2006 Annual report

INTERVEST
RETAIL

Terminology with reference to IAS 40

European legislation provides that from the financial year beginning on 1 January 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, adopts just like the other Belgian companies this change of reference system.
As investment properties take 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 the following real-estate terms properly:

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

· Investeringswaarde
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 practice 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.

Key figures

Investment property	31.12.2006	31.12.2005
Total lettable area (m^2)	**168.496**	195.207
Occupancy rate[1] incl. Factory Shopping Messancy (%)	**95,5**	96,1
Occupancy rate excl. Factory Shopping Messancy (%)	**99,1**	98,5
Fair value of investment properties (€ 000)	**280.842**	284.668
Investment value of investment properties (€ 000)	**287.631**	291.785

Balance sheet information		
Shareholders equity (€ 000)	**173.726**	171.703
Debt ratio RD 21 June 2006 (max. 65%) (%)	**39,0**	40,7

Results (€ 000)		
Net rental income	**18.362**	**18.148**
Property management costs and income	**59**	215
Property result	**18.421**	**18.363**
Property charges	**-3.653**	-3.294
General costs and other operating cost and income	**-953**	-832
Operating property result before result on the portfolio	**13.815**	**14.237**
Result on the portfolio	**2.386**	7.876
Operating result	**16.201**	**22.113**
Financial result	**-3.906**	-3.449
Net result	**12.295**	**18.664**

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) (€)	**34,21**	33,81
Net asset value (investment value) (€)	**35,54**	35,21
Gross dividend (€)	**1,97**	2,14
Net dividend[2] (€)	**1,67**	1,82
Share price on closing date (€)	**39,70**	43,50
Over- / undervaluation on net asset value (fair value) (%)	**16**	29

1 The occupancy rate is calculated as the ratio of the effective rental incomes to the same rental incomes plus the estimated rental value of the unoccupied locations to be let.
2 In the assumption that a withholding tax of applies.

Financial calendar

Announcement annual results as at 31 December 2006: **Tuesday 20 February 2007**

General meeting of shareholders: **Wednesday 4 April 2007** at 14h30 at the company's registered offices, Uitbreidingstraat 18, 2600 Berchem – Antwerpen

Dividend payable: as from **Friday 20 April 2007**

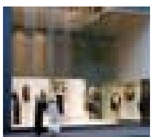
Announcement results as at 31 March 2007: **Monday 7 May 2007**

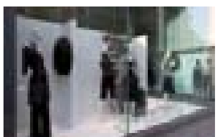
Announcement half year results as at 30 June 2007: **Thursday 7August 2007**

Announcement results as at 30 September 2007: **Monday 5 November 2007**

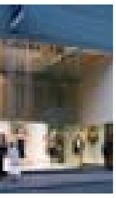
INTERVEST RETAIL

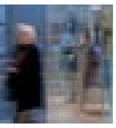
Contents






Letter to the shareholders





Dear shareholder,

We are pleased to present you our annual report for the financial year 2006.

The retail market has known a strong year; the rental prices as well as the investment value have risen more than the average.

With 95,5%, the occupancy rate of the Intervest Retail portfolio remains at a high level. Without taking into consideraton the Factory Shopping Messancy the occupancy rate even reaches 99,1%.

As a result of the favourable rental market and an active management, higher rental prices are obtained in all letting transactions (rental renewals and new leases) which results in increased rental prices of 7,8% on the average.

This positive evolution is also reflected in the increase in value of the portfolio. Excluding Factory Shopping Messancy, the fair value of the operational portfolio increases with 5,7% (€ 13 million).

In 2006, the dividend per share amounts to € 1,97, which corresponds to our previous formulated expectations.

Intervest Retail looks back to an active year with among others, the sale of twelve non-strategic buildings. For the redevelopment of the Wooncentrum Van de Ven in Olen a building permit has been obtained. The construction and letting process for the shopping centre Julianus in Tongeren are evolving according to plan.

In 2006, special attention has been paid to the evolution of Factory Shopping Messancy. The attractive value of the centre is highly appreciated after improvements in architecture and design. Minale Design has even received the award "Janus du Commerce" by the Institut Français du Design for their work in Messancy. In order to attract

and maintain new tenants, significant financial incentives are necessary which weigh heavily on the result of the company and induce important negative corrections on the fair value of this property (- € 8,5 million).

Globally in 2006, the fair value of the portfolio decreased from € 285 million to € 281 million. This decrease in fair value of € 4 million can be explained by the disinvestments (- € 20 million), investments (€ 13 million) and fluctuation in value of the portfolio (€ 3 million).

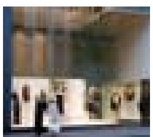
The operating result before the result on the portfolio on the financial year 2006 amounts to € 13,8 million compared to € 14,2 million in 2005. This decrease results principally from the higher costs related to Factory Shopping Messancy.

The main challenge for the financial year 2007 remains the further commercialisation of Factory Shopping Messancy. The sale of Factory Shopping Messancy could also be taken into consideration should a favourable opportunity occur during 2007.

Of course, we will focus all our efforts to the realisation of additional investments through the redevelopment of buildings within the existing portfolio as well as through the acquisition of new properties as to extend our position as biggest retail investment fund.

We thank our shareholders for the confidence they have placed in our management and our collaborators for their efforts.

The board of directors




1. Report of the board of directors

INTERVEST
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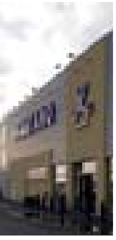
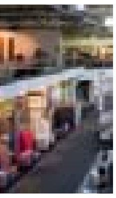
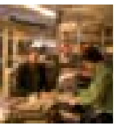
Boomsesteenweg 666-672, 2610 Wilrijk

1. Profile







Intervest 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 298 lettable units, spread over 85 different locations. 42% of the property portfolio consists of inner-city locations, 45% of retail warehouses and 13% of a factory outlet. The total fair value as at 31 December 2006 amounts to € 281 million (investment value € 288 million).

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998, and has been included in the Next Prime segment of Euronext 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. This property does not require major repair work in the short term and is strategically situated on good locations.

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

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

2.1. Increased liquidity of the share

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

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

In order to improve its liquidity, Intervest Retail concluded a 'Liquidity providing' contract with Bank Degroof. The liquidity of most Belgian property investment funds is relatively low. One major reason for this is that these funds are often too small –both in terms of market capitalisation and free float[3] – 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.

During 2006, the free float of the share remains unchanged at 27,62%.

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. By investing in commercial property throughout Belgium, it is possible to cushion potential cyclical movements in the market. This also means that the company is not dependent on one or a small number of major tenants or projects.
- the achieved **advantages of scale** make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be distributed. It concerns 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 of 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.

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

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 administration of the expiry dates and first interim expiry dates of the tenancy agreements are submitted to the restrictions by the legislation on commercial leases (law of 30 April 1951), allowing the tenants to terminate legally their tenancy agreement every three years.

3. Corporate governance

3.1. General

Corporate governance is an important instrument in order to constantly improve the management of the property investment fund and to protect the interest of the shareholders.

Since 1 January 2005 directives are applicable in Belgian concerning corporate governance for companies quoted on the stock exchange, summarized in the “Belgian Corporate Governance Charter” of the Lippens Commission.

Interest Retail strictly respects the principles of the Corporate Governance Charter. From the terms of the code is only derogated when specific circumstances require it. In this case the derogation is explained in accordance to the “comply or explain” principle.

The complete ‘Corporate Governance Charter’ that sets out in writing the important internal procedures for the management of Interest Retail can be consulted on the company website (www.intervest.be).

3.2. Composition and operation of the board of directors

In 2006 the board of directors comprises 5 members, 3 of which are independent directors. The directors are appointed for a period of 3 years, but their appointment can be revoked at any time by the general meeting.

Mssrs Roovers and van Gerrevink represent the majority shareholder VastNed Offices/Industrial and VastNed Retail BV.

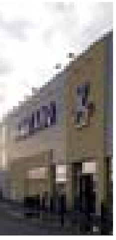
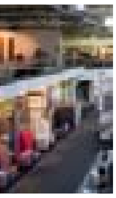
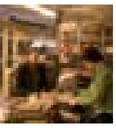
Mssrs Rijnboutt and Roovers are charged with the monitoring of the day-to-day management, in application of article 4 § 1 5° of the RD of 10 April 1995 on property investment funds.

The board of directors met seven times in 2006. All the directors attended all meetings, except Reinier van Gerrevink on 9 May 2006, Gérard Philippson on 9 August 2006 and Paul Christiaens on 6 November 2006.

The most important items on the agenda which the board of directors discussed and decided upon, were:

- approval of the quarterly, half-yearly and annual figures

Board of directors	Address	Position	Term	Function
Reinier van Gerrevink (57)	Bankastraat 123, NL – 2585 EL ’s-Gravenhage	Chairman	April 2008	Chief executive officer, VastNed Management BV
Hubert Roovers (63)	Franklin Rooseveltlaan 38, NL – 4835 AB Breda	Director	April 2008	Director special projects, VastNed Management BV
Paul Christiaens (62)	Vijverstraat 53, 3040 Huldenberg	Independent director	April 2007	Administrator real estate companies
Gérard Philippson (56)	Saturnelaan 34, 1180 Brussel	Independent director	April 2007	Executive director Sopedi
Joost Rijnboutt (67)	Leopold de Waelplaats 28/42, 2000 Antwerpen	Independent director	April 2007	Managing director Intervest Offices sa

- approval of the annual accounts and the statutory reports
- approval of the budgets
- nomination of the members of the management committee
- discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurance, renovation, etc.)
- determination of the principles of corporate governance concerning the code of conduct, the whistling blowing rules, the procedure of presentation, nomination, training and evaluation of directors, the operation of the audit committee, 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 three directors, namely Reinier van Gerrevink, Paul Christiaens and Gérard Philippson. The term of their mandate in the audit committee is not specified.

The audit committee met four times in 2006. All the members attended all meetings, except Reinier van Gerrevink on 9 May 2006, Gérard Philippson on 9 August 2006 and Paul Christiaens on 6 November 2006.

The most important items on the agenda were in 2006:
- discussion on the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion on the budget
- presentation of the recommendations of the statutory auditor
- analysis of the internal control systems of the company concerning debtor risks and rental risks.

The committee reports its conclusions and recommendations directly to the board of directors.

The members do not receive any additional remuneration for this mission, 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 in fine). 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 RD of 10 April 1995, Section 3, articles 22 to 27 on avoiding conflicts of interest.
There was no occurrence in 2006 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 RD of 10 April 1995.

3.5. The management committee

On 31 December 2006 the management committee is composed as follows:
- BVBA Jean-Paul Sols, represented by Jean-Paul Sols, Chief executive officer
- BVBA Rudi Taelemans, represented by Rudi Taelemans, Chief operating officer
- Inge Tas, Chief financial officer
- Reinier van Gerrevink

On 1 April 2006, the BVBA Gert Cowé, represented by Gert Cowé, resigned from its function as chief executive officer. It was replaced on 24 April 2006 by the BVBA Jean-Paul Sols, represented by Jean-Paul Sols, who was nominated chief executive officer and president of the management committee. Besides, as from 1 April 2006, Inge Tas was nominated chief financial officer and Reinier van Gerrevink, member of the management committee.

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 management 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 2006 amount to:
- € 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 management committee in 2006 only comprises three people who are remunerated for their performance, the board of directors is, for reasons of privacy, of the opinion that a joint disclosure of the total remuneration package is sufficient here.

The amount of the remuneration allocated in 2006 to the members of the management committee and the managing director is € 276.244 and a variable remuneration of € 13.000.

In the financial year 2006, no shares or share options were allocated to the members of the management committee.

The members of the management committee are appointed for an indefinite period and the dismissal compensation is equivalent to six months 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 in the form of co-operative partnership, which is represented by Mr Rik Neckebroeck, company auditor.

3.8. Property experts

The property portfolio is valued each quarter by three independent experts, namely de Crombrugghe & Partners and Cushman & Wakefield.

3.9. Compliance officer

Accordingly to the principles 3.7. and 6.8. as well as appendix B of the Belgian Corporate Governance Code the company nominated Inge Tas, member of the management committee and CFO as "Compliance officer", charged with the supervision on the compliance of the rules on market abuse. These rules are imposed by the Law of 2 August 2002 concerning the supervision on the financial sector and the financial services and Directive 2003/6/EC concerning insider trade and market manipulation.

3.10. Comply or explain

In 2006 a derogation of the terms of the code mentioned below occurred (explain):

Terms 5.3. and 5.4. on the operation of the committee (incl. appendix D & E)

The board of directors has decided 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.

Management committee

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 RD of 10 April 1995 on property investment funds that expressly requires that two directors supervise the day-to-day management) this is a derogation from clause 6.2.

Remuneration

As stated in point 3.6., as long as the management committee only comprises three remunerated 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 three remunerated members of the executive management will only be disclosed jointly and not separately.

Appendix A: independence

For legal reasons Mr Rijnboutt is 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 considered as an independent director.

Appendix C: audit committee

Appendix C of the Code Lippens and the Corporate Governance Charter of the company define that all members of the audit committee have to be non-executive directors. Presently, one member of the audit committee is also member of the management committee and has consequently an executive function. This situation will shortly be regularized within the audit committee.

2. Report of the management committee

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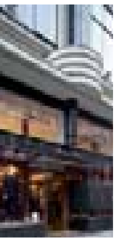
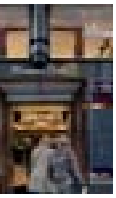
Meir 99, 2000 Antwerpen


1. The commercial property market[4]


1.1. General

The market of commercial real estate is again performing well. Due to the optimism of Belgian families concerning the Belgian economy and the employment, expenses are increasing again. This is obviously good news for the chain stores. Because of the interest rates that are still relatively low and the important availability of financial resources, the demand for investments remains high.

1.2. The rental market

Just as last year the demand for shop locations remains significant, as well in town centres as well as in the periphery. Consequently rental prices have increased. This year there are less new brands on the market, but the present actors continue to expand.

Inner-city shops

The demand for shop locations in town centres exceeds the supply. Small, medium-sized as well as big commercial locations are popular. Hence, available spaces on top main streets are let immediately or leases are transferred.

Most retailers had a growing turnover last year. In the clothing and shoes sector the turnover figures increased with at least 6,5% compared to 2005.

The significant demand for commercial locations and the growing turnover figures of the shopkeepers have contributed to the increase of rental prices. On the average, rents increased with nearly 15% in the main commercial towns. In Ghent an increase of nearly 27% has been noted. However, the rents in the main streets have not yet reached the summit. It is expected that the growing trend will be pursued further in 2007.

Rents/m^2/year	2006	2005
Brussels, Nieuwstraat	€ 1.580	€ 1.300
Antwerp, Meir	€ 1.350	€ 1.250
Ghent, Veldstraat	€ 1.250	€ 975
Bruges, Steenstraat	€ 1.000	€ 850
Hasselt, Hoogstraat	€ 925	€ 850
Liège, Vinâve d'île	€ 925	€ 850

This year the growth of the Belgian shopping streets can measure up to the main commercial streets of the world. In the annual report of Cushman & Wakefield 'Main Streets across the World' in which the metropolises are classified according to rents, the Belgian commercial streets have risen from the twenty- eight to the twenty-third spot. In 2005 they fell with 3 spots.

Shopping centres

As the supply in inner-cities is more and more scarce, the demand for commercial locations in shopping centres grows. The often bad weather of last year also brought clients to the centres. The shopping centres which have already proved their success are the most popular. We consider here Wijnegem Shopping Center, Waasland Shopping Center in Sint-Niklaas and Woluwe Shopping Center in Brussels.

Nevertheless Belgium stays behind concerning the global surface area of shopping centres. A few new projects are going to be realised, together good for 436.000 m^2, but the share of the new surface area will be limited in 2007.

One of the shopping centres which will open end 2007 is Julianus in Tongeren (8.900 m^2), property of Intervest Retail. The centre is nearly entirely let (about 80%).

At the beginning of this year, the shopping centre De Tir has opened in Antwerp. The expectations were high but success fails to occur. It may be the consequence of the continuous road works in the immediate vicinity and not of the lack of interest of the clients.

Retail warehouses

The demand and supply on the retail warehouse market remains almost stable. A shortage can not yet be noted. The demand for retail warehouses on primary location grows while the demand on secondary locations remains rather stable.

The top rents on primary locations can reach € 150, while those on secondary locations lie about € 100.

Retail parks remain attractive for the promoters and about 717.000 m^2 are in the pipeline. The share of new surface area will here also be rather limited.

Factory outlets

In factory outlets a concentrated offer of shops is found, where manufacturers offer their products directly to consumers with large discounts (at least 25% on retail shop prices). 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. For the moment there are two projects which are about to receive a license, namely Ghent and Courcelles, representing together 81.000 m^2.

4 These text is mainly based on information from Cushman & Wakefield (Market report, Main Streets across the World, Market Snap Shots), Retail Focus and Expertise.

1.3. The investment market

This year also, the demand from institutional as well as private investors is significant. The good rental market has also contributed to this.

As the supply of high qualitative properties in inner-cities has also this year been insufficient, relatively few transactions have however taken place. The negotiated transactions mostly relate to rather small units and reach top yields. Last year in the inner-cities all records have been broken and yields fell to 4,5% to and to even 4,25%.

As yields are very sharp and the interest rates currently increasing, the downward trend will be probably tempered in 2007.

Irish investors and British funds were particularly interested in retail warehouses and retail parks. The demand for portfolio's with individual retail warehouses also remains high. Consequently, yields are also here under pressure. Yields ranging from 6,5% to 6% for newly built retail parks are not exceptional. Similar to the inner-cities the further decrease of yields will be tempered by the currently increasing interest rates.

2. Important developments in 2006

In 2006, the fair value of the property portfolio evoluted from € 285 million to € 281 million (evolution investment value: from € 292 million to € 288 million).

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

value portfolio as at 1 January 2006:	€	285
investments	€	13
sales:	€	-20
unrealised gain of fair value:	€	13
unrealised losses of fair value (mainly Factory Shopping Messancy)	€	-10
value portfolio as at 31 Dec.2006:	€	281

2.1. Acquisitions

Prior year no significant acquisitions have taken place. In 2006, Intervest Retail has been very active in several bidding procedures. Due to the overheating of the market, it however appeared that prices are paid that result in too risky projects.

Taking into account the circumstances of the market, Intervest Retail has concentrated mainly on the study of redevelopments within the existing portfolio. Different projects are in a prospecting phase.

In Vilvoorde one of the potential projects will be realised in 2007. After obtaining the necessary licenses, the building located Nowélei will be redeveloped. After demolition of the existing building, a new high-quality architectural design from the Bureau of Architects Styfhals & Partners will be build, with a commercial space for H&M and ten luxurious apartments on the floors. The built surface area amounts to approximately 2.720 m^2, from which nearly 1.113 m^2 will be lettable commercial surface area.

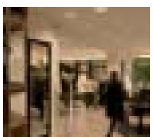
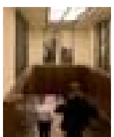
The building permit for the project will soon be introduced. In the autumn of 2007 the demolition works will start. The delivery to H&M is planned for September 2008.

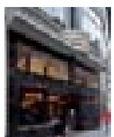
2.2. Sales

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

- they are not shops, but offices, warehouses or residential real estate
- the property is situated in locations where no more growth is expected or where the force of attraction has been reduced
- they are stand-alone properties that are isolated and which makes their management too labour-intensive.

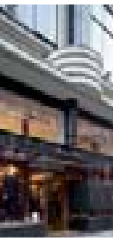
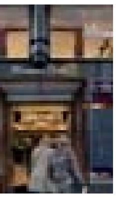
Within this context properties were sold in the course of 2006 for an amount of € 20,3 million with a loss of value of € 1,2 million.



It concerns the following properties:

Location	Address	Surface area in m²	Selling price in € 000	Book value on sale (fair value) (€ 000)	Gain or loss of value (€ 000)
Aalst	Kalfstraat 3	9.726	7.643	8.086	-443
Dinant	Tienne de l'Europe	4.330	3.125	3.267	-142
Gerpinnes	Rue de Bertransart 99	290	192	200	-8
Glain	Rue Saint-Nicolas 572	1.990	912	1.008	-96
Hannut	Rue de Huy 63	3.015	1.668	2.082	-414
Kapellen	Eikendreef 5	906	486	476	10
Oostende	Torhoutsesteenweg 610	1.000	1.029	1.045	-16
Roeselare	Brugsesteenweg 524	1.000	858	869	-11
Seraing	Boulevard Pasteur 47	1.263	1.080	834	246
Sint-Niklaas	Kapelstraat 119	940	315	358	-43
Sint-Truiden	Hasselsesteenweg 69	850	890	832	58
Sint-Truiden	Kattenstraat 25	1.401	1.300	1.200	100
Transaction costs					-392
Total			**19.498**	**20.257**	**-1.151**


2.3. Olen

As already announced in September 2004, Intervest Retail plans the redeveloping of 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. More specific, Intervest Retail considers an open air park based on the themes of "home", "garden" and "hobbies & leisure" with a large range of services and facilities, 35.000 m² in size and nested 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 covered pedestrian walk with some restaurants and pubs, large green areas and water gardens. The shopping park will contain a balanced mix of larger and smaller shops. There are both rooms 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 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 project has a gross sales surface of 35.231 m² (26.642 m² net).

In 2006 the following important evolutions occurred:

1. Permits

At the beginning of 2006 a request of cancellation of the socio-economic license was introduced to the Council of State. Commercial projects often face such procedures.
On 24 August 2006, the building permit has been granted by the municipality of Olen. In October 2006, a neighbour-competitor however asked the Council of State the suspension and the cancellation of the execution of the building permit. The auditor advised the Council to reject the request of suspension and the Council will soon pronounce its verdict. A verdict concerning the request of cancellation will probably last a few years.

In practice, the development of large-scale commercial projects often faces resistance. The above mentioned procedures before the Council of State are not exceptional and do not immediately prevent the building of the project.

A legal dispute about one of the residences on the site has been settled during 2006 in favour of Intervest Retail.

2. Commercial

Mid 2006 an additional piece of land has been acquired, allowing the optimization of the ultimate implantation of the retail park.

Furthermore, there is the persistent interest from an important retailer who wishes to acquire approximately 10.000 m² commercial surface area. Therefore, the building permit will have to be slightly adapted.

Due to the complexity of the file, a certain reserve is necessary concerning the timing of the project.

2.4.Factory Shopping Messancy

The year 2006 stood mainly under the sign of the continued commercialisation of Factory Shopping Messancy (FSM). This project has been acquired in November 2002. The construction started in December 2002 and the centre opened on 5 June 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, prior season's goods or slightly damaged, or form part of overstocks or test products.

The rents paid by the tenants are largely related to the turnover figures they generate in Factory Shopping Messancy (sales-related rents). The management of a factory outlet requires a special know-how and is particular intensive.

FSM received originally a socio-economic license for ± 13.700 m² retail spaces and ± 4.000 m² for restaurants and leisure. In the second quarter of 2006 an amendment of the socio-economic license has been obtained as a result of which an additional space of 3.500 m² can be used as retail space.

In the first quarter of 2006 the letting of the centre was proceeding well with the opening of four new shops. Nevertheless the reasonable occupancy rate and the sustained marketing efforts, it is noted that the number of visitors and the turnover figures have grown insufficiently during prior year so that additional rental incentives are still necessary to support the exploitation of several tenants.

As the rental revenues are linked in an important measure to the turnover figures, it must be taken into account that the additional promotional campaigns and the rental incentives will influence negatively and during a long time the net rental income. The structural expenses for marketing will be higher than expected. All this has incited the property expert to carry out important negative corrections on the property's value. In the last quarter of 2006 the fair value has therefore been reduced to € 29,4 million (- € 8,5 million).

FSM is managed by Messancy Outlet Management sa, a subsidiary of Intervest Retail. For more information about FSM see www.factoryshoppingmessancy.be.

2.5. Shopping centre Julianus in Tongeren

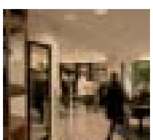
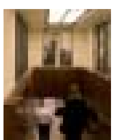
On 23 December 2005, a purchase agreement with IBC Vastgoed sa (subsidiary of Heijmans Belgium) has been signed for the acquisition of the shopping centre Julianus under construction in Tongeren.

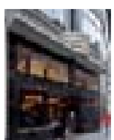
The project is located on the Maastrichterstraat, Tongeren's main shopping street. The total project includes on the one hand the redevelopment of a former hospital into shops and a hotel, and on the other hand, the new development of shops, apartments and an underground car park. Intervest Retail acquires the retail 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 at a gross initial yield (GIY) of 6,9%. The nett initial yield amounts to 6,7%. The construction works started at the end of October 2005. The opening of the shopping centre is planned for the last quarter of 2007. Given the current financing framework, Intervest Retail will finance the project by means of loan capital. As from 2008 the investment will contribute positively to the operating results.

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

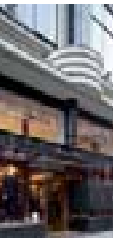
The commercialisation of the shopping centre evolves according to plan. In the current phase most of the shops on the ground floor are let. The floor – 1 is reserved to a supermarket. For this area the negotiations are now in an advanced stage. Following retailers have already signed a commercial lease: H&M, Torfs Shoes, Bestseller, Essenza, Kruidvat,

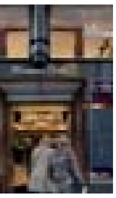





JBC, Bel Company, Groupe Zannier, Bigor Fredero (jewels), IJsboerke, Authentic Style (Fashion), Esprit, Veritas, Deloberghe (pub).

The construction works are according to plan. For the renovation phase as well as for the new development phase, the structural works on the ground floor are currently carried out.





3. Post balance sheet events

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2006.

4. Summary of the accounts

BALANCE SHEET (€ 000)	31.12.2006	31.12.2005
ASSETS		
Non-current assets	**281.284**	**285.152**
Intangible assets	24	10
Investment properties	266.991	280.107
Development projects	13.851	4.561
Other tangible fixed assets	400	455
Trade receivables and other non-current assets	18	19
Current assets	**6.124**	**9.121**
Trade receivables	1.094	1.454
Tax receivables and other current assets	3.812	932
Cash and cash equivalents	1.069	6.566
Deferred charges and accrued income	149	169
Total assets	**287.408**	**294.273**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**173.726**	**171.703**
Non-current liabilities	**72.250**	**73.314**
Provisions	195	195
Non-current financial debts	71.887	72.816
Other non-current liabilities	168	303
Current liabilities	**41.432**	**49.256**
Current financial debts	32.741	32.719
Trade debts and other current debts	5.110	2.691
Other current liabilities	2.358	12.025
Accrued charges and deferred income	1.223	1.821
Total shareholders' equity and liabilities	**287.408**	**294.273**

INCOME STATEMENT (€ 000)	2006	2005
Rental income	18.457	18.488
Rental related expenses	-95	-340
Property management income and costs	59	215
Property result	**18.421**	**18.363**
Property charges	-3.653	-3.294
General costs and other operating income and expenses	-953	-832
Operating result before result on the portfolio	**13.815**	**14.237**
Result on disposals of investment property	-1.151	-498
Result on disposals of other non financial assets	0	4
Changes in the fair value of investment properties	3.537	8.370
Operating result	**16.201**	**22.113**
Financial result	-3.906	-3.449
Net result	**12.295**	**18.664**

5. Comments on the accounts

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

Intervest Retail sa has, as a listed property investment fund, prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS). In the RD of 21 June 2006 an adapted scheme for the annual accounts of property investment funds has been published.

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

- realized gains or losses on the disposal of investment properties
- changes in fair value of investment properties as a result of the valuation by property experts, being non-realized increases and/or decreases in value.

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

5.2. Assets

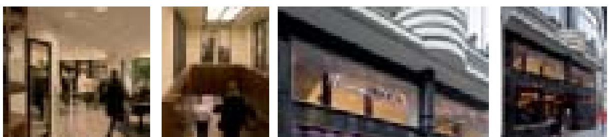
The non-current assets decrease from € 285,2 million to € 281,3 million. The investment properties decrease principally as a result of the sale of a number of non-strategic buildings (- € 20,3 million). The development projects increase with the progress of the Julianus project in Tongeren. The real estate property is valued on 31 December 2006 by the independent property experts at € 287,6 million (investment value. 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) amounts to € 280,8 million on 31 December 2006.

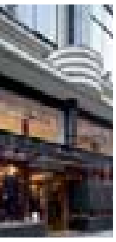
The other tangible fixed assets consist of € 0,4 million in furniture and fixtures, vehicles and equipment.

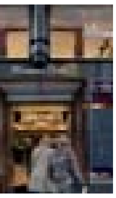
The current assets amount to € 6,1 million, consisting of € 1,1 million in trade receivables, € 3,8 million other receivables, € 1,1 million funds in bank accounts and € 0,1 million in deferred charges and accrued income. A provision of € 1 million for bad debts has been accounted for (2005: € 0,6 million).

5.3. Shareholders' equity and liabilities

The shareholders' equity of the property investment fund is € 173,7 million. The share capital is unchanged at € 97,2 million. The share premiums are unchanged compared to







prior year (€ 4,2 million). The reserves amount to € 68,3 million and consist of non-realized gains as a result of the valuation of the property portfolio at fair value. These non-distributable reserves increase by € 2,0 million compared to prior year. The result as at 31 December 2006 amounts to € 10,9 million. The shareholders' equity has been reduced by the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment property (€ 6,8 million) and by the changes in the fair value of financial derivatives (€ 0,1 million).

The board of directors can explicitly increase the share capital on one or more occasions by an amount of € 97.213.233,32. This permission is valid until 24 January 2008.

The total number of shares remains unchanged at 5.078.525 so that on 31 December 2006 the net asset value is € 34,21 per share. Compared to the share price on closing date 31 December 2006 of € 39,7, the share is listed with a premium of 16,1%.

Compared to prior year, the non-current debts decrease with € 1,0 million to € 72,3 million. This decrease can mainly be explained by the variation in fair value of the interest swap on non-current loans. The non-current provisions amount to € 0,2 million and consist of fees for legal disputes. The non-current financial debts amount to € 71,9 million and consist of long-term bank financing at fixed interest rate. The other non-current liabilities (€ 0,2 million) consist of guarantees received from tenants.

The current liabilities amount to € 41,4 million, consisting of € 32,7 million in bank loans of which the recognized instalment is due within the year and must be repaid or extended, € 5,1 million in trade debts and invoices to be received, € 2,4 million in and miscellaneous debts, and finally € 1,2 million in accrued charges and deferred income.

The average rate of interest paid for 2006 is 3,93%.
On 31 December 2006, the debt ratio is 39%, conform the RD of 21 June 2006.

5.4. Income statement

Rental income, € 18,5 million, is for 2006 similar to prior year. The decrease of rental income as a result of the sale of investment properties in 2006 (€ 1,6 million) is to a large extend compensated by the indemnity received from the arbitrational procedure against the property developer of Factory Shopping Messancy (€ 0,8 million, recorded on rental income) and the increased rental income in Factory Shopping Messancy (€ 0,5 million).

The rental related expenses decrease with € 0,2 million because of the recovery of a trade receivable written off in the past.

The property charges increase with € 0,4 million compared to 31 December 2005. The increase is due to the higher operating costs in FSM. Indeed, since the second quarter of 2005, these costs are no longer capitalised but taken directly into the operating result. These are mainly marketing costs that cannot be passed on to the tenants.

The operating result before the result on the portfolio decreases with € 0,4 million to € 13,8 million compared to prior year (€ 14,2 million), resulting principally from the higher vacancy costs concerning the factory outlet at Messancy.

This year a less value of € 1,2 million has been realized on the disposal of non-strategic properties (see point 2.2). The positive change in the fair value in 2006 of € 3,5 million is the result of the valuation of the property experts (€ 3,0 million) and the spread of the rental benefits allocated to the tenants (€ 0,5 million). The changes in value of the investment property consist on the one hand of value increases (€ 13,0 million) and on the other of value reductions (- € 10,0 million).

The financial result amounts to - € 3,9 million compared to - € 3,4 million due to an increase in interest charges. This increase is, on the one hand, due to the fact that FSM-related interest charges are no longer being capitalised and, on the other hand, to the increase of the short term interest rates. In the context of the arbitrational judgment against the project developer of FSM, the property investment fund received an amount of € 0,1 million of moratory interests (included in the amount of € 1,4 million received indemnity).

The net profit for the financial year amounts to € 12,3 million in 2006 compared to € 18,7 million in 2005. The strong decrease in net profit is mainly the result of the change in fair value of the real estate portfolio in 2006 (€ 3,5 million) compared to 2005 (€ 8,4 million).

The operating profit distributable as dividend, based on the statutory annual accounts of Intervest Retail sa, amounts to € 10,0 million in 2006 compared to € 10,9 million in 2005. Consequently, the gross distributable result amounts in 2006 to € 1,97 per share.

6. Profit distribution

The board of directors proposes that the consolidated annual accounts as at 31 December 2006 be approved and that the profit for the financial year be distributed as follows:

In thousands of €	
- profit of the financial year	€ 12.295
- allocation of portfolio result to non-distributable reserves	€ 2.386
- profit to be carried forward	€ 9.909

At the general meeting of shareholders on 4 April 2007 will be proposed to distribute a gross dividend of € 1,97 per share. This is € 1,67 net after deduction of 15% withholding tax. Taking into account 5.078.525 shares which participate in the full result for the financial year, this means a distributable dividend of € 10.004.694[5].

The dividend is higher than the required minimum of 80% of the net profit, because, in accordance with its policy almost 100% of the unconsolidated distributable profit will be paid out in 2006. The dividend will be payable as of 20 April 2007. As far as the bearer shares are concerned, this can be on submission of dividend certificate number 7.

7. Outlook for 2007

In 2007 and the future, Intervest Retail aims not only to maintain its current position as most important property investment fund in the field of Belgian commercial real estate, but also to expand it. This can be realised with direct investments, mergers and acquisitions. According to our point of view the portfolio must growth to a size of about € 500 million in time.

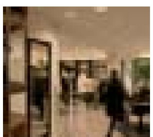
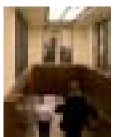
On the short-term our efforts will be once more concentrated on the improvement of the quality of the existing portfolio and the research of different grow scenarios.

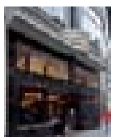
The main challenge for the financial year 2007 remains the further commercialisation of Factory Shopping Messancy. The sale of Factory Shopping Messancy could also be taken into consideration should a favourable opportunity occur during 2007.

The result of 2007 will, to a large extent, depend on the (financial) success of Factory Shopping Messancy. Footfall and turnover figures need to rise further, so that higher turnover rents can be generated and the costs must be reduced. The indemnity received in 2006 from the property developer of Factory Shopping Messancy because of not respecting the obligations of result agreed at the acquisition of Factory Shopping Messancy, has a one-time positive effect of € 1 million on the net result of the property investment fund in 2006. Without new investments which contribute immediately to the operating result of the property investment fund, it is expected that the profit per share will be lower in 2007 than in 2006.

Consequently, Intervest Retail will purposefully concentrate its efforts in 2007 in order to acquire new investments. In view of the important demand of investment products on the market this will happen with the necessary cautiousness.

5 As legally speaking only the profit of the statutory annual accounts can be distributed and not the consolidated profit, the present profit distribution has been base don the statutory profit figures.

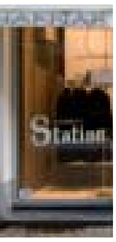


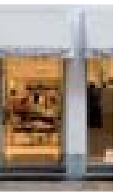
3. Report on the share

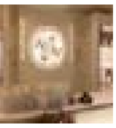
INTERVEST
RETAIL

Rue du Commerce 26, 1300 Wavre

1. Stock market information







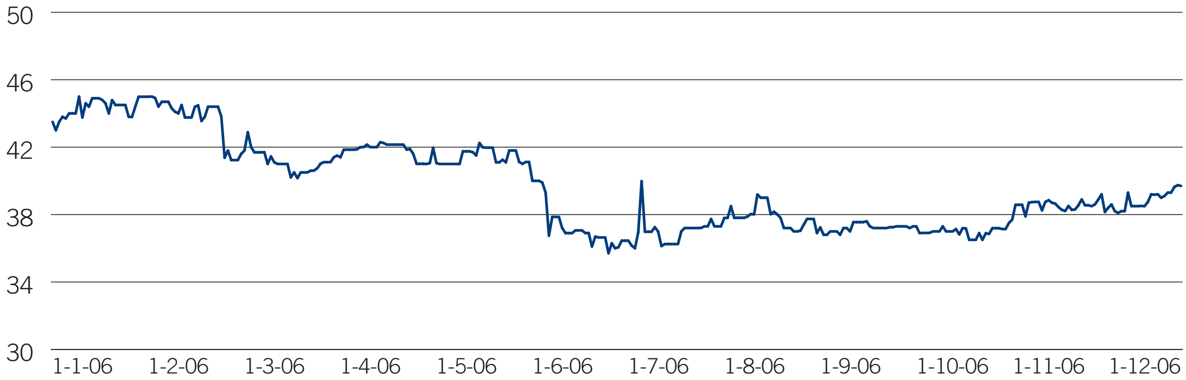
Since 1 January 2002 Intervest Retail has been listed on the Next Prime segment of Euronext Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

- 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.

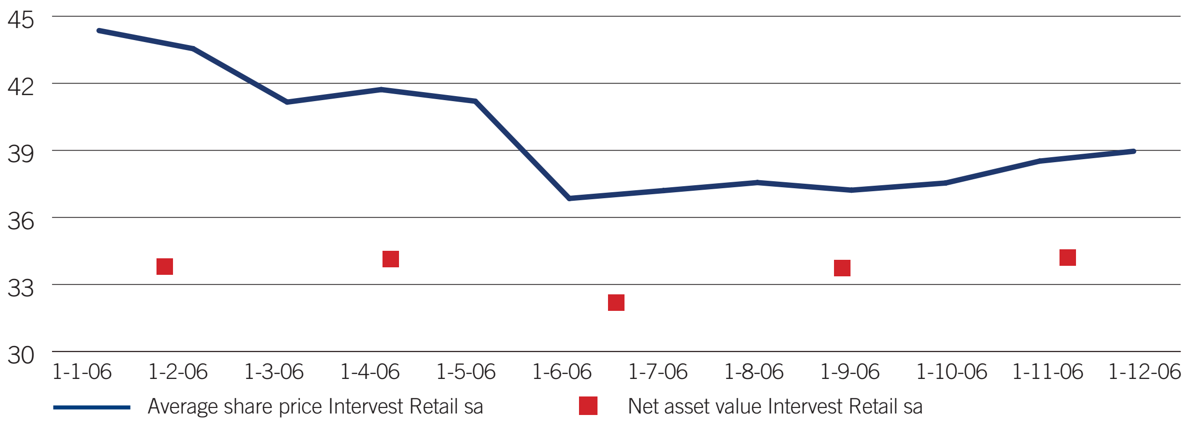
Within this Next Prime segment, indices are prepared for each sector, making it easier to compare one property company with another. This generates greater interest from investors (a.o. institutional investors).

Share price Intervest Retail sa (€)



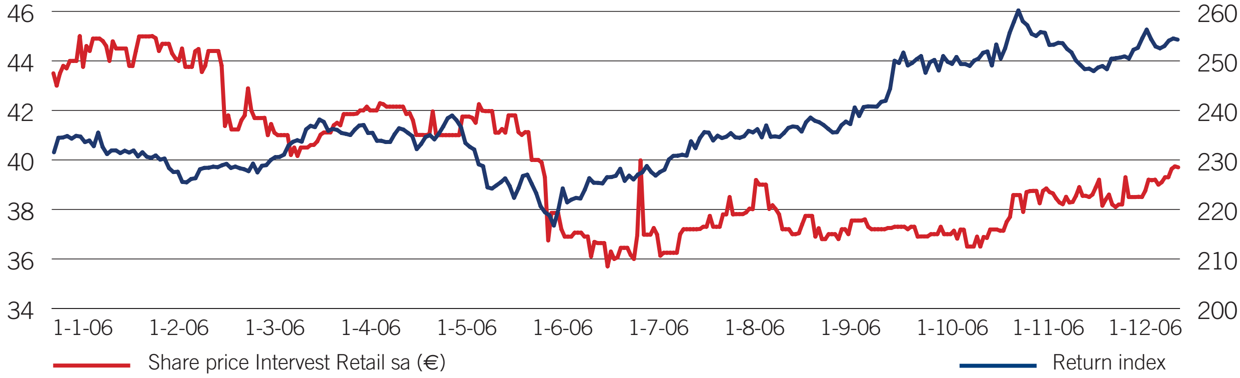
In 2006 the share price was subject to a certain amount of fluctuation. At it lowest point it reached € 35,70 (19 June 2006) and at its highest € 45,00 (31 January 2006). The decrease at the end of May is explained by the payment of the dividend over the financial year 2005. Property investments funds remain the favourite investment in case of persistent low interest rates.

Premiums and discounts Intervest Retail sa (€)



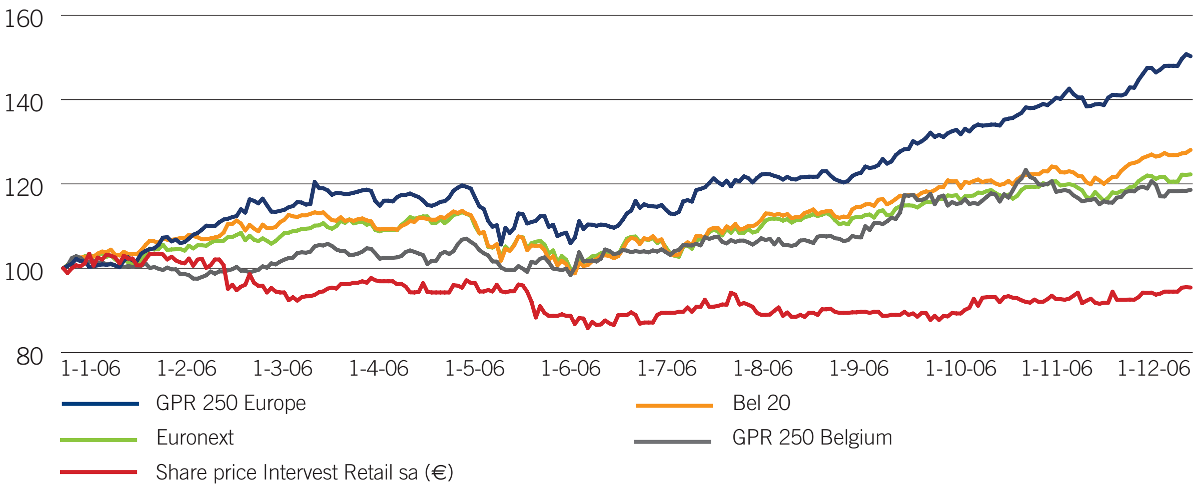
The net asset value of Intervest Retail (on a consolidated basis) includes the 2006 dividend up to the payment date at the end of May 2006.

Comparaison Intervest Retail sa – ING sicafi index

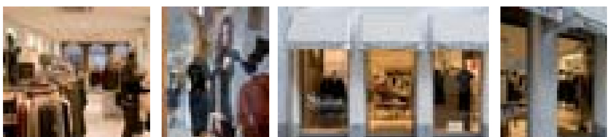


The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.

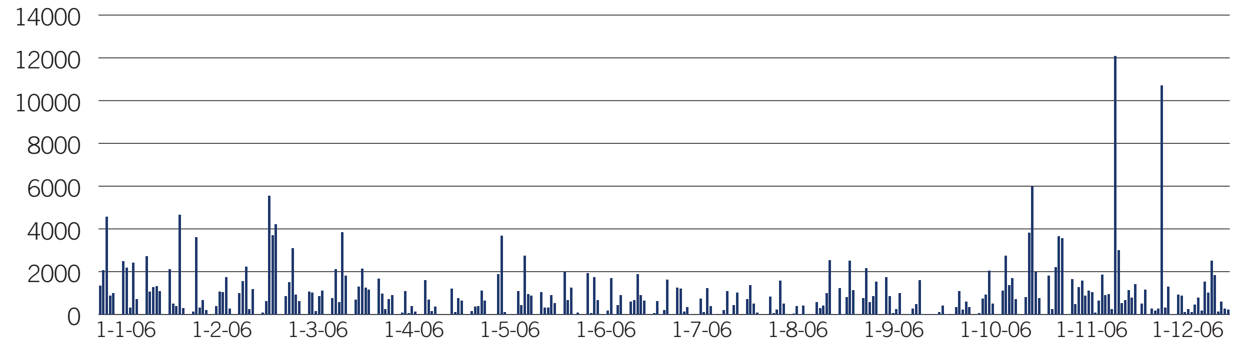
Comparaison Intervest Retail sa – other indices[6]

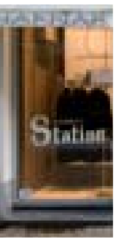


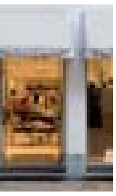
6 Additional information over the indices can be asked for at ING Belgium regarding the ING sicafi index, at Euronext Brussels regarding the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) concerning the GPR 250 Europe and GPR 250 Belgium.

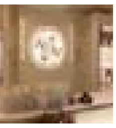


Traded number of shares Intervest Retail sa









The traded volumes, with an average of 1.621 units a day, were below the level of prior 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

	31.12.2006
Number of shares at the end of the period	5.078.525
Number of shares entitled to dividend	5.078.525

Share price (€)	**31.12.2006**
Highest	45,00
Lowest	35,70
Share price on closing date	39,70
Over-/undervaluation in relation to the net asset value (%)	16%

Data per share (€)	**31.12.2006**	**31.12.2005**	**31.12.2004**
Net asset value (fair value)	34,21	33,81	32,81
Net asset value (investment value)	35,54	35,21	34,17
Gross dividend	1,97	2,14	2,54
Net dividend	1,67	1,82	2,16

3. Shareholders

As at 31 December 2006 the following shareholders were known to the company

VastNed Retail sa Max Euwelaan 1 3062 MA Rotterdam - Nederland	3.595.529 shares	70,80%
CFB Belgique sa Uitbreidingstraat 18 2600 Berchem-Antwerpen	80.431 shares	1,58%
Public	1.402.565 shares	27,62%
Total	**5.078.525 shares**	**100%**

VastNed Retail sa and CFB Belgique 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 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 sa has been liquidated, but its commitments have been taken over by VastNed Retail sa.

4. Financial calendar

- Announcement annual results as at 31 December 2006: **Tuesday 20 February 2007**

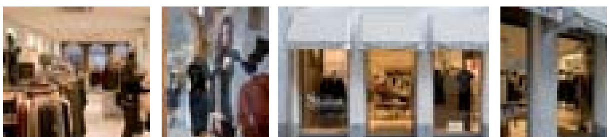
- General meeting of shareholders: **Wednesday 4 April 2007** at 14h30 at the company’s registered offices, Uitbreidingstraat 18, 2600 Berchem – Antwerpen

- Dividend payable: as from **Friday 20 April 2007**

- Announcement results as at 31 March 2007: **Monday 7 May 2007**

- Announcement half year results as at 30 June 2007: **Thursday 7August 2007**

- Announcement results as at 30 September 2007: **Monday 5 November 2007**

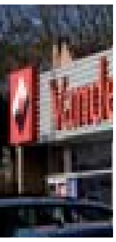


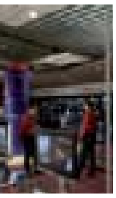
4. Property report

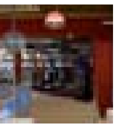
INTERVEST
RETAIL

Chaussée de Bruxelles 284, 1410 Waterloo

1. Composition of the portfolio[7]



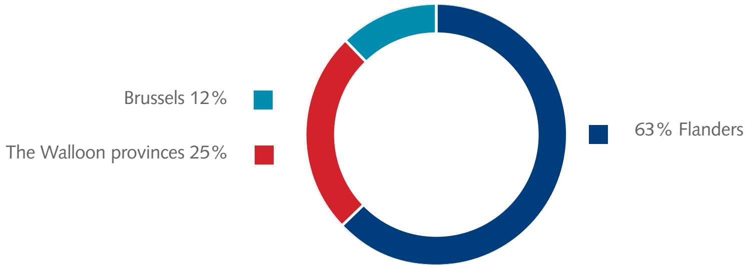




Intervest Retail invests exclusively in Belgian commercial property, focusing primarily on inner-city locations and retail warehouses. Shopping centres and factory outlets also represent possible investment opportunities.

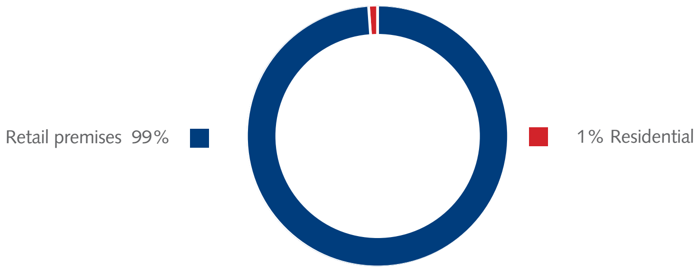
1.1. Geographic spread

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



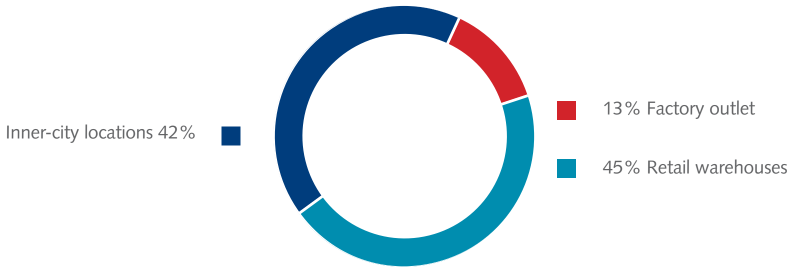
1.2. Type of building

Intervest Retail's portfolio consists at the end of 2006 of 298 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, 42% are inner-city locations, 45% are retail warehouses and 13% represent a factory outlet.



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

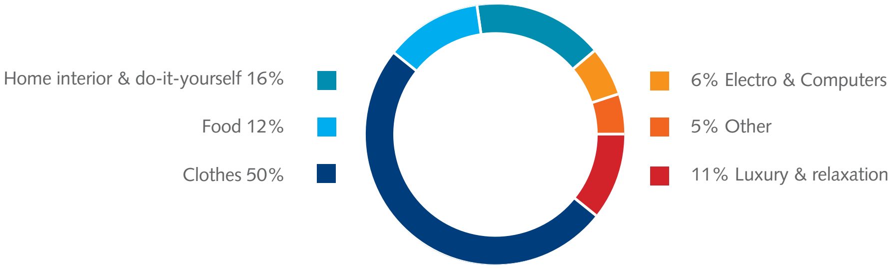
The category **inner-city locations** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category.

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

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

1.4. Sector of tenants

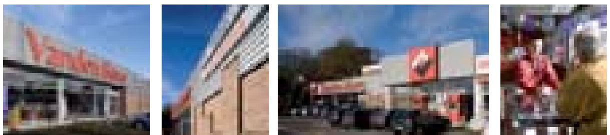
The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.



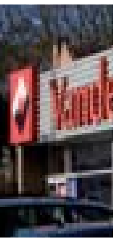
1.5. Region of activity of tenant[8]

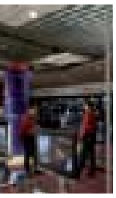
Most of the retail premises have been let on traditional leases to users who are widely distributed across all sectors of the retail trade. Since most of these premises are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment in the interior of the property, which is beneficial to the stability and continuity of the rental income.
All of these factors result in a high occupancy rate for the portfolio (99,1%, excluding Factory Shopping Messancy). If Factory Shopping Messancy is included, the occupancy rate comes out at 95,5%.
The costs which are at the expense of the lessor are rather limited to important maintenance costs to the structure of the building or important repairs or replacements of roofs.
A significant proportion of the rental expenses (such as withholding tax, other taxes, insurance and costs for shared areas) is paid by the tenant.

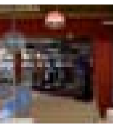
8 A national chain has to have at least five points of sale, an international chain must have at least five points of sale in at least two countries



2. Description of the portfolio





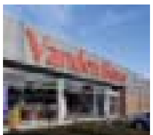
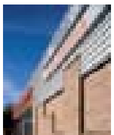
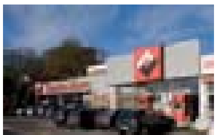
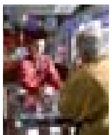


Investment properties 31.12.2006

Address	Type of retail property	Surface	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighing per property (%)
AALST - Albrechtlaan 56	retail warehouse	1.000	49	463	452	0,16%
AALST - Nieuwstraat 10	inner-city location	145	62	831	811	0,29%
AARTSELAAR - Antwerpsesteenweg 13/4	retail warehouse	990	104	1.325	1.293	0,47%
ANDENNE - Avenue Roi Albert 137/139	retail park	4.701	286	3.721	3.630	1,32%
ANS - Rue de Français 393	retail park	3.980	334	4.513	4.403	1,60%
ANTWERPEN - Abdijstraat 29	inner-city location	130	30	416	406	0,15%
ANTWERPEN - Abdijstraat 82/84	inner-city location	165	48	573	559	0,20%
ANTWERPEN - Breydelstraat 33	inner-city location	144	45	492	480	0,17%
ANTWERPEN - Carnotstraat 18/20	inner-city location	1.298	93	1.113	1.086	0,39%
ANTWERPEN - De Keyserlei 47	inner-city location	60	45	557	544	0,20%
ANTWERPEN - De Keyserlei 49	inner-city location	118	57	965	941	0,34%
ANTWERPEN - Frankrijklei 27	inner-city location	624	52	730	712	0,26%
ANTWERPEN - Groendalstraat 11	inner-city location	39	25	454	443	0,16%
ANTWERPEN - Huidevettersstraat 12	inner-city location	791	266	5.238	5.111	1,85%
ANTWERPEN - Korte Gasthuisstraat 27	inner-city location	155	67	1.243	1.213	0,44%
ANTWERPEN - Leysstraat 17	inner-city location	334	162	2.962	2.890	1,05%
ANTWERPEN - Leysstraat 28/32	inner-city location	1.870	756	14.368	14.018	5,08%
ANTWERPEN - Meir 99	inner-city location	384	415	7.317	7.139	2,59%
ANTWERPEN - Schuttershofstraat 30	inner-city location	66	50	1.008	983	0,36%
ANTWERPEN - Schuttershofstraat 32/Arme Duivelstraat 2	inner-city location	54	57	963	939	0,34%
ANTWERPEN - Schuttershofstraat 24/Kelderstraat 7	inner-city location	320	65	1.328	1.296	0,47%
BALEN - Molsesteenweg 56	retail park	1.871	121	1.349	1.316	0,48%
BASTOGNE - Route de Marche 104	retail park	593	24	203	197	0,07%
BEAUMONT - Rue G. Michiels 40	retail warehouse	1.113	99	957	934	0,34%
BOECHOUT - Hovensesteenweg 123/127	retail warehouse	1.022	67	760	741	0,27%
BORGLOON - Sittardstraat 10	retail park	996	55	554	541	0,20%
BREE - Toleikstraat 30	retail warehouse	855	54	645	629	0,23%
BRUGGE - Steenstraat 80	inner-city location	2.670	801	15.461	15.084	5,47%
BRUXELLES - Avenue Louise 7	inner-city location	248	218	4.835	4.717	1,71%
BXL/SCHAARBEEK - Chaussée de Louvain 610/640	retail park	2.964	302	5.059	4.936	1,79%
BRUXELLES - Chaussée d'Ixelles 16	inner-city location	1.255	231	3.084	3.009	1,09%
BRUXELLES - Chaussée d'Ixelles 41/43	inner-city location	5.248	1.263	17.123	16.705	6,06%
BRUXELLES - Rue Neuve 98	inner-city location	162	153	2.911	2.840	1,03%
CHARLEROI - Rue de la Montagne 5/7	inner-city location	948	192	2.468	2.407	0,87%
CHENEE - Rue de la Station 23	retail park	2.881	224	2.478	2.417	0,88%
DIEST - Hasseltstraat 15	inner-city location	200	35	458	447	0,16%
DILSEN - STOKKEM - Rijksweg 17	retail warehouse	992	73	737	719	0,26%
FLEMALLE - Rue de la Fabrique 6	retail park	2.835	208	2.607	2.544	0,92%
FROYENNES - Rue des Roselières 6	retail warehouse	950	76	1.049	1.023	0,37%
GENK - G. Lambertlaan 115	retail park	3.109	204	2.304	2.247	0,82%
GENK - Hasseltweg 74	retail park	2.099	184	2.447	2.387	0,87%
GENT - Veldstraat 81/Zonnestraat 6/10	inner-city location	3.510	439	6.686	6.523	2,37%

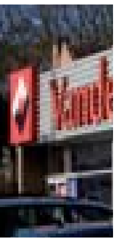
Investment properties 31.12.2006

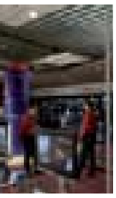
Address	Type of retail property	Surface	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighing per property (%)
GENT - Volderstraat 15	inner-city location	279	91	1.234	1.204	0,44%
GRIVEGNEE - Rue Servais Malaise	retail warehouse	2.000	120	1.274	1.243	0,45%
HASSELT - Genkersteenweg 76	retail warehouse	1.241	98	1.321	1.289	0,47%
HASSELT - Genkersteenweg 282	retail warehouse	2.020	104	1.191	1.162	0,42%
HEUSDEN-ZOLDER - Inakker	retail warehouse	1.019	65	713	695	0,25%
HOBOKEN - Zeelandstraat 6/8	retail warehouse	2.490	187	2.074	2.024	0,73%
KAMPENHOUT - Mechelsesteenweg 38/42	retail park	3.002	189	2.356	2.299	0,83%
LA LOUVIERE - Rue Albert I 84/86	inner-city location	190	57	590	575	0,21%
LEOPOLDSBURG - Lidostraat 7	retail park	1.670	106	1.143	1.115	0,40%
LEUVEN - Bondgenotenlaan 69/73	inner-city location	1.589	549	10.089	9.843	3,57%
LIEGE - Pont d'Ile 35	inner-city location	80	59	953	930	0,34%
LIEGE - Pont d'Ile 45	inner-city location	60	63	1.076	1.050	0,38%
LIEGE - Pont d'Ile 49	inner-city location	380	91	1.895	1.849	0,67%
MALMEDY - Avenue des Alliés 14B	retail park	813	53	605	590	0,21%
MECHELEN - Bruul 39/41	inner-city location	378	186	3.108	3.032	1,10%
MECHELEN - Bruul 42/44	inner-city location	1.410	410	6.303	6.150	2,23%
MECHELEN - Yzerenleen 30	inner-city location	350	51	588	574	0,21%
MERKSEM - Bredabaan 474/476	inner-city location	470	66	936	913	0,33%
MESSANCY - Route d'Arlon 199	outlet	18.459	2.529	30.085	29.351	10,64%
MESSANCY - Rue de l'Institut 44	retail park	1.998	113	1.097	1.070	0,39%
MONS - Chaussée de Binche 101	retail warehouse	1.000	80	941	918	0,33%
MONS - Grand Rue 19	inner-city location	170	73	938	915	0,33%
MONS - Rue de La Chaussée 31/33	inner-city location	380	136	1.917	1.871	0,68%
MORTSEL - Statielei 71/73	inner-city location	425	125	1.327	1.294	0,47%
MOUSCRON - Petite Rue 18	inner-city location	235	39	477	466	0,17%
OLEN - Lammerdries 6	retail park	13.452	732	6.468	6.310	2,29%
OVERPELT - Burgemeester Misottenstraat 3	retail warehouse	877	79	887	865	0,31%
PHILIPPEVILLE - Rue de France	retail park	3.705	302	4.533	4.423	1,60%
SCHELLE - Provinciale Steenweg 453/455	retail park	2.962	194	2.258	2.203	0,80%
SCHERPENHEUVEL - Manneberg 26	retail warehouse	600	72	631	615	0,22%
SINT-JOB-IN-'T-GOOR - Handelslei 10	retail warehouse	600	63	676	659	0,24%
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	18.866	1.484	17.937	17.499	6,35%
TIENEN - Slachthuisstraat 36	retail park	4.871	404	5.132	5.007	1,82%
TURNHOUT - Gasthuisstraat 5/7	inner-city location	1.047	253	4.086	3.987	1,45%
TURNHOUT - Gasthuisstraat 32	inner-city location	1.743	264	4.414	4.306	1,56%
VILVOORDE - Leuvensestraat 39/41/Nowélaan 41	inner-city location	485	55	688	671	0,24%
VILVOORDE - Luchthavenlaan 5	retail warehouse	6.345	469	5.876	5.733	2,08%
VILVOORDE - Mechelsesteenweg 30	retail park	7.656	650	8.693	8.481	3,08%
VILVOORDE - Mechelsesteenweg 30	kantoren	784	39	333	325	0,12%
WATERLOO - Chaussée de Bruxelles 284	retail park	1.198	112	1.375	1.341	0,49%
WAVRE - Rue du Commerce 26	inner-city location	272	52	607	592	0,21%
WAVRE - Rue Pont du Christ 46 - Rue Barbier 15	inner-city location	315	110	1.356	1.323	0,48%
WILRIJK - Boomsesteenweg 643/645	retail warehouse	1.837	140	1.684	1.643	0,60%
WILRIJK - Boomsesteenweg 666/672	retail park	4.884	469	7.046	6.874	2,49%
TOTAL INVESTMENT PROPERTIES		**168.496**	**19.674**	**273.666**	**266.991**	**96,82%**

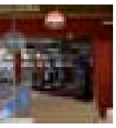





Investment properties 31.12.2006

Address	Type of retail property	Surface	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighing per property (%)
Development projects						
OLEN - Lammerdries 6	retail warehouse	14.030	471	4.091	3.991	1,45%
OLEN - Lammerdries 6	land	32.389	nvt	0	0	0,00%
OLEN - Lammerdries 6	villas	nvt	nvt	584	570	0,21%
TONGEREN - Maastrichterstraat	shopping centre	12.728	nvt	9.290	9.290	1,53%
TOTAL DEVELOPMENT PROJECTS		**59.147**	**471**	**13.965**	**13.851**	**3,18%**
Total investment properties and development projects		**227.643**	**20.145**	**287.631**	**280.842**	**100,00%**







3. Evolution of the property portfolio

	31.12.2006	31.12.2005
Value investments properties (€ 000)	266.991	280.107
Value development projects (€ 000)	13.851	4.561
Current rents (€ 000)	18.780	20.071
Yield (%)	7,03%	7,17%
Current rents, including estimated rental value on vacancy (€ 000)	19.674	20.897
Yield if fully let (%)	7,37%	7,46%
Total lettable area of the investment properties (m^2)	168.496	195.207
Occupancy rate incl. FSM (%)	95,5%	96,1%
Occupancy rate excl. FSM (%)	99,1%	98,5%

4. Valuation of the portfolio by the property experts

Factory Shopping Messancy is valued by de Crombrugghe & Partners. All other commercial premises are 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 December 2006 Cushman & Wakefield valued the investment value of the retail portfolio at € 248.255.670.

4.2. de Crombrugghe & Partners

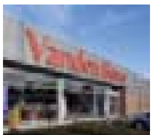
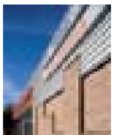
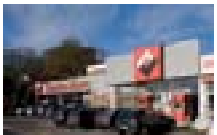
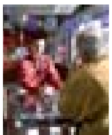
The valuation of Messancy Outlet Shopping is done by de Crombrugghe & Partners.

For its valuation de Crombrugghe & Partners 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 € 2.000 /m²/year, and revenue-linked rent of 8,50% on average, or in other words a rental revenue of on average € 170/m²/year for the store spaces. For the other areas (leisure and offices) lower values were used
- to derive these rental levels a correction was applied to the current rental situation of 24 months.
- on the basis of international comparisons it was assumed that an investor buying an outlet centre expects an initial yield of 7,375%.

The investment value of Factory Shopping Messancy at the end of 2006 amounts to € 30.085.291.

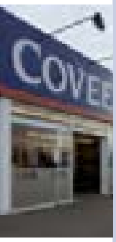
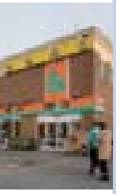
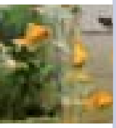
5. Financial report

INTERVEST
RETAIL

Rue de France, 5600 Philippeville

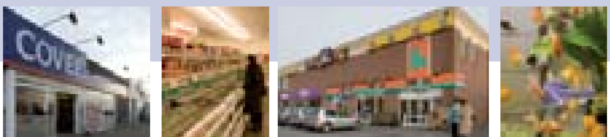
Financial report

1. Consolidated income statement

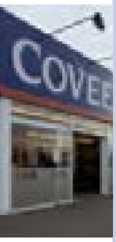




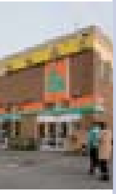
Income statement	Notes	2006	2005
in 000 €			
Rental income	*5.4.1*	18.457	18.488
Rental related expenses	*5.4.2*	-95	-340
Net rental income		**18.362**	**18.148**
Recovery of property expenses	*5.4.3*	57	147
Recovery of charges and taxes normally payable by tenants on let properties	*5.4.4*	4.739	4.257
Charges and taxes normally payable by tenants on let properties	*5.4.4*	-4.742	-4.214
Other rental related income and expenses	*5.4.5*	5	25
Property result	*5.4*	**18.421**	**18.363**
Technical costs	*5.5.1*	-543	-793
Commercial costs	*5.5.2*	-143	-213
Charges and taxes on unlet properties	*5.5.3*	-1.829	-1.224
Property management costs	*5.5.4*	-1.136	-1.017
Other property charges	*5.5.5*	-2	-47
Property charges	*5.5*	**-3.653**	**-3.294**
Operating property result		**14.768**	**15.069**
General costs	*5.6*	-1.039	-958
Other current operating income and expenses		86	126
Operating result before result on the portfolio		**13.815**	**14.237**
Result on disposals of investment property	*5.8*	-1.151	-498
Result on sales of other non financial assets		0	4
Changes in fair value of investment property and development projects	*5.9*	3.537	8.370
Operating result		**16.201**	**22.113**
Financial income		149	35
Interest charges		-4.023	-3.451
Other financial charges		-32	-33
Financial result	**5.10**	**-3.906**	**-3.449**
Result before taxes		**12.295**	**18.664**
NET RESULT		**12.295**	**18.664**
Attributable to:			
Equity holders of the parent	*5.11*	12.295	18.664
Minority interests		0	0

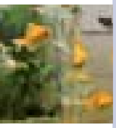
Result per share	Notes	2006	2005
Number of ordinary shares	*5.11*	5.078.525	5.078.525
Basic earning per share (in €)	*5.11.3*	2,42	3,68
Diluted earnings per share (in €)	*5.11.3*	2,42	3,68
Distributable earnings per share (in €)	*5.11.3*	1,97	2,14



2. Consolidated balance sheet







Assets	Notes	2006	2005
in 000 €			
Non-current assets		**281.284**	**285.152**
Intangible assets	*5.12*	24	10
Investment properties	*5.13*	266.991	280.107
Development projects	*5.13*	13.851	4.561
Other tangible fixed assets	*5.12*	400	455
Trade receivables and other non-current assets		18	19
Current Assets		**6.124**	**9.121**
Trade receivables	*5.14.1*	1.094	1.454
Tax receivables and other current assets	*5.14.2*	3.812	932
Cash and cash equivalents	*5.14.3*	1.069	6.566
Deferred charges and accrued income	*5.14.4*	149	169
TOTAL ASSETS		**287.408**	**294.273**

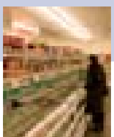
Shareholders' equity and liabilities	Notes	2006	2005
in 000 €			
Shareholders' Equity	*3 and 5.15*	**173.726**	**171.703**
Shareholders' equity attributable to the shareholders of the parent company		**173.723**	**171.700**
Share capital	*5.15.1*	*97.213*	*97.213*
Share premium	*5.15.2*	*4.183*	*4.183*
Reserves	*5.15.3*	*68.328*	*66.269*
Result	*5.15.4*	*10.882*	*11.841*
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	*5.15.5*	*-6.789*	*-7.116*
Changes in faire value of financial assets and liabilities	*5.15.6*	*-94*	*-690*
Minority interests	*5.15.7*	**3**	**3**

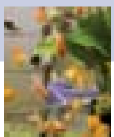
Liabilities	Note	2006	2005
Liabilities		**113.682**	**122.570**
Non-current liabilities	*5.16 and 5.18*	**72.250**	**73.314**
Provisions	*5.16.1*	*195*	*195*
Non-current financial dets		*71.887*	*72.816*
Credit institutions	*5.18*	71.860	72.790
Financial lease	*5.18*	27	26
Other non-current liabilities	*5.16.2*	*168*	*303*
Current liabilities	*5.17 and 5.18*	**41.432**	**49.256**
Current financial debts		*32.741*	*32.719*
Credit institutions	*5.18*	32.728	32.710
Financial lease	*5.18*	13	9
Trade debts and other current debts	*5.17.1*	*5.110*	*2.691*
Other current liabilities	*5.17.2*	*2.358*	*12.025*
Accrued charges and deferred income	*5.17.3*	*1.223*	*1.821*
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**287.408**	**294.273**

Debt ratio	2006	2005
Debt ratio RD 21 juin 2006 (%)[9]	39,03	40,73

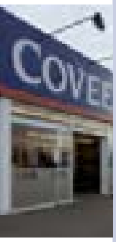
Net asset value per share	2006	2005
Net asset value per share (fair value)	34,21	33,81
Net asset value per share (investment value)	35,54	35,21

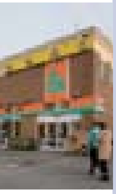
9 The debt ratio is calculated as the liabilities (excluding provisions and accrued charges and deferred income) less the change in the fair value of the financial instruments, divided by the total assets.

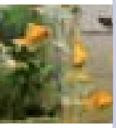





3. Statement of changes in equity

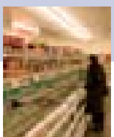


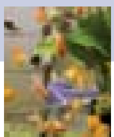


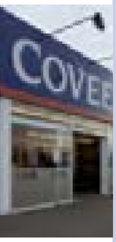


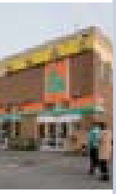
Statement of changes in equity	Share capital Ordinary shares	Share premium
in 000 €		
AMOUNT AT 31 DECEMBER 2005	**97.213**	**4.183**
Profits of financial year 2006		
Tranfer of the result on the portfolio to the reserves not avaible for distribution		
Impact on fair value of estimated transaction rights and costs resulting from the hypothectical disposal of investment properties		
Dividends of financial year 2005		
Changes in the fair value of financial assets and liabilities on financial instruments		
AMOUNT AT 31 DECEMBER 2006	**97.213**	**4.183**

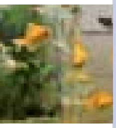
Reserves not available for distribution	Result	Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	Changes in fair value of financial assets and liabilities	Minority interests	Shareholders' equity
66.269	**11.841**	**-7.116**	**-690**	**3**	**171.703**
	12.295				12.295
2.386	-2.386				0
-327		327			0
	-10.868				-10.868
			596		596
68.328	**10.882**	**-6.789**	**-94**	**3**	**173.726**









4. Consolidated cash-flow statement

	Notes	2006	2005
in 000 €			
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**6.566**	**1.665**
1. Cash-flow from operating activities		**11.756**	**10.819**
Net profit of the financial year	*1*	**12.295**	**18.664**
Adjustments for non-cash transactions		**-1.725**	**-7.586**
- Depreciations on intangible and other tangible fixed assets (+/-)	*5.12*	134	48
- Loss on the disposal of investment properties	*5.8*	1.151	498
- Profit on sale of other non financial assets		0	-4
- Spread of benefits granted to tenants	*5.9*	527	243
- Change in the fair value of investment properties and development projects	*5.9*	-3.537	-8.370
- Revaluation gains on financial fixed assets recorded in income statement		0	-1
Changes in working capital		**1.186**	**-259**
* Movement of assets			
- Trade receivables	*5.14.1*	360	434
- Tax receivables and other current assets	*5.14.2*	-2.880	838
- Deferred charges and accrued income	*5.14.4*	20	-135
* Movement of liabilities			
- Other non-current liabilities	*5.16.2*	-187	0
- Trade debts and other current debts	*5.17.1*	2.419	-715
- Other current liabilities(*)	*5.17.2*	2.052	-1.632
- Accrued charges and deferred income	*5.17.3*	-598	951
2. Cash-flow from investment activities		**5.610**	**-437**
Acquisition of intangible and other tangible fixed assets	*5.12*	-93	-360
Investments in existing investment properties	*5.13*	-9.218	0
Investments in development projects	*5.13*	-2.592	-6.823
Capitalised interest expenses	*5.13*	-1.223	-750
Acquisition of assets with deferred payment	*5.13*	-387	-634
Proceeds from the sale of investment properties		17	16
Proceeds from the sale of other non financial assets	*5.8*	19.106	8.103
Receipts from non-current trade receivables and other tangible fixed assets		0	11
3. Cash-flow from financing activities		**-22.863**	**-5.481**
Repayments of loans		-15.734	-29.336
Drawdown of loans		3.700	36.719
Repayment of financial lease liabilities		-13	-12
Receipts from non-current liabilities as guarantee	*5.16.2*	52	48
Dividends paid	*3*	-10.868	-12.900
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	*5.14.3*	**1.069**	**6.566**

(*) In the comparative figures, the loan with affiliated companies on 31 December 2005 is reclassed to the cash-flow from the financing activities.

5. Notes to the consolidated annual accounts

5.1. Principles of financial reporting

5.1.1. Statement of conformity

Intervest Retail 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 were approved and released for publication by the board of directors on 19 February 2007.

The consolidated annual financial statement has been prepared in compliance with the International Financial Reporting Standards (IFRS) as approved by the European Commission.

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. Eliminated transactions
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 5.21. in the comment.

5.1.4. Foreign 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

a. 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).

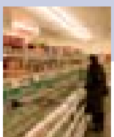
The fair value of financial derivatives is the amount that the company expects to receive or pay if the derivative were terminated as of the balance sheet date, taking into account the prevailing interest and the credit exposure of the counterparty concerned.

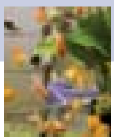
b. Hedging of uncertain cash flow resulting from interest fluctuations
If it is possible to designate a financial interest derivative as an effective hedge of the possible variability of cash flows attributable to a specific risk associated with an asset or obligation or a highly probable forecast transaction, 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.

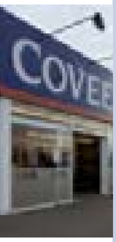
5.1.6. Property result

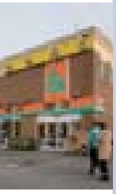
The rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for prematurely terminated tenancy agreements reduced by the granted rental discounts and rental benefits.

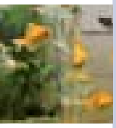
The recuperation of property charges refers to charging the costs run by the owner of the buildings to the tenant.
Charges payable by tenants and taxes on let buildings and the recovery of these charges









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 period 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

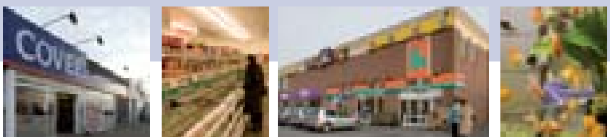
a. Definition

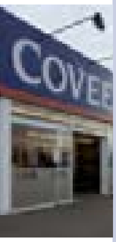
Investment property comprises all lands or buildings, including buildings of which a limited part is retained for the owner's own use, and buildings under an operating lease, that are ready to let and (wholly or in part) earning rental income.

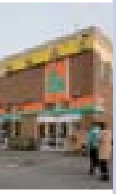
b. Initial recognition and valuation

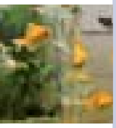
Initial recognition in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the property investment fund is also included in the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

Commission regarding to the acquisition of









buildings are considered as additional costs of these acquisitions and are added tot 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

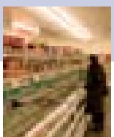
Other tangible fixed assets are initially recognised at cost and thereafter using the cost model.

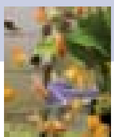
Government grants are a deduction from the cost. Additional costs are only capitalised if the future economic benefits relating to the tangible asset increase.

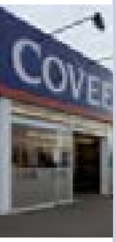
c. Depreciation and exceptional impairment losses

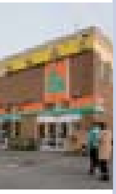
Other tangible fixed assets are depreciated using the linear depreciation method. Depreciation begins at the time the asset is acquired as foreseen by the management. The following percentages apply on an annual basis:

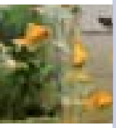
- plant, machinery and equipment	20%
- furniture and vehicles	25%
- computer equipment	33%
- real estate for own use:	
- land	0%
- buildings	5%
- other tangible assets	16,67%











If there are indications that an asset may have suffered an impairment loss, its carrying amount is compared to 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 Intervest Retail sa 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 m^2). 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.

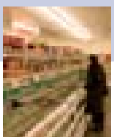
5.1.27. Rights and obligations, disputes and events after the balance-sheet date and not entered in the balance-sheet

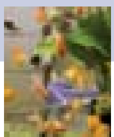
These rights and obligations are valued at nominal value based on the amount mentioned in the contract.

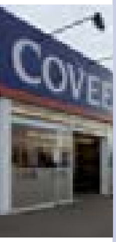
Failing nominal value and if a valuation is not possible, the rights and obligations are mentioned pro memoria.

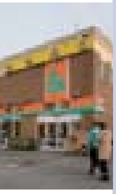
Events after the balance-sheet date are events, both favourable and unfavourable, that take place between the balance-sheet date and the date of approval of the annual accounts for release. For events giving information about the actual situation on the balance-sheet date it is entered in the income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

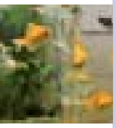
Dividends paid to shareholders after the balance-sheet date are not processed administratively on the balance-sheet date.









5.2. Management of financial risks

5.2.1. Exchange-rate and interest risk

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

Almost 40% of the balance-sheet total of Intervest Retail 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 theoretic risk that Intervest Retail cannot obtain a renewal of its credit lines. This risk is limited by spreading the due dates of the credit lines as much a 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, finally, could call on the credit capacities of its (principal) shareholders.

5.2.3. Credit risk

The risk that the tenants of Intervest Retail 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 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 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)

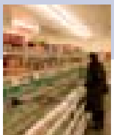
The two primary business segments comprise the following activities;

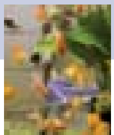
- The category of “inner-city shop” includes those shops that are located in a substantially developed shopping centre with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- The category of “retail warehouse & outlet” relates, one the one hand, to single buildings or retail parks along the major traffic axes which tend to have a large-scale sales area (upwards of 400 m^2). On the other hand, the factory outlet centres also fall into this category (see point 5.1.25.

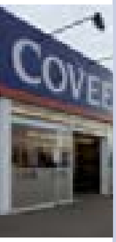
The category of “corporate” includes all non-allocated fixed costs borne at a group level.

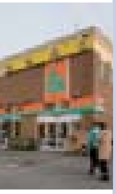
5.3.1.1. Income statement

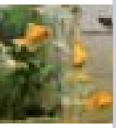
BUSINESS SEGMENTS	**Inner - city shops**		**Retail warehouses and factory outlets**		**Corporate**		**TOTAL**	
in 000 €	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Rental income	8.212	8.062	10.245	10.426	0	0	18.457	18.488
Rental related expenses	-6	-48	-89	-292	0	0	-95	-340
Net rental result	**8.206**	**8.014**	**10.156**	**10.134**	**0**	**0**	**18.362**	**18.148**
Recovery of property expenses	16	12	41	135	0	0	57	147
Recovery of charges and taxes payable by tenants on let properties	591	620	4.148	3.637	0	0	4.739	4.257
Charges and taxes payable by tenants on let properties	-592	-620	-4.150	-3.594	0	0	-4.742	-4.214
Other rental related income and expenses	1	6	4	19	0	0	5	25
Property result	**8.222**	**8.032**	**10.199**	**10.331**	**0**	**0**	**18.421**	**18.363**
Operating result before result on the portfolio	**8.035**	**7.717**	**7.930**	**8.302**	**-2.150**	**-1.782**	**13.815**	**14.237**
Result on disposals of investment property	0	-15	-1.151	-483	0	0	-1.151	-498
Result on the sale of other non financial assets	0	0	0	0	0	4	0	4
Changes in fair value of investment properties and development projects	9.873	7.920	-6.336	450	0	0	3.537	8.370
Operating result of the segment	**17.908**	**15.622**	**443**	**8.269**	**-2.150**	**-1.778**	**16.201**	**22.113**
Financial result	0	0	0	0	-3.906	-3.449	-3.906	-3.449
NET RESULT	**17.908**	**15.622**	**443**	**8.269**	**-6.056**	**-5.227**	**12.295**	**18.664**









5.3.1.2. Balance sheet

BUSINESS SEGMENTS	Inner - city shops		Retail warehouses and factory outlets		Corporate		TOTAL	
in 000 €	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
ASSETS								
Investment properties	132.847	123.049	134.144	157.058	0	0	266.991	280.107
Development projects	0	0	13.851	4.561	0	0	13.851	4.561
Other assets	86	84	3.340	2.136	3.140	7.386	6.566	9.605
SEGMENT ASSETS	**132.933**	**123.133**	**151.335**	**163.755**	**3.140**	**7.386**	**287.408**	**294.273**
LIABILITIES								
Non-current liabilities	35.769	31.987	36.118	40.829	0	0	71.887	72.816
Current liabilities	16.291	14.373	16.450	18.346	0	0	32.741	32.719
Other liabilities	303	59	6.087	2.001	176.390	186.678	182.780	188.738
SEGMENT LIABILITIES	**52.363**	**46.419**	**58.655**	**61.176**	**176.390**	**186.678**	**287.408**	**294.273**

5.3.1.3. Key figures

BUSINESS SEGMENTS	Inner - city shops		Retail warehouses and factory outlets		TOTAL	
in 000 €	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
Investment properties at fair value	132.847	123.049	147.995	161.619	280.842	284.668
Investment properties at investment value	136.168	126.125	151.463	165.660	287.631	291.785
Segment yield (%)	6,18%	6,55%	6,92%	6,45%	6,57%	6,49%
Total surface for rent (m^2)	31.769	31.196	137.300	164.011	168.496	195.207
Occupancy rate (%)	99,54%	99,55%	92,44%	93,78%	95,46%	96,05%

2. Per geographical segment (secondary)

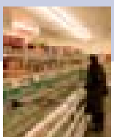
The activity of Intervest Retail is geographically subdivided into 3 regions, namely Flanders, Brussels and Wallonia.

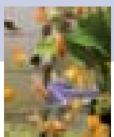
GEOGRAPHICAL SEGMENTATION	Flanders		Walloon region		Brussels		TOTAL	
in 000 €	2006	2005	2006	2005	2006	2005	2006	2005
Rental income	12.013	13.083	4.299	3.152	2.145	2.253	18.457	18.488
Investment properties at fair value	182.573	178.972	66.063	75.092	32.206	30.604	280.842	284.668
Investment properties at investment value	186.905	183.447	67.714	76.969	33.012	31.369	287.631	291.785
Segment yield (%)	6,58%	7,31%	6,51%	4,20%	6,66%	7,36%	6,57%	6,49%

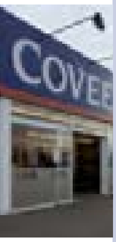
5.4. Note to property result

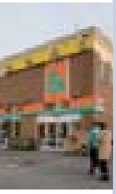
5.4.1. Rental income

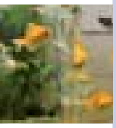
	2006	2005
in 000 €		
Rent	19.252	20.144
Guaranteed income	16	33
Rental discounts	-305	-425
Rental benefits (‘incentives’)	-506	-1.266
Compensation for breach of contract	0	2
Total rental income	**18.457**	**18.488**









Overview of the future rental income

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

	2006	2005
in 000 €		
Receivables with a remaining period of		
Less than one year	18.275	17.054
Between one and 5 years	19.840	13.135
Total of the future rental income	**38.115**	**30.189**

5.4.2. Rental related expenses

	2006	2005
in 000 €		
Rent for hired assets and ground lease	-82	-95
Write down on trade receivables	-550	-371
Reversal of write down on trade receivables	537	126
Total rental related expenses	**-95**	**-340**

The decrease of € 0,2 million of the with rental related costs is resulting from an increase of the reversal of reductions of value on receivables. This results from the unexpected recovery of a trade receivable, already booked in 2005.

5.4.3. Recovery of property expenses

	2006	2005
in 000 €		
Recharge of maintenance costs	26	27
Recovery of insurance costs	14	4
Recharge of major repair and maintenance	17	104
Compensations received for damage to property	0	12
Total of recovery of property expenses	**57**	**147**

This includes the proceeds obtained from the tenants from the charging of maintenance and repair expenses, insurance premiums and compensation for rental damage.

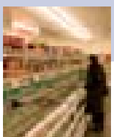
5.4.4. Recovery of charges and taxes normally payable by tenants on let properties

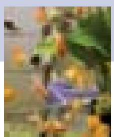
	2006	2005
in 000 €		
Reinvoicing of charges borne by the proprietor	3.403	2.879
Reinvoicing of prelevies and taxes on let properties	1.336	1.378
Total recovery of charges and taxes normally payable by tenants on let properties (+)	**4.739**	**4.257**
Charges borne by the proprietor	-3.404	-2.834
Prelevy and taxes on let properties	-1.338	-1.380
Total charges and taxes normally payable by tenants on let properties	**-4.742**	**-4.214**
Total charges and taxes (-) normally payable by tenants on let properties and recovery (+) of these costs	**-3**	**43**

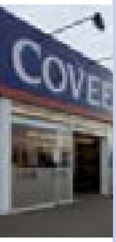
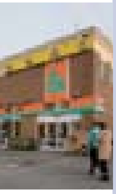
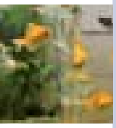
This heading mainly covers the costs of property input tax and rental charges that are on-charged to the tenants in accordance with verbal or contractual agreements. The income from this onward invoicing from those rental charges and taxes payable by tenants are also taken up in this note.

5.4.6. Other rental related income and expenses

	2006	2005
in 000 €		
Total other rental related income and expenses	**5**	**25**
TOTAL PROPERTY RESULT	**18.421**	**18.363**



5.5. Note to property charges

5.5.1. Technical costs

	2006	2005
in 000 €		
Recurrent technical costs	-152	-167
Maintenance	*-26*	*-27*
Insurance premiums	*-126*	*-140*
Non-recurrent technical costs	-391	-626
Total technical costs	**-543**	**-793**

The technical costs have decreased (€ 0,3 million) as a result of the decrease of recurrent costs for maintenance and repairs.

5.5.2. Commercial costs

	2006	2005
in 000 €		
Brokers' commissions	-68	-35
Lawyer's fee and legal costs	-75	-178
Total commercial costs	**-143**	**-213**

3.Charges and taxes on unlet properties

	2006	2005
in 000 €		
Vacancy charges of the financial year	-1.704	-1.077
Withholding tax on vacant properties	-125	-147
Total charges and taxes on unlet properties	**-1.829**	**-1.224**

The vacancy costs rise from € 1,1 million in 2005 to € 1,7 million in 2006. This increase is attributable to the operating costs in Factory Shopping Messancy. Besides, these costs are since the second quarter of 2005, after the relaunch of Factory Shopping Messancy, no longer activated.

5.5.4. Property management costs

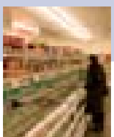
in 000 €	2006	2005
External property management fees	-21	-40
Internal property management fees	-1.115	-977
Total property management costs	**-1.136**	**-1.017**

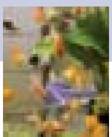
5.5.5. Other property charges

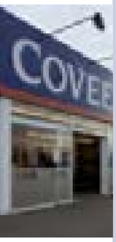
in 000 €	2006	2005
Total other property charges	**-2**	**-47**
TOTAL PROPERTY CHARGES	**-3.653**	**-3.294**

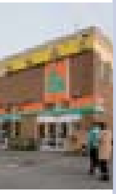
5.6. Note to general costs

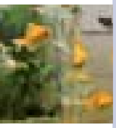
in 000 €	2006	2005
ICB tax	-120	-91
Depository bank	-41	-39
Auditor's fees	-82	-104
Directors' remuneration	-16	-15
Liquidity provider	-29	-29
Financial services	-39	-46
Employee benefits	-346	-297
Other costs	-366	-337
TOTAL GENERAL COSTS	**-1.039**	**-958**









5.7. Note to employee benefits

	2006			2005		
in 000 €	Internal management charges for the portfolio	Charges linked with the fund	TOTAL	Internal management charges for the portfolio	Charges linked with the fund	TOTAL
Remuneration of employees	394	239	633	304	205	509
- salary and other benefits paid within 12 months	276	168	443	197	132	329
- pensions and post-employment benefits	16	9	25	9	6	15
- social security	84	51	135	71	48	119
- other charges	18	11	29	27	19	46
Remuneration of management	176	107	283	138	92	230
- salary and other benefits paid within 12 months	176	107	283	138	92	230
TOTAL	**570**	**346**	**916**	**442**	**297**	**739**

The number of employees at the 2006 year-end, expressed in FTE was 5 members of staff and 2 board members for the internal management of the patrimony (2004: 4+1) and 6 staff members and 1 board member for the management of the fund (2005:5,5 + 1)

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 pension. The compulsory contributions are recognized in the profit and loss account of the period to which they relate.

5.8. Note to result of disposals of investment property

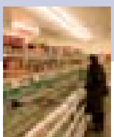
	2006	2005
in 000 €		
Acquisition value	19.363	9.029
Accumulated capital gains and impairment losses	894	-428
Book value (fair value)	**20.257**	**8.601**
Selling costs	-392	-216
Selling price	19.498	8.319
TOTAL RESULT ON DISPOSALS OF INVESTMENT PROPERTY	**-1.151**	**-498**

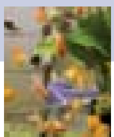
This year a loss of value of € 1,2 million has been realised on the sale of non-strategic properties (see point 2.2. of the report of the management committee).

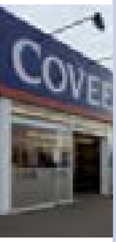
5.9. Note to changes in fair value of investment property and development project

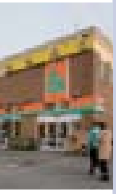
	2006	2005
in 000 €		
Positive change in investment property	13.002	16.363
Negative change in investment property	-8.507	-7.140
Subtotal variation of investment property	**4.495**	**9.223**
Negative change in development projects	-1.485	-1.096
Subtotal variation of development project	**-1.485**	**-1.096**
Change from apporion of rental discounts and rent incentives	527	243
Subtotal other changes relating to fair value of investment property	**527**	**243**
TOTAL CHANGES IN FAIR VALUE OF INVESTMENT PROPERTY AND DEVELOPMENT PROJECT	**3.537**	**8.370**

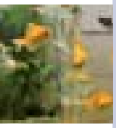
The positive change in the fair value in 2006 of € 3,5 million is the result of the change in investment properties and development projects (€ 3,0 million) and the spread of rental benefits given to tenants (€ 0,5 million). The changes in value of the investment properties and development projects consist on the one hand of gains of value (€ 13,0 million) and on the other of loss of value (- € 8,5 million). The main reason of the loss of value is the depreciation of the Factory Shopping Messancy project. The loss of value of the project developments (- € 1,5 million) is related to the project in Olen.









5.10. Note to financial result

	2006	2005
in 000 €		
Financial income	149	35
Interest charges	-4.023	-3.451
Other financial expenses	-32	-33
TOTAL FINANCIAL RESULT	**-3.906**	**-3.449**

The financial result amounts to - € 3,9 million compared to - € 3,4 prior year, due to the fact that the interest paid for the financing of Factory Shopping Messancy, are no longer activated as construction interest.

In the context of the arbitrational judgment against the project developer of Factory Shopping Messancy, the property investment fund received an amount of € 0,1 million of moratory interests (included in the amount of € 1,4 million received indemnity).

The sites of Olen and Tongeren are considered as project developments, whereby borrowing costs are calculated on the construction costs of these sites.
From the third quarter of 2006, the debt ratio is taken into consideration for the calculation of the borrowing costs.

The average interest rate for the non-current financial debts amounts in 2006 to 4,13 % (2005: 3,89%). The average interest rate for the current financial debts amounts for 2006 to 3,54% (2005: 2,87 %).

The interest costs can be divided following the expiry date of the credit facility and following the nature of the interest rate.

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

	2006	2005
in 000 €		
Interest charges on non-current financial debts	-2.644	-2.151
Interest charges on current financial debts	-1.379	-1.300
Total interest charges	**-4.023**	**-3.451**

5.10.2. 2. Interest charges classified by fixed and variable interest rate

	2006	2005
in 000 €		
Interest charges with a fixed interest rate	-2.698	-1.644
Interest charges with a variable interest rate	-1.325	-1.807
Total interest charges	**-4.023**	**-3.451**

5.11. Note to number of shares and earnings per share

5.11.1. Movement of the number of shares

	2006	2005
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	5.078.525	5.078.525

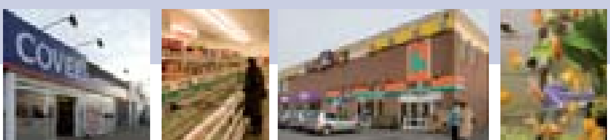
5.11.2. Determination of mandatory dividend pay-out amount

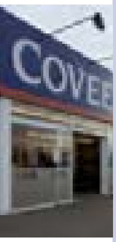
The monetary operating result according to the statutory annual accounts (IFRS):

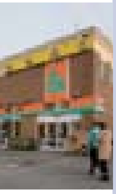
	2006	2005
in 000 €		
Net profit (consolidated)	12.295	18.664
Transactions of non-current nature included in the net result (+/-)		
- Depreciations (+) and withdrawals of depreciations (-)	108	49
- Impairment losses (+) and withdrawals of impairment losses (-)	-527	-243
Result on the disposal of investment properties	1.151	498
Changes in fair value of investment properties and development projects (+/-)	-3.010	-8.127
Monetary net business result	**10.017**	**10.841**

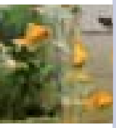
The profit distributable as dividends, based on the unconsolidated annual accounts of Intervest Retail sa, amounts to € 10,0 million in 2006 compared to € 10,9 million in 2005.

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









5.11.3. Earnings per share

	2006	2005
in €		
Basic earnings per share[10]	2,42	3,68
Diluted earnings per share[11]	2,42	3,68
Distributable earnings per share[12]	1,97	2,14

The gross distributable earnings per share are, in a 100% distribution, rounded to € 1,97 per share.

5.11.4. Proposed dividend per share

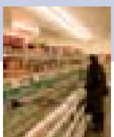
After closure of the financial year the dividend distribution below was proposed by the board of directors. This will be presented to the general meeting of shareholders on 4 April 2007. In accordance with IAS 10, the dividend distribution was not recognized as a liability and has no effect on the profit tax.

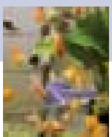
	2006	2005
Dividend per share (in €)	1,97	2,14
Dividend (in € 000)	10.005	10.868
Dividend as a percentage of the mandatory dividend pay-out amount	100%	100%

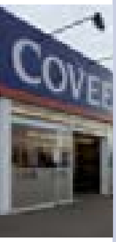
10 The ordinary earnings per share is the net result as published in the income statement divided by the weighted average number of ordinary shares.
11 The diluted earnings per share is the net result as published in the income statement divided by the weighted average number of ordinary shares.
12 The distributable earnings per share is the amount liable for compulsory distribution divided by the weighted average number of ordinary shares

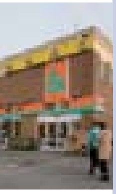
5.12. Note to non-current assets, investment properties and development projects excluded

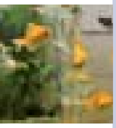
Investment and depreciation table	Intangible assets		Other tangible fixed assets	
in 000 €	2006	2005	2006	2005
Acquisition Value				
At the end of the preceding financial year	26	25	553	194
Acquisitions	26	1	67	411
Transfers and disposals of assets (-)	0	0	0	-52
Transfers to/from other accounts	0	0	0	0
At the end of the financial year	**52**	**26**	**620**	**553**
Depreciations and impairment losses				
At the end of the preceding financial year	-16	-9	-98	-57
Depreciation	-12	-7	-122	-63
Transfers and disposals of assets	0	0	0	22
At the end of the financial year	**-28**	**-16**	**-220**	**-98**
Net book value	**24**	**10**	**400**	**455**
OTHER INFORMATIONS				
Externally acquired intangible assets				
Expected lifespan	3 year	3 year	N/A	N/A
Depreciation period	3 year	3 year	N/A	N/A









5.13. Note to non-current assets: investment properties and development projects

Investment and revaluation table	Investment properties		Development projects		TOTAL	
	2006	2005	2006	2005	2006	2005
in 000 €						
Amount at the end of the preceding financial year	**280.107**	**272.373**	**4.561**	**4.561**	**284.668**	**276.934**
Aquisitions	0	0	9.218	0	9.218	0
Capitalised deferred payments	2.592	6.823	1.223	750	3.815	7.573
Capitalised interest expenses	53	288	334	346	387	634
Transfers and disposals (-)	-20.256	-8.601	0	0	-20.256	-8.601
Change in fair value (+/-)	4.495	9.224	-1.485	-1.096	3.010	8.128
Amount at the end of the financial year	**266.991**	**280.107**	**13.851**	**4.561**	**280.842**	**284.668**
OTHER INFORMATIONS						
Investment property at investment value	273.666	287.110	13.965	4.675	287.631	291.785

The project developments comprise the site of Olen and Tongeren.

5.14. Note to current assets

5.14.1. Trade receivables

	2006	2005
in 000 €		
Trade receivables	711	1.129
Invoice to issue	380	325
Doubtful debtors	973	619
Provision doubtful debtors	-973	-619
Other	3	0
Total trade receivables	**1.094**	**1.454**

5.14.2. Tax receivables and other current assets

in 000 €	2006	2005
VAT receivalble	326	292
Corporate tax receivable	6	6
Withholding tax receivable	8	6
Receivable from insurance company	2.666	597
Receivable from disposals of fixed assets	362	0
Other	444	31
Total tax receivables and other current assets	**3.812**	**932**

The important increase in 2006 comes from the claim on the insurance company concerning the indemnity to be received for the fire in a property in Andenne (€ 2,1 million). Intervest Retail is completely insured for the damage incurred to this property, including the loss of rental income for a period of 36 months. This fire will have no significant impact on the result of property investment fund.
For the explanation of the claim related to the arbitrage of Factory Shopping Messancy, see note 5.23.

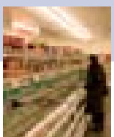
5.14.3. Cash and cash equivalents

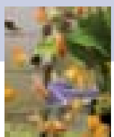
in 000 €	2006	2005
Bank balances	1.060	6.562
Cash	9	4
Total cash and cash equivalents	**1.069**	**6.566**

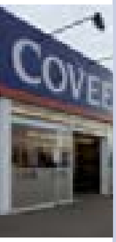
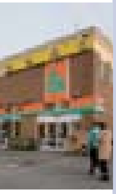
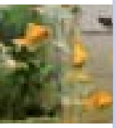
The bank balance on 31 December 2005 is exceptionally high as a result of the sale of properties in Wilrijk end 2005.

5.14.4. Deferred charges and accrued income

in 000 €	2006	2005
Recoverable withholding tax	0	40
Other deferred charges	51	74
Accrued rental income	98	55
Total deferred charges and accrued income	**149**	**169**
TOTAL CURRENT ASSETS	**6.124**	**9.121**



5.15. Note on shareholders' equity

5.15.1. Shareholders' equity

Share capital evolution		Share capital movement	Total outstanding share capital after the transaction	Number of shares issued	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 increase (compensation of losses)	-7.018	92.729	0	4.859.677
29.02.2000	Capital increase (contribution in kind Mechelen Bruul)	2.263	94.992	90 829	4.950 506
30.06.2000	Capital increase (contribution in kind La Louvière)	544	95.536	21.834	4.972.340
30.06.2000	Capital increase (contribution in kind Louizalaan 7)	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

On 31 December 2006, 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.

Authorised capital

The board of directors is expressly authorised 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 RD of 10 April 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 December 2002, i.e. as from 24 January 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.

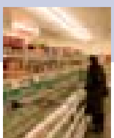
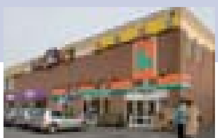
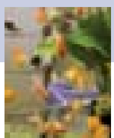
This permission is valid for three years from the publication of the minutes of the general meeting and may be renewed for the same period.

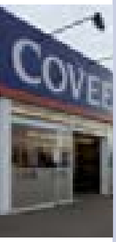
Capital increase

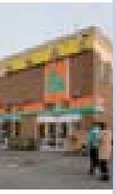
Each capital increase will be carried out in accordance with articles 581 to 607 of the Belgian Company Code, subject to the requirement that in the event of cash subscription in accordance with article 11 §1 of the RD of 10 April 1995 relating to property investment funds, there is no deviation from 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 December 1990 and to articles 28 and seq. of the RD of 10 April 1995.

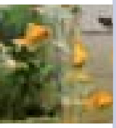
Capital increases by means of non-cash contributions are subject to the provisions of articles 601 and 602 of the Belgian Company Code. Furthermore, and in accordance with article 11 §2 of the RD of 10 April 1995 relating to property investment funds, the following conditions must be observed:

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.







5.15.2. Share premium

Date	Operation	2006	2005
in 000 €			
01.11.1999	Merger GL Trust	4.183	4.183
Total share premium		**4.183**	**4.183**

5.15.3. Reserves

	2006	2005
in 000 €		
Reserves not available for distribution	68.328	66.269
Total reserves	**68.328**	**66.269**

5.15.4. Result

	2006	2005
in 000 €		
Result carried forward of the preceding financial years	11.841	13.949
Result of the financial year	12.295	18.664
Transfer of portfolio result to reserves not available for distribution	-2.386	-7.872
Paid out dividends	-10.868	-12.900
Total result	**10.882**	**11.841**

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

	2006	2005
in 000 €		
Amount at the end of the preceding financial year	-7.116	-6.923
Change in investment value of investment properties	-179	-408
Impact of sales of investment properties	506	215
Total impact on the fair value of estimated transaction rights and costs resulting from hypothetical disposal of investment properties	**-6.789**	**-7.116**

The difference between the fair value of the investment properties (conform IAS 40) and the investment value of the investment properties as determined by the independent property expert, is included in this item (see note 5.13).

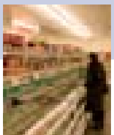
5.15.6. Changes in faire value of financial assets and liabilities

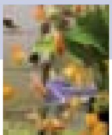
	2006	2005
in 000 €		
Negative change in fair value of interest rate swaps	-94	-690
Total changes in faire value of financial assets and liabilities	**-94**	**-690**

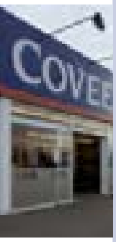
As at 31 December 2006, the group has an interest swap contract to cover its interest risk on its non-current financial debts. The effective part of the profits or losses on the financial instrument is immediately recognized in shareholders' equity (explanatory note 5.19.).

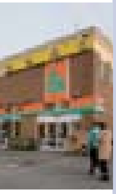
5.15.7. Minority interests

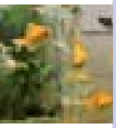
Company	Percentage of participation (in %)	2006	2005
in 000 €			
Messancy Outlet Management sa	95,00%	3	3
Total minority interests		**3**	**3**
TOTAL SHAREHOLDERS' EQUITY		**173.726**	**171.703**









5.16. Note to non-current liabilities[13]

5.16.1. Non-current provisions

The non-current liabilities comprise provisions for legal disputes. This provision remains unchanged at € 0,2 million compared to prior year.

5.16.2. Other non-current liabilities

	2006	2005
in 000 €		
Guarantees received in cash	168	116
Other non-current liabilities	0	187
Total other non-current liabilities	**168**	**303**

5.17. Note to current liabilities[14]

5.17.1. Trade debts and other current debts

	2006	2005
in 000 €		
Trade debts	626	760
Advances received from tenants	345	474
Invoices to be received	3.676	1.355
Other current debts	463	102
Total trade debts and other current debts	**5.110**	**2.691**

The increase of € 2,4 million mainly results from the contractual obligation concerning the development of Tongeren (see note 5.23).

13 These are all non-current liabilities except the non-current financial debts as described under 5.18.

14 These are all current liabilities except the current financial debts as described under 5.18.

5.17.2. Other current liabilities

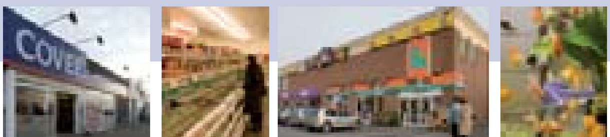
in 000 €	2006	2005
Dividends payable	102	99
Liabilities on less than one year in relation to affiliated parties	25	11.743
Liabilities related to the refurbishment of investment properties	2.231	183
Total other current liabilities	**2.358**	**12.025**

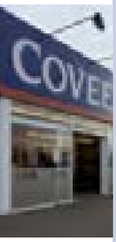
The information concerning transactions with affiliated parties is described under note 5.20.

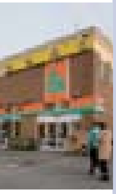
The other current liabilities decrease as a result of repayment of the current account with VastNed Retail sa (€ 11,7 million) during the financial year 2006. There is on the other hand an increase due to the refurbishment works as a result of the fire in Andenne (€ 2,1 million).

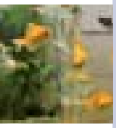
5.17.3. Accrued charges and income

in 000 €	2006	2005
Interest charges	779	634
Technical costs	90	235
Cost property experts	58	60
Costs statutory auditor	35	42
Turnover guarantees Factory Shopping Messancy	0	600
Other accrued charges and deferred revenues	261	250
Total accrued charges and income	**1.223**	**1.821**
TOTAL CURRENT LIABILITIES	**8.691**	**16.537**









5.18 Note to non-current and current financial debts

The average interest rate of the non-current financial debt amounts in 2006 to 4,13% (2005=3,89 %).
The average interest rate of the current financial debts amounts in 2006 to 3,54 % (2005=2,87 %).

5.18.1. Classified by maturity date of the credit facility

	2006 Debts with a remaining period to maturity of				2005 Debts with a remaining period to maturity of			
in 000 €								
	< 1 year	> 1 year and < 5 year	> 5 year	Total	< 1 year	> 1 year and < 5 year	> 5 year	Total
Credit institutions	32.728	71.640	220	104.588	32.710	72.149	641	105.500
Non-drawn credit facilities	0	20.000	0	20.000	0	0	0	0
Financial lease	13	27	0	40	9	26	0	35
TOTAL	**32.741**	**91.667**	**220**	**124.628**	**32.719**	**72.175**	**641**	**105.535**
Percentage	**26,3%**	**73,5%**	**0,2%**	**100,0%**	**31,0%**	**68,4%**	**0,6%**	**100,0%**

5.18.2. Classified by maturity date of the drawn amount

	2006 Debts with a remaining period to maturity of				2005 Debts with a remaining period to maturity of			
in 000 €								
	< 1 year	> 1 year and < 5 year	> 5 year	Total	< 1 year	> 1 year and < 5 year	> 5 year	Total
Credit institutions	32.728	71.640	220	104.588	32.710	72.149	641	105.500
Financial lease	13	27	0	40	9	26	0	35
TOTAL	**32.741**	**71.667**	**220**	**104.628**	**32.719**	**72.175**	**641**	**105.535**
Percentage	**31,3%**	**68,5%**	**0,2%**	**100,0%**	**31,0%**	**68,4%**	**0,6%**	**100,0%**

The non-current financial liabilities amount to € 71,9 million and consist of long-term bank financings at a fixed rate of interest.

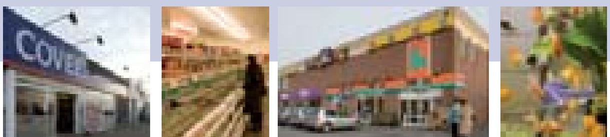
The current financial debts include € 32,7 million in bank loans of which the recognised instalment falls within the year and must be paid back or extended.

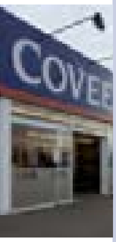
5.18.3. Classified by variabel/fixed interest rate

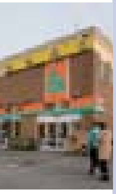
	2006					2005				
	Debts with a remaining period to maturity of			Total	% share	Debts with a remaining period to maturity of			Total	% share
in 000 €										
	< 1 year	> 1 year and < 5 year	> 5 year			< 1 year	> 1 year and < 5 year	> 5 year		
Variable	32.395	0	0	32.395	31,0%	32.395	0	0	32.395	30,7%
Fixed	346	71.667	220	72.233	69,0%	324	72.175	641	73.140	69,3%
TOTAL	**32.741**	**71.667**	**220**	**104.628**	**100,0%**	**32.719**	**72.175**	**641**	**105.535**	**100,0%**

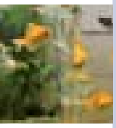
5.18.4. Classified by type of credit facility

	2006		2005	
	Total	% share	Total	% share
in 000 €				
Roll-over advances	2.099	2,0%	2.415	2,3%
Fixed advances	102.489	98,0%	103.085	97,7%
Financial lease	40	0,0%	35	0,0%
TOTAL	**104.628**	**100,0%**	**105.535**	**100,0%**









5.19. Financial instruments

Intervest Retail limits the interest risk and its outstanding banking loans by means of interest swaps in euro. On 31 December 2006 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 2006 the covered amount of the loan amounts to € 25 million (2005 : € 25 million).
Intervest Retail classifies the interest swaps as a cash flow hedge and values them at fair value.

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

	2006		2005	
in 000 €	Book value	Fair value	Book value	Fair value
Financial debts with fixed interest rate	71.860	72.056	73.105	74.126

5.20 Affiliated parties

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

Relation with VastNED Offices BV

	2006	2005
in 000 €		
Current account classified in «other current liabilies»	0	11.719
Interests paid on current account	53	147

Directors and the members of the management committee

The employee benefits for the directors and the members of the management comitee are classified in «Property management costs» and «General costs» (annex 5.5.4. en 5.6).

	2006	2005
in 000 €		
Directors	31	30
Members of the management comitee	281	230
Total	**312**	**260**

The directors and the members of the management committee do not receive additional benefits on the account of the company.

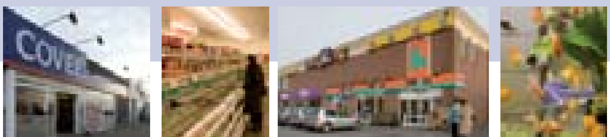
5.21. List of the consolidated companies

The companies below are consolidated by the method of full consolidation

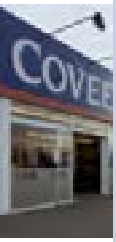
Name of the company	Address	Company number	Capital share (in %)
Messancy Outlet Management sa	Route d'Arlon 199, 6780 Messancy	BE 480 162 668	95%

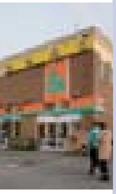
5.22. Fee statutory auditor

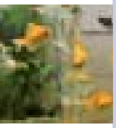
	2006
in 000 €	
Fee incl. VAT	
Fee statutory auditor for the audit mandate	75
Fee for exceptional activities or particular executed assignments within the company by the statutory auditor	
- Other control assignments	0
- Tax counselling assignments	16
- Other assignments beyond statutory assignments	10



5.23. Additional notes







Arbitrage Factory Shopping Messancy

At the beginning of 2005 an application for arbitration was filed to terminate the agreement with the project developer and compensation was demanded. The Arbitrational Board pronounced a judgment on 15 September 2006. The property developer was noticed formally by the Arbitrational Board to proceed to an indemnity payment to Intervest Retail amounting to € 1,4 million because of not respecting the obligations of result agreed at the acquisition of Factory Shopping Messancy. On 2 October 2006 the property developer proceeded to the payment of 75% of the amount of the indemnity.

There is a discussion concerning the payment of the remaining 25%, whereby a second arbitrational procedure was started by Intervest Retail. This procedure that has been introduced on 17 November 2006 will check if the conditions pronounced by the judgment in the first arbitrational procedure, are fulfilled to proceed to the payment of the remaining 25% indemnity.

Purchase of the shopping centre “Julianus” under construction

In December 2005 Intervest Retail signed a draft purchase agreement related to the shopping centre “Julianus” in Tongeren, under construction. The part that is co-owned by the site was bought and paid for in the first quarter of 2006. The structures are paid for in five instalments, with the last instalment being due at the end of 2007. The total acquisition value can be estimated at € 18 million. Currently the third instalment have been invoiced whereby already € 9,8 million of the acquisition price have been invoiced. The project will make a positive contribution to the results from 2008 onwards.

Control BBI (VAT) – Factory Shopping Messancy

On 20 September 2006 the BBI of Ghent started a VAT control concerning the examination of the VAT-deduction on construction charges during 2003 for the project Factory Shopping Messancy.

Currently the inspection controls the ratio of the VAT-deduction applied till now on the base of the actual control of all elements. As the VAT-deduction is related to the construction costs of the project, a potential additional tax assessment will only have a slight impact on the future distributable operating result. At the date of this report it is not possible to estimate if this control will result in an additional tax assessment.

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 RD on property investment funds. For most financings the credit institutions require an interest coverage ratio of 2.

6. Statutory auditor's report

INTERVEST RETAIL NV,
PUBLIC BELGIAN REAL ESTATE INVESTMENT FUND

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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. This report includes our opinion on the consolidated financial statements together with the required additional comments and information.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of INTERVEST RETAIL NV, PUBLIC BELGIAN REAL ESTATE INVESTMENT FUND ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2006, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 287.408 (000) EUR and a consolidated profit for the year then ended of 12.295 (000) EUR.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In accordance with these standards, we considered the group's administrative and accounting organization as well as its internal control processes. The board of directors and responsible officers of the company have replied to all our requests for explanations and information. We have examined, on a test basis, the evidence supporting the amounts in the consolidated financial statements. We have assessed the basis of the accounting methods used, the consolidation policies 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 2006, and of its results 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.

Additional comments

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements and the company's compliance with the requirements of the Companies Code and its articles of association are the responsibility of the board of directors.

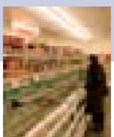
Our responsibility is to include in our report the following additional comments which do not change the scope of our audit opinion on the consolidated financial statements:

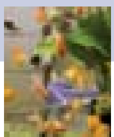
- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principle risks and uncertainties confronting the group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment.

20 February 2007

The Statutory Auditor

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

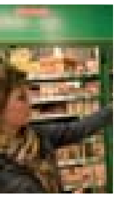
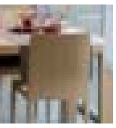


6. General information

INTERVEST
RETAIL

Mechelsesteenweg 38-42, 1910 Kampenhout

1. Identification

1.1. Name

Intervest Retail sa, Public Property Investment Fund with Fixed Capital under Belgian Law, or "sicafi" under Belgian Law.

1.2. Registered office

Uitbreidingstraat 18, 2600 Berchem-Antwerpen.

1.3. Enterprise identification number (RPR Antwerp)

The company is registered in the "Banque Carrefour" 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 June 1987, as published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of 9 July 1987 under no. 870709-272.

The articles of association have been amended on numerous occasions and they were last coordinated on 30 December 2002.

Since 22 December 1998, the company has been recognised as a "property investment fund with fixed capital under Belgian law", or a "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 April 1995.

The articles of association were last amended on 10 May 2006, as published in the Appendices of the Belgian Bulletin of Acts, Orders and Decrees of 1 June 2006 under number 2006-06-01-0090700.

1.5. Duration

The company is 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 and 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 4 December 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 RD of 4 March 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 Intervest Retail 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 "National Bank of Belgium".
- 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[15]

2.1. Shares

Article 8 – Nature of the shares
The shares are bearer or registered shares or, 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.

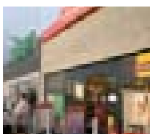
Any transfer between living persons or following death, as well as any exchange of securities, will be recorded in the aforementioned register.

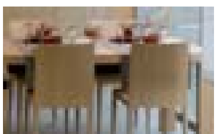
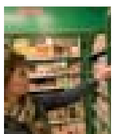
2.2. Ownership

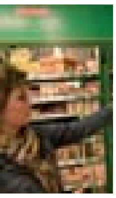
Article 11 – Transparency regulations
In accordance with the regulations of the act of 2 March 1989, all natural persons or legal entities who acquire or surrender shares or other financial instruments with voting rights granted by the company, whether or not these represent the capital, are obliged 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.

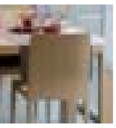
This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

15 These articles are not the complete, nor the literal reproduction of the articles of association. The complete articles of association can be consulted on the company's registered office.







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 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 RD of 10 April 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 March 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 a management committee, whose members are selected from inside or outside the Board. The powers to be transferred to the management 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 a management 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 4 December 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 RD of 10 April 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 4 December 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 first Wednesday of April at 14h30.
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.

Owners of dematerialised shares take care of the communication, at least three days before the intended meeting, of an a certificate from a authorised institutions or a clearing institution, attesting of unavailability of the dematerialised shares till the date of general 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 i.d.f. of a SCRL, which is represented by Mr Rik Neckebroeck, 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 € 60.000 (excl. VAT, incl. costs) a year for the auditing of the annual accounts.

4. Custodian bank

Since 1 September 2002, Bank Degroof has been designated as the custodian bank of Intervest Retail in the sense of articles 12 and seq. of the RD of 10 April 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.

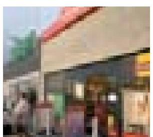
5. Property experts

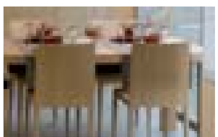
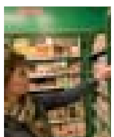
The property experts designated by Intervest Retail are:

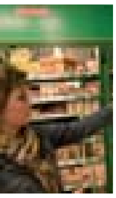
- Cushman & Wakefield, 1000 Brussels, avenue des Arts 58 b 7. The company is represented by Kris Peetermans and Eric Van Dyck

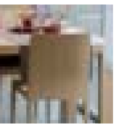
- de Crombrugghe & Partners, 1160 Brussels, avenue G. Demey 72-74. The company is represented by Guibert de Crombrugghe

In accordance with the RD of 10 April 1995, they value four times a year the portfolio.







6. Liquidity provider

In December 2001, a liquidity contract was concluded with Bank Degroof, rue de l'Industrie 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 RD of 10 April 1995 and 10 June 2001 to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT – USA) and the Fiscal Investment Institutions (FBI – Netherlands).

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

The Investment Fund is monitored by the 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 65% (RD of 21 June 2006) 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.

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