



INTERVEST
RETAIL

ANNUAL REPORT
2009

60



INTERVEST RETAIL IS:

- a Belgium property investment fund, listed on NYSE Euronext Brussels
- specialises in investments in commercial real estate: inner-city shops, retail warehouses and shopping centres
- focuses on an investment policy based on commercial real estate, with respect for criteria of risk spread in the real estate portfolio, relating to the type of building as well as to the geographic spread and the sector of the tenants
- enjoys a high dividend yield
- is provided with a healthy financial structure



FINANCIAL CALENDAR:

Announcement of annual results to 31 December 2009	Tuesday 23 February 2010
General meeting of shareholders	Wednesday 7 April 2010 at 2.30 pm
Dividend payable:	
- Ex-date dividend 2009	Tuesday 20 April 2010
- Record date dividend 2009	Thursday 22 April 2010
- Dividend payment 2009	as from Friday 23 April 2010
Interim statement on the results to 31 March 2010	Monday 10 May 2010
Half-yearly financial statement to 30 June 2010	Tuesday 3 August 2010
Interim statement on the results to 30 September 2010	Thursday 28 October 2010

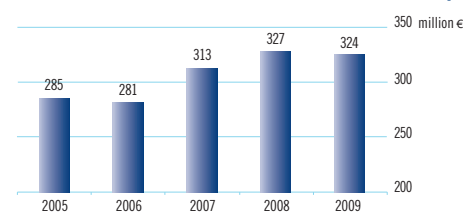


□ Tony Mertens - AS.Adventure - Prémaman2 - Wilrijk

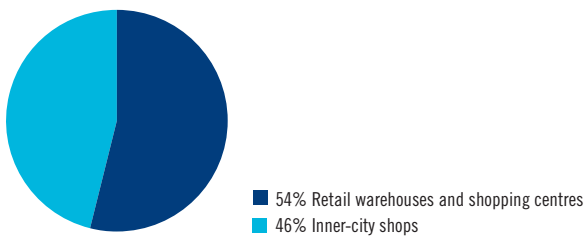
RISK SPREAD OF THE REAL ESTATE PORTFOLIO

Real estate portfolio	31.12.2009	31.12.2008
Fair value of investment properties (€ 000)	324.338	327.398
Assets held for sale (€ 000)	7.649	1.246
Total leasable space (m ²)	159.633	166.417

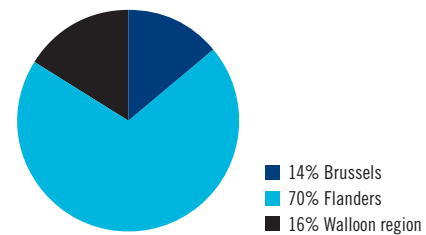
Evolution of fair value of the real estate properties



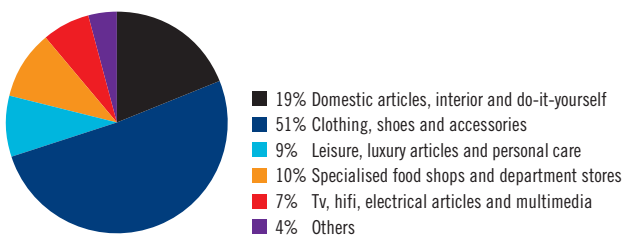
Type of commercial building



Geographic spread



Sector of tenants



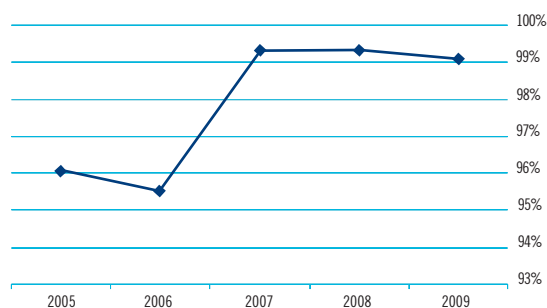
STRONG BALANCE SHEET: DEBT RATIO 39 %

Key figures	31.12.2009	31.12.2008
Shareholders' equity (€ 000)	199.588	199.248
Liabilities (€ 000)	137.629	135.643
Debt ratio as per Royal Decree 21 June 2006 (max. 65 %) (%)	39 %	39 %

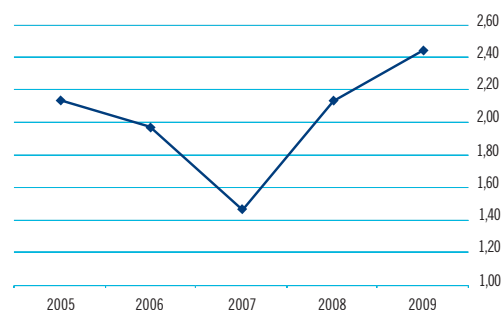
Key figures per share	31.12.2009	31.12.2008
Number of shares	5.078.525	5.078.525
Net asset value (fair value) (€)	39,30	39,23
Net asset value (investment value) (€)	40,90	40,85
Share price on closing date (€)	37,60	28,49
Discount to net asset value (fair value) (%)	- 4 %	- 27 %

POSITIVE RESULTS: DISTRIBUTION OF GROSS DIVIDEND: € 2,44 PER SHARE

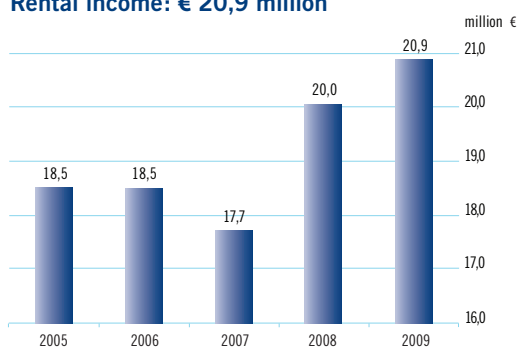
Occupancy rate on: 99,1 %



Distribution of gross dividend: € 2,44



Rental income: € 20,9 million



“In 2009, the gross dividend of Intervest Retail increases by 14 % from € 2,14 to € 2,44 per share.”



□ Julianus Shopping - Tongres

Results (€ 000)	2009	2008
Rental income	20.847	20.034
Rental related charges	-141	26
Property management costs and income	-1	-6
Property result	20.705	20.054
Property charges	-2.182	-2.266
General costs and other operating costs and income	-1.056	-1.023
Operating result before result on portfolio	17.467	16.765
Result on portfolio	530	11.502
Operating result	17.997	28.267
Financial result (excl. change in fair value - IAS 39)	-5.019	-5.769
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39)	-822	-461
Taxes	6	-51
Net result	12.162	21.986
Operating distributable result	12.400	10.872
Result on portfolio	530	11.502
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and other non-distributable elements	-768	-388
Gross dividend per share (€)	2,44	2,14
Net dividend per share (€)	2,07	1,82

DIVIDEND YIELD

“On 31 December 2009 the share price of the Intervest Retail’ share amounts to € 37,60 offering a gross dividend yield of 6,5 %.”

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“The dividend of Intervest Retail increased by 14 %
in 2009 and came to € 2,44 per share.”

“On 31 December 2009, the debt ratio only reached 39 %.”

“Despite the economic crisis, the value of the portfolio
increased by 0,5 % in 2009.”



■ LETTER TO THE SHAREHOLDERS

Dear Shareholder,

While in most European countries, retail real estate has been hit by the global economic crisis, the Belgian retail real estate sector has been almost completely spared. Over the past year, the real estate portfolio of Intervest Retail even showed an increase in fair value of 0,5 %.

In 2009, Intervest Retail achieved one of the highest operating results since its creation. This good result came primarily from the increased rental income as a result of the reopening of the retail park in Andenne, indexations, favourable rental renewals and, last but not least, through the currently low interest rates on the financial market.

For financial year 2009, we can offer you a gross dividend of € 2,44 per share compared to € 2,14 per share for financial year 2008, representing an increase of 14 %. The gross dividend result of the property investment fund therefore amounts to 6,5 %, based on the share price at 31 December 2009.

We should also not lose sight of the fact that Intervest Retail has also suffered from the crisis. Generally, retailers are being much more reserved when considering new projects. In the current difficult economic situation, it has not been possible to persuade enough retailers to participate in the Olen Shopping Park project at attractive rental conditions. Taking the uncertainties into account regarding this development project, the ground parcels and the remaining building were sold at the end of 2009. Intervest Retail intends to reinvest at least the funds that have been released by that sale in buildings that will make an immediate contribution to the operating result of the property investment fund.

In spite of the fact that the economic crisis is certainly not yet over and that consumer spending is expected to be under pressure in 2010, Intervest Retail is positive regarding the future.

For the time being, the relatively low debt ratio of 39 % offers a stable balance-sheet position and makes it possible for Intervest Retail to proceed to additional investments.

In addition, the current rental levels of Intervest Retail are below the market averages, which support the continuity of the rents.

At the end of the year, the occupancy rate of the real estate portfolio was 99,1%, which is an indication of the quality of the retail real estate.

In the future, we will pursue our careful policy in accordance with the same strategy. We would like to thank you once more for your trust and the personnel for their efforts and contribution to the good results of 2009.

The board of directors



Reinier van Gerrevink
Managing director

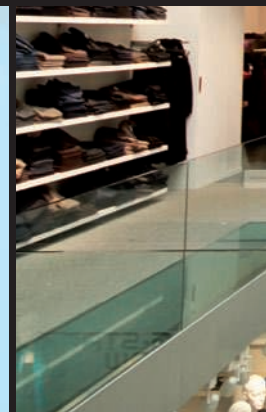


Paul Christiaens
Chairman of the board of directors

01



Report of the board of directors
6 Profile
6 Investment policy
7 Statement on Corporate Governance



COMPANY ■
Huidevetterstraat 12
2000 Antwerp
Space: 791 m²



PROFILE

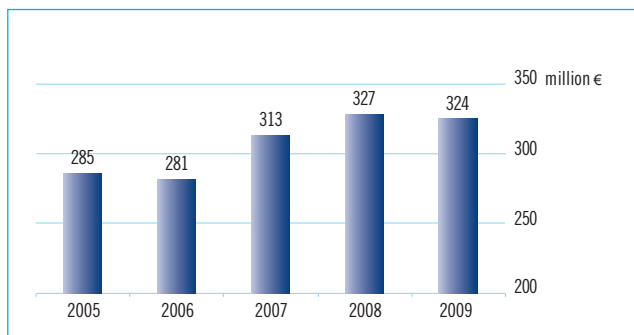
Intervest Retail invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations in prime locations, retail warehouses and shopping centres.

At present the portfolio is made up of 274 leasable units, spread over 94 different locations.

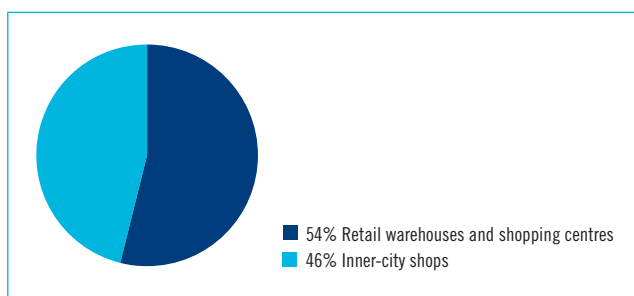
“On 31 December 2009, the portfolio consisted of 46 % of inner-city locations and 54 % of retail warehouses and shopping centres. The total fair value of the portfolio amounted to € 324 million at 31 December 2009.”

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 NYSE Euronext Brussels.

Evolution of the fair value of the real estate properties



Type of real estate



INVESTMENT POLICY

The property investment fund maintains an investment policy focused on high-quality commercial properties which are leased to first-class tenants. These properties do not require major repair work in the short term and are strategically situated on good locations.

The commercial properties consist 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 ensuring high liquidity, by expanding its property portfolio and by a better risk spread.

“The investment policy is based on the principle of achieving a combination of a direct yield based on rental income and an indirect return based on the increase in the value of the real estate portfolio.”

Increase of the 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 large investors, which improves growth opportunities.

Increased liquidity makes it easier to issue new shares to be issued more easily (for increasing the capital, contributions in kind or mergers), which is also very important for growth.

To improve its liquidity, Intervest Retail has concluded a liquidity agreement 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.

“In 2009, the free float of the share of
Interest Retail was 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 **economies of scale** make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be paid out. This relates, for instance, to costs of maintenance and repair, the (long-term) renovation costs, consultancy fees, publicity costs, etc.
- With a larger total portfolio, management's **negotiating position** is improved when discussing new lease terms and offering new services, alternative locations, etc.
- It makes it possible for a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, resulting in **increase in shareholder value**. This makes it possible to achieve 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 tenants, being able to, offer of new services, etc.

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

Interest 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-rent-back transactions with Interest Retail.

Improvement of risk spread

Interest 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.

STATEMENT ON CORPORATE GOVERNANCE

General

Interest Retail uses the Belgian Corporate Governance Code 2009 as its benchmark and complies with the principles of this Code 2009 very strictly. The principles of corporate governance pursued by Interest Retail have been formalised by the board of directors in a number of directives:









- the Corporate Governance Charter
- the code of conduct
- the whistle-blowing rules
- the market abuse-prevention directive

The complete ‘Corporate Governance Charter’ that sets out the important internal procedures for the management entities of Interest Retail, as well as the other directives, are available for review on the company website (www.intervestretail.be).

The terms of the Belgian Corporate Governance Code 2009 may only be deviated from when specific circumstances require it. If such an event occurs, the deviation is explained, in accordance with the “comply or explain” principle, in the annual report.

Management entities

Board of directors

<p>Paul Christiaens Chairman Independent director</p> <p>Address Vijverstraat 53 3040 Huldenberg</p> <p>Term April 2010</p> <p>Function Director of real estate companies</p>	<p>Reinier van Gerrevink Managing director</p> <p>Address Bankastraat 123 NL - 2585 EL 's-Gravenhage</p> <p>Term April 2011</p> <p>Function Chief executive officer VastNed Group</p>	<p>Hubert Roovers Managing director</p> <p>Address Franklin Rooseveltlaan 38 NL - 4835 AB Breda</p> <p>Term April 2011</p> <p>Function Managing director Interest Offices sa</p>	<p>Gérard Philippson Independent director</p> <p>Address Avenue de Saturne 34 1180 Brussel</p> <p>Term April 2010</p> <p>Function Managing director Sopedi</p>
			
			
<p>Nick van Ommen Independent director</p> <p>Address Beethovenweg 50 NL - 2202 AH Noordwijk aan Zee</p> <p>Term April 2010</p> <p>Function Director of companies</p>	<p>EMSO sprl, permanently represented by Chris Peeters Independent director</p> <p>Address Jan Moorkensstraat 68 2600 Berchem</p> <p>Term April 2011</p> <p>Function Transport economist Managing director Policy Research Corporation sa</p>	<p>Tom de Witte Director</p> <p>Address Kamerlingh Onnesstraat 69 NL - 2984 ED Ridderkerk</p> <p>Term April 2012</p> <p>Function Chief financial officer VastNed Group</p>	



Board of directors

Composition

In 2009, the board of directors comprises 7 members, 4 of whom 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.

Activities

The board of directors met seven times in 2009. In 2009, the most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions were:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2009 and the business plan 2010
- discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurances, renovations, etc.)

All directors attended all meetings, except for Tom de Witte on 16 February 2009, Reinier van Gerrevink on 4 May and 2 November 2009 and Hubert Roovers on 2 November 2009.

In 2009, Reinier van Gerrevink and Hubert Roovers were charged with oversight of day-to-day management, pursuant to article 4 § 1 5° of the Royal Decree of 10 April 1995 concerning property investment funds. During financial year 2009, Reinier van Gerrevink and Tom de Witte represented the majority shareholder VastNed Retail sa.

Audit committee

Composition

In 2009, the audit committee comprises four directors: Nick van Ommen (chairman), Paul Christiaens, Gérard Philippson and EMSO sprl, permanently represented by Chris Peeters. The term of their mandate in the audit committee is not specified.

In 2009, these independent directors fulfilled all nine criteria of independence in accordance with article 526 ter of the Belgian Companies Code.

The independent directors are experts in the area of accountancy and auditing and the audit committee as a whole is expert in the area of the company's activities.

Activities

In 2009, the audit committee met four times. The most important items on the agenda of the audit committee in 2009 were:

- discussion of the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion of the budgets
- oversight of statutory audit of the (consolidated) annual accounts and analysis of the recommendations of the statutory auditor
- analysis of the efficiency of the internal control mechanism and risk management of the company
- discussion of the Belgian Corporate Governance Code 2009

All the members attended all meetings.

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



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

The management committee

In 2009, the management committee comprised:

- 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

Pursuant to article 524bis of the Belgian Companies Code and Article 15 of the company's articles of association, the board of directors has delegated specific management authority. 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 is available for review on the website (www.intervestretail.be).

Evaluation of the management entities

Under the direction of the chairman, the board of directors periodically reviews its size, composition, working and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- an assessment is made of the functioning and leadership of the board of directors
- the question of whether major subjects are prepared and discussed thoroughly
- an assessment is made of the actual contribution and involvement of each director in the discussions and decisions
- the composition of the board of directors is assessed with respect to the desired composition of the board
- the functioning and composition of the audit committee is discussed
- the collaboration and communication with the management committee is evaluated

If the above mentioned assessment procedures show some weaknesses, the board of directors will have to offer appropriate solutions. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

Conflicts of interest

If a director, because of his other board mandates, or for any other reason, has an interest with respect 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 Companies Code will be applied and the director in question will be asked not to take part in the debate on decisions or actions, or in the vote (article 523, § 1 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 Belgian Companies Code shall apply. At the same time, reference should be made to the Royal Decree of 10 April 1995, article 3, articles 22 to 27 on avoiding conflicts of interest.

The procedure for avoiding conflicts of interest was not invoked during financial year 2009.

Remuneration report

Outlines of the remuneration policy

The remuneration policy has several principles:

- the total remuneration must be appropriate to the level and the nature of the position in order for Intervest Retail to continue to be able to attract and keep qualified and professional members for its board of directors and for the management committee
- no remuneration is paid to the members of the board of directors who represent the majority shareholder
- the remuneration structure of the management committee consists of a variable bonus meant to promote the interests of Intervest Retail; the representatives of the majority shareholder are not eligible for this bonus
- the principles of the Belgian Corporate Governance Code 2009 are used as guideline; agreements concluded in prior employment contracts or management contracts will in principle be respected.

Remunerations

Basic remuneration 2009

Non-executive directors

In 2009, the annual fixed remuneration of the independent non-executive directors amounted to € 14.000 per annum for members of the board of directors (€ 15.000 a year for the chairman of the board of directors). No additional remuneration applies for membership of a committee or for holding the position of chairmanship of a committee. The directors representing the majority shareholder are not remunerated for their work on the board of directors.

Members of the management committee

The amount of the fixed remuneration allocated for remuneration in 2009 to the members of the management committee, with the exception of the managing director, is € 343.758. As the management committee in 2009 comprises only three people who are remunerated for their performance, it is the opinion of the board of directors that, for reasons of privacy, a joint disclosure of the total remuneration package is sufficient.

The mandate of the managing director representing the majority shareholder is not remunerated for work carried out in the management committee.

Bonus for financial year 2008, paid in 2009

The three members of the management committee, except the managing director, may be eligible for an annual bonus of a global amount not to exceed € 30.000. The level of the bonus granted is fixed on the basis of measurable criteria linked to previously agreed performance achievement.

In 2008, these criteria related to rental activity (including the letting of some specially designated properties), the occupancy rate and the increase of the net rental income. On the basis of the targets achieved in 2008, a bonus totalling € 18.000 was paid out in 2009.

In addition to this normal bonus, a member of the management committee may be eligible for an additional annual bonus based on exceptional performances. For financial year 2008, no additional bonus was granted.

Basic remuneration for 2010 and bonus for financial year 2009

The annual fixed remuneration of the independent non-executive directors is unchanged from the aforementioned remuneration for financial year 2009.

The annual fixed remuneration for the members of the management committee, with the exception of the managing director, is indexed at 1 January of each year, (i) in accordance with the normal index of the consumer price index, whereby the baseline is the index value in the month preceding the date of commencement of the contract and the new index level will be that of the month preceding the month in which the indexing has taken place (ii), increased by 1 percent. This represents an increase by 0,25 %.

In 2009, the criteria for a bonus were related to rental activity (including the letting of some specially designated properties), the increase of the net rental income, the occupancy rate, the rental recovery and the Olen project. On the basis of the targets achieved in 2009, a bonus totalling € 25.600 was granted. For financial year 2009, no additional bonus was granted.

Duration and termination conditions

The members of the board of directors are appointed for a period of 3 years at the pleasure of the general meeting, which can revoke their appointment at any time. There is no dismissal compensation.

The members of the management committee are appointed for an indefinite period. Members of the management committee are entitled to dismissal compensation equivalent to an amount ranging from twelve months to eighteen months fixed remuneration, except in cases of gross negligence or deliberate fault, in which case no remuneration shall be due.

Major risk factors and internal control and risk management systems

In 2009, the board of directors of Interinvest Retail again turned its attention to the risk factors that Interinvest Retail must contend with.

“The constant evolution on the real estate and the financial markets require continuous monitoring of the strategic, operating, financial and compliance risks to safeguard the results and the financial situation of Interinvest Retail.”

Strategic risks

These risks are determined in large measure by the strategic choices made by Interinvest Retail to limit the vulnerability to external factors. The size of these risks is determined by the strategic choices with respect to investment policy, such as:

- **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 on good locations.
- **period of investment:** based on the knowledge of the economic and real estate-market cycles, the company tries to respond to the upward and downward movements of the market as well as possible.

Operating risks

These risks arise from the daily transactions and (external) events that occur within the strategic framework, such as:

- **investment risks:** internal control measures have been implemented in Intervest Retail to limit the risk of poor investment decisions. The risk profile is developed on the basis of as precise an evaluation as possible based on market research, the evaluation of the future yields, screening of the existing tenants, studying the environmental and permit requirements, analysing the tax risks, etc.
- **rental risks:** these risks are related to the type and location of the property, the extent to which it competes with nearby buildings, the quality of the property, the quality of the tenants and the lease contract. Intervest Retail carries out an on-going review of these factors. On a regular basis, a risk profile is assigned to each property (on the base of internal local knowledge and information provided by outsiders and evaluators). Depending on the risk profile, a certain return has to be achieved over a certain period, which is then compared to the expected return on the basis of the internal returns model. On that basis, an analysis is made with respect to which properties merit additional investment, where changes should be made to the tenant mix, and which buildings should be sold. Additionally, the vacancy levels and the vacancy risk are analysed each quarter, based on the expiry dates of the lease contracts. Within the constraints of the current lease legislation, the company strives to achieve balance with respect to the period of the lease contracts. That makes it possible to anticipate future lease terminations and contract reviews.
- **cost control - risks:** there is a risk that the net return on real estate will be influenced negatively by high operating costs and investments. Intervest Retail has implemented a variety of internal control measures to reduce this risk, such as the periodical comparison of maintenance projections with actual performance, and approval procedures for entering into maintenance and investment obligations.
- **debtor's risks:** Intervest Retail has clear procedures for screening tenants when new lease contracts are concluded. Furthermore, when new lease contracts are negotiated, deposits or bank guarantees are required. Internal control procedures have also been put into place to ensure that rents are received on time and that lease arrears are dealt with effectively. The financial and property administration keeps a close eye on keeping lease arrears to a minimum.
- **legal and fiscal risks:** in order to limit the financial risk and the risk to the company's reputation as a result of sub-optimal contracts with third parties, and depending on the degree of complexity, the contracts are reviewed by external advisors. Intervest Retail is, furthermore, insured against liabilities resulting from its activities or its investments. Tax law is an important factor for investment in real estate (VAT, registration rights, exit tax, split acquisitions, property 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 in the amount of borrowed capital versus 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, a high degree of leverage could lead to the risk that the company is unable to meet the interest and repayments obligations of borrowed capital, along with other payment obligations. In such an event, it would not be possible to obtain new financing or such financing would only be available at very unfavourable conditions. To be able to fulfil the payment obligations, properties would then have to be sold, with the accompanying risk that the sale would not be at the most favourable terms. The value development of the retail portfolio is mainly determined by developments on the real estate market. Interest Retail aims at a balance between shareholders' equity and borrowed capital when financing its properties.

Interest Retail also strives to secure access to the capital market by providing transparent information and maintaining regular contacts with bankers and current or potential shareholders and by increasing the liquidity of the share.

And, last, but not least, with respect to long-term financing, the company strives to achieve a balanced spread of the refinancing dates and a weighted average duration of between 3,5 and 5,0 years. The company may deviate from that target temporarily if specific circumstances require it.

- **liquidity risk:** Interest Retail must generate sufficient cash flow to satisfy its daily payment obligations. On the one hand, this risk is limited by the measures described under operating risks, whereby the risk of losing cash flows by, for example, vacancy or bankruptcy of tenants is limited. Interest Retail must also, on the other hand, have sufficient credit facilities to be able to meet fluctuations in liquidity needs. To be able to do so, cash flow forecasts are made. In addition, Interest Retail has arranged for sufficient credit facilities with its bankers to be able to meet those fluctuations. To be able to draw on those credit facilities, the conditions of the bank facilities must be met continuously.
- **interest-rate risk:** using borrowed capital as a financing source means that the return also depends on interest-rate developments. To limit that risk, the company strives, when devising its loan portfolio, to achieve a proportion of one-third short-term borrowed capital (at variable interest rates) and two-thirds long-term borrowed capital (at fixed interest rates). That policy may be deviated from temporarily, depending on the developments of the interest rates. Additionally, the company tries, with respect to the long-term borrowed capital, to achieve a balanced spread of the dates of review of the interest rates and duration of at least 3 years. In 2009, the property investment fund executed several interest rate swaps with duration of 5 year in order to limit the interest-rate risk in the future.

Compliance risks

This includes the risk that the relevant legislation and regulations are not adequately complied with and that the employees do not act with integrity. Interest Retail limits this risk by vetting its new recruits, by making its employees conscious of the risk and by ensuring, with the support of external legal advisors, that they are sufficiently informed of changes to important laws and regulations. In order to ensure that the company culture operates along ethical lines, Interest Retail has drawn an internal code of conduct and whistle-blowing rules.

Other parties

Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is the cooperative partnership Deloitte Réviseurs d'Entreprises SC, which is represented by Rik Neckebroeck, auditor.

Property experts

In 2009 the real estate portfolio is valued every quarter by three independent experts, de Crombrugge & Partners, Cushman & Wakefield and CB Richard Ellis, each for a part of the portfolio, by rotation.

Compliance officer

Pursuant to clauses 3.7 and 6.8 as well as appendix B of the Belgian Corporate Governance Code 2009, the company nominated Inge Tas, member of the management committee and CFO as "Compliance officer", charged with the supervision of compliance with the rules on market abuse. Those rules were imposed by the Act 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.

"Comply or explain" - principle

In 2009, the company deviated from the following stipulations of the code (explain):

- **Clauses 5.3 and 5.4 on the operation of committees (incl. appendix D & E)**

The board of directors decided not to set up an appointment committee or a remuneration committee. It is the opinion of the board that tasks of these committees are tasks of the full board of directors. The limited size of the board makes an efficient debate on these subjects possible.

- **Clause 6.2 Executive management**

The management committee does not comprise all executive directors. This constitutes a deviation from clause 6.2 because of the specificity of the composition of the management committee (and article 4 § 1 5° of the Royal Decree of 10 April 1995 on property investment funds, which expressly requires that two directors supervise the day-to-day management).

- **Clause 7.16 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 above 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.

- **Clause 2.9 Company secretary**

The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communication within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors make such a position superfluous.

02



Report of the management committee

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Steenstraat 80
8000 Bruges
Space: 2.670m²



■ THE COMMERCIAL REAL ESTATE MARKET

Roundtable discussion with the property experts of Intervest Retail regarding the trends in the investment and rental market in 2009 and outlook for 2010

On 15 January 2010, Intervest Retail brought its three property experts together around the table to discuss the current investment and rental market.

Participants:

- Kris Peetermans and Jef Van Doorslaer (Cushman & Wakefield)
- Peter De Groot and Pieter Paepen (CBRE)
- Guibert de Crombrugghe (de Crombrugghe & Partners)
- Jean-Paul Sols and Rudi Talemans (Intervest Retail)

The property experts believe that the rental and investment market in retail real estate in Belgium withstood the economic crisis particularly well in 2009. The rental value of commercial real estate on good locations has remained unchanged. Chain stores have expanded less than in 2008 and previous years. The impact of the crisis on the rental market has been limited to new rentals on secondary locations and to projects. In 2009, these transactions were more difficult. In the investment market for commercial real estate, there were fewer transactions, which was also the case in other professional real estate. The value of retail real estate, especially for inner-city shops, has fared better than other professional real estate.

The economic situation

Jef Van Doorslaer:

2009 is the year in which the financial crisis became a global economic crisis. The general economic context was very negative and business confidence reached a very low level. In addition, we have faced a light deflationary environment which is not beneficial to real estate. In 2009, we were confronted with negative growth in gross national product and no growth or only limited growth is expected for 2010, as well. In this context, the levels of consumer confidence have held their own well.

Pieter Paepen:

Consumer confidence is expected to improve again. Retail sales figures have - the crisis notwithstanding - not declined in 2009. Retail sales figures even increased slightly (approximately 5%) for the period from July 2008 to July 2009.

Jean-Paul Sols:

Consumer confidence is not the be all and end all of everything, however in 2010, many new dismissals are expected and if purchasing power is not available, it will undoubtedly lead to lower sales at some point.

Guibert de Crombrugghe:

At the moment, there is still a contradiction between expectations and reality: everybody expects decreasing sales figures given the increasing unemployment rate, but in fact no decrease is noticeable.

Jean-Paul Sols:

In 2009, no bankruptcies of major retail organisations, with the exception of the Sonica group, were recorded. A large part of the Sonica shops (Extra Zone) was taken over by Free Record Shop almost immediately. It is obvious that retailers still have confidence in the market.

Pieter Paepen:

As we look back on 2009, we see that retailers have still expansion plans, but the process is slower. Secondary locations and development projects are suffering from it.



Jean-Paul Sols:

Intervest Retail has also made the same observations. The expansion is not only slower but sometimes it doesn't happen at all. The high level of interest in Olen Shopping Park, has only been converted into effective lease contracts to a very small degree.

Peter De Groot:

Intervest Retail is certainly not the only investor or developer with similar experiences.

Rudi Taelemans:

Projects that have not yet had proven success, and which therefore entail more risks, will also be analysed in a very critical way this year. Chain stores expanded less in 2009 than in previous years. I expect that the expansion will be limited in 2010, too. Even if that does not occur, the closing of less profitable points of sales on weaker locations do not seem excluded.

Investments

Jean-Paul Sols:

Investments in retail real estate were almost the only investments that were able to maintain a reasonable volume in 2009. While the Belgian investment market of offices and semi-industrial real estate showed practically no activity, some important transactions nevertheless took place in the retail market, such as the purchase of Shopping Gent Zuid by BNP Fortis Real Estate and the acquisition of "K" shopping in Kortrijk by a German fund.

Are we seeing the rise of a new type of investor in the retail market ?

Peter De Groot:

Some shifts have indeed occurred. Some developers or investors who were important players only a couple of years ago are now carrying too much debt. Parties who were more conservative at that time are now moving to the forefront.

Pieter Paepen:

There are new players in the market who used to only be interested in offices. There is a marked interest in retail investments but the offer for good retail investments is currently limited.

Jean-Paul Sols:

Last year, we observed that the yields of inner-city locations remained practically unchanged. The commercial buildings in the periphery, even the good ones, did not see the yield increase or only to a limited extent.

Pieter Paepen:

It's true, for triple-A locations, there was no yield shift. For premises on top commercial streets rented at market rents, there are still candidate buyers at yields of 5% or lower (based on "value deed in hand").

Kris Peetermans:

The current investor is mainly an occasional, local, private investor, dealing on his own and often willing to pay more than the market price for buildings in a price range to approximately € 2,5 million. There is also a limited group of professional private investors who were also in the market previously. If they were not active, the yields would be probably higher.

Pieter Paepen:

But those private investors who pay high prices, are indeed present and institutional players must take them into account if they wish to sell buildings.

Jean-Paul Sols:

Intervest Retail is aware of this, but given the current shortage of products, we plan only to sell if a new investment is in the offing.

Peter De Groot:

There are currently no exceptional opportunities on the retail market, nor are there likely to be for at least the near future. The retail investment market is very stable.



□ Slaets - Antwerp

The rental market

Jean-Paul Sols:

Did the rents decrease in 2009 ?

Peter De Groot:

Not really, the reverse in fact, because rent increases are still recorded at top locations.

Kris Peetermans:

I agree, but in some places in the periphery, we did see some rent decreases.

Jean-Paul Sols:

For the moment, Intervest Retail is achieving good rent increases when renewing lease contracts or entering into new lease contracts. We cannot ignore the fact that in different European countries rents were under high pressure in 2008 and 2009 and that lessors have been granted rental discounts for current lease contracts. Belgium has resisted this storm tremendously well. Do we have to expect renegotiations ?

Jef Van Doorslaer:

As mentioned earlier, sales figures of chain stores are still good and even extremely good for some. In addition, the sales margins of the majority of the chain stores are relatively comfortable so that we do not expect that they will have to renegotiate the rent in the short term.

Pieter Paepen:

The secondary downtown streets, such as the Schuttershofstraat in Antwerp, where all the luxury brands are located, are more under pressure than other market segments. In these streets, more takeovers are expected and there is also a risk of vacancies. This tendency will probably carry on in 2010. Last year, everybody thought that the luxury sector would suffer the least from the crisis.

Kris Peetermans:

Profit margins are bigger in the luxury segment and the number of sales more limited; each item that is not sold is perceptible in the turnovers.

Pieter Paepen:

In the periphery, retail warehouse clusters are doing well. The rents of standalone shops are under pressure. This tendency will probably continue in 2010. This will be seen more in lower rents than in vacancies.

Rudi Taelemans:

There will always be a market for standalone shops in good locations. The rents on an annual basis amount to approximately € 80/m² which is much lower than the € 135/m² for some retail parks.

Jef Van Doorslaer:

We should not forget the permit problems, though. If a radical assortment change is requested, the city or municipality can refuse permission, which will lead to the standalone shops becoming vacant.

Pieter Paepen:

The city of Ghent would indeed prefer retail warehouse cluster to standalone shops.

Rudi Taelemans:

But if the Bolkenstein directive is applied integrally, a city or municipality will no longer be able to refuse permission for a change of assortment and standalone shops will continue to exist.

Sustainability

Jean-Paul Sols:

Intervest Retail pays a great deal of attention to sustainability. We have carried out a survey and found that a lot of retailers have a sustainability policy and that retailers are, slowly but surely, trying to integrate more sustainability aspects in their properties. It is happening more slowly than in the office market, however.

Guibert de Crombrughe:

The retail market is primarily tied to the location, with the green aspect always playing a secondary role.

Pieter Paepen:

The role of the investors with respect to sustainability in retail locations is less important. Tenants themselves are primarily responsible for such things as sustainability: ecological air-conditioning and heating systems, lighting, etc. The rent paid by the retailer is based on the turnover of the shop and a more ecological shop does not mean higher sales.

Kris Peetermans:

City-centre retail locations are, in fact, private homes that have been converted into shops; here it is more difficult to implement a green policy. For shopping centres and in the periphery, the impact for the owner will be more important. An owner developing a retail park will have to take into account the green aspect although the number of prospective tenants will not increase and it will not generate additional rent.

Jean-Paul Sols:

In view of the expected introduction of energy-performance certificates for professional buildings in 2010 and considering the obvious interest of investors for benchmarking in the field of sustainability, it is clear that sustainability will also become more important for retail buildings.



Terre Blue - Antwerp

■ IMPORTANT DEVELOPMENTS IN 2009

Active asset management

Interinvest Retail achieved rent increases for retail warehouses as well as for inner-city locations in 2009, as well, even though we were going through a worldwide economic crisis.

When **renewing the rents** of retail warehouses in Ans (rue des Français), Tielt-Winge (Gouden Kruispunt), Schelle (Provinciale Steenweg) and Vilvorde (Mechelsesteenweg), rents increased by between 7 % and 44 %. When renewing the rent in the city centre of Antwerp (Schuttershofstraat) a rent increase of 38 % was achieved. But rental renewals in secondary commercial cities could also lead to rental increase, such as in Diest Hasseltstraat (+ 19 %) and Aalst Nieuwstraat (+ 5 %).

Even better results were obtained when concluding **new lease contracts** on inner-city locations. The rent increased by half and more than twice as much on Avenue Louise in Brussels (+ 62 %) and in the rue Pont d'Ile in Liège (+ 122 %).

In total, 37 rental transactions were concluded in 2009 representing 10% of the annual rental income of the property investment fund. These lease contracts started in 2009 or take effect in 2010 or 2011. Combined, they represent a rental increase of 26 % on average.

Those rental transactions show that retailers are still prepared to pay high rents for good locations. These deals also show that for a number of Interinvest Retail buildings, the current rents are far below the market value. This is due mainly to the fact that rents as a result of the commercial lease legislation can only be adjusted to the market rents every nine years. In principle, the commercial lease legislation allows rental increases only every nine years, in the interim, the rents are only adjusted to the health index. Through the shortage on the commercial real estate market, rents have increased over the past ten years faster than the health index, and may only be adjusted to the current rental value only every nine years. This legal framework strongly determines the defensive character of an investment in retail real estate.

Redevelopments

The redevelopment of the retail complex in Andenne was completed in 2009. The total surface area amounts to 5.809 m² and is let to Casa, Charles Vögele, Koodza (Decathlon), Planet Video, Ramelot and Delhaize (Red Market). The gross yield of this project amounted to 8 %. On 31 December 2009, the occupancy rate was 100 %.

The redevelopment project in Vilvorde has been finalised and the profit on the sale of eight apartments has been recognised in the portfolio result at an amount of € 0,4 million. Three apartments are still available for sale.

Evolution of the real estate portfolio

In 2009, the value of the real estate portfolio went from € 327 million to € 324 million.

This evolution can be detailed as follows (in million €):

- portfolio value at 1 January 2009	€ 327
- investments in the existing portfolio	€ 4
- acquisitions investment properties	€ 0
- sales of investment properties	- € 9
- unrealized capital gains	€ 10
- unrealized capital losses	- € 8
- portfolio value at 31 December 2009	€ 324

The unrealized capital gains resulted mainly from the rental renewals and indexations implemented in 2009 as well as the redevelopment of the retail complex in Andenne.

The unrealized capital losses resulted mainly from the increase of the yields for inner-city locations as per the valuations of the property experts as a result of the current uncertainty in the investment market.

Sales of real estate

Development project Olen Shopping Park

Given the current economic uncertainties regarding the fast implementation of the Olen Shopping Park development project, Intervest Retail decided in 2009 to sell this site.

During the fourth quarter of 2009, Intervest Retail obtained an agreement in principle to disinvest the land parcels and the remaining buildings of this project for an amount of € 7,2 million. The total cadastral surface area amounts to 11 ha 25 a 44 ca. This sales value is fractionally higher than the appraisal value (at fair value) on 30 September 2009 and € 1 million below the fair value at 31 December 2008.

In January 2010, after the existing pre-emption rights of several parties were finalised, Intervest Retail signed the sales agreement with the buyer, developer Shopping Olen, and the sales price was paid.

If the buyer were to start executing the existing plans for the realization of the commercial centre within 30 months of signing the sales agreement, Intervest Retail would receive an additional compensation for prior project costs. If the retail centre that had been planned previously were to be executed in full, Intervest Retail would receive a maximum additional compensation of € 1,2 million.

Through this sale, the rental income of the property investment fund will decrease in 2010 by € 0,3 million on an annual basis, but the operating distributable result will remain unchanged as a result of the decrease of the interest charges after receipt of the sales price.

Existing real estate portfolio

The properties of Intervest Retail are constantly being valued on the basis of their future contribution to the return. That leads to properties being put up for sale regularly, for a variety of reasons:

- 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 that are less attractive
- if they are standalone properties that are isolated and which makes the administration too labour-intensive.

Within that framework, Intervest Retail sold two non-strategic buildings last year: a retail warehouse, with long-term vacancy in a secondary location (Route de Marche in Bastogne) and a building comprising primarily a storage hall (Hengstenberg in Overijse) which has been vacant Hengstenberg in Overijse on 1 April 2009. These buildings, with a surface area of 5.653 m², were sold for € 0,7 million, representing a gain of 20 % compared to the fair value at 31 December 2008.

“In spite of the difficult market circumstances, Intervest Retail managed to sell the site in Olen at market conditions and the possibility of obtaining significant additional compensation remains. If interesting opportunities arise for the reinvestment of the liberated financial means for new acquisitions that will generate appropriate yields immediately, these will certainly be looked into.”

JEAN-PAUL SOLS - CEO

■ FINANCIAL RESULTS¹

Income statement

“Rental renewals, indexations and lower financial costs offered positive operating results in 2009.”

<i>in thousands €</i>	2009	2008
Rental income	20.847	20.034
Rental-related expenses	-141	26
Property management costs and income	-1	-6
Property result	20.705	20.054
Property charges	-2.182	-2.266
General costs and other operating costs and income	-1.056	-1.023
Operating result before result on the portfolio	17.467	16.765
Result on sales of investment properties and development projects	-1.199	87
Changes in fair value of investment properties and development projects	1.729	11.415
Operating result	17.997	28.267
Financial result (excl. change in fair value - IAS 39)	-5.019	-5.769
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-822	-461
Taxes	6	-51
Net result	12.162	21.986
Operating distributable result ²	12.400	10.872
Result on portfolio	530	11.502
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-768	-388

Result per share	2009	2008
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	2,39	4,33
Gross dividend (€)	2,44	2,14
Net dividend (€)	2,07	1,82

¹ Comparative figures as at 31 December 2008 between brackets.

² For the calculation of the operating distributable result: see note 12 of the financial report.

“In 2009, the rental income of Intervest Retail increased by 4 %.”

In 2009, the **property result** of Intervest Retail increased by € 0,6 million to € 20,7 million (€ 20,1 million). This rise resulted from the increase of rental income through rental renewals and indexations in the existing portfolio.

In 2009, the **property charges** of the property investment fund decreased to € 2,2 million (€ 2,3 million). The decrease of € 0,1 million resulted mainly from the reduction of technical costs, vacancy costs and management costs, partly compensated by an increase of commercial costs for the commercial centre Julianus in Tongeren.

With the decrease of the property charges and the increase of rental income the **operating result before result on portfolio** increased in 2009 by € 0,7 million to € 17,5 million (€ 16,8 million).

The **result on sales of investment properties and development projects** amounted to - € 1,2 million mainly because of the sale of the development project Olen Shopping Park, apartments in Vilvorde and two non-strategic buildings in Overijse and Bastogne.

During the financial year 2009, the positive **change in fair value of the investments properties and development projects** amounted to € 1,7 million (€ 11,4 million) or 0,5 % of the value of the real estate portfolio. This effect came from the increase in fair value of the commercial portfolio based on the valuation by the independent property experts.

The **financial result (excl. change in fair value - IAS 39)** of the financial year 2009 amounted to - € 5,0 million (- € 5,8 million). The decrease of financing costs of the property investment fund resulted from the currently low interest rates on the financial markets.

“The average interest rate of the current credit facilities of the property investment fund for the financial year 2009 amounted to 3,9 % (4,9 %).”

In 2009, the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** comprised the change of the market value of the interest rate swaps which in accordance with IAS 39 cannot be classified as cash flow hedge instrument, for an amount of - € 0,8 million (- € 0,5 million).

For the financial year 2009, the **net result** of Intervest Retail amounted to € 12,2 million (€ 22,0 million) and can be divided in:

- the **operating distributable result** of € 12,4 million compared to € 10,9 million in 2008. This increase by 14 % resulted from the improvement of the operating result (before result on portfolio) and lower interest charges
- the **result on portfolio** of € 0,5 million compared to € 11,5 million prior year due to the sales of investment properties and the valuation of the portfolio by independent property experts
- the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 0,8 million (- € 0,4 million).

Hence, for the financial year 2009, the **operating distributable result** of Intervest Retail increased to € 12,4 million (€ 10,9 million). With the 5.078.525 shares having been issued, this represents a **gross dividend** of € 2,44 per share for the financial year 2009 compared to € 2,14 in 2008. This means an increase of the dividend by 14 % per share.

Balance sheet

<i>in thousands €</i>	31.12.2009	31.12.2008
ASSETS		
Non-current assets	324.574	327.692
Current assets		7.199
Total assets	337.217	334.891
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	199.588	199.248
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	110.688	109.470
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.108	-8.185
Changes in fair value of financial assets and liabilities	-4.388	-3.436
Minority interests	0	3
Non-current liabilities	88.477	99.750
Current liabilities	49.152	35.893
Total shareholders' equity and liabilities	337.217	334.891

Data per share	31.12.2009	31.12.2008
Number of shares entitled to dividend	5.078.525	5.078.525
Net asset value (fair value) (€)	39,30	39,23
Net asset value (investment value) (€)	40,90	40,85
Share price on closing date (€)	37,60	28,49
Discount to net asset value (fair value) (%)	- 4 %	- 27 %
Debt ratio Royal Decree 21 June 2006 (max. 65 %) (%)	39 %	39 %

Assets

The **non-current assets** comprise mainly the investment properties which decreased by 3 million in 2009. This decrease is the result, on the one hand, of a number of sales of investment properties with a fair value of € 9 million (development project in Olen transferred to the assets held for sale, buildings in Overijse and Bastogne), compensated, on the other hand, by investments in the existing portfolio for € 4 million (in buildings in Andenne, Malines and Ghent) and the positive changes in fair value of the investment properties based on the valuations by the independent property experts for € 2 million or 0,5 % on the fair value of the investments properties.

“The fair value of the real estate portfolio amounted to € 324 million.”

On 31 December 2009, the real estate properties are valued at € 322 million (investment value) by the independent property experts. 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 on 31 December 2009 amounted to € 324 million.

“Thanks to a strict credit control the number of days of outstanding customers’ credit is only 6 days.”

The **current assets** amount to € 13 million (€ 7 million) and consist of € 7,6 million of assets held for sale (development project in Olen and 3 apartments in Vilvorde), of € 0,4 million trade receivables, of € 3,4 million other receivables and of € 1,1 million in cash on bank accounts.

Liabilities

The **shareholders’ equity** of the property investment fund amounted to € 200 million (€ 199 million). The share capital of € 97 million remains unchanged. The share premium of € 4 million was unchanged from previous year. The reserves amounted to € 111 million (€ 109 million).

In accordance with the Beama-interpretation of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006), the real estate portfolio is valued at fair value. At the end of year the difference with the investment value is shown separately in shareholders’ equity. On 31 December 2009, this difference amounted to € 8 million.

The changes in fair value of financial fixed assets and liabilities in the amount of - € 4 million represent the current market value of the effective cash flow hedge instruments (in accordance with IAS 39), that Intervest Retail concluded to hedge of the variable interest rates on the financial debts. The negative market value of these financial derivatives is the result of a strong decrease in the interest rates in 2009.

On 31 December 2009, the **net asset value** (fair value) of the share was € 39,30 (€ 39,23). Given that the share price on 31 December 2009 was € 37,60, the share Intervest Retail was quoted at a discount of 4 % compared to this net asset value (fair value).

Compared to 2008, the **non-current liabilities** decreased by € 11 million to € 88 million and consisted mainly of long term financings. This decrease is due, on the one hand, to a long-term credit facility expiring on 31 March 2010 for an amount of € 25 million and, on the other hand, to the refinancing of a current financial debt into a non-current financial credit facility. The non-current provisions consisted of provisions for legal disputes and rental guarantees from the sale of investment properties. The other non-current liabilities amounted to € 0,1 million and comprise the rental guarantees of tenants.

The **current liabilities** amounted to € 49 million and consisted of € 43 million in bank loans whereof the withdrawn instalment expires within the year and has to be repaid or prolonged. Further, the current liabilities consisted of € 4 million in trade debts, invoices to be received and VAT to be regularized for the sale of Factory Shopping Messancy, of € 1 million in miscellaneous debts, and finally € 1 million in accrued charges and deferred income.

FINANCIAL STRUCTURE

On 31 December 2009, Intervest Retail had a conservative financial structure allowing it to continue to carry out its activities in 2010 and to meet its commitments.

The most important characteristics of the financial structure on 31 December 2009 are:

- Amount of financial debts: € 126 million (excluding the market value of financial derivatives)
- 69 % long-term financings with an average remaining duration of 2,5 years
- Well-spread expiry dates of the credit facilities between 2010 and 2014
- Spread of credit facilities over 5 European financial institutions
- Available non-withdrawn credit lines: € 13 million
- 64 % of the credit facilities have a fixed interest rate, 36 % have a variable interest rate
- Fixed interest rates are fixed for a remaining period of 3,7 years in average
- Average interest rate for 2009: 3,9 % (2008: 4,9 %)
- Value of financial derivatives: € 5 million in negative
- Limited debt ratio of 39 % (legal maximum: 65 %)

Balance between long-term and short-term financings

On 31 December 2009, 69 % of the credit lines of Intervest Retail were long-term financings. 31 % of the credit lines were short-term financings, with 13 % consisting of financing with an unlimited duration (progressing each time for 364 days) and 18 % of one credit facility, expiring on 31 March 2010, for which negotiations for the refinancing are ongoing.

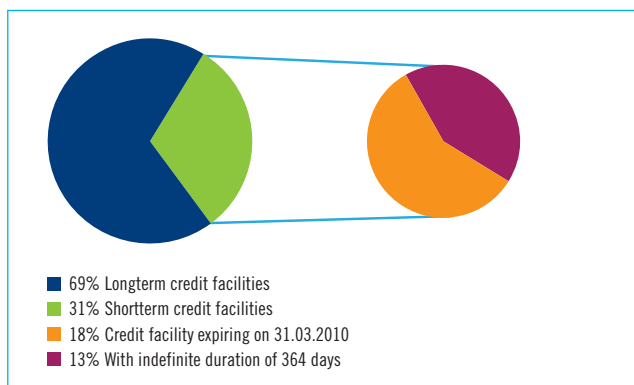
“69 % of the credit lines
are long-term financings with
well spread expiry dates.”

Duration and spread of the expiry date of long-term financings

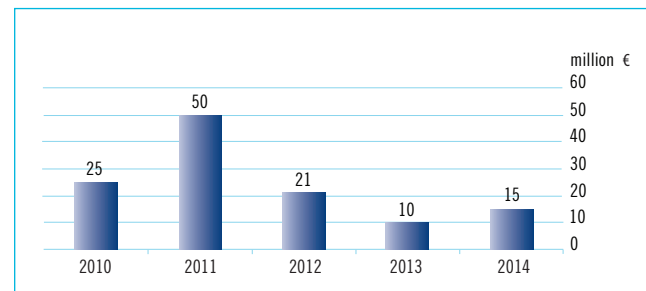
On 31 December 2009, the average duration of the long-term financings was 2,5 years. The strategy of Intervest Retail is to maintain this average duration between 3,5 and 5 years, but it is possible to deviate from that principle when specific market circumstances require it. Given the current developments on the financing markets, there is a slight deviation for the refinancings concluded in 2008 and 2009, by using shorter durations, assuming that the margins on the financings will be normalized over the medium term.

A balanced spread of the expiry dates of the credit facilities is always pursued. From 2010 till 2014 only 20 % of the credit facilities of Intervest Retail has to be renewed or prolonged.

Period to maturity of financings financings



Expiry calendar of financings



Moreover, the credit facilities portfolio of Intervest Retail is spread over five European financial institutions.

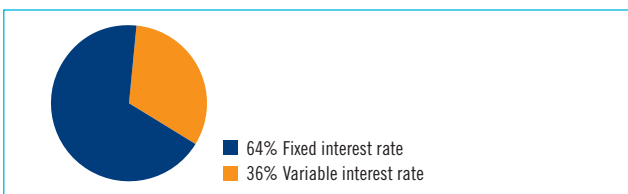


□ Charles Vögele - Turnhout

Available credit lines

On 31 December 2009, the property investment fund still had € 13 million (2008: € 10 million) of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for the payment of the dividend of the financial year 2009.

Percentage credit facilities with fixed and variable interest rate



“64 % of the credit facilities have a fixed interest rate or are hedged by financial derivatives.”

When composing the loan portfolio, the strategy of Intervest Retail consists of achieving a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. On 31 December 2009, 64 % of the credit withdrawals of the property investment fund consisted of financing with a fixed interest or fixed by interest rate swaps (IRS). 36 % are credit facilities with a variable interest rate, which is beneficial due to the current low interest rate levels.

“The weighted average remaining duration of the long-term credit facilities amounted to 2,5 year on 31 December 2009.”

Duration of the fixed interest rates

For credit facilities with a fixed interest rate, the interest rate was fixed for an average period of 3,7 years on 31 December 2009.

Interest rate covers concluded in 2009

For the protection of the operating results against interest rates fluctuations, Intervest Retail concluded during the financial year 2009 an additional interest rate coverage instrument for € 25 million at 3,02 % with a duration of 5 year for covering the extension of the credit facility expiring on 31 March 2010 (see note 19 of the financial report).

Average interest rates

The interest rate policy of Intervest Retail always consists in concluding one-third of its credit facilities with a variable interest rate. Through the strong decrease of the Euribor during the financial year 2009, the property investment fund benefited greatly from the historically low interest rates. In 2009, the total average interest rate of the financial debts of the property investment fund decreased to 3,9 %, margins included (2008: 4,9 %).

For 2009, the average interest rate for the non-current financial debts amounted to 4,4 % (2008: 4,9 %).

For 2009, the average interest rate for the current financial debts amounted to 3,1 % (2008: 4,8 %).

Refinancing realized in 2009

During the financial year 2009 Intervest Retail renegotiated with its bankers a credit facility expired on 31 December 2009 (for an amount of € 20 million). The new credit facility, for an amount of € 25 million, has duration of 2 years and is concluded at market rates.

Interest rate sensitivity

For the financial year 2009 the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1 % gave a negative result of approximately € 0,4 million (2008: € 0,4 million). If the interest rates on this date were to decrease by 1 %, the effect on the operating distributable result would give a positive result of € 0,4 million (2008: € 0,4 million). The calculations take the existing financial derivatives into account.

Interest cover ratio

The interest cover ratio is the ratio between the operating result before the result on portfolio and the financial result (excluding the changes in fair value of financial derivatives in accordance with IAS 39). For Intervest Retail, this ratio amounts to 3,5 for the financial year 2009 (2,9 for the financial year 2008), which is significantly better than the requirements agreed in the financing agreements of the property investment fund as a covenant.

Debt ratio

On 31 December 2009, the debt ratio of the property investment fund amounted to 39 % and was unchanged compared to 31 December 2008.

“The property investment fund has a limited debt ratio of 39 %.”

ALLOCATION OF PROFITS 2009

The board of directors proposes to distribute the result for the financial year 2009 of Intervest Retail sa as follows:

<i>in thousands €</i>	
Net result for financial year 2009 ³ :	12.806
• transfer of the result on portfolio to the reserves available for distribution	-410
• transfer of the changes in fair value of financial assets and liabilities to the ‘changes in fair value of financial assets and liabilities’ in shareholders’ equity	822
• transfer of the changes in fair value of financial fixed assets to the reserves available for distribution	-818
Operating distributable result	12.400
Dividend proposed	-12.392

“A proposal to allocate a gross dividend of € 2,44 per share will be put to the general meeting of shareholders on 7 April 2010.”

This represents a net dividend of € 2,07 after the deduction of 15 % withholding tax on dividend. Taking into account 5.078.525 shares that will share in the full result for the financial year, this means a distributable dividend of € 12.391.601.

The dividend is higher than the required minimum of 80 % of the operating distributable result as the property investment fund, in accordance with its policy, will also distribute 100 % of the distributable profit for 2009.

The dividend will be payable as from 23 April 2010. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 10.

³ As legally speaking only the operating distributable result of the statutory annual accounts can be distributed and not of the consolidated annual accounts, the present profit distribution is based on the statutory figures (see note 12 of the financial report). To be in accordance with article 617 of the Belgian Companies Code, the board of directors will propose to the general meeting of shareholders of 7 April 2010, to requalify the unrealised capital gains in the portfolio from the “reserves not available for distribution” to the “reserves available for distribution” as nor the law nor the articles of association consider these reserves as not available.

■ FORECAST FOR 2010

Despite the fact that the economic crisis is certainly not yet over and that it is expected that consumer spending will be under pressure in 2010, Intervest Retail is nevertheless positive regarding the future.

Firstly, the relatively low debt ratio of 39 % offers a stable balance sheet position and allows Intervest Retail to proceed to additional investments.

Besides, the current rental levels of Intervest Retail are below the currently common market rents, which support the continuity of the rents.

At the end of the year 2009, the occupancy rate of the real estate portfolio amounted to 99,1 %, showing the quality of the commercial real estate.

New investments will largely depend on the further evolution on the market of commercial real estate and on the financing possibilities.

“It is expected that the value
of the buildings will stabilize
at the current level and that the activity
for retail shops will regain in 2010.”



□ Eggo Kitchen House - Hasselt

03



Report on the share

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G-STAR ■
Volderstraat 15
9000 Ghent
Space: 279 m²

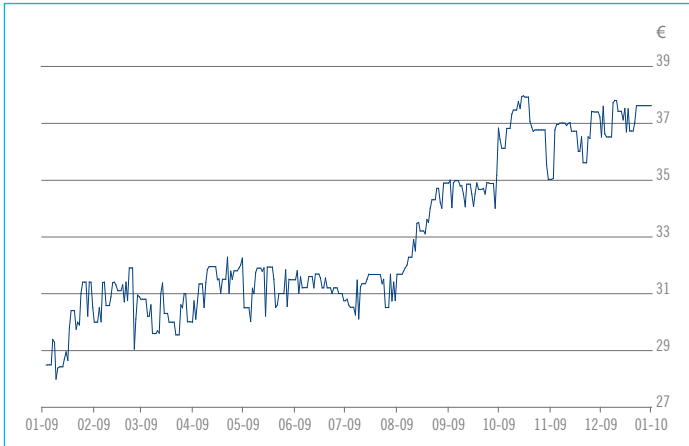


STOCK MARKET INFORMATION



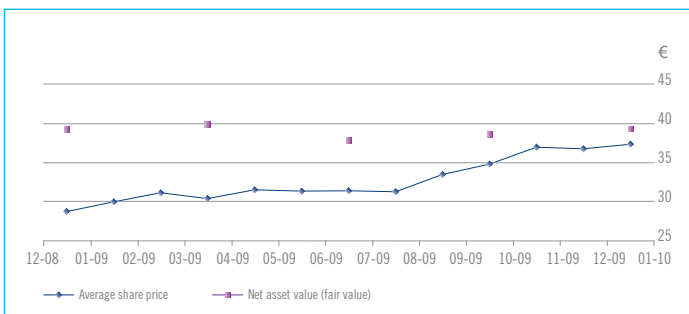
The share of Interinvest Retail (INTV) is listed on NYSE Euronext Brussels and is included in the stock market indices BEL Real Estate and GPR 250 Europe.

Evolution of the share price



The share price of Interinvest Retail increased from € 28,49 on 31 December 2008 to € 37,60 on 31 December 2009. At its lowest point it reached € 28,00 (7 January 2009) and at its highest € 37,95 (15 October 2009).

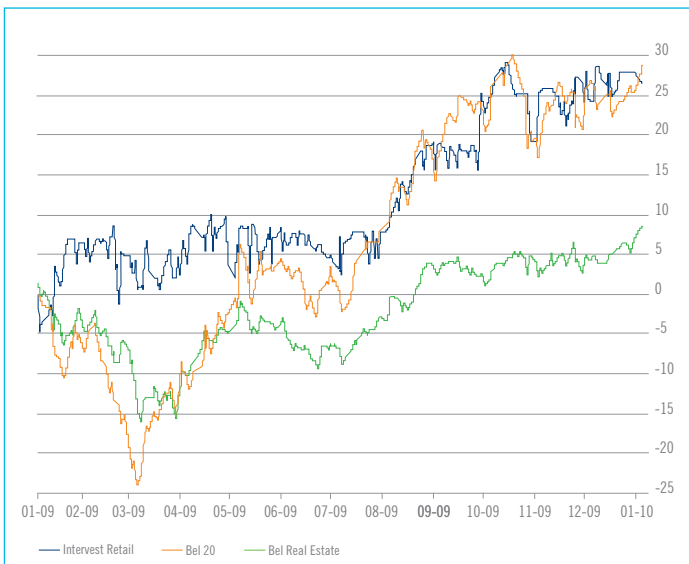
Discount Interinvest Retail



During 2009, the share of Interinvest Retail was quoted with a discount of an average of 15 % compared to the net asset value (fair value). On 31 December 2009, the discount was reduced by 4 % through the increase of the share price.

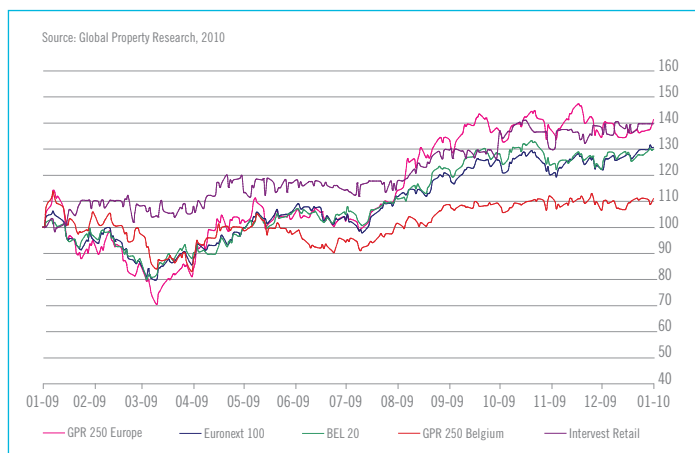
The net asset value of Interinvest Retail included the 2008 dividend up to the payment date on 17 April 2009.

Comparison of Interinvest Retail with Bel Real Estate index and BEL 20 Close index



During 2009, the share of Interinvest Retail fluctuated along with the BEL 20 and performed substantially better than the BEL Real Estate.

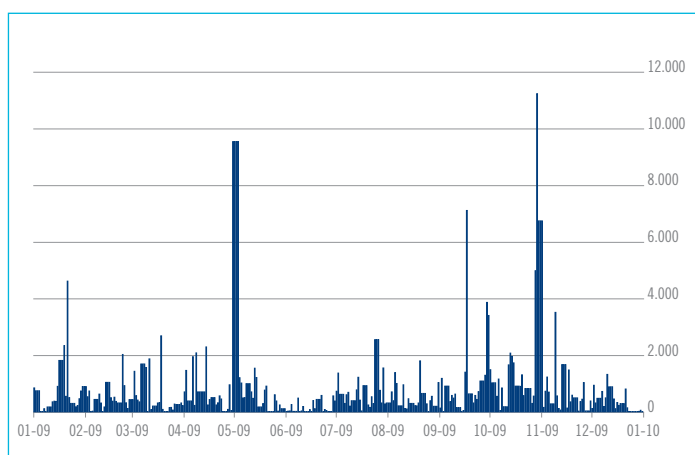
Comparison of Interest Retail with GPR indices



This graph shows that in 2009 Interest Retail in average performed better than the GPR 250 Europe, the GPR 250 Belgium and the Euronext 100 index.

Additional information over the indices can be obtained from Euronext Brussels for the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) regarding the GPR 250 Europe and GPR 250 Belgium.

Traded volumes Interest Retail



The traded volumes, with an average of 756 shares per day, were higher than previous year (an average of 609 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 amounted to 27,62 %. Efforts will continuously be made to increase this free float to a minimum of 30 % in order to improve the negotiability of the shares.

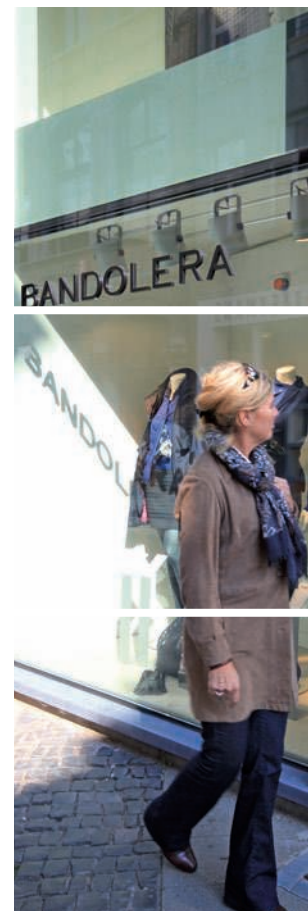
■ DIVIDEND AND NUMBER OF SHARES

31.12.2009	
Number of shares at the end of the period	5.078.525
Number of shares entitled to dividend	5.078.525

Share price (€)	31.12.2009
Highest closing share price	37,95
Lowest closing share price	28,00
Share price on closing date	37,60
Discount to net asset value (fair value) (%)	- 4 %
Average share price	32,96

Data per share (€)	31.12.2009	31.12.2008	31.12.2007
Net asset value (fair value)	39,30	39,23	36,97
Net asset value (investment value)	40,90	40,85	38,43
Gross dividend	2,44	2,14	1,47
Net dividend	2,07	1,82	1,25
Closing price gross dividend yield (%)	6,5 %	7,5 %	4,5 %
Closing price net dividend yield (%)	5,5 %	6,4 %	3,8 %

“On 31 December 2009 the share price of the Intervest Retail was € 37,60, offering its shareholders a gross dividend yield of 6,5 %.”



□ Bandolera - Antwerp

SHAREHOLDERS

On 31 December 2009, the following shareholders were known to the company:

VastNed Retail sa K.P. van der Mandelelaan 43A - 3062 MB Rotterdam Netherlands	3.595.529 shares	70,80 %
CFB Belgique sa Uitbreidingstraat 18 - 2600 Berchem - Antwerp	80.431 shares	1,58 %
Public	1.402.565 shares	27,62 %
Total	5.078.525 shares	100 %

In accordance with article 74 of the Public Takeover Act of 1 April 2007, VastNed Retail sa and CFB Belgique sa have informed the CBFA that they act jointly.

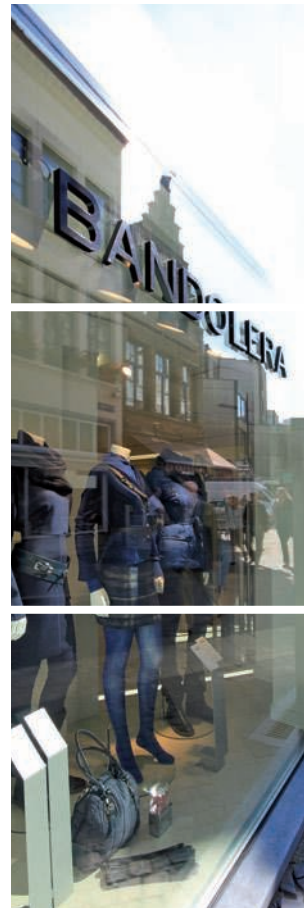
At the time of the flotation in December 1999, it was anticipated that at least 30% of the shares would be placed with the public. Half of these shares were not placed at that time, and the sellers subsequently undertook to offer these shares on a permanent basis. Under point 2.10. the prospectus stated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

FINANCIAL CALENDAR

Announcement of annual results to 31 December 2009	Tuesday 23 February 2010
General meeting of shareholders	Wednesday 7 April 2010 at 2.30 pm
Dividend payable:	
- Ex-date dividend 2009	Tuesday 20 April 2010
- Record date dividend 2009	Thursday 22 April 2010
- Dividend payment 2009	as from Friday 23 April 2010
Interim statement on the results to 31 March 2010	Monday 10 May 2010
Half-yearly financial statement to 30 June 2010	Tuesday 3 August 2010
Interim statement on the results to 30 September 2010	Thursday 28 October 2010



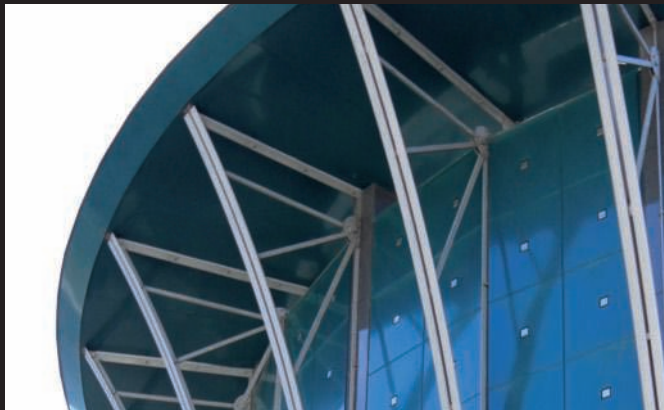
Bandolera - Antwerp

04



Property report

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ZARA & MANGO

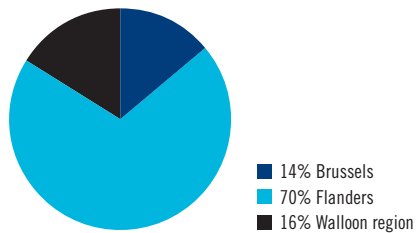
Elsensesteenweg 41-43
1000 Brussels
Space: 5.248 m²



COMPOSITION OF THE REAL ESTATE PORTFOLIO⁴

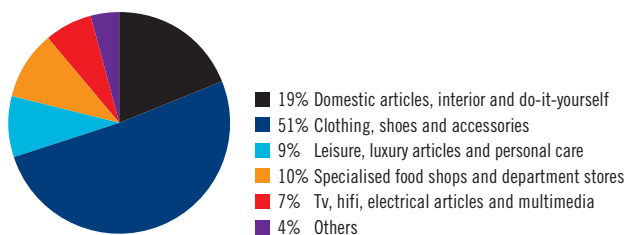
Interinvest Retail invests exclusively in Belgian commercial real estate, focusing primarily on inner-city locations and retail warehouses. Shopping centres also represent possible investment opportunities.

Geographic spread



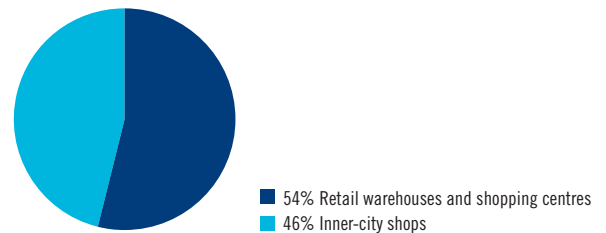
The stores are spread throughout Belgium, with a good repartition across the various regions.

Sector of tenants



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

Type of retail property



The retail premises consist of 46 % inner-city shops, and of 54 % retail warehouses and shopping centres.

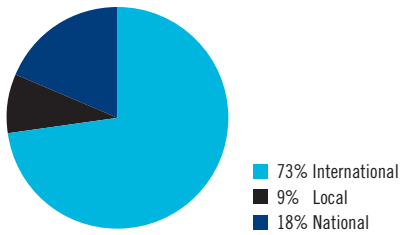
The category **inner-city locations** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category. The inner-city locations are particularly desired assets for as well retailers as investors. The shortage of these objects supports in an important measure the development value of these buildings.

For **retail warehouses** it is primarily the location of the premises alongside major traffic routes as well as the large sales area (from 400 m²). This category includes both standalone buildings and retail parks. These are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. Since a few years the retail warehouses undergo a quality development. Especially the retail warehouses form an attraction pool on their own and are not only attractive for discount formula. Since a few year there is an evolution whereby retailers are not only located in the inner-city but also in the periphery.

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 property tax and costs for shared areas) are mostly paid by the tenant.

⁴ The charts above have been compiled on the basis of the annual rental income of 2009 and the value of the portfolio on 31 December 2009.

Region of activity of tenants⁵



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 of the portfolio (99,1 %).



□ Laura Ashley - Antwerp

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.



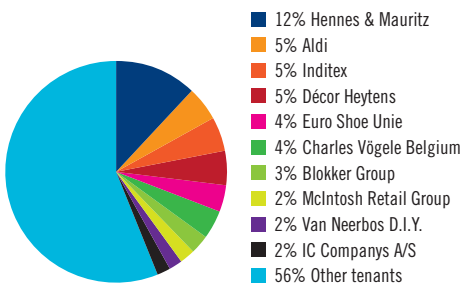
□ H&M - Turnhout

“The Top 10 of the tenants generates 44 % of the rental income.”



□ Aldi - Flemalle

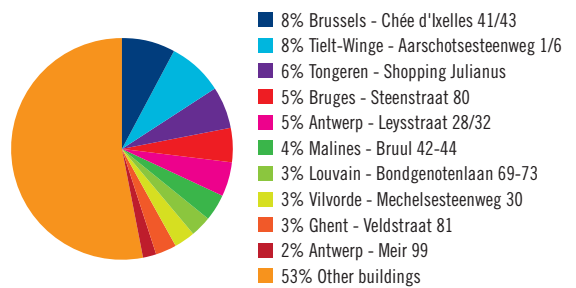
Risk spread according to tenants



The rental income of Intervest Retail is spread over 151 different tenants, limiting the debtor's risk and improving the stability of the rental income. The ten most important tenants represent 44 % of the rental income and are always prominent companies in their sector and part of international groups.

During 2009, ten tenants resigned their lease contract and left the building. This has only occasioned vacancy for 2 units.

Risk spread according to buildings



Through the spread of tenants over a large number of buildings on different locations, the risk of retail centres evolving less favourably and its effect on changes in rental prices is extremely limited.



□ Press Shop - Antwerp

VIEW OF THE REAL ESTATE PORTFOLIO

31 December 2009

Region	Space (m ²)	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighing (%)
Investment properties					
Brussels	11.262	2.553	46.766	45.625	14 %
Flanders	113.670	15.061	233.837	228.133	70 %
Walloon region	34.701	3.607	51.843	50.580	16 %
Total investment properties	159.633	21.221	332.446	324.338	100 %

EVOLUTION OF THE REAL ESTATE PORTFOLIO

	31.12.2009	31.12.2008
Investment value investment properties (excl. development projects) (€ 000)	332.446	328.044
Current rents (€ 000)	21.036	20.490
Yield (%)	6,3 %	6,2 %
Current rents, including estimated rental value on vacancy (€ 000)	21.221	20.631
Yield if fully let (%)	6,4 %	6,3 %
Total leasable space of the investment properties (m ²)	159.633	166.417
Occupancy rate (%)	99,1 %	99,3 %

Sensitivity analysis

In case of a hypothetical negative adjustment of the yield the property experts use for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) with 1 % (from 6,3 % to 7,3 % in average), the investment value of the real estate portfolio would decrease by € 45 million or 14 %. Herewith the debt ratio of the property investment fund would increase by 6 % to 45 %.

In the opposite case of a hypothetical positive adjustment of this yield with 1 % (from 6,3 % to 5,3 % in average), the investment value of the real estate would increase by € 62 million or 19 %. Herewith the debt ratio of the property investment fund would decrease by 6 % to 33 %.

■ VALUATION OF THE PORTFOLIO BY PROPERTY EXPERTS

All the commercial properties of Intervest Retail are valued by Cushman & Wakefield or CB Richard Ellis. The commercial centre Julianus in Tongeren is valued by de Crombrughe & Partners. The retail warehouses, which are owned by the 100 % subsidiary EuroInvest Retail Properties sa, are valued by CB Richard Ellis (Heytens portfolio).

Cushman & Wakefield

The Cushman & Wakefield methodology is based on the ERV (Estimated Rental Value) or 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.

They base their determination of the ERV on their knowledge of the real estate market and on recent transactions concluded by the Retail department. The rental value is influenced, inter alia, by:

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

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

For the inner-city shops, the “zone A” principle is used. This methodology uses a three-step process to calculate the total estimated rental value.

The first step involves calculating the first 10 metres depth over the full façade width of the premises at 100% of the estimated rent/m², the next 10 metres at 50 % and the rest at 25 %. Storeys 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 at which an investor would be prepared to buy the premises. By dividing the Adjusted ERV by the capitalisation rate, the gross value (value deed in hand) is achieved. Any adjustments (e.g. costs of vacancies) can be made at this point.

In its report of 31 December 2009, Cushman & Wakefield stated that the fair value of the retail portfolio amounted to € 141.888.959.

CB Richard Ellis

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

Method 1: Valuation on the basis of the capitalisation of rental income

For each let property, the estimated market rental value (ERV) is determined along with a market-level capitalisation rate (cap rate) based on recent points of comparison and taking into account the results of our inspections on the spot.

If the estimated market value exceeds the current rental value, it is assumed that a rental increase can be obtained at the next rental renewal, which is called ‘adjusted ERV’. This adjusted ERV consists of the amount of the current rental income increased by 60 % of the difference between the ERV and the current rental income. After capitalisation of the adjusted ERV on the basis of the cap rate, the gross market value before adjustments of the property is obtained.

If the estimated market value is lower than the current rental income, the gross market value before corrections is obtained through capitalization of the estimated rental value (ERV).

The applied corrections consist of:

- deduction from the net current value of the difference between the adjusted ERV and the current rental income for the rest of the current rental period
- increase by the current net value of the difference between the current rental income and the estimated market value for the remaining period of current rental period if the estimated market value is lower than the current rental income
- deduction of the rental discount given
- deduction for the necessary expenses to the property
- deduction for the expected vacancy periods.

The capitalisation rate used for our calculations consists of a basic yield at 3,85% (average return of European government bonds on 10 years) increased by a risk premium between 1,00% and 4,40%.

Method 2: Valuation based on the actualizing of the income

This method consists of the calculation of the current value of the current rental income until the expiry date of the lease contract.

In its report of 31 December 2009, CB Richard Ellis declared that the fair value of the commercial properties amounted to € 163.267.657.

de Crombrughe & Partners

When determining the value, different paths of reasoning are followed which actors in the relevant market use for comparing certain sales results. The following analyses proved to be decisive for determining the value:

Method 1: Capitalisation method of the rental value

The market value, taking into account the lease contracts under consideration, is determined in this case by the economic market rental value of the leasable space, capitalised on the basis of a yield that is considered realistic in the present market circumstances. This yield is based on the judgment of the market, the location of the property, and is composed of the following factors:

Market:

- supply and demand of tenants and buyers of comparable properties
- yields trends
- inflation expectations
- current interest rates and interest rate expectations

Location:

- local surroundings
- availability of parking
- infrastructure
- accessibility by private and public transport
- facilities such as public buildings, stores, hotels, restaurants, banks, schools, etc.
- development (construction) of comparable real estate

Real estate:

- operating and other charges
- type of construction and level of quality
- state of maintenance
- age
- location and presentation
- current and potential alternative use possibilities

In this method, the potential cash value of the difference of the current rental income and the valued market rental value are normally calculated on the basis of the remaining duration of the lease contracts.

The possible costs for vacancy, such as loss of rent, service charges borne by the landlord, rental costs, publicity and marketing costs related to the letting, as well as the costs for supervision, maintenance and modifications and/or incentives during the leasing process are taken into account.

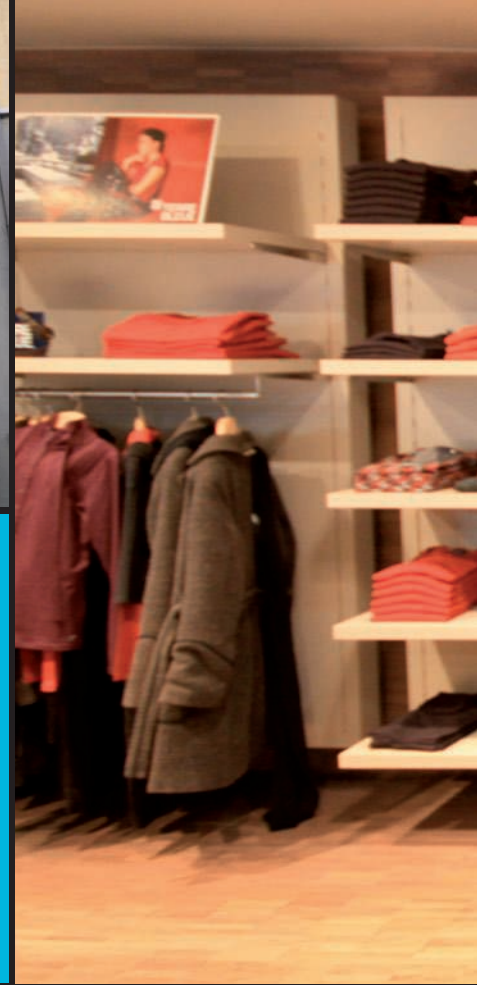
Method 2: Income approach according to DCF (Discounted Cash Flow) model

This approach makes explicit and subjective assumptions or projections of future cash flow, referral fees, wear, renovations, redevelopments, management and transfer costs, taxes and financial charges. It can be used for calculation of the net current value of this future cash flow or for determining the internal interest rate of an investment at a given value.

Inasmuch as financing conditions are specific to the profile of each investor and its investment policy, in order to be coherent, they have not been taken into account. As usual in this scenario, cautious assumptions are made with respect to costs and vacancy. This makes it possible to make a real comparison that takes the unique aspects of each individual investment into account. It is therefore far from certain that these costs would have to actually be taken into account for the period indicated.

In its report of 31 December 2009, de Crombrughe & Partners stated that the fair value of the commercial properties amounted to € 19.181.076.

05



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TERRE BLEUE ■

Schutterhofstraat 24
2000 Antwerp
Space: 320 m²





□ Julianus Shopping - Tongres

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■ CONSOLIDATED INCOME STATEMENT

<i>in thousands €</i>	Note	2009	2008
Rental income	4	20.847	20.034
Rental-related expenses	4	-141	26
NET RENTAL INCOME		20.706	20.060
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.284	1.916
Rental charges and taxes normally payable by tenants on let properties	4	-1.284	-1.916
Other rental-related income and expenses		-1	-6
PROPERTY RESULT		20.705	20.054
Technical costs	5	-575	-650
Commercial costs	5	-247	-102
Charges and taxes on unlet properties	5	-129	-212
Property management costs	5	-1.226	-1.299
Other property charges		-5	-3
PROPERTY CHARGES		-2.182	-2.266
OPERATING PROPERTY RESULT		18.523	17.788
General costs	6	-1.107	-1.155
Other operating income and costs		51	132
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		17.467	16.765
Result on sales of investment properties and development projects	8	-1.199	87
Changes in fair value of investment properties and development projects	9	1.729	11.415
OPERATING RESULT		17.997	28.267

INCOME STATEMENT (continuation) in thousands €	Note	2009	2008
OPERATING RESULT		17.997	28.267
Financial income		23	80
Interest charges		-5.013	-5.820
Other financial charges		-29	-29
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)		-822	-461
FINANCIAL RESULT	10	-5.841	-6.230
RESULT BEFORE TAXES		12.156	22.037
Corporation tax		6	-51
TAXES	11	6	-51
NET RESULT		12.162	21.986
Note:			
Operating distributable result	12	12.400	10.872
Result on portfolio		530	11.502
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		-768	-388
Attributable to:			
Equity holders of the parent company		12.162	21.986
Minority interests		0	0

RESULT PER SHARE	Note	2009	2008
Number of shares entitled to dividend	12	5.078.525	5.078.525
Net result (€)	12	2,39	4,33
Operating distributable result (€)	12	2,44	2,14

■ CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>in thousands €</i>	2009	2008
NET RESULT	12.162	21.986
Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)	-952	-3.035
COMPREHENSIVE INCOME	11.210	18.951
Attributable to:		
Equity holders of the parent company	11.210	18.951
Minority interests	0	0

■ CONSOLIDATED BALANCE SHEET

ASSETS <i>in thousands €</i>	Note	31.12.2009	31.12.2008
Non-current assets		324.574	327.692
Intangible assets		27	12
Investment properties ⁶	13	324.338	327.398
Other tangible assets		191	264
Trade receivables and other non-current assets		18	18
Current assets		12.643	7.199
Assets held for sale	14	7.649	1.246
Trade receivables	14	357	426
Tax receivables and other current assets	14	3.403	4.742
Cash and cash equivalents		1.074	498
Deferred charges and accrued income		160	287
TOTAL ASSETS		337.217	334.891

⁶ Including development projects

SHAREHOLDERS' EQUITY AND LIABILITIES <i>in thousands €</i>	Note	31.12.2009	31.12.2008
Shareholders' equity		199.588	199.248
Shareholders' equity attributable to the shareholders of the parent company		199.588	199.245
Share capital	15	97.213	97.213
Share premium	15	4.183	4.183
Reserves		110.688	109.470
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	15	-8.108	-8.185
Changes in fair value of financial assets and liabilities		-4.388	-3.436
Minority interests	21	0	3
Liabilities		137.629	135.643
Non-current liabilities		88.477	99.750
Provisions	16	320	215
Non-current financial debts	18	88.010	99.478
<i>Credit institutions</i>		87.993	99.474
<i>Financial lease</i>		17	4
Other non-current liabilities		51	57
Deferred taxes - liabilities		96	0
Current liabilities		49.152	35.893
Current financial debts	18	43.002	27.574
<i>Credit institutions</i>		42.999	27.569
<i>Financial lease</i>		3	5
Trade debts and other current debts	17	4.301	3.902
Other current liabilities	17	681	3.259
Accrued charges and deferred income	17	1.168	1.158
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		337.217	334.891

DEBT RATIO	31.12.2009	31.12.2008
Debt ratio as per Royal Decree 21 June 2006 (max. 65 %) (%)	39 %	39 %

NET ASSET VALUE PER SHARE <i>in €</i>	31.12.2009	31.12.2008
Net asset value (fair value)	39,30	39,23
Net asset value (investment value)	40,90	40,85

■ STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

<i>in thousands €</i>	Share capital	Share premium	Reserves
Balance at 31 December 2007	97.213	4.183	93.702
Comprehensive income 2008			21.986
Transfers:			
• Impact on fair value*			786
• Change in fair value of financial assets and liabilities through the income statement			461
Dividends financial year 2007			-7.465
Balance at 31 December 2008	97.213	4.183	109.470
Comprehensive income 2009			12.162
Transfer of the impact on fair value*			-77
Dividends financial year 2008			-10.868
Other mutations			
Balance at 31 December 2009	97.213	4.183	110.688

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

Impact on the fair value*	Changes in fair value of financial assets and liabilities	Minority interests	Total shareholders' equity
-7.399	60	3	187.762
	-3.035		18.951
-786			0
	-461		0
			-7.465
-8.185	-3.436	3	199.248
	-952		11.210
77			0
			-10.868
		-3	-3
-8.108	-4.388	0	199.588

■ CONSOLIDATED CASH FLOW STATEMENT

<i>in thousands €</i>	Note	2009	2008
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		498	1.486
1. Cash flow from operating activities		11.972	8.895
Operating result		17.997	28.267
Interests paid (exclusive capitalised interest expenses)		-5.112	-6.372
Other non-operating elements		-844	-123
Adjustment of the result for non-cash flow transactions		445	-11.270
- Depreciations on intangible and other tangible assets		107	129
- Result on the sale of investment properties and development projects	8	1.199	-87
- Spread of rental discounts and benefits granted to tenants	9	-26	-116
- Changes in fair value of investment properties and development projects	9	-1.729	-11.415
- Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)		822	461
- Other non-cash flow transactions		73	-242
Changes in working capital:		-515	-1.607
Movement of assets			
- Trade receivables	14	69	248
- Tax receivables and other current assets	14	1.339	-633
- Deferred charges and accrued income		127	-103
Movement of liabilities			
- Trade debts and other current debts	17	399	-2.091
- Other current liabilities	17	-2.578	919
- Accrued charges and deferred income		131	53
2. Cash flow from investment activities		-2.692	3.340
Acquisition of intangible and other tangible assets		-52	-73
Payments development projects		0	-4.632
Acquisition of investment properties	13	0	-1.050
Investments in existing investment properties	13	-3.645	-1.945
Investments in development projects	13	-93	-348
Investments in assets held for sale		-467	-1.113
Capitalised interest expenses	13	-14	-369
Acquisition of assets with deferred payment		21	0
Proceeds of the sale of investment properties	8	1.558	12.870
3. Cash flow from financing activities		-8.704	-13.223
Repayment of loans	18	-10.176	-15.729
Drawdown of loans	18	12.350	10.000
Repayment of financial lease liabilities		-4	-18
Receipts from non-current liabilities as guarantee		-6	-11
Dividend paid	12	-10.868	-7.465
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		1.074	498

■ NOTES ON THE CONSOLIDATED ANNUAL ACCOUNTS

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

As a listed property investment fund, Intervest Retail has prepared its consolidated annual accounts in accordance with the “International Financial Reporting Standards” (IFRS) as accepted by the European Union. A scheme for the annual accounts of property investment funds is contained in the Royal Decree of 21 June 2006.

The scheme principally means that the result on the portfolio is presented separately in the income statement. This result on the portfolio includes all movements in the real estate portfolio and consists of:

- realised 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-realised increases and/or decreases in value

The result on the portfolio is not distributed to the shareholders, but transferred to or from the reserves.

■ NOTE 2. PRINCIPLES OF FINANCIAL REPORTING

Statement of conformity

Intervest Retail sa is a property investment company, having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2009 include the company and its subsidiaries (the “Group”). The annual accounts of Intervest Retail sa have been prepared and were released for publication by the board of directors on 22 February 2010 and will be submitted for approval to the general meeting of shareholders on 7 April 2010.

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 Royal Decree 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 financial years as from 1 January 2009.

New or amended standards and interpretations effective in 2009

The following standards and interpretations became effective in 2009 and affected either the presentation, disclosure or the financial results of the Group.

- **IFRS 8 Operating Segments**

(applicable for the financial years beginning on or after 1 January 2009)

This standard introduces new guidelines concerning the information that must be disclosed with respect to the distinct segments. The standard allows making a better match between the choice of the distinct segments and the related notes to the segments currently in use in internal reporting. The application of this standard has not led to major changes in the notes on the consolidated annual accounts.

- **IAS 1 Presentation of Financial Statements**

(applicable prospectively for financial years beginning on or after 1 January 2009)

This revised standard prohibits the presentation of items of income and expenses (being non-owner changes in equity) in the statement of changes in consolidated equity. The non-owner changes in equity must therefore be presented separately from owner changes in equity in a statement of comprehensive income. The Group presents hereby all owner related changes in equity in the statement of changes in consolidated equity, while all non-owners related changes in equity are presented in the consolidated statement of comprehensive income. The presentation of the comparative figures is adapted so that these are also in conformity with the revised standard. The Group has elected to present the statement of comprehensive income in two linked statements (the income statement and the statement of other comprehensive income).

- **Amendments to IAS 40 Investment Property**

(applicable for the financial years beginning on or after 1 January 2009)

As a result of this amendment, assets under construction are considered as investment properties and are no longer to be accounted for under IAS 16 Tangible Assets. As a result assets under construction are measured (valued) at fair value from the moment that this fair value can be determined reliably. If the fair value of assets under construction cannot be determined reliably, these assets shall be measured (valued) at cost until either the fair value can be determined reliably or construction is completed.

The following standards and interpretations became effective for the current financial year, but do not affect the disclosure, notes or financial results of the Group: amendments to IFRS 1 *First time adoption of International Reporting Standards*, amendment to IFRS 2 *Vesting Conditions and Cancellations*, amendment to IFRS 7 *Financial Instruments: Disclosures - Improving disclosures about financial instruments*, amendment to IAS 23 *Borrowing Cost*, amendment to IAS 32 *Financial Instruments: Presentation*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the construction of real estate*, IFRIC 16 *Hedges of a net investment in a foreign operation*, amendment to IFRIC 9 *Reassessment of Embedded Derivatives*.

New or amended standards and interpretations not yet effective in 2009

The following amended standards are considered to be the most relevant ones to the Group:

- **IFRS 3 Business Combinations:** the amended standard continues to apply the acquisition-value methodology to business combinations, with some significant changes. The Group will apply the revised standard prospectively to all business combinations as from 1 January 2010.
- **Amendment to IAS 27 Consolidated and Separate Financial Statements:** the amended standard requires the effects of all transactions with minority shareholders to be recognised in equity if there is no change in control. The Group will apply this amended standard prospectively to transactions with minority shareholders as from 1 January 2010.

Presentation basis

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

The accounting principles are applied consistently and the consolidated accounts are presented before profit distribution.

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 in order to obtain benefits from its activities. A subsidiary company's annual financial statement is recognised in the consolidated annual financial statement by means of the integrated consolidation methodology from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the subsidiaries have 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 be eliminated when the consolidated annual accounts are prepared. The list of subsidiaries is given under note 21.

Business combinations and goodwill

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - *Business combinations*, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the acquisition value and the Group share in the fair value of the acquired net assets. If the difference is negative ("negative goodwill"), it is immediately recognised in the results after confirmation of the values.

After initial recognition, the goodwill is not amortised but submitted to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the resulting impairment is recognised in the results and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying amount. An impairment loss recognised on goodwill is not reversed during a subsequent year.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and adjusted within the 12 following months.

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

Foreign currencies

Foreign currency transactions are recognised at the exchange rate valid on the transaction date. Monetary assets and liabilities denominated in foreign currency 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 liabilities denominated in foreign are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

Property result

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be recognised 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 recognised linearly in the income statement in the periods to which they refer.

The compensation paid by tenants for premature termination of lease contracts is apportioned by time, over the number of months of 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 termination of the lease contract 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 and general charges

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

Result on disposal and change in fair value of investment properties

The changes in fair value of investment properties are equal to the difference between the actual carrying amount and the previous fair value as estimated by the independent property expert. A comparison is made at least four times a year for the entire portfolio of investment properties. Movements in fair value of the real estate properties are recognised in the 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 carrying amount (i.e. the fair value determined by the property expert at the end of the previous financial year) less the selling expenses.

Financial result

The financial result consists of interest charges 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 recognised in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are recognised as a charge against equity.

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

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

The exit tax owed by companies that have been taken over by the real property investment trust, are deducted from the revaluation surplus at the moment of the merger and are recognised as a liability.

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

Deferred tax receivables and liabilities are recognised on the basis of the debt method ('liability method') for all provisional differences between the taxable basis and the carrying amount for financial reporting purposes with respect to both assets and

liabilities. Deferred tax receivables claims are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset.

Ordinary and diluted profit (loss) per share

The ordinary profit (loss) 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 (loss) 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 recognised at cost, less any accumulated amortisation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. 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 and development projects

a. Definition

Investment properties comprise all lands or buildings that are lettable and (wholly or in part) generate rental income, including the buildings where a limited part is kept for own use and buildings under an operating lease.

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

b. Initial recognition and valuation

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

Commission 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 real estate company, 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 and development projects are charged against the income statement of the financial year 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 and development projects:

1. repairs and maintenance: these are expenses that do not increase the expected future economic benefits of the building or project and are consequently charged in full against the 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". 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 recorded in the accrued costs and deferred income of the liabilities on the balance sheet until the refurbishment works are completed or until the moment there is sufficient certainty about the cost price. At that moment, both the income of the indemnity and the costs of the refurbishment are entered into the result.

3. renovations: these are expenses 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 retail premises, creation of additional social areas, etc. These costs are capitalised and then allocated over the period from the commencement of the lease contract up to the next time at which it is possible to terminate the contract and are deducted from the rental income.

d. Valuation after initial recognition

After initial recognition, investment properties and development projects are valued by the independent property experts at investment value. For this purpose investment properties and development projects are valued quarterly on the basis of the cash value of market rents and/or effective rental income, after reduction 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.

In accordance with IAS 40, investment properties and development projects are recognised on the balance sheet at fair value. This value is equal to the amount for which a building or project might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, it should be understood as being subject to the deduction of registration taxes.

The Belgian Association of Asset Managers (BEAMA) published a press release on 8 February 2006 with respect to the amounts of these registration fees (see also www.beama.be - publications - press release: "First application of IFRS accounting rules").

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions involving buildings in Belgium with an overall value of less than € 2,5 million, registration taxes of between 10,0 % and 12,5% should apply, 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 took place in the market from 2002 to 2005 and representing a grand total of € 6,0 billion - valued the weighted average of the taxes comes to 2,5 %.

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 Investest 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.

The difference between the fair value of the property and in the investment value of the property as determined by the independent property experts is recognised at the end of the period in the item “impact on the fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties” in the shareholders’ equity.

Profits or losses deriving from the change of fair value of an investment property or development projects are recognised in the income statement in the period where they emerge and allocated to the reserves in the profit allocation.

Interest charges directly attributable to development projects 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 projects, 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.

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 assets”.

e. Disposal of an investment properties and development projects

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

The profits or losses realized on the sale of investment properties and development projects are recorded in the income statement of the reporting period in ‘result on disposals of investment properties’ and are allocated to the reserves not available for distribution.

f. Assets held for sale

Assets held for sale refer to real estate properties whose the carrying amount will be realized during a sales transaction and not through continuing use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

Other tangible assets

a. Definition

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

b. Valuation

Other tangible assets are initially recognised at cost and thereafter valued according to the cost model.

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

c. Depreciation and exceptional impairment losses

Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use 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 impairment loss, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

d. Disposal and retirement

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

Impairment losses

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

Financial instruments

a. Trade receivables

Trade receivables are recorded at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

b. Investments

Investments are recognised and derecognised on a trade date basis when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any special impairment losses recognised to reflect irrecoverable amounts. A special impairment loss is recognised in profit or loss when there is the objective evidence that an asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

c. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of an impairment.

d. Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the economic certainty of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

e. Interest-bearing bank loans

Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised

cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with principles of financial reporting related to financing costs, applied by the Group.

f. Trade debts

Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

g. Equity instruments

Equity instruments issued by the company are recognised in the proceeds received (net of direct issue costs).

h. Derivatives

The Group uses derivatives to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives are initially valued at cost price and are valued after initial recognition at fair value.

• Derivates that do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting. Changes in the fair value of each derivative that does not qualify for hedge accounting are recognised immediately in the income statement.

• Hedge accounting

The Group designates certain hedging instruments as fair value hedges and cash flow hedges.

- Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, along with any change in the fair value of the hedged asset or hedged liability that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedged instrument is sold or terminated, or exercised, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the profit or loss from that date.

- Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The ineffective portion is recognised in the income statement on the line "Changes in fair value of financial asset and liabilities (ineffective hedges - IAS 39)".

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the

income statement when the hedged item is recognised in the income statement, in the same line as the recognised hedged item. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains or losses on the financial derivative previously accumulated in equity are recognised in the initial valuation of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument is sold or terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

i. Own shares

When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

Provisions

A provision is an obligation of uncertain size or with an uncertain time element. The amount that is recognised is the best estimate at balance sheet date of the expenditure required to settle the existing liability.

Provisions are only recognised when there is a present obligation (legal or constructive) as a result of a past event that probably will bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

Post-employment benefits

Contributions to defined-contribution retirement benefit plans are recognised as an expense against the reporting period when employees have rendered services entitling them to the contributions.

Dividend distribution

Dividends are part of the reserves until the annual shareholders' meeting approves the dividends. The dividends are therefore recorded as a liability in the annual accounts for the period in which the dividend distribution is approved by the annual general shareholders' meeting.

Events after the balance sheet date

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on balance sheet date is recognised in the result of the income statement.

NOTE 3. SEGMENTED INFORMATION

The reporting by segment is done within the Intervest Retail according to two segmentation bases:

1. **by business segment:** this segmentation basis is sub-divided into “retail warehouses & shopping centres” and “inner-city shops”
2. **by geographic segment:** this segmentation basis represents the 3 geographical markets in Belgium in which the group operates, namely Flanders, Brussels and the Walloon region.

By business segment

The two business segments comprise the following activities:

- The category of “inner-city shops” includes those shops that are located in substantially developed commercial centres with a concentration of large-scale retail organisations. Twenty towns qualify for this.
- The category of “retail warehouses & shopping centres” relates, on the one hand, to single buildings or retail parks along the major traffic axes and mostly an important sales area (from 400 m²). Retail warehouses are clusters of retail warehouses, often conceived as trading complexes with shared parking areas. On the other hand, shopping centres also fall into this category. Shopping centres are complexes comprising different shops that are dependent commercially on each other and which have joint commercial and promotional aspects.

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

Income statement by segment

BUSINESS SEGMENT	Inner-city shops		Retail warehouses & shopping centres		Corporate		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>in thousands €</i>								
Rental income	9.211	8.740	11.636	11.294			20.847	20.034
Rental-related expenses	-18	-9	-123	35			-141	26
Net rental result	9.193	8.731	11.513	11.329			20.706	20.060
Rental-related costs an income	0	-5	-1	-1			-1	-6
Property result	9.193	8.726	11.512	11.328			20.705	20.054
Operating result before result on portfolio	8.885	8.524	10.899	10.647	-2.317	-2.406	17.467	16.765
Result on sales of investment properties and development projects	0	87	-1.199	0			-1.199	87
Changes in fair value of investment properties and development projects	1.460	6.623	269	4.792			1.729	11.415
Operating result of the segment	10.345		9.969	15.439	-2.317	-2.406	17.997	28.267
Financial result					-5.841	-6.230	-5.841	-6.230
Taxes					6	-51	6	-51
NET RESULT	10.345	15.439	9.969	15.439	-8.152	-8.687	12.162	21.986

Key figures by segment

BUSINESS SEGMENT	Inner-city shops		Retail warehouses & shopping centres		TOTAL	
	2009	2008	2009	2008	2009	2008
<i>in thousands €</i>						
Fair value of real estate properties	163.870	161.670	160.468	165.728	324.338	327.398
of which investments during the financial year (fair value)	765	1.442	3.015	2.269	3.780	3.711
Investment value of real estate properties	167.966	165.712	164.480	169.871	332.446	335.583
Accounting yield of the segment (%)	5,6 %	5,4 %	7,2 %	6,8 %	6,4 %	6,1 %
Total leasable space (m ²)	32.147	32.147	127.486	134.270	159.633	166.417
Occupancy rate (%)	100 %	100 %	98 %	99 %	99 %	99 %
Disinvestment during the financial year	0	-783	-9.857	0	-9.857	-783

By geographic region

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

GEOGRAPHICAL SEGMENT	Flanders		Walloon region		Brussels		TOTAL	
	2009	2008	2009	2008	2009	2008	2009	2008
<i>in thousands €</i>								
Rental income	14.889	14.377	3.471	3.261	2.487	2.396	20.847	20.034
Fair value of real estate properties	228.133	237.456	50.580	45.585	45.625	44.357	324.338	327.398
Investment value of real estate properties	233.837	243.392	51.843	46.725	46.766	45.466	332.446	335.583
Accounting yield of the segment (%)	6,5 %	6,1 %	6,9 %	7,2 %	5,5 %	5,4 %	6,4 %	6,1 %
(Dis)investment during the financial year (fair value)	-8.916	2.838	2.839	88	0	2	-6.077	2.928

NOTE 4. PROPERTY RESULT

Rental income

<i>in thousands €</i>	2009	2008
Rents	21.096	20.241
Rental discounts	-258	-207
Compensation for early termination of lease contracts	9	0
Total rental income	20.847	20.034

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 lease contracts minus any rental discounts and rental benefits granted. The rental discounts are spread over the period running from the start of the lease contract to the next possibility of terminating a lease contract by the tenant.

The rental income of Interinvest Retail is spread over more than 151 different tenants, limiting the debtor's risk of Interinvest Retail and improving the stability of the rental income. The ten most important tenants represent 44 % (45 % in 2008) of the rental income and are always prominent companies in their sector and part of international groups. The most important tenant represents 12 % of the rental income (12 % in 2008). In 2009, there were 4 tenants of whose lease payments on an individual basis represents more than 5 % of the total rental income of Interinvest Retail (5 tenants in 2008).

Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the leases is subject to the following collection terms:

<i>in thousands €</i>	2009	2008
Receivables with a remaining duration of:		
Less than one year	20.324	20.113
Between one and five years	22.377	21.685
Total of future minimum rental income	42.701	41.798

Rental-related expenses

<i>in thousands €</i>	2009	2008
Rent for leased assets and ground lease	-100	-110
Write-downs on trade receivables	-102	-150
Reversal of write-downs on trade receivables	61	286
Total rental-related expenses	-141	26

The rental-related expenses comprise mainly write-downs on trade receivables and are recognised in the income statement when the carrying amount is higher than the estimated realization value.

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

<i>in thousands €</i>	2009	2008
Rebilling of rental charges borne by the landlord	80	529
Rebilling of advance levies and taxes on let properties	1.204	1.387
Recovery of rental charges and taxes normally payable by tenants on let properties	1.284	1.916
Rental charges borne by the landlord	-80	-529
Advance levies and taxes on let properties	-1.204	-1.387
Rental charges and taxes normally payable by tenants on let properties	-1.284	-1.916
Total net amount of recovered rental charges and taxes	0	0

Rental charges and taxes on let buildings and the recovery of these charges refer to costs that are, by law or custom, of the responsibility of the tenant. These costs comprise primarily the real estate withholding taxes and rental charges. The owner is responsible for the management of the buildings or has it contracted out to external property managers. Depending on the contractual agreements with the tenants, the landlord may or may not charge the tenants for these services.

NOTE 5. PROPERTY CHARGES

Technical costs

<i>in thousands €</i>	2009	2008
Recurrent technical costs	-121	-120
<i>Insurance premiums</i>	-121	-120
Non-recurrent technical costs	-454	-530
<i>Maintenance</i>	-468	-526
<i>Claims</i>	14	-4
Total technical costs	-575	-650

Technical costs comprise, inter alia, maintenance costs and insurance premiums. 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 recognised as costs but are capitalised.

Commercial costs

<i>in thousands €</i>	2009	2008
Brokers' fees	-44	-17
Publicity	-127	0
Lawyers' fees and legal costs	-76	-85
Total commercial costs	-247	-102

Commercial costs also include the brokers' fees. The brokers' fees paid to the brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. The brokers' fees paid after an immediate re-letting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not taken into account this fee at the time of the valuation.

The increase of the commercial costs results mainly from the promotion and marketing actions for the commercial centre Julianus in Tongres.

Charges and taxes on unlet properties

<i>in thousands €</i>	2009	2008
Vacancy charges	-47	-187
Real estate withholding tax on vacant properties	-113	-75
Recuperation real estate withholding tax on vacant properties	31	50
Total charges and taxes on unlet properties	-129	-212

The vacancy costs decreased from € 0,2 million in 2008 to € 0,1 million in 2009. This decrease was due to the disappearance of the vacancy costs in Factory Shopping Messancy through the sale of this centre.

Property management costs

<i>in thousands €</i>	2009	2008
Internal property management fees	-1.226	-1.299
<i>Property experts</i>	-172	-171
<i>Remuneration of employees</i>	-735	-766
<i>Other costs</i>	-319	-362
Total property management costs	-1.226	-1.299

Property management costs are cost related to the management of the buildings. These include the personnel costs and the indirect costs with respect to the management committee and the staff (such as office costs, operating costs etc.) who manage the portfolio and lettings, and also amortisations and impairments on tangible assets used for such management and other business expenses related to the management of the property.

NOTE 6. GENERAL COSTS

<i>in thousands €</i>	2009	2008
ICB tax	-159	-152
Custodian bank	-29	-34
Auditor's fee	-84	-85
Directors' remunerations	-40	-36
Liquidity provider	-14	-14
Financial services	-17	-13
Employee benefits	-478	-506
Other costs	-286	-315
Total general costs	-1.107	-1.155

General costs are all costs related to the management of the property investment fund and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and write-downs of tangible assets used for this management and other operating costs.

NOTE 7. EMPLOYEE BENEFITS

<i>in thousands €</i>	2009			2008		
	Charges for the patrimony management	Charges linked to the management of the fund	TOTAL	Charges for the patrimony management	Charges linked to the management of the fund	TOTAL
Remunerations of employees	499	352	851	487	343	830
Salary and other benefits paid within 12 months	317	241	558	333	209	542
Pensions and post-employment benefits	12	7	19	19	13	32
Severance pay	0	0	0	0	24	24
Social security	94	58	152	98	71	169
Variable remunerations	33	19	52	0	0	0
Other charges	43	27	70	37	26	63
Remunerations of the management committee	236	126	362	279	163	442
Salary and other benefits paid within 12 months	236	126	362	279	163	442
Total employees benefits	735	478	1.213	766	506	1.272

The number of employees at year-end 2009, expressed in FTE is 4 staff members and 2 members of the management committee for the internal management of the patrimony (2008: respectively 5 and 2) and 5 staff members and 1 member of the management for the management committee of the fund (2008: respectively 5 and 1).

Remuneration, supplementary benefits, compensation upon termination, redundancy and resignation compensation for personnel in permanent employment are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective bargaining agreements that have been recognised 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.

For permanent employees, Intervest Retail has taken out a group insurance policy - a "defined contribution plan" - with an external insurance company. The company pays contributions to this company, which is independent of the company. A pension plan with a defined-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 to the insurance plan are financed by the company. This group insurance contract complies with the Vandembroucke act on pensions. The compulsory contributions are recognised in the income statement for the period that they relate to.

NOTE 8. RESULT ON SALES OF INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

<i>in thousands €</i>	2009	2008
Acquisition value	21.833	574
Accumulated capital gains and special impairment losses	-11.976	209
Carrying amount (fair value)	9.857	783
Selling costs	-974	0
Sales price	9.632	870
Total result on sales of investment properties and development projects	-1.199	87

In 2009, the result on the sale of investment properties and development projects comprised mainly the sale of the development project Olen Shopping Park, apartments in Vilvorde and two non-strategic buildings in Overijse and Bastogne.

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

<i>in thousands €</i>	2009	2008
Positive change of investment properties	9.382	22.298
Negative change of investment properties	-7.532	-8.542
Subtotal changes of investment properties	1.850	13.756
Negative change of development projects	-93	-2.225
Subtotal change of development projects	-93	-2.225
Spread of rental discounts and rent incentives	-26	-116
Other changes	-2	0
Subtotal other changes related to fair value of investment properties	-28	-116
Total change in fair value of investment properties and development projects	1.729	11.415

In 2009, the positive change in fair value of € 1,7 million resulted from of the changes in fair value on investment properties (€ 1,9 million) and development projects (- € 0,1 million). The fluctuations in value of the investment properties consisted on the one hand of capital gains (€ 9,4 million) and on the other hand of capital losses (- € 7,5 million). The capital loss of the development projects (- € 0,1 million) was related to the project in Olen.

NOTE 10. FINANCIAL RESULT

<i>in thousands €</i>	2009	2008
Financial income	23	80
Interest charges with fixed interest rate	-4.194	-3.166
Interest charges with variable interest rate	-819	-2.654
Other financial costs	-29	-29
Changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)	-822	-461
Total financial result	-5.841	-6.230

The financial result amounted to - € 5,8 million compared to - € 6,2 million previous year. The decrease of financing costs of the property investment fund results from the currently low interest rates on the financial markets.

In 2009, the financial result also included the changes in fair value of the interest rate swaps which in accordance with IAS 39 can not be classified as a cash flow hedge instrument, for an amount of - € 0,8 million (- € 0,5 million).

Interest charges classified by the expiry date of the credit facility

<i>in thousands €</i>	2009	2008
Interest charges on non-current financial debts	-3.525	-3.304
Interest charges on current financial debts	-1.488	-2.516
Total interest charges	-5.013	-5.820

In 2009, the average interest rate of the non-current financial debts was 4,4 % (2008: 4,9 %). The average interest rate of the current financial debts for 2009 was to 3,1 % (2008: 4,8 %).

For 2010, the (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2009 at the fixed or variable interest rate of 31 December 2009 amounted to approximately € 6,1 million (2008: € 6,1 million).

NOTE 11. TAXES

<i>in thousands €</i>	2009	2008
Corporation tax of subsidiary	6	-51
Total taxes	6	-51

With the Royal Decree of 15 April 1995, the legislator gave a favourable tax status to property investment funds. If a company converts its status into that of a property investment fund, or if an (ordinary) company merges with a property investment fund, it must pay a one-off tax (exit tax). Thereafter, the property investment fund is only subject to taxes on very specific items, e.g. “disallowed expenditure”. No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties.

NOTE 12. NUMBER OF SHARES AND RESULT PER SHARE

Movement of the number of shares

	2009	2008
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 shares entitled to dividend	5.078.525	5.078.525
Adjustments for diluted result per share	0	0
Weighted average number of shares for diluted result per share	5.078.525	5.078.525

Determination of the amount of mandatory dividend distribution

<i>in thousands €</i>	2009	2008
Net result according to the statutory annual accounts	12.806	19.372
Adjustment for non-cash flow transactions included in the net result:		
Depreciations and withdrawals of depreciation and impairments	148	-7
Changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)	822	461
Changes in fair value of financial fixed assets	-818	-186
Other non-cash flow transactions	-68	116
Result on the sale of investment properties and development projects	1.467	-87
Changes in fair value of investment properties and development projects	-1.809	-8.804
Corrected result for mandatory distribution	12.548	10.865
Mandatory distribution: 80 %	10.038	8.692
Operating distributable result (statutory annual accounts)	12.400	10.872
Operating distributable result (consolidated annual accounts)	12.400	10.872

The distributable earnings per share, based on the statutory annual accounts of Intervest Retail sa, amounted to € 12,4 million in 2009 compared to € 10,9 million in 2008.

No further adjustments must be made on the corrected result for any non-exempted capital gain on sales of investment properties or debt reductions. Consequently, the corrected result is equal to the amount eligible for mandatory distribution of 80 %.

Intervest Retail chooses to distribute 100 % of the statutory operating distributable result to its shareholders.

Calculation of the result per share

<i>in €</i>	2009	2008
Ordinary net result per share	2,39	4,33
Diluted net result per share	2,39	4,33
Operating distributable result per share	2,44	2,14

The operating distributable result per share is, in a 100% distribution, rounded to € 2,44 per share.

Proposed dividend per share

After the financial year was closed, the dividend distribution shown below was proposed by the board of directors. This will be presented to the general meeting of shareholders on 7 April 2010. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2009	2008
Dividend per share (in €)	2,44	2,14
Remuneration of the share capital (in thousands €)	12.392	10.868
Dividend distribution as a percentage of the consolidated operating distributable result (%)	100 %	100 %

NOTE 13. NON-CURRENT ASSETS: INVESTMENT PROPERTIES AND DEVELOPMENT PROJECTS

Investment and revaluation table <i>in thousands €</i>	Investment properties		Development projects		TOTAL	
	2009	2008	2009	2008	2009	2008
Amount at the end of the preceding financial year	320.043	291.382	7.355	21.556	327.398	312.938
Acquisitions investment properties	0	1.050	0	0	0	1.050
Capitalised deferred expenses	3.645	1.945	93	348	3.738	2.293
Capitalised interest charges	14	0	0	369	14	369
Sales of investment properties	-601	-783	0	0	-601	-783
Transfers from development projects	0	17.429	0	-17.429	0	0
Transfers to development projects	-613	-4.736	613	4.736	0	0
Transfers to assets held for sale	0	0	-7.968	0	-7.968	0
Changes in fair value (+/-)	1.850	13.756	-93	-2.225	1.757	11.531
Amount at the end of the financial year	324.338	320.043	0	7.355	324.338	327.398
OTHER INFORMATION						
Investment value of investment properties	332.446	328.044	0	7.539	332.446	335.583

The development projects comprise Olen Shopping Park that was transferred at the end of 2009 to the assets held for sale as a result of an agreement in principle to disinvest the land parcels and the remaining buildings of this project.

NOTE 14. CURRENT ASSETS

Assets held for sale

<i>in thousands €</i>	2009	2008
Development project Olen Shopping Park	7.225	0
Vilvorde Leuvensestraat – apartments	424	1.246
Total assets held for sale	7.649	1.246

The assets held for sale comprise the development project Olen Shopping Park and the already incurred constructions costs for the apartments of the project in Vilvorde. During the fourth quarter of 2009, Intervest Retail obtained an agreement in principle to disinvest the land parcels and the remaining buildings of the project Olen Shopping Park. In January 2010, after finalisation of the existing pre-emption rights of different parties, Intervest Retail signed the sales agreement with the buyer, developer Shopping Olen, and the sales price was paid.

Trade receivables

<i>in thousands €</i>	2009	2008
Outstanding trade receivables	338	418
Invoices to issue and credit notes to receive	19	8
Doubtful debtors	367	272
Provision doubtful debtors	-367	-272
Total trade receivables	357	426

As a result of strict credit control the number of days of outstanding customers' credit at 31 December 2009 was only 6 days.

Aging analysis of trade accounts receivables

<i>in thousands €</i>	2009	2008
receivables < 30 days	124	285
receivables 30-90 days	3	82
receivables > 90 days	211	51
Total outstanding trade receivables	338	418

Tax receivables and other current assets

<i>in thousands €</i>	2009	2008
Recoverable VAT	113	580
Recoverable withholding tax on liquidation bonus	978	984
Receivable from insurance company	3	922
Recoverable VAT Factory Shopping Messancy (note 23)	2.111	2.111
Other receivables	198	145
Total tax receivables and other current assets	3.403	4.742

The outstanding receivable on the insurance concerned in 2008 the indemnity to be received for the fire in a shop in Andenne, received during the redevelopment of the site.

The recoverable withholding tax concerns the withholding tax on the liquidation bonus from the merger of Pegasus Vastgoedmaatschappij on 2 April 2008.

NOTE 15. SHAREHOLDERS' EQUITY

Capital

<i>Date</i>	<i>Transaction</i>	<i>Share capital movement in thousands €</i>	<i>Total outstanding share capital after transaction in thousands €</i>	<i>Number of share issued in units</i>	<i>Total number of shares in units</i>
15.06.1987	Constitution	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		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 Louizalaan 7)	1.306	96.842	52.402	5.024.742
20.09.2000	Merger by absorption Immorent, Nieuwe Antwerpse Luxe Buildings, Zeven Zeven and 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 by absorption of the limited liability company Immobilière de l'Observatoire	3	97.003	7.273	5.046.019
30.12.2002	Merger by absorption of the limited liability companies GL Properties, Retail Development, Winvest, Immo 2000M, Avamij, Goorinvest, Tafar, Lemi, Framonia, Micol and Immo Shopping Tienen	209	97.212	26.701	5.072.720
30.12.2002	Merger by absorption of the limited liability company Immo GL	1	97.213	5.805	5.078.525

On 31 December 2009, the share capital amounted to € 97.213.233,32 and is divided among 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 share 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 Companies Code, these articles of association and article 11 of the Royal Decree of 10 April 1995 concerning property investment funds.

This authorisation is 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 4 April 2007, i.e. from 18 May 2007 onwards. This authorisation is valid until 18 May 2012. The authorisation to use authorised capital as possible means of defence in the event of a takeover bid is, in accordance with article 607, second paragraph, of the Belgian Companies Code, only valid for three years and expires on 4 April 2010. This authorisation is renewable.

Whenever there is a capital increase, 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 authorisation 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 2009, the board of directors did not make use of the authorisation granted to use amounts from the permitted capital.

Purchase of own shares

Pursuant to 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, if the purchase is necessary to protect the company from 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 capital increase will be in accordance with articles 581 to 607 of the Belgian Companies Code, subject to the fact that, in the event of registration for cash under article 11 § 1 of the Royal Decree 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 Belgian Companies Code. The company must furthermore conform to the stipulations regarding the public issue of shares in article 75 of the ICB Act of 20 July 2004 and to articles 28 ff. of the Royal Decree of 10 April 1995.

The capital increases through contributions in kind are subject to the provisions of articles 601 and 602 of the Belgian Companies Code. Furthermore, and in accordance with article 11 § 2 of the Royal Decree 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 Belgian Companies 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

<i>in thousands €</i>		2009	2008
<i>Date</i>	<i>Transaction</i>		
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 the hypothetical disposal of investment properties

<i>in thousands €</i>	2009	2008
Amount at the end of the preceding financial year	-8.185	-7.399
Changes on the investment value of investment properties	-137	-806
Impact of sales of investment properties	214	20
Total impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.108	-8.185

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.

NOTE 16. PROVISIONS

<i>in thousands €</i>	2009	2008
Non-current provisions	320	215
Provisions for legal disputes	195	195
Provisions for rental guarantees from the sale of investment properties	125	0
Other provisions	0	20
Total provisions	320	215

The non-current provisions comprise the rental guarantees from the sale of the development project Olen Shopping Park.

For the description of the Group's fiscal situation, please see note 23.

NOTE 17. CURRENT LIABILITIES

Trade debts and other current debts

<i>in thousands €</i>	2009	2008
Trade debts	1.435	1.383
Advances received from tenants	489	318
Invoices to be received	98	372
Other current debts	2.279	1.829
Total trade debts and other current debts	4.301	3.902

The increase of trade debts and other current debts by € 0,4 million compared to prior year results from the additional provision for the VAT-regularisation regarding the sale of Factory Shopping Messancy, as a result of the judgement of the Court of First Instance (see note 23).

Other current liabilities

<i>in thousands €</i>	2009	2008
Dividends payable	405	67
Liabilities for refurbishment of investment properties	0	1.435
Advances received with regard to assets held for sale	117	1.605
Other current liabilities	159	152
Total other current liabilities	681	3.259

The current liabilities comprised in 2008 the refurbishment works as a result of the fire in Andenne (€ 1,4 million) and the advances received from the sale of the apartments in Vilvorde (€ 1,6 million).

Accrued charges and deferred income

<i>in thousands €</i>	2009	2008
Interest charges to accrue	580	701
Other charges to accrue and deferred income	588	457
Total accrued charges and deferred income	1.168	1.158

NOTE 18. NON-CURRENT AND CURRENT FINANCIAL DEBTS

For the description of the financial structure of the property investment fund, please see the report of the management committee.

Classification by expiry date of the credit facility

<i>in thousands €</i>	2009				2008			
	Debts with a remaining duration of				Debts with a remaining duration of			
	< 1 year	> 1 year and < 5 years	> 5 years	Total	< 1 year	> 1 year and < 5 years	> 5 years	Total
Credit institutions (credits withdraw)	42.791	82.991	0	125.782	27.569	81.038	15.000	123.607
Financial derivatives	208	5.002	0	5.210	0	3.436	0	3.436
Credit facilities not withdrawn	0	12.650	0	12.650	10.200	0	0	10.200
Financial lease	3	14	3	20	5	4	0	9
TOTAL	43.002	100.657	3	143.662	37.774	84.478	15.000	137.252
Percentage	30 %	70 %	0 %	100 %	28 %	61 %	11%	100 %

Classification by variable or fixed interest rate of the loans withdrawn

<i>in thousands €</i>	2009					2008				
	Debts with a remaining duration of				Percentage	Debts with a remaining duration of				Percentage
	< 1 year	> 1 year and < 5 years	> 5 years	Total		< 1 year	> 1 year and < 5 years	> 5 years	Total	
Variable	17.395	27.350	0	44.745	36 %	27.195	0	15.000	42.195	34 %
Fixed	25.400	55.655	3	81.058	64 %	379	81.042	0	81.421	66 %
TOTAL	42.795	83.005	3	125.803	100 %	27.574	81.042	15.000	123.616	100 %

Classified by type of credit facility

<i>in thousands €</i>	2009		2008	
	Total	Percentage	Total	Percentage
Roll-over advances	1.038	1 %	1.412	1 %
Fixed advances	124.745	99 %	122.195	99 %
Financial lease	20	0 %	9	0 %
TOTAL	125.803	100 %	123.616	100 %

NOTE 19. FINANCIAL DERIVATIVES

Intervest Retail limits the interest rate risk on its long-term financial debts by means of interest rate swaps (IRS) in euro.

Intervest Retail classifies the interest rate swaps as cash flow hedges, whereby it is shown whether is hedges were effective or not.

- The effective part of the changes in fair value of derivatives classified as cash flow hedges are recognised in the state of comprehensive income in the line "Changes in fair value of financial assets and liabilities (effective hedge - IAS 39)". Fair value hedge accounting is therefore applied to these swaps, on which basis changes in value of these swaps are recognised directly in the shareholders' equity and not in the income statement.
- The ineffective part is recognised in the income statement in the line "Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)" in the financial result.

Fair value and carrying amount of financial derivatives at year-end

On 31 December 2009, the company had following financial derivatives:

<i>in thousands €</i>	Start date	Expiry date	Interest rate	Nominal Value	Effectieve hedge	Fair value	
					Yes/No	2009	2008
1 IRS	20.12.2006	19.03.2010	4,12 %	25.000	Yes	-208	-543
2 IRS callable as from 15.04.09	12.05.2008	15.04.2013	3,93 %	10.000	No	-697	-461
3 IRS	06.10.2008	06.10.2013	4,43 %	25.000	No	-2.211	-1.517
4 IRS	15.12.2008	16.12.2013	4,105 %	20.000	Yes	-1.393	-915
5 IRS	01.10.2009	01.10.2014	3,02 %	25.000	No	-701	0
Fair value financial derivatives						-5.210	-3.436

On 31 December 2009, these interest rate swaps had a negative market value of - € 5,2 million (nominal value € 105 million), which is determined on quarterly basis by the issuing financial institute. The negative market value of these financial derivatives is due to the strong decline in interest rates in 2009.

On 31 December 2009, Intervest Retail classifies the interest rate swaps 1 and 4 as cash flow hedges, which shows that these interest rate swaps are effective. Fair value hedge accounting is therefore applied to these interest rate swaps, on which basis changes in value of these interest rate swaps are recorded directly in shareholders' equity and are not in the income statement. The interest rate swap 5 will be effective on 19 March 2010 as prolongation of interest rate swap 1, expiring on this date. The fluctuations in value of the interest rate swaps 2 and 3 are recognised directly in the income statement.

The method used to determine the effectiveness of the hedge is as follows:

- Prospective test: at the end of each quarter, an analysis is done to determine whether there is still a match in the future between the interest rate swap and the underlying financial liabilities
- Retrospective test: on the basis of a ratio analysis, the interest paid on the underlying financial liabilities is compared to the variable interest cash flow of the interest rate swap, whereby the ratio must be between 80 and 125.

Fair value and carrying amount of bank obligations at year-end

<i>in thousands €</i>	2009		2008	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	81.058	81.120	81.421	81.500

When calculating the fair value of the financial debts, the financial debts with a fixed interest rate are taken into consideration. Financial debts with a variable interest rate or covered by financial derivatives are not taken into consideration.

A description of the financial risks of the financial derivatives are explained in the chapter “most important risk factors and internal control and risk systems” in the statement on Corporate Governance in the report of the board of directors.

■ NOTE 20. RELATED PARTIES

The company's related parties, are majority shareholder, its subsidiaries (see note 21) 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).

<i>in thousands €</i>	2009	2008
Directors	80	71
Members of the management committee	362	442
Total	442	513

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

NOTE 21. LIST OF CONSOLIDATED COMPANIES

Company name	Address	Company number	Capital share (in %)	Minority interests in thousands €	
				2009	2008
Messancy Outlet Management sa - liquidated	Uitbreidingstraat 18, 2600 Berchem	BE 0480 162 668	95 %	0	3
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100 %	0	0
Total minority interests				0	3

The subsidiary Messancy Outlet Management was liquidated during the financial year 2009. This liquidation was terminated on 4 December 2009, in accordance with the distribution plan approved by the Court.

NOTE 22. FEES OF THE STATUTORY AUDITOR AND ENTITIES AFFILIATED WITH THE STATUTORY AUDITOR

<i>in thousands €</i>	2009	2008
Including non-deductible VAT		
Fee statutory auditor for audit mandate	82	79
Fee for exceptional activities or special assignments within:		
- Other control assignments	2	6
- Tax consulting assignments	0	41
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	84	126

■ NOTE 23. OFF-BALANCE SHEET OBLIGATIONS

1. Control BBI (VAT) - Factory Shopping Messancy and Julianus Shopping Centre

In 2006, the BBI of Ghent has started a VAT control regarding the examination of the VAT-deduction on construction costs incurred in 2003 for the project Factory Shopping Messancy. During 2007 all the construction costs of the shopping centres as from 2003 were controlled where after on 26 October 2007 a correction was sent to Intervest Retail. The basic agreements made on 31 January 2003 was ignored according to Intervest Retail, whereby an appeal was entered on 30 November 2007. A few days later Intervest Retail was summoned and on 18 December 2007 a notice was issued, ordering the payment of following amounts:

VAT in principal:	€ 1,8 million
Administrative fine:	€ 0,2 million
Moratory interests:	€ 0,1 million
Total:	€ 2,1 million

End 2007, Intervest Retail proceeded to the payment of the additional assessment without any prejudicial recognition and with reservation of all rights. Intervest Retail decided to introduce a request for the recovery of the VAT by the Court of First Instance because the point of view of the BBI was basically contested. In its judgement of 23 October 2009, the Court of First Instance judged that Intervest Retail could only refund of the VAT for an amount of € 24.694. As reaction Intervest Retail started a legal procedure by the Court of Appeal of Antwerp. Currently this procedure is ongoing and pleas are planned in February 2011.

In the frame of the sale of the outlet centre the realized tax deduction of the construction costs must be revised pro rata temporis. For this purpose a provision has been included in the annual accounts. The possible appropriation of this provision depends on the judgment of the Court of Appeal regarding the VAT deduction of construction costs for the outlet centre.

Similar deduction procedures concerning VAT on construction and exploitation of shopping centres was also applied by Intervest Retail in Julianus Shopping in Tongeren. The BBI started its control for Julianus Shopping in Tongeren during 2008 and 2009, whereby mid 2009, after approval by the VAT-administration, a regularisation was carried out on the construction costs of Shopping Julianus in Tongeren.

2. 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 Royal Decree on property investment funds. For the financing, the credit institutions generally require a coverage ratio of more than 2.

■ NOTE 24. POST-BALANCE SHEET EVENTS

In January 2010, after finalisation of the existing pre-emption rights of different parties, Intervest Retail signed the sales agreement with the buyer, developer Shopping Olen, and the sales price was paid.

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2009.

■ STATUTORY AUDITOR'S REPORT

INTERVEST RETAIL SA,
PUBLIC BELGIAN REAL ESTATE INVESTMENT FUND

STATUTORY AUDITOR'S REPORT
TO THE SHAREHOLDERS' MEETING
FOR THE YEAR ENDED DECEMBER 31, 2009
ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 PROPERTY INVESTMENT FUND UNDER BELGIAN LAW ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2009, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, the statement of comprehensive income as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 337.217 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended of 12.162 (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 Réviseurs d'Entreprises/ Instituut van de 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 31 December 2009, 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, 23 February 2010

The statutory auditor



DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Rik Neckebroeck

■ STATUTORY ANNUAL ACCOUNTS INTERVEST RETAIL SA

The statutory annual accounts of Interinvest Retail are prepared according to the IRFS-standards and in accordance with the Royal Decree of 21 June 2006. The entire version of the statutory annual accounts of Interinvest Retail, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.interinvestretail.be) or on demand at the registered office.

The statutory auditor has issued an unqualified auditor's report for the statutory annual accounts of Interinvest Retail sa.

Income statement

<i>in thousands €</i>	2009	2008
Rental income	20.537	19.669
Rental-related expenses	-104	62
NET RENTAL INCOME	20.433	19.731
Recovery of rental charges and taxes normally payable by tenants on let properties	1.267	1.483
Rental charges and taxes normally payable by tenants on let properties	-1.267	-1.483
Other rental-related income and expenses	-2	-6
PROPERTY RESULT	20.431	19.725
Technical costs	-573	-649
Commercial costs	-247	-102
Charges and taxes on unlet properties	-128	-237
Property management costs	-1.202	-1.252
Other property charges	-5	-3
PROPERTY CHARGES	-2.155	-2.243
OPERATING PROPERTY RESULT	18.276	17.482
General costs	-1.086	-1.148
Other operating income and costs	51	129
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	17.241	16.463
Result on sales of investment properties and development projects	-1.467	87
Changes in fair value of investment properties and development projects	1.877	8.688
OPERATING RESULT	17.651	25.237
Financial income	201	292
Interest charges	-5.013	-5.804
Other financial charges	-34	-28
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-822	-461
Changes in fair value of financial fixed assets	818	186
FINANCIAL RESULT	-4.850	-5.815
RESULT BEFORE TAXES	12.801	19.423
TAXES	5	-51
NET RESULT	12.806	19.372
Operating distributable result	12.400	10.872
Result on portfolio	410	8.775
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and of financial fixed assets	-4	-275

RESULT PER SHARE	2009	2008
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	2,52	3,81
Operating distributable result (€)	2,44	2,14

Statement of comprehensive income

<i>in thousands €</i>	2009	2008
Net result	12.806	19.372
Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)	-952	-3.035
COMPREHENSIVE INCOME	11.854	16.337

Balance sheet

ASSETS <i>in thousands €</i>	31.12.2009	31.12.2008
Non-current assets	323.195	325.353
Intangible assets	27	12
Investment properties ⁷	321.567	324.431
Other tangible assets	191	264
Financial fixed assets	1.392	628
Trade receivables and other non-current assets	18	18
Current assets	13.906	8.782
Assets held for sale	7.649	1.246
Trade receivables	357	417
Tax receivables and other current assets	4.672	6.362
Cash and cash equivalents	1.069	470
Deferred charges and accrued income	159	287
TOTAL ASSETS	337.101	334.135

⁷ Including development projects

SHAREHOLDERS' EQUITY AND LIABILITIES <i>in thousands €</i>	31.12.2009	31.12.2008
Shareholders' equity	199.576	198.589
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	110.607	108.740
Impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.039	-8.111
Changes in fair value of financial assets and liabilities	-4.388	-3.436
Liabilities	137.525	135.546
Non-current liabilities	88.381	99.750
Provisions	320	215
Non-current financial debts	88.010	99.478
<i>Credit institutions</i>	87.993	99.474
<i>Financial lease</i>	17	4
Other non-current liabilities	51	57
Current liabilities	49.144	35.796
Current financial debts	43.002	27.574
<i>Credit institutions</i>	42.999	27.569
<i>Financial lease</i>	3	5
Trade debts and other current debts	4.300	3.842
Other current liabilities	681	3.259
Accrued charges and deferred income	1.161	1.121
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	337.101	334.135

DEBT RATIO	31.12.2009	31.12.2008
Debt ratio as per Royal Decree 21 June 2006 (max. 65 %) (%)	39 %	39 %

NET ASSET VALUE PER SHARE <i>in €</i>	31.12.2009	31.12.2008
Net asset value (fair value)	39,30	39,10
Net asset value (investment value)	40,88	40,70

06



General information

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AS ADVENTURE ■

Boomsesteenweg 643-645
2000 Wilrijk
Space: 1.837 m²



■ 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 Berchem - Antwerp

Enterprise identification number

The company is registered at the Central Enterprise Database 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 of 9 July 1987 under no. 870709-272.

The articles of association have been amended on numerous occasions and they were last coordinated on 2 April 2008.

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 legal system for the company for collective investment with a fixed number of rights of participation, in casu a property investment fund 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 Belgian Companies Code.

The articles of association were last amended on 2 April 2008, as published in the Appendices to the Belgian Official Gazette of 15 April 2008 under number 2008-04-24/0061996.

Duration

The company is founded for an indefinite period.

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 Clerk 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 to 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.intervestretail.be

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

Aim of the company

Article 4 of the articles of association

The sole aim 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 ff. 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 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 Royal Decree 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.

■ EXTRACT FROM THE ARTICLES OF ASSOCIATION⁸

Shares

Article 8 - Nature of the shares

The shares are bearer or registered shares or in dematerialised form. The shares already issued in the sense of articles 460, first paragraph of the company code, which are bearer shares and put on securities account, exist in dematerialised form.

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

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

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

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

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

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

Possession

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, regardless of whether 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.

⁸ These articles are not the complete or the literal reproduction of the articles of association. The complete articles of association can be consulted on the company's registered office and on the website www.intervestretail.be.

Administration and supervision

Article 12 - Composition of the board of directors

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

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

Where a legal entity is elected as director or member of the management committee, that legal entity shall designate from among its 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 Royal Decree 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 524bis of the Belgian Companies Code, the board of directors can put together an management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Companies Code. If an management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working.

If a management 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 management 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 management 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 areas of competence.

The board can determine the remuneration of each mandatory to which special powers are assigned, all in accordance with the Act of 20 July 2004 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 Royal Decree of 10 April 1995 relating to property investment funds, by the Belgian Companies 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 audits (audit) and certifies (certify) 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 meetings

Article 19 - Meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the first Wednesday of April at 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 on changes to the articles of association, 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 working days before the intended meeting, of an a certificate from a authorised institutions or a clearing institution, attesting of unavailability of the dematerialised shares till the date of general meeting.

Holders of registered shares do this in an ordinary letter sent to the company's registered office, again at least three working 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.

Result processing

Article 29 - Appropriation of profit

The company will distribute as dividend 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 Réviseurs d'Entreprises sc under the form of a SCRL, which is represented by Rik Neckebroek, 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 € 60.647 (excl. VAT, incl. costs) a year for the auditing of the statutory and consolidated 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 ff. of the Royal Decree of 10 April 1995 relating to property investment funds.

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

■ LIQUIDITY PROVIDER

Since December 2001, a liquidity contract has been 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 EXPERTS

The property experts designated by Intervest Retail are on 31 December 2009:

- 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, avenue Lloyd George 7. The company is represented by Peter De Groot.

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

The fee of the property experts is calculated on the basis of an annual fixed amount per building.

PROPERTY INVESTMENT FUND - LEGAL FRAMEWORK

The Investment Fund system was regulated in the Royal Decree of 10 April 1995, 10 June 2001 and of 21 June 2006 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 a property investment fund 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 property 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 % (Royal Decree 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
- deduction of a liberating withholding tax on dividend of 15 % when the dividend is paid

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.



Zeeman - Tielt-Winge

STATEMENT TO THE ANNUAL REPORT

In accordance with article 13 § 2 of the Royal Decree of 14 November 2007, Reinier van Gerrevink, managing director and member of the management committee and Hubert Roovers, managing director, declare that according to their knowledge:

- a. the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the Royal Decree of 21 June 2006, give a true and fair view of the equity, the financial position and the results of Intervest Retail and the companies included in the consolidation
- b. the annual report gives a true statement of the development and results of Intervest Retail during the current year and of the position of the property investment fund and the companies included in the consolidation, as well as of the main risks and uncertainties where Intervest Retail is confronted with.

■ TERMINOLOGY

Acquisition value of an investment property

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

Corporate governance

Corporate governance is an important instrument for constantly improving 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, accrued charges, deferred income and deferred taxes-liabilities) less the negative change in the fair value of the financial coverage instruments, compared to the total assets. The provisions of the Royal Decree of 21 June 2006 raised the maximum debt ratio for the property investment funds from 50% to 65%.

Diluted earnings (loss)

The diluted earnings (loss) per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares adapted to the effect of potential ordinary shares leading to dilution.

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 knowledgeable, willing parties in normal competitive conditions. 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.

Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

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 shares traded daily and the number of capital shares.

Net asset value (investment value)

Total shareholders' equity increased with the reserve 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 asset value (fair value)

Total shareholders' equity divided by the number of shares.

Net dividend

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

Occupancy rate

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

Operating distributable result

The operating distributable result is the operating result before the result on portfolio less the financial result and taxes, and excluding the change in fair value of financial derivatives (which are not considered as effective hedge in accordance with IAS 39) and other non-distributable elements.

Ordinary earnings (loss)

The ordinary earnings (loss) per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares (i.e. the total amount of issued shares less the own shares) during the financial year.

Yield

The yield is calculated as the relation between the rental income (increased or not by the estimated rental value of vacant locations for rent) and the investment value of investment properties.

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