ANNUAL REPORT 2007

INTERVEST
RETAIL

FINANCIAL CALENDAR

Announcement annual results as at 31 December 2007: Tuesday 19 February 2008
General meeting of shareholders: Wednesday 2 April 2008 at 2.30 pm
Dividend payable: as from Friday 18 April 2008
Announcement results as at 31 March 2008: Tuesday 13 May 2008
Announcement half year results as at 30 June 2008: Tuesday 5 August 2008
Announcement results as at 30 September 2008: Monday 3 November 2008

KEY FIGURES

INVESTMENT PROPERTY	31.12.2007	31.12.2006
Total lettable area (m^2)	166.591	168.496
Occupancy rate (%)	99 %	96 %
Fair value of investment properties (€ 000)	291.382	266.991
Value of development projects (€ 000)	21.556	13.851
Investment value of investment properties (€ 000)	320.337	287.631

BALANCE SHEET INFORMATION	31.12.2007	31.12.2006
Shareholders' equity (€ 000)	187.762	173.726
Debt ratio RD 21 June 2006 (max. 65%) (%)	43 %	39 %

RESULTS (€ 000)	31.12.2007	31.12.2006
Net rental income	**17.168**	**18.362**
Property management costs and income	-61	59
Property result	**17.107**	**18.421**
Property charges	-4.094	-3.653
General costs and other operating cost and income	-1.034	-953
Operating result before result on the portfolio	**11.979**	**13.815**
Result on the portfolio	16.483	2.386
Operating result	**28.462**	**16.201**
Financial result	-4.556	-3.906
Taxes	-20	0
Net result	**23.886**	**12.295**

DATA PER SHARE	31.12.2007	31.12.2006
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) (€)	36,97	34,21
Net asset value (investment value) (€)	38,43	35,54
Gross dividend (€)	1,47	1,97
Net dividend (€)	1,25	1,67
Share price on closing date (€)	32,80	39,70
Discount (-) / Premium(+) to net asset value (fair value) (%)	- 11 %	16 %

CONTENTS




LETTER TO THE SHAREHOLDERS

Dear shareholder,

We are pleased to present you the annual report for the financial year 2007.

Last year was a particularly dynamic year for Intervest Retail. The circumstances of the market once more evolved favourably which enabled us to realise several interesting transactions.

At all lease transactions of the year 2007 (rental renewals or re-rentals) considerable higher rents are negotiated which results in rental increases of more than 30% average. This exceptional result gives an indication of the revenue potential which the existing portfolio still offers.

In 2007, the valuation of our real estate portfolio has taken advantage of the high demand for qualitative commercial real estate on the investment market. In 2007, the value of the existing portfolio rises with € 36 million, which implies an increase in value of 14 %.

From a commercial point of view the letting of "Shopping Center Julianus" in Tongeren has been successful so that we open the shopping center in the spring of 2008 with a complete tenant occupancy.

For the redevelopment project in Vilvorde, the construction of the commercial part, which will be delivered mid 2008 to H&M, is in full progress. The sale of the 11 apartments of this project is evolving successfully.

In Olen, the realisation of the "Shopping park" has continued and end 2007 an important part of the vacant buildings is demolished.

Further, a lot of attention has been paid in 2007 to the outlet center "Factory Shopping Messancy". In spite of all efforts, the outlet center remained in 2007 from an operational point of view heavy loss-making and there were no prospects for change in the short run. As from mid 2007 a sales procedure started for Factory Shopping Messancy which resulted in the sale of the outlet center in the autumn. In spite of the considerable capital loss generated by this sale, an extreme important step has been made to the improvement of the yield of the property investment fund.

In 2007, Intervest Retail has also been active in a cautious way in the investment market with the acquisition of a geographically well spread retail warehouse portfolio of 21 shops which generate an annual rental income of € 1,3 million and which are mainly let to the specialist of interior decoration Decor Heytens.

With both transactions the occupancy rate of the portfolio grows considerably to the very high level of 99,3 % on 31 December 2007 (95,5 % end 2006).

The dividend per share for 2007 is still under pressure because of Factory Shopping Messancy and amounts to € 1,47 which corresponds to our previously formulated expectations.

After the reorientation of the portfolio in 2007 we can inform you that the outlook for 2008 is positive. Apart from other developments, the sale of Factory Shopping Messancy has as a consequence that the expected dividend for 2008 will increase by about 40 eurocent per share or 27 %.

In 2008 we will, of course, aim to optimize the return of the property investment fund and to realise additional investments through the development of buildings within the existing portfolio and the acquisition of new investments properties in order to extend our position as important retail property investment fund.

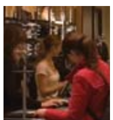
We thank our shareholders for the confidence they have placed in our management and our collaborators for their permanent efforts.

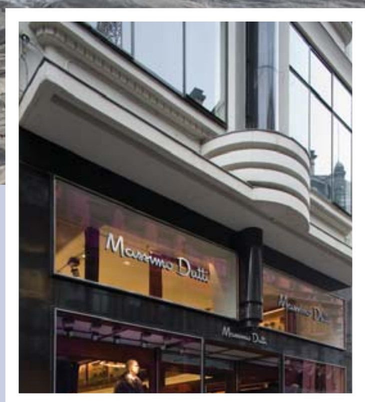
The board of directors

Reinier van Gerrevink
Managing director

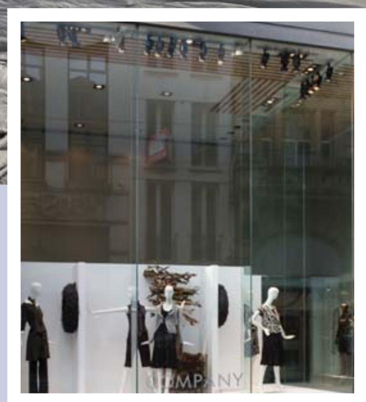
Paul Christiaens
Chairman of the board of directors





Massimo Dutti
Antwerpen



Company
Antwerpen

REPORT OF THE BOARD OF DIRECTORS

Naf Naf
Wavre

PROFILE

Intervest Retail invests exclusively in Belgian commercial property, focusing primarily on inner-city locations in prime locations, retail warehouses and shopping centers.

At present the portfolio is made up of 246 lettable units, spread over 97 different locations. 46 % of the property portfolio consists of inner-city locations, 54 % of retail warehouses. The total fair value of the investment properties amounts to € 291 million on 31 December 2007 and the value of the development projects amounts to € 22 million.

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998 and is listed on Euronext Brussels.

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 real estate 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 located 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.

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 – to gain the attention of professional investors. In addition, shares in property investment funds are generally purchased as longer-term investments rather than on a speculative basis, which reduces the number of transactions.

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

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 posi-**

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

The board of directors takes extreme care to ensure that all growth is in the exclusive interest of the shareholders. The board of directors remains alert on any form of conflict of interest with the majority shareholder.

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.

Intervest Retail is 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.

Improvement of risk spread

Intervest Retail tries 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 property 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 lease contracts 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.

CORPORATE GOVERNANCE

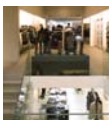
General

Corporate governance is an important instrument 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 requires 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 administrative bodies of Interest Retail can be consulted on the company website (www.intervest.be).

Composition and operation of the board of directors

The board of directors comprises 7 members, 4 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.

Paul Christiaens
Chairman,
independent director
Vijverstraat 53,
3040 Huldenberg
Term: April 2010
Director of companies

Reinier van Gerrevink
Director (managing since
1 January 2008)
Bankastraat 123
NL-2585 EL 's Gravenhage
Term: April 2008
Chief executive officer
VastNed Group

Gérard Philippson
Independent director
Avenue de Saturne 34,
1180 Brussels
Term: April 2010
Managing director
Sopedi

Hubert Roovers
Managing director
Franklin Rooseveltlaan 38
NL- 4835 AB Breda
Term: April 2008
Managing director
Intervest Offices sa

Nick van Ommen
Independent director
Beethovenweg 50
NL-2202 AH Noordwijk aan Zee
Term: April 2010
Director of companies

Joost Rijnboutt
Independent director,
managing director
Leopold de Waelplaats 28/42
2000 Antwerpen
Term: Till 31 December 2007
Managing director
Intervest Offices sa

Hans Pars
Director
Platolaan 44
NL- 3707 GG Zeist
Term: April 2010
Chief investment officer
VastNed Group

In 2007, Joost Rijnboutt and Huub Roovers have been charged with monitoring the day-to-day management, in application of article 4 § 1 5° of the RD of 10 April 1995 on property investment funds. As from 1 January 2008, Reinier van Gerrevink has been appointed as managing director in succession to Joost Rijnboutt.

During the financial year 2007, Reinier van Gerrevink, Hans Pars and Hubert Roovers have represented the majority shareholder VastNed Retail sa.

According to the decision of the general meeting of 4 April 2007, the mandate of Joost Rijnboutt has ended at his request on 31 December 2007. De board of directors thanks Joost Rijnboutt heartily for his contribution during many years to the board of directors of Intervest Retail. Joost Rijnboutt has been replaced as independent director by means of cooptation as from 1 January 2008 by European Maritime Surveys Organisation sprl (abbreviated EMSO sprl) with business manager and permanent representative Prof. dr. Chris Peeters.

EMSO permanently represented by Prof. dr. Chris Peeters
Independent director
Jan Moorkensstraat 68, 2600 Berchem
Cooptation as from 1 January 2008
Transport economist, managing director Policy Research Corporation sa

The board of directors has met eight times in 2007. All directors have attended all meetings, except for Hans Pars on 7 May 2007, Reinier van Gerrevink and Paul Christiaens on 31 October 2007 and Nick van Ommen on 5 December 2007.

The most important items on the agenda in 2007 have been:

- Approval of the quarterly, half-yearly and annual figures
- Approval of the annual accounts and the statutory reports
- Approval of the budgets and the business plan 2008
- Discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurance, renovations, etc.)
- Acquisition of the Heytens portfolio
- Sale of the outlet center Factory Shopping Messancy
- Composition of the audit committee and change of the chairman of the board of directors
- The conflict of interest procedure regarding the request of majority shareholder VastNed Retail to make certain information not available to public, available in the framework of a selection procedure started to select a preferred candidate-bidder for a public bid on VastNed Retail
- Cooptation of director EMSO, sprl, permanently represented by Prof. dr. Chris Peeters

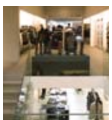
Composition and operation of the audit committee

The audit committee comprises 4 directors: Nick van Ommen (chairman), Paul Christiaens, Gérard Philippson and Hans Pars. As from 1 January 2008 Hans Pars has been replaced by EMSO sprl, permanently represented by Prof. dr. Chris Peeters. The term of their mandate in the audit committee is not specified.

The audit committee met four times in 2007. All members attended all meetings, except for Hans Pars on 7 May 2007 and Paul Christiaens on 31 October 2007.

The most important items on the agenda of the audit committee in 2007 have been:

- Discussion on the quarterly, half-yearly and annual figures
- Analysis of the annual accounts and statutory reports

the management committee
from left to right
Reinier van Gerrevink, Rudi Taelemans, Inge Tas, Jean-Paul Sols

- Discussion on the budgets
- Analysis of the recommendations of the statutory auditor
- Analysis of the internal control systems of the company

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 management committee

In 2007, the management committee is composed as follows:
- Sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- Sprl Rudi Taelemans, represented by Rudi Taelemans, chief operating officer
- Inge Tas, chief financial officer
- Reinier van Gerrevink, managing director

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 that can be consulted on the website (www.intervest.be).

Remuneration

The directors representing the majority shareholder have waived a director's fee. The independent, non-executive directors receive an annual fixed fee.

The fixed fees in 2007 amount to:
- 15.000 € per annum as chairman of the board of directors
- 14.000 € per annum as member of the board of directors
- 0 € per annum as member of a committee
- 0 € per annum for performing the role of chairman of a committee

Since the management committee in 2007 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 2007 to the members of the management committee and the managing director is € 321.589 and a variable remuneration of € 27.000. In the financial year 2007, no shares or share options have been 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 twelve months to a year and a half fixed fee.

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 Rik Neckebroeck, statutory auditor.

Property experts

The property portfolio is valued each quarter by two independent surveyors, namely: de Crombrugghe & Partners and Cushman & Wakefield. Since end 2007 CB Richard Ellis has also been appointed as independent property surveyor.

Compliance officer

According 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.

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 interest 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.

In this frame the board of directors wishes to mention that the procedure for avoiding conflicts of interest has been applied in December 2007 regarding the request of majority shareholder VastNed Retail to make certain information not available to public, available in the framework of a selection procedure started to select a preferred candidate-bidder for a public bid on VastNed Retail. It is referred to note 26 of the financial report for a more detailed description of the applied procedure.

"Comply or explain"-principe

In 2007 a derogation of the following terms of the code mentioned below occurred (explain):

Terms 5.3 and 5.4 on the operation of the committees (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 above, 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.

RISK MANAGEMENT

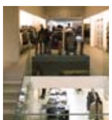
The Law of 13 January 2006 (as published in the Official Gazette on 20 January 2006) modified article 96, 1° of the Company code concerning the content of the annual report. In accordance with this law modification, the company describes below the main risks and uncertainties it has to cope with.

In 2007, the board of directors of Intervest Retail has once more paid a lot of attention to risk management within the company. Strategic risk management gives on a systematic, structured and proactive way, a view of the opportunities and threats of the company and leads to the determination of important management measures and management systems.

On the base of COSO, the reference frame for internal control that has been developed by 'The Committee of Sponsoring Organizations of the Treadway Commission' (COSO)', Intervest Retail has identified the risks mentioned below and linked them to adequate management measures.

Strategic risks

These risks are in a large measure determined by the strategic choices made by Intervest Retail in order to limit the sensibility to external factors. The size of these risks is determined by the strategic choices

regarding the investment policy, as the choice of:

- **type of real estate:** in principle the choice is made to invest in (all types of) commercial properties, whereby is searched for a good balance between inner-city shops and retail warehouses and a good geographic spread in Belgium.
- **period of investment:** on the basis of the knowledge of the economic and real estate cycles it is attempted to anticipate as good as possible to the upward and downward movements of the market.

Operating risks

These risks arise from the daily transactions and (external) events which are executed within the strategic frame, such as:

- **investment risks:** within Intervest Retail internal control measures have been taken to limit the risk of wrong investment decisions. A precise evaluation is made of the risk profile on the basis of market research, the evaluation of the future yields, a screening of existing tenants, a study of environmental and permit requirements, an analysis of the fiscal risks, etc.

- **rental risks:** these risks are related to the type and location of the property, the extent in which it must compete with neighbouring buildings, the quality of the property, the quality of the tenant and the lease. Intervest Retail makes continuously an inventory of the development of these factors. On a regular base a risk profile is attributed to each property (on the base of own local knowledge and information of external valuers).

  In function of the risk profile a certain return on a certain period has to be realised that is compared to the expected return on the basis of the internal return model. On this basis, an analysis is made in which project additional investments have to be made, where the tenant mix has to be adapted and which buildings have to be taken into consideration for sale. Besides, each quarter the vacancy and the vacancy risk are analysed, considering the expiry dates of the leases. Within the rules of the current lease legislation a balanced spread of the duration of the leases is pursued. In this way it is possible to anticipate in time to future lease resignations and contract reviews.

- **cost control – risks:** the risk exists that the net return on real estate is influenced negatively by high operational costs and investments. Within Intervest Retail different internal control measures are applied which limit this risk, such as the periodical comparison of maintenance budgets with the reality and approval procedures for contracting maintenance and investment obligations.

- **debtor's risks:** within Intervest Retail clear procedures apply for screening tenants when new leases are concluded. At the conclusion of leases guarantees, are paid or bank guarantees are deposited. Besides internal control procedures have been installed to guarantee that lease receivables are recovered in time and that lease arrears are effectively followed up. The financial and property administration controls conscientiously the lease arrears to limit them.

- **legal and fiscal risks:** contracts to be signed with third parties are, as the complexity requires it, checked with external advisors, in order to limit the risk of financial and reputation damage as a result of inadequate contracts. Further, Intervest Retail is assured against liabilities resulting from its activities or its investments.

  Tax law plays an important role for investment in real estate (VAT, registration rights, exit tax, ground rent tax in case of split acquisitions, withholding tax,…, etc.). These tax risks are continuously monitored and where necessary supported by external advisors.

Financial risks

The major financial risks are the financing risk, the liquidity risk and the interest rate risk.

- **financing risk:** the real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase of borrowed capital compared to shareholders' equity can result in a higher return (so called 'leverage'), but also in an increased risk. In case of disappointing returns from properties and decreases in value the risk exists that a high degree of leverage interest and instalment requirements of borrowed capital and other payment obligations can not be met. Financing with new borrowed capital can in this case not be obtained or at very unfavourable conditions. To be able to fulfil the payment obligations properties then have to be sold, incurring the risk that it can not be realised at the most favourable conditions. The value development of the retail portfolio is mainly determined by developments on the retail market cycle. Intervest Retail aims at a balanced ratio for the financing of its real estate with shareholders' equity and borrowed capital. Besides Intervest Retail aims to secure the access to the capital market through providing transparent information and regular contacts with bankers and (potential) shareholders and through the increase of the liquidity of the share. Finally for long term financing, a balanced spread of the refinancing dates and a weighted average duration between 3,5 and 5,0 year is targeted.

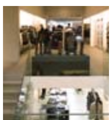
- **liquidity risk:** Intervest Retail has to generate sufficient cash flow to satisfy its daily payment obligations. On the one hand, this risk is limited by the measures described under operational risks, whereby the risk of losing cash flows by, for instance, vacancy, bankruptcy of tenants is limited. Intervest Retail must, on the other hand, dispose of sufficient credit facilities in order to face fluctuations in liquidity needs. Therefore cash flow forecasts are made. Besides, Intervest Retail has foreseen enough credit facilities at its bankers to face these fluctuations. To be able to call on this credit facilities, the conditions of bank facilities must permanently be met.

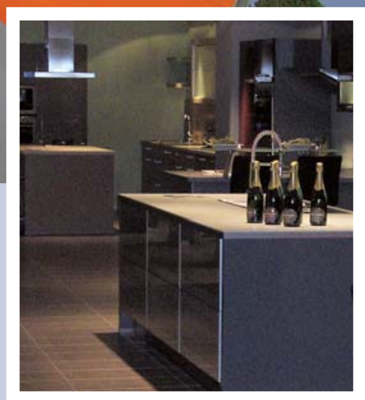
- **rental risk:** as a result of the financing with borrowed capital, the return also depends on the developments of the interest rate. To limit this risk by composition of the borrowed portfolio, a relation of one third short term borrowed capital and two third long term borrowed capital (with fixed interest rate) is pursued. Depending on the developments of the interest rates it can be temporary deviated from. Besides, within the long term borrowed capital a balanced spread of the dates of review of the interest rates and a duration of minimum 3 years are pursued. During 2006 a number of interest rate swaps has been concluded with duration of 5 year to limit the future interest rate risk.

Compliance risico's

This contains the risk that important laws and regulations are not adequately complied with and that employees do not act honestly. Intervest Retail limits this risk by making employees conscious of this risk and it takes care that they are sufficiently informed of the modifications of important laws and regulations, supported by external legal advisors. In order to guarantee an honest company culture Intervest Retail has already drawn up in the past an internal code of conduct and a whistleblower's code.

Intervest Retail spends adequate attention to the control of the above mentioned risks. Intervest Retail remains, regarding its dimension, a limited organisation without separate internal audit department. Due to the limited complexity of the daily transactions and the short reporting and communication lines, the board of directors estimates this adequate from a point of view of risk management.

Eggo
Hasselt

REPORT OF THE MANAGEMENT COMMITTEE

THE COMMERCIAL PROPERTY MARKET[1]

General

The rental market as well as the investment market have a record year in 2007 in Belgium, whereby it is mainly an active year for retail warehouses.

In general, rents for commercial real estate in 2007 increase only to a limited extent. The persistent yield compression givrd rise to permanent high prices on the investment market.

The rental market

The Belgian rental market has never been so active as in 2007. More than 290.000 m² commercial surface area have been let which is largely 40 % more than in 2006. The majority of the transactions have to be attributed to new shopping centers and retail warehouses. The existing commercial landscape does clearly not correspond any more to the increasing demand from national as well as international retailers.

Inner-city shops

The most important inner-cities have a relative quiet year. The shortage of commercial shops is without any doubt the reason.

The only exception is Antwerp which could attract with the City Hall a lot of new international chain stores to inner-cities.

Hence rents of the inner-city of Antwerp increase, according the some sources to € 150 m². Agents can not agree if the rue Neuve in Brussels or the Meir in Antwerp is the most expensive shopping street in Belgium. Both shopping streets seem certainly equal.

Nevertheless it is not expected that Antwerp will grow into the most expensive shopping city of Belgium. The renovation in Brussels of the Centre Monnaie and the Anspach Center is ongoing. These redevelopments will certainly give a new impulse to the inner city of Brussels.

A tendency which is going on since a few years and which manifests itself again in 2007 is the growing number of lettings to larger chain stores in secondary cities such as Louvain, Courtrai, Malines and Knokke. Retailers with ambitious expansion plans have to face the shortage of shops in larger commercial cities. The rents in these secondary cities increase more than those in the larger commercial cities.

The most active group of retailers in inner cities remains the fashion branch. New international chains open a store in Belgium (Urban Outfitters, Pull & Bear, …) and existing chains pursue their expansion (Bestseller, Score, …). Also telecom companies are in full expansion. The Phone House with its 12 new stores is even the most active retailer in inner-cities in 2007.

Retail warehouses

The most important surface areas are let to the growing segment of retail warehouses. This tendency will probably be maintained in 2008. For the next 3 years, new surface areas of more than 550.000 m² are in the pipeline for retail warehouses.

Rents are going up, a tendency which will probably persist. Certain retailers from inner cities extend their expansion plans towards the periphery. Moreover, certain projects for retail warehouses which are planned, are conceived as shopping centers with common services to the clients and a marketing budget.

A notable newcomer is undoubtedly Saturn which opens 6.000 m² in Wilrijk. Also in the inner-city of Antwerp (City Hall) this chain opened a store.

[1] This text is mainly based on Retail Focus, Annex Expertise News (Property Investment 2008) and CBRE Market Review.

Commercial centers

Last year a lot of square meters have been let in shopping centers. 2007 is characterized by the opening of new centers such as the City Hall in Antwerp, the Party and Culture Palace in Ostend and the Stadplein in Genk, but also in the existing shopping centers a lot of new shops open.

Also in this segment the rents increase less than in 2006. In Wijnegem Shopping Center and in Woluwe Shopping Center the rents amount to € 1.100 m².

For the coming three years more than 520.000 m² of commercial surface area will be created in new and existing shopping centers.

The investment market

In 2007, € 750 million is invested in Belgian commercial real estate, which is an absolute record.

The investment volume increases steadily since 2004. It is remarkable that for 2007 almost half of the investments relate to retail warehouses. Besides, the yields in the warehouse segment decrease less than in inner-cities.

This year a total amount of € 160 million has been invested in inner cities. The most important players on this market are professional private groups which invest considerable amounts of equity. Considering the present credit shortage, this tendency will persist in 2008.

In 2007, no noticeable deals are concluded regarding shopping centers.

Investors on the Belgian market remain mainly Belgian and Dutch, but this year there are also a few Anglo-Saxons players on the market. Considering that the yields are expected to increase again in 2008, the Belgian market remains an attractive investment market.


Heytens
Jemappes

IMPORTANT DEVELOPMENTS IN 2007

Value increase real estate portfolio

In 2007, the value of the real estate portfolio passes from € 281 million to € 313 million.

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

• value portfolio as at 1 January 2007:	€ 281
• investments:	€ 28
• sales:	- € 33
• non-realised capital gains:	€ 39
• non-realised capital losses:	- € 2
• value portfolio as at 31 December 2007:	€ 313

The non-realised capital gains result mainly from the general yield compression. Besides, a number of properties are subjected to corrections on the rental value in accordance with rental values on the market.

Evolution on the rental market

Taking into account the present circumstances of the market, Intervest Retail focuses on a very active asset management in order to optimize through negotiations the rental potential still present in the existing portfolio, and in order to bring the rents at a current level.

Rent increases of approximately 30 % are obtained in rental renewals (14 transactions). Globally an annual rental volume of € 1.147.545 (annual rent) has been renegotiated and reaches now € 1.496.230.

Besides, a few particular transactions have taken place in which the rental potential of the existing portfolio has been used optimally.

Notably in Brussels, Chaussée d'Ixelles, advantage has been taken of the departure of H&M to let to Zara, one of the top brands from the Inditex group. The total investment for Intervest Retail in this operation amounts to € 230.000 whereby the annual rent increase with about € 75.000.

Also in Malines the departure of Vögele has been used to lease the property to H&M, linked to the extension of the surface area from approximately 1.100 m² to 2.300 m². The investments performed by Intervest Retail for this letting amount to € 506.000 and generating an increase of the annual rent of € 200.000 per year.

Acquisition Heytens retail portfolio

In November 2007, Intervest Retail acquired the full control of the real estate company Pegasus Vastgoedmaatschappij sa, owner of a portfolio of retail warehouses, which are mainly let to the interior decoration specialist Decor Heytens.

The acquired portfolio consists of 21 retail warehouses with an occupancy rate of 100 %. The portfolio has a fair value of € 19 million. The retail warehouses generates a gross initial rental income of about € 1,3 million on annual basis and offer the property investment fund a net initial yield of 5,8 %.

The 21 acquired retail warehouses are geographically spread across Belgium and are in excellent commercial locations mainly in retail parks. The total lettable surface area amounts to 17.351 m². All shops are fully let at rents conforming the market. The average remaining duration of the lease contracts in the portfolio is 6,8 year. Approximately 75 % of the shops are let to Decor Heytens, the other shops are let to Shoe Discount, Eldi, Baby 2000, Rév Interieur and Intermatelas.

Intervest Retail strengthens with this investment its position as property investment fund operating in Belgian commercial real estate. The positive evolution of the Belgian rental market will result in the future in a rent growth of this portfolio. Moreover, this acquisition contributes in 2007 to the net rental income (€ 0,1 million) and the operating result of the property investment fund.

Factory Shopping
Messancy

Disinvestments

Factory Shopping Messancy

At the end of November 2007 Intervest Retail has sold its factory outlet center “Factory Shopping Messancy” located in Messancy (Luxemburg) for € 12 million. The buyer is a property fund managed by Henderson Global Investors.

Factory Shopping Messancy, which at the moment of the sale represented approximately 10 % of the value of the portfolio of the property investment fund comprises 50 shops on a commercial surface area of 18.466 m². The reason for the sale is that the outlet center, despite the commercial efforts of the property investment fund, had a negative operating result and that no improvement was to be expected on the short term. As a result of the sale the occupancy rate of the total portfolio of Intervest Retail increases considerably.

Intervest Retail expects that the sale will strongly improve the operating result of the property investment fund. Not taking into account new investments, it is expected that the distributable profit in 2008 as a result of this sale will increase by approximately € 2 million compared to the distributable profit in 2007. The gross dividend per share in 2008, apart from other developments such as investments, rent improvements or interest rate changes, will increase by 40 eurocent per share or 27 %.

The sale price of the center is € 18 million lower than the book value (fair value) on 31 December 2006. Taking into account the additional costs (including a VAT- regularisation) the realised capital loss amounts to approximately € 20 million which are allocated to the undistributable reserves of the property investment fund.

This disinvestment represents in 2007 a very important step towards the improvement of the return of the property investment fund. In spite of the realised capital loss, the sale has a positive effect on the dividend which Intervest Retail can distribute to its shareholders as from the financial year 2008. The liberated financial means will be used for investments with an adequate return.

Non- strategic properties

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:

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

Within this frame three properties were sold during 2007, with a total capital gain of € 0,4 million compared to the fair value of € 4 million. It concerns small non-strategic properties difficult to let and located in Antwerp, Charleroi and Luxemburg. The total surface area of these properties amounts to 3.090 m².




H&M
Vilvorde

Redevelopment Vilvorde

On 1 October 2007 the planned redevelopment of the building located Nowé in Vilvorde started.

After demolition of the existing building, a new high-quality architectural design from the Bureau of Architects Styfhals & Partners is being build, with a commercial space reserved for H&M and eleven luxurious apartments on the floors. The built surface area amounts to approximately 2.720 m², from which nearly 1.113 m² lettable commercial surface area.

The delivery of the commercial part to H&M is planned for September 2008. The delivery of the apartments is planned towards the end of 2008. The sale on plan of the apartments has started at the end of 2007 and currently several apartments are already sold.

Development project Shopping Park in Olen

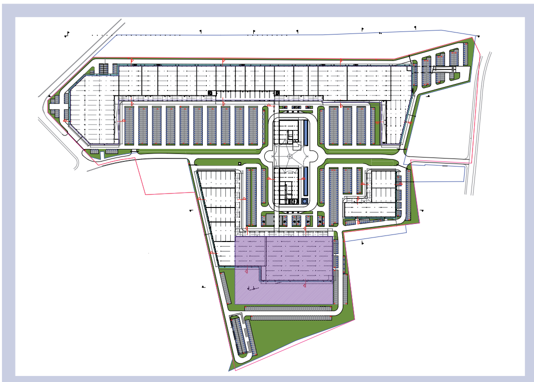
Intervest Retail works at the redeveloping of the present Van De Ven shopping center in Olen into a unique, innovative new-generation shopping park in order to exploit the retail site's potential to the optimum. More specific, Intervest Retail considers an open air park based on the themes of "home", "garden" and "hobbies & leisure" with a large range of services and facilities. The center will have a surface area of approximately 35.000 m² (26.642 m²) and will be nested in pleasant surroundings. The overall concept is intended to provide visitors with the optimum shopping experience and represent commercial added value for tenants. 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. The concept as it is presented now will require an investment of € 35 to € 40 million.

Mid 2006 a building permit was granted by the municipality of Olen. However, a neighbour-competitor asked the Council of State the suspension and the cancellation of the execution of building permit. During the second quarter of 2007 the Council of State rejected this request of suspension. Herewith the obtained building permit can immediately be executed so that Intervest Retail can start the building works. This competitor has nevertheless decided to go on with his request for cancellation of the building permit.

Besides, this competitor has requested the Council of State the cancellation of the socio-economic permit (although this competitor has not introduced a request of suspension).

A verdict concerning these two the requests of cancellation will probably last a few years. In practice, the development of large-scale commercial projects often faces resistance. Such procedures before the Council of State are therefore not exceptional.

End 2007 Intervest Retail has started the demolition works of the at that moment vacant buildings (approximately 14.000 m²). The remaining part (approximately 14.000 m²) is currently still occupied by several tenants. At the end of December 2007 an agreement was concluded with the major tenant, ending the lease contract on 30 June 2008, so that nothing can prohibit the start and construction of the new project.



Ground plan redevelopment Shopping Park in Olen

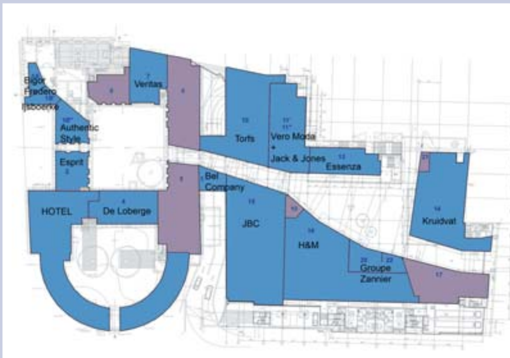
Development project commercial center Julianus in Tongeren is fully let

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 commercial part consisting of 23 shops (total surface area 8.900 m²). The total acquisition value amounts to approximately € 18 million at a gross initial yield of 6,9 %. The net initial yield amounts to 6,7 %. In 2007 an amount of € 7 million has been invested. The investment will have a positive contribution to the operating result as from 2008.

During the second half year of 2007, the commercialisation of the project has accelerated. When it became clear that – due to the important competition of the large food retailers – it was difficult to attract a renowned distribution group for the exploitation of the supermarket on floor -1, Heijmans Vastgoed and Intervest Retail reached an agreement for an alternative use of this floor. On the one hand a lease was signed with H&M for an extension of 686 m² on floor -1, accessible with an internal elevator and stairs at the back of the shop on the ground floor. On the other hand an agreement was concluded with SportsWorld for a surface area of 1.105 m². This shop is directly accessible from the car park as well as through a starcaise in a ground floor unit. This lease represents undoubtedly an important added value to the project.
Other available units are leased by Appel's, Damart, Pépé Jeans, Subway, Biosleepworld and KBC. With the already signed lease contracts with Kruidvat, H&M, JBC, Torfs, Veritas, Essenza, Bel Company and Esprit, the commercial center Julianus can be proud of renowned tenants and an interesting tenant mix.

The works in the surroundings of the project by the city of Tongeren are also in a final phase. The works at the Schierveldstraat, Veemarkt and Leopoldwal are finished and the works at the Clarissenstraat are coming to an end. Once these works are finished, the underground car park can be officially opened. A successful pilot project has already taken place during the Christmas period 2007.

The commercial center has been officially inaugurated with festivities on 12 March 2008 on which all inhabitants of Tongeren have been invited. The commercial opening for the public has taken place on 13 March 2008.



Ground plan redevelopment Julianus Shopping

Julianus Shopping




SUMMARY OF THE ACCOUNTS

INCOME STATEMENT *(in thousands €)*	**2007**	**2006**
Rental income	17.686	18.457
Rental related expenses	-518	-95
Property management income and costs	-61	59
Property result	**17.107**	**18.421**
Property charges	-4.094	-3.653
General costs and other operating income and expenses	-1.034	-953
Operating result before result on the portfolio	**11.979**	**13.815**
Result on disposals of investment property	-19.531	-1.151
Changes in the fair value of investment properties	36.014	3.537
Operating result	**28.462**	**16.201**
Financial result	-4.556	-3.906
Taxes	-20	0
Net result	**23.886**	**12.295**

RESULT PER SHARE	**2007**	**2006**
Number of ordinary shares in circulation	5.078.525	5.078.525
Net profit per ordinary share (in €)	4,70	2,42
Distributable earnings per share (in €)	1,47	1,97

BALANCE SHEET *(in thousands €)*	**2007**	**2006**
ASSETS		
Non current assets	**313.413**	**281.284**
Intangible assets	18	24
Investment properties	291.382	266.991
Development projects	21.556	13.851
Other tangible fixed assets	379	400
Financial fixed assets	60	0
Trade receivables and other non current assets	18	18
Current assets	**18.563**	**6.124**
Assets held for sale	12.133	0
Trade receivables	675	1.094
Tax receivables and other current assets	4.085	3.812
Cash and cash equivalents	1.486	1.069
Deferred charges and accrued income	184	149
Total assets	**331.976**	**287.408**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**187.762**	**173.726**
Non current liabilities	**67.178**	**72.250**
Provisions	195	195
Non current financial debts	66.608	71.887
Other non current liabilities	69	168
Deferred taxes	306	0
Current liabilities	**77.036**	**41.432**
Current financial debts	62.754	32.741
Trade debts and other current debts	10.625	5.110
Other current liabilities	2.341	2.358
Accrued charges and deferred income	1.316	1.223
Total shareholders' equity and liabilities	**331.976**	**287.408**


COMMENTS ON THE ACCOUNTS[2]

Reorientation in 2007 offers positive prospects for 2008

Income statement

In 2007, the property result decreases with € 1,3 million to € 17,1 million (€ 18,4 million) as a result of the sale of properties mid 2006, the financial incentives for the tenants and the doubtful debtors of the sold outlet centre Factory Shopping Messancy and the one-time indemnity received in prior financial year 2006 from the property developer of Factory Shopping Messancy (€ 0,8 million related to rental income).

The operating result before the result on the portfolio amounts to € 12,0 million (€ 13,8 million). The decrease of € 1,8 million is the direct result of the lower property result and the increasing property charges (specially marketing and service charges of Factory Shopping Messancy, which from a commercial point of view, can not be charged to the tenants).

The positive change of fair value of the real estate portfolio results from the valuation of the property experts and amounts to € 36 million or 14 % in 2007 (€ 3,5 million). The increasing demand of commercial properties on the rental and investment market persists. Rental renewals in the commercial portfolio of Intervest Retail are concluded at higher rents. This positive development is reflected in the substantial increase in value of the real estate portfolio of the property investment fund.

In 2007, the result of the sale of investment properties comprises a capital loss of € 19,5 million and is related to the sale of Factory Shopping Messancy and three non-strategic buildings. The sales price of the outlet center lies € 18 million lower than the book value on 31 December 2006. Taking into account the additional charges (including the VAT revision) the realised capital loss of the financial year 2007 amounts approximately to € 20 million.

The financial result amounts to - € 4,6 million (- € 3,9 million) due to the increase of the interest charges as a result of the rise of the short-term interest rates. Besides, the property investment fund received in 2006 a one-time amount of € 0,1 million moratory interests as a result of the arbitrational judgment against the property developer of Factory Shopping Messancy.

The net result of 2007 increases with € 11,6 million to € 23,9 million (€ 12,3 million). This net result can be divided in:

- an operating distributable result of € 7,4 million (€ 10,0 million) that is negatively influenced by the financial situation of the sold Factory Shopping Messancy. Besides, the result of 2006 had a one-time positive effect due to the indemnity (€ 1 million) received from the arbitrational procedure against the property developer of Factory Shopping Messancy; and
- the result on the portfolio of € 16,5 million (€ 2,4 million) as a consequence of the revaluation of the real estate portfolio with € 36 million (€ 3,5 million) and the capital loss on the sale of investment properties of € 19,5 million.

For the financial year 2007, this represents a gross dividend per share of € 1,47 (€ 1,97) which corresponds to our previous formulated expectations.

Assets

The non-current assets increase by € 281 million to € 313 million. The investment properties increase by € 24 million and the development projects rise because of the progress of the Julianus project in Tongeren. The investment properties are valued on 31 December 2007 by the independent property experts at € 320 million (investment value). On 31 December 2007 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) of the portfolio amounts to € 313 million (€ 281 million). This rise with € 32 million is mainly due to the increase in value of the commercial portfolio (€ 36 million), the acquisition of the Heytens portfolio (€ 20 million), the investments in the Julianus project in Tongeren (€ 7 million), the sale of Factory

[2] Comparable figures on 31 December 2006 between brackets.

Shopping Messancy (- € 29 million) and the sale of three non-strategic buildings (- € 4 million).

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

The current assets amount to € 19 million, consisting of € 12 million assets held for sale (mainly Factory Shopping Messancy), of € 1 million in trade receivables, of € 4 million other receivables, of € 1 million funds in bank accounts. A provision of € 1 million for bad debts has been accounted for (€ 1 million).

Shareholders' equity and liabilities

The shareholders' equity of the property investment fund amounts to € 188 million. The share capital is unchanged at € 97 million. The share premiums are unchanged compared to prior year (€ 4 million). The reserves amount to € 85 million and consist of non-realized capital gains as a result of the valuation of the real estate portfolio at fair value. These non-distributable reserves increase by € 17 million compared to prior year. The result on 31 December 2007 amounts to € 24 million. The shareholders' equity is been reduced by the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (€ 7 million) and increased with by the change in the fair value of financial derivatives.

The board of directors can explicitly increase the share capital on one or more occasions by an amount of € 97.213.233. This permission is valid until 9 May 2013.

On 31 December 2007 the net asset value (fair value) of the share amounts to € 36,97 (€ 34,21). Given that the share price on 31 December 2007 is € 32,80, the Intervest Retail share is quoted with a discount of 11 % compared to this net asset value (fair value).

Compared to prior year, the non-current debts decrease with € 5 million to € 67 million. This decrease can mainly be explained by the non-current financial debts which expire in 2008 and are classified under current financial debt. The non-current financial debts amount to € 67 million and consist of long-term bank financing. The non-current provisions consist of fees for legal disputes. The other non-current liabilities (€ 0,1 million) consist of guarantees received from tenants. The deferred taxes of € 0,3 million consist of deferred tax liabilities of the group company EuroInvest Retail Properties sa.

The current liabilities amount to € 77 million and consist of € 63 million of bank loans of which the instalment is due within the year and must be repaid or extended, € 11 million of trade debts and invoices to be received and provisions for exit tax and VAT to be regularized for the sale of Factory Shopping Messancy, € 2 million of and miscellaneous debts, and finally € 1 million of accrued charges and deferred income.

The average rate of interest paid for the interest-bearing borrowed capital amounts to 4,5 %.

In accordance with the calculation method of article 6 of the RD of 21 June 2006, the debt ratio amounts to 43 % on 31 December 2007 (39 %).


PROFIT DISTRIBUTION 2007

The board of directors proposes that the consolidated profit for the financial year be distributed as follows:

In thousands of €

profit of the financial year	€ 23.886
allocation of portfolio result to non-distributable reserves	- € 16.483
profit to be carried forward	€ 7.403

The general meeting of shareholders on 2 April 2008 will be proposed to distribute a gross dividend of € 1,47 per share. This is € 1,25 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 € 7.465.432.[3]

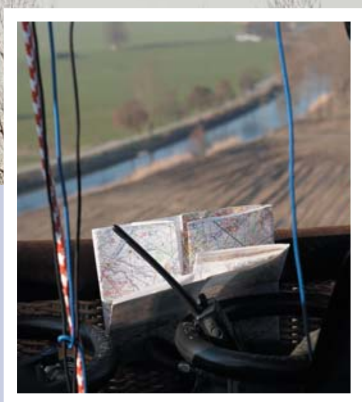
The dividend is higher than the required minimum of 80 % of the net profit, because, in accordance with its policy, 100 % of the distributable profit will be paid out in 2007. The dividend will be payable as of 18 April 2008. As far as the bearer shares are concerned, this can be on submission of dividend certificate number 8.

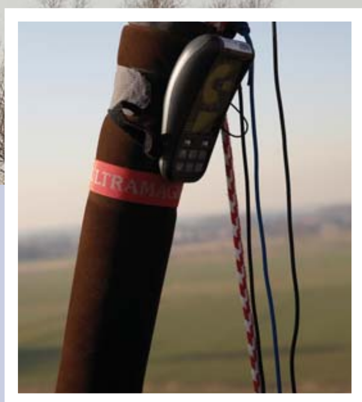
OUTLOOK FOR 2008

Intervest Retail expects that the sale of the outlet center Factory Shopping Messancy and the purchase of the Heytens retail warehouses portfolio will strongly improve the operating result of the property investment fund in 2008. Without taking into account new investments, it is expected that the distributable result will increase in 2008 with approximately € 2 million compared to the expected distributable result of 2007. Herewith is expected that in 2008 the gross dividend per share, apart from other developments, such as investments, rental improvements or changes in interest rates, will increase by 40 eurocent per share or 27 % compared to the dividend of 2007.

On the short term our efforts will be concentrated on the optimisation of the rental income of the existing portfolio and the realisation of ongoing projects. It is also the objective that the portfolio should grow, depending on the investment opportunities which will occur on the investment market.

3 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 based on the statutory results.






eggo
de keuken
van mijn leven

Mango
Brussel

Laura Ashley
Antwerpen

Vögele
Turnhout

REPORT
ON THE SHARE

STOCK MARKET INFORMATION

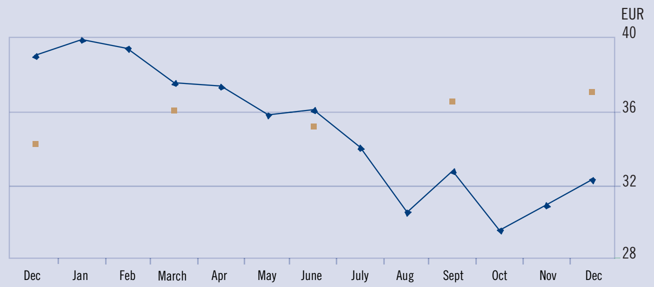
EVOLUTION OF THE SHARE PRICE

In 2007 the share price was subject to a certain amount of fluctuation. At its lowest point it reached € 29,10 (6 November 2007) and at its highest € 41,00 (22 January 2007).

The decrease of the share price in 2007 is explained by the payment of the dividend over the financial year 2006, the persisting problems with Factory Shopping Messancy and, generally, the credit crisis in the United States. The increase of the share price end November 2007 is the result of the sale of Factory Shopping Messancy and the acquisition of the Heytens portfolio.

■ Share price Intervest Retail (€)

PREMIUM/DISCOUNT INTERVEST RETAIL



The net asset value of Intervest Retail (on a consolidated basis) includes the 2006 dividend up to the payment date as from mid April 2007.

■ Net asset value (fair value)
■ Average share price

The share of Intervest Retail (INTV) is listed on Euronext Brussels and is taken up in the stock market index BEL Real Estate and also in the ING Sicafi-index and GPR 250 Europe.

COMPARISON INTERVEST RETAIL WITH BEL 20 CLOSE INDEX

- Bel 20 Close
- Share price Intervest Retail

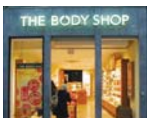
COMPARISON INTERVEST RETAIL WITH BEL REAL ESTATE INDEX

- BEL Real Estate index
- Share price Intervest Retail

COMPARISON INTERVEST RETAIL WITH ING SICAFI INDEX

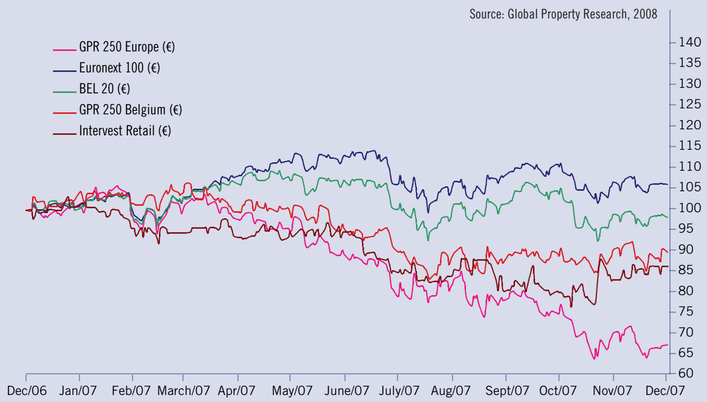
The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.

- ING Return index
- Share price Intervest Retail



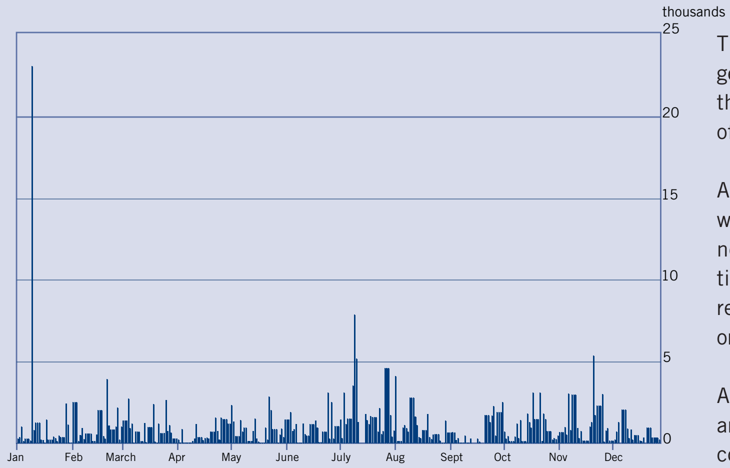
INTV LISTED NYSE EURONEXT

COMPARISON INTERVEST RETAIL WITH GPR INDEXES



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 VOLUMES INTERVEST RETAIL



The traded volumes, with an average of 1.036 units a day, are lower than the previous year (an average of 1.621 units a day).

A liquidity contract was concluded with Bank Degroof to promote the negotiability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

At the end of the year the free float amounts to 27,62 %. Efforts will continuously be made to increase this free float in order to improve the negotiability of the shares.

DIVIDEND AND NUMBER OF SHARES

	31.12.2007		
Number of shares	5.078.525		
Number of shares entitled to dividend	5.078.525		
Share price (€)	**31.12.2007**		
Highest	41,00		
Lowest	29,10		
Share price on closing date	32,80		
Discount to net asset value (fair value) (%)	-11 %		
Average	34,85		
Data per share (€)	**31.12.2007**	**31.12. 2006**	**31.12.2005**
Net asset value (fair value)	36,97	34,21	33,81
Net asset value (investment value)	38,43	35,54	35,21
Gross dividend	1,47	1,97	2,14
Net dividend	1,25	1,67	1,82
Dividend yield (%)	4,2 %	4,9 %	5,6 %

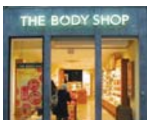
SHAREHOLDERS

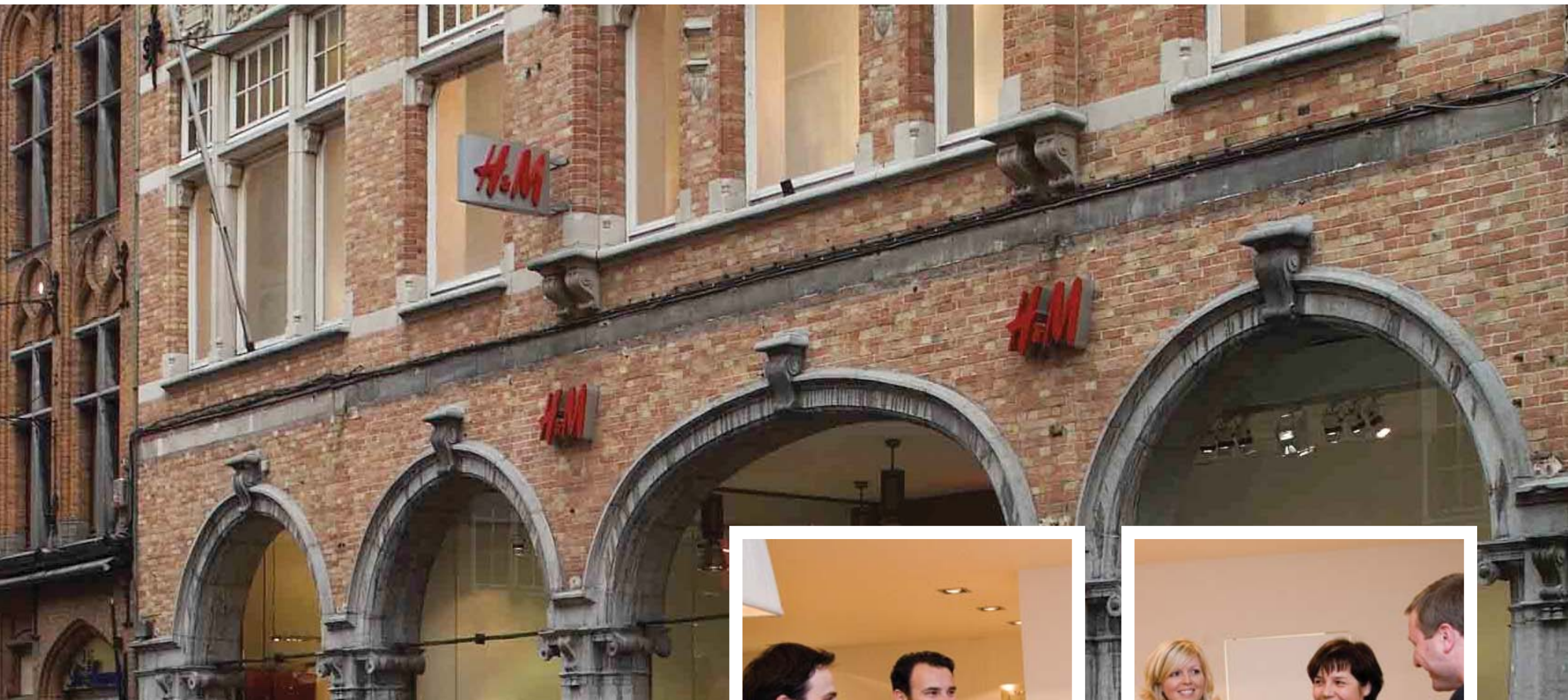
As at 31 December 2007 the following shareholders are known to the company:

VastNed Retail sa	**3.595.529 shares**	**70,80 %**
Max Euwelaan 1		
3006 AK Rotterdam - The Netherlands		
CFB Belgique sa	**80.431 shares**	**1,58 %**
Uitbreidingstraat 18		
2600 Berchem - Antwerp		
Public	**1.402.565 shares**	**27,62 %**
Total	**5.078.525 shares**	**100%**

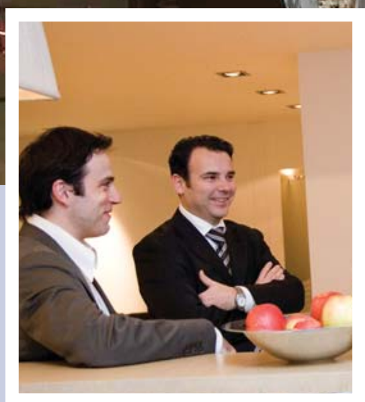
In application of article 74 of the public take-over law of 1 April 2007, VastNed Retail sa and CFB Belgique sa have informed the CBFA that they act jointly.

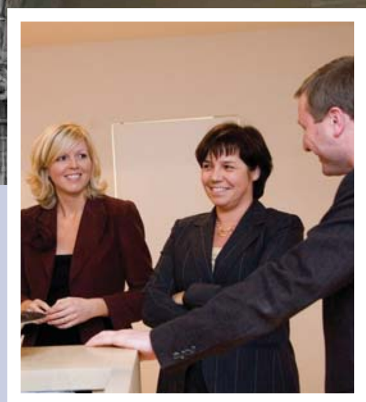
At the time of the flotation in December 1999, it was anticipated that at least 30% of the shares would be placed with the public. Half of these shares were not placed at that time, and the sellers subsequently undertook to offer these shares on a permanent basis. Under point 2.10. the prospectus stated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





H&M
Brugge





Asset Management team
Intervest Retail

PROPERTY REPORT

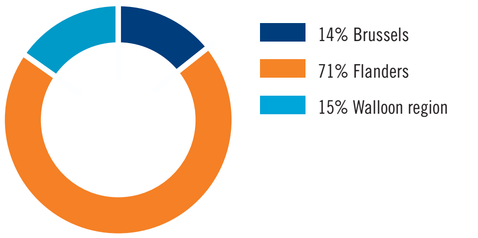
H&M
Turnhout

COMPOSITION OF THE PORTFOLIO[4]

Intervest Retail invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations and retail warehouses. Shopping centers also represent possible investment opportunities.

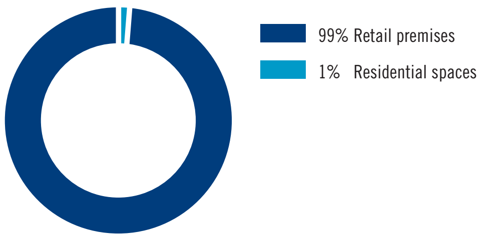
Geographic spread

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



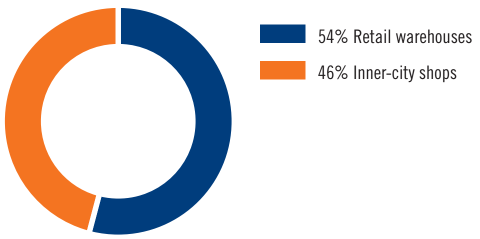
Type of building

In total Intervest Retail's portfolio consists at the end of 2007 of 246 lettable premises. 99 % of the premises are retail premises, and the remaining 1% are residential spaces.



Type of retail property

Of the retail premises, 46 % are inner-city shops, 54 % are retail warehouses.

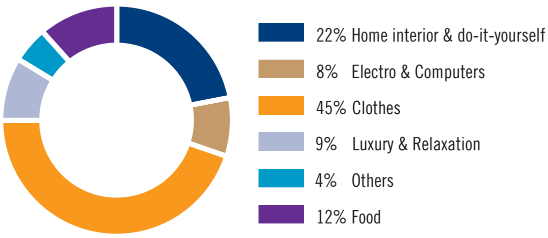


[4] The charts above do not take the development projects into account. The have been compiled on the basis of the annual rental income of 2007 income and the value of the portfolio on 31 December 2007.

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

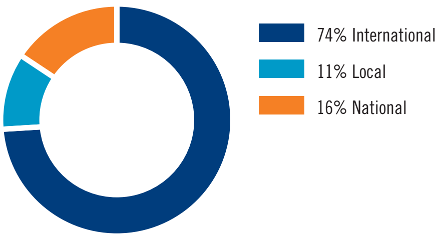
For **retail warehouses** it is primarily the location of the premises alongside major traffic routes that is the characteristic feature, together with a large sales area (from 400 m²). This category includes both free-standing buildings and retail parks. These are clusters of retail warehouses, often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

Sector of tenants



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

Region of activity of tenants[5]



The biggest share of tenants are international chains, which is beneficial to the stability and continuity of portfolio.

Most of the retail properties have been let on traditional lease contracts 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 (99,3 %).

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. Rental expenses (such as withholding tax and costs for shared areas) are mostly paid by the tenant.

[5] 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.




OVERVIEW OF THE REAL ESTATE PORTFOLIO ON 31 DECEMBER 2007

Region	Surface area	Annual rent in (€ 000)	Investment value	Fair value (€ 000)	Weighing (%)
Investment properties					
Brussels	11.236	2.395	42.171	41.143	13 %
Flanders	120.432	13.235	210.748	205.608	66 %
Walloon provinces	34.923	3.173	45.748	44.631	14 %
Total investment properties	**166.591**	**18.803**	**298.667**	**291.382**	**93 %**
Development projects					
Flanders	55.360	0	21.670	21.556	7 %
Total development projects	**55.360**	**0**	**21.670**	**21.556**	**7 %**
TOTAAL INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS	**221.951**	**18.803**	**320.337**	**312.938**	**100 %**

VALUATION OF THE PORTFOLIO BY PROPERTY EXPERTS

The commercial properties of Intervest Retail are valued by Cushman & Wakefield. The retail warehouses which are owned by the 100 % subsidiary Pegasus Vastgoedmaatschappij sa and EuroInvest Retail Properties sa, are valued by CB Richard Ellis (Heytens portfolio). Factory Shopping Messancy was valued till its sale by de Crombrugghe & Partners.

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 vacancy.

In determining the ERV they are basing themselves on their knowledge of the real estate 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 metres 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 2007 Cushman & Wakefield states the investment value of the retail portfolio to be € 272.056.998.

CB Richard Ellis

The methodology of CB Richard Ellis can be summarised as follows:

Method 1: Capitalisation method (hardcore method)

For each let property the estimated market rental value (ERV) is determined and a capitalisation rate conforming the market based on points of comparison and inspections. After the capitalisation of the estimated rental value based on the capitalisation rate the gross market value before corrections on the properties is obtained.

Then, the value is adjusted for the overleased or underleased part of the current lease contracts. If the current rental income exceeds the estimated market rental value, the net present value of the difference is added to the gross market value before corrections.

If the estimated market rental value exceeds the current rental income, the net present value of the difference is deducted from the gross market value before corrections.

The cap rate used for this calculations consists of a basic yield at 4,25 % (average return of European government bonds on 10 years) increased with a risk premium varying per premise between 1,75 % and 3,00 %.

On 31 December 2007, 20 of the 21 properties were valued on this basis. The remaining property was valued on the basis of method 2.

Methode 2: Net current value

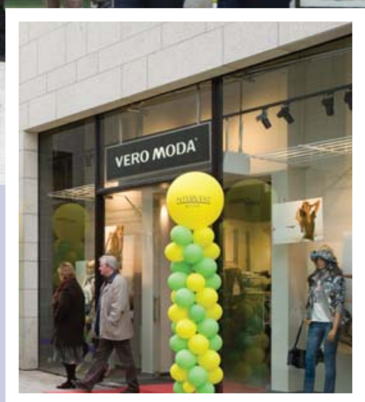
A second method is used for the retail warehouses which are considered to be located outside a zone. For this reason the current asset value of the current lease contract is determined and increased with the actualised residual value. For the calculation of the residual value, the parcel is considered as residential building land, as determined on the regional zoning plan.

In its report of 31 December 2007, CB Richard Ellis states the investment value of the commercial portfolio to be € 19.325.212.

EVOLUTION OF THE REAL ESTATE PORTFOLIO

	31.12.2007	31.12.2006
Value investment properties (€ 000)	291.382	266.991
Value development projects (€ 000)	21.556	13.851
Current rents (€ 000)	18.674	18.780
Yield (%)	6,4 %	7,0 %
Current rents, including estimated rental value on vacancy (€ 000)	18.803	19.674
Yield if fully let (%)	6,5 %	7,4 %
Total lettable area of the investment properties (m²)	166.591	168.496
Occupancy rate (%)	99 %	96 %



Julianus Shopping
Tongeren

FINANCIAL REPORT

CONSOLIDATED INCOME STATEMENT

INCOME STATEMENT *in thousands €*	**Note**	**2007**	**2006**
Rental income	4	17.686	18.457
Rental related expenses	4	-518	-95
NET RENTAL INCOME		**17.168**	**18.362**
Recovery of property expenses		0	57
Recovery of charges and taxes normally payable by tenants on let properties	4	4.382	4.739
Charges and taxes normally payable by tenants on let properties	4	-4.417	-4.742
Other rental related income and expenses		-26	5
PROPERTY RESULT		**17.107**	**18.421**
Technical costs	5	-493	-543
Commercial costs	5	-90	-143
Charges and taxes on unlet properties	5	-2.311	-1.829
Property management costs	5	-1.195	-1.136
Other property charges		-5	-2
Property charges		**-4.094**	**-3.653**
OPERATING PROPERTY RESULT		**13.013**	**14.768**
General costs	6	-992	-1.039
Other operating income and expenses		-42	86
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		**11.979**	**13.815**
Result on disposals of investment properties	8	-19.531	-1.151
Changes in fair value of investment properties and development projects	9	36.014	3.537
OPERATING RESULT		**28.462**	**16.201**

INCOME STATEMENT *in thousands €*	Note	2007	2006
OPERATING RESULT		**28.462**	**16.201**
Financial income		69	149
Interest charges		-4.612	-4.023
Other financial charges		-13	-32
Financial result	10	**-4.556**	**-3.906**
RESULT BEFORE TAXES		**23.906**	**12.295**
Taxes	11	**-20**	**0**
NET RESULT		**23.886**	**12.295**
Attributable to:			
Equity holders of the parent		23.886	12.295
Minority interests		0	0

RESULT PER SHARE		2007	2006
Number of ordinary shares	12	5.078.525	5.078.525
Basic earnings per share (in €)	12	4,70	2,42
Diluted earnings per share (in €)	12	4,70	2,42
Distributable earnings per share (in €)	12	1,47	1,97




CONSOLIDATED BALANCE SHEET

ASSETS *in thousands €*	Note	2007	2006
Non-current assets		**313.413**	**281.284**
Intangible assets	13	18	24
Investment properties	14	291.382	266.991
Development projects	14	21.556	13.851
Other tangible fixed assets	13	379	400
Financial fixed assets	20	60	0
Trade receivables and other non-current assets		18	18
Current assets		**18.563**	**6.124**
Assets held for sale	15	12.133	0
Trade receivables	15	675	1.094
Tax receivables and other current assets	15	4.085	3.812
Cash and cash equivalents		1.486	1.069
Deferred charges and accrued income		184	149
TOTAL ASSETS		**331.976**	**287.408**

SHAREHOLDERS' EQUITY AND LIABILITIES *in thousands €*	Note	2007	2006
Shareholders' equity		**187.762**	**173.726**
Shareholders' equity attributable to the shareholders of the parent company		**187.759**	**173.723**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		85.421	68.328
Result		8.281	10.882
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	16	-7.399	-6.789
Changes in fair value of financial assets and liabilities	20	60	-94
Minority interests	22	**3**	**3**
Liabilities		**144.214**	**113.682**
Non-current liabilities		**67.178**	**72.250**
Provisions		195	195
Non-current financial dets	19	66.608	71.887
Credit institutions		*66.587*	*71.860*
Financial lease		*21*	*27*
Other non-current liabilities		69	168
Deferred taxes - liablities	17	306	0
Current liabilities		**77.036**	**41.432**
Current financial debts	19	62.754	32.741
Credit institutions		*62.749*	*32.728*
Financial lease		*5*	*13*
Trade debts and other current debts	18	10.625	5.110
Other current liabilities	18	2.341	2.358
Accrued charges and deferred income	18	1.316	1.223
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**331.976**	**287.408**

DEBT RATIO	2007	2006
Debt ratio RD 21 June 2006 (%)	43%	39%

NET ASSET VALUE PER SHARE *(in €)*	2007	2006
Net asset value per share (fair value)	36,97	34,21
Net asset value per share (investment value)	38,43	35,54




STATEMENT OF CHANGES IN EQUITY

in thousands €	Share capital ordinary shares	Share premium	Reserves not available for distribution
Balance sheet on 31 December 2005	**97.213**	**4.183**	**66.269**
Profits of financial year 2006			
Tranfer of the result on the portfolio to the reserves not available for distribution			2.386
Impact on fair value of estimated transaction rights and costs*			-327
Dividends of financial year 2005			
Changes in the fair value of financial assets and liabilities			
Balance sheet on 31 December 2006	**97.213**	**4.183**	**68.328**
Profits of financial year 2007			
Tranfer of the result on the portfolio to the reserves not available for distribution			16.483
Impact on fair value of estimated transaction rights and costs*			610
Dividends of financial year 2006			
Changes in the fair value of financial assets and liabilities			
Balance sheet on 31 December 2007	**97.213**	**4.183**	**85.421**

* resulting from the hypothectical disposal of investment properties

Result	Impact on fair value of estimated transaction rights and costs*	Changes in fair value of financial asset and liabilities	Minority interests	Total shareholders' equity
11.841	**-7.116**	**-690**	**3**	**171.703**
12.295				12.295
-2.386				0
	327			0
-10.868				-10.868
		596		596
10.882	**-6.789**	**-94**	**3**	**173.726**
23.886				23.886
-16.483				0
	-610			0
-10.004				-10.004
		154		154
8.281	**-7.399**	**60**	**3**	**187.762**




CONSOLIDATED CASH-FLOW STATEMENT

in thousands €	Note	2007	2006
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**1.069**	**6.566**
1. Cash-flow from operating activities		**12.600**	**11.756**
Operating result		**28.462**	**16.201**
Interests paid		**-4.612**	**-4.023**
Other non operating elements		**36**	**117**
Adjustment of the profit for non cash-flow transations		**-15.320**	**-1.725**
Depreciations on intangible and other tangible fixed assets		122	134
Capital loss on the sale of investment properties	8	19.531	1.151
Spread of benefits granted to tenants	9	1.041	527
Variation in the fair value of investment properties and development projects	9	-36.014	-3.537
Changes in working capital		**4.034**	**1.186**
Movement of assets			
- Trade receivables		438	360
- Tax receivables and other current assets		-272	-2.880
- Deferred charges and accrued income		-14	20
Movement of liabilities			
- Other non-current liabilities		0	-187
- Trade debts and other current debts		4.051	2.419
- Other current liabilities		-17	2.052
- Accrued charges and deferred income		-152	-598
2. Cash-flow from investment activities		**-20.233**	**5.610**
Acquisition of intangible and other tangible fixed assets		-95	-93
Acquisition of shares on investment companies		-12.693	0
Acquisition of development projects	14	-7.278	-9.218
Investments in existing investment properties	14	-544	-2.592
Investments in development projects	14	-506	-1.223
Investments in assets held for sale		-121	0
Capitalised interest expenses	14	-774	-387
Acquisition of assets with deferred payment		0	17
Proceeds from the sale of investment properties		1.778	19.106
3. Cash-flow from financing activities		**8.050**	**-22.863**
Repayments of loans	19	-333	-15.734
Drawdown of loans	19	18.500	3.700
Repayment of financial lease liabilities		-14	-13
Receipts from non-current liabilities as guarantee		-99	52
Dividends paid	12	-10.004	-10.868
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**1.486**	**1.069**

NOTES ON THE CONSOLIDATED ANNUAL ACCOUNTS

NOTE 1. ADAPTED SCHEME FOR ANNUAL ACCOUNTS OF PROPERTY INVESTMENT FUNDS

Intervest Retail has, as a listed property investment fund, established 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 adapted scheme contains principally that in the income statement, the result on the portfolio is presented separately. This result on the portfolio includes all movements in the real estate 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 distributed to the shareholders, but transferred to, or from the non-disposable reserves.

NOTE 2. PRINCIPLES OF FINANCIAL REPORTING

Statement of conformity

Intervest Retail is a property investment company, having its registered office in Belgium. The consolidated annual accounts of the company as per 31 December 2007 cover the company and its subsidiaries. The annual accounts of Intervest Retail sa has been prepared and released for publication by the board of directors on 18 February 2008.

The consolidated financial statements have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the RD of 21 June 2006. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ('IASB) and the International Financial Reporting Interpretations Committee ('IFRIC), as far as applicable to the activities of the group and effective for the financial years as from 1 January 2007.

New or amended standards and interpretations effective in 2007

The group has applied IFRS 7 Financial Instruments: Disclosures, which became effective on January 1, 2007, as well as IAS 1 Capital Disclosures, which was changed due to this standard. This has resulted in a number of additional notes to the annual report. Furthermore, the following interpretations published by the International Financial Reporting Interpretations Committee became effective in the year under review: IFRIC 7 Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of Embedded Derivatives; and IFRIC 10 Interim Financial Reporting and Impairment.
The implementation of these interpretations did not result in adjustments to the accounting principles for financial reporting as applied by the group.

New or amended standards and interpretations not yet effective

A number of new standards, amended standards and interpretations had not yet taken effect in 2007, but may be applied in advance. Unless stated otherwise, the group has not made use of this. To the extent that these new standards, amended standards and interpretations are relevant to the group, the effect that their application might have on the consolidated accounts for 2007 and beyond is set out below.

- **IFRS 8 Operating Segments**
  This new standard, effective as from January 1, 2009, replaces IAS 14 Segment Reporting This standard introduces new guidelines regarding the information on distinct segments to be commented on. It is obligated to match the choice of the distinct segments and the related notes to the segments currently in use in internal reports. This is not expected to lead to major changes in the consolidated annual accounts.

- **IFRIC 11 Group and Treasury Share Transactions**
  This interpretation will affect financial years starting on or after 1 March 2007 and this has no consequences for the group since it does not have such programmes.

- **IFRIC 12 Service Concession Arrangements**
  This interpretation applies to financial years starting on or after 1 January, 2008. It is not expected to have any impact on the 2008 annual accounts.




- **IFRIC 13 Customer Loyalty Programmes**
  This interpretation applies to financial years starting on or after January 1, 2008. This interpretation has no consequences for the group since it does not have such programmes.

- **IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**
  This interpretation applies to financial years starting on or after 1 January, 2008. in view of the relatively limited size of the defined benefit pension schemes in operation in the group, this interpretation is not expected to have a material effect on the 2008 annual accounts.

- **IAS 23 (Revised) Borrowing Costs**
  This standard applies to financial years starting on or after 1 January, 2009. The group already applies this amendment, even though it has no effect on the principles for financial reporting applied by the group, since the group already capitalises financing costs directly attributable to the acquisition or construction of investment properties. The amendment of IAS 23 cancels the option to recognise all costs associated with taking out loans directly as costs at the time they are incurred.

- **IAS 1 (Revised) Presentation of Financial Statements**
  This standard applies to financial years starting on or after 1 January, 2009. This standard will impact the presentation of the 2009 annual accounts.

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 presented before profit-sharing.

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 note 22 in the comment.

Foreign currencies

Foreign currency transactions are entered at the exchange rate valid at 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 at the transaction date.

Financial instruments

Financial derivatives

The company may use financial interest derivatives to hedge the interest rate exposure arising from its operational, financing and investment activities. Financial derivatives are recorded at cost on initial allocation. After initial allocation, they are valued in the annual financial statement at their fair value. Gains and losses resulting from changes in the fair value of financial derivatives are immediately taken into account in income statement, unless the derivative satisfies the criteria for hedge accounting (see Hedging). The fair value of financial derivatives is the amount that the company expects to receive or pay if the derivative were terminated as of the balance sheet date, taking into account the prevailing interest and the credit exposure of the counterparty concerned.

Hedging of uncertain cash flow resulting from interest fluctuations

If it is possible to designate a financial interest derivative as an effective hedge of the possible variability of cash flows attributable to a specific risk associated with an asset or obligation or a highly probable forecast transaction, then the part of the profit or loss arising from the change in value of the financial interest derivative that has been recognized 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.

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 management costs to tenants.

Rental charges 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 anticipative 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.

Property charges

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

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

The commercial costs comprise a.o. the brokers’ fees. The fees paid to brokers after a periode of vacancy are activated, given that after a period of vacancy the property experts, deduct the estimated fees from the estimated value of the property. The fees paid to brokers after an immediate re-rental, without vacancy period, are not activated and are entered in the income statement, given that the property expert does not 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 perform 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.




General costs and other operating income and expenses

General costs are all costs related to 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, 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.

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

The changes in the fair value of investment properties are 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 recognized in income statement in the period in which they arise.

The result from the disposal 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) less the selling expenses.

Financial result

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

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 recognized in income statement unless it relates to elements that are immediately recognized in equity. In the later case, taxes are recognized 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 recognized 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 real property investment trust, are deducted from the revaluation surplus at the moment of the merger and are recognized as a liability.

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.

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.

Write-offs

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

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, the net result 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.

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 if its cost can be measured reliably.

Expenditures on research or development that do not meet the criteria for inclusion as development costs are recorded as a charge in the reporting period in which they are 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.

Investment properties

a. Definition

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

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 fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate 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 absorbed company and other costs of the merger are also capitalised.

c. Subsequent costs

Expenses for works on investment properties are charged against the income statement of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment properties:

1. repairs and maintenance: these are costs that do not increase the expected future economic benefits and are consequently charged in full against income statement 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 costs 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 costs 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 costs of these works, such as materials, building works, technical studies and architects' fees are 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 offices, roof advertising, creation of additional social areas, etc. These costs are spread over the period from the commencement of the lease up to the date of the first break of the contract and are deducted from the rental income.




d. Valuation after initial recognition

After initial recognition, investment properties are valued by the independent property experts at investment value. For this purpose 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 discounting the annual net rent received from the tenants, reduced by the related costs. Discounting uses a 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) published on 8 February 2006 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%.

Actually 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 fair value of an investment property are entered in the income statement in the period where they emerge and are classified with the profit appropriation to “the reserves not available for distribution”.

The buildings for own use are 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 in “other tangible fixed assets”.

e. Disposal of an investment property

The commission fees paid to real estate agents under a mandate to sell are charged against profit or loss realised on the sale.

The profits or losses realized on the sale of an investment property are entered in the income statement of the reporting period in ‘result on disposals of investment properties’ and are allocated to the undistributable reserves through the appropriation account.

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 the income statement.

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 fixed assets".

b. Valuation

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

Government grants are deducted from the cost price. 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 moment 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%

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 recognized.

d. Disposal and retirement

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

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.

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 receivables are converted into euro at the closing exchange rate on the balance sheet date.

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




Deferred taxes, tax receivables and liabilities

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

Deferred tax receivables and liabilities are recorded 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 receivables will only be recognized if it is probable that there will be taxable profit against which the deferred tax receivables can be reported.

Current assets

It concerns investment properties of which the book value will be realized in a sale transaction and not by the further use of them. The assest held for sale are valued at the lowest book value of the fair value minus the sale costs.

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

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

The cash and cash equivalents comprise cash, immediately callable 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 cash investment is initially entered at cost. The stock-registered securities are valued at their market value.

Costs incurred during the financial year which are attributable either wholly or partly to a later financial year will be entered in transitory accounts so the cost is recorded in the period to which it refers.

The income and parts of income that will only be collected in later financial years, but that have to be associated with the relevant financial year, are recorded for the part of the amount that refers to the relevant financial year.

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" in shareholders' equity.

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

Dividends form part of retained earnings until the general meeting of shareholders approves them.

Non current and current liabilities

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

Provisions are only recognized 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.

Liabilities

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

Interest-bearing liabilities are initially recognized at cost less the directly attributable expenses. The difference between the carrying amount and the sum repayable are recognized in income statement over the period of the loan using the effective interest method. Current liabilities are entered at their nominal value.

The indemnities paid and the costs of refurbishment are entered as accrued charges and deferred income until the refurbishment of the let building has been fully completed or its cost can be fixed with sufficient certainty.

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 retail warehouses (including shopping centres and factory outlet shopping centers) and inner-city shops, these business segments comprise the primary segmentation.

- The inner-city category comprises shops located on solidly built-up trading cores with a concentration of large-scale retail organisations. Some twenty urban areas are eligible.

- For retail warehouses 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 the Walloon region.

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.

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 this purpose and which constitutes an individual substantial business activity or a geographic area of activity. Corporate activities that are partly or wholly terminated are separately entered in the financial reporting.

Conditional assets and liabilities, disputes and post the balance sheet events

These assets and liabilities 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.

Post balance sheet events 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.




NOTE 3. SEGMENT 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 & shopping centers” and “inner-city shops”. The secondary segmentation basis represents the 3 geographical markets in which the group operates.

By business segment (primary)

The two business segments comprise the following activities:

- The category of “inner-city shops” includes those shops that are located in a substantially developed shopping center with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- The category of “retail warehouses & shopping centers” relates, one the one hand, to single buildings or retail parks along the major traffic axes which tend to have a large-scale sales area (upwards of 400 m²). On the other hand, the factory outlet centers also fall into this category.
- The category of “corporate” includes all non-allocated fixed costs borne at group level.

Income statement by segment

BUSINESS SEGMENTS	Inner-city shops		Retail warehouses and shopping centers		Corporate		TOTAL	
in thousands €	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
Rental income	8.473	8.212	9.213	10.245	0	0	17.686	18.457
Rental related expenses	-25	-6	-493	-89	0	0	-518	-95
Net rental result	**8.448**	**8.206**	**8.720**	**10.156**	**0**	**0**	**17.168**	**18.362**
Recovery of property expenses	0	16	0	41	0	0	0	57
Recovery of charges and taxes payable by tenants on let properties	653	591	3.729	4.148	0	0	4.382	4.739
Charges and taxes payable by tenants on let properties	-687	-592	-3.730	-4.150	0	0	-4.417	-4.742
Other rental related income and expenses	-4	1	-22	4	0	0	-26	5
Property result	**8.410**	**8.222**	**8.697**	**10.199**	**0**	**0**	**17.107**	**18.421**
Operating result before result on the portfolio	**8.146**	**8.035**	**6.020**	**7.930**	**-2.187**	**-2.150**	**11.979**	**13.815**
Result on disposals of investment property	479	0	-20.010	-1.151	0	0	-19.531	-1.151
Changes in fair value of investment property and development projects	25.449	9.873	10.565	-6.336	0	0	36.014	3.537
Operating result of the segment	**34.074**	**17.908**	**-3.425**	**443**	**-2.187**	**-2.150**	**28.462**	**16.201**
Financial result	0	0	0	0	-4.556	-3.906	-4.556	-3.906
Taxes	0	0	0	0	-20	0	-20	0
NET RESULT	**34.074**	**17.908**	**-3.425**	**443**	**-6.763**	**-6.056**	**23.886**	**12.295**

Balance sheet by segment

BUSINESS SEGMENTS	Inner-city shops		Retail warehouses and shopping centers		Corporate		TOTAL	
in thousands €	2007	2006	2007	2006	2007	2006	2007	2006
ASSETS								
Investment properties	155.868	132.847	135.514	134.144	0	0	291.382	266.991
Development projects	0	0	21.556	13.851	0	0	21.556	13.851
Other assets	136	86	15.973	3.340	2.929	3.140	19.038	6.566
SEGMENT ASSETS	**156.004**	**132.933**	**173.043**	**151.335**	**2.929**	**3.140**	**331.976**	**287.408**
LIABILITIES								
Non-current liabilities	0	0	0	0	66.608	71.887	66.608	71.887
Current liabilities	0	0	0	0	62.754	32.741	62.754	32.741
Other liabilities	306	303	6.921	6.087	7.625	2.664	14.852	9.054
SEGMENT LIABILITIES	**306**	**303**	**6.921**	**6.087**	**136.987**	**107.292**	**144.214**	**113.682**

Important key figures

BUSINESS SEGMENTS	Inner-city shops		Retail warehouses and shopping centers		TOTAL	
in thousands €	2007	2006	2007	2006	2007	2006
Investment properties at fair value	155.868	132.847	157.070	147.995	312.938	280.842
Investment value investment properties	159.765	136.168	160.572	151.463	320.337	287.631
Accounting yield of the segment (%)	5,4%	6,2%	6,1% (*)	6,9%	5,8% (*)	6,6%
Total surface for rent (m^2)	30.574	31.196	136.017	137.300	166.591	168.496
Occupancy rate (%)	100%	99%	99%	92%	99%	96%

* Yield corrected for the rental income of Factory Shopping Messancy, Pegasus Vastgoedmaatschappij sa and EuroInvest Retail Properties sa.




By geographic segment (secondary)

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

GEOGRAPHICAL SEGMENTS	Flanders		Walloon provinces		Brussels		TOTAL	
in thousands €	2007	2006	2007	2006	2007	2006	2007	2006
Rental income	11.842	12.013	3.533	4.299	2.311	2.145	17.686	18.457
Investment properties at fair value	227.164	182.573	44.631	66.063	41.143	32.206	312.938	280.842
Investment value investment properties	232.418	186.905	45.748	67.714	42.171	33.012	320.337	287.631
Accounting yield of the segment (%)	5,5% (*)	6,6%	7,4% (*)	6,5%	5,6%	6,7%	5,8%(*)	6,6%

* Yield corrected for the rental income of Factory Shopping Messancy, Pegasus Vastgoedmaatschappij sa and EuroInvest Retail Properties sa.

NOTE 4. PROPERTY RESULT

Rental income

in thousands €	2007	2006
Rent	18.803	19.252
Guaranteed income	10	16
Rental discounts	-398	-305
Rental benefits ('incentives')	-778	-506
Compensation for breach of contract	49	0
Total rental income	**17.686**	**18.457**

Overview of future rental income

The cash value of the future rental income till the first expiry date of the rental agreements has the following payment terms.

in thousands €	2007	2006
Receivables with a remaining maturity of:		
Less than one year	18.160	18.275
Between one and 5 years	22.116	19.840
Total future rental income	**40.276**	**38.115**

Rental related expenses

in thousands €	2007	2006
Rent for hired assets and ground lease	-80	-82
Write down on trade receivables	-639	-550
Reversal of write down on trade receivables	201	537
Total rental related expenses	**-518**	**-95**

The increase of the ‘rental related expenses’ results from the write offs on the trade receivables of the sold Factory Shopping Messancy. Besides, in 2006 a recovery has been realised of on already in 2005 written off trade receivable for an amount of € 0,3 million.

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

in thousands €	2007	2006
Rebilling of rental charges borne by the landlord	3.066	3.403
Rebilling of prelevies and taxes on let properties	1.316	1.336
Recovery of rental charges and taxes normally payable by tenants on let properties	**4.382**	**4.739**
Rental charges borne by the landlord	-3.067	-3.404
Prelevies and taxes on let properties	-1.350	-1.338
Rental charges and taxes normally payable by tenants on let properties	**-4.417**	**-4.742**
Net amount of recovery of rental charges and taxes	**-35**	**-3**

This item mainly covers the costs of withholding tax and rental charges that are charged to the tenants in accordance with verbal or contractual agreements. The income from this reinvoicing of rental charges and taxes to the tenants is also recorded under this note. s




NOTE 5. PROPERTY CHARGES

Technical costs

in thousands €	2007	2006
Recurrent technical costs	-102	-152
Maintenance	*0*	*-26*
Insurance premiums	*-102*	*-126*
Non-recurrent technical costs	-391	-391
Total technical costs	**-493**	**-543**

Commercial costs

in thousands €	2007	2006
Brokers' commissions	-58	-68
Lawyers' fee and legal costs	-32	-75
Total commercial costs	**-90**	**-143**

Charges and taxes on unlet properties

in thousands €	2007	2006
Vacancy costs of the financial year	-2.185	-1.704
Withholding tax on vacant properties	-126	-125
Total charges and taxes on unlet properties	**-2.311**	**-1.829**

The vacancy costs increase from € 1,7 million in 2006 to € 2,2 million in 2007. This increase is due to the rise of the vacancy costs in Factory Shopping Messancy and the booking of non-collectible short term receivables (€ 0,2 million).

Property management costs

in thousands €	2007	2006
External property management costs	-5	-21
Internal property management costs	-1.190	-1.115
Total property management costs	**-1.195**	**-1.136**

NOTE 6. GENERAL COSTS

in thousands €	2007	2006
ICB tax	-139	-120
Custodian bank	-30	-41
Auditor's fees	-78	-82
Directors' remuneration	-30	-16
Liquidity provider	-20	-29
Financial services	-19	-39
Employee benefits	-396	-346
Other costs	-280	-366
Total general costs	**-992**	**-1.039**

NOTE 7. REMUNERATIONS

in thousands €	2007			2006		
	Charges for the portfolio management	Charges linked to the fund	TOTAL	Charges for the portfolio management	Charges linked to the fund	TOTAL
Remuneration of employees	**445**	**272**	**717**	**394**	**239**	**633**
- salary and other benefits paid within 12 months	304	185	489	276	168	444
- pensions and post-employment benefits	20	12	32	16	9	25
- social security	98	61	159	84	51	135
- other charges	23	14	37	18	11	29
Remuneration of management	**205**	**124**	**329**	**176**	**107**	**283**
- salary and other benefits paid within 12 months	205	124	329	176	107	283
TOTAL	**650**	**396**	**1.046**	**570**	**346**	**916**

For those staff members in fixed employment Intervest Retail 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 act on pensions. The compulsory contributions are recognized in the income statement in the period to which they relate.

The number of employees at the 2007 year-end, expressed in FTE was 5,5 members of staff and two members of the management committee for the internal management of the portfolio (2006: respectively 5 and 2) and 6 staff members and 1 member of the management for the management of the fund (2006: respectively 6 and 1).




NOTE 8. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES

in thousands €	2007	2006
Acquisition value	46.638	19.363
Accumulated capital gains and impairment losses	-13.329	894
Book value (fair value)	**33.309**	**20.257**
Selling costs	-2.634	-392
Sales price	16.412	19.498
Total result on disposals of investment property	**-19.531**	**-1.151**

The sales price of Factory Shopping Messancy sold in 2007, was € 18 million lower than the book value (fair value) on 31 December 2006. Taking into account the additional costs (including the VAT-revision), the realised capital loss amounts to approximately € 20 million which is allocated to the undistributable reserves of the property investment fund.

Further, three non-strategic properties have been sold with a capital gain of € 0,4 million compared to their fair value of € 4 million.

NOTE 9. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

in thousands €	2007	2006
Positive change on investment property	38.547	13.002
Negative change on investment property	-382	-8.507
Subtotal variation of investment properties	**38.165**	**4.495**
Negative change on development projects	-853	-1.485
Subtotal variation on development projects	**-853**	**-1.485**
Changes from spread of rental discounts and rent incentives	1.041	527
Difference on the acquisition of the shares of Pegasus Vastgoedmaatschappij sa	-2.339	0
Subtotal other changes relating to fair value of investment properties and development projects	**-1.298**	**527**
Total changes in fair value of investment properties and development projects	**36.014**	**3.537**

In 2007, the positive change in fair value of € 36,0 million is the result of the change on investment properties and development projects (€ 37,3 million), the spread of rental benefits given to the tenants (€ 1,0 million) and the booking of the price difference on the acquisition of the shares of Pegasus Vastgoedmaatschappij sa. The changes in value of the investment properties consist on the one hand of capital gains (€ 38,5 million) and on the other hand of capital losses (- € 4 million). The capital loss of the development projects (- € 0,8 million) is related to the project in Olen.

NOTE 10. FINANCIAL RESULT

in thousands €	2007	2006
Financial income	69	149
Interest charges with fixed interest rate	-2.716	-2.698
Interest charges with variable interest rate	-1.896	-1.325
Other financial expenses	-13	-32
Total financial result	**-4.556**	**-3.906**

The financial result amounts to - € 4,6 million compared to - € 3,9 million last year due to the increase of the interest rates and the investment in the Heytens portfolio. Besides, the property investment fund received in 2006 a one-time amount of € 0,1 million moratory interests as a result of the arbitrational judgment against the property developer of Factory Shopping Messancy.

The site of Olen and Tongeren are considered as development projects, whereby borrowing costs are calculated on the construction of this sites.

The average interest rate for the non-current financial debts in 2007 amounts to 4,3 % (2006: 4,1%). The average interest rate for the current financial debts for 2007 amounts to 4,6 % (2006: 3,5 %).

Interest charges classified by expiry date of the credit facility

in thousands €	2007	2006
Interest charges on non-current financial debts	-1.663	-2.644
Interest charges on current financial debts	-2.949	-1.379
Total interest charges	**-4.612**	**-4.023**

Sensibility to the interest rate

On 31 December 2007 the effect on the distributable operating result of a (hypothetic) rise of the interest rates with 1 % gives a negative result of about € 0,3 million (2006: € 0,6 million). If the interest rates on this date should decrease with 1 %, the effect on the distributable operating result gives a positive result of € 0,3 million (2006: € 0,6 million). In the calculations, the existing financial derivatives are taken into account.

As as result of the acquisition of the Heytens portfolio and the opening of Shopping center Julianus in Tongeren, the (hypothetic) future cash outflow of the interest charges from the on 31 December 2007 withdrawn loans at fixed or variable interest rate at 31 December 2007 amounts to approximately € 6,1 million.




NOTE 11. TAXES

in thousands €	2007	2006
Corporate income taxes of subsidiary	-20	0
Total taxes	**-20**	**0**

With the RD of 15 April 1995 the legislator gave an advantageous fiscal status to the property investment fund. If a company transfers to the status of a property investment fund, or if an (ordinary) company merges with a property investment fund, they must pay a one-off tax (exit tax). After that the property investment fund is only subject to taxes on very specific items, e.g. "disallowed expenditure". Therefore no corporation tax is paid on the majority of the profit that comes from lettings and added value on disposals of investment property.

NOTE 12. NUMBER OF SHARES AND EARNINGS PER SHARE

Movement of the number of shares

	2007	2006
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

Determination of mandatory dividend pay-out amount

Net monetary operating result according to statutory annual accounts *in thousands €*	2007	2006
Net profit (consolidated)	23.886	12.295
Adjustment to statutory financial statement result	-59	0
Non cash-flow transactions included in the net result (+/-)		
Depreciations (+) and withdrawals of depreciations (-)	118	108
Other non cash-flow elements (+/-)	-1.041	-527
Result on the sale of investment properties (+/-)	19.531	1.151
Changes in fair value of investment properties and development projects (+/-)	-37.312	-3.010
Difference on the acquistion of the shares of Pegasus Vastgoedmaatschappij sa	2.339	0
Net monetary operating result	**7.462**	**10.017**

The profit distributable as dividends, based on the unconsolidated annual accounts of Intervest Retail sa, amounts to € 7,5 million in 2007 compared with € 10,0 million in 2006.

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

Calculation of the profit per share

in €	2007	2006
Basic earnings per share	4,70	2,42
Diluted earnings per share	4,70	2,42
Distributable earnings per share	1,47	1,97

The gross distributable earnings per share are, in a 100% distribution, rounded to € 1,47 per share.

Proposed dividend per share

After closure of the financial year the dividend distribution below has been proposed by the board of directors. This will be presented to the general meeting of shareholders on 2 April 2008. In accordance with IAS 40 the dividend distribution is not recognized as a liability and has no effect on the profit tax.

	2007	2006
Dividend per share (in €)	1,47	1,97
Remuneration of capital (in thousands €)	7.465	10.005
Dividend as percentage of the mandatory dividend pay-out amount (%)	100%	100%




NOTE 13. NON-CURRENT ASSETS - INVESTMENT PROPERTIES EXCLUDED

in thousands €	2007	2006
Intangible assets	**18**	**24**
Acquisition value	58	52
Depreciations and impairment losses	-40	-28
Other tangible fixed assets	**379**	**400**
Acquisition value	709	620
Depreciations and impairment losses	-330	-220
OTHER INFORMATION		
Externally acquired intangible assets		
Expected lifespan	3 year	3 year
Depreciation period	3 year	3 year

Depreciations on the intangible fixed assets and other tangible fixed assets are classified in the income statement under the items “property management costs” and “general costs”.

NOTE 14. NON-CURRENT ASSETS - INVESTMENT PROPERTIES AND DEVELOP-MENT PROJECTS

Investment and depreciation table *in thousands €*	Investment properties		Development projects		TOTAL	
	2007	2006	2007	2006	2007	2006
Amount at the end of the preceeding financial year	**266.991**	**280.107**	**13.851**	**4.561**	**280.842**	**284.668**
Acquisition development projects	0	0	7.278	9.218	7.278	9.218
Acquistion investment properties	19.003	0	0	0	19.003	0
Capitalised deferred expenses	544	2.592	506	1.223	1.050	3.815
Capitalised interest expenses	0	53	774	334	774	387
Transfers and disposals (-)	-33.309	-20.256	0	0	-33.309	-20.256
Transfers from (to) assets held for sale (+/-)	-12	0	0	0	-12	0
Change in fair value (+/-)	38.165	4.495	-853	-1.485	37.312	3.010
Amount at the end of the financial year	**291.382**	**266.991**	**21.556**	**13.851**	**312.938**	**280.842**
OTHER INFORMATION						
Investment value investment properties	298.667	273.666	21.670	13.965	320.337	287.631

The project developments comprise the sites of Olen and Tongeren.
The commercial part of the project in Vilvoorde for which a lease contract has already been signed with H&M is accountig wise considered as a redevelopment. Consequently, it is valued in accordance with IAS 40.58 and corresponding BC 19 at fair value and recorded under investment properties. The construction of apartments for sale is valued in accordance with IAS 16 at cost price and recorded under assets held for sale.

NOTE 15. CURRENT ASSETS

Assets held for sale

in thousands €	2007	2006
Messancy, Route d'Arlon 199	12.000	0
Vilvorde, Leuvensestraat - apartments	133	0
Total assets held for sale	**12.133**	**0**

The assets held for sale comprise Factory Shopping Messancy valued at sale price (€ 12 million) and the already incurred constructions costs for the apartments of the project in Vilvoorde.
A the end of November 2007 a binding and unconditional sales compromise regarding Factory Shopping Messancy was signed with the buyer. The notarial deed has been signed on 29 January 2008 therefore this asset has been classified at the end of the year as asset held for sale. The buyer paid the sales price on 29 January 2008. The project has a negative operating result during the financial year 2007 for an amount of € 2 million. The capital loss on the sale of this asset is recorded in the financial year 2007.

Trade receivables

in thousands €	2007	2006
Outstanding trade receivables	370	711
Invoices to issue and credit notes to receive	295	380
Doubtful debtors	1.210	973
Provision doubtful debtors	-1.210	-973
Other	10	3
Total trade receivables	**675**	**1.094**

Ageing analysis of trade accounts receivable

in thousands €	2007	2006
Receivables < 30 days	130	192
Receivables 30-90 days	68	131
Receivables > 90 days	172	388
Total outstanding trade receivables	**370**	**711**




Tax receivables and other current assets

in thousands €	2007	2006
Recoverable VAT	50	326
Recoverable coporate tax	1	6
Recoverable exit tax	8	8
Receivable from insurance company	1.689	2.666
Receivable arbitration Factory Shopping Messancy	112	362
Recoverable VAT Factory Shopping Messancy	2.095	0
Other receivables	130	444
Total tax receivables and other current assets	**4.085**	**3.812**

The claim on the insurance company concerns mainly the indemnity to be received for the fire in a shop in Andenne (2007: € 1,1 million; 2006: € 2,1 million). Intervest Retail is completely insured for the damage incurred to this shop, 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.

NOTE 16. 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 thousands €*	*in thousands €*	*in units*	*in units*
15.06.1987	Formation	74	74	3	3
30.06.1996	Capital increase	3.607	3.682	146	149
30.06.1997	Absorption	62	3.744	8	156
31.07.1997	Capital increase	1.305	5.049	71	227
22.12.1997	Absorption	1.529	6.578	69	296
06.11.1998	Absorption	3.050	9.628	137	434
23.12.1998	Absorption	874	10.502	101	535
23.12.1998	Capital increase	23.675	34.178	1.073	1.608
23.12.1998	Capital increase	33.837	68.015	1.723	3.332
31.03.1999	Capital decrease	-3.345	64.670	0	3.332
01.11.1999	Merger GL Trust	13.758	78.428	645.778	3.977.626
01.11.1999	Capital increase (Vastned)	21.319	99.747	882.051	4.859.677
25.11.1999	Capital decrease (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 Louizalaan7)	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 2007, 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 on one or more occasions by an amount of € 97.213.233,32 by monetary contribution or contribution in kind, if applicable, by incorporation of reserves or issue premiums, under regulations provided for by the Belgian Company Code, these articles of association and article 11 of the RD of 10 April 1995 on property investment funds.

This permission shall be valid for a period of five years from the publication in the annexes to the Belgian Official Gazette and Decrees of the official report from the extraordinary general meeting dated 2 April 2007, i.e. from 9 May 2007 onwards. This permission is renewable.

Each time there is an increase in capital the board of directors shall set the price, any share issue premium and the conditions of issuance of the new shares, unless the general meeting is to decide on that itself. The capital increases may give rise to the issuance of shares with or without voting right.

If the capital increases decided upon by the board of directors pursuant to this permission, include a share issue premium, the amount of this issue premium must be recorded in a special unavailable account, named "issue premiums", which, like the capital, forms the guarantee for third parties and which cannot be reduced or abolished subject to a decision of the general meeting, meeting under the conditions of presence and majority, providing for a reduction in capital, subject to the conversion into capital as provided for above.

In 2007 the board of directors did not apply the granted authorisation to use amounts from the permitted capital.

Purchase of own shares

In accordance with article 9 of the articles of association, the board of directors can proceed to the purchase of own paid-up equity shares by buying or exchanging within the legally permitted limits, in case of the purchase is necessary to spare the company a serious and threatening loss.

This permission is valid for three years from the publication of the minutes of the general meeting and is renewable for a similar period.

Capital increase

Any increase in capital will be in accordance with articles 581 to 607 of the Company Code, subject to the fact that in the event of registration for cash under article 11 § 1 of the RD of 10 April 1995 regarding property investment funds, there must be no departure from the pre-emptive right of the shareholders, as set out in articles 592 to 595 of the Company Code. Furthermore the company must conform to the stipulations regarding the public issue of shares in article 75 of the ICB-law of 20 July 2004 and to articles 28 ff. of the RD of 10 April 1995.

The capital increases through contributions in kind are subject to the terms of articles 601 and 602 of the Company Code. Furthermore, and in accordance with article 11 § 2 of the RD of 10 April 1995 regarding property investment funds, the following conditions must be met:

1. the identity of the contributor must be noted in the report referred to in article 602 of the Company Code, and also in the notice convening the general meeting that is being called for the capital increase;

2. the issue price must not be less than the average share price during the thirty days prior to the contribution;

3. the report referred to in point 1 above must also give the impact of the proposed contribution on the position of the former shareholders, in particular as it relates to their share of the profit and capital.

Share premium

in thousands €			
Date	*Transaction*	**2007**	**2006**
01.11.1999	Merger GL Trust	4.183	4.183
Total share premium		**4.183**	**4.183**

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

in thousands €	**2007**	**2006**
Amount at the end of the preceeding financial year	-6.789	-7.116
Change on investment value of investment properties	-967	-179
Impact of sales of investment properties	833	506
Impact of the acquisition of investment properties	-476	0
Total impact on the fair value of estimated transaction rights and costs resulting from hypothetical disposal of investment properties	**-7.399**	**-6.789**

The difference between the fair value of the property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is included in this item (see note 14).

NOTE 17: NON-CURRENT LIABILITIES

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

Deferred taxes - liabilities

in thousands €	**2007**	**2006**
Deferred taxes	306	0
Total deferred taxes	**306**	**0**

The deferred taxes concern tax liabilities from the group company EuroInvest Retail Properties sa.




NOTE 18. CURRENT LIABILITIES

Trade debts and other current debts

in thousands €	2007	2006
Trade debts	1.045	626
Advances received from tenants	340	345
Invoices to be received	5.780	3.676
Provision exit tax	1.332	0
Other current debts	2.128	463
Total trade debts and other current debts	**10.625**	**5.110**

The increase of € 5,5 million is occasioned by the provision for the contractual liabilities related to the development of Tongeren (see note 24), the provision for the exit tax as a result of the acquisition of the shares of Pegasus Vastgoedmaatschappij sa (from which is expected that during the first half-year of 2008 this company will be taken over by merger by unification of all shares in one hand) and the estimated VAT revision resulting from the sale of the shopping center in Messancy (see note 24).

Other current liabilities

in thousands €	2007	2006
Dividends payable	85	102
Liabilities for reinstatement of investment properties	2.058	2.231
Other current liabilities	198	25
Total other current liabilities	**2.341**	**2.358**

As prior year the current liabilities comprise the refurbishment works which have to be paid as a result of the fire in Andenne (€ 1,9 million).

Accrued charges and deferred income

in thousands €	2007	2006
Interest charges	914	779
Other accrued charges and deferred income	402	444
Total accrued charges and deferred income	**1.316**	**1.223**

NOTE 19: NON-CURRENT AND CURRENT FINANCIAL DEBTS

The average interest rate of the non-current financial debt amounts in 2007 to 4,29% (2006= 4,13 %).
The average interest rate of the current financial debts amounts in 2007 to 4,61 % (2005= 3,54 %).

Classified by expiry date of the credit facilities`

in thousands €	2007				2006			
	Debts with a remaining period of maturity of				Debts with a remaining period of maturity of			
	< 1 year	> 1 year and < 5 years	> 5 years	Total	< 1 year	> 1 year and < 5 years	> 5 years	Total
Credit institutions (withdrawn credits)	62.749	51.587	15.000	129.336	32.728	71.640	220	104.588
Non-drawn credit facilities	0	3.326	0	3.326	0	20.000	0	20.000
Financial lease	5	21	0	26	13	27	0	40
TOTAL	**62.754**	**54.934**	**15.000**	**132.688**	**32.741**	**91.667**	**220**	**124.628**
Percentage	**48%**	**41%**	**11%**	**100%**	**26%**	**74%**	**0%**	**100%**

Classified by variable or fixed interest rate of the loans

in thousands €	2007					2006				
	Debts with a remaining period of maturity of					Debts with a remaining period of maturity of				
	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage
Variable	17.395	25.175	15.000	57.570	44%	32.395	0	0	32.395	31%
Fixed	45.359	26.433	0	71.792	56%	346	71.667	220	72.233	69%
TOTAL	**62.754**	**51.608**	**15.000**	**129.362**	**100%**	**32.741**	**71.667**	**220**	104.628	**100%**

The non-current financial liabities amounts to € 71,9 million and consist of long-term bank financings at a fixed interest rate.
The current financial debts include € 32,7 million of which the drawn instalment falls within one year and must be repaid or extended.

Classified by type of credit facilities

in thousands €	2007		2006	
	Total	Percentage	Total	Percentage
Roll-over advances	1.766	1%	2.099	2%
Fixed advances	127.570	99%	102.489	98%
Financial lease	26	0%	40	0%
TOTAL	**129.362**	**100%**	**104.628**	**100%**




NOTE 20. FINANCIAL INSTRUMENTS

Intervest Retail limits the rental risk on its financial debts by means of interest rate swaps in euro. On 31 December 2007 the company possesses an interest guarantee contrat (IRS) for an amount of € 25 million, expiring on 19 March 2010. The interest rate of the swap amounts to 4,12 %. On 31 December 2007, the covered loan amounts to € 25 million (2006: € 25 million).

Intervest Retail classifies the interest rate swaps as cash flow hedge whereby it has been proved that the interest rate swap is effective. Consequently fair value hedge accounting is applied to this swap, on the basis of which mutations in value of the swap are recorded directly in shareholders' equity and not in the income statement.

The method for the determination of the effectiveness of the hedge is as follows:

- Prospective test: at the end of each quarter it is analysed if a match in the future between the interest rate swap and the underlying financial liabilities still exists
- Retrospective test: on the basis ratio analysis the paid interest on the underlying financial liabilities is compared to the floating interest cash flow of the swap, whereby the ratio has to lie between 80 and 125.

The market value of the interest rate swap amounts to € 60.000 on 31 December 2007 and is fixed on quarterly basis by the emitting financial institute.

Fair value and book value of the financial instrument at year end

in thousands €	Start date	Expiry date	Interest rate	Value	Market value	
					2007	2006
IRS	20.12.2006	19.03.2010	4,12%	25.000	25.060	24.906
Fair value financial fixed assets					**60**	**-94**

Fair value and book value of bank obligations at year end

in thousands €	2007		2006	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts with fixed interest rate	111.529	111.829	71.860	72.056

NOTE 21. RELATED PARTIES

The company's related parties, are its majority shareholder, its subsidiaries (see note 22) and its directors and members of the management committee.

Directors and members of the management committee

The remuneration for the directors and the members of the management committee are classified in the items "property management costs" and "general costs" (see notes 5 and 6).

in thousands €	2007	2006
Directors	59	31
Members of the management committee	329	281
Total	**388**	**312**

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

NOTE 22. LIST OF CONSOLIDATED COMPANIES

Name of the company	Address	Company number	Capital share (in %)	Minority interests *in thousands €*	
				2007	2006
Messancy Outlet Management sa	Uitbreidingstraat 18, 2600 Berchem	BE 0480 162 668	95%	3	3
Pegasus Vastgoed-maatschappij sa	Uitbreidingstraat 18, 2600 Berchem	BE 0438 961 226	100%	0	0
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100%	0	0
Total minority interests				**3**	**3**

IFRS 3 related to business combinations is not applicable on this acquisition.

NOTE 23. AUDITOR'S FEE

in thousands € (VAT included)	2007	2006
Fee statutory auditor for the audit mandate	80	75
Fee for exceptional activities or special assignments within the company performed by the statutory auditor		
- Tax advice assignments	46	16
- Other assignment apart from audit assignments	27	10
Total auditor's fee	**153**	**101**




NOTE 24. PROVISIONAL CONDITIONS

1. Shopping center "Julianus" in development

In December 2005 Intervest Retail signed a purchase agreement on plan related to the shopping center "Julianus" in Tongeren, in process of formation. The part of the land that is co-owned is bought and paid for in the first quarter of 2006. The constructions are paid for in five instalments, with the last instalment being due at the delivery. The total acquisition value will amount to approximately € 18 million. Presently the fourth instalment has been paid, whereby € 12,7 million of the investment value has been paid. The fifth instalment is provided so that the total investment value amounts to € 17 million. The project will have a positive contribution to the operating result of 2008.

2. Control BBI (VAT) – Factory Shopping Messancy

On 20 September 2006, the BBI of Ghent has started a VAT control concerning the examination of the VAT-deduction on construction costs incurred in 2003 for the project Factory Shopping Messancy. During 2007 all construction costs of the shopping center as from 2003 on have been verified whereafter on 26 October 2007 a VAT-assessment has been sent to Intervest Retail. The basic agreements made on 31 January 2003 are ignored according to Intervest Retail, whereby an appeal has been entered on 30 November 2007. A few days later Intervest Retail has been summoned and on 18 December 2007 a notice has been issued, ordering the payment of following amounts:

VAT in principal:	€ 1,763 million
Administrative fine :	€ 0,176 million
Moratory interests:	€ 0,155 million
Total:	€ 2,095 million

End 2007 Intervest Retail proceeded to the payment of the additional assessment without any prejudicial recognition and with reservation of all rights. The board of directors have decided to introduce a request for the recovery of the VAT at the Tribunal of First Instance because the point of view of the BBI is basically contested.

Similar deduction procedures concering VAT on construction and exploitation of shopping centers are also applied by Intervest Retail in Olen and Julianus in Tongeren. At the date of this report it is not possible to estimate if the above mentioned issues for these shopping centers shall occasion additional tax assessments in case of a possible control by the tax administration.
In the frame of the sale of the outlet center the tax deduction of the construction costs must be revised pro rata temporis. For this purpose a provision has been included in the annual accounts on 31 December 2007.

3. Sale of Factory Shopping Messancy

In the frame of this sale, Intervest Retail guaranteed that it has no outstanding tax or parafiscal debt for which the buyer would be co-responsible for. Besides, Intervest Retail guarantees that the revision of the deductible VAT from the sale of Factory Shopping Messancy by means of registration rights is logically its own responsibility.

4. Agreement of intent on the construction of a Shopping park in Olen

The management committee of Intervest Retail has concluded on 9 august 2007 an agreement of intent with the construction company Cordeel Zetel Hoeselt sa, whereby this company is designated as contractor for the works in the Shopping Park in Olen, after obtaining the necessary agreement of the board of directors and under the suspensive condition of acquiring the necessary permits for this project by Intervest Retail.

5. Guarantees with regard to 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 the financing, the credit institutions generally require a coverage ratio of more than 2.

NOTE 25. POST BALANCE SHEET EVENTS

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2007.

NOTE 26. PROCEDURE ON CONFLICT OF INTEREST

In the case of a possible conflict of interest with a major shareholder in the company the procedure stipulated in article 524 of the Company Code shall be applied. Reference must also be made here to the RD of 10 April 1995, Section 3, articles 22 to 27 concerning the prevention of conflicts of interest.

VastNed Retail sa, controlling shareholder in the company, submitted a request to the board of directors in early December 2007 to make certain information not available to the public concerning the company available to it. This request related to a procedure introduced by VastNed Retail sa, to which a limited number of parties participate, which was to result in the selection of a preferred candidate bidder, who would make a public bid for VastNed Retail sa with the support of the management body of VastNed Retail sa. In the framework of this selection procedure VastNed Retail sa wanted to give the candidate-bidders the opportunity to carry out a due diligence investigation of VastNed Retail sa and its subsidiary from a legal, financial and accounting standpoint, including the company Intervest Retail.

The board of directors consequently appointed a committee of three independent directors by decision of 13 December 2007, in the persons of Messrs Christiaens, Rijnboutt and van Ommen, who appointed an expert in their turn, in the person of Mr Blumberg, managing partner of Linklaters. That committee then, in consultation with and assisted by Mr Blumberg, formulated a recommendation, the conclusion of which stated:

"The committee is of the opinion that it is justified on the grounds of the interests of the company to comply with the request of VastNed and that the company cannot thereby be damaged, on condition that this information is released under the conditions and according to the terms stipulated under [4.2 – see below, text repeated in the conclusion of the board of directors]."

The board of directors subsequently decided on 13 December 2007:
"At the request of VastNed to make certain information not known to the public concerning the company available with a view to making this information open to candidate-bidders participating in the Selection procedure organised by VastNed, can be accepted under the following terms and conditions:

A. Contractual guarantees in the field of confidentiality and 'standstill'

All candidates offered the possibility of due diligence on the company, must sign an appropriate confidentiality and standstill undertaking in which they (at least) undertake (i) to maintain the confidentiality of the information not publicly known concerning the company, which they receive in the framework of due diligence and not to use this information for any purposes other than the Selection procedure and (ii) not to acquire any stock of the company or to enter into an undertaking thereto, or to announce the intention of acquiring the stock of the company, during a standstill period as long as the Selection procedure is in progress.

The board of directors understands that each candidate who registers in the Selection procedure must sign a confidentiality and standstill agreement with VastNed before being permitted to the procedure. The provision of the information requested by VastNed is subject to the condition that this information shall not be made available to any candidates before the company has seen the confidentiality and standstill agreement signed by the candidate concerned and on condition that the corresponding agreement offers appropriate guarantees. The board of directors understands that the confidentiality and standstill agreements signed or to be signed by the candidates are (shall be) based on the standard model attached as Appendix 1 to the recommendation of the Committee and hereby confirms to hold the opinion that this standard offers appropriate guarantees. In order not to compromise the flexibility of the Selection procedure, the board of directors grants the chairman of the management committee of the company the authority to judge on a case by case basis whether the confidentiality and standstill agreements that deviate from the standard model still offer appropriate guarantees.

A separate undertaking is requested from VastNed, whereby VastNed promises to refrain from any involvement in any public bid on the company other than with the consent of the board of directors of the company for a period of three months after the end of the standstill period as stipulated in the standard model of the confidentiality and standstill agreement (according to the model of the letter attached to this as appendix 2 with the recommendation from the Committee).

B. Limitation of the number of candidates permitted to due diligence

Due diligence on the company must be reserved to a limited number of parties. If too many candidates register for the Selection procedure a first selection must be made before the due diligence starts.




The board of directors understands that there are currently five candidates registered and considers that the information requested by VastNed may only be made available on condition that it shall not be release to a number of candidates substantially greater than this. Where the limit should be precisely cannot be defined in absolute terms and shall specifically depend on the type of candidates: for example if direct competitors should have a large proportion in the entire group of candidates, the critical limit will be reached faster. In order not to compromise the flexibility of the Selection procedure, the board of directors grants the chairman of the management committee of the company the authority to judge when the critical limit is considered to have been reached.

C. Phased availability of 'commercially sensitive information'

Commercially sensitive information cannot be released immediately to the entire group of candidates initially permitted to due diligence. Some information may only be made available after one or more further selections have been made within the initial group of candidates. It is not excluded that certain information may not be made available at all.

Certain information shall be 'absolutely' commercially sensitive, i.e. (as) sensitive in relation to each candidate receiving it. Information may however also be 'relatively' commercially sensitive, in the sense that it is only sensitive in relation to a specific candidate or a specific type of candidate (such as direct competitors to the company). This means that from the standpoint of (the interests of) the company it is, in principle, possible that information may be released to a particular candidate while another candidate will not receive it or only receive it later. The board of directors indicates that the company does not itself have any legal obligation to disclose the information on an equal basis). If VastNed does not reserve the right of unfair provision of information under the rules of the Selection procedure, then the release of certain sensitive commercial information shall be postponed until this is justified in relation to all candidates still in the procedure at that time.

The evaluation of whether certain information is commercial sensitive is a de facto consideration that must be made on a case by case basis. The same is true for the evaluation at which stage of the Selection procedure certain commercially sensitive information may be disclosed. The board of directors consequently also grants the chairman of the management committee of the company the authority to make both these judgements. The guideline is given here that the following information is commercially sensitive in principle: (i) financial or fiscal information individualised per building, (ii) individualised information concerning the duration and termination conditions of lease agreements, (iii) employment or management contracts with staff and (iv) any information that contains financial or commercial prognoses. In the evaluation at which stage of the procedure certain commercially sensitive information may be disclosed, the chairman of the management committee of the company shall be lead by the level of sensitivity (if applicable to be assessed in relation to the candidate receiving it). The chairman of the management committee shall report on the progress of the process at the first request of the board of directors in the way and form reasonably set by the board.

D. No availability of 'foreknowledge'

If the company should have any foreknowledge during the course of the Selection procedure and should decide in accordance with the applicable rules concerning abuse of the market to postpone the disclosure of this foreknowledge, then this information withheld may not be disclosed to the candidates."

The board of directors also requested the company auditor, Deloitte Bedrijfsrevisoren, Burgl. Venn. ovv CVBA, represented by Mr Rik Neckebroeck, company auditor, in accordance with article 524 § 3 of the Company Code, to give a judgement on the reliability of the data stated in the recommendation of the Committee of the three independent directors, assisted by the independent expert. The company auditor's opinion was as follows:

"In our opinion the financial and verifiable data included in the minutes of the meeting of the board of directors of 13 December 2007 and in the report of the aforementioned committee of 3 independent directors is true."

The board also states that the procedure imposed by article 24 of the RD of 10 April 1995 in relation to real estate investment companies was respected.

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 DECEMBER 31, 2007

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 comment.

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 December 31, 2007, 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 331.976 (000) EUR and a consolidated profit for the year then ended of 23.886 (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.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole. Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained, 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 December 31, 2007, 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 comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

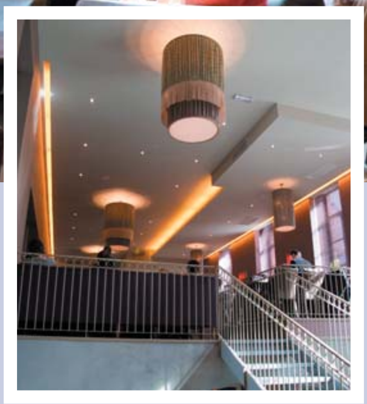
Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- 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 principal 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.

Diegem, February 19, 2008

The statutory auditor

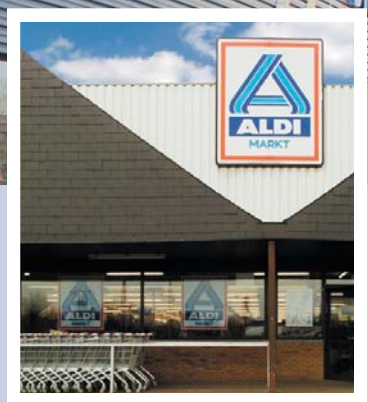
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck



Julianus Shopping
Tongeren

Tony Mertens
Prémaman2
Wilrijk

Blokker
Flemalle



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GENERAL INFORMATION

Gamma
Tienen

IDENTIFICATION

Name

Intervest Retail sa, public property investment fund with fixed capital under Belgian Law, or "sicafi" under Belgian Law.

Registered office

Uitbreidingstraat 18, 2600 Antwerp-Berchem.

Enterprise identification number (RPR Antwerp)

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

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 Official Gazette, 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 18 October 2007.

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 438 of the Company Code.

Duration

The company is founded for an indefinite period.

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 31 or article 129 of the act of 20 July 2004, 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.

Financial year

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

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 bodies are published in the appendices to the Belgian Official Gazette.

- Financial announcements and notices convening the general meetings are published in the financial press.

- Important public company documents are available on the website: www.intervest.be

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company's registered office.

EXTRACT FROM THE ARTICLES OF ASSOCIATION [6]

Capital - Shares

Article 8 – Nature of the shares

The shares are bearer or registered shares or, in the event of the prior designation of an account holder by the board of directors, take the form of dematerialised securities insofar as the law and the applicable implementing regulations allow.

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

[6] 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 register office and on the website www.intervest.be

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. As long as the company has not decided to issue the dematerialisation securities, there can be no request for these to be exchanged for dematerialised securities.

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.

Article 11 – Transparency regulations

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.

Administration and supervision

Article 12 – Nomination – dismissal - vacancy

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

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

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

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the 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 law of 22 March 1993 relating to the statute for and supervision of credit institutions.

Article 15 – Delegation of authority

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

The board of directors determines the conditions for the appointment of the members of the Executive Committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If an executive committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no executive committee is appointed, the board of directors can only 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 which special powers are assigned, all in accordance with the law of the collective management of investment portfolios, and its implementation decrees."

Article 17 – Conflicts of interest

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 80 of the law of 20 July 2004.

General meeting

Article 19 – General, special and extraordinary general meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the first Wednesday of April at 2.30 p.m.

If this day is a public holiday, the meeting will be held on the next working day.

At any time an extraordinary general meeting can be convened to deliberate and decide on any matter belonging to its competence and which does not contain any modification of the articles of association.

At any time an extraordinary general meeting can be convened to deliberate and decide, before a notary.

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 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 indented 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.

Social documents - Distribution of profit

Article 29 – Appropriation of profit

The company will distribute at least eighty percent (80%) of its net income, less the amounts that correspond to the net reduction of debt for the current financial year.

For the purposes of this article, net income is defined as the profit for the financial year, excluding downward value adjustments, reversals of downward value adjustments and added values realized on fixed assets, in so far as these are recorded in the 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 realization 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 added values will be realized.

The portion of the realized added values that has not been reused after the period of four years will be added to the net income, as defined, for the financial year following this period.

Statutory auditor

On 4 April 2007, Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA , which is represented by Rik Neckebroeck, Berkenlaan 8b – 1831 Diegem, has been reappointed as statutory auditor of Intervest Retail. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2010.

The remuneration of the Statutory Auditor amounts to € 56.000 (excl. VAT, incl. costs) a year for the auditing of the annual accounts.

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 (excl. VAT) amounts to 0,01 % per annum is calculated on the total assets.

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

- CB Richard Ellis, 1000 Brussels, Lloyd Georgelaan 7. The company is represented by Peter De Groot.

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

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 € 1.000 a month.



PROPERTY INVESTMENT FUND - LEGAL FRAMEWORK

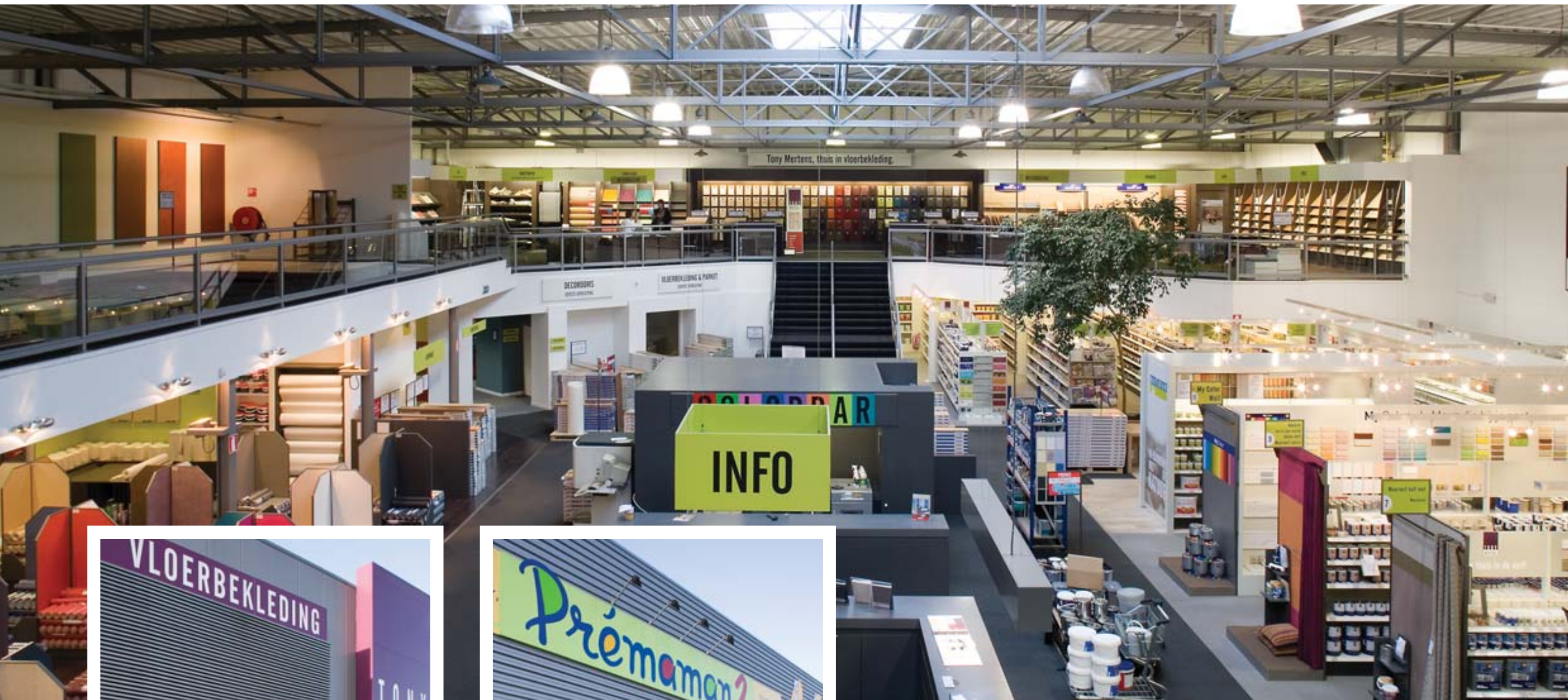
The Investment Fund system was regulated in the RD of 10 April 1995 to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT USA) and the Fiscal Investment Institutions (FBI Netherlands).

It is the legislator's intention that Investment Funds 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 limited partnership 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 experts
- 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
- 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.



Tony Mertens
Wilrijk

Tony Mertens
Wilrijk

Prémaman
Wilrijk

TERMINOLOGY

Acquisition value of an investment property
This term is used at the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

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

Current rents
Annual rent on the basis of the rental situation on a certain moment in time.

Debt ratio
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 coverage instruments, divided by the total assets. By means of the RD of 21 June 2006, the maximum debt ratio for the property investment funds rose from 50 % to 65 %.

Diluted earnings
The diluted earnings per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares.

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

Dividend yield
The dividend yield is the gross dividend divided by the annual average of the share price.

Fair value of investment properties (in accordance with Beama interpretation of IAS 40)
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.

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).

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

Gross dividend
The gross dividend per share is the distributable operating result divided by the number of shares.

Investment value of an investment property
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".

Liquidity of the share
The ratio between the number of daily traded shares and the number of capital shares.

Net asset value (fair value)
Total shareholders' equity divided by the number of shares.

Net asset value (investment value)
Total shareholders' equity adjusted for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares.

Net dividend
The net divided is equal to the gross dividend after deduction of withholding tax of 15 %

Occupancy rate
The occupancy rate is calculated as the ratio of the actual rental income to the same rental income plus the estimated rental value of the vacant locations for rent.

Ordinary earnings
The ordinary earnings per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares.

Yield
Annual rental income compared to the investment value.



NOTES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