



Feel Real Estate

Annual Report
2011

Intervest Retail:

- ✓ is a public property investment fund under Belgian law, the shares are 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

Key figures

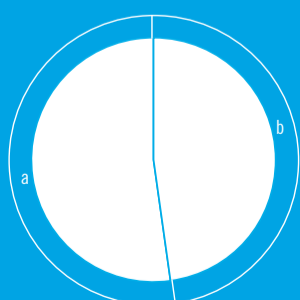
Risk spread of the real estate portfolio

Real estate portfolio	31.12.2011	31.12.2010
Fair value of investment properties (€ 000)	362.213	329.142
Total leasable space (m ²)	161.573	159.581

Evolution of fair value of real estate properties



Type of retail property



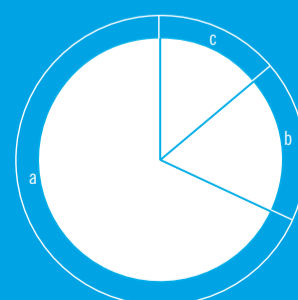
- a — 52% Retail warehouses and shopping centers
- b — 48% Inner-city shops

Strong balance sheet: debt ratio 36 %

Key figures	31.12.2011	31.12.2010
Shareholders' equity (€ 000)	228.739	205.206
Liabilities (€ 000)	135.533	128.050
Debt ratio (%)	36 %	37 %

Key figures per share	31.12.2011	31.12.2010
Number of shares	5.078.525	5.078.525
Net asset value (fair value) (€)	45,04	40,41
Net asset value (investment value) (€)	46,66	42,00
Share price on closing date (€)	44,98	43,00
Premium to net asset value (fair value) (%)	0 %	6 %

Geographic spread

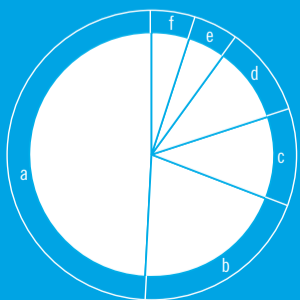


- a — 68% Flandres
- b — 18% Walloon region
- c — 14% Brussels



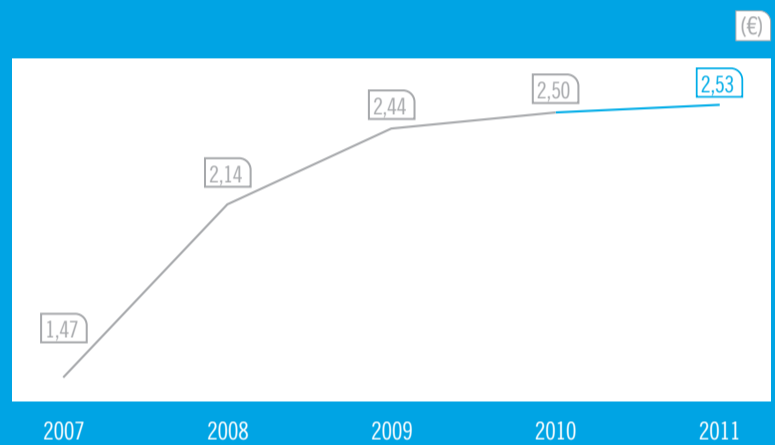
Bongo
252 m²
Antwerp

Sector of tenants



- a — 49% Clothing, shoes and accessories
- b — 20% Domestic articles, interior and do-it-yourself
- c — 11% Leisure, luxury articles and personal care
- d — 10% Specialised food shops and department stores
- e — 5% TV, hifi, electrical articles, multimedia and telephone
- f — 5% Other

Distribution of gross dividend € 2,53



Rental income: € 21,3 million



Occupancy rate: 96,6%



Key figures



Gross dividend of Interinvest Retail increases to € 2,53 per share in 2011.

Positive results: distribution of gross dividend: € 2,53 per share

Results (€ 000)	2011	2010
Rental income	21.300	21.050
Rental related charges	-54	-50
Property management costs and income	13	-14
Property result	21.259	20.986
Property charges	-2.066	-2.047
General costs and other operating costs and income	-1.013	-1.016
Operating property result before result on portfolio	18.180	17.923
Result on disposals of investment properties	1.526	167
Changes in fair value of investment properties	22.043	4.831
Other result on portfolio	-56	28
Operating result	19.193	22.949
Financial result (excl. change in fair value - IAS 39)	-5.260	-5.032
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-92	-126
Taxes	-33	-159
NET RESULT	36.308	17.632
Note:		
Operating distributable result	12.848	12.710
Result on portfolio	23.513	5.026
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and other non-distributable elements	-53	-104
Gross dividend per share (€)	2,53	2,50
Net dividend per share (€)	2,00*	2,13

* As a result of the Law of 28 December 2011 containing various provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds goes from 15 % to 21 % (except certain exemptions or increases).

Dividend yield

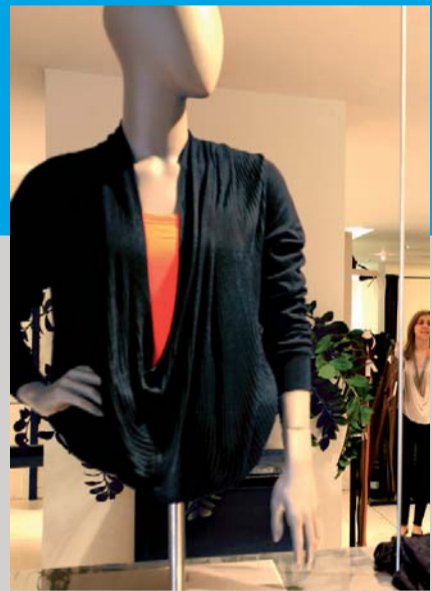
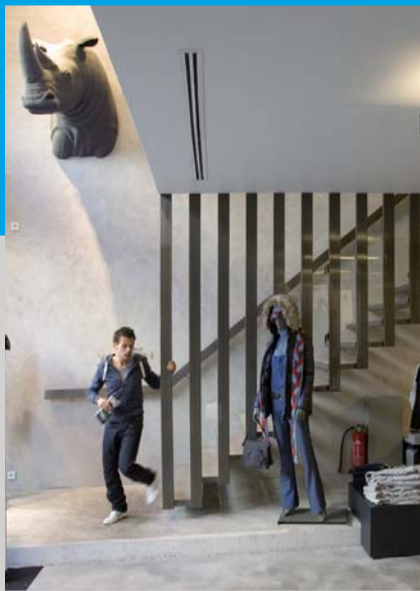


On 31 December 2011 the share price of Intervest Retail is € 44,98, offering a gross dividend yield of 5,6 %.

Financial calendar

Announcement of annual results as at 31 December 2011:	Tuesday 14 February 2012
General meeting of shareholders:	Wednesday 25 April 2012 at 2.30 pm
Dividend payable:	
✓ Ex-date dividend 2011	Tuesday 8 May 2012
✓ Record date dividend 2011	Thursday 10 May 2012
✓ Dividend payment 2011	as from Friday 11 May 2012
Interim statement on the results as at 31 March 2012:	Monday 7 May 2012
Half-yearly financial statement as at 30 June 2012:	Tuesday 31 July 2012
Interim statement on the results as at 30 September 2012:	Friday 26 October 2012

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Letter to the shareholders

Dear Shareholder,

Intervest Retail has succeeded in recording positive results for the financial year 2011, despite the significant decrease in consumer confidence since mid-2011. This is because retailers remain willing to pay higher rents in 2011 when renewing rental contracts for locations of proven quality. On average, rents charged by the property investment fund when renewing rental contracts for premises in the city centre have increased by 14 % in 2011. For shops in the periphery owned by the fund, rents on lease renewals have increased on average by 10 % in 2011.

Given the high quality of the real estate portfolio of Intervest Retail, the occupancy rate of the portfolio has remained at a high level, i.e. 96,6 %, which once again confirms the quality of the fund's real estate portfolio.

In 2011, the fair value of investment properties has recorded a significant increase in value by 6,6 % compared to 31 December 2010 (based on an unchanged composition of the real estate portfolio). This evolution is largely supported by the very strong interest shown by the investment market. For the very best premises at prime locations in the city centre, investors are currently willing to acquire buildings at yields of approximately 4 %. The fair value of the real estate portfolio of the property investment fund on 31 December 2011 amounts to € 362 million.

Since its inception, Intervest Retail has succeeded in building up a unique portfolio in urban locations. The property investment fund's ambition is to further strengthen this position. In 2011, Intervest Retail has acquired the "Jardin d'Harscamp" shopping centre located at Place de l'Ange in Namur. Larger shopping areas are very scarce in the central shopping area of Namur. By merging several units at Place de l'Ange, it is possible to create units of over 500 m² in order to respond to the demand for premises with larger surface areas.

On 31 December 2011, Intervest Retail has a stable balance sheet position with 73 % long-term credits having well-spread out maturity dates between 2012 and 2016. For more than 70 % of the credit facilities, interest rates are determined through interest rate swaps with an average remaining period of 4,9 years. This, together with a relatively low debt ratio of 36 %, means that the property investment fund, despite uncertain economic conditions, faces 2012 with confidence.

For the financial year 2011, we can offer a gross dividend of € 2,53 per share compared to € 2,50 per share for the financial year 2010, which represents a slight increase of 1 %. This implies that the gross dividend yield of the share is 5,6 % based on the share price on 31 December 2011.

We wish to thank you for your confidence in our policy and we thank the management and all the employees for their ongoing efforts and enthusiasm.

The board of directors



Taco de Groot
Director



Jean-Pierre Blumberg
Chairman of the board of directors



The gross dividend offered by Interinvest Retail in 2011 has increased to € 2,53 per share.

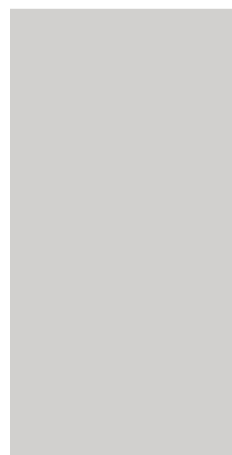


The fair value of the real estate portfolio has increased by 6,6 % in 2011 due to the strong demand for high-quality real estate in the investment market.



On 31 December 2011, the debt ratio is 36 %.

From left to right:
Taco de Groot
Jean-Pierre Blumberg



01

Report of the board of directors

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.

(PAGE 8)



Bongo - Antwerp - 252 m²



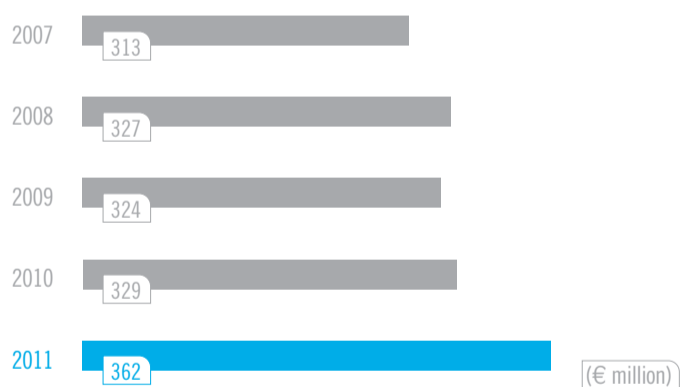
Profile

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

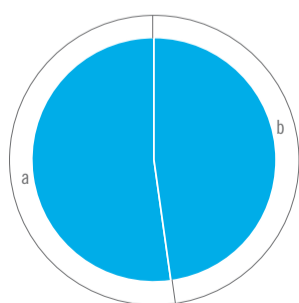
At present the portfolio is made up of 289 leasable units, spread over 94 different locations.

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22 December 1998. The shares of the company are listed on the regulated market on NYSE Euronext Brussels.

Evolution of the fair value of the real estate properties



Type of real estate



- a — 52% Retail warehouses and shopping centres
- b — 48% Inner-city shops



On 31 December 2011, the portfolio consists of 48 % of inner-city locations and 52 % of retail warehouses and shopping centres. The total fair value of the portfolio amounts to € 362 million at 31 December 2011.

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.



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.

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.

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.



In 2011, the free float of the share is unchanged at 27,62 %.

Increased liquidity makes it easier to issue new shares (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.

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, 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.

Intervest Retail is a very useful partner for investors who wish to contribute their retail properties against the issue of new shares with a view to spreading risk and cutting administrative activities. Retail chains that still own their own premises can also benefit from concluding sale-and-rent-back transactions with Intervest Retail.

Improvement of risk spread

Intervest Retail tries to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as clothes, food, do-it-yourself, home interior, etc. Besides, the property investment fund strives to maximize the geographic spread of its premises.

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 (act of 30 April 1951), allowing the tenants to terminate legally their tenancy agreement every three years.

Statement on corporate governance

General

This corporate governance statement is in line with the provisions of the Belgian Corporate Governance Code 2009 (“2009 Code”) and the Law of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 provided that the 2009 Code is the only code applicable. This Code can be found on the Belgian Official Gazette website and on www.corporategovernancecommittee.be.

Intervest Retail treats the Belgian Corporate Governance Code 2009 as a reference code. The Intervest Retail’ board of directors have laid down corporate governance principles in a number of guidelines:

- ✓ the Corporate Governance Charter
- ✓ the code of conduct
- ✓ 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 Intervest Retail, as well as the other directives, are available 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. The board of directors of the property investment fund has judged that it is sometimes justified for the company not to follow certain terms of the Corporate Governance Code 2009. According to the “comply or explain” principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to property investment funds.

Management entities

Board of directors

Composition

- 1 **Jean-Pierre Blumberg**
Chairman, independent director
Address: Plataandreef 7
2900 Schoten
Term: April 2013
Function: Managing partner
Linklaters LLP
- 2 **Nick van Ommen**
Independent director
Address: Beethovenweg 50
2202 AH Noordwijk aan Zee
The Netherlands
Term: April 2013
Function: Director of companies
- 3 **EMSO sprl, permanently represented
by Chris Peeters**
Independent director
Address: Jan Moorkensstraat 68
2600 Berchem
Term: April 2014
Function: Transport economist,
managing director
Policy Research Corporation sa
- 4 **Hubert Roovers**
Director
Address: Franklin Rooseveltlaan 38
4835 AB Breda
The Netherlands
Term: April 2014
Function: Director of companies
- 5 **Taco de Groot**
Director
Address: Schubertlaan 16
3723 LN Bilthoven
The Netherlands
Term: April 2014
Function: Chief executive officer Vastned Retail
- 6 **Tom de Witte**
Director
Address: Kamerlingh Onnesstraat 69
2984 ED Ridderkerk
The Netherlands
Term: April 2012
Function: Chief financial officer Vastned Retail



Board of directors

Composition

The board of directors comprises six members, three of whom are independent directors who all three fulfil the conditions of article 526ter of the Belgian Companies Code. All directors are non-executive directors.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

Activities

The board of directors met seven times in 2011. The most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions in 2011 have been:

- ✓ approval of the quarterly, half-yearly and annual figures
- ✓ approval of the annual accounts and the statutory reports
- ✓ approval of the budgets 2011 and the business plan 2012
- ✓ discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurances, renovations, etc.)

All directors attended all meetings, except for Jean-Pierre Blumberg on 1 August 2011 and 19 December 2011, EMSO sprl, permanently represented by Chris Peeters, on 21 February 2011 and 19 December 2011, Nick van Ommen on 27 April 2011 and 1 August 2011 and Tom de Witte on 27 April 2011.

During the financial year 2011, Taco de Groot and Tom de Witte have represented the majority shareholder Vastned Retail sa.

Audit committee

Composition

In 2011, the audit committee comprises three directors: Nick van Ommen (chairman), Jean-Pierre Blumberg and EMSO sprl, permanently represented by Chris Peeters. The term of their mandate in the audit committee is not specified.

In 2011, these independent directors fulfil all nine criteria of independence pursuant to article 526ter of the Belgian Companies Code.

The members of the audit committee are experts. Each member of the committee is independently qualified in the area of accountancy and/or auditing. Besides, the audit committee as a whole is qualified. This on two levels: in the area of the activities of Intervest Retail and in the area of accountancy and auditing.

Activities

In 2011, the audit committee met four times. The most important items on the agenda of the audit committee in 2011 have been:

- ✓ 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 audit mechanism and risk-management of the company

All the members attended all meetings, except for EMSO sprl, permanently represented by Chris Peeters, on 21 February 2011 and Nick van Ommen on 27 April 2011.

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

Management committee

On 31 December 2011, the management committee comprises:

- ✓ Sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- ✓ Sprl Rudi Taelmans, represented by Rudi Taelmans, chief operating officer
- ✓ Inge Tas, chief financial officer

Jean-Paul Sols sprl, permanently represented by Jean-Paul Sols, and Inge Tas, also hold a management committee's mandate at Intervest Offices & Warehouses sa, public property investment fund governed by Belgian law.

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 on the website (www.intervestretail.be). The members of the management committee (except Rudi Taelmans sprl) are also the effective leaders of the company pursuant to article 38 of the act of 20 July 2004 relating to certain forms of collective investment portfolio management companies.

Management committee
from left to right:
Jean-Paul Sols,
Rudi Taelmans,
Inge Tas



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 evaluation 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

As far as the prevention of conflicts of interest is concerned, the property investment fund is subject to legal rules (articles 523 and 524 of the Belgian Companies Code, the Act of 20 July 2004 and articles 17 to 19 of the Royal Decree of 7 December 2010) and to the rules defined in its articles of association and its Corporate Governance Charter.

In this regard, article 17 of the articles of association of the property investment fund states the following: *“Directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in the Royal Decree of 7 December 2010 relating to property investment funds and in the Belgian Companies Code, as these may be amended, where appropriate.”*

✓ **Conflicting interests of a proprietary nature of directors and members of the management committee**

The board of directors, management committee and every member strictly undertake to exclude any possible conflict of interest, whether of a proprietary, professional or of any other nature, and intend to carefully comply with the legal rule defined in article 523 of the Belgian Companies Code regarding conflicts of interest between the property investment fund and a director.

If, for example, a director of the property investment fund, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, article 523 of the Belgian Companies Code shall be applicable and the concerned director shall be requested not to participate in the deliberations on the decisions or transactions or in the voting (article 523, § 1 in fine).

Aldi
868 m²
Hasselt

If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the concerned member must inform the chairman and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the secretary shall describe the nature of the decision or transaction in the minutes and justifies the decision taken. The minutes also outline the property-related consequences for the company resulting from this decision. The report of the statutory auditor, to be drawn up pursuant to article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

✓ **Conflict of interest of a major shareholder**

In case of a potential conflict of interest with a major shareholder of the property investment fund, the procedure defined in article 524 of the Belgian Companies Code shall be applicable. Article 524 of the Belgian Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

✓ **Conflict of interest of certain persons mentioned in article 18 of the Royal Decree of 7 December 2010**

Similarly, article 18 of the Royal Decree of 7 December 2010 states that the public property investment fund must inform the Financial Services and Markets Authority (FSMA) in advance of any planned transactions to be carried out by the public property investment fund or by one of its subsidiaries if one or more of the following persons serve, directly or indirectly, as counterparty in these transactions or derive any pecuniary advantage from it: persons who exercise control over the public property investment fund or own a share of it; the promoter of the public property investment fund; other shareholders of all subsidiaries of the public property investment fund; and the directors, business managers, members of the management committee, persons responsible for the day-to-day management, actual managers or authorised agents; and persons associated with all these parties.

These planned transactions must represent an interest for the public property investment fund, be in line with its investment policy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to article 31, §2 of the Royal Decree of 7 December 2010, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the property expert.

The procedure for avoiding conflicts of interest has not been invoked during financial year 2011.

Remuneration report

Appointment and remuneration committee

Intervest Retail does not have an appointment and remuneration committee. The board of directors of the property investment fund is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as tasks of the entire board of directors. Herewith, Intervest Retail derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on “Comply or Explain” principle), since the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the property investment fund requires too little additional attention to justify a separate committee and its related additional expenses.

Remuneration policy of the board of directors

The board of directors is responsible for the remuneration policy for its members and for the members of the management committee. The remuneration of the directors has to be proposed for approval to the general meeting.

This policy is based on the following principles:

- ✓ the remuneration policy for directors and members of management committee is in accordance with all the applicable regulations and in particular with those contained in the Royal Decree of 7 December 2010 relating to property investment funds
- ✓ the total remuneration level and structure should be such that qualified and competent persons can be recruited and retained
- ✓ the remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted in the medium and long term
- ✓ the remuneration policy takes into account the responsibilities and time spent by directors and members of management committee.

Other things being equal, the remuneration policy shall remain applicable for the next two financial years.

Basic remuneration 2011

✓ **directors**

In 2011, the annual fixed fee of the directors amounts to € 14.000 per year for a member of the board of directors (€ 15.000 per year for the chairman of the board of directors). No additional fees are paid for serving as a member or as a chairman of a committee. The directors representing the majority shareholder perform their duties without remuneration.

No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to article 16 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the property investment fund. The directors do not own shares of the property investment fund and nor have any options been granted to the directors on shares of the property investment fund.

✓ **members of the management committee**

The amount of the fixed fee granted as remuneration in 2011 to the members of the management committee, amounts to € 355.002, of which € 113.340 is for the chairman of the management committee. No options have been granted to the directors on shares of the property investment fund.

Bonus for 2010, paid in 2011

The three members of the management committee may be eligible for an annual combined bonus of maximum € 30.000. The amount of bonus to be granted is determined on the basis of measurable criteria linked to agreed performance levels.

In 2010, these criteria were in the area of re-lettings, the occupancy rate, investments, sustainability, the commercialization of Julianus Shopping in Tongeren and the refinancing of credit facilities with financial institutions. Based on targets achieved in 2010, a total bonus of € 30.000 was awarded in 2011. No reclamation rights are foreseen for the variable remuneration.

Besides this regular bonus, a member of the management committee may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus has been paid for 2010.

Basic remuneration for 2012 and bonus for 2011

The annual fixed fee of the independent non-executive directors remains unchanged with respect to the above-mentioned fees of 2011.

On 1 January each year, the annual fixed fee of the members of the management committee is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 3,5 % as on 1 January 2012. For Inge Tas, cfo, the annual fixed remuneration for the financial year 2012 increases to € 96.900 (including car costs, reimbursement of expenses and pension plan).

Bonus criteria for 2011 are also in the area of re-lettings, the occupancy rate, investments, sustainability, the commercialization of Julianus Shopping in Tongeren and the refinancing of credit facilities with financial institutions. The three members of the management committee may be eligible for an annual combined bonus of maximum € 31.000. No additional bonus will be paid for 2011.

Duration and termination conditions

Members of the board of directors are appointed for a period of three years, but their appointment may be revoked at any time by the general shareholders meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve (for the cfo) to eighteen (for the ceo and the coo) months' fixed fee (except for gross negligence or deliberate error, in which case no compensation will be payable).



AS Adventure
1.304 m²
Wilrijk



The constant evolutions in the real estate and financial markets require a continuous monitoring of the strategic, operational and financial risks, as well as of the financial reporting and compliance risks in order to safeguard the results and the financial situation of Intervest Retail.

Major risk factors and internal control and risk management systems

In 2011, the board of directors of Intervest Retail once again focuses attention on the risk factors with which Intervest Retail must contend.

Strategic risks and management

These risks are determined in large measure by the strategic choices made by Intervest 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 the choice of:

- ✓ **type of real estate:** Intervest Retail has mainly chosen 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.

The real estate patrimony of Intervest Retail is valued on a quarterly basis by independent property experts. These property experts have the necessary qualifications and significant market experience. The fair value of the buildings, as estimated by them, is entered under the section "Investment properties" in the assets side of the statutory and consolidated balance sheet. Fluctuations in fair values are entered under the section "Changes in fair value of investment properties" in the consolidated and statutory income statements and these can have either a positive or negative effect on the net income. The values established by the experts represent the market value of the buildings. Consequently, fluctuations in the market value of the property are reflected in the net assets of Intervest Retail, as published on a quarterly basis. Intervest Retail is exposed to the fluctuation of the fair value of its portfolio, as estimated by the independent assessments.

On 31 December 2011, a 1 % hypothetical negative adjustment of the yield used by property experts for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) would reduce the fair value of the real estate by € 54 million or 14 %. As a result, the debt ratio of the property investment fund would increase by 6 % to 42 % (in this regard, also see the "Sensitivity Analysis" in the Real Estate Report).

- ✓ **time of investment and divestment:** Based on the knowledge of economic and real estate cycles, one tries to anticipate as accurately as possible the downward and upward movements of the markets. The normally expected course of the economic cycles can be assessed to the best of one's ability based on economic indicators. The investment market and particularly, the rental market for commercial real estate respond with a certain amount of delay to the volatility of the economic climate. Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to sharp negative adjustments. During this period of economic boom, Intervest Retail will pursue a fairly moderate policy on investments so as to reduce the risk of making ill-timed investments. In periods of economic recession, the value and occupancy rate of buildings usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing value of buildings and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the property investment fund from rising above the permitted levels.

Operating risks and management

These risks arise out of daily transactions and (external) events executed within the strategic framework, such as:

- ✓ **investment risks:** The main risks inherent in investing in real estate are related to future negative variations in fair value of investment properties caused primarily by increasing vacancy, unpaid rents, decline in rents when concluding new lease contracts or extending existing lease contracts, and soil contamination.

At Intervest Retail, internal control measures are taken to reduce the risk of making incorrect investment decisions. For example, the risk profile is always carefully assessed based on market research, an estimate of future yields, a screening of existing tenants, a study of environmental and permit requirements, an analysis of tax risks, etc.

Pursuant to article 31 of the Royal Decree of 7 December 2010 relating to property investment funds, an independent property expert values each acquisition or disposal of property. For each disposal, the assessment value determined by the independent property expert is an important guiding principle for the transaction value. Intervest Retail also carefully ensures that the guarantees offered during the transaction remain limited, in terms of both duration and value.

For each acquisition, Intervest Retail also carries out a technical, administrative, legal, accounting and tax “due diligence” based on continuous analysis procedures and usually with the assistance of external, specialised consultants.

- ✓ **rental risks:** These risks are related to the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target audience and users, the quality of the property, the quality of the tenant and the lease contract. Intervest Retail continuously records the development of these factors. Based on the above criteria, a risk profile is allocated to each property, which is regularly evaluated (based on the fund’s own local knowledge and data from external parties and/or valuers). Depending on the risk profile, a certain yield must be realized over a certain period, which is compared to the expected yield according to the internal yield model. On the basis of this, an analysis is drawn up of the objects in which additional investments should be made, where the tenant mix must be adapted and which premises are eligible for sale. Vacancy and the vacancy risk are also analysed each month, for which the expiry dates of the lease contacts are taken into account. The fund strives to maintain a balanced distribution of the duration of the lease contracts in compliance with rules defined in the applicable leasing legislation. This allows future lease terminations and contract revisions to be anticipated in good time.

✓ **cost control risks:** There is a risk of the net yield on real estate being negatively influenced by high operating costs or investments. Within Intervest Retail, several internal control measures are implemented that reduce this risk, including regular comparison of maintenance budgets with the actual reality and approval procedures at the time of entering into maintenance and investment commitments. These approval procedures entail, depending on the amount, one or more offers being requested from various contractors. During this process, the asset management department of Intervest Retail makes a comparison of price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the property investment fund.

✓ **debtor's risks:** Intervest Retail follows clear procedures for screening tenants when new lease contracts are concluded. Deposits or bank guarantees are also always when entering into lease contracts. A rental deposit or bank guarantee of six months' rent is provided for in the standard lease contract used by Intervest Retail for the rental of its premises. On 31 December 2011, the actual weighted average duration of the rental deposits and bank guarantees is approximately 5 months (or about € 9 million).

In addition, there are internal control procedures in place to ensure timely recovery of lease receivables and adequate follow-up of rent arrears. Rents are payable in advance on a monthly or quarterly basis. The financial and real estate portfolio administration pays close attention to limiting rent arrears. On 31 December 2011, the number of days of outstanding customers' credit is only 5 days.

✓ **legal and tax risks::**

- **contracts and corporate reorganisations**

Before concluding contracts with third parties and depending on their complexity, these are reviewed by external consultants, to reduce the risk of financial loss and damage being caused to the fund's reputation due to inadequate contracts. Intervest Retail is insured against liability arising from its activities or its investments under a third party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 35 million.

Corporate reorganisations, in which Intervest Retail is involved (merger, demerger, partial demerger, contribution in kind, etc.), are always subject to "due diligence" activities, guided by external consultants to minimise the risk of legal and financial errors.

- **insurance**

The risk of buildings being destroyed by fire or other disasters is insured by Intervest Retail for a total reconstruction value of € 155 million (€ 76 million for inner-city shops and € 79 million for retail warehouses and shopping centres), as compared to a fair value of investment properties of € 362 million on 31 December 2011 (€ 196 million for inner-city shops and € 166 million for retail warehouses and shopping centres). Cover is also provided for vacancy in the buildings due to these events for 36 months rent. The insurance policies also include additional guarantees for 20 % maximum of the insured value for costs for maintenance and cleaning up, claims of tenants and users and third party claims.

- **taxation**

Taxation plays an important role in the area of property investments (VAT, registration fees, exit tax, split acquisitions, property tax, etc.). These tax risks are continuously assessed and where necessary, the assistance of external consultants is used.

- **risk relating to regulatory and administrative procedures**

The changes in regulations on urban planning and environmental protection can have an adverse effect on the long-term operation of a building by Intervest Retail. The strict enforcement and observance of urban planning regulations by municipal governments can negatively influence the attractiveness of the building. For example, a reduction in the dimensions of a building imposed as part of thorough renovation can also affect its fair value.

Finally, the introduction of new or more stringent standards for soil contamination or energy consumption can have a major impact on the costs required to continue operating the property.

Financial risks and management

The major financial risks are the financing risk, the liquidity risk and the interest-rate risk and the risks associated with banking counterparties.

- ✓ **financing risk:** The real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase in borrowed capital with respect to shareholders' equity can result in a higher yield (known as "leverage"), but can also imply an increased risk. In case of disappointing yields from real estate and a decrease in fair value of investment properties, a high degree of leverage can give rise to the risk of no longer being able to meet interest rate and repayment obligations of borrowed capital and other payment obligations. In such a case, it is not possible to obtain financing with new borrowed capital or this can only be obtained under very unfavourable terms. To continue meeting payment obligations, real estate must then be sold, which entails the risk that this sale cannot be carried out under the most favourable conditions. The value development of the retail portfolio is largely determined by developments in the real estate market. For financing real estate, Intervest Retail always strives for a balance between shareholders' equity and borrowed capital.

Intervest 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.

Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5,0 years. This may be temporarily derogated from if specific market conditions require this. The average remaining duration of the long-term credit agreements as on 31 December 2011 is 3,6 years.

Euro Shoe Group (Avance)
265 m²
Ghent



The bank credit agreements of Intervest Retail are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Intervest Retail or its financial interest charges. These ratios limit the amount that could still be borrowed by Intervest Retail. These ratios were respected as on 31 December 2011. If Intervest Retail were no longer to respect these ratios, the financing agreements of Intervest Retail can be cancelled, renegotiated, terminated or prematurely repaid.

Intervest Retail is limited in its borrowing capacity by the maximum debt ratio permitted by the regulations relating to property investment funds. Within the legally defined limits of the 65 % ratio, the theoretical additional debt capacity of Intervest Retail amounts to approximately € 300 million in case of an unchanged valuation of the existing real estate portfolio. On 31 December 2011 the debt ratio amount to 36 %.

- ✓ **liquidity risk:** Intervest Retail must generate sufficient cash flow to meet its day-to-day payment obligations. On the one hand, this risk is limited by the measures mentioned under operational risks, which reduces the risk of loss of cash flow due to e.g. vacancy or bankruptcies of tenants. On the other hand Intervest Retail has to dispose of sufficient credit margin to absorb fluctuations in liquidity needs. For this purpose cash flow prognoses are made. In addition, Intervest Retail has provided for a sufficient credit margin with its bankers to absorb fluctuations in liquidity requirements. In order to avail itself of this credit margin, the covenants of credit facilities must be complied with on a continuous basis.

On 31 December 2011, Intervest Retail has non-withdrawn credit lines of € 11 million available for its operations and dividend payments.

- ✓ **interest rate risk:** As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one-third short-term borrowed capital (with a vari-

able interest rate) and two-thirds long-term borrowed capital (with a fixed interest rate). Depending on the developments in interest rates, derogation from this may occur. 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 minimum 3 years. On 31 December 2011, the fixed interest rates are fixed for a remaining average duration of 4,9 years.

- ✓ **risk associated with banking counterparties:** The conclusion of a financing contract or investment in a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default. In order to limit this counterparty risk, Intervest Retail takes the assistance of various reference banks in the market to ensure a certain diversification of its sources of financing and its interest rate hedges, with particular attention for the price-quality ratio of the services provided.

Intervest Retail maintains business relations with five banks:

- ✓ banks providing financing are: ING Belgium sa, BNP-Paribas Fortis (Fortis Bank sa), Banque LBLux sa, Belfius Bank and Insurance sa (previously Dexia Bank België sa) and KBC Bank sa.
- ✓ banks which are counterparties for the interest rate hedges are: BNP-Paribas Fortis (Fortis Bank sa), ING Belgium sa and KBC Bank sa

Intervest Retail regularly reviews the list of its banking relationships and the extent of its exposure to each of these. In the current context of the crisis in the banking sector, it is possible that one or more of the banking counterparties of Intervest Retail can remain in default. The financial model of Intervest Retail is based on a structural debt burden, which implies that its cash position at a financial institution is usually quite limited. On 31 December 2011, this cash position amounts to € 0,4 million.

Financial reporting risks and management

Each quarter, a complete closing and consolidation of the accounts is prepared and published. To optimise the financial reporting process, the finance department always draws up a schedule with deadlines for all the tasks to be completed. Subsequently, the financial team prepares the quarterly figures and balance sheets. These quarterly figures are always analysed in detail and checked internally.

To reduce the risk of errors in the financial reporting, these figures are discussed within the management committee and their accuracy and completeness checked via analyses of rental incomes, operational costs, vacancy, rental activities, the evolution of the value of the buildings, outstanding debtors, etc. Comparisons with forecasts and budgets are discussed. After this, the management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. In addition, the half-yearly and annual figures are always checked by the statutory auditor.

Compliance risks and management

This includes the risk of an inadequate level of compliance with relevant laws and regulations and the risk of employees not acting with integrity. Intervest Retail limits this risk by screening its employees at the time of recruitment, by creating awareness among them regarding this risk and by ensuring that they have sufficient knowledge of the changes in the relevant laws and regulations, assisted in this regard by external legal advisers. To ensure a corporate culture of integrity, Intervest Retail has in the past defined an internal code of conduct and whistleblowing rules.

Other parties involved

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 Kathleen De Brabander and Frank Verhaegen, auditors.

Property experts

In 2011, the real estate portfolio is valued every quarter by three independent experts, de Crombrughe & Partners, Cushman & Wakefield and CB Richard Ellis, each for a part of the portfolio, based on a rotation principle.

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.

Massimo Dutti
583 m²
Antwerp

"Comply or explain"-principle

In 2011, 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 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.



Sustainable enterprise

Interinvest Retail aims to organise its activities in a sustainable manner so as to limit the negative impact of its activities on the environment as much as possible. We are employing a sustainable method, in an economically responsible manner and in ever more progressive phases, with as our starting point the satisfaction of the tenant.

Interinvest Retail has set itself the following sustainability objectives:

- ✓ investment in buildings that can compete in the rental market in terms of sustainability
- ✓ minimisation of the impact of Interinvest Retail's activities on the environment
- ✓ better than average performance against sustainability benchmarks

This is at all times subject to the following preconditions:

- ✓ tenant and shareholder satisfaction with every sustainability initiative taken
- ✓ achievement of an at least neutral effect on the anticipated overall, long-term return on our property investments

Ulla Popken - 183 m²
Sportsdirect.com - 1.239 m²
Ghent



Appropriate legal framework for property investment funds

On 7 January 2011, the Royal Decree of 7 December 2010 relating to property investment came into effect. Since the introduction of the Royal Decree of 10 April 1995, regulations for collective investment institutions have undergone a fair amount of development in terms of legislation. A number of provisions of the Royal Decree of 10 April 1995 needed to be adjusted, either because their application entailed certain problems, or because an update became necessary due to the evolution of the financial markets. To help property investment funds retain their attractive character and ensure the protection of investors, the current legal framework needed to be adjusted.

The main changes introduced by the Royal Decree of 7 December 2010 are as follows:

1. Institutional property investment fund

The Royal Decree of 7 December 2010 offers public property investment funds the possibility of setting up subsidiaries in the form of an “institutional property investment fund”. This new option is designed to allow the use of an ad hoc vehicle that makes it possible for public property investment funds to realize specific projects with a third party (institutional or professional investor), but always to do so without going against the interests of the shareholders of the public property investment fund. Therefore, the interests of these shareholders will determine the limits for setting up an institutional property investment fund. For this reason, the Royal Decree of 7 December 2010 prescribes that an institutional property investment fund must be subject to the exclusive or joint control of a public property investment fund. Moreover, the Royal Decree of 7 December 2010 prohibits the arrangement in which

an institutional property investment fund is subject to the joint control of two property investment funds, insofar as these two funds are not controlled by the same public property investment fund. Finally, a participating interest in an institutional property investment fund or in a real estate company is only considered as real estate if they (jointly or exclusively) exercise control over the company in question.

Institutional property investment funds fall under the supervision of the Financial Services and Market Authorities (FSMA). Except for a number of specific exceptions listed (with respect to the registration file, property experts, rules concerning capital increases, obligations as a public and listed company and the investment policy), all provisions applicable to the public property investment fund also apply to institutional property investment fund.

Based on tax considerations, there is a ban on so-called “mixed subsidiaries”. This means that the public property investment fund, which has control over one or more property investment funds, may not have a subsidiary (incorporated under Belgian law) which takes the form of a real estate company. The public property investment fund will, in other words, have to make a choice regarding the type of subsidiaries it wants to hold.

2. Directors

The Royal Decree of 7 December 2010 requires that at least three independent directors, within the meaning of article 526ter of the Belgian Companies Code, serve on the board of directors of the public property investment fund and that the board of directors must be composed in such a way that the public property investment fund can be managed autonomously and solely in the interests of its shareholders. Once a certain *de minimis* threshold is exceeded, the property investment fund must still be represented by at least two directors for any act of disposal relating to the real estate properties.

3. Capital and securities

The Royal Decree of 7 December 2010 provides for the possibility of issuing securities other than shares. Only the issue of profit-sharing certificates (or other securities not representing the capital and comparable to profit-sharing certificates) is still prohibited.

The Royal Decree of 7 December 2010 introduces the possibility of implementing a capital increase with withdrawal of the pre-emptive right, subject to the granting of a priority allocation right to existing shareholders at the time of allocating new securities.

The rules for a capital increase through contributions in kind are worked out in further detail, including the minimum issue price which, from now on, can be based not only on the 30 days average share price (whether or not after deduction of undistributed gross dividends to which the new shares might not grant any rights) but also on the net asset value. The rules concerning contributions in kind shall henceforth also apply to mergers, demergers and similar transactions.

The distribution of an optional dividend is now explicitly permitted and regulated.

4. Property experts

New rules have been defined with regard to the property expert appointed by the property investment fund to value its real estate portfolio. The required independence of the expert is underlined more strongly and it is stipulated that his fee may in no way be related to the value of the real estate being assessed by him. At the same time, the property investment fund now has an obligation to ensure a rotation of the experts appointed by it. For example, the expert may only be appointed for a renewable term of three years. In addition, the expert may be entrusted with the valuation of a specific property only for a maximum period of three years, after which a “cooling-off period” of three years must be taken into consideration with respect to this same property.

However, if the expert is a legal entity, this rotation system is only applicable with respect to the natural persons representing the legal entity.

5. Investment policy

Apart from the possibility of setting up institutional property investment funds, a number of points relating to obligations with respect to the investment policy have been modified.

For example, conditions have now been defined under which the public property investment fund and its subsidiaries may invest in securities that are not considered as property, as well as the conditions under which they may own unallocated cash and buy or sell hedging instruments (e.g. “interest rate swaps”).

The public property investment fund and its subsidiaries may, under certain conditions, conclude real estate leasing contracts as lessee and lease out immovable property. With a view to the required diversification of investments, an upper limit of 20 % is still applicable for an investment in a single “real estate entity”.

6. Debt ratio

The Royal Decree of 7 December 2010 limits, at both the statutory and the consolidated level, the debt ratio of the public property investment fund to 65 %. In order to ensure a proactive management of the debt ratio, the Royal Decree of 7 December 2010 now requires the public property investment fund to submit a financial plan as soon as its consolidated debt ratio exceeds 50 %. Institutional property investment funds are not required to maintain a maximum debt ratio at the statutory level.



7. Other

- ✓ The promoter of the public property investment fund has been assigned a larger role and more obligations with respect to the mandatory distribution among the public of at least 30 % of the shares of the public property investment fund. Henceforth, this obligation of means shall be of a permanent nature.
- ✓ Property investment funds are no longer obliged to appoint a depository.
- ✓ The Royal Decree of 7 December 2010 no longer requires fees, commissions and expenses incurred by the property investment fund to be approved in advance by the Financial Services & Markets Authority (FSMA). On the other hand, there are certain required disclosure obligations with regard to the fees of the person entrusted with performing financial services as well as those of the experts and the statutory auditor.

Moreover, the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public property investment fund or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable fee is determined according to the result, only the consolidated net income may be used as basis for this.

- ✓ The scope of the rules for preventing conflicts of interest has been expanded and adapted to the introduction of the institutional property investment fund.

Juweler Slaets
54 m²
Antwerp

- ✓ The Royal Decree of 7 December 2010 imposes additional obligations with regard to the content, form and manner of disclosure and deadline for the annual and half-yearly financial reports and financial statements of the public property investment fund.
- ✓ Without prejudice to article 617 of the Belgian Companies Code, the property investment fund must continue to distribute at least 80 % of its operating profits annually among its shareholders. However, there are restrictions on this mandatory distribution in the light of the maximum debt ratio of 65 %.

Entry into force and transitional regime

The Royal Decree of 7 December 2010 came into effect on 7 January 2011. This was accompanied by the withdrawal of the Royal Decree of 10 April 1995 and the Royal Decree of 21 June 2006 relating to the accounting, annual accounts and consolidated annual accounts of public property investment funds. However, the Royal Decree of 7 December 2010 contains a number of specific transitional provisions and grandfathering clauses. The current articles of association of Intervest Retail are updated on 6 April 2011, pursuant to the Royal Decree of 7 December 2010.

02

Report of the management committee



Regarding new investments, Intervest Retail will focus on prime locations in the city centre of larger cities.

(PAGE 47)



G Star Raw - Ghent - 279 m²



The retail property market

A round table discussion among Intervest Retail's real estate experts on the subject of trends in the investment and commercial lease market in 2011, and a look ahead to 2012.

Intervest Retail invited its three real estate experts to come and discuss the current investment and commercial lease market. This discussion took place on 20 December 2011.

Discussion partners:

- ✓ Jean-Paul Sols, Rudi Taelmans and Inge Tas (Intervest Retail)
- ✓ Kris Peetermans, Mathias Gerrits and Jef Van Doorslaer (Cushman & Wakefield)
- ✓ Pieter Paepen, Peter de Groot and Kim Verdonck (CB Richard Ellis)
- ✓ Guibert de Crombrugghe (de Crombrugghe & Partners)

The statutory auditor of Intervest Retail, Deloitte Réviseurs d'Entreprises, has also assisted the meeting.

Rental market

The number of rental transactions in Belgium in 2011 is comparable to the numbers in 2009 and 2010, which is quite remarkable. In other European countries, the crisis has had a marked influence on the consumer during the past year. Belgians will probably only start to feel the crisis from 2012 onwards and will begin to consume less.

While rent levels have increased slightly in 2010, they have remained fairly stable in 2011, both in the city centre as well as in the periphery and shopping centres. Nor are they expected to increase in 2012. Rent levels will remain stable and possibly even decrease slightly.

In terms of percentage, the number of rental transactions is higher in secondary locations (approach roads) than in prime locations, which makes sense given that retailers would rather not give up their place at triple A locations. There are virtually no vacancies at primary locations in Brussels and Antwerp.

The most active retailers in 2011 have been mainly high street brands, such as H&M, Hema, Veritas, C&A and Esprit. Also noteworthy is the expansion of Carroll, whose takeover of Bruphils immediately created 18 openings in our country. Belgium remained a popular market in 2011 as well; for the most part, even a test market for international newcomers, such as the extremely popular American clothing chains Abercrombie & Fitch, Hollister and Forever 21, the British budget chain Primark and the children's retailer Disney.

However, as far as the number of shopping centres is concerned, Belgium lags behind the European average. This has a positive effect on rents, which are equal to rent levels in the city centre.

The periphery remains a dominant and attractive retail location. The cross-over of recent years has continued: high street brands are showing increasing interest in peripheral locations. The most active sectors in the periphery are clothing and shoes, food, sports and electronics.

According to the property experts 2011 is characterized by the stability of commercial real estate. In the rental market especially high-street brands are expansive. On the investment market investors are particularly interested in the segment to € 5 million.

Investments

The Belgian investment market has also remained stable compared to 2009 and 2010, with an investment volume of just over € 400 million. Interest remains highest in the main shopping streets. This market is dominated by a small group of private investors offering yields of up to approximately 4 % for high-quality retail premises.

Projects

Further plans have been made for development projects in Brussels and its surrounding areas, e.g. NEO (100.000 m² retail), Uplace (55.000 m² retail) and Just Under the Sky (35.000 m² retail), each with their own advantages. NEO, at the Brussels Expo (Heysel), will mimic a normal shopping street and can count on good accessibility by car and public transport. Uplace is a large-scale project in Machelen with a mix of offices, residential and retail spaces and can count on the largest catchment area. Just Under the Sky is an outdoor shopping centre that will be somewhat smaller in scale, which will make it easier to obtain a permit.

It remains unclear whether or not all these projects will be completed in the coming years. Surrounding cities, which are making their city centres more attractive, will face little competition. But the somewhat older shopping centres in the area could be severely affected.

Retailers

The survey conducted by CB Richard Ellis among retailers in mid-2011 shows that retailers continue to be fairly optimistic even in the current uncertain times. They expect to be able to expand and increase their turnover in the next 12 months. They also assume that rents will continue to increase further.

Online shops

Online sales continue to score low in Belgium. Neither do existing retailers show much interest in developing an online sales channel. The logistics cost for an online shop is often too high for a retailer and moreover, it would be competition for its own franchise network.

Even established international webshops, such as Amazon, do not yet have a local website for the Belgian market.

H&M
1.998 m²
Bruges



Important developments in 2011

Active asset management

Rental renewals

Owing to the scarcity of good retail locations, renewals of rental contracts at the end of a nine-year rental period also resulted in substantial rent increases in 2011.

During the financial year 2011, 28 rental contracts were renewed with an average rental growth of 11 %. Intervest Retail has signed an agreement for the renewal of 16 lease contracts with Décor Heytens, a tenant representing 5 % of the total rental income of the property investment fund, which makes it Intervest Retail's fourth largest tenant. The new commercial lease contracts with Décor Heytens have a duration of nine years and have started on 1 January 2012. Rent levels for all rental contract renewals and new rental contracts concluded by Intervest Retail in 2011 have been, on average, approximately 4 % higher compared to previous rents. The newly concluded lease contracts have either just started or will take effect in 2012.

Yields of retail warehouses as well as inner-city shops have been decreased slightly by the positive trend in rental values and the reduction in yields due to favourable developments in the Belgian investment market for commercial real estate. For retail warehouses, the average yield in the portfolio of the property investment fund was 6,9 % on 31 December 2011 (7,4 % on 31 December 2010), and for inner-city shops, this was 5,5 % (5,8 % on 31 December 2010). The top yield on 31 December 2011 of 4,1 % is reserved for the property in Huidevettersstraat in Antwerp. On 31 December 2010, this was 4,8 % for Meir 99 in Antwerp.

New rentals

Significantly increasing economic uncertainties since mid-2011 have affected new rentals. Retailers are clearly more critical when renting premises. Shops in good locations are still often being re-let at rents higher than those of the expiring contracts. For example, a new lease contract has been concluded in Chenée at a rent level that is 16 % higher than the previous rent level.

At the end of October 2011, Smatch opened its store at the Julianus Shopping centre in Tongres. Intervest Retail will be able to evaluate the effect of this opening, in terms of visitor numbers, over the coming year. Five smaller commercial units, amounting to a total area of 512 m², remain vacant at Julianus Shopping. The occupancy rate of Julianus Shopping on 31 December 2011 was approximately 90 %. In 2012, a new commercial area opens in Luikersteenweg in Tongres, which will help Tongres position itself better as a city with strong retail profile.

Optimisation of buildings

In Vilvorde, the existing retail premises of the Roosevelt Centre were renovated at the end of 2011. Some tenants also took advantage of this opportunity to expand and/or modernise their shops. In the first quarter of 2012, a new retail property will also be constructed. This extensive renovation has enabled Intervest Retail to rent out a shop to Kruidvat at a rental price that is 7 % higher than before the renovation.

In 2012, Intervest Retail will carry out a similar renovation of its retail park located on an approach road in Ans. Negotiations are currently ongoing with the municipality regarding the new look.

Increase in value of real estate portfolio

The scarcity in the retail real estate investment market in 2011 has resulted in a further increase in value of 6,6 % of the real estate portfolio. This increase in value is mainly the result of lower yields, but this has also been positively influenced by the effect of several new rental contracts and renewals of existing rental contracts at higher rental prices.

In 2011, the value of the real estate portfolio goes from € 329 million to € 362 million.

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

Value of the portfolio at 1 January 2011	€	329
✓ Investments in the existing portfolio	€	2
✓ Acquisitions of investment properties	€	10
✓ Disposals of investment properties	- €	1
✓ Unrealized capital gains	€	30
✓ Unrealized capital losses	- €	8
Value of the portfolio at 31 December 2011	€	362

Julianus Shopping
8.459 m²
Tongres



Investments

Commercial complex “Jardin d’Harscamp” in Namur

Intervest Retail has acquired in 2011 the commercial complex Jardin d’Harscamp, with a total built-on surface area of 2.596 m², located Place de l’Ange 4 on the prime commercial location of Namur. Namur has a very dynamic and young shopping environment with a limited offer of larger commercial surface areas on prime locations.

The recently redeveloped Place de l’Ange forms with the rue de l’Ange and the rue de Fer the main commercial area of Namur. The commercial complex is located in the direct vicinity of Mango, Massimo Dutti and Zara. The building has a total commercial surface area of 2.332 m² and 23 private underground parking spaces. Presently, the commercial complex comprises 17 smaller shops with tenants such as Club, Belgique Loisir, etc. The commercial units can easily be transformed into larger parts.

Meanwhile Intervest Retail has started the repositioning of the commercial complex, whereby the first aim is to attract the most suitable tenant for the regrouped commercial units at the place de l’Ange. In February 2012 Intervest Retail has signed a lease contract with the Spanish fashion giant Desigual for a commercial space created by regrouping three shops (522 m²).

The rental income of the commercial complex amounts at the moment of the acquisition to approximately € 534.000 on an annual basis, which is considerably lower than the current market rental value. The acquisition value of this real estate property amounts to approximately € 10 million and provides the property investment a gross initial yield of 5,2 %. The acquisition value is in line with the valuation made by the independent property expert of the property investment fund. The investment is funded from the existing credit lines of the property investment fund.

The transaction concerns the establishment of a long lease right followed by the transfer of the bare ownership. Intervest Retail obtained this fiscal ruling on 11 October 2011. On 13 October 2011 the long lease right was signed.

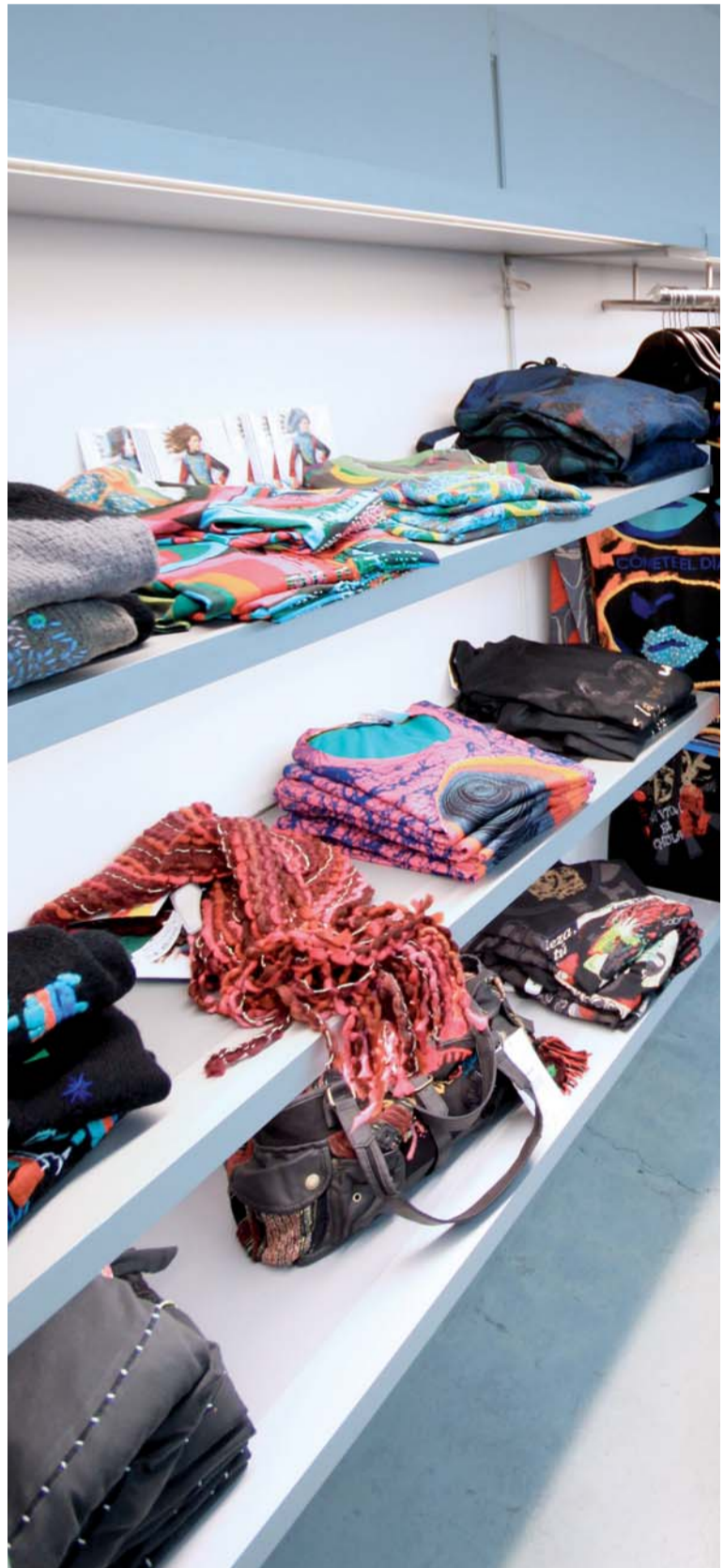
Sales of real estate properties

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 this framework Intervest Retail has concluded a sales agreement for the sale of a non-strategic inner-city shop in the Carnotstraat in Antwerp for a sales price of € 1,7 million generating a gain of € 0,4 million.

Jardin d’Harscamp ►
2.332 m²
Namur



The rental income of
Intervest Retail increases
by 1 % in 2011.

Financial results¹

Income statement

in thousands €	2011	2010
Rental income	21.300	21.050
Rental-related expenses	-54	-50
Property management costs and income	13	-14
Property result	21.259	20.986
Property charges	-2.066	-2.047
General costs and other operating costs and income	-1.013	-1.016
Operating result before result on the portfolio	18.180	17.923
Result on sales of investment properties	1.526	167
Changes in fair value of investment properties	22.043	4.831
Other result on portfolio	-56	28
Operating result	41.693	22.949
Financial result (excl. changes in fair value - IAS 39)	-5.260	-5.032
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-92	-126
Taxes	-33	-159
NET RESULT	36.308	17.632
Operating distributable result ²	12.848	12.710
Result on portfolio	23.513	5.026
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-53	-104
RESULT PER SHARE	2011	2010
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	7,15	3,47
Gross dividend (€)	2,53	2,50
Net dividend ³ (€)	2,00	2,13

¹ Comparative figures for the financial year 2010 between brackets.

² For the calculation of the operating distributable result: see note 13 of the financial report.

³ As a result of the Act of 28 December 2011 containing various provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds goes from 15 % to 21 % (except certain exemptions or increases).

The positive changes in fair value of the investment properties amount to 6,6 % in 2011 compared to 1,5 % in 2010.

For financial year 2011, the average interest rate of the current credit facilities of the property investment fund amounts to 4,3 % including bank margins (4,1 % in 2010).

The **property result** of Intervest Retail increases in 2011 by € 0,3 million to € 21,3 million (€ 21,0 million). This rise results from the increase of rental income through rental renewals and indexations in the existing real estate portfolio.

In 2011, the **property charges** of the property investment fund amount to € 2,1 million (€ 2,0 million) and remain stable compared to the previous financial year. On the one hand the technical costs have slightly increased as a result of an elaborated maintenance program and on the other hand the vacancy costs have decreased because of lower vacancy charges in Julianus Shopping in Tongres.

The **general costs and other operating costs and income** amount to € 1,0 million in 2011 and remain at the same level as previous year (€ 1,0 million).

Through stable general costs and property charges and due to the increase of the property result, the **operating result before result on portfolio** increases in 2011 by € 0,3 million to € 18,2 million (€ 17,9 million).

The **result on disposals of investment properties** comprises mainly an additional compensation of € 0,9 million received from the buyer of "Shopping Park Olen" for earlier made project costs, according to the agreement of December 2009 on the sale of the project⁴. Furthermore, the property investment fund has concluded in the first quarter of 2011 a sales agreement for the sale of a non-strategic inner-city shop in the Carnotstraat in Antwerp for a sales price of € 1,7 million and a gain of € 0,4 million.

For financial year 2011, the positive **changes in fair value of the investments properties** amount to € 22,0 million (€ 4,8 million) or 6,6 % on the fair value of the real estate portfolio⁵. This is due to the increase in fair value of the commercial portfolio as valuated by the independent property experts. This increase is caused by the growing demand for qualitative commercial real estate on the investment market and the rental renewals and indexations in 2011.

The **financial result (excl. changes in fair value - IAS 39)** of the financial year 2011 amounts to - € 5,3 million (- € 5,0 million). The interest charges have increased in financial year 2011 as a result of the financing of the acquisition of the commercial complex "Jardin d'Harscamp" in Namur for an amount of € 10,3 million since mid-October 2011.

In 2011, the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** comprise 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 - € 0,1 million (- € 0,1 million).

The **net result** of Intervest Retail amounts to € 36,3 million for financial year 2011 (€ 17,6 million) and can be divided in:

- ✓ the **operating distributable result** of € 12,8 million compared to € 12,7 million in 2010. This increase of 1 % results mainly from the improvement of the operating result (before result on portfolio) partly compensated by higher financial charges
- ✓ the **result on portfolio** of € 23,5 million compared to € 5,0 million the previous year mainly due to the positive changes in fair value of the investments properties of the property investment fund
- ✓ the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 0,1 million (- € 0,1 million)..

Hence, for financial year 2011, the **operating distributable result** of Intervest Retail increases to € 12,8 million (€ 12,7 million). With 5.078.525 shares being issued, this represents a **gross dividend** of € 2,53 per share for financial year 2011 compared to € 2,50 for 2010. This means an increase of the dividend by 1 % per share.

⁴ See press release dated 8 December 2009: Property investment fund Intervest Retail, listed on NYSE Euronext Brussels, disinvests its site "Shopping Park Olen".

⁵ Based on an unchanged composition of the real estate portfolio.

On 31 December 2011, the fair value
of the real estate portfolio amounts to
€ 362 million.

Balance sheet

in thousands €	31.12.2011	31.12.2010
Assets		
Non-current assets	362.406	329.341
Current assets	1.866	3.915
TOTAL ASSETS	364.272	333.256
Shareholders' equity and liabilities		
Shareholders' equity	228.739	205.206
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	91.035	86.178
Net result of the financial year	36.308	17.632
Liabilities	135.533	128.050
Non-current liabilities	94.244	75.544
Current liabilities	41.289	52.506
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	364.272	333.256
Data per share	31.12.2011	31.12.2010
Number of shares entitled to dividend	5.078.525	5.078.525
Net asset value (fair value) (€)	45,04	40,41
Net asset value (investment value) (€)	46,66	42,00
Share price on closing date (€)	44,98	43,00
Premium to net asset value (fair value) (%)	0 %	6 %
Debt ratio (max. 65 %)	36 %	37 %

Thanks to a strict credit control the number of days of outstanding customers' credit is only 5 days.

A relatively low debt ratio of 36 % on 31 December 2011 (37 % on 31 December 2010) and financings with well-spread expiry dates offer Intervest Retail a stable balance-sheet position.

Assets

On 31 December 2011, the fair value of the **investment properties** of Intervest Retail amounts to € 362 million (€ 329 million). This increase of € 33 million compared to 31 December 2010 comes from:

- ✓ the shortage of commercial real estate on the investment market resulting in an increase in value of the real estate portfolio of € 22 million or 6,6 %
- ✓ the acquisition of the commercial complex "Jardin d'Harscamp" in Namur for an amount of € 10 million
- ✓ investments in the existing real estate portfolio of the property investment fund for € 2 million
- ✓ the sale of a non-strategic building in the Carnotstraat in Anwerp for € 2 million.

On 31 December 2011, the real estate properties are valued at € 371 million (investment value) by the independent property experts. The fair value is the investment value minus the hypothetical transaction rights and costs that must be paid in the event of any future disposal.

Current assets amount to € 2 million (€ 4 million) and consist mainly of € 0,4 million in cash on bank accounts and of € 0,7 million in deferred charges and accrued income.

Liabilities

The **shareholders' equity** of the property investment fund amounts to € 229 million. The **share capital** (€ 97 million) and the **share premium** (€ 4 million) remain unchanged. The number of shares entitled to dividend amounts to 5.078.525 on 31 December 2011.

The **reserves** of the company amount to € 91 million (€ 86 million) and consist mainly of:

- ✓ a reserve for the balance of the changes in fair value of real estate properties for € 95 million (€ 90 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 103 million (€ 98 million), and a reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of

investment properties. Indeed, 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. The difference with the investment value is shown separately in shareholders' equity. On 31 December 2011, this difference amounts to - € 8 million (- € 8 million).

- ✓ a reserve for the balance of the changes in fair value of allowed hedging instruments that:
 - are subject to a hedge accounting for an amount of - € 3 million (- € 3 million)
 - are not subject to a hedge accounting for an amount of - € 2 million (- € 2 million)
- ✓ results carried forward from previous financial years for € 1 million (€ 1 million) subject to distribution.

On 31 December 2011, the **net asset value** (fair value) of the share is € 45,04 (€ 40,41). Given that the share price on 31 December 2011 is € 44,98, the share of Intervest Retail is quoted without premium compared to this net asset value (fair value).

Compared to 2010, **non-current liabilities** increase to € 94 million (€ 76 million) and consist mainly of long-term bank financings as well as the negative market value of the hedging instruments. The increase is due to the refinancing of two long-term credit facilities for a period of 5 years as well as the higher credit withdrawal resulting from the acquisition of the commercial complex Jardin d'Harscamp in Namur.

Current liabilities amount to € 41 million (€ 53 million) and consist mainly of € 38 million of bank loans which expire within the year and have to be repaid or prolonged. Further, the current liabilities consist of € 2 million in trade debts and of € 1 million in accrued charges and deferred income.

Financial structure

On 31 December 2011, Intervest Retail has a conservative financial structure allowing it to continue to carry out its activities in 2012.

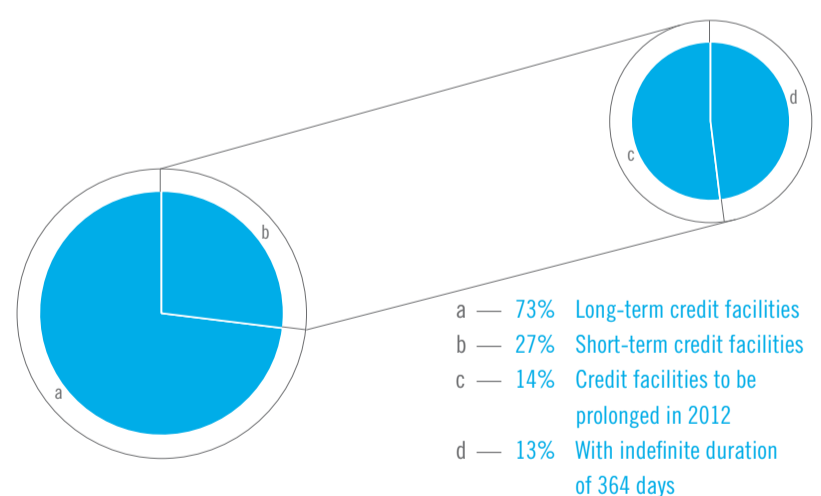
The most important characteristics of the financial structure on 31 December 2011 are:

- ✓ amount of financial debts: € 127 million
- ✓ 73 % of the credit lines are long-term financings with an average remaining duration of 3,6 years
- ✓ well-spread expiry dates of the credit facilities between 2012 and 2016
- ✓ spread of credit facilities over 5 European financial institutions
- ✓ € 11 million of available non-withdrawn credit lines
- ✓ 71 % of the withdrawn credit facilities have a fixed interest rate, 29 % have a variable interest rate
- ✓ fixed interest rates are fixed for a remaining period of 4,9 years in average
- ✓ average interest rate for 2011: 4,3 % including bank margins (2010: 4,1 %)
- ✓ value of financial derivatives: € 5,1 million in negative (recorded under other non-current financial liabilities)
- ✓ limited debt ratio of 36 % (legal maximum: 65 %) (37 % on 31 December 2010)

Balance between long-term and short-term financings

On 31 December 2011, 73 % of the credit lines of Intervest Retail are long-term financings. 27 % of the credit lines are short-term financings, of which 13 % consists of finances with an unlimited duration (progressing each time for 364 days) and 14 % of one credit facility, expiring in 2012 which has to be renegotiated.

Duration of the financings



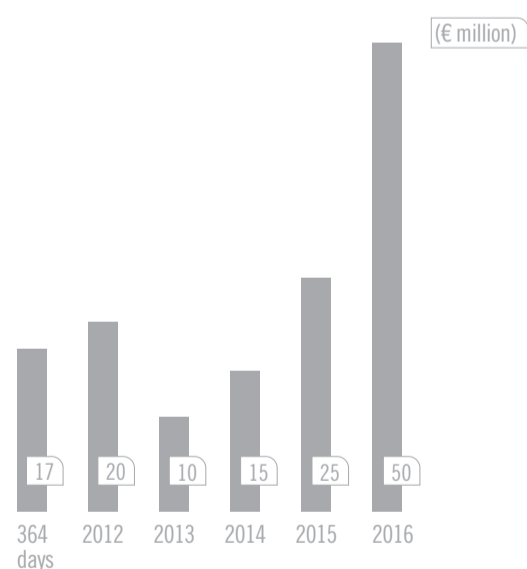
73 % of the credit lines
are long-term
financings with well
spread expiry dates.

Duration and spread of expiry dates of long-term financings

On 31 December 2011, the average duration of the long-term financings is 3,6 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.

Moreover, the credit facilities portfolio of Intervest Retail is spread over 5 European financial institutions.

Expiry calendar of financings

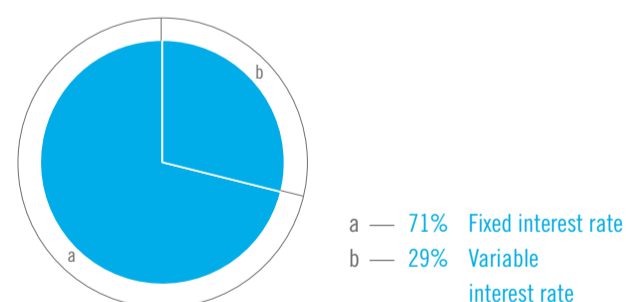


The weighted average remaining duration of the long-term credit facilities amounts to 3,6 year on 31 December 2011.

Percentage credit facilities with fixed and variable interest rate

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 2011, 71 % of the credit facilities withdrawals of the property investment fund consist of financing with a fixed interest or fixed by interest rate swaps. 29 % are credit facilities with a variable interest rate, which is beneficial due to the current low interest rate levels.

Balance between credit facilities with fixed and variable interest rate



71 % of the withdrawn credit facilities have a fixed interest rate or are hedged by financial derivatives.

Duration of the fixed interest rates

For the further protection of its operating results against future interest rate fluctuations, Intervest Retail has purchased in the fourth quarter of 2011 four forward interest rate swaps for a notional amount of € 45 million. The interest rate swaps take effect in 2013 and have subsequently a duration of 5 years. The average interest rate of these interest rate swaps is 2,5 % which is substantially lower than the average interest rate of the current interest rate swaps being 3,8 %. Through this interest rate hedging the interest rate of approximately 70 % of the credit facilities on 31 December 2011 is fixed for a remaining period of 4,9 years in average.

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. In 2011, the total average interest rate of the financial debts of the property investment fund amounts to 4,3 %, including bank margins (2010: 4,1 %).

For 2011, the average interest rate for the non-current financial debts amounts to 4,5 % (2010: 4,6 %).

For 2011, the average interest rate for the current financial debts amounts to 2,0 % (2010: 1,9 %).

Refinancing realized in 2011

During the financial year 2011 Intervest Retail has renegotiated with its bankers two credit facilities expired during 2011 (for a total amount of € 50 million). The new credit facilities, also for an amount of € 50 million, have durations of 5 years and are concluded at market rates, at the same financial institutions.

Available credit lines

On 31 December 2011, the property investment fund still has € 11 million (2010: € 21 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 2011.

Interest rate sensitivity

For the financial year 2011 the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1 % gives a negative result of approximately € 0,4 million (2010: € 0,3 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 (2010: € 0,3 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 revaluation of financial derivatives in accordance with IAS 39). For Intervest Retail, this ratio amounts to 3,5 for the financial year 2011 (3,6 for the financial year 2010), 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 2011, the debt ratio of the property investment fund amounts to 36 % and has decreased by 1 % compared to 31 December 2010 (37 %).

Terre Bleue
106 m²
Antwerp





At the general meeting of shareholders on 25 April 2012, it shall be proposed that a gross dividend of € 2,53 per share will be distributed.

Profit distribution 2011

The board of directors proposes to distribute the result for the financial year 2011 of Invest Retail sa as follows:

in thousands €	
Net result for financial year 2011⁶	36.308
✓ Allocation to the reserves for the balance of changes in fair value ⁷ of investment properties	
- Financial year	-23.175
- Value realised from real estate properties	-1.495
✓ Transfer from the reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	819
✓ Transfer from the reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	92
✓ Transfer from other reserves	299
✓ Transfer from results carried forward from previous years	1
Remuneration of capital	12.849

This represents a net dividend of € 2,00 after deduction of 21 % withholding tax. Pursuant to the Act of 28 December 2011 containing miscellaneous provisions (Belgian Official Gazette 30 December 2011, with effect from 1 January 2012), withholding tax on dividends of public property investments funds has been increased from 15 % to 21 % (except certain exemptions or increases).

Taking into account 5.078.525 shares that will participate in the full result for the financial year, this means that a dividend of € 12.848.668 is available for distribution.

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 operating distributable result for 2011.

The dividend will be payable as from 11 May 2012. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 12.

⁶ 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 13 of the financial report).

⁷ Based on changes in the investment value of investment properties.

Regarding new investments, Intervest Retail will focus on prime locations in the city centre of larger cities.

Forecast for 2012

Intervest Retail believes that its real estate portfolio is well positioned to meet the challenges that lie ahead in 2012. Intervest Retail expects both the retailer and the consumer to be more critical in the future. The urge for expansion among retailers will probably decrease and will mainly be focused on high-quality locations and locations near larger cities. An ageing population coupled with pressure on pension benefits, the growing importance of online sales and the structural effects of the crisis will continue to exert pressure on consumer spending for a longer period of time.

However, it is extremely important to gain as good as possible an understanding of the long-term strategy of tenants (customers) and respond adequately to this. In 2012, Intervest Retail will make efforts to further develop its relationship of trust and communication with its customers in order to analyse where and how the policy should be adjusted.

The basic principle is that Intervest Retail, as a long-term investor, is largely dependent on the performance of its tenants (customers). Both in terms of the level as well as the stability of rental incomes, the performance of the property investment fund is based on the operational and financial quality of its tenants. In the current economic climate, it becomes even more important to gain more insight into the performance of a tenant. Further intensification of contacts with customers should, therefore, lead to an even deeper knowledge of the retail market.

In some cases, a stronger relationship of trust with tenants will also result in a rental model where, in addition to a base rent, a variable rent is added depending on the performance of the tenant. Such concepts are not new and have already been applied by Intervest Retail in the past.

True to its slogan “Feel Real Estate”, the property investment fund wants to better understand and “feel” how it can be of service to its tenants (customers), and thus anticipate changing trends in retail.

Just as in 2011, Intervest Retail will continue paying attention to sustainability issues. During renovations, additional investments often lead to a better energy performance. Often both Intervest Retail and the customer are interested in a sustainable approach and Intervest Retail will try to reach a win-win situation with the tenant.

Regarding new investments, Intervest Retail will focus on prime locations in the city centre of larger cities. In the longer term, the property investment fund wants its investment properties to be largely situated at prime locations in the city centre. Intervest Retail will consider selling premises that are not optimally in line with this strategy.

Bakker Bart
140 m²
Antwerp



03 Report on the share



On 31 December 2011 the share price of the Intervest Retail is € 44,98, offering its shareholders a gross dividend yield of 5,6 %.

(PAGE 53)



InWear - Antwerp - 528 m²



Stock market information

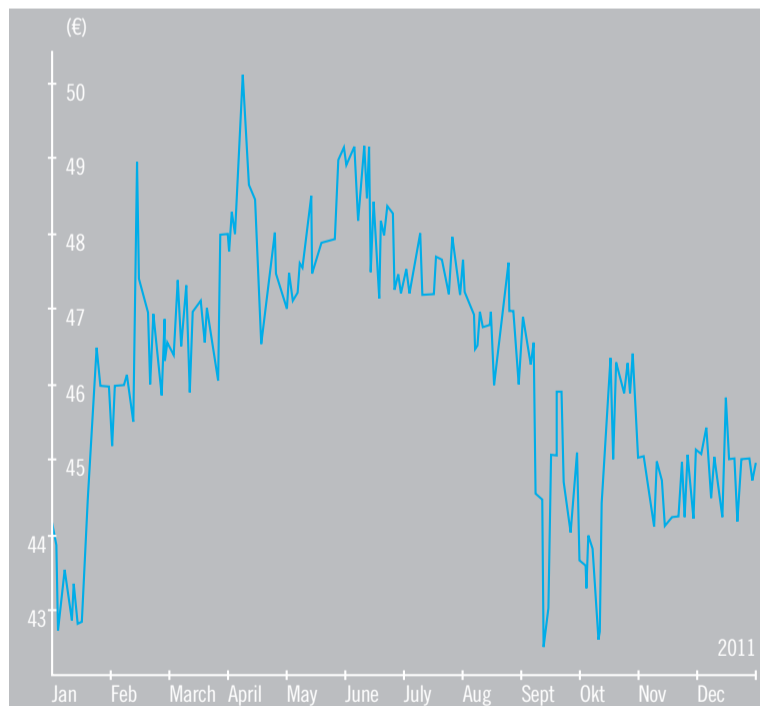


The share of Intervest Retail (INTV) is listed on NYSE Euronext Brussels and is included in the stock market indexes BEL Real Estate and GPR 250 Europe.

The share price of Intervest Retail increases from € 43,00 on 31 December 2010 to € 44,98 on 31 December 2011 or an increase by 5 %. The lowest closing share price reaches € 42,52 (13 September 2011) and the highest closing share price € 50,10 (11 April 2011).

During 2011, the share of Intervest Retail is quoted with a premium of 8 % in average compared to the net asset value (fair value).

The net asset value of Intervest Retail includes the 2010 dividend up to the payment date on 21 April 2011.



Evolution of the share price
Intervest Retail

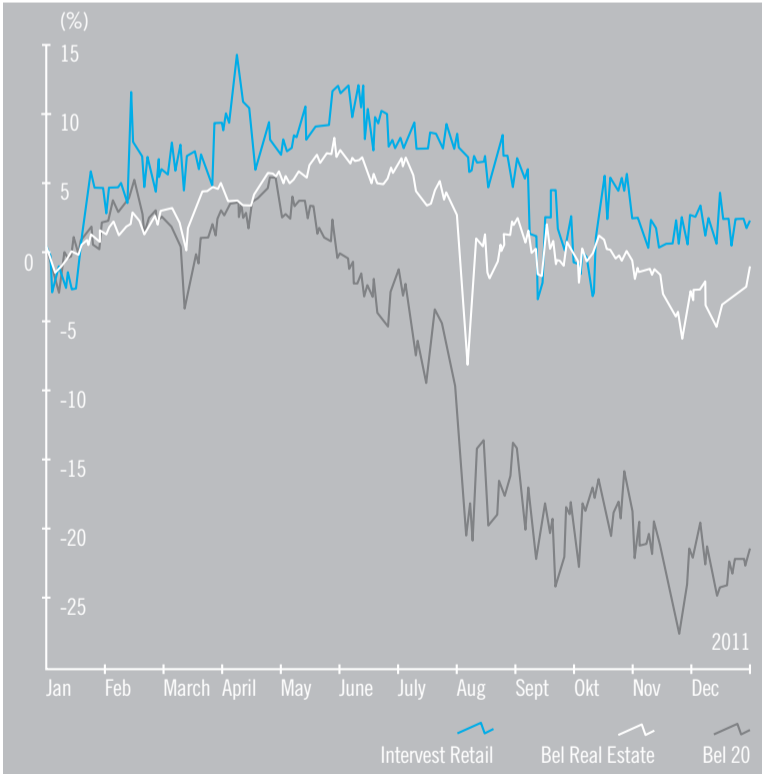


Premium
Intervest Retail

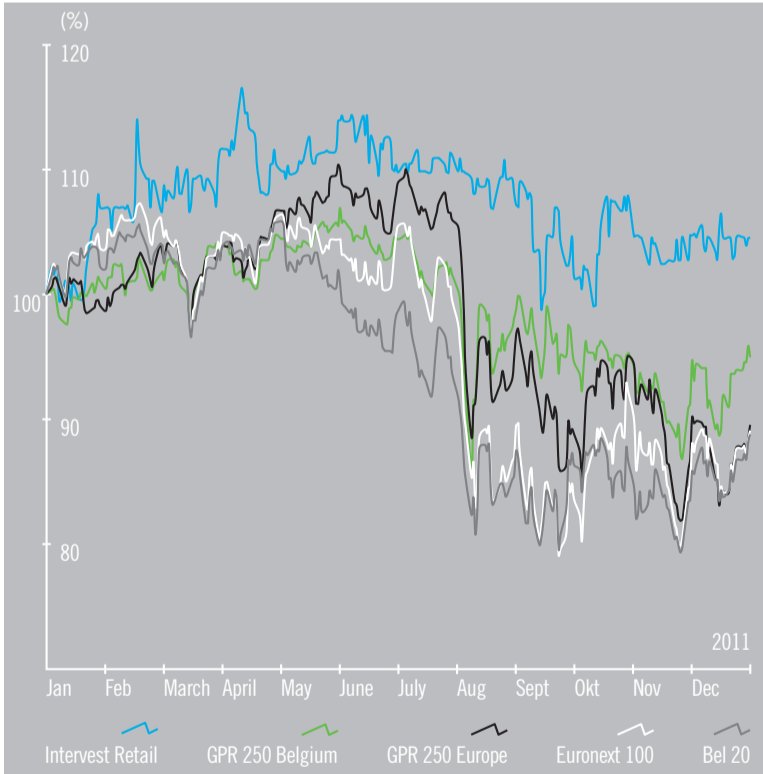
During the financial year 2011, the share of Interinvest Retail has performed substantially better than the BEL 20 and the BEL Real Estate.

This graph shows that in 2011 Interinvest Retail in average has also performed better than the GPR 250 Europe, the GPR 250 Belgium and the Euronext 100 index.

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



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



Comparison of Interinvest Retail with GPR indexes

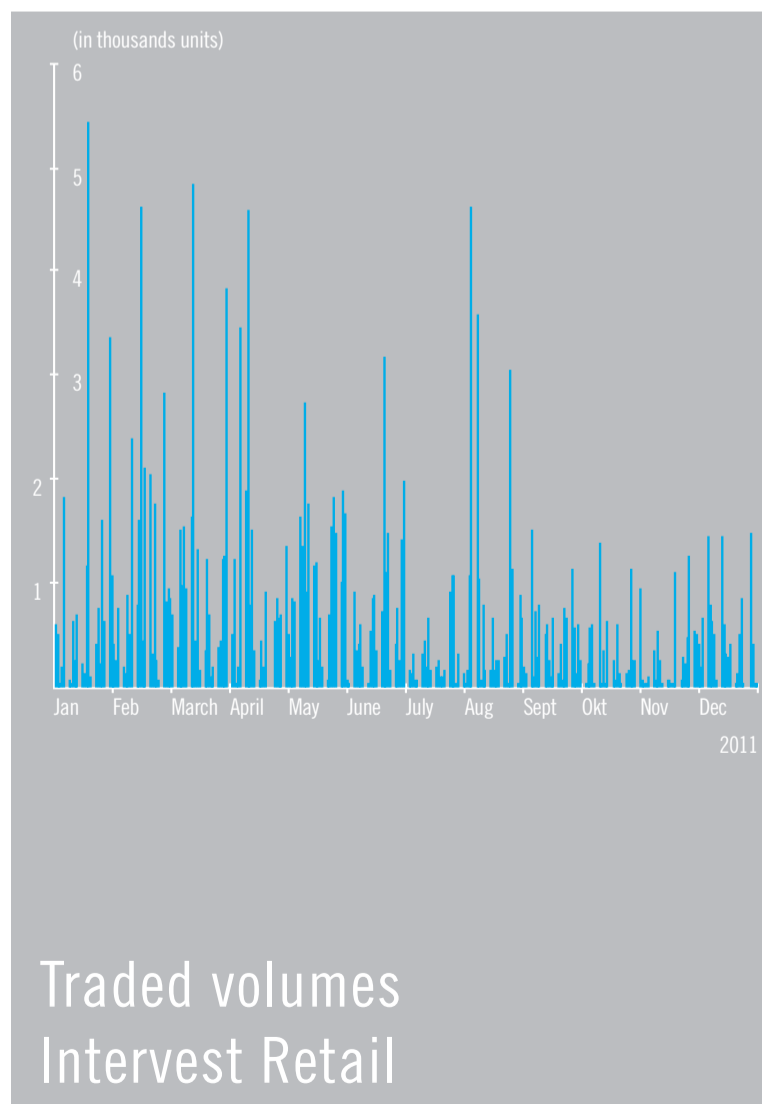
Report on the share

52

The traded volumes, with an average of 747 shares per day, are slightly lower than previous year (an average of 855 units a day).

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

At the end of the year the free float amounts to 27,62 %. Efforts will continuously be made to increase this free float to a maximum of 30 % in order to improve the negotiability of the shares.





On 31 December 2011 the share price of Intervest Retail is € 44,98, offering its shareholders a gross dividend yield of 5,6 %.

Dividend and number of shares

	31.12.2011
Number of shares at the end of the period	5.078.525
Number of shares entitled to dividend	5.078.525

Share price in €	31.12.2011
Highest closing share price	50,10
Lowest closing share price	42,52
Share price on closing date	44,98
Premium to net asset value (fair value) (%)	0 %
Average share price	46,26

Data per share in €	31.12.2011	31.12.2010	31.12.2009
Net asset value (fair value)	45,04	40,41	39,30
Net asset value (investment value)	46,66	42,00	40,90
Gross dividend	2,53	2,50	2,44
Net dividend ⁸	2,00	2,13	2,07
Closing price gross dividend yield (%)	5,6 %	5,8 %	6,5 %
Closing price net dividend yield (%)	4,4 %	4,9 %	5,5 %

◀ Julianus Shopping
8.890 m²
Tongres

⁸ As a result of the Act of 28 December 2011 containing various provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds goes from 15 % to 21 % (except certain exemptions or increases).

Shareholders

On 31 December 2011, the following shareholders are known to the company:

Vastned Retail sa Lichtenauerlaan 130 3062 ME Rotterdam The Netherlands	3.670.529 shares	72,28 %
CFB Belgique sa Uitbreidingstraat 18 2600 Berchem - Antwerp	5.431 shares	0,10 %
Public	1.402.565 shares	27,62 %
Total	5.078.525 shares	100 %

Pursuant to article 74 of the Public Takeover Act of 1 April 2007, Vastned Retail sa and CFB Belgique sa have informed the FSMA 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.

Jardin d'Harscamp ►
2.332 m²
Namur

Financial calendar

Announcement of annual results as at 31 December 2011:	Tuesday 14 February 2012
General meeting of shareholders:	Wednesday 25 April 2012 at 2.30 pm
Dividend payable:	
✓ Ex-date dividend 2011	Tuesday 8 May 2012
✓ Record date dividend 2011	Thursday 10 May 2012
✓ Dividend payment 2011	as from Friday 11 May 2012
Interim statement on the results as at 31 March 2012:	Monday 7 May 2012
Half-yearly financial statement as at 30 June 2012:	Tuesday 31 July 2012
Interim statement on the results as at 30 September 2012:	Friday 26 October 2012

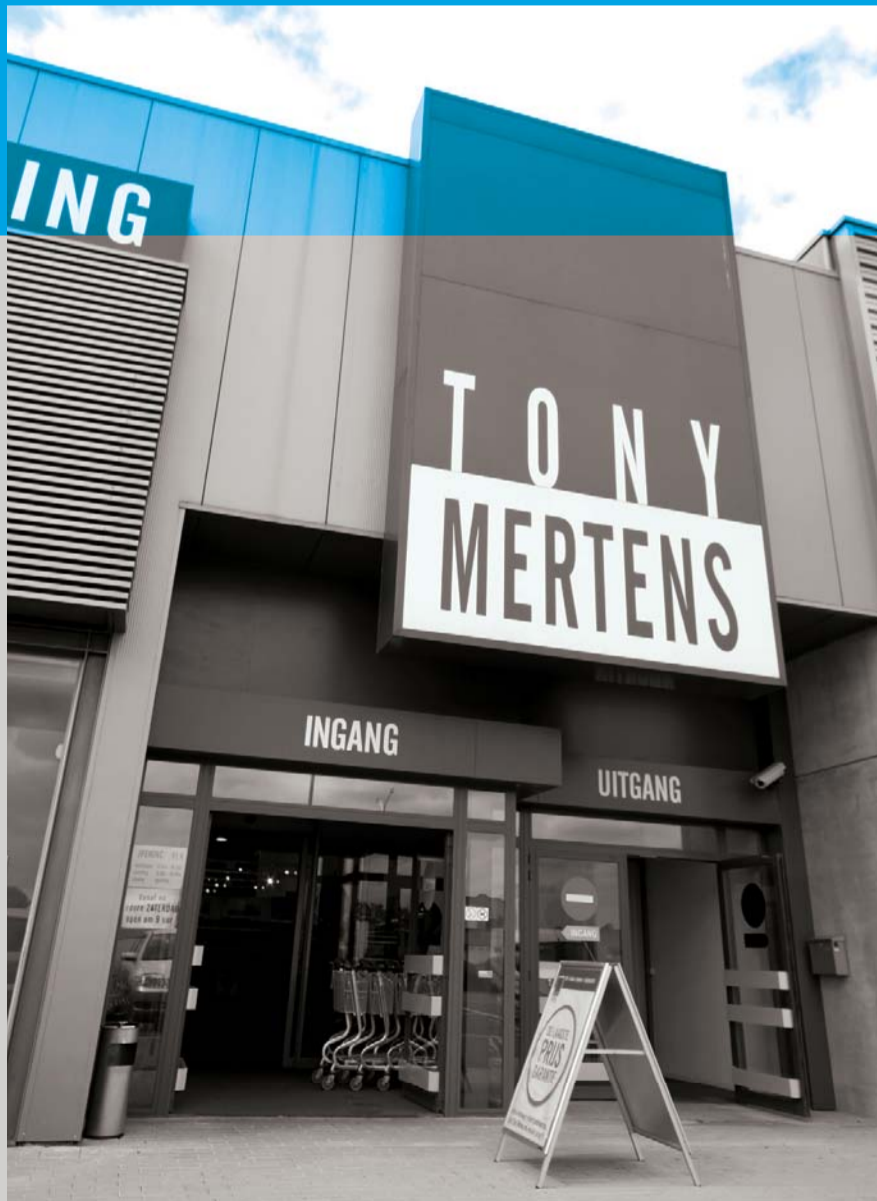


04 Property report



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

(PAGE 60)

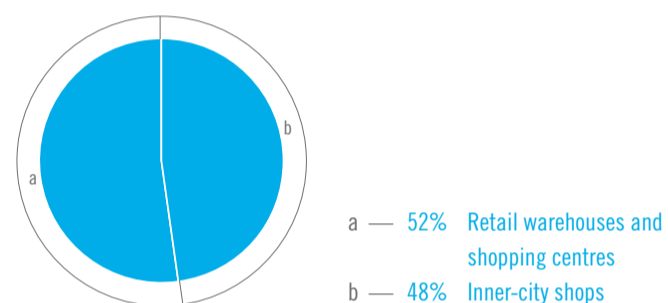
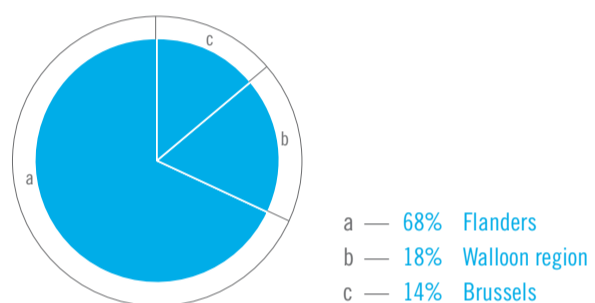


Tony Mertens - Wilrijk - 1.167 m²



Composition of the real estate portfolio⁹

Intervest 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.

Type of retail property

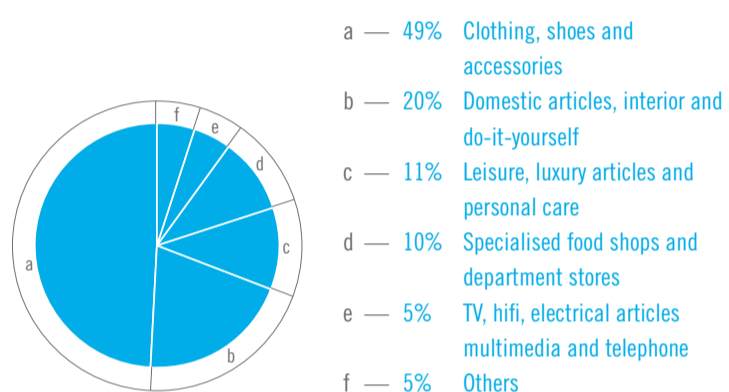
The retail premises consist of 48 % of inner-city shops, and of 52 % retail warehouses and shopping centres.

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 years there is an evolution whereby retailers are not only located in the inner-city but also in the periphery.

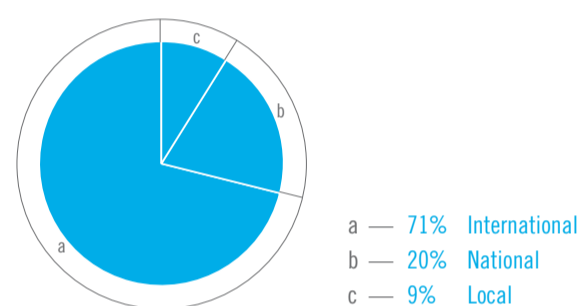
The costs which are at the expense of the lessor are rather limited to important maintenance costs to the structure of the building or important repairs or replacements of roofs. Rental expenses (such as property tax and costs for shared areas) are mostly paid by the tenant.

⁹ The charts above have been compiled based on the annual rental income of 2011 and the value of the real estate properties on 31 December 2011.



Sector of tenants

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



Region of activity of tenants¹⁰

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

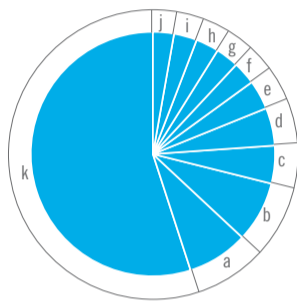
Most of the retail properties have been let on traditional lease contracts to users who are widely distributed across all sectors of the retail trade. Since most of these premises are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment 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 (96,6 %).

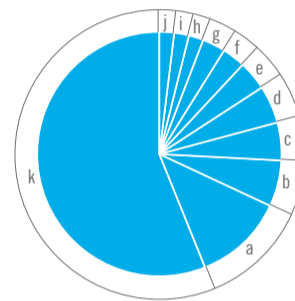
¹⁰ A national chain has to have at least five points of sale, an international chain must have at least five points of sale in at least two countries.



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



a	8%	Tielt-Winge - Aarschotsesteenweg 1/6
b	8%	Brussels - Chée d'Ixelles 41/43
c	5%	Bruges - Steenstraat 80
d	5%	Antwerp - Leysstraat 28/32
e	4%	Tongres - Julianus Shopping
f	3%	Louvain - Bontgenotenlaan 69/73
g	3%	Malines - Bruul 42/44
h	3%	Namur - Jardin d'Harscamp
i	3%	Antwerp - Meir 99
j	3%	Ghent - Veldstraat 81
k	55%	Other buildings



a	12%	Hennes & Mauritz
b	6%	Aldi
c	5%	Inditex
d	5%	Apax Partners
e	4%	Euro Shoe Unie
f	3%	Blokker Group
g	3%	Maxeda
h	2%	IC Companys A/S
i	2%	AS Watson
j	2%	Kesa
k	56%	Other tenants

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.

Risk spread according to tenants

The rental income of Intervest Retail is spread over 169 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.



H&M
1.338 m²
Vilvorde



Brico
5.000 m²
Vilvorde

Overview of the real estate portfolio

31 December 2011

Region	Space (m ²)	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighting (%)
Investment properties					
Brussels	11.262	2.921	51.672	50.411	14 %
Flanders	113.241	15.242	253.558	247.374	68 %
Walloon region	37.070	4.562	66.038	64.428	18 %
TOTAL INVESTMENT PROPERTIES	161.573	22.725	371.268	362.213	100 %

Evolution of the real estate portfolio

	31.12.2011	31.12.2010
Investment value investment properties (€ 000)	371.268	337.371
Current rents (€ 000)	21.942	21.392
Yield (%)	5,9 %	6,3 %
Current rents, including estimated rental value on vacancy (€ 000)	22.724	21.656
Yield if fully let (%)	6,1 %	6,4 %
Total leasable space of the investment properties (m ²)	161.573	159.581
Occupancy rate (%)	96,6 %	98,8 %

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 5,9 % to 6,9 % in average), the investment value of the real estate portfolio would decrease by € 54 million or 14 %. Herewith the debt ratio of the property investment fund would increase by 6 % to 42 %. In the opposite case of a hypothetical positive adjustment of this yield with 1 % (from 5,9 % to 4,9 % in average), the investment value of the real estate would increase by € 76 million or 20 %. Herewith the debt ratio of the property investment fund would decrease by 6 % to 30 %.

Valuation of the portfolio by property experts

All the commercial properties of Intervest Retail are valued by Cushman & Wakefield or CB Richard Ellis. Julianus Shopping in Tongres is valued by de Crombrughe & Partners.

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 market rental value 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.

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. The gross value before corrections is then obtained. Any adjustments (e.g. costs of vacancies) can be made at this point, after which the investment value (value deed in hand) is obtained.

In its report of 31 December 2011, Cushman & Wakefield states that the investment value of the retail portfolio amounts to € 177.089.199.



Red Market
1.816 m²
Andenne

CB Richard Ellis

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

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, 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 on the gross market value 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 if the estimated market rental value is higher than the current rental income

- ✓ 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 rents 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.

In its report of 31 December 2011, CB Richard Ellis declares that the fair value of the commercial properties amounts to € 172.359.994.

de Crombrugghe & 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.
- ✓ 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.

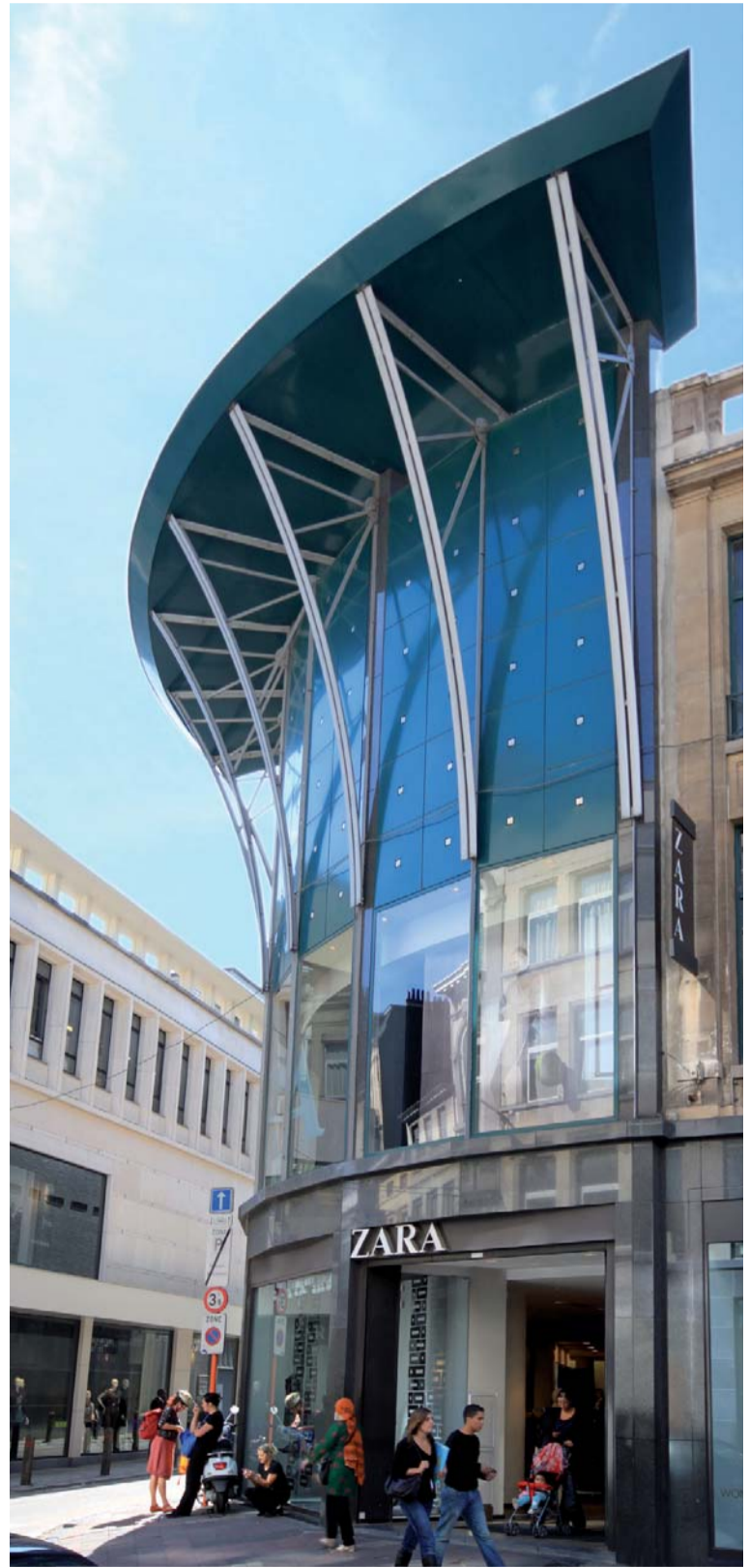
The possible costs for vacancy, such as loss of rent, service charges borne by the landlord, rental costs, publicity and marketing costs related to the letting, as well as the costs for supervision, maintenance and modifications and/or incentives during the leasing process are taken into account.

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 2011, de Crombrugghe & Partners states that the fair value of the commercial properties amounts to € 12.763.677.



Zara
2.425 m²
Brussels

05 Financial report



A relatively low debt ratio of 36 % on 31 December 2011 (37 % on 31 December 2010) and financings with well-spread expiry dates offer Intervest Retail a stable balance sheet position.

(PAGE 41)



Jardin d'Harscamp - Namur - 2.332 m²





Financial report

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Consolidated income statement

in thousands €	Note	2011	2010
Rental income	4	21.300	21.050
Rental-related expenses	4	-54	-50
NET RENTAL INCOME		21.246	21.000
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.467	1.339
Rental charges and taxes normally payable by tenants on let properties	4	-1.467	-1.339
Other rental-related income and expenses		13	-14
PROPERTY RESULT		21.259	20.986
Technical costs	5	-717	-620
Commercial costs	5	-182	-185
Charges and taxes on unlet properties	5	29	-135
Property management costs	5	-1.149	-1.104
Other property charges	5	-47	-3
PROPERTY CHARGES		-2.066	-2.047
OPERATING PROPERTY RESULT		19.193	18.939
General costs	6	-1.063	-1.044
Other operating income and costs		50	28
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		18.180	17.923
Result on disposals of investment properties	8	1.526	167
Changes in fair value of investment properties	9	22.043	4.831
Other result on portfolio	10	-56	28
OPERATING RESULT		41.693	22.949
Financial income	11	15	10
Net interest charges	11	-5.252	-5.028
Other financial charges	11	-23	-14
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	20	-92	-126
FINANCIAL RESULT		-5.352	-5.158
RESULT BEFORE TAXES		36.341	17.791
Corporate tax		-33	-159
TAXES	12	-33	-159
NET RESULT		36.308	17.632

in thousands €	Note	2011	2010
NET RESULT		36.308	17.632
Note:			
Operating distributable result	13	12.848	12.710
Result on portfolio	8-9-10	23.513	5.026
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		-53	-104
Attributable to:			
Equity holders of the parent company		36.308	17.632
Minority interests		0	0

RESULT PER SHARE	Note	2011	2010
Number of shares entitled to dividend	13	5.078.525	5.078.525
Net result (€)	13	7,15	3,47
Diluted net result (€)	13	7,15	3,47
Operating distributable result (€)	13	2,53	2,50

Consolidated statement of comprehensive income

in thousands €	2011	2010
NET RESULT	36.308	17.632
Changes in the effective part of fair value of allowed hedging instruments that are subject to hedge accounting	-78	378
COMPREHENSIVE INCOME	36.230	18.010
Attributable to:		
Equity holders of the parent company	36.230	18.010
Minority interests	0	0

Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2011	31.12.2010
Non-current assets		362.406	329.341
Intangible assets		13	16
Investment properties	14	362.213	329.142
Other tangible assets		162	165
Trade receivables and other non-current assets		18	18
Current assets		1.866	3.915
Assets held for sale	15	333	287
Trade receivables	15	275	376
Tax receivables and other current assets	15	218	2.249
Cash and cash equivalents		379	766
Deferred charges and accrued income		661	237
TOTAL ASSETS		364.272	333.256

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2011	31.12.2010
Shareholders' equity		228.739	205.206
Shareholders' equity attributable to the shareholders of the parent company		228.739	205.206
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		91.035	86.178
Net result of the financial year		36.308	17.632
Minority interests	23	0	0
Liabilities		135.533	128.050
Non-current liabilities		94.244	75.544
Provisions	17	0	195
Non-current financial debts	19	89.022	70.234
<i>Credit institutions</i>		<i>89.000</i>	<i>70.220</i>
<i>Financial lease</i>		<i>22</i>	<i>14</i>
Other non-current financial liabilities	20	5.129	4.959
Other non-current liabilities		51	48
Deferred taxes - liabilities		42	108
Current liabilities		41.289	52.506
Provisions	17	0	56
Current financial debts	19	37.619	46.548
<i>Credit institutions</i>		<i>37.614</i>	<i>46.545</i>
<i>Financial lease</i>		<i>5</i>	<i>3</i>
Trade debts and other current debts	18	2.573	4.079
Other current liabilities	18	211	632
Accrued charges and deferred income	18	886	1.191
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		364.272	333.256

DEBT RATIO	Note	31.12.2011	31.12.2010
Debt ratio (max. 65 %)	21	36 %	37 %

NET ASSET VALUE PER SHARE in €	31.12.2011	31.12.2010
Net asset value (fair value)	45,04	40,41
Net asset value (investment value)	46,66	42,00

Statement of consolidated changes in equity

74

<i>in thousands €</i>	Share capital	Share premium	Reserve for the balance of the changes in fair value of real estate properties	
			Reserve for the balance of the changes in the investment value of real estate properties	Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties
Balance at 31 December 2009	97.213	4.183	97.632	-8.108
Comprehensive income of 2010				
Transfer through the allocation of the result 2009:				
Transfer from result on portfolio to reserves			530	
Changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2009				
Balance at 31 December 2010	97.213	4.183	98.162	-8.108
Comprehensive income of 2011				
Transfer through the allocation of the result 2010:				
Transfer from result on portfolio to reserves			5.146	-120
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2010				
Balance at 31 December 2011	97.213	4.183	103.308	-8.228

Reserves					Total reserves	Net result of financial year	Total shareholders' equity
	Reserve for the balance of the changes in fair value of allowed hedging instruments subject to hedge accounting	Reserve for the balance of the changes in fair value of allowed hedging instruments not subject to hedge accounting	Result carried forward from previous financial years				
	-2.827	-1.561	894	86.030	12.162	199.588	
	378			378	17.632	18.010	
				530	-530	0	
		-823		-823	823	0	
			63	63	-63	0	
					-12.392	-12.392	
	-2.449	-2.384	957	86.178	17.632	205.206	
	-78			-78	36.308	36.230	
				5.026	-5.026	0	
		-126		-126	126	0	
			36	36	-36	0	
					-12.696	-12.696	
	-2.527	-2.510	993	91.036	36.308	228.739	

Consolidated cash flow statement

in thousands €	Note	2011	2010
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		766	1.074
1. Cash flow from operating activities		12.940	13.740
Operating result		41.693	22.949
Interests paid		-5.103	-4.936
Other non-operating elements		-273	-435
Adjustment of the result for non-cash flow transactions		-23.432	-4.856
✓ Depreciations on intangible and other tangible assets		107	109
✓ Result on the disposal of investment properties	8	-1.526	-167
✓ Spread of rental discounts and benefits granted to tenants	10	-122	73
✓ Changes in fair value of investment properties	9	-22.043	-4.831
✓ Other result on portfolio	10	56	-28
✓ Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	20	92	126
✓ Other non-cash flow transactions		4	-138
Changes in working capital		55	1.018
Movement of assets			
✓ Trade receivables	15	100	-18
✓ Tax receivables and other current assets	15	2.197	1.154
✓ Deferred charges and accrued income		8	77
Movement of liabilities			
✓ Trade debts and other current debts	18	-1.516	-222
✓ Other current liabilities	18	-421	-49
✓ Accrued charges and deferred income		-313	76
2. Cash flow from investment activities		-10.479	7.367
Acquisition of intangible and other tangible assets		-115	-78
Acquisition of investment properties	14	-10.361	0
Investments in existing investment properties	14	-1.924	-162
Prepaid investment invoices		-598	0
Investments in assets held for sale		-18	-5
Acquisition of assets with deferred payment		27	0
Proceeds of the disposal of investment properties		2.510	7.612
3. Cash flow from financing activities		-2.848	-21.415
Repayment of loans	19	-29.151	-34.017
Drawdown of loans	19	39.000	25.000
Repayment of financial lease liabilities		-4	-3
Receipts from non-current liabilities as guarantee		3	-3
Dividend paid	13	-12.696	-12.392
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		379	766

Notes to 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 7 December 2010.

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 is a property investment company having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2011 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 13 February 2012 and will be submitted for approval to the general meeting of shareholders on 25 April 2012.

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 7 December 2010. 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 2011.

New and amended standards and interpretations effective in 2011

The following amended standards by the IASB and published standards and interpretations by the IFRIC became effective for the current financial year, but do not affect the disclosure, notes or financial results of the Group:

- ✓ Amendment to IAS 32 - Classification of Rights Issues
- ✓ Revision of IAS 24 - Related Party Disclosures
- ✓ Amendment to IAS 19 and IFRIC 14 - Prepayments of a Minimum Funding Requirement
- ✓ Amendment to IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- ✓ Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 due to the annual improvements project (May 2010)
- ✓ IFRIC 19 - Extinguishing Liabilities with Equity Instruments

New or amended standards and interpretations not yet effective in 2011

The amendments to IFRS 7 Financial instruments: Disclosures - Transfers of Financial Assets that are applicable as of next year are not expected to have an impact on the presentation, notes or financial results of the Group.

All other publications of the IASB are not yet endorsed for application in the European Union: Amendment IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (1/7/2011); Amendment to IAS 12 - Recovery of Underlying Assets (1/1/2012); IAS 1 - Presentation of Items of Other Comprehensive Income (1/7/2012); IFRS 10 - Consolidated Financial Statements (1/1/2013); IFRS 11 - Joint Arrangements (1/1/2013); IFRS 12 - Disclosures of Involvement with Other Entities (1/1/2013); IAS 27 - Separate Financial Statements (1/1/2013); IAS 28 - Investments in Associates and Joint Ventures (1/1/2013); IFRS 13 - Fair Value Measurement (1/1/2013); Amendment IAS 19 - Employee Benefits (1/1/2013); IFRIC 20 - Stripping costs in the production phase of a surface mine (1/1/2013 - not endorsed); Amendment IFRS 7 - Disclosures - Offsetting financial assets and financial liabilities (1/1/2013); Amendment IAS 32 - Offsetting financial assets and financial liabilities (1/1/2014 - not endorsed); IFRS 9 - Financial instruments (1/1/2015).

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 (exclusively or jointly). 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 23.

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 sum of the acquisition value, the formerly interest in the entity which was not controlled (if applicable) and the recognised minority interest (if applicable) and on the other part 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. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

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

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 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.

When the Group acquires an additional interest in a subsidiary company, formerly already controlled by the Group or when the Group sells a part of the interest in a subsidiary company without losing control, the goodwill, recognized at the moment of the acquisition of control, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

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 early termination of lease contracts is immediately taken into result in the period in which it is irrevocably obtained.

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

Deferred tax claims 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 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 net result per share

The ordinary net result 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 net result 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 depreciation 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 depreciation 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 reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment properties 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. These expenses are charged in the income statement under "costs payable by tenant and borne by landlord for rental damage and refurbishment".

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 are recognised on the balance sheet at fair value. This value is equal to the amount for which a building 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 Intervest Retail in principle only offers collective portfolios of individual buildings for sale in the market, and these usually have a higher investment value than € 2,5 million, the fair value was calculated by dividing the investment value by 1,025.

The difference between the fair value of the property and 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 profit or loss 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 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 are deducted from the cost price. 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 of which 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 impairment recognised to reflect irrecoverable amounts. An 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 changes in value.

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.

✓ **Derivatives 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.

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 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 profits 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 profit 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 recognised as equity until the annual shareholders' meeting approves the dividends. The dividends are therefore recognised as a liability in the annual accounts of 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 are recognised as result in 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 “inner-city shops” and “retail warehouses & shopping centres”
- 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.

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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 parks 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	
	2011	2010	2011	2010	2011	2010	2011	2010
in thousands €								
Rental income	10.010	9.689	11.290	11.361			21.300	21.050
Rental-related expenses	-3	0	-51	-50			-54	-50
Net rental result	10.007	9.689	11.239	11.311			21.246	21.000
Rental-related costs an income	0	-1	13	-13			13	-14
Property result	10.007	9.688	11.252	11.298			21.259	20.986
Operating result before result on portfolio	9.544	9.493	10.675	10.698	-2.039	-2.268	18.180	17.923
Result on disposals of investment properties	431	0	1.095	167			1.526	167
Changes in fair value of investment properties	14.297	6.003	7.746	-1.172			22.043	4.831
Other result on portfolio	-129	86	73	-58			-56	28
Operating result of the segment	24.143	15.582	19.589	9.635	-2.039	-2.268	41.693	22.949
Financial result					-5.352	-5.158	-5.352	-5.158
Taxes					-33	-159	-33	-159
NET RESULT	24.143	15.582	19.589	9.635	-7.424	-7.585	36.308	17.632

Key figures by segment

BUSINESS SEGMENT	Inner-city shops		Retail warehouses & shopping centres		TOTAL	
	2011	2010	2011	2010	2011	2010
<i>in thousands €</i>						
Fair value of real estate properties	195.695	169.903	166.518	159.239	362.213	329.142
of which investments during the financial year (fair value)	61	31	1.863	131	1.924	162
of which acquisitions of investment properties	10.361	0	0	0	10.361	0
Investment value of real estate properties	200.587	174.151	170.681	163.220	371.268	337.371
Accounting yield of the segment (%)	5,1 %	5,7 %	6,8 %	7,1 %	5,9 %	6,4 %
Total leasable space (m ²)	33.644	32.147	127.929	127.433	161.573	159.581
Occupancy rate (%)	95 %	100 %	98 %	98 %	97 %	99 %
Disinvestments during the financial year (fair value)	-1.257	0	0	-330	-1.257	-330

By geographic region

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

GEOGRAPHICAL SEGMENT	Flanders		Walloon region		Brussels		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
<i>in thousands €</i>								
Rental income	14.630	14.628	3.820	3.585	2.850	2.837	21.300	21.050
Fair value of real estate properties	247.374	230.422	64.428	51.316	50.411	47.404	362.213	329.142
Investment value of real estate properties	253.558	236.183	66.038	52.599	51.672	48.589	371.268	337.371
Accounting yield of the segment (%)	5,9 %	6,4 %	5,9 %	7,0 %	5,7 %	6,0 %	5,9 %	6,4 %
(Dis)investments during the financial year (fair value)	639	-175	10.389	7	0	0	11.028	-168

Note 4. Property result

Rental income

in thousands €	2011	2010
Rents	21.579	21.429
Rental discounts	-317	-403
Compensation for early termination of lease contracts	38	24
Total rental income	21.300	21.050

The rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for early terminated lease contracts minus any rental discounts and rental benefits (incentives) granted. The rental discounts and incentives are spread over the period running from the start of the lease contract to the next possibility of terminating a lease contract.

The rental income of Intervest Retail is spread over more than 169 different tenants, limiting the debtor's risk of Intervest Retail and improving the stability of the rental income. The ten most important tenants represent 44 % (44 % in 2010) 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 2010). In 2011, there are 4 tenants whose lease payments on an individual basis represents more than 5 % of the total rental income of Intervest Retail (4 tenants in 2010).

Overview of future minimum rental income

The cash value of the future minimum rental income until the first expiry date of the non-cancellable lease contracts is subject to the following collection terms:

in thousands €	2011	2010
Receivables with a remaining duration of:		
Less than one year	21.533	20.535
Between one and five years	25.060	24.165
More than five years	335	0
Total of future minimum rental income	46.928	44.700

Rental-related expenses

in thousands €	2011	2010
Rent for leased assets and ground lease	-103	-100
Write-downs on trade receivables	-25	-25
Reversal of write-downs on trade receivables	74	75
Total rental-related expenses	-54	-50

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The rental related expenses comprise write-downs on trade receivables and are recognised in the income statement when the carrying amount is higher than the estimated realization value, as well as costs and income of the letting of buildings not belonging to former items.

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

in thousands €	2011	2010
Rebilling of rental charges borne by the landlord	57	45
Rebilling of advance levies and taxes on let properties	1.410	1.294
Recovery of rental charges and taxes normally payable by tenants on let properties	1.467	1.339
Rental charges borne by the landlord	-57	-45
Advance levies and taxes on let properties	-1.410	-1.294
Rental charges and taxes normally payable by tenants on let properties	-1.467	-1.339
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 property tax 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

in thousands €	2011	2010
Recurrent technical costs	-110	-117
Insurance premiums	-110	-117
Non-recurrent technical costs	-607	-503
Maintenance	-609	-501
Claims	2	-2
Total technical costs	-717	-620

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.

In 2011, the technical costs have slightly increased as a result of an elaborated maintenance program.

Commercial costs

in thousands €	2011	2010
Brokers' fees	-19	-9
Publicity	-97	-108
Lawyers' fees and legal costs	-66	-68
Total commercial costs	-182	-185

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 take this fee into account at the time of the valuation.

Charges and taxes on unlet properties

in thousands €	2011	2010
Vacancy charges of the financial year	1	-67
Vacancy charges of preceding financial years	56	0
Property tax on vacant properties	-28	-70
Recuperation of property tax on vacant properties	0	2
Total charges and taxes on unlet properties	29	-135

Through the withdrawal of the superfluous provision in the vacancy charges of preceding financial years, the costs and taxes on unlet properties show in 2011 a positive balance.

As from 2011, the costs of the property tax contractually borne by Interinvest Retail are recorded under other property charges.

Property management costs

in thousands €	2011	2010
Internal property management fees	-1.149	-1.104
<i>Property experts</i>	<i>-180</i>	<i>-168</i>
<i>Remuneration of employees</i>	<i>-648</i>	<i>-647</i>
<i>Other costs</i>	<i>-321</i>	<i>-289</i>
Total property management costs	-1.149	-1.104

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 depreciations and impairments on tangible assets used for such management and other business expenses related to the management of the property.

The increase of the fee for the property experts is due mainly to the acquisition of the commercial complex "Jardin d'Harscamp" in Namur.

Other property charges

in thousands €	2011	2010
Property tax contractually borne by the landlord	-40	0
Other charges	-7	-3
Total other property charges	-47	-3

As from 2011, the costs of the property tax contractually borne by Intervest Retail are recorded under other property charges.

Note 6. General costs

in thousands €	2011	2010
CII tax	-164	-160
Custodian bank	0	-31
Auditor's fee	-88	-86
Directors' remunerations	-31	-31
Liquidity provider	-14	-14
Financial services	-11	-14
Employee benefits	-433	-448
Other costs	-322	-260
Total general costs	-1.063	-1.044

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 impairments on tangible assets used for this management and other operating costs.

Through the repeal of the obligation mentioned in the Royal Decree of 7 December 2010 there are no costs for the custodian bank in 2011.

Note 7. Employee benefits

in thousands €	2011			2010		
	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	398	298	696	406	318	724
Salary and other benefits paid within 12 months	255	184	439	261	224	485
Pensions and post-employment benefits	11	9	20	10	7	17
Social security	73	58	131	85	53	138
Variable remunerations	21	17	38	25	17	42
Other charges	38	30	68	25	17	42
Remuneration of the management committee	250	135	385	241	130	371
Chairman of the management committee	61	60	121	58	58	116
<i>Fixed remuneration</i>	57	56	113	55	55	110
<i>Variable remuneration</i>	4	4	8	3	3	6
Other members of the management committee	189	75	264	183	72	255
<i>Fixed remuneration</i>	174	59	233	169	57	226
<i>Variable remuneration</i>	15	7	22	14	6	20
<i>Retirement obligations</i>	0	9	9	0	9	9
Total employees benefits	648	433	1.081	647	448	1.095

The number of employees at year-end 2011, expressed in FTE is 4 staff members and 2 members of the management committee for the internal management of the patrimony (2010: respectively 4 and 2) and 4,5 staff members and 1 member of the management for the management of the fund (2010: respectively 5 and 1). The management team comprises 3 persons.

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 fund, 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 Vandenbroucke act on pensions. The compulsory contributions are recognised in the income statement for the period that they relate to.

Note 8. Result on disposals of investment properties

in thousands €	2011	2010
Acquisition value	1.078	281
Accumulated capital gains and special impairment losses	332	49
Carrying amount (fair value)	1.410	330
Sales price	1.845	394
Selling costs	203	103
Additional compensation for Shopping Park Olen	888	0
Net result of the sale	2.936	497
Total result on disposals of investment properties	1.526	167

The result on disposals of investment properties comprises mainly an additional compensation of € 0,9 million received from the buyer of "Shopping Park Olen" for earlier made project costs, according to the agreement of December 2009 concluded at the sale of the project.

Furthermore, the property investment fund has concluded a sales agreement in the first quarter of 2011 for the sale of a non-strategic inner-city shop in the Carnotstraat in Antwerp for a sales price of € 1,7 million and a gain of € 0,4 million.

Note 9. Changes in fair value of investment properties

in thousands €	2011	2010
Positive changes of investment properties	29.583	9.522
Negative changes of investment properties	-7.540	-4.691
Total changes in fair value of investment properties	22.043	4.831

For financial year 2011, the positive changes in fair value of the investments properties amount to € 22,0 million or 6,6 % on the fair value of the real estate portfolio excluding investments during the financial year 2011. This is due to the increase in fair value of the commercial portfolio as valued by the independent property experts. This increase in value is caused by the growing demand for qualitative commercial real estate on the investment market and the rental renewals and indexations in 2011.

Note 10. Other result on portfolio

in thousands €	2011	2010
Changes in spread of rental discounts and benefits granted to tenants	-122	73
Other changes	66	-45
Total other result on portfolio	-56	28

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Note 11. Financial result

in thousands €	2011	2010
Financial income	15	10
Net interest charges with fixed interest rate	-4.443	-4.483
Net interest charges with variable interest rate	-809	-545
Other financial costs	-23	-14
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-92	-126
Total financial result	-5.352	-5.158

The financial result amounts to - € 5,4 million compared to - € 5,2 million previous year. The interest charges have increased in financial year 2011 as a result of the financing of the acquisition of the commercial complex "Jardin d'Harscamp" in Namur for an amount of € 10,3 million since mid-October 2011.

Net interest charges classified by the expiry date of the credit line

in thousands €	2011	2010
Net interest charges on non-current financial debts	-4.129	-4.216
Net interest charges on current financial debts	-1.123	-812
Total net interest charges	-5.252	-5.028

The average interest rate of the financial debts for 2011 amounts to 4,3 % including bank margins (2010: 4,1 %). The average interest rate of the non-current financial debts for 2011 amounts to 4,5 % including bank margins (2010: 4,6 %), and of the current financial debts for 2011 2,0 % including bank margins (2010: 1,9 %).

For 2012, the (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2011 at the fixed or variable interest rate on 31 December 2011 amounts to approximately € 5,3 million (2010: € 4,7 million).

For financial year 2011, the effect on the operating distributable result of a (hypothetical) increase in interest rates by 1 % gives a negative result of approximately € 0,4 million (2010: € 0,3 million). If the interest rates would decrease by 1 %, the effect on the operating distributable result gives a positive result of € 0,4 million (2010: € 0,3 million). The concluded financial derivatives are included in the calculations.

Note 12. Taxes

in thousands €	2011	2010
Corporate income tax	-33	-159
Total taxes	-33	-159

With the Royal Decree of 7 December 2010 (previously the Royal Decree of 10 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.

In 2010 the corporate income tax comprises mainly a regularisation on previous years in connection with a fiscal control.

As a result of the Act of 28 December 2011 containing various provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investment funds goes from 15 % to 21 % (except certain exemptions or increases).

Note 13. Number of shares and result per share

Movement of the number of shares

	2011	2010
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

The amount that is subject to distribution is determined pursuant to article 27 § 1 and Chapter 3 of Annex C of the Royal Decree of 7 December 2010.

in thousands €	2011	2010
Net result according to the statutory annual accounts	36.308	17.643
Adjustment for non-cash flow transactions included in the net result:		
Depreciations and withdrawals of depreciation and impairments	58	209
Changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)	392	64
Result on portfolio	-23.852	-4.997
Corrected result for mandatory distribution	12.906	12.919
Mandatory distribution: 80 %	10.325	10.335
Operating distributable result (statutory annual accounts)	12.848	12.710
Operating distributable result (consolidated annual accounts)	12.848	12.710

The distributable earnings per share, based on the statutory annual accounts of Intervest Retail sa, amount to € 12,8 million in 2011 compared to € 12,7 million in 2010.

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

in €	2011	2010
Ordinary net result per share	7,15	3,47
Diluted net result per share	7,15	3,47
Operating distributable result per share	2,53	2,50

The operating distributable result per share is, given a 100% distribution, rounded to € 2,53 per share.

Proposed dividend per share

After the closing of the financial year, the dividend distribution shown below is proposed by the board of directors. This will be presented to the general meeting of shareholders on 25 April 2012. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2011	2010
Dividend per share (in €)	2,53	2,50
Remuneration of the share capital (in thousands €)	12.849	12.696
Dividend as a percentage of the consolidated operating distributable result (%)	100 %	100 %

Determination of the amount pursuant to article 617 of the Belgian Companies Code

The amount, as referred to in article 617 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, the called-up capital, plus all reserves which, pursuant to the law or the articles of association, may not be distributed, is determined in Chapter 4 of Annex C of the Royal Decree of 7 December 2010.

This calculation is based on the statutory annual accounts of Invest Retail.

in thousands €	2011	2010
Non-distributable elements of shareholders' equity for distribution		
Paid-up capital	97.213	97.213
Unavailable issue premiums, according to the articles of association	4.183	4.183
Reserve for the positive balance of changes in the investment value of real estate properties	102.313	97.197
Reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.158	-8.039
Reserve for the balance of changes in fair value of allowed hedging instruments that are subject to a hedge accounting	-2.527	-2.449
Reserve for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting	-2.510	-2.384
Other reserves	1.066	1.004
Result of the financial year which, pursuant to Chapter I of Annex C of the Royal Decree of 7 December 2010, is to be allocated to non-distributable reserves		
Result on portfolio	23.852	4.997
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	-392	-64
Total non-distributable shareholders' equity	215.040	191.658
Statutory shareholders' equity	228.739	205.206
Planned dividend distribution	12.849	12.696
Number of shares	5.078.525	5.078.525
Operating distributable result per share	2,53	2,50
Shareholders' equity after dividend distribution	215.890	192.510
REMAINING RESERVES AFTER DISTRIBUTION	849	850

Note 14. Non-current assets: investment properties

INVESTMENT AND REVALUATION TABLE in thousands €	2011	2010
Amount at the end of the preceding financial year	329.142	324.338
Investments in the portfolio	1.924	162
Acquisitions of investment properties	10.361	0
Disposals of investment properties	-1.257	-188
Changes in fair value	22.043	4.830
Amount at the end of the financial year	362.213	329.142
OTHER INFORMATION		
Investment value of real estate properties	371.268	337.371

For the sensitivity analysis of the valuation of the real estate properties, please see the description of the most important risk factors and internal control and risk management systems.

Note 15. Current assets

Assets held for sale

in thousands €	2011	2010
Vilvorde Leuvenestraat - apartments	333	287
Total assets held for sale	333	287

On 31 December 2011, the assets held for sale comprise the unsold apartments of the project in Vilvorde. For one of the apartments the sales price has been received from the buyer at the end of January 2012 when signing the notarial deed.

Trade receivables

in thousands €	2011	2010
Outstanding trade receivables	263	372
Invoices to be issued and credit notes to be received	12	4
Doubtful debtors	126	171
Provision doubtful debtors	-126	-171
Total trade receivables	275	376

As a result of a strict credit control the number of days of outstanding customers' credit is only 5 days.

Aging analysis of trade accounts receivables

in thousands €	2011	2010
receivables < 30 days	59	20
receivables 30-90 days	18	143
receivables > 90 days	186	209
Total outstanding trade receivables	263	372

For the follow-up of the debtor's risk is used by Intervest Retail, please see the description of the most important risk factors and internal control and risk management systems.

Tax receivables and other current assets

in thousands €	2011	2010
Recoverable VAT	5	45
Receivables from insurance company	166	93
Recoverable VAT Factory Shopping Messancy	0	2.111
Other receivables	47	0
Total tax receivables and other current assets	218	2.249

The decrease in tax receivable assets and other current assets results primarily from the finalisation of the proceedings before the Court of Appeal of Antwerp concerning the VAT deduction for construction costs accrued in 2003 for the Factory Shopping Messancy project. The Court ruled entirely against Intervest Retail in this case. Because the VAT that was reassessed by the tax authorities had already been fully provided for in Intervest Retail's financial statements, this decision has no material effect on the 2011 results of the property investment fund.

Note 16. Shareholders' equity

Evolution of share capital

Date	Transaction	Share capital movement in thousands €	Total outstanding share capital after transaction in thousands €	Number of share issued in units	Total number of shares in units
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	0	3.332
01.11.1999	Merger GL Trust	13.758	78.428	645.778	3.977.626
01.11.1999	Capital increase (VastNed)	21.319	99.747	882.051	4.859.677
25.11.1999	Capital decrease (compensation of losses)	-7.018	92.729	0	4.859.677
29.02.2000	Capital increase (contribution in kind Mechelen Bruul)	2.263	94.992	90.829	4.950.506
30.06.2000	Capital increase (contribution in kind La Louvière)	544	95.536	21.834	4.972.340
30.06.2000	Capital increase (contribution in kind 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 2011, the share capital amounts 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 capital on one or more occasions by an amount of € 97.213.233,32 by contribution in cash 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 13 of the Royal Decree of 7 December 2010 relating to 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 7 April 2010, i.e. from 28 April 2010 onwards. This authorisation is valid until 28 April 2015. The authorisation to use authorised capital as possible means of defence in the event of a takeover bid is, pursuant to article 607, second paragraph, of the Belgian Companies Code, only valid for three years and expires on 28 April 2013. 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 2011, 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 of 7 April 2010, i.e. from 28 April 2010. This permission is valid till 28 April 2013 and is renewable.

Capital increase

All capital increases will be implemented pursuant to articles 581 to 607 of the Belgian Companies Code, subject to that stated hereafter with respect to the pre-emptive right.

Moreover, the company must comply with the provisions for the public issue of shares as defined in article 75 of the CII Act of 20 July 2004 and in articles 20 and the following of the Royal Decree of 7 December 2010 relating to property investment funds.

In case of a capital increase through a contribution in cash and without prejudice to articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities. This priority allocation right must satisfy the following conditions:

1. it is related to all newly issued securities;
2. it is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
3. a maximum price per share is announced at the latest on the eve of the opening of the public subscription period; and
4. in such a case, the public subscription period must be at least three trading days.

Capital increases realized through a contribution in kind are subject to the provisions of articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to article 13 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the following conditions must be met:

1. the identity of the contributor must be mentioned in the report referred to in article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase;
2. the issue price may not be less than the lowest value of (a) a net asset value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date;
3. except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months; and
4. the report referred to under 1° must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net asset value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

Share premium

in thousands €		2011	2010
<i>Date</i>	<i>Transaction</i>		
01.11.1999	Fusie GL Trust	4.183	4.183
Total share premium		4.183	4.183

Reserves

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

in thousands €	2011	2010
Amount at the end of the preceding financial year	-8.108	-8.108
Changes in investment value of investment properties of the preceding financial year	-125	0
Impact on disposals of investments properties of the preceding financial year	5	0
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.228	-8.108

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 recognised in this item.

The transfer of the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties are no longer, as from the financial year 2010, recorded during the financial year but only after approval of the result distribution by the general meeting of shareholders (in April of next financial year). As this concerns a transfer within two items of shareholders' equity, it has no impact on the total shareholders' equity of the property investment fund.

For the movement of the reserves during the financial year 2011, please see the statement of changes in equity.

Note 17. Provisions

in thousands €	2011	2010
Non-current provisions	0	195
Provisions for legal disputes	0	195
Current provisions	0	56
Provisions for rental guarantees from the disposal of investment properties	0	56
Total provisions	0	251

The rental guarantees from the sale of the development project Shopping Park Olen have been paid during 2011.

The write-off of the non-current provisions is part of the adjustment regarding the procedure before the Court of Appeal in Antwerp related to the VAT-regularisation for the project Factory Shopping Messancy (see note 15).

Note 18. Current liabilities

Trade debts and other current debts

in thousands €	2011	2010
Trade debts	856	810
Advances received from tenants	545	500
Invoices to be received	876	424
Other current debts	296	2.345
Total trade debts and other current debts	2.573	4.079

The other current debts comprise in 2010 a provision that has been regularised in 2011 for the VAT-regularisation related to the sale of Factory Shopping Messancy as a result of the judgement of the Court of Appeal in Antwerp (see note 15).

Other current liabilities

in thousands €	2011	2010
Dividends payable	103	424
Advances received with regard to assets held for sale	0	117
Other current liabilities	108	91
Total other current liabilities	211	632

Through the dematerialization of securities the overdue dividends of previous financial years have been collected by the investors.

Accrued charges and deferred income

in thousands €	2011	2010
Interest charges to accrue	554	553
Other charges to accrue and deferred income	332	638
Total accrued charges and deferred income	886	1.191

Note 19. 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 withdrawn credit facilities

in thousands €	2011			2010		
	Debts with a remaining duration of		Total	Debts with a remaining duration of		Total
	< 1 year	> 1 year and < 5 year		< 1 year	> 1 year and < 5 year	
Credit institutions (credits withdrawn)	37.614	89.000	126.614	46.545	70.220	116.765
Financial lease	5	22	27	3	14	17
TOTAL	37.619	89.022	126.641	46.548	70.234	116.782
Percentage	30 %	70 %	100 %	40 %	60 %	100 %

Classification by expiry date of the credit lines

in thousands €	2011			2010		
	Debts with a remaining duration of		Total	Debts with a remaining duration of		Total
	< 1 year	> 1 year and < 5 year		< 1 year	> 1 year and < 5 year	
Credit institutions (credits withdrawn)	37.614	89.000	126.614	46.545	70.220	116.765
Not-withdrawn credit lines	0	11.000	11.000	21.270	0	21.270
TOTAL	37.614	100.000	137.614	67.815	70.220	138.035
Percentage	27 %	73 %	100 %	49 %	51 %	100 %

The above table "Classification by expiry date of the credit lines" comprises an amount of € 11 million of not-withdrawn credit lines (€ 21 million on 31 December 2010). These do not form at closing date an effective debt but are only a potential debt under the form of an available credit line.

Classification by the variable or fixed character of the withdrawn credit facilities by the financial institutions

in thousands €	2011				2010			
	Debts with a remaining duration of		Total	Percentage	Debts with a remaining duration of		Total	Percentage
	< 1 year	> 1 year and < 5 year			< 1 year	> 1 year and < 5 year		
Variable	17.394	19.000	36.394	29 %	21.124	15.000	36.124	31 %
Fixed	20.225	70.022	90.247	71 %	25.424	55.234	80.658	69 %
TOTAL	37.619	89.022	126.641	100 %	46.548	70.234	116.782	100 %

In the above table “Classification by the variable or fixed character of the withdrawn credit facilities by the financial institutions” the part in terms of percentage is calculated as the relation of each component to the sum of the credit lines and the financial leasing.

Note 20. 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 these hedges are 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 the effective part of fair value of allowed hedging instruments for cash flow hedges". 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 of financial derivatives

On 31 December 2011, the company had following financial derivatives:

in thousands €	Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	2011
1. IRS callable	12.05.2008	15.04.2013	3,93 %	10.000	No	-375	-576
2. IRS	06.10.2008	06.10.2013	4,43 %	25.000	No	-1.511	-1.935
3. IRS	15.12.2008	16.12.2013	4,105 %	20.000	Yes	-1.209	-1.428
4. IRS	01.10.2009	01.10.2014	3,02 %	25.000	Yes	-1.318	-1.020
5. IRS forward	15.04.2013	15.04.2018	2,29 %	10.000	No	-156	0
6. IRS forward	06.10.2013	06.10.2018	2,60 %	15.000	No	-287	0
7. IRS forward	06.10.2013	06.10.2018	2,50 %	10.000	No	-144	0
8. IRS forward	15.12.2013	15.12.2018	2,50 %	10.000	No	-129	0
Other non-current financial liabilities						-5.129	-4.959
Accounting process on 31 December:							
✓ In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments that are subject to a hedge accounting						-2.527	-2.449
✓ In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting						-2.510	-2.384
✓ In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)						-92	-126
Total fair value financial derivatives						-5.129	-4.959

On 31 December 2011, these interest rate swaps have a negative market value of - € 5,1 million (contractual nominal value € 125 million), which is determined on a quarterly basis by the issuing financial institute. Interest rate swap 5, 6, 7 and 8 were purchased in the fourth quarter of 2011.

The fair value of the derivatives is exclusively determined by the information having an observable character for the derivative (directly or indirectly) but which is not a price listed on the active market and consequently the IRS contracts are belonging to level 2 of the hierarchy of the fair value as determined by IFRS 7.

On 31 December 2011, Interinvest Retail classifies the interest rate swaps 3 and 4 as cash flow hedges, determining that the interest rate swaps are effective. The fluctuations in value of the interest rate swaps 1, 2, 5, 6, 7 and 8 are recognised directly in the income statement.

For the description of financial risks related to financial derivatives, please see the description of the major risk factors and internal control and risk management systems.

Fair value of financial debts

in thousands €	2011		2010	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	126.641	127.464	116.782	116.809

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 a financial derivative are not taken into consideration.

Note 21. Calculation of consolidated debt ratio

On 31 December 2011, the consolidated debt ratio amounts to 36 %.

in thousands €	Note	2011	2010
Non-current financial debt	19	89.022	70.234
Other non-current liabilities		51	48
Current financial debt	19	37.619	46.548
Trade debt and other current debts	18	2.573	4.079
Other current liabilities	18	211	632
Total liabilities for calculation of debt ratio		129.476	121.541
Total assets		364.272	333.256
Debt ratio		36 %	37 %

Note 22. Related parties

The company's related parties are its majority shareholder, its subsidiaries (see note 23) and its directors and members of the management committee.

Directors and members of the management committee

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

in thousands €	2011	2010
Directors	62	62
Members of the management committee	385	371
Total	447	433

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

Note 23. List of consolidated companies

Company name	Address	Enterprise Identification number	Capital share (in %)	Minority interests in thousands €	
				2011	2010
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100 %	0	0
Total minority interests				0	0

Note 24. Fees of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2011	2010
<i>Including non-deductible VAT</i>		
Fee statutory auditor for audit mandate	88	86
Tax consulting assignments	0	1
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	88	87

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Note 25. Off-balance sheet obligations

On 31 December 2011 there are no material off-balance sheet obligations except guarantees regarding 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 26. Post-balance sheet events

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2011.

Statutory auditor's report

INTERVEST RETAIL SA
PUBLIC PROPERTY INVESTMENT FUND UNDER BELGIAN LAW

STATUTORY AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
TO THE SHAREHOLDERS' MEETING

To the shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us. 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 SA, public real estate 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 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 364.272 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 36.308 (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 2011, 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.

Antwerp, 14 February 2012

The statutory auditor,

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

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

Represented by



Frank Verhaegen



Kathleen De Brabander

Statutory annual accounts Interinvest Retail sa

The statutory annual accounts of Interinvest Retail are prepared according to the IFRS-standards and in accordance with the Royal Decree of 7 December 2010. 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 on the statutory annual accounts of Interinvest Retail sa.

Income statement

in thousands €	2011	2010
Rental income	21.008	20.764
Rental-related expenses	-15	-12
NET RENTAL INCOME	20.993	20.752
Recovery of rental charges and taxes normally payable by tenants on let properties	1.453	1.317
Charges and taxes normally payable by tenants on let properties	-1.453	-1.317
Other rental-related income and expenses	13	-3
PROPERTY RESULT	21.006	20.749
Technical costs	-717	-619
Commercial costs	-182	-185
Charges and taxes on unlet properties	29	-135
Property management costs	-1.122	-1.077
Other property charges	-46	-3
PROPERTY CHARGES	-2.038	-2.019
OPERATING PROPERTY RESULT	18.968	18.730
General costs	-1.045	-1.022
Other operating income and costs	50	28
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	17.973	17.736
Result on disposals of investment properties	1.526	167
Changes in fair value of investment properties	22.448	4.790
Other result on portfolio	-122	40
OPERATING RESULT	41.825	22.733

Income statement (continued)

in thousands €	2011	2010
OPERATING RESULT	41.825	22.733
Financial income	182	175
Net interest charges	-5.252	-5.028
Other financial charges	-23	-14
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-92	-126
Changes in fair value of financial fixed asset	-299	62
FINANCIAL RESULT	-5.484	-4.931
RESULT BEFORE TAXES	36.341	17.802
Taxes	-33	-159
NET RESULT	36.308	17.643
Operating distributable result	12.848	12.710
Result on portfolio	23.852	4.997
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	-392	-64
RESULT PER SHARE	2011	2010
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	7,15	3,47
Diluted net result (€)	7,15	3,47
Operating distributable result (€)	2,53	2,50

Statement of comprehensive income

in thousands €	2011	2010
NET RESULT	36.308	17.643
Changes in the effective part of fair value of allowed hedging instruments for cash flow hedges	78	378
COMPREHENSIVE INCOME	36.384	18.021

Appropriation of result

in thousands €	2011	2010
NET RESULT	36.308	17.643
✓ Allocation to the reserves for the balance of changes in fair value ¹¹ of real estate properties:		
- Financial year	-23.175	-4.954
- Value realised from real estate properties	-1.495	-162
✓ Transfer from the reserves of the impact on the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	819	119
✓ Transfer from the reserves for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting	92	126
✓ Transfer from /allocation to other reserves	299	-62
✓ Transfer from/ allocation to the results carried forward from previous financial years	1	-14
Remuneration of capital	12.849	12.696

Balance sheet

ASSETS in thousands €	31.12.2011	31.12.2010
Non-current assets	360.435	327.984
Intangible assets	13	16
Investment properties	359.087	326.331
Other tangible assets	162	165
Financial fixed assets	1.155	1.454
Trade receivables and other non-current assets	18	18
Current assets	3.787	5.155
Assets held for sale	333	287
Trade receivables	275	376
Tax receivables and other current assets	2.145	3.505
Cash and cash equivalents	373	750
Deferred charges and accrued income	661	237
TOTAL ASSETS	364.222	333.139

¹¹ Based on the changes in the investment value of the investment properties.

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2011	31.12.2010
Shareholders' equity	228.739	205.206
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	91.035	86.167
Net result of the financial year	36.308	17.643
Liabilities	135.483	127.933
Non-current liabilities	94.202	75.436
Provisions	0	195
Non-current financial debts	89.022	70.234
<i>Credit institutions</i>	89.000	70.220
<i>Financial lease</i>	22	14
Other non-current financial liabilities	5.129	4.959
Other non-current liabilities	51	48
Current liabilities	41.281	52.497
Provisions	0	56
Current financial debts	37.619	46.548
<i>Credit institutions</i>	37.614	46.545
<i>Financial lease</i>	5	3
Trade debts and other current debts	2.573	4.077
Other current liabilities	211	632
Accrued charges and deferred income	878	1.184
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	364.222	333.139

DEBT RATIO	31.12.2011	31.12.2010
Debt ratio (max. 65 %)	36 %	36 %

NET ASSET VALUE PER SHARE in €	31.12.2011	31.12.2010
Net asset value (fair value)	45,04	40,41
Net asset value (investment value)	46,65	41,99



According to the property experts 2011 is characterized by the stability of commercial real estate. In the rental market especially high-street brands are expansive. On the investment market investors are particularly interested in the segment to € 5 million.

(PAGE 33)



Julianus Shopping - Tongres - 8.459 m²



Identification

Name

Intervest Retail sa, public property investment fund with fixed capital under Belgian law, or “property investment fund” / “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 Orders and Decrees of 9 July 1987 under no. 870709-272.

The articles of association have been amended on numerous occasions and they were last coordinated on 27 October 2011.

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 Financial Services and Markets Authority (FSMA).

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 6, 2° of the CII Act of 20 July 2004.

The company opted for the investment category specified in article 7, first subsection, 5° of the aforementioned CII 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 27 October 2011, as published in the Appendices to the Belgian Official Gazette of 18 November 2011 under number 2011-11-18/0173655.

Duration

The company is founded for an indefinite period.

Aim of the company

Article 4 of the articles of association:

The sole purpose of the company is the collective investment in immovable properties.

The company’s primary activity is therefore the investment in immovable properties, i.e.:

- ✓ Immovable properties as it is defined in articles 517 et seq. of the Belgian Civil Code
- ✓ in rem rights to immovable properties
- ✓ voting shares issued by real estate companies managed exclusively or jointly by the company
- ✓ option rights to real estate properties
- ✓ shares of public or institutional property investment funds, provided that the latter are jointly or exclusively managed
- ✓ units in foreign institutions for collective property investment registered on the list referred to in article 129 of the Act of 20 July 2004 on certain forms of collective management of investment portfolios
- ✓ units in institutions for collective property investment located in another member state of the European Economic Area and which are not registered on the list referred to in article 129 of the Act of 20 July

2004 on certain forms of collective management of investment portfolios, insofar as they are subject to a similar control as public property investment funds

- ✓ property certificates as defined in article 5 § 4 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market; rights arising from contracts under which one or more properties have been placed under an immovable rental arrangement or any other similar rights of usufruct have been granted, as well as all other properties, shares or rights defined as immovable property by the aforementioned law or implementing orders; or all other activities permitted by the regulation that applies to the company.

The company may on an incidental basis engage in transactions and conduct studies related to all the forms of real estate described above, and it may perform all real estate-related activities, such as the purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership, and associating - within allowable limits - with all businesses having an object similar or complementary to its own, by way of merger or otherwise, insofar as these actions are permitted by the regulation applicable to property investment funds and, generally speaking, all actions engaged in are directly or indirectly associated with its object.

Pursuant to article 51 of the Royal Decree of 7 December 2010 on property investment funds, the company may only act as a property developer for occasional transactions. The company may also lease real estate without an option to purchase, and, on an incidental basis with an option to purchase, pursuant to article 37 of the Royal Decree of 7 December 2010 on property investment funds.

The company may also, on an incidental basis, invest in securities that are not considered to be property and hold non-allocated liquid assets pursuant to article 34, § 2 and article 35 of the Royal Decree of 7 December 2010 on property investment funds.

The company may also buy or sell hedging instruments, with the exception of speculative transactions, pursuant to article 34, § 3, of the Royal Decree of 7 December 2010 on property investment funds.

These investments must be diversified in order to ensure a suitable risk spread. These investments must also be carried out pursuant to the criteria defined by the Royal Decree of 4 March 1991 on certain collective investment institutions. In the event that the company were to own these types of securities, it must coincide with the short or medium-term continuation of the company's investment policy, and the securities must additionally be listed on the stock exchange of a Member State of the European Union, the NYSE, the NASDAQ, or on a Swiss exchange.

It may own liquid assets in any currency in the form of a demand deposit account or term deposit account, or in the form of any other easily negotiable monetary instrument. The company may borrow securities in accordance with the provisions allowed by law.

Financial year

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

Inspection of documents

- ✓ The articles of association of Intervest Retail sa are available for inspection at the Office of the 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 that are mentioned in the prospectus are available for inspection at the company's registered office.

Extract from the articles of association¹²

Capital - shares

Article 7 - Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 97.213.233,32 for a period of 5 years star-

ting from the publication in the Appendices to the Belgian Official Gazette of the relevant power of authorisation of the general meeting. This authorisation is renewable.

The board of directors is authorised to increase the nominal capital by monetary contribution or contribution in kind, if applicable through incorporation of the reserves or issue premiums, or by issuing convertible bonds or warrants, under regulations provided for by the Belgian Companies Code, these articles of association and article 13 of the Royal Decree of 7 December 2010 on property investment funds. This authorisation is only related to the amount of the nominal capital and not to the issue premiums.

For every 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 should decide otherwise.

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.

¹² 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.

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.

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 Financial Services and Markets Authority 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.

Besides the legal threshold mentioned in the previous paragraph, the company also provides for a statutory threshold of (3 %).

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

Administration and supervision

Article 12 - 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.

In application of what is determined by article 9, § 1, of the Royal Decree of 7 December 2010 relating to property investment funds, the board of directors is composed in such way that the company can be managed autonomously and in the sole interest of the shareholders. Three independent directors within the meaning of article 526ter of the Belgian Companies Code have to sit on the board of directors.

Where a legal entity is elected as director or member of the management board, 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, 6° and article 11 of the Royal Decree of 7 December 2010 relating to property investment funds. They may not fall under the application of the prohibitions referred to in article 19 of the law of 22 March 1993 related 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 a management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Companies Code. If a management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the 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 executive committee is appointed, the board of directors can only delegate day-to-day management of the company to a minimum of two persons, who must be directors.

The board of directors, the executive committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the Act of 20 July 2004 concerning the collective management of investment portfolios, and its implementing 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 7 December 2010 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 Financial Services and Markets Authorities, he (she) also confirms the accuracy of the information that the company has presented to the Financial Services and Markets Authorities 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 last Wednesday of April at 2.30 p.m.

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

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

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

The general meetings are held at the company's registered office or at another location in Belgium, as designated in the notice convening the meeting.

Article 22 - Participation to the general meeting

To be admitted to general meeting and to express a vote, depends on the accounting registration of bearer shares of the shareholder on the fourteenth day prior to the general meeting at midnight (Belgium time) (name hereinafter "registration date"), either by subscription to the register of bearer shares of the company, either by subscription by an authorized account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the amount of shares held by the shareholder on the day of the general meeting.

Owners of dematerialized shares or bearer shares informing the company of their wish to attend, must provide a certificate that have been that has been filed with a financial intermediary or authorized account holder, attesting the number of dematerialized shares that have been registered in their accounts on the registration date in the name of the shareholder or the number of bearer shares that have been registered, attesting that the shareholder wish to attend the general meeting. This filing have to be done at latest the sixth day prior to the general meeting date at the registered office or at the institutions mentioned in the invitation.

Owners of nominative shares communicate their wish to participate to the company, by ordinary mail, fax or e-mail at least the sixth day before the date of the general meeting.

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.

Appropriation of the result

Article 29 - Appropriation of profit

The company distributes annually as share capital at least 80 % of the in Chapter III of Annex C of the Royal Decree of 7 December 2010 relating to property investment funds fixed amount as remuneration of the share capital. This obligation is not detrimental to article 617 of the Belgian Companies Code. Besides, the clauses recorded in article 27 of the Royal Decree of 7 December 2010 relating to property investment funds have to be respected.

Statutory auditor

On 7 April 2010, Deloitte Réviseurs d'Entreprises sc under the form of a SCRL, which is represented by Kathleen De Brabander and Frank Verhaegen, 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 2013.

The remuneration of the statutory auditor amounts to € 68.150 (excl. VAT, incl. costs) a year from the financial year that started on 1st January 2011 for the auditing of the statutory and consolidated annual accounts of the property investment fund.

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:

- ✓ Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Kris Peetermans.
- ✓ de Crombrughe & Partners, 1160 Brussels, avenue Herrmann-Debroux 54. The company is represented by Guibert de Crombrughe.

- ✓ CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Peter de Groot.

In accordance with the Royal Decree of 7 December 2010, 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 formalised in the Royal Decree of 7 December 2010 relating to property investment funds 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 property investment funds will guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a whole range of benefits.

The property investment fund is monitored by the Financial Services and Markets Authority and is subject to specific regulations, the most notable provisions of which are as follows:

- ✓ adopt the form of a limited liability company or a limited partnership with a share capital with a minimum capital of € 1.200.000
- ✓ a company with fixed capital and a fixed number of shares
- ✓ compulsory listing on the stock exchange
- ✓ limited possibility for concluding mortgages
- ✓ a debt ratio limited to 65 % of the total assets; if the consolidated debt ratio exceeds 50 %, a financial plan has to be drawn up
- ✓ annual financial interest charges resulting from bor-

rowings may under no circumstances exceed the threshold of 80 % of the operating distributable result before result on portfolio increased with the financial income of the property investment fund

- ✓ strict rules relating to conflicts of interests
- ✓ the portfolio must be recorded at market value without the possibility of depreciation
- ✓ a three-monthly estimate of the property assets by independent property experts
- ✓ risk spread: a maximum of 20 % of assets in one building, except certain exceptions
- ✓ a property investment fund may not engage itself in “development activities”; this means that the property investment fund can not act as a building promoter aiming to erect buildings in order to sale them and to cash a developer’s profit
- ✓ exemption from corporation tax provided that at least 80 % of the operating distributable result are distributed
- ✓ a deduction of withholding tax on dividend of 21 % when paying out dividends (except certain exemptions or increases)

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 gains and tax-free reserves.

Statement to the annual report

Pursuant to 13 § 2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), EMSO Bvba permanently represented by Chris Peeters, Nick van Ommen, Hubert Roovers, Taco de Groot and Tom de Witte, declares that according to its 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 7 December 2010, 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 that Intervest Retail is confronted with.

Terminology

Acquisition value of an investment property

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

Corporate governance

Corporate governance is an important instrument 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 relation of all the liabilities (excluding provisions and accrued charges and deferred income) less the negative change in the fair value of the financial coverage instruments, compared to the total assets. The calculation method of the debt ratio is pursuant to article 27 § 1-2° of the Royal Decree of 7 December 2010. By means of this Royal Decree the debt ratio of the property investment funds is 65 %.

Diluted net result

The diluted net result 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.

Gross initial yield

The gross initial yield is calculated as the relation between rental income on an annual basis on the acquisition date of the investment property and the investment value of the investment property.

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 of 21 % (as from 31 December 2011).

Net dividend yield

The net dividend yield is equal to the net dividend divided by the share price on closing date.

Occupancy rate

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

Operating distributable result

The distributable operating result is the operating result before the result on portfolio less the financial result and taxes, and exclusive 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 on the basis of the statutory annual accounts of Interinvest Retail.

Ordinary earnings (loss) per share

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 ratio 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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