,103	2,056
Proceeds from the sale of other non financial assets	5.10	11	4
Receipts from non-current trade receivables and other tangible fixed assets	5.16	0	-3
3. Cash-flow from financing activities		-17,200	-11,417
Repayments of loans	5.21	-29,336	-13,530
Drawdown of loans		25,000	15,000
Repayment of financial lease liabilities	5.21	-12	-9
Receipts from non-current liabilities as guarantee	5.19.2	48	22
Dividends paid	3	-12,900	-12,900
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5.17.3	6,566	1,665



5. COMMENT ON THE CONSOLIDATED ANNUAL ACCOUNTS

5.1. Principles of financial reporting

5.1.1. Statement of conformity

Intervest Retail NV is a property investment fund, having its registered office in Belgium. The consolidated annual accounts of the company as per 31 December 2005 cover the company and its subsidiaries. The annual accounts of Intervest Retail NV were approved and released for publication by the Board of Directors on 20 February 2006.

The consolidated annual financial statement has been prepared in compliance with the International Financial Reporting Standards (IFRS) as approved by the European Commission. Since 1 January 2005 Intervest Offices has applied IFRS as its accounting base. Its opening balance-sheet was drawn up on 1 January 2004, the date of transition to IFRS. The comparative figures for the financial year of 2004 have been adapted to the IFRS standards.

5.1.2. Presentation basis

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

The accounting principles are applied consistently and the consolidated accounts are entered for profit-sharing.

5.1.3. Consolidation principles

a. Subsidiary companies

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

coincides with that of the parent company.

b. Geëlimineerde transacties

Any transactions between the group companies, balances and unrealised profits and losses from transactions between group companies will, at the time of drawing up the consolidated annual accounts, be eliminated to the amount of the participation of the group company. The list of subsidiaries is given under point 5.24. in the comment.

5.1.4. Currencies

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

5.1.5. Financial instruments

Financial derivatives

The company may use financial interest derivatives to hedge the interest rate exposure arising from its operational, financing and investment activities. Financial derivatives are recorded at cost on initial allocation. After initial allocation, they are valued in the annual financial statement at their fair value. Gains and losses resulting from changes in the fair value of financial derivatives are immediately taken into account in profit and loss, unless the derivative satisfies the criteria for hedge accounting (see under Hedging).

The fair value of financial derivatives is the amount that the company expects to receive or pay if the derivative were terminated as of the balance sheet date, taking into account the prevailing interest and the credit exposure of the counterparty concerned



Hedging of uncertain cash flow resulting from interest fluctuations

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

5.1.6. Property result

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

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

Charges payable by tenants and taxes on let buildings and the recovery of these charges refer to costs that under law or custom fall to the expense of the tenant or lessee. The owner will either charge or not charge these costs to the tenant according to the contractual arrangements made with the tenant.

The rental related expenses comprise write downs and reversals on trade receivables and are entered in the income statement when the book value is higher than the estimated realization value, even as the costs and income of the rent of buildings that do not belong to the preceding items.

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

The rental income, the received operational lease

payments and the other income and costs are entered linearly in the income statement in the periods to which they refer.

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

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

5.1.7. Property charges

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

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

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

The management expenses of the property are costs linked to the management of the buildings. These include staff costs and the indirect cost of the managers and staff (such as cost of offices, running costs, etc.) who provide the management of the

portfolio and lettings, depreciation and impairments to tangible assets used for such management and other operating expenses that can be allocated to the management of the property.

5.1.8. General costs and other operating income and expenses

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

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

5.1.9. Result on disposals of investment property and changes in fair value of investment property

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

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

5.1.10. Financial result

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

5.1.11. Taxes

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

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

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

The exit tax, due by companies that are taken over by the property investment fund, are deducted from the revaluation surplus established on merger and are recognised as a liability.

5.1.12. Personnel cost

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

The compensation paid to directors, managers, executives and temporary staff are regulated as for tenured personnel.

Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. The company pays contributions to a fund that is independent of the company in the context of a promised-contribution scheme for its staff. A pension plan with a promised-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further



contributions if the fund were to have insufficient assets. The contributions are entered as a charge for the reporting period in which the related work has been done

5.1.13. Amounts written off

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

5.1.14. The ordinary and diluted profit (loss) per share

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

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

5.1.15. Intangible assets

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

Expenditure on research or development that does not meet the criteria for inclusion as development costs is recorded as a charge against the reporting period in which it was incurred.

Intangible assets are amortised linearly over their expected useful life. The amortisation periods are reviewed at least at the end of every financial year.

5.1.16. Property

5.1.16.1 Investment properties

a. Definition

Investment property comprises all lands or buildings, including buildings of which a limited part is retained for the owner's own use, and buildings under an operating lease, that are ready to let and (wholly or in part) earning rental income.

b. Initial recognition and valuation

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

Commission regarding to the acquisition of buildings are considered as additional costs of these acquisitions and are added to the acquisition value.

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

c. Subsequent costs

Expenses for works on investment property are charged against the profit or loss of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits accruing to the entity are thereby increased.

Four types of subsequent costs distinguished in respect of investment property:

1. repairs and maintenance: these are costs that do not increase the expected future economic benefits and are consequently charged in full against profit and loss under the item "technical costs".
2. refurbishment: these are expenses arising from a tenant leaving (for example, removal of walls, replacement of carpets,...). These expenses are

charged in the income statement under “costs payable by tenant and borne by landlord for rental damage and refurbishment at end of lease”. The tenant will often have paid a fee to restore the property (partly) to its original condition. Indemnities received for refurbishment of a building are charged in the accrued charges and deferred income of the liabilities of the balance sheet until the refurbishment works are completely ended or until the moment there is sufficient certainty about the cost price. On that moment, both the income of the indemnity as the charges of the refurbishment are entered into the result.

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

4. rent incentives: these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of retail premises, creation of additional social areas, etc. These costs are capitalised and then allocated over the period from the commencement of the lease up to the next time at which it is possible to terminate the contract and are deducted from the rental income.

d. Valuation after initial recognition

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

Valuations are made by updating the annual net rent received from the tenants, reduced by the related costs. Updating is done by the yield factor depending on the inherent risk of the relevant building.

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

Concerning the size of these registration fees the Belgian Association of Asset Managers (BEAMA) on 8 February 2006 published a relevant communication. See also www.beama.be.

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions of buildings in Belgium with an overall value of less than € 2.5 million, registration fees of 10.0% to 12.5% should be allowed, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2.5 million and considering the wide range of property transfer methods used in Belgium the same experts – on the basis of a representative sample of 220 transactions that were realised in the market from 2002 to 2005 and representing a grand total of € 6.0 billion – valued the weighted average of the fees at 2.5%.

In actuality this means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2.5 million) or the investment value divided by 1.10/1.125 (for buildings with a value of less than € 2.5 million). As Intervest Retail in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2.5 million, the fair value was calculated by dividing the investment value by 1,025.

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

The building’s use is valued at fair value if only a



limited part is occupied by the entity for its own use. In any other case the building will be classified with the “other tangible assets”.

e. Disposal of investment property

The commissions paid to estate agents under a mandate to sell are a charge against the gain or loss realised on the sale.

The actualised profits or losses on the sale of an investment property are entered in the income statement of the reporting period under the ‘profit or loss of intangible asset sales’ and are allocated to the reserves not available for distribution for the purpose of the appropriation account.

5.1.16.2 Development projects

a. Definition

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

b. Valuation

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

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

Government grants associated with these assets are a

deduction from the cost. If the cost is greater than the realisable value, an impairment loss is recognised.

c. Recognition as investment property

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

5.1.16.3 Buildings maintained for sale

This refers to intangible assets whose book value will be mainly realised under a single transaction rather than as part of its continued use. The buildings maintained for sale are valued at the lowest book value or the fair value reduced by the sales costs.

5.1.17. Other tangible fixed assets

a. Definition

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

b. Valuation

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

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

c. Depreciation and exceptional impairment losses

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

• plant, machinery and equipment	20%
• furniture and vehicles	25%
• computer equipment	33%
• real estate for own use:	
– land	0 %
– buildings	5%
• other tangible assets	16,66%

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

d. Disposal and retirement

When tangible fixed assets are sold or retired, their carrying amount ceases to be recognised in the balance sheet and the gain or loss is recognised in profit and loss.

5.1.18. Financial fixed assets

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

5.1.19. Trade receivables and other non-current assets

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

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

5.1.20. Deferred taxes, deferred tax claims and obligations

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

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

5.1.21. Current assets

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

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

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

The costs incurred during the financial year and which are to be attributable either wholly or partly in a later financial year will be entered as part of the prepayments and accrued income so their cost falls to the period to which they refer.

The income and parts of income that will not be collected until the time of one or several later financial years, but have to be associated with the relevant financial year, are entered for the amount of the part that refers to the relevant financial year.

5.1.22. Shareholders' equity

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

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

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

Dividends form part of retained earnings until the General Meeting of Shareholders approves them.



5.1.23. Non current and current liabilities

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

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

5.1.24. Liabilities

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

Interest-bearing liabilities are initially recognised at cost less the directly attributable expenses. The difference between the varying amount and the sum repayable are recognised in profit and loss over the period of the loan using the effective interest method. Short-term liabilities are entered at their nominal value.

The damages paid and the costs of reconstruction are entered as prepayments and accrued income of the liability until the reconstruction of the let building has been fully completed or its cost can be fixed with sufficient certainty.

5.1.25 Segmentation basis

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

As Interwest Retail NV mainly invests in Belgian commercial real estate, with as its distinct components road-side stores (including shopping centres and factory outlet shopping centres) and urban stores, these business segments comprise the primary segmentation.

- The urban-store category comprises stores situated in solidly built-up trading cores with a concentration of large-scale retail organisations. Some twenty urban areas are eligible.

- For road-side stores especially their situation along major traffic arteries is typical, as is their large-scale sales surface (from 400 m²). What is involved are both detached buildings and retail parks. These are clusters of shops, usually concentrated as trading complexes with a joint parking lot. Shopping centres are complexes of different shops that are dependent commercially on each other and which have joint commercial and promotional aspects. In factory outlet centres the manufacturers offer products directly to consumers. The sold products involve mainly overstocks, end-of-series products and products with minor deficiencies, which enable shops to offer major discounts.

The secondary segmentation is based on a geographic division, involving the location of the real estate, spread over the regions of Flanders, Brussels and Wallonia.

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

5.1.26. Termination of corporate activities

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

5.1.27. Rights and obligations, disputes and events after the balance-sheet date and not entered in the balance-sheet

These rights and obligations are valued at nominal value based on the amount mentioned in the contract.

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

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

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

5.2. Management of financial risks

5.2.1. Exchange-rate and interest risk

Intervest Retail NV is not subject to exchange rate risks, as it only operates in the eurozone.

Almost 50% of the balance-sheet total of Intervest Retail NV is financed by interest-bearing debt which makes the company subject to an interest risk. This interest risk is covered, however, in that the interest policy implies that 60% to 80% of the interest portfolio is financed by fixed long-term interest rates or that the variable interest rates are covered against interest rises.

5.2.2. Financing risk

There is a risk that Intervest Retail NV cannot obtain a renewal of its credit lines. This risk is limited by spreading the due dates of the credit lines as much as possible over time. Besides, the relationships with banks are also spread, limiting the dependence on a single or just a few banks for credit. In exceptional cases Intervest Retail NV, finally, could call on the credit capacities of its (principal) shareholders.

5.2.3. Credit risk

The risk that the tenants of Intervest Retail NV cannot or will not pay their rental moneys is limited as the company has many tenants without any individual tenant representing a substantial percentage of rental income. Intervest Retail NV follows up any arrears of rental payments very carefully and takes the necessary steps to ensure the collection of the rental moneys. In case of any non-payment of the rents Intervest Retail

NV holds the furnishings as collateral and a bank security on request.

5.3. Segmented information

The reporting by segment is done within the group according to two segmentation bases. The primary segmentation basis is sub-divided into the segments "retail warehouses & outlet" and "inner-city shops". The secondary segmentation basis represents the 3 geographical markets in which the group operates

5.3.1. By business segment (primary)

The two primary business segments comprise the following activities;

- The category of "inner-city shop" includes those shops that are located in a substantially developed commercial centre with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- The category of "retail warehouse & outlet" relates, one the one hand, to single buildings or retail parks along the major traffic axes which tend to have a large-scale sales area (upwards of 400 m²). On the other hand, the factory outlet centres also fall into this category (see point 5.1.25 page 60).

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

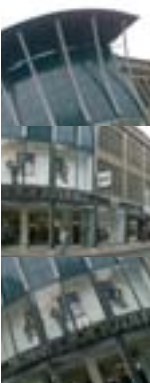


5.3.1.1. Income statement by segment

BUSINESS SEGMENTS	Inner - city shops		Retail warehouses and factory outlets		Corporate		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004
<i>in € 000</i>								
Rental income	8,062	7,901	10,426	11,352	0	0	18,488	19,253
Rental related expenses	-48	-86	-292	-673	0	0	-340	-759
NET RENTAL RESULT	8,014	7,815	10,134	10,679	0	0	18,148	18,494
Recovery of property expenses	12	85	135	96	0	0	147	181
Recovery of charges and taxes payable by tenants on let properties	620	577	3,637	3,016	0	0	4,257	3,593
Charges and taxes payable by tenants on let properties	-620	-577	-3,594	-3,016	0	0	-4,214	-3,593
Other rental related income and expenses	6	-2	-19	-9	38	-1	25	-12
PROPERTY RESULT	8,032	7,898	10,293	10,766	38	-1	18,363	18,663
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	7,717	7,567	8,264	9,943	-1,744	-1,779	14,237	15,731
Result on disposals of investment property	-15	2	-483	-26	0	0	-498	-24
Result on the sale of other non financial assets	0	0	0	0	4	3	4	3
Changes in fair value of investment properties and development projects	7,920	3,020	450	-3,573	0	0	8,370	-553
OPERATING RESULT OF THE SEGMENT	15,622	10,589	8,231	6,344	-1,740	-1,776	22,113	15,157
Financial result	2	24	641	989	-4092	-3,902	-3,449	-2,889
NET RESULT	15,624	10,613	8,872	7,333	-5,832	-5,678	18,664	12,268

5.3.1.2. Balance sheet

BUSINESS SEGMENTS	Inner - city shops		Retail warehouses and factory outlets		Corporate		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004
<i>in € 000</i>								
ASSETS								
Investment properties	123,049	115,642	157,058	156,731	0	0	280,107	272,373
Development projects	0	0	4,561	4,561	0	0	4,561	4,561
Other assets	84	211	2,136	3,783	7,386	1,536	9,605	5,528
SEGMENT ASSETS	123,133	115,853	163,755	165,075	7,386	1,536	294,273	282,462
LIABILITIES								
Non-current liabilities	31,987	26,534	40,829	37,009	0	0	72,816	63,543
Current liabilities	14,373	19,052	18,346	26,574	0	0	32,719	45,626
Other liabilities	59	380	2,001	3,174	186,678	169,739	188,738	173,293
SEGMENT LIABILITIES	46,419	45,966	61,176	66,757	186,678	169,739	294,273	282,462



5.3.1.3. Key figures

BUSINESS SEGMENTS	Inner - city shops		Retail warehouses and factory outlets		TOTAL	
	2005	2004	2005	2004	2005	2004
<i>in € 000</i>						
Investment properties at fair value	123,049	115,642	161,619	161,292	284,668	276,934
Investment properties at investment value	126,125	118,534	165,660	165,324	291,785	283,858
Segment yield (%)	6,55%	6,83%	6,45%	7,04%	6,49%	6,95%
Total surface for rent (m ²)	31,196	31,441	164,011	188,441	195,207	219,882
Occupancy rate (%)	99,55%	99,30%	93,78%	79,82%	96,05%	86,34%

5.3.2. Per geographical segment (secondary)

GEOGRAPHICAL SEGMENTS	Flanders		Wallonia		Brussels		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004
<i>in € 000</i>								
Rental income	13,083	13,183	3,152	3,892	2,253	2,178	18,488	19,253
Investment properties at fair value	178,972	172,035	75,092	71,656	30,604	33,243	284,668	276,934
Investment properties at investment value	183,447	176,335	76,969	73,447	31,369	34,074	291,785	283,856
Segment yield (%)	7,31%	7,66%	4,20%	5,43%	7,36%	6,55%	6,49%	6,95%

The activity of Intervest Retail is geographically subdivided into 3 regions as follows:

- Flanders
- Brussels
- Wallonia



5.4. Note on property result

5.4.1. Rental income

	2005	2004
<i>in € 000</i>		
Rent	20,144	19,106
Guaranteed income	33	52
Rental discounts	-425	91
Rental benefits ('incentives')	-1,266	-153
Compensation for breach of contract	2	157
Total rental income	18,488	19,253

The drop from € 19.3 million in 2004 to € 18.5 million in 2005 is mainly attributable to the low (net) rental income from the factory outlet in Messancy as a result of qualifying rental incentives.

The rental income includes € 0.2 million in turnover rents (2004: € 0.07 million).

Overview of the future operational lease income

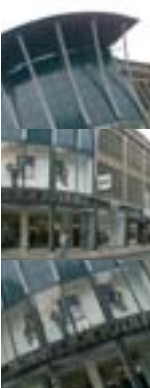
The cash value of the future operational lease income till the first expiry date of the tenancy agreements has the following recovery terms:

	2005	2004
<i>in € 000</i>		
Receivables with a remaining period of		
Less than one year	17,054	16,452
Between one and 5 years	13,135	14,411
Total of the future operational lease income	30,189	30,863

5.4.2. Rental related expenses

	2005	2004
<i>in € 000</i>		
Rent for hired assets and ground lease	-95	-98
Write down on trade receivables	-371	-674
Reversal of write down on trade receivables	126	13
Total rental related expenses	-340	-759

During the 2004 financial year various provisions for bad debtors had to be built up and decreases in value were taken on a number of tenants (chiefly from Factory Shopping Messancy). In 2005 a reduction in the built-up reserve for bad debtors of € 0.1 million was recognized. In addition fewer downward value adjustments for bad debt provisions were expected.



5.4.3. Recovery of property expenses

	2005	2004
<i>in € 000</i>		
Recharge of maintenance costs	27	34
Recovery of insurance costs	4	49
Recharge of major repair and maintenance	104	21
Compensations received for damage to property	12	77
Total of recovery of property expenses	147	181

This includes the proceeds obtained from the charging of maintenance and repair expenses, insurance premiums and compensation for rental damage. These fell in 2005, despite an increase in the proceeds from the recovery of expenses on major repairs.

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

	2005	2004
<i>in € 000</i>		
Reinvoicing of charges borne by the proprietor	2,879	2,275
Reinvoicing of prelevies and taxes on let properties	1,378	1,318
Total recovery of charges and taxes normally payable by tenants on let properties	4,257	3,593

5.4.5. Costs payable by tenant and borne by the landlord for rental damage and refurbishment at end of lease

	2005	2004
<i>in € 000</i>		
Charges borne by the proprietor	-2,834	-2,275
Prelevy and taxes on let properties	-1,380	-1,318
Total charges and taxes normally payable by tenants on let properties	-4,214	-3,593

This heading mainly covers the costs of property input tax and rental charges that are on-charged to the tenants in accordance with verbal or contractual agreements. The income from this onward invoicing is recognized under the heading "recovery of charges and taxes normally payable by tenants on let properties" above. (Explanatory notes 5.4.4)

5.4.6. Other rental related income and expenses

	2005	2004
<i>in € 000</i>		
Other rental related income and expenses	25	-12
Total other rental related income and expenses	25	-12
TOTAL PROPERTY RESULT	18,363	18,663



5.5. Explanatory notes to property expenses

5.5.1. Technical costs

	2005	2004
<i>in € 000</i>		
Recurrent technical costs	-167	-190
Maintenance	-27	-34
Insurance premiums	-140	-156
Non-recurrent technical costs	-626	-602
Total technical costs	-793	-792

The technical costs have remained constant.

5.5.2. Commercial costs

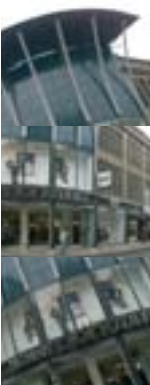
	2005	2004
<i>in € 000</i>		
Brokers' commissions	-35	-25
Lawyer's fee and legal costs	-178	-111
Total commercial costs	-213	-136

The commercial costs increased in 2005. This is mainly attributable to an increase in lawyers' fees resulting from various corporate advisory services.

5.5.3. Charges and taxes on unlet properties

	2005	2004
<i>in € 000</i>		
Vacancy charges of the financial year	-1,077	-104
Withholding tax on vacant properties	-147	-133
Total charges and taxes on unlet properties	-1,224	-237

The vacancy costs rose from € 0.1 million in 2004 to € 1.1 million in 2005. This increase is attributable to the vacancy costs no longer being shown as an asset after the commercial relaunch of Factory Shopping Messancy.



5.5.4. Property management costs

	2005	2004
<i>in € 000</i>		
External property management fees	-40	-32
Internal property management fees	-977	-749
Total property management costs	-1,017	-781

An increase in the costs of the internal management of the patrimony of € 0.7 million to € 1.0 million generated by the increase in staff wages for the management of the patrimony and the office costs accounted for an increase in the property management costs in 2005.

5.5.5. Other property charges

	2005	2004
<i>in € 000</i>		
Other property charges	-47	-66
Total other property charges	-47	-66
TOTAL PROPERTY CHARGES	-3,294	-2,012



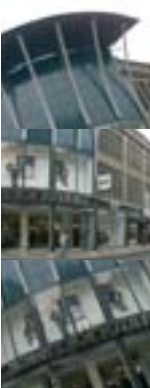
5.6. Explanatory notes to general costs

	2005	2004
<i>in € 000</i>		
ICB tax	-91	-78
Depository bank	-39	-40
Auditor's fees	-104	-84
Directors' remuneration	-15	-26
Liquidity provider	-29	-29
Financial services	-46	-45
Employee benefits	-297	-439
Other costs	-337	-281
Total general costs	-958	-1,022

The general costs fell slightly in 2005. This fall was chiefly caused by a drop in staff pay for the management of the fund.

5.7. Explanatory notes to other operational income and costs

	2005	2004
<i>in € 000</i>		
Contribution meal vouchers	3	2
Recovery benefit in kind	9	8
Other operational income	116	105
Other operational expenses	-2	-13
Total other current operating income and expenses	126	102



5.8. Explanatory notes to staff wages

	2005			2004		
<i>in € 000</i>						
Detail of employee benefits	Internal control charges for the patrimony	Charges linked with the fund	TOTAL	Internal control charges for the patrimony	Charges linked with the fund	TOTAL
Remuneration of employees	304	205	509	241	272	513
-salary and other benefits paid within 12 months	197	132	329	157	191	348
-pensions and post-employment benefits	9	6	15	7	9	16
- social security	71	48	119	47	57	104
- other charges	27	19	46	30	15	45
Remuneration of management	138	92	230	148	167	315
- salary and other benefits paid within 12 months	138	92	230	148	122	270
- ontslagvergoedingen	0	0	0	0	45	45
TOTAL	442	297	739	389	439	828

The number of employees at the 2005 year-end, expressed in FTE was 4 members of staff and 1 board member for the internal management of the patrimony (2004: 5+1) and 5,5 staff members and 1 board member for the management of the fund (2004:5+2)

¹¹ For those staff members in fixed employment the group has taken out a group insurance policy - a "defined contribution plan" - with an external insurance company. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke law on pensions. The compulsory contributions are recognized in the profit and loss account in the period to which they relate.



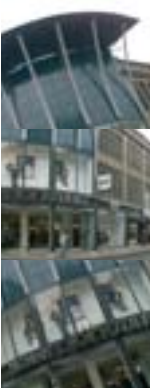
5.9. Explanatory notes to result on disposals of investment properties

	2005	2004
<i>in € 000</i>		
Acquisition value	9,029	1,780
Accumulated capital gains and impairment losses	-428	300
Book value (fair value)	8,601	2,080
Selling costs (reversal of provision)	-216	-28
Selling price	8,319	2,084
Total result on disposals of investment property	-498	-24

This year a decrease in value of € 0.5 million was realized on the disposal of non-strategic property, more precisely semi-industrial properties along Boomsesteenweg in Wilrijk and buildings in Brussels (Elsenesteeweg) and Anderlecht (Rue de la Bienvenue).

5.10. Explanatory notes to result on sales of other non financial assets

	2005	2004
<i>in € 000</i>		
Acquisition value	16	5
Accumulated capital gains and impairment losses	-9	-4
Book value (fair value)	7	1
Selling price	11	4
Total result of sale of other non financial assets	4	3



5.11. Explanatory notes to changes in the fair value of investment property

	2005	2004
<i>in € 000</i>		
Positive change in investment property	16,363	9,192
Negative change in investment property	-7,140	-9,155
Subtotal variation of investment property	9,223	37
Negative change in development projects	-1,096	-651
Subtotal variation of development project	-1,096	-651
Change from apporion of rental discounts and rent incentives	243	61
Subtotal other changes relating to fair value of investment property	243	61
Total changes in fair value of investment property and development project	8,370	-553

The positive change in the fair value in 2005 from € 8.4 million is the result of the change in investment property and development projects (€ 8.2 million) and the rental benefits given to tenants (€ 0.2 million) being taken into the result, spread over time. The changes in market value of the investment property and development projects consist on the one hand of increases in value (€ 16.4 million) and on the other of falls in value (- € 8.2 million). In 2004 a negative change in the fair value of the investment property of € 0.5 million was realized. The main reason was a devaluation of the Factory Shopping Messancy project to the tune of € 9.5 million in 2004. On the other hand, there was the reversal of the debt to the project developer to the tune of € 5.4 million through a change in the fair value of Factory Shopping Messancy so the impact was limited to € 4.1 million.



5.12. Explanatory notes to financial result

	2005	2004
<i>in € 000</i>		
Financial income	35	127
Interest charges	-3,451	-2,980
Other financial expenses	-33	-36
Total financial result	-3,449	-2,889

The financial result was -€ 3.4 million compared with -€ 2.9 the previous year, due to an increase in interest charges. The increase can be explained because the main part of the interest paid on financing for the factory outlet is no longer treated as construction interest and so is now recognized in the financial result.

The average interest rate for the non-current financial debts in 2005 was 3.89% (2004: 4.09%). The average interest rate for the current financial debts for 2005 was 2.87% (2004: 2.70%)

The financial income comprise the recovered interests an bank accounts and non current trade receivables.

The other financial costs are mainly related to banking costs and financial fees.

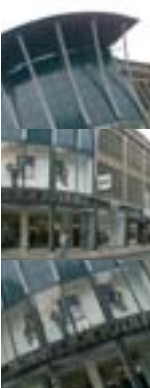
The interests costs can be dividend following the expiry date of the credit facilities and following the nature of the interest rate.

5.12.1. Interest charges classified by maturity date of the credit facility

	2005	2004
<i>in € 000</i>		
Interest charges on non-current financial debts	-2,151	-1,671
Interest charges on current financial debts	-1,300	-1,309
Total interest charges	-3,451	-2,980

5.12.2. Interest charges classified by fixed and variable interest rate

	2005	2004
<i>in € 000</i>		
Interest charges with a fixed interest rate	-1,644	-1,907
Interest charges with a variable interest rate	-1,807	-1,073
Total interest charges	-3,451	-2,980



5.13. Note on number of shares and earnings per share

5.13.1. Movement of the number of shares

	2005	2004
	Number of shares	Number of shares
Number of shares at the beginning of the financial year	5,078,525	5,078,525
Number of shares at the end of the financial year	5,078,525	5,078,525
Number of dividend bearing shares	5,078,525	5,078,525
Adjustments for diluted earnings per share	0	0
Weighted average number of shares for diluted earnings per share	5,078,252	5,078,525

5.13.2. Determination of mandatory dividend pay-out amount

Monetair netto bedrijfsresultaat volgens enkelvoudige jaarrekening

	2005	2004
<i>in € 000</i>		
Net profit (consolidated)	18,664	12,268
Adjustment to statutory financial statement result		
Depreciations (+) and withdrawals of depreciations (-)	49	40
Impairment losses (+) and withdrawals of impairment losses (-)	-243	-61
Result on the sale of investment properties (+/-)	498	24
Changes in fair value of investment properties and development projects (+/-)	-8,127	614
Monetary net business result	10,841	12,885

The profit distributable as dividends, based on the unconsolidated annual accounts of Interinvest Retail NV, was € 10.9 million in 2005 compared with € 12.9 million in 2004.

The net monetary operating result must not undergo any further adjustments for any non-exempt increases in value on disposals of investment property. As a result the monetary net operating result was equal to the amount liable for compulsory distribution.



5.13.3. Calculation of earnings per share

	Earning per share	Earning per share
<i>(in €)</i>		
Basic earnings per share ¹²	3.68	2.42
Diluted earnings per share ¹³	3.68	2.42
Distributable earnings per share ¹⁴	2.14	2.54

The gross distributable earnings per share are, in a 100% distribution, rounded to € 2.14 per share compared with € 2.54 per share the previous year.

5.13.4. Proposed dividend per share ¹⁵

2.14 2.54

(in €)

After closure of the financial year the dividend distribution below was proposed by the Board of Directors. This will be presented to the General Meeting of Shareholders on 10 May 2006. In accordance with IAS 10 the dividend distribution was not recognized as a liability and has no effect on the profit tax.

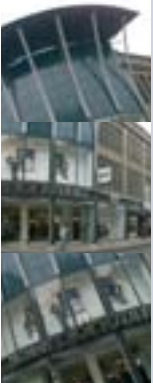
Dividend	10,868	12,900
Dividend as a percentage of the mandatory dividend pay-out amount	100%	100%

¹² The ordinary earnings per share is the net result as published in the profit and loss account divided by the weighted average number of ordinary shares.

¹³ The diluted earnings per share is the net result as published in the profit and loss account divided by the weighted average number of diluted shares.

¹⁴ The distributable earnings per share is the amount liable for compulsory distribution divided by the weighted average number of ordinary shares.

¹⁵ On 31 December 2004 the dividend distribution was calculated in accordance with the R.D. of 10 April 1995 and on the basis of the annual accounts.



5.14. Explanatory notes to non current assets – excluding investment property

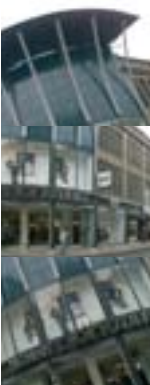
Investment and depreciation table <i>in € 000</i>	Intangible assets		Other tangible fixed assets	
	2005	2004	2005	2004
Acquisition Value				
At the end of the preceding financial year	25	0	194	102
Acquisitions	1	21	411	101
Transfers and disposals of assets (-)	0	0	-52	-5
Transfers to/from other accounts	0	4	0	-4
At the end of the financial year	26	25	553	194
Depreciations and impairment losses				
At the end of the preceding financial year	9	0	57	6
Acquisitions (1)	7	9	63	55
Transfers and disposals of assets (+)	0	0	-22	-4
At the end of the financial year	16	9	98	57
Net book value	10	16	455	137
OTHER INFORMATIONS				
Externally acquired intangible assets		N/A	N/A	
Expected lifespan	3 year	3 year	N/A	N/A
Depreciation period	3 year	3 year	N/A	N/A



5.15. Explanatory notes to fixed assets: investment property and development projects

Investment and revaluation table	Investment properties		Development projects		TOTAL	
<i>in € 000</i>	2005	2004	2005	2004	2005	2004
Amount at the end of the preceding financial year	272,373	273,338	4,561	4,561	276,934	277,899
Capitalised deferred payments	6,823	6,022	750	644	7,573	6,666
Capitalised interest expenses	288	915	346	7	634	922
Transfers and disposals (-)	-8,601	-1,837			-8,601	-1,837
Change in fair value (+/-)	9,224	-6,065	-1,096	-651	8,128	-6,716
Amount at the end of the financial year	280,107	272,373	4,561	4,561	284,668	276,934
OTHER INFORMATIONS						
Investment property at investment value	287,110	279,183	4,675	4,675	291,785	283,858

The development projects include the site in Olen.



5.16. Toelichting handelsvorderingen en andere vaste activa

	2005	2004
<i>in thousands of euro</i>		
Guarantees paid in cash	18	18
Financial instruments	1	0
Total trade receivables and other non-current assets	19	18

5.17. Explanatory notes to current assets

5.17.1. Trade receivables

	2005	2004
<i>in € 000</i>		
Trade receivables	1,129	1,478
Invoice to issue	325	370
Doubtful debtors	619	487
Provision doubtful debtors	-619	-447
Total trade receivables	1,454	1,888

5.17.2. Tax receivables and other current assets

	2005	2004
<i>in € 000</i>		
VAT receivable	292	27
Corporate tax receivable	6	6
Withholding tax receivable	6	5
Receivable from insurance company	597	1,614
Receivable from disposals of fixed assets	0	105
Other	31	13
Total tax receivables and other current assets	932	1,770

The fall in 2005 is mainly attributable to the diminishing claim on the insurance policy in relation to the fire in Wilrijk in 2004.



5.17.3. Cash and cash equivalents

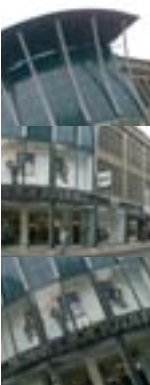
	2005	2004
<i>in € 000</i>		
Bank balances	6,562	1,663
Cash	4	2
Total cash and cash equivalents	6,566	1,665

The bank balance on 31 December 2005 is high as a result of the payment from the sale in Wilrijk at the end of 2005.

5.17.4. Deferred charges and accrued income

	2005	2004
<i>in € 000</i>		
Recoverable real estate tax	40	0
Other deferred charges	74	25
Accrued rental income	55	9
Total deferred charges and accrued income	169	34
TOTAL CURRENT ASSETS	9,121	5,357

In 2005 the group filed complaints with the competent authority in order to be able to recover the property input tax charged on the vacant parts of buildings.



5.18. Explanatory notes to shareholders' equity

5.18.1 Share capital

Share capital evolution		Capital movement	Total remaining capital after the transaction	Number of created shares	Total number of shares
Date	Transaction	in € 000	in € 000	in units	in units
15.06.1987	Formation	74	74	3	3
30.06.1996	Capital increase	3,607	3,682	146	149
30.06.1997	Absorption	62	3,744	8	156
31.07.1997	Capital increase	1,305	5,049	71	227
22.12.1997	Absorption	1,529	6,578	69	296
06.11.1998	Absorption	3,050	9,628	137	434
23.12.1998	Absorption	874	10,502	101	535
23.12.1998	Capital increase	23,675	34,178	1,073	1,608
23.12.1998	Capital increase	33,837	68,015	1,723	3,332
31.03.1999	Capital decrease	-3,345	64,670	0	3,332
01.11.1999	Merger GL Trust	13,758	78,428	645,778	3,977,626
01.11.1999	Capital increase (Vastned)	21,319	99,747	882,051	4,859,677
25.11.1999	Capital decrease	-7,018	92,729	0	4,859,677
29.02.2000	Capital increase	2,263	94,992	90 829	4,950 506
30.06.2000	Capital increase	544	95,536	21,834	4,972,340
30.06.2000	Capital increase	1,306	96,842	52,402	5,024,742
20.09.2000	Merger through absorption of Immorent, Nieuwe Antwerpse Luxe Buildings, Zeven Zeven en News Of The World	79	96,921	14,004	5,038,746
20.09.2000	Conversion of share capital to euro	79	97,000	0	5,038,746
08.05.2002	Merger through absorption of limited liability company Immobilière de l'Observatoire	3	97,003	7,273	5,046,019
30.12.2002	Merger through absorption of limited liability companies GL Properties, Retail Development, Winvest, Immo 2000M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol en Immo Shopping Tienen	209	97,212	26,701	5,072,720
30.12.2002	Merger through absorption of limited liability company Immo GL	1	97,213	5,805	5,078,525

The share capital amounts to € 97,213,233,32 and is divided in 5,078,525 fully paid-up shares with no statement of nominal value.



Toegestaan kapitaal

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 2005, the Board of Directors hasn't made use of the authorisation granted to it to utilise amounts of the permitted capital:

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.

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.

5.18.2. Share premium

Share premium evolution		Share premium	
Date	Operation	2005	2004
<i>in € 000</i>			
01.11.1999	Merger GL Trust	4,183	4,183
Total share premium		4,183	4,183

5.18.3. Reserves

	2005	2004
<i>in € 000</i>		
Reserves not available for distribution	66,269	58,204
Total reserves	66,269	58,204

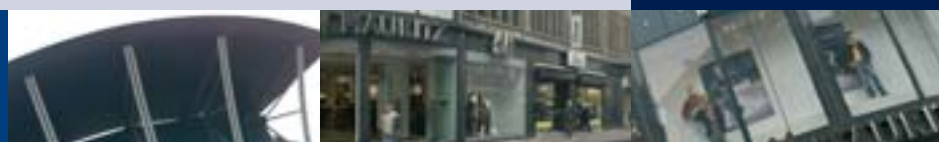
5.18.4. Result

	2005	2004
<i>in € 000</i>		
Result carried forward of the preceding financial years	13,949	14,004
Result of the financial year	18,664	12,268
Transfer of portfolio result to reserves not available for distribution	-7,872	577
Paid out dividends 2004	-12,900	-12,900
Total result	11,841	13,949

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

	2005	2004
<i>in € 000</i>		
Amount at the end of the preceding financial year	-6,923	-6,947
Change in investment value of investment properties	-408	-21
Impact of sales of investment properties	215	45
Total impact on the fair value of estimated transaction rights and costs resulting from hypothetical disposal of investment properties	-7,116	-6,923

The difference between the fair value of the property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is included in this item (see explanatory note 5.15).



5.18.6. Changes in fair value of financial assets and liabilities

	2005	2004
<i>in € 000</i>		
Negative change in fair value of interest rate swaps	-690	0
Total changes in fair value of financial assets and liabilities	-690	0

As at 31.12.2005, the group has interest swap contracts to cover its interest risk on its non-current financial debts. The effective part of the profits or losses on the coverage instrument is immediately recognized in the shareholders' equity (explanatory note 5.22.). Since the IAS 32 and 39 norms are being applied prospectively from 1 January 2005 this has no impact on the financial statements for 2004.

5.18.7. Minority interests

Company	Percentage of participation (in %)	2005	2004
<i>in € 000</i>			
Messancy Outlet Management NV	95,00%	3	3
Total minority interests		3	3
TOTAL SHAREHOLDERS' EQUITY		171,703	166,629

5.19. Explanatory notes to non current liabilities

5.19.1. Non current liabilities

Non-current provisions	2005	2004
<i>in € 000</i>		
Book value at the beginning of the financial year	195	195
Book value at the end of the financial year	195	195
Total non-current provisions	195	195

5.19.2. Other non-current liabilities

	2005	2004
<i>in € 000</i>		
Guarantees received in cash	116	68
Other non-current liabilities	187	187
Total other non-current liabilities	303	255
TOTAL NON-CURRENT LIABILITIES¹⁶	498	450

¹⁶ These are all non-current liabilities except for the non-current financial liabilities as described under 5.21.

5.20. Explanatory notes to current liabilities

5.20.1. Trade debts and other current debts

	2005	2004
<i>in € 000</i>		
Trade debts	760	653
Advances received from tenants	474	530
Invoices to be received	1.355	1.587
Other current debts	102	636
Total trade debts and other current debts	2.691	3.406

5.20.2. Other current liabilities

	2005	2004
<i>in € 000</i>		
Dividends payable	99	97
Current liabilities with related parties	11.743	96
Liabilities for deferred payment of investment properties	183	1.745
Total other current liabilities	12.025	1.938

The information concerning the transactions with affiliated parties is described under 5.23.

5.20.3. Accrued charges and deferred income

	2005	2004
<i>in € 000</i>		
Other charges to be attributed	1.812	844
Other deferred revenues (rental invoicing)	9	26
Total accrued charges and income	1.821	870
TOTAL CURRENT LIABILITIES ¹⁷	16.537	6.214

¹⁷ These are all current liabilities except for the current liabilities as described under 5.2.1.



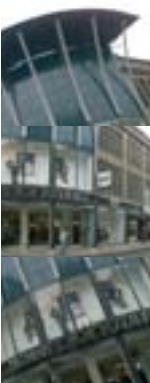
5.21. Explanatory notes to non-current and current financial debts

The average interest rate of the non-current financial debts amounts in 2005 to 3,89% (2004= 4,09%)

The average interest rate of the current financial debts amounts in 2005 to 2,87% (2004= 2,70%)

5.21.1. Division according to the due date of the lines of credit

	2005					2004				
	Debts with a remaining period to maturity of					Debts with a remaining period to maturity of				
	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage
<i>in € 000</i>										
Credit institutions	315	104,544	641	105,500	100.0%	4,250	103,858	1,038	109,146	83.4%
Non-drawn credit facilities	0	0	0	0	0%	0	21,779	0	21,779	16.6%
Financial lease	9	26	0	35	0%	8	15	0	23	0.0%
TOTAL	324	104,570	641	105,535	100.0%	4,258	125,652	1,038	130,948	100.0%
Percentage	0.3%	99.1%	0.6%	100.0%		3.3%	96.0%	0.8%	100.0%	



5.21.2. Division according to the due date of the recognized instalments

	2005					2004				
	Debts with a remaining period to maturity of					Debts with a remaining period to maturity of				
<i>in € 000</i>	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage
Credit institutions	32,710	72,149	641	105,500	100.0%	45,618	62,490	1,038	109,146	100.0%
Financial lease	9	26	0	35	0%	8	15	0	23	0.0%
TOTAL	32,719	72,175	641	105,535	100.0%	45,626	62,505	1,038	109,169	100.0%
Percentage	31.0%	68.4%	0.6%	100.0%		41.8%	57.3%	1.0%	100.0%	

A significant part of the current loans as per the aforementioned classification is however a recognition of instalments under lines of credit that are guaranteed for a longer period. The instalments of these lines of credit, under current economic circumstances, are mainly recognised in the short term in order to benefit from the relatively low short-term interest rates. The majority of these loans, however, can be converted in the relatively current into non-current loans.

The non-current financial liabilities amount to € 72.8 million and consist of long-term bank financing at a fixed rate of interest.

The current financial debts include € 32.7 million in bank loans of which the recognised instalment falls within the year and must be paid back or extended.

The average interest rate paid over 2005 is 3.52%.

As at 31.12.2005 the debt ratio amounts to 40.73%.

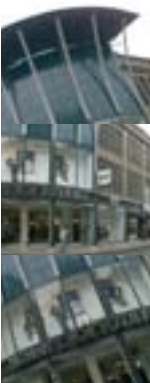
Op 31.12.2005 bedraagt de schuldgraad 40,73%.

5.21.3. Division according to the variable or fixed-rate nature of the loans

<i>in € 000</i>	2005					2004				
	Debts with a remaining period to maturity of					Debts with a remaining period to maturity of				
	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage
Variable	32,395	0	0	32,395	30.7%	36,645	0	0	36,645	33.6%
Fixed	315	72,149	641	73,105	69.3%	25,086	46,377	1,038	72,501	66.4%
TOTAL	32,710	72,149	641	105,500	100.0%	61,731	46,377	1,038	109,146	100.0%
Percentage	31.0%	68.4%	0.6%	100.0%		56.6%	42.5%	1.0%	100.0%	

5.21.4. Division according to the type of loans

<i>in € 000</i>	2005					2004				
	Debts with a remaining period to maturity of					Debts with a remaining period to maturity of				
	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage	Less than one year	Between 1 and 5 years	More than five years	Total	Percentage
Roll-over advances	315	1,459	641	2,415	2.3%	0	1,674	1,038	2,712	2.5%
Fixed advances	0	103,085	0	103,085	97.7%	4,250	102,184	0	106,434	97.5%
Financial lease	9	26	0	35	0%	8	15	0	23	0%
TOTAL	324	104,570	641	105,535	100.0%	4,258	103,873	1,038	109,169	100.0%
Percentage	0.3%	99.1%	0.6%	100.0%		3.9%	95.1%	1.0%	100.0%	



5.22. Financial instruments

Intervest Retail limits the interest risk on its outstanding banking loans by means of interest swaps in euro. On 31 December 2005, the company possesses an interest guarantee contract (CAP - IRS) that expires on 19 March 2010. The interest rate of the cap and the swap amounts to 4.12%. On 31 December 2005 the covered amount of the loan amounts to € 25 million (2004: € 24,7 million).

Intervest Retail classifies the interest swaps as a cash flow cover and values it at fair value.

The fair value and book value of the financial debt at year-end

in € 000	2005		2004	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts with fixed interest rate	73,105	74,126	63,825	65,277

5.23. Affiliated parties

The company's related parties, are its parent company, subsidiaries and its directors and members of the management committee.

Relation with VastNed Retail NL:

in € 000	2005	2004
Current account classified in «other current liabilities»	11,719	0
Interests paid on current account	147	0

Directors and members of the management committee

The employee benefits for the directors and the members of the management committee are classified in «Property management costs» and «General costs» (annex 5,5 and 5,6):

in € 000	2005	2004
Directors	30	53
Members of the management committee	230	315
Total	260	368

The directors and the members of the management committee don't receive additional benefits on the account of the company



5.24. List of consolidated companies

The companies below are consolidated by the method of full consolidation

Name of the company	Adress	Company number	Capital share (in %)
Messancy Outlet Management NV	Route d'Arlon 199, 6780 Messancy	BE 480 162 668	95%

5.25. Explanatory notes to conditional liabilities

Arbitration Factory Shopping Messancy

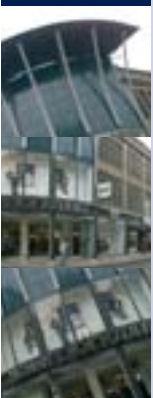
At the beginning of 2005 an application for arbitration was filed, to terminate the agreement with the vendors, and compensation was demanded. The reason for this is that the company thinks that the vendors have manifestly failed to comply with their contractual obligations.

Purchase of shopping centre "Julianus", in the process of formation

In December 2005 Interinvest Retail signed a draft purchase agreement relating to the shopping centre "Julianus" in Tongeren, which is in the process of formation. The part that is co-owned by the site shall be bought and paid for in the first quarter of 2006. The structures will be paid for in instalments, with the last instalment being due at the end of 2007. The total acquisition value can be estimated at € 18 million. The project will make a positive contribution to the results from 2008 onwards.

Guarantees re financing

No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial institutions do however demand that the investment fund continues to comply with the financial ratios as laid down by the Royal Decree on property investment funds.



5.26. First-time adoption of IFRS and reconciliation

In 2002 the European Union published regulation 1606/2002, obliging all listed companies in the European Union to prepare their consolidated annual accounts for the financial years that start on or after 1 January 2005 in accordance with the "International Financial Reporting Standards" (IFRS) accepted within the European Union.

In this context Intervest Retail prepared its consolidated annual accounts on 31 December 2005 in accordance with the latest versions of IFRS accepted within the European Union.

The major relevant differences between the Belgian GAAP and IFRS for Intervest Retail NV are shown below. In addition, it is stated what the effect of this is on the shareholders' equity as at 1 January 2004 and as at 1 January 2005 and on the 2004 results.

The following balance sheets and income statement, with reconciliations from Belgian accounting norms to IFRS in table form, are at the back of this chapter:

- Opening balance sheet as at 1 January 2004 (date of transition to IFRS);
- Balance sheet as at 31 December 2004;
- Income statement for the financial year ending on 31 December 2004.

1. Options for first-time adoption

As a first-time adopter in 2005, Intervest Retail prepared the IFRS opening balance sheet on 1 January 2004 (date of transition to IFRS) in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards. Intervest Retail chose to take advantage of the following exceptions permitted by IFRS 1 for the preparation of the opening balance sheet on the day of the transition:

(a) Business combinations

For the business combinations that took place prior to the date of the transition to IFRS, IFRS 3 – Business combinations was not applied retroactively. The value of the assets and liabilities obtained as part of a previous business combination on the date of transition is equal to their book value under Belgian accounting rules.

(b) Financial instruments

IAS 39 – Financial instruments: Recognition and Measurement

and IAS 32 – Financial Instruments: Disclosure and Presentation were not applied to the comparative figures for 2004. These standards were first applied on 1 January 2005. The financial instruments that fall within the sphere of application of IAS 32 and IAS 39 are therefore recognized for the comparative period under Belgian accounting rules.

2. Impact of the change in principles for financial reporting

(a) Withdrawal of dividend

Under Belgian accounting rules the annual accounts were prepared after profit distribution, so the distributable dividend will be recognized as a liability in the year in which it was created. Under IFRS the profit for the financial year belongs to the shareholders' equity and the distribution of the result, including the distributable dividend, will only be recognized as a liability when the general meeting approves this distribution of the result. This had a positive effect on the shareholders' equity from the opening balance sheet as at 1 January 2004 of € 28.7 million and from the balance sheet as at 31 December 2004 of € 26.2 million

(b) Property valuation

The assets of Intervest Retail NV consist for the most part of property.

Investment property is valued at fair value in accordance with IAS 40.

The valuation at fair value as described above has the following result:

- Impact on shareholders' equity at 01.01.2004: - € 6.9 million
- Impact on shareholders' equity at 31.12.2004: - € 6.9 million
- Impact on the result as at 31.12.2004: € 0.02 million

Before applying IAS 40 the property will be valued, taking into account the transfer costs. This adjustment had an impact on shareholders' equity on 1 January 2004 of € 30.7 million and on 31 December 2004 of € 30.4 million. The result as at 31 December 2004 fell by € 0.3 million.

(c) Rental discounts, rent-free periods and rental incentives

As far as operating income is concerned, under IFRS tenants receive benefits deducted from the turnover such as rental discounts, rent-free periods and other benefits. The rental discounts and benefits (incentives) are taken into the result spread over the period that runs from the start of the rental agreement up to the next option to cancel a contract.



Under the Belgian accounting norms these rental discounts and benefits are immediately taken into the result. If specific work has been carried out at the request of the tenant but at the owner's expense, these expenses will be charged under the Belgian GAAP when the work is carried out.

The adjustments under IFRS have no effect on the end result or on the total equity. They will only create shifts between the operational result and the portfolio result and also, as a result, between the non-disposable reserves and the transferred result on the balance sheet.

On 31.12.2004 this move to shareholders' equity was € 0.05 million and in the income statement € 0.06 million.

(d) Financial instruments

The policy used by Intervest Retail for the management of the interest rate risk is intended to limit the impact of an interest rate change on the result and the cashflow and to keep the overall cost of the debt as low as possible. Interest rate sensitivity can be adjusted by making use of interest rate swaps and other derivatives.

These derivatives should be recognized under IFRS on the balance sheet, at market value. The changes in the market value are immediately booked in the reserve for coverage instruments under shareholders' equity for the part of the cover that is effective according to the criteria of IAS 39. Changes due to the cover, which are not seen as effective, will be immediately booked in the income statement.

Since the IAS 32 and 39 norms were prospectively applied from 1 January 2005 this has no impact on the financial summaries for the 2004 financial year.

(e) Other adjustments and overall impact on shareholders' equity and net profit

In addition to the revisions described above there are no other adjustments under IFRS. The overall impact of all adjustments can therefore be summarised as follows:

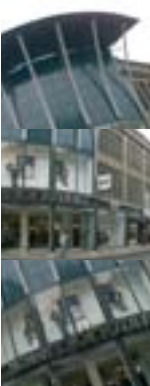
- Impact on result as at 31.12.2004 is -€ 0.3 million
- Impact on shareholders' equity as at 01.01.2004 is € 36.6 million
- Impact on shareholders' equity as at 31.12.2004 is € 36.3 million
- Impact on cash flow as at 31.12.2004 is € 0



Reconciliation of the opening balance sheet as at 1 January 2004

ACTIVA	1/01/04		
	Belgian GAAP	Adaptations	IFRS
<i>in € 000</i>			
Non current assets	254,285	23,726	278,011
Goodwill	250,458	22,881	273,339
Development projects	3,716	845	4,561
Other tangible fixed assets	96	0	96
Trade receivables and other non current assets	15	0	15
Current assets	6,306	0	6,306
Trade receivables	1,411	0	1,411
Tax receivables and other current assets	3,912	0	3,912
Cash and cash equivalents	961	0	961
Deferred charges and accrued income	22	0	22
TOTAL ASSETS	260,591	23,726	284,317

SHAREHOLDERS' EQUITY AND LIABILITIES	1/01/04		
	Belgian GAAP	Adaptations	IFRS
<i>in € 000</i>			
Shareholders' equity	130,636	36,626	167,262
Shareholders' equity attributable to the shareholders of the parent company	130,633	36,626	167,259
<i>Share capital</i>	97,213	0	97,213
<i>Share premium</i>	4,183	0	4,183
<i>Reserves</i>	28,241	30,564	58,805
<i>Result</i>	996	13,009	14,005
<i>Impact on fair value of estimated transaction rights and costs resulting</i>	0	-6,947	-6,947
<i>Changes in fair value of financial assets and liabilities</i>			
Minority interests	3	0	3
Liabilities	129,955	-12,900	117,055
Non current liabilities	69,630	0	69,630
<i>Provisions</i>	195	0	195
<i>Non current financial debts</i>	63,842	0	63,842
Credit institutions	63,824	0	63,824
Financial lease	18	0	18
<i>Other non current liabilities</i>	5,593	0	5,593
Current liabilities	60,325	-12,900	47,425
<i>Current financial debts</i>	43,855	0	43,855
Credit institutions	43,851	0	43,851
Financial lease	4	0	4
<i>Trade debts and other current debts</i>	3,247	-960	2,287
<i>Other current liabilities</i>	12,143	-11,940	203
<i>Accrued charges and deferred income</i>	1,080	0	1,080
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	260,591	23,726	284,317



Reconciliation of the balance sheet as at 31 December 2004

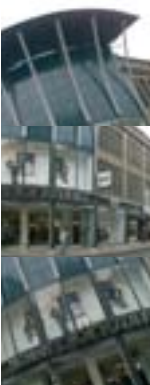
ASSETS	31/12/04		
	Belgian GAAP	Adaptations	IFRS
<i>in € 000</i>			
Non current assets	253,662	23,443	277,105
Intangible assets	16	0	16
Investment properties	249,739	22,634	272,373
Development projects	3,752	809	4,561
Other tangible fixed assets	137	0	137
Trade receivables and other non current assets	18	0	18
Current assets	5,357	0	5,357
Trade receivables	1,888	0	1,888
Tax receivables and other current assets	1,770	0	1,770
Cash and cash equivalents	1,665	0	1,665
Deferred charges and accrued income	34	0	34
TOTAL ASSETS	259,019	23,443	282,462

SHAREHOLDERS' EQUITY AND LIABILITIES	31/12/04		
	Belgian GAAP	Adaptations	IFRS
<i>in € 000</i>			
Shareholders' equity	130,287	36,342	166,629
Shareholders' equity attributable to the shareholders of the parent company	130,284	36,342	166,626
<i>Share capital</i>	97,213	0	97,213
<i>Share premium</i>	4,183	0	4,183
<i>Reserves</i>	27,914	30,290	58,204
<i>Result</i>	974	12,975	13,949
<i>Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties</i>	0	-6,923	-6,923
<i>Changes in fair value of financial assets and liabilities</i>			
Minority interests	3	0	3
Liabilities	128,732	-12,899	115,833
Non current liabilities	63,993	0	63,993
<i>Provisions</i>	195	0	195
<i>Non current financial liabilities</i>	63,543	0	63,543
Credit institutions	63,528	0	63,528
Financial leasing	15	0	15
<i>Other non current liabilities</i>	255	0	255
Current liabilities	64,739	-12,899	51,840
<i>Current financial debts</i>	45,626	0	45,626
Credit institutions	45,618	0	45,618
Financial leasing	8	0	8
<i>Trade debts and other current debts</i>	3,406	0	3,406
<i>Other current liabilities</i>	14,837	-12,899	1,938
<i>Accrued charges and deferred income</i>	870	0	870
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	259,019	23,443	282,462



Reconciliation income statement of the financial year ending on 31 December 2004

INCOME STATEMENT <i>in € 000</i>	2004		
	Belgian GAAP	Adaptation	IFRS
Rental income	19,314	-61	19,253
Rental related expenses	-759	0	-759
NET RENTAL INCOME	18,555	-61	18,494
Recovery of property expenses	181	0	181
Recovery of charges and taxes normally payable by tenants on let properties	3,593	0	3,593
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	-3,593	0	-3,593
Other rental related income and expenses	-12	0	-12
PROPERTY RESULT	18,724	-61	18,663
Technical costs	-792	0	-792
Commercial costs	-136	0	-136
Charges and taxes on unlet properties	-237	0	-237
Property management costs	-781	0	-781
Other property charges	-66	0	-66
PROPERTY CHARGES	-2,012	0	-2,012
OPERATING PROPERTY RESULT	16,712	-61	16,651
General costs	-1,022	0	-1,022
Other curren operating income and expenses	102	0	102
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	15,792	-61	15,731
Result on disposals of investment property	-69	45	-24
Result on sales of other non financial assets	3	0	3
Changes in fair value of investment property	-287	-266	-553
OPERATING RESULT	15,439	-282	15,157
Financial income	127	0	127
Interest charges	-2,980	0	-2,980
Other financial charges	-36	0	-36
FINANCIAL RESULT	-2,889	0	-2,889
RESULT BEFORE TAXES	12,550	-282	12,268
NET RESULT	12,550	-282	12,268



6. Statutory auditor's report

INTERVEST RETAIL NV
BELGIAN PROPERTY INVESTMENT FUND

STATUTORY AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
TO THE SHAREHOLDERS' MEETING

To the Shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

We have examined the consolidated financial statements of INTERVEST RETAIL NV ("the company") and its subsidiaries (jointly "the group"), which comprise the consolidated balance sheet as at 31 December 2005, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 294,273 (000) EUR and the consolidated profit for the year then ended amounts to 18,664 (000) EUR. We have also examined the directors' report on the consolidated financial statements.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium. It is also responsible for the preparation of the directors' report on the consolidated financial statements in accordance with the legal and regulatory requirements applicable in Belgium and for the assessment of the information that should be included in this report. Our responsibility as Statutory Auditor is to examine these documents based on the auditing standards applicable in Belgium for the audit of consolidated financial statements.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of

material misstatement taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with these standards, we considered the Group's administrative and accounting organization as well as its internal control processes. We have obtained the explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts in the consolidated financial statements. An audit also includes assessing accounting policies used, the basis for consolidation and significant estimates made by management as well as evaluating the presentation of the consolidated financial statements taken as a whole. We believe that our audit, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium, and the information given in the notes to the consolidated financial statements is adequate.

Additional attestations

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

- We are not in a position to render an opinion as to whether the description of the major risks and uncertainties that the Group is facing included in the directors' report on the consolidated financial statements is complete. With the exception of the foregoing, the directors' report on the consolidated financial statements contains the information required by the Companies Code and is consistent with the consolidated financial statements

February 21, 2006

The Statutory Auditor

DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Rik Neckebroeck



VI GENERAL INFORMATION



The image is a composite of two photographs. The left photograph shows the entrance to an 'EGGS' store, with the brand name in white capital letters on a teal background. The interior is brightly lit and filled with various products. The right photograph shows the exterior of a grand, classical building with multiple stories, arched windows, and ornate balconies with decorative railings. The building is made of light-colored stone or concrete.

EGGS

Leysstraat 17 - 2000 Antwerp

INTERVEST RETAIL
ANNUAL REPORT 2005
GENERAL
INFORMATION

1. Identificatie

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 (RPR Antwerp)

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

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 6, 2° of the ICB act of 20 July 2004.

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

aforementioned ICB act.

The company draws publicly on the savings system in the sense of article 26 §2 of the coordinated acts on trading companies, as amended by the act of 13.04.1995.

1.5. Duration

The company was founded for an indefinite period.

1.6. Object of company

Article 4 of the articles of association

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

Its main activity therefore consists of investment in immovable property, that is, in immovable property as defined by articles 517 et seq of the Belgian Civil Code, in real rights over immovable property, in shares with voting rights issued by affiliated property companies, in option rights to immovable property, in rights on participating interests in other property investment institutions that are registered in the list referred to in article 120, first paragraph, second subsection or article 137 of the act of 04.12.1990, in real estate certificates as referred to in article 106 of this act, in rights arising from contracts where one or more properties are placed under a leasing arrangement with the investment fund, as well as in all the other properties, shares or rights described in the aforementioned act or implementation decree as being immovable property, or in all other activities that would be permitted by the regulations that apply to the company.

As an additional activity the company may perform any activities and studies in relation to any of the immovable property mentioned above, and may undertake any actions connected with immovable property, such as purchasing, converting, furnishing, letting, subletting, managing, exchanging, selling,



subdividing or placing under the system of joint ownership, or becoming involved within the permitted limits through mergers or otherwise with any companies that have an object that is similar to or complements its own, provided these actions are permitted by the regulations that apply to property investment funds, and, in general, may undertake any actions that are directly or indirectly connected with its object.

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

As a further additional activity, the company may also invest in securities that are not described above, and may possess liquid assets. These investments must be diversified in order to ensure that the risk is appropriately spread. They must also be made in accordance with the criteria specified by the R.D. of 04.03.1991 relating to certain institutions for collective investment. In the event that the company possesses such securities, this holding must correspond with the investment policy being pursued by the company over the short or medium term, and the securities must be included in the listing of a stock exchange of a member state of the European Union, the NYSE, the NASDAQ or a Swiss stock exchange.

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

1.7. Financial year

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

1.8. Inspection of documents

- The articles of association of Interinvest 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. Extract from the articles of association ¹⁸

2.1. 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.

2.2. Ownership

Article 11 – Transparency regulations

In accordance with the regulations of the act of 02.03.1989, all natural persons or legal entities who acquire or surrender shares or other financial instruments with voting rights granted by the company, whether or not these represent the capital, are obliged to inform both the company and the Banking, Finance and Insurance Commission of the number of financial instruments in their possession, whenever the voting rights connected with these financial instruments reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

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

2.3. 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

¹⁸ These articles aren't the complete, nor the literal reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office.

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

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the R.D. of 10.04.1995, and therefore be able to guarantee autonomous management. They must not fall under the application of the prohibitions referred to in article 19 of the act of 22.03.1993 relating to the statute for and supervision of credit institutions.

Artikel 15 – Delegation of authority

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

The Board of Directors determines the conditions for the appointment of the members of the Executive

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

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

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

Article 17 – Conflicts of interests

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by the R.D. of 10.04.1995 relating to property investment funds, by the Belgian Company Code as where appropriate they may be amended.

Article 18 – Auditing

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

The Statutory Auditor(s) also audit(s) and certify (certifies) the accounting information contained in



the company's annual accounts. At the request of the Banking, Finance and Insurance Commission, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 133 of the act of 04.12.1990.

2.4. 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.

2.5. 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 income statement.

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

Added values on the 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.



3. Statutory Auditor

On 12 May 2004, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, which is represented by Mr Rik Neckebroek, Berkenlaan 8b – 1831 Diegem, has been appointed as Statutory Auditor of Intervest Retail.

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.

4. 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.

5. 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 Crombrughe & Partners, based at G.

Demeylaan 72-74, 1160 Brussels. The company is represented by Guibert de Crombrughe.

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

6. 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.

7. Property investment fund – legal framework

The Investment Fund system was regulated in the R.D. of 10.04.1995 and 10.06.2001 to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT – USA) and the Fiscal Investment Institutions (FBI – Netherlands).

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

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

- the form of a limited liability company or a partnership limited with a share capital with minimum capital of € 1,239,467.62



- a debt ratio limited to 50% of total assets
- strict rules relating to conflicts of interests
- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent valuers
- spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
- exemption from corporation tax on the condition that at least 80% of the profits are distributed
- withholding tax (which is the final tax) of 15%, deducted as the dividend is made payable

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

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



INTERVEST

RETAIL



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