Feel Real Estate

INTERVEST
RETAIL

2012
ANNUAL REPORT

Feel Real Estate

INTERVEST RETAIL

2012
ANNUAL REPORT


LUPO

Brussels - 245 m²

KEY FIGURES

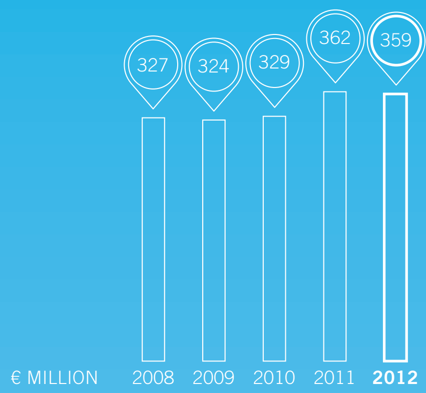
INTERVEST RETAIL:

- 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 criterions 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

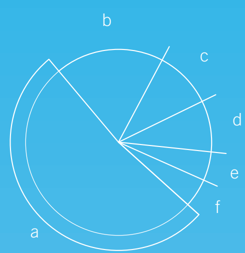
Risk spread of the real estate portfolio

Real estate portfolio	**31.12.2012**	31.12.2011
Fair value of investment properties (€ 000)	**359.183**	362.213
Total leasable space (m²)	**151.041**	161.573
Occupancy rate (%)	**97,3 %**	96,6 %

Evolution of fair value of investment properties



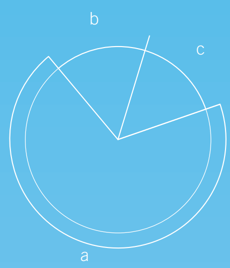
Sector of tenants



a — 52% Clothing, shoes and accessories
b — 19% Domestic articles, interior and do-it-yourself
c — 10% Leisure, luxury articles and personal care
d — 9% Specialised food shops and department stores
e — 5% TV, hifi, electrical articles multimedia and telephone
f — 5% Other

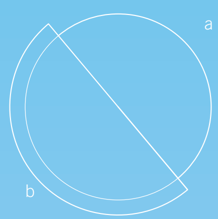
Brussels - 6.578 m²

Geographic spread



a — 69% Flanders
b — 16% Walloon region
c — 15% Brussels

Type of retail property



a — 50% Retail warehouses and shopping centers
b — 50% Inner-city shops

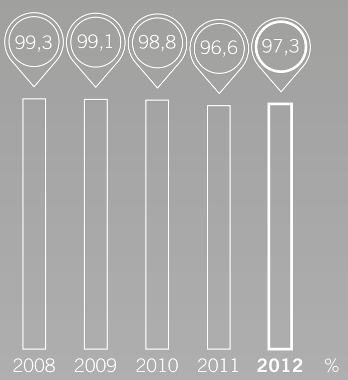
Strong balance sheet: debt ratio 33 %

Key figures	**31.12.2012**	31.12.2011
Shareholders' equity (€ 000)	**235.080**	228.739
Liabilities (€ 000)	**127.854**	135.533
Debt ratio (%)	**33 %**	36 %

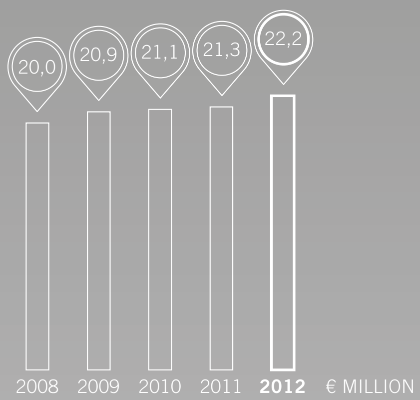
Key figures per share	**31.12.2012**	31.12.2011
Number of shares	**5.078.525**	5.078.525
Net asset value (fair value) (€)	**46,29**	45,04
Net asset value (investment value) (€)	**48,07**	46,66
Net asset value EPRA (€)	**47,61**	46,06
Share price on closing date (€)	**47,60**	44,98
Premium to net asset value (fair value) (%)	**3 %**	0 %

Positive results

Occupancy rate: 97,3 %



Rental income: € 22,2 million



Distribution of gross dividend: € 2,62 per share

GROSS DIVIDEND OF INTERVEST RETAIL INCREASES BY 3,6 % TO € 2,62 PER SHARE IN 2012

Results

in thousands €	2012	2011
Rental income	**22.245**	21.300
Rental-related charges	**-133**	-54
Property management costs and income	**19**	13
Property result	**22.131**	**21.259**
Property charges	**-2.605**	-2.066
General costs and other operating income and costs	**-989**	-1.013
Operating result before result on portfolio	**18.537**	**18.180**
Result on disposals of investment properties	**918**	1.526
Changes in fair value of investment properties	**6.406**	22.043
Other result on portfolio	**91**	-56
Operating result	**25.952**	**41.693**
Financial result (excl. changes in fair value - IAS 39)	**-5.166**	-5.260
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	**-2.090**	-92
Taxes	**-32**	-33
Net result	**18.664**	**36.308**

Note:		
Operating distributable result	**13.290**	12.848
Result on portfolio	**7.415**	23.513
Changes in fair value of financial assets and liabilities (non-effective hedges - IAS 39) and other non-distributable elements	**-2.041**	-53

Result per share	2012	2011
Number of shares entitled to dividend	**5.078.525**	5.078.525
Net result (€)	**3,68**	7,15
Gross dividend (€)	**2,62**	2,53
Net dividend[1] (€)	**1,97**	2,00

[1] Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21% to 25% (subject to certain exemptions).

Financial calendar

Announcement of annual results as at 31 December 2012:	Friday 8 February 2013
General meeting of shareholders:	Wednesday 24 April 2013 at 2.30 pm
Dividend payable:	
Ex dividend date 2012	Tuesday 30 April 2013
Record date dividend 2012	Thursday 2 May 2013
Dividend payment 2012	as from Friday 3 May 2013
Interim statement on the results as at 31 March 2013:	Tuesday 7 May 2013
Half-yearly financial statement as at 30 June 2013:	Tuesday 30 July 2013
Interim statement on the results as at 30 September 2013:	Friday 25 October 2013

Dividend yield

ON 31 DECEMBER 2012 THE SHARE PRICE
OF INTERVEST RETAIL IS € 47,60
OFFERING A GROSS DIVIDEND YIELD OF 5,5 %

Ghent - 279 m²




SALE

BONGO

Contents

Letter to the shareholders

Dear shareholder,

Despite the increased impact of the economic crisis on consumers and retailers in 2012, it was again a strong year for the property investment fund Intervest Retail. The operating distributable result per share of the property investment fund is 3,6 % higher than in 2011 and the fair value of the real estate portfolio has increased by 1,8% (like-for-like).

The quality of the property investment fund's commercial locations, both in the periphery and in the city centre, has also been confirmed in the past year with the addition in the portfolio of a number of new top retailers, such as Desigual, Calzedonia, Rituals and Armani Jeans.

In the top shopping streets of large cities, as well as in the best retail parks, rents continue to increase despite the crisis. Thanks to effective management, we are successful, time and again, in exploiting the potential of our strong locations when entering into new lease contracts.

Although the crisis, quite a few retailers remain positive, have sufficient confidence and remain focused on expansion, which supports the commercial real estate market. First and foremost, there are a number of strong Belgian retail organisations that are expanding in a well thought-out manner. However, the unbridled expansion of retailers in cities with less than 50.000 inhabitants is no longer seen. There is a clear demand for top quality, and the decision-making is critical.

Furthermore, there is also a clear trend towards the expansion of retail spaces, often for existing commercial locations with under-utilised potential. This phenomenon is especially strong among supermarkets and fashion retailers. For example, Intervest Retail once again saw the expansion of shops owned by Aldi in the past year, namely at the Gouden Kruispunt in Tielt-Winge.

In spite of these positive signs for the future and although the disaster scenarios for the Eurozone seem to be under control at present, it is clear that the economic crisis will continue for some time. There is also a lot of concern among consumers. Major factory closures, such as that of Ford in Genk and Arcelor Mittal in Liège, have a significant impact on consumer confidence.

The retail market, and hence also commercial real estate, are facing a number of important challenges. The growing importance of internet sales is forcing retailers to adapt their business model. Furthermore, the consumer is becoming increasingly better informed, critical and less predictable.

When shopping, consumers are more often choosing destinations that offer a pleasant experience, and they also want to vary these destinations. On one occasion, this destination may be a large shopping centre, while at another time it may be a popular and easily accessible retail park or the city.

In the meantime, as the only Belgian property investment fund, Intervest Retail has developed a high-quality position at prime city locations. This makes Intervest Retail a unique investment and the property investment fund aims to strengthen its position at these city centre locations, with a clear focus on high-quality locations in larger cities. At year-end 2012, 50 % of the portfolio consists of retail warehouses and 50 % of inner-city shops, of which some top locations in larger cities. Given the limited debt ratio of 33 %, the fund is in a very comfortable position to respond quickly to new opportunities.

THE GROSS DIVIDEND OF INTERVEST RETAIL INCREASES BY 3,6 % TO € 2,62 PER SHARE IN 2012.

THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO INCREASES BY 1,8 % (LIKE-FOR-LIKE) AS A RESULT OF THE STRONG DEMAND FOR QUALITATIVE REAL ESTATE ON THE INVESTMENT MARKET.

ALSO IN 2012 THE QUALITY OF THE COMMERCIAL LOCATIONS OF INTERVEST RETAIL'S REAL ESTATE PORTFOLIO HAS BEEN CONFIRMED BY THE ARRIVAL OF NEW TOP RETAILERS SUCH AS DESIGUAL, CALZEDONIA, RITUALS AND ARMANI JEANS.

THE DEBT RATIO REMAINS LIMITED AND AMOUNTS ONLY TO 33 % ON 31 DECEMBER 2012.

INTERVEST RETAIL HAS SOLD IN 2012 THREE RETAIL WAREHOUSES, FOR A TOTAL AMOUNT OF € 11 MILLION, REPRESENTING APPROXIMATELY 3 % OF ITS REAL ESTATE PORTFOLIO.

RETAILERS ARE ALSO IN 2012 STILL WILLING TO PAY HIGHER RENTS WHEN RENEWING LEASE CONTRACTS FOR LOCATIONS THAT HAVE PROVEN THEIR QUALITY.

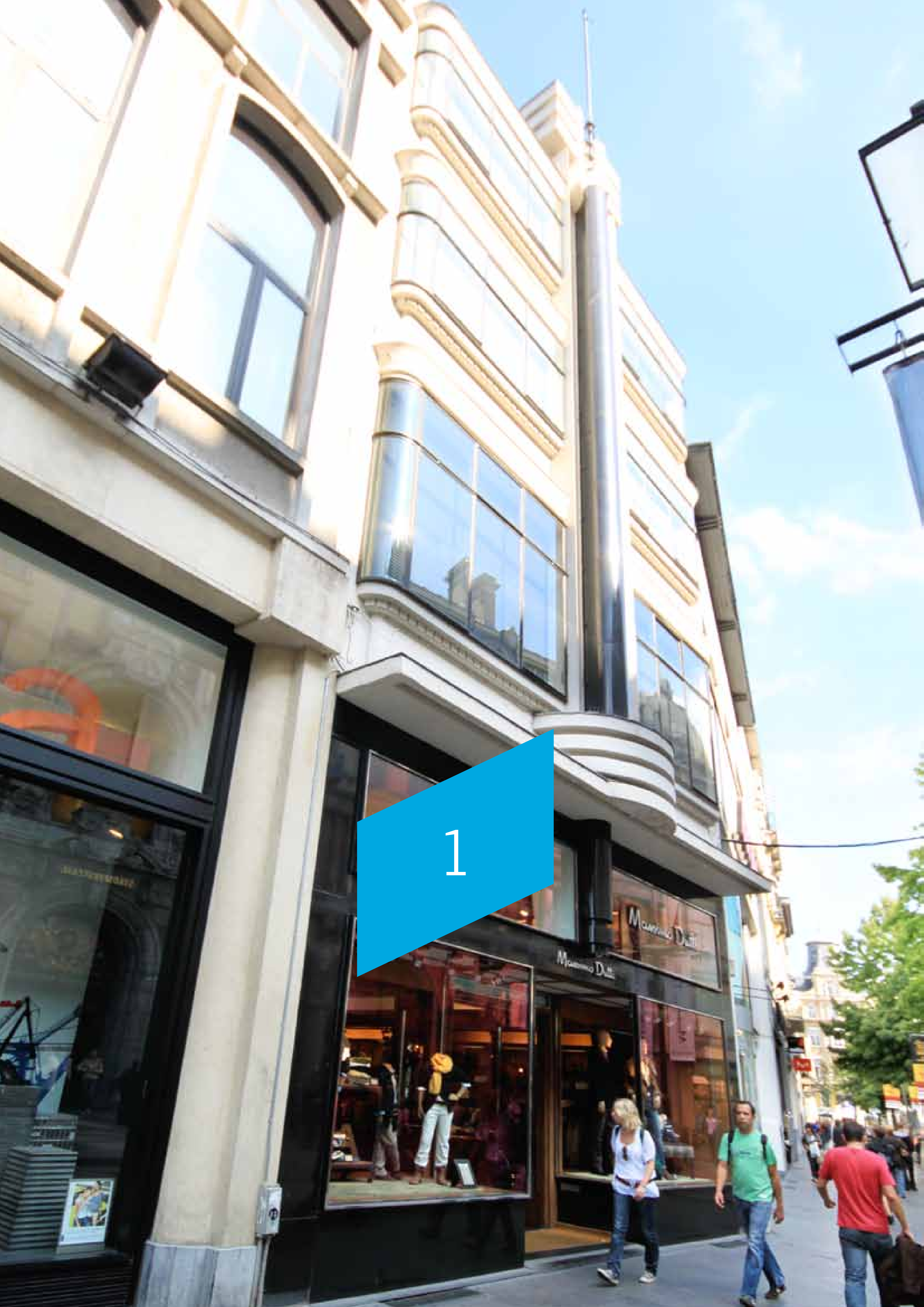
We continue to take due care of and optimise the existing retail park portfolio and premises in smaller cities. However, if there is an opportunity to sell these at sufficiently attractive terms, this will certainly be considered. For example, in 2012, we have sold premises for € 11 million with a capital gain of approximately 3 % compared to the fair value at 31 December 2011.

Also in 2013 we will pursue our efforts to inform retailers and real estate agents about our activities, among others through the further development of a structured account management.

For the financial year 2012, we can offer a gross dividend of € 2,62 per share compared to € 2,53 per share for the financial year 2011, which represents an increase of 3,6 %. This implies that the gross dividend yield of the share is 5,5 % based on the share price on 31 December 2012.

We want to make use of this opportunity to thank you for the confidence in these uncertain times. We also thank our loyal clients-tenants for the trust in our locations and our relation, as well as all our employees for their efforts and dedication during last year.

The board of directors	**Taco de Groot** Director	**Jean-Pierre Blumberg** Chairman of the board of directors

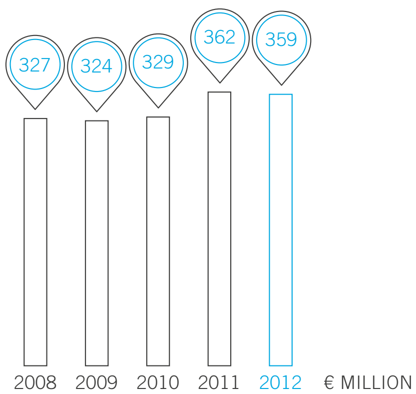

1
Massimo Dutti
Massimo Dutti

REPORT OF THE BOARD OF DIRECTORS

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 258 leasable units, spread over 90 different locations.

Evolution of fair value of investment properties



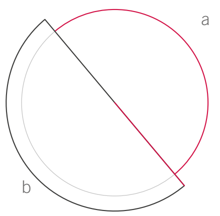
ON 31 DECEMBER 2012, THE PORTFOLIO CONSISTS OF 50 % OF INNER-CITY LOCATIONS AND 50 % OF RETAIL WAREHOUSES AND SHOPPING CENTRES. THE TOTAL FAIR VALUE OF THE PORTFOLIO AMOUNTS TO € 359 MILLION AT 31 DECEMBER 2012

Antwerp - 583 m^2

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.

Type of real estate

Retail warehouses and shopping centers	50%	a
Inner-city shops	50%	b



Wilrijk - 4.884 m²

Investment policy

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

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

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

Intervest Retail wishes in term to have 65 % of its investments on top locations in the inner-city of larger cities. Intervest Retail believes that these top locations guarantee the most authentic and unique experience and also provide most certainty as investment object on the long run.

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.

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.

IN 2012 THE FREE FLOAT OF THE SHARE HAS INCREASED FROM 27,6 % TO 34,5 %

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.

Corporate governance statement

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

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
- Attendance: 6/8

Taco de Groot
Director
- Address:
  Schubertlaan 16
  3723 LN Bilthoven
  The Netherlands
- Term:
  April 2014
- Function:
  Chief executive officer Vastned Retail
- Attendance: 6/8

Tom de Witte
Director
- Address:
  Kamerlingh Onnesstraat 69
  2984 ED Ridderkerk
  The Netherlands
- Term:
  April 2015
- Function:
  Chief financial officer
  Vastned Retail
- Attendance: 8/8

Hubert Roovers
Director
- Address:
  Franklin Rooseveltlaan 38
  4835 AB Breda
  The Netherlands
- Term:
  April 2014
- Function:
  Director of companies
- Attendance: 7/8

Nick van Ommen
Independent director
- Address:
  Beethovenweg 50
  2202 AH Noordwijk aan Zee
  The Netherlands
- Term:
  April 2013
- Function:
  Director of companies
- Attendance: 7/8

Jean-Pierre Blumberg
Chairman, independent director
- Address:
  Plataandreef 7
  2900 Schoten
  Belgium
- Term:
  April 2013
- Function:
  Managing partner Linklaters LLP
- Attendance: 8/8

Management entities

Board of directors

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.

The board of directors met eight times in 2012. The most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions in 2012 have been:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2012 and the business plan 2013
- discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, insurances, renovations, etc.)

During the financial year 2012, Taco de Groot and Tom de Witte have represented the majority shareholder Vastned Retail sa.

Audit committee

In 2012, the audit committee comprises three independent directors:

- Nick van Ommen (chairman) (attendance 3/4)
- Jean-Pierre Blumberg (attendance 4/4)
- EMSO sprl, permanently represented by Chris Peeters (attendance 2/4)

In 2012, these independent directors fulfil all nine criteria of independence pursuant to article 526ter of the Belgian Companies Code. The term of their mandate in the audit committee is not specified.

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.

In 2012, the audit committee met four times. The most important items on the agenda of the audit committee in 2012 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

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

Management committee

On 31 December 2012, the management committee comprises:

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

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 Taelemans sprl) are also the effective leaders of the company pursuant to article 39 of the act of 3 August 2012 relating to certain forms of collective management of investment portfolios.

Evaluation of 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.

Management committee
Rudi Taelemans, Jean-Paul Sols and Inge Tas

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 3 August 2012 relating to certain forms of collective management of investment portfolios 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."

Antwerp - 291 m^2

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).

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 2012.

Ghent - 265 m²

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 2012

- **directors**

In 2012, 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 2012 to the members of the management committee, amounts to € 387.759, of which € 118.464 is for the chairman of the management committee. No options have been granted to the management committee on shares of the property investment fund.

Bonus for 2011, paid in 2012

The three members of the management committee may be eligible for an annual combined bonus of maximum € 31.000. The amount of bonus to be granted is determined on the basis of measurable criteria linked to agreed performance levels.

In 2011, these criteria were in the area of re-lettings, the occupancy rate, investments, sustainability, the commercialisation of Julianus Shopping in Tongeren and the refinancing of credit facilities with financial institutions. Based on targets achieved in 2011, a total bonus of € 31.000 was awarded in 2012. No reclamation rights are foreseen for the variable remuneration.

Tongres - 8.459 m²

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 2011.

Basic remuneration for 2013 and bonus for 2012

The annual fixed fee of the independent non-executive directors remains unchanged with respect to the above-mentioned fees of 2012.

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 2,23 % as on 1 January 2013.

Bonus criteria for 2012 are in the area of re-lettings, marketing of the fund, the occupancy rate, investments within the framework of the strategy, sustainability, the commercialisation 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 € 39.500. Based on the target achieved in 2012, a total bonus of € 35.500 is awarded. No additional bonus will be paid for 2012.

Duration and termination conditions

Members of the board of directors are appointed for a period of 3 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).

Major risk factors and internal control and risk management systems

In 2012, the board of directors of Intervest Retail once again focuses attention on the risk factors with which Intervest Retail must contend.

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

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, with a focus on inner-city shops. Retail warehouses and shopping centres also belong to the portfolio. Furthermore, the property investment fund tries to spread as well as possible the geographic locations of its properties.

  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 2012, 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 € 53 million or 14 %. As a result, the debt ratio of the property investment fund would increase by 6 % to 39 % (in this regard, also see the "Sensitivity Analysis" in the Property 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 changes 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, specialized 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 realised 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 2012, 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 2012, the number of days of outstanding customers' credit is only 3 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 minimize 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 (€ 77 million for inner-city shops and € 78 million for retail warehouses and shopping centres), as compared to a fair value of investment properties of € 359 million on 31 December 2012 (€ 201 million for inner-city shops and € 158 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.

  The exit tax, which is due by companies acquired by the property investment fund via merger, is calculated while taking Circular Letter Ci.RH.423/567.729 of 23 December 2004 into account. The way in which this circular letter is interpreted or applied in practice can always vary. This 'actual tax value', as the circular letter refers to it, is calculated by deducting registration fees or VAT, and differs from the fair value of the property as recorded on the fund's balance sheet (in accordance with IAS 40).

  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 2012 is 3,1 years.

  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 2012. 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 € 330 million in case of an unchanged valuation of the existing real estate portfolio. On 31 December 2012 the debt ratio amounts to 33 %.

- **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 convenants of credit facilities must be complied with on a continuous basis.

  On 31 December 2012, Intervest Retail has non-withdrawn credit lines of € 21 million available for its operations and dividend payment.

- **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 variable 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 2012, 66 % of the credit lines of the property investment fund are financing with a fixed interest rate are fixed by interest rate swaps. 34 % of the credit facilities have a variable interest rate. The fixed interest rates are fixed for a remaining average duration of 3,9 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 5 banks:

  - banks providing financing are: ING Belgium sa, BNP Paribas Fortis, Banque LBLux sa, Belfius Bank and Insurance sa and KBC Bank sa.
  - banks which are counterparties for the interest rate hedges are: BNP Paribas Fortis, 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 2012, this cash position amounts to € 0,2 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 2012, the real estate portfolio is valued every quarter by three independent experts, de Crombrugghe & 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.

"Comply or explain"-principle

In 2012, 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

Intervest 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.

Intervest 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 Intervest 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 the investment property

In 2012, Intervest Retail examined a range of options for generating renewable energy via solar panels installed on specific roadside stores. To do this, companies were approached and asked to install photovoltaic systems on the rooftops of larger buildings, such as storage warehouses, at their own expense and by means of a building agreement. The green energy generated would then be provided to the tenants at favourable rates.

However, the roof surface area of Intervest Retail's retail warehouses appears to be too limited to make this profitable for these businesses. Subsidies for projects like these have largely been scaled back as well, which makes them more difficult to finance.

This is why Intervest Retail has opted to install solar panels on its own, and has chosen the retail warehouses located on Boomsesteenweg 660 in Wilrijk for this project because the roof surface area of these buildings is large enough. The energy that is generated is provided at favourable rates to the following tenants: AS Adventure, Tony Mertens, Brantano and Prémaman. Intervest Retail receives a subsidy of € 250 per 1.000 kWh of energy generated for this project. This investment in solar panels amounts to € 0,5 million and generates a yield of 7,6 %.

2

REPORT OF THE MANAGEMENT COMMITTEE

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 2012, and a look ahead to 2013.

Intervest Retail invited its three real estate experts to come and discuss the current investment and commercial lease market. This discussion took place on 10 January 2013.

Discussion partners: Jean-Paul Sols and Rudi Taelemans (Intervest Retail), Kris Peetermans, Mathias Gerrits, Jef Van Doorslaer and Boris van Haare Heijmeijer (Cushman & Wakefield), Pieter Paepen, Peter de Groot and Frederic Vandeputte (CB Richard Ellis) and Guibert de Crombrugghe (de Crombrugghe & Partners). The auditor for Intervest Retail, Deloitte Bedrijfsrevisoren, has also followed the discussions.

IN THE OPINION OF THE REAL ESTATE EXPERTS, THE BELGIAN INVESTMENT AND COMMERCIAL LEASE MARKET FOR RETAIL PROPERTIES REMAINS STABLE FOR CITY CENTRES, RETAIL WAREHOUSES AND SHOPPING CENTRES

Economic situation

The European retail market is undergoing a period of crisis, with rising unemployment figures and low consumer confidence. For several retail chains, this is leading to lower turnover as well as bankruptcies. Consumer confidence is also on the decline in Belgium. In contrast to the general European trend, however, the turnover of most Belgian retailers remains stable or is even rising. This phenomenon is typical of the Belgian retail market: turnover figures exhibit fluctuations which are not as extreme as those in other European countries, during both strong and weak economic periods.

Round table discussion among real estate experts

Rental market

The uncertainty in the European market has led Belgian retailers to be more careful and discerning. They still possess sufficient investment capacity for new retail outlets, but are becoming more selective. They remain primarily active in Belgium's top 6 shopping streets (Antwerp's Meir, Brussels' rue Neuve, Liège's Vinâve d'Ile, Ghent's Veldstraat, Hasselt's Hoogstraat, Bruges' Steenstraat and Brussels' avenue Louise) and in the better peripheral locations, but their interest in shopping centres, secondary shopping streets and city centres has clearly diminished.

Leasing activity has nonetheless remained stable overall relative to 2011, and is still higher than in 2009 and 2010. Since 2004, rent levels have increased steadily. Relatively stable rent levels are anticipated for 2013. Owners are willing to grant walk-in rentals and discounts in order to achieve a higher level over the long term.

Stable rent levels are expected for Belgium's top 6 shopping streets. Prime rents on Antwerp's Meir and Brussels' Nieuwstraat are currently € 1.800/m². For lease contracts in the best shopping streets - those which were negotiated when the economy was strong and which have since reached their first lease renewal date - it appears that most tenants are requesting that their lease be renewed on identical terms. A request for lower rent following the expiry of the first nine-year period remains uncommon.

The influx of new retail concepts, which often inject new dynamism into the market, enjoyed a relatively limited share of market activity in 2012. Among the newcomers to the Belgian market is Ethan Allen, which has opened locations in both the Zavel District of Brussels as well as on Antwerp's Lange Nieuwstraat. Others include Picard, Vicomte Arthur, Artu Napoli, Sam Friday, etc.

Rent levels for retail warehouses have also seen substantial growth in recent years. Current rents for retail warehouses are roughly € 150 m²/year for the best locations. Tenants which before operated primarily in the city centre, such as H&M, Lola & Lisa, C&A, Torfs, Veritas and Standaard Boekhandel, are also opening locations in retail parks that can support the demand. In the meantime, the 'discount' reputation of retail warehouses has faded significantly compared to what it used to be. Rents for these properties remain stable, while those of shopping centres and secondary city centres are coming under slight pressure.

For the time being, vacancy is still not a widespread problem in the Belgian retail real estate market. In the top 6 shopping streets, vacancy is limited to a mere 0,1 %. The overall vacancy figures published in the media provide a somewhat distorted view, given that shops which are undergoing a transformational phase are often included in these vacancy figures as well. These properties are often still generating rent. It cannot be understated that, in secondary locations, retailers are choosing to close outlets faster than ever before if they are not profitable. There is clearly vacancy in some cities, and this is usually related to a local oversupply of retail space or unsuitable local policies concerning mobility and parking.

Investment market

2012 is characterised by its high investment volume. For the first time, more investments are made in retail real estate than in offices. This is mainly due to the fact that private investors are showing a high degree of interest in retail property investments.

Yields remain relatively stable in the investment market in 2012. For bigger transactions exceeding € 10 million, the prime yield is roughly 4,25 % for the very best locations.

As always, private investors are especially active, and were sometimes willing to pay unusually low yields. High net-worth investors are particularly active in the segment up to a maximum of € 5 million. But since 2012, they clearly appear to have broken through this ceiling, and are also concluding bigger transactions as well.

Projects

Three new large-scale retail projects are expected in the Brussels periphery in the years to come. Uplace in Machelen will be equipped with 55.000 m² of retail surface area, will contain both small and large retail spaces and will be aimed at a target audience in the greater Brussels area, which includes cities such as Malines and Louvain. Just Under the Sky, near Schaerbeek, will consist of 60 % larger retail spaces, and is limiting its range to customers in the northern periphery of Brussels. Both projects are slated for completion by 2014-2015. The third project, NEO at the Heysel, is not expected to be completed until 2020.

Antwerp - 678 m²

Important developments in 2012

Lettings

ALSO IN 2012 THE QUALITY OF THE COMMERCIAL LOCATIONS OF INTERVEST RETAIL'S REAL ESTATE PORTFOLIO HAS BEEN CONFIRMED BY THE ARRIVAL OF NEW TOP RETAILERS SUCH AS DESIGUAL, CALZEDONIA, RITUALS AND ARMANI JEANS

Retailers have displayed a lower urge for expansion in 2012 than in previous years. They prefer to assume a wait-and-see attitude and set their demands higher. They are withdrawing from locations that are less good or renewing rental contracts at the prevailing terms and conditions.

As the real estate portfolio of Intervest Retail consists mainly of retail real estate on top locations, many of the concluded transactions still result in equal or increasing rental levels. In the second semester of 2012, when letting retail warehouses on the Boomsesteenweg in Wilrijk and at the Gouden Kruispunt in Tielt-Winge, an average rental increase of largely 30 % compared to the current rent has still been realised. The Antwerp city centre remains strong, as demonstrated by a rental contract renewal with an increase in rent of almost 48 % as compared to the current rent.

Besides, Intervest Retail could close 2012 with two important lettings in some key premises of its portfolio in Antwerp, good for an average rental increase of approximately 5 %. In both cases the commercial lease contracts have been concluded for a period of 9 years.

Antwerp - 140 m²

LEYSSTRAAT 28-30: ARMANI JEANS

For the monumental corner building on the Leysstraat 28-30 a new lease contract has been signed with Armani Jeans. The lease contract takes effect on 1 July 2013 and after transformation works, the group Armani will open on this top location its second shop in Antwerp, after the Emporio Armani-store on Hopland.

Within the Armani group, one of the most important luxury groups worldwide, the Armani Jeans line is a contemporary and relaxed interpretation of the Armani style. It offers a large men's and women's ready-to-wear collection, parallel to the denim segment which constitutes the heart of the collection, as well as a complete range of accessories (bags, shoes, glasses and perfume). The Armani Jeans shop will be spread over two levels, good for a total surface area of 528 m².

LEYSSTRAAT 17: RITUALS

Crosswise the above mentioned premises, a lease contract taking effect on 1 March 2013 has been concluded with Rituals for the building located Leysstraat 17. Rituals which is situated in the luxury segment "Home and Body Cosmetics", leases 140 m² on the ground floor and will with its arrival further perpetuate its strong presence in the inner-city of Antwerp. Simultaneously the Leysstraat welcomes herewith a qualitative retailer perfectly completing the mix. Rituals has currently largely 220 shops worldwide, besides a web shop and shop-in-shops in leading department stores, airports and hotels.

During the financial year 2012 a total of 8 lease contracts have been signed with new tenants, generating an average rental increase of 21 % compared to previous rent. Besides, 25 rental renewals have been concluded with existing tenants, generating a rental increase of 22 % on average. This gives a global rental increase of 22 % for these rental transactions which represent approximately 15 % of the total rental income of the portfolio. Highlights are the inner-city of Antwerp (+ 19 %) and the retail warehouses at the Gouden Kruispunt in Tielt-Winge (+ 35 %) and on the Boomsesteenweg in Wilrijk (27 %). These transactions will take effect in the coming months.

However, Intervest Retail has experienced that retailers are growing more selective and are no longer prepared to pay higher rents. Spaces from which the tenant has departed are sometimes vacant for spans of time or remain empty for longer times. The occupancy rate of the property investment fund still remains high at 97,3 % as of 31 December 2012. The increase compared to 31 December 2011 is partly due to the letting to Desigual in Namur and a few temporary rentals of empty units. Intervest Retail will continue to make further efforts to limit vacancy also in 2013.

The renovation of the retail park Roosevelt Centre in the centre of Vilvorde has been completed successfully. Intervest Retail does currently the utmost to let the centre entirely. Presently three units are still available. The redevelopment has led to an increase in value of the premises of largely 10 % (compared to the fair value just before the redevelopment, being 31 March 2011).

The situation for Julianus Shopping in Tongeren remains unchanged. The occupancy rate of the centre amounts to approximately 91 % on 31 December 2012. Currently four units are still to be let but Intervest Retail expects some tenants to leave the centre in 2013.

Yields of retail warehouses as well as of inner-city shops have slightly decreased through the positive evolution of rental values and through lowering of yields as a result of the favourable developments on the Belgian investment market for commercial real estate. The average yield of the portfolio of the property investment fund reaches 6,9 % for retail warehouses on 31 December 2012 (6,9 % on 31 December 2011) and 5,4 % for inner-city shops (5,5 % on 31 December 2011). The top yield is reserved to a shop located in the Huidevettersstraat in Antwerp with 4 %. On 31 December 2011 it still reached 4,1 %.

Vilvorde - 8.069 m²

Stability problems in the inner-city shop in Malines

Stability problems occurred at the end of August 2012 in the inner-city shop of Intervest Retail, located Bruul 40/44 in Malines. The conclusions of the architectural engineers show a local building problem at the height of the separation between the shop let to Coolcat and the one let to H&M. Locally the steel structure has been overloaded and has moved. A local subsidence caused large cracks in the facade. Until now, the reason of this subsidence is not yet clearly determined.

Necessary consolidation works have been carried out and the security of the premises is guaranteed. The H&M shop reopened after two weeks. However, the Coolcat shop remains closed as the shop has been shored up. The termination of the lease contract with Coolcat was already planned for the end of 2012 in the framework of the planned renovation works to the building.

Intervest Retail has obtained the building permit for the concerned premises for the realisation of a residential project of 19 lofts above the shops, the renovation of the facade of the H&M building and the reconstruction of the corner building where Coolcat is was located. Given the planned demolition of the Coolcat shop for this residential project, the repair costs for this part of the building will remain limited.

Intervest Retail has concluded an insurance "Public-Liability Buildings" for the intervention to damages against third parties, for which Intervest Retail could possibly be liable.

On the basis of its contractual responsibility against its tenants, which does not fall under the public-liability insurance, a possible indemnity is due by Intervest Retail to Coolcat and H&M. Presently the responsibility of Intervest Retail has not been determined and the amount of the suffered damages is not yet known. A legal expert has been designated to determine within the next months the cause of the damage and to define the consequential responsibility.

After the deposition of the report of the legal expert regarding the cause of the stability problems, Intervest Retail will consult its technical advisors and consider the feasibility of the renovation project (development of 19 lofts on the top floors) and adapt it if necessary.

Evolution of fair value of real estate portfolio

In 2012, the fair value of the real estate portfolio evolves from € 362 million to € 359 million. This decrease can be detailed as follows (in million €):

Fair value of the portfolio at 1 January 2012	**362**
investments in the existing portfolio	2
acquisitions of investment properties	0
disposals of investment properties	-11
unrealised capital gains	9
unrealised capital losses	- 3
Fair value of the portfolio at 31 December 2012	**359**

The scarcity in the retail real estate investment market in 2012 has resulted in a further increase in value of 1,8 % 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 lease contracts and renewals of existing lease contracts at higher rental prices.

Divestment of investment properties

INTERVEST RETAIL HAS SOLD IN 2012 THREE RETAIL WAREHOUSES, FOR A TOTAL AMOUNT OF € 11 MILLION, REPRESENTING APPROXIMATELY 3 % OF ITS REAL ESTATE PORTFOLIO

In the long term the strategy of Intervest Retail is to reduce the share of retail warehouses in the real estate portfolio and to evolve to a share of 65 % of inner-city shops in the portfolio, preferably on prime locations.

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 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
- if they are not shops but residential real estate.

Within the framework Intervest Retail has sold previous year a total of 3 peripheral retail warehouses (located in Hasselt, Beaumont and Mons) and a retail park in the Walloon Provinces. A small building located on a non-strategic part of the chaussée de Wavre in Brussels has also been sold in 2012.

The retail park concerns the site in Andenne, located avenue Albert 1st 137-139, which comprises 7 commercial units, let mainly to Red Market, Koodza, Piocheur and Charles Vögele.

The total sales price for this premises amounts to € 11,2 million. The sales price is approximately 3 % above the carrying amount which amounts to € 10,9 million (fair value as determined by the independent property expert of the property investment fund on 31 December 2011). This fair value represents approximately 3 % of the total fair value of the investment properties of the property investment fund on 31 December 2012.

The total annual rental income of the sold retail park and retail warehouses and the building in Brussels represents € 0,9 million or approximately 4 % of the total annual rental income of the property investment fund.

Investments

Regarding new investments the focus of Intervest Retail lies on high-quality retail real estate on top locations in the inner-city of larger Belgian cities. Due to the scarcity of this investment product in the current market, Intervest Retail has not realised investments during the financial year 2012.

Bruges - 1.998 m²

Financial results[2]

Income statement

THE RENTAL INCOME OF INTERVEST RETAIL INCREASES BY 4 % IN 2012

in thousands €	2012	2011
Rental income	22.245	21.300
Rental-related expenses	-133	-54
Property management costs and income	19	13
PROPERTY RESULT	**22.131**	**21.259**
Property charges	-2.605	-2.066
General costs and other operating income and costs	-989	-1.013
Operating result before result on portfolio	**18.537**	**18.180**
Result on disposals of investment properties	918	1.526
Changes in fair value of investment properties	6.406	22.043
Other result on portfolio	91	-56
Operating result	**25.952**	**41.693**
Financial result (excl. changes in fair value - IAS 39)	-5.166	-5.260
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-2.090	-92
Taxes	-32	-33
NET RESULT	**18.664**	**36.308**
Note:		
Operating distributable result[3]	13.290	12.848
Result on portfolio	7.415	23.513
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements	-2.041	-53

RESULT PER SHARE	2012	2011
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	3,68	7,15
Gross dividend (€)	2,62	2,53
Net dividend[4] (€)	1,97	2,00

[2] Comparative figures for the financial year 2011 between brackets.

[3] For the calculation of the operating distributable result: see note 13 of the financial report.

[4] Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21% to 25% (subject to certain exemptions).

Rental income of Intervest Retail amounts in the financial year 2012 to € 22,2 million (€ 21,3 million). This rise by 4 % results mainly from the acquisition of the commercial complex Jardin d'Harscamp in Namur in October 2011, the letting to Desigual in Jardin d'Harscamp and indexations and rental renewals of existing lease contracts.

The **property charges** of the property investment fund which amount to € 2,6 million, increase in 2012 by € 0,5 million compared to previous financial year (€ 2,1 million). This increase is due to higher maintenance and repair costs as well as the increase of vacancy costs and other property charges for Jardin d'Harscamp in Namur and Julianus Shopping in Tongeren.

The **general costs and other operating income and costs** amount to € 1,0 million in 2012 and remain at the same level as previous year (€ 1,0 million).

Through the increase in rental income, partly compensated by the rise of the property charges, the **operating result before result on portfolio** increases in 2012 by € 0,3 million to € 18,5 million (€ 18,2 million).

The **result on disposals of investment properties** amounts to € 0,9 million in 2012 and comprises the second part of the additional compensation of € 0,5 million received from the buyer of Shopping Park Olen for earlier made project costs, according the agreement of December 2009 on the sale of the project[5]. Furthermore, the property investment fund has sold in 2012 some non-strategic premises in Andenne, Mons, Beaumont and Hasselt for a total sales price of € 11,2 million and a gain of approximately € 0,3 million.

The positive **changes in fair value of investment properties** for the financial year 2012 amount to € 6,4 million (€ 22,0 million) or approximately 1,8 % on the fair value of the real estate portfolio[6]. This positive effect comes from the lowering of yields of some inner-city shops as a result of the favourable situation on the Belgian investment market, of rental renewals and indexations (mainly the letting to Desigual in Namur, whereby the fair value of this shopping complex has increased by 13 %).

THE POSITIVE CHANGES IN FAIR VALUE OF THE INVESTMENT PROPERTIES AMOUNT TO 1,8 % IN 2012 COMPARED TO 6,6 % IN 2011

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounts for the financial year 2012 to - € 5,2 million (- € 5,3 million). Through further decrease of the interest rates on the financial market the financing costs of the property investment fund have decreased in 2012, even after the acquisition of Jardin d'Harscamp in Namur for an amount of € 10,3 million since mid-October 2011.

FOR FINANCIAL YEAR 2012, THE AVERAGE INTEREST RATE OF THE CREDIT FACILITIES OF THE PROPERTY INVESTMENT FUND AMOUNTS TO 4,0 % INCLUDING BANK MARGINS (4,3 %)

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** include in 2012 the change in the market value of interest rate swaps that, in line with IAS 39, cannot be classified as cash flow hedging instruments, for an amount of - € 2,1 million (- € 0,1 million). This devaluation comes from the further decrease of interest rates on the financial market.

The **net result** of the property investment fund Intervest Retail amounts to € 18,7 million (€ 36,3 million) for the financial year 2012 and can be divided in:

- the **operating distributable result** of € 13,3 million compared to € 12,8 million in 2011. This increase of 3,4 % results mainly from the increase in rental income, the decrease of the financing costs, partly compensated by higher property charges.
- the **result on portfolio** of € 7,4 million (€ 23,5 million), mainly through the result on disposals of investment properties and the positive changes in fair value of investment properties through the lowering of yields for some inner-city shops as a result of the favourable situation on the Belgian investment market for commercial real estate.
- the **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements** for an amount of - € 2,0 million (- € 0,1 million).

For financial year 2012, the **operating distributable result** of Intervest Retail increases thus to € 13,3 million (€ 12,8 million). With 5.078.525 shares being issued, this represents a **gross dividend** of € 2,62 per share for financial year 2012 compared to € 2,53 for 2011. This means an increase of the dividend by 3,6 % per share. Herewith the gross dividend yield per share amounts to 5,5 % based on the share price on 31 December 2012.

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

[6] Based on an unchanged composition of the real estate portfolio.

Balance sheet

in thousands €	31.12.2012	31.12.2011
ASSETS		
Non-current assets	**359.792**	**362.406**
Current assets	**3.142**	**1.866**
TOTAL ASSETS	**362.934**	**364.272**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**235.080**	**228.739**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	115.020	91.035
Net result of the financial year	18.664	36.308
Liabilities	**127.854**	**135.533**
Non-current liabilities	94.648	94.244
Current liabilities	33.206	41.289
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**362.934**	**364.272**

DATA PER SHARE	31.12.2012	31.12.2011
Number of shares entitled to dividend	5.078.525	5.078.525
Net asset value (fair value) (€)	46,29	45,04
Net asset value (investment value) (€)	48,07	46,66
Net asset value EPRA (€)	47,61	46,06
Share price on closing date (€)	47,60	44,98
Premium to net asset value (fair value) (%)	3 %	0 %
Debt ratio (max. 65 %)	33 %	36 %

A RELATIVELY LOW DEBT RATIO OF 33 % ON 31 DECEMBER 2012 (36 % ON 31 DECEMBER 2011) AND FINANCINGS WITH WELL-SPREAD EXPIRY DATES OFFER INTERVEST RETAIL A STABLE BALANCE-SHEET POSITION

Assets

ON 31 DECEMBER 2012, THE FAIR VALUE OF THE REAL ESTATE PORTFOLIO AMOUNTS TO € 359 MILLION

On 31 December 2012, the fair value of the **investment properties** of Intervest Retail amounts to € 359 million (€ 362 million on 31 December 2011). This decrease of € 3 million compared to 31 December 2011 comes from:

- the sale of a retail park in the Walloon Provinces, three non-strategic retail warehouses located in Hasselt, Mons and Beaumont and a small building on a non-strategic location on the chaussée de Wavre in Brussels, for a total carrying amount of € 11 million
- an increase in value of the real estate portfolio of € 6 million or 1,8 % through rental indexations, rental renewals and new lease contracts and through the lowering of yields for inner-city shops, resulting from the favourable situation on the Belgian investment market
- investments in the existing real estate portfolio of the property investment fund for € 1 million.

On 31 December 2012, the investment properties are valued at € 368 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 potential disposal.

THANKS TO A STRICT CREDIT CONTROL THE NUMBER OF DAYS OF OUTSTANDING CUSTOMERS' CREDIT IS ONLY 3 DAYS

Current assets amount to € 3 million (€ 2 million) and consist mainly of € 2 million of assets held for sale, namely the retail warehouse in Hasselt.

Liabilities

Shareholders' equity of the property investment fund amounts to € 235 million (€ 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 2012.

IN 2012 THE FREE FLOAT OF THE SHARE HAS INCREASED FROM 27,6 % TO 34,5 %

The **reserves** of the company amount to € 115 million (€ 91 million) and consist mainly of:

- a reserve for the balance of the changes in fair value of real estate properties for € 119 million (€ 95 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 128 million (€ 103 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 2012, this difference amounts to - € 9 million (- € 8 million).
- a reserve for the balance of the changes in fair value of allowed hedging instruments that:
  - are subject to hedge accounting for an amount of - € 2 million (- € 3 million)
  - are not subject to hedge accounting for an amount of - € 3 million (- € 2 million))
- results carried forward from previous financial years for € 1 million (€ 1 million), available for distribution.

On 31 December 2012, the **net asset value** (fair value) of the share is € 46,29 (€ 45,04). Given that the share price on 31 December 2012 is € 47,60, the share of Intervest Retail is quoted with a premium of approximately 3 % compared to this net asset value (fair value).

Compared to 2011, **non-current liabilities** slightly increase to € 95 million (€ 94 million) and consist mainly of € 90 million long-term bank financings as well as the negative market value of € 5 million of non-current hedging instruments.

Current liabilities amount to € 33 million (€ 41 million) and consist mainly of € 27 million (€ 38 million) current financial debts (short-term financings progressing each time and a credit facility of € 10 million which expires within the year and has to be repaid or prolonged). The decrease of € 11 million results mainly from the disposals of investment properties realised in 2012. Further, the current liabilities consist of € 2 million in negative value of current hedging instruments and of € 3 million in trade debts and other current debt.

Financial structure

Characteristics financial structure

On 31 December 2012, Intervest Retail has a conservative financial structure allowing it to continue to carry out its activities in 2013.

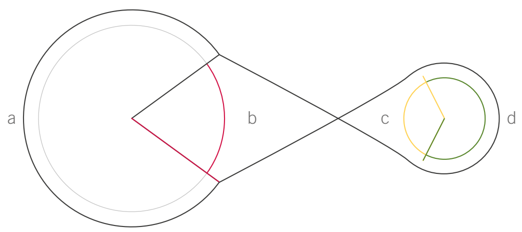
The most important characteristics of the financial structure on 31 December 2012 are:

- amount of financial debts: € 117 million
- 80 % of the credit lines are long-term financings with an average remaining duration of 3,1 years
- well-spread expiry dates of credit facilities between 2013 and 2017
- € 21 million of available non-withdrawn credit lines
- spread of credit facilities over 5 European financial institutions
- 62 % of the withdrawn credit facilities have a fixed interest rate or are fixed through interest rate swaps, 38 % have a variable interest rate
- fixed interest rates are fixed for a remaining period of 3,9 years in average
- average interest rate for 2012: 4,0 % including bank margins (2011: 4,3 %)
- value of financial derivatives: € 6,7 million in negative
- limited debt ratio of 33 % (legal maximum: 65 %) (36 % on 31 December 2011)

Balance between long-term and short-term financings

On 31 December 2012, 80 % of the available credit lines of Intervest Retail are long-term financings. 20 % of the credit lines are short-term financings, of which 13 % consists of financings with an unlimited duration (progressing each time for 364 days) (€ 17,4 million) and 7 % of a bilateral credit facility which has to be prolonged or repaid in 2013 (€ 10 million).

Duration of financings



a — 80% Long-term credit facilities
b — 20% Short-term credit facilities
c — 7% Credit facilities to be renegotiated in 2013
d — 13% With indefinite duration 364 days

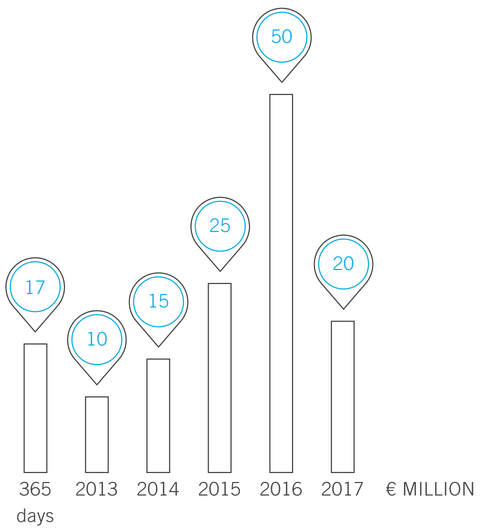
80 % OF THE CREDIT LINES ARE LONG-TERM FINANCINGS WITH WELL SPREAD EXPIRY DATES

Duration and spread of expiry dates of long-term financings

On 31 December 2012, the weigthed average duration of the long-term financings is 3,1 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



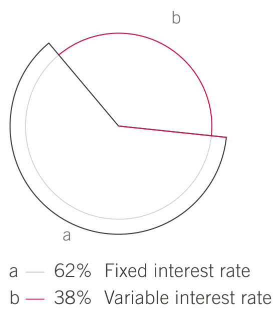
THE WEIGHTED AVERAGE DURATION OF LONG-TERM CREDIT FACILITIES AMOUNTS TO 3,1 YEARS ON 31 DECEMBER 2012

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 2012, 66 % of the credit lines of the property investment fund consist of financing with a fixed interest or fixed by interest rate swaps. 34 % are credit facilities with a variable interest rate.

Of the withdrawn credit facilities on 31 December 2012, 62 % have a fixed interest rate or are fixed by interest rate swaps. 38 % have 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



62 % OF THE WITHDRAWN CREDIT FACILITIES HAVE A FIXED INTEREST RATE OR ARE HEDGED BY FINANCIAL DERIVATIVES

Duration of fixed interest rates

For the protection of its operating results against future interest rate fluctuations, Intervest Retail covers partially the interest rate fluctuations with interest rate swaps. On 31 December 2012 the property investment fund has a notional amount of € 80 million active interest rate swaps at an average interest rate of 3,8 %.

In 2011 the property investment fund already bought forward interest rate swaps for a total notional amount of € 45 million. These interest swaps will start gradually in 2013, each time the current interest rate swaps expire. The forward interest rate swaps have subsequently a duration of 5 years. The average interest rate at which this interest rate hedging was concluded, is 2,5 % which is substantially lower than the current active interest rate swaps.

Through this interest rate hedging the interest rate of approximately 66 % of the credit lines on 31 December 2012 is fixed for a remaining period of 3,9 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 2012, the total average interest rate of the financial debts of the property investment fund amounts to 4,0 %, including bank margins (2011: 4,3 %).

For 2012, the average interest rate for the non-current financial debts amounts to 4,6 % (2011: 5,1 %).
For 2012, the average interest rate for the current financial debts amounts to 2,4 % (2011: 2,9 %).

Refinancing realised in 2012

During the first quarter of 2012 Intervest Retail has prolonged a financing for an amount of € 20 million. The existing credit facility has a duration of 5 years and is concluded at market rates, at the same financial institution.

Available credit lines

On 31 December 2012, the property investment fund still has € 21 million (2011: € 11 million) of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for payment of the dividend of financial year 2012.

Interest rate sensitivity

For financial year 2012 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 (2011: € 0,4 million). The concluded financial derivatives are taken into account for this calculation. Given the currently low market rate a hypothetical decrease of interest rates by 1 % is not realistic.

Interest cover ratio

The interest cover ratio is the ratio between the operating result before 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 3,6 for financial year 2012 (3,5 for financial year 2011), 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 2012, the debt ratio of the property investment fund amounts to 33 % and has decreased by 3 % compared to 31 December 2011 (36 %) as a result of the disposals of investment properties realised in 2012.

THE PROPERTY INVESTMENT FUND HAS A LIMITED DEBT RATIO OF 33 %

Louvain - 1.495 m²

Brussels - 150 m²

Profit distribution 2012

The board of directors proposes to distribute the result for financial year 2012 of Intervest Retail sa as follows:

in thousands €	
Net result for financial year 2012[7]	18.664
Allocation to the reserves for the balance of changes in fair value[8] of investment properties	
• Financial year	-6.893
• Value realised from disposal of investment properties	-646
Transfer to the reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-70
Transfer from the reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	2.090
Transfer from other reserves	146
Transfer from results carried forward from previous financial years	15
REMUNERATION OF CAPITAL	**13.306**

AT THE GENERAL MEETING OF SHAREHOLDERS ON 24 APRIL 2013, IT SHALL BE PROPOSED THAT A GROSS DIVIDEND OF € 2,62 PER SHARE WILL BE DISTRIBUTED

This represents a net dividend of € 1,97 after deduction of 25 % withholding tax. Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

Taking into account 5.078.525 shares that will participate in the full result for the financial year, this means that a dividend of € 13.305.736 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 2012.

The dividend will be payable as from 3 May 2013. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 13.

[7] 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).

[8] Based on changes in the investment value of investment properties.

Forecast for 2013

Although the disaster scenarios for the Eurozone seem to be under control at present, it is clear that the economic crisis will continue for some time. There is also a lot of concern among consumers. Major factory closures, such as Ford in Genk and Arcelor Mittal in Liège, have a significant impact on consumer confidence.

The retail market and hence also commercial real estate are facing a number of important challenges. The growing importance of internet sales is forcing retailers to adapt their business model. Furthermore, the consumer is becoming increasingly better informed, critical and less predictable.

When shopping, consumers are more often choosing destinations that offer a pleasant experience, and they also want to vary these destinations. On one occasion, this destination may be a large shopping centre, while at another time it may be a popular and easily accessible retail park or the city.

In the meantime, as the only Belgian property investment fund, Intervest Retail has developed a high-quality position at prime city locations. This makes Intervest Retail a unique investment and the property investment fund aims to strengthen its position at these city centre locations, with a clear focus on high-quality locations in larger cities. At year-end 2012, 50 % of the portfolio consists of retail warehouses and 50 % of inner-city shops, of which some top locations in larger cities. Given the limited debt ratio of 33 %, the fund is in a very comfortable position to respond quickly to new opportunities.

Intervest Retail wishes in term to have 65 % of its investments on top locations in the inner-city of larger cities. Intervest Retail believes that these top locations guarantee the most authentic and unique experience and also provide most certainty as investment object on the long run. However, Intervest Retail operates in a scarce market and top quality has its price. The market knowledge of the property investment fund should enable it to assess its future potential.

Intervest Retail continues to take due care of and optimise the existing retail park portfolio and premises in smaller cities. However, if there is an opportunity to sell these at sufficiently attractive terms, this will certainly be considered. Despite rental growth resulting from rental increases for existing buildings in the portfolio, rental income of the property investment fund will herewith be temporary under pressure.

During financial year 2013 the interest rate swaps, bought by Intervest Retail in 2011, will take effect for a notional amount of € 45 million. These interest rate swaps replace the existing interest rate swaps which expire in 2013. The average interest rate of these new interest rate hedging is 2,5 % which is substantially lower than the average interest rate of the current interest rate hedging which amounts to 3,8 %. These new interest rate swaps will, at unchanged market rate, lower the financing charges of the property investment fund for the future.

Antwerp - 106 m²


3
SPORTS
SALE
EXTRA KORTINGEN!
-60%
-40%
-20%

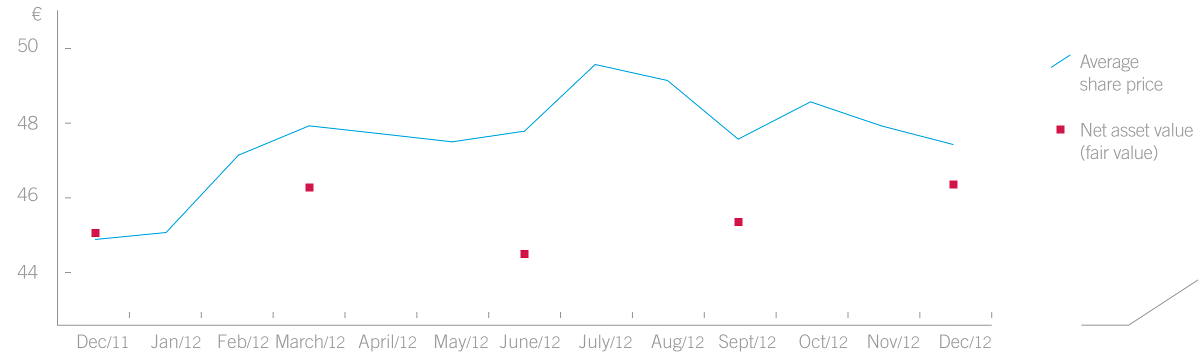
REPORT ON THE SHARE

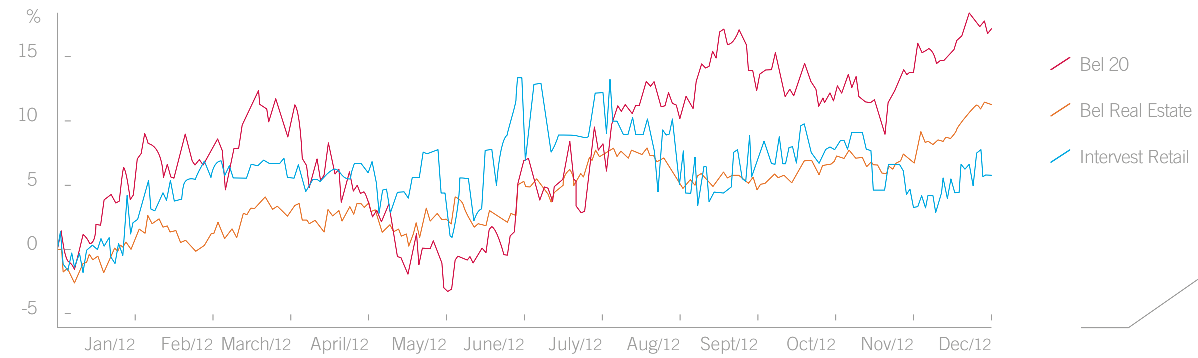
Stock market information

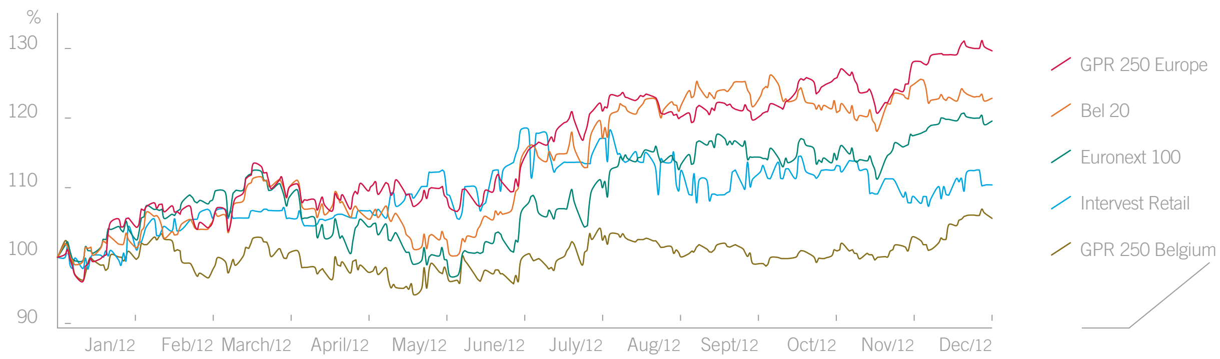
The share of Intervest Retail (INTV) is listed on NYSE Euronext Brussels and is included in the stock market indexes BEL Real Estate and GPR 250 Europe.

INTV LISTED NYSE EURONEXT


€
50
48
46
44
42
40
Jan/12 Feb/12 March/12 April/12 May/12 June/12 July/12 Aug/12 Sept/12 Oct/12 Nov/12 Dec/12


€
50
48
46
44
Dec/11 Jan/12 Feb/12 March/12 April/12 May/12 June/12 July/12 Aug/12 Sept/12 Oct/12 Nov/12 Dec/12
Average share price
Net asset value (fair value)


%
15
10
5
0
-5
Jan/12 Feb/12 March/12 April/12 May/12 June/12 July/12 Aug/12 Sept/12 Oct/12 Nov/12 Dec/12
Bel 20
Bel Real Estate
Intervest Retail


%
130
120
110
100
90
Jan/12 Feb/12 March/12 April/12 May/12 June/12 July/12 Aug/12 Sept/12 Oct/12 Nov/12 Dec/12
GPR 250 Europe
Bel 20
Euronext 100
Intervest Retail
GPR 250 Belgium

Share price evolution

The share price of Intervest Retail has increased from € 44,98 on 31 December 2011 to € 47,60 on 31 December 2012 or an increase by approximately 6 %. The lowest closing share price reaches € 44,25 (11 January 2012) and the highest closing share price € 51,00 (29 June 2012).

The average share price of financial year 2012 amounts to € 47,72 compared to € 46,26 for financial year 2011.

Premium Intervest Retail

During 2012, the share of Intervest Retail is quoted with a premium of 5 % in average compared to the net asset value (fair value).

The net asset value of Intervest Retail includes the 2011 dividend up to the payment date on 11 May 2012.

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

The share of Intervest Retail has fluctuated during the first three quarters of 2012 along with the BEL 20 and the BEL Real Estate. In the fourth quarter of 2012 the Intervest Retail share has performed lesser than the Bel 20 but has fluctuated along with the Bel Real Estate.

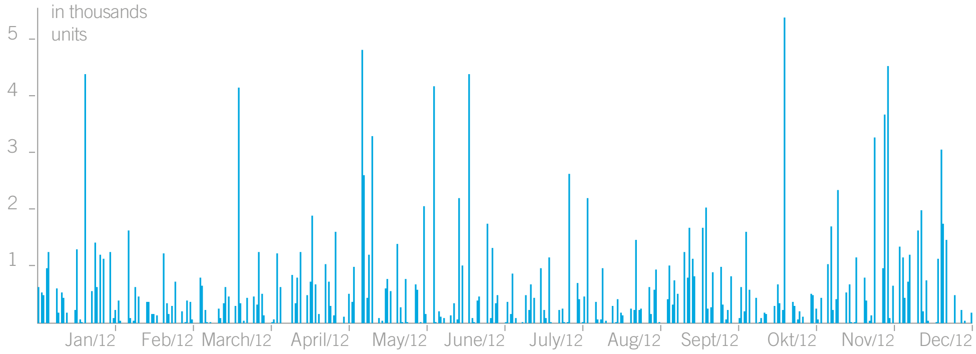
Comparison of Intervest Retail with GPR indexes

This graph shows that in 2012 Intervest Retail in average has performed better than the GPR 250 Belgium index but lesser than the Euronext 100 and the GPR 250 Europe index.

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

Vilvorde - 1.338 m²

Traded volumes Intervest Retail



The traded volumes, with an average of 708 shares per day, are slightly lower than previous year (747 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 2012 the free float amounts to 34,5 %.

Namur - 2.332 m²

Dividend and number of shares

	31.12.2012	31.12.2011	31.12.2010
Number of shares at the end of the period	5.078.525	5.078.525	5.078.525
Number of shares entitled to dividend	5.078.525	5.078.525	5.078.525

SHARE PRICE (€)	31.12.2012	31.12.2011	31.12.2010
Highest closing share price	51,00	50,10	45,24
Lowest closing share price	44,25	42,52	36,60
Share price on closing date	47,60	44,98	43,00
Premium to net asset value (fair value) (%)	3 %	0 %	6 %
Average share price	47,72	46,26	40,38

DATA PER SHARE (€)	31.12.2012	31.12.2011	31.12.2010
Net asset value (fair value)	46,29	45,04	40,41
Net asset value (investment value)	48,07	46,66	42,00
Net asset value EPRA	47,61	46,06	41,40
Gross dividend	2,62	2,53	2,50
Net dividend[9]	1,97	2,00	2,13
Closing price gross dividend yield (%)	5,5 %	5,6 %	5,8 %
Closing price net dividend yield (%)	4,1 %	4,4 %	4,9 %

ON 31 DECEMBER 2012 THE SHARE PRICE OF INTERVEST RETAIL IS € 47,60, OFFERING ITS SHAREHOLDERS A GROSS DIVIDEND YIELD OF 5,5 %

[9] Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

Shareholders

On 31 December 2012, the following shareholders are known to the company:

Vastned Retail sa Lichtenauerlaan 130 3062 ME Rotterdam The Netherlands	3.320.529 shares	65,4 %
CFB Belgique sa Uitbreidingstraat 18 2600 Berchem - Antwerp	5.431 shares	0,1 %
Public	1.752.565 shares	34,5 %
Total	**5.078.525 shares**	**100 %**

At the end of November 2012 a successful private placement of 350.000 shares held by Vastned Retail occurred. The shares represent 6,9 % of Intervest Retail's share capital. The placement has occured in the framework of the permanent commitment of Vastned Retail, as the promotor of the public property investment fund Intervest Retail, to ensure, in accordance with the Royal Decree for property investment funds of 7 December 2010, a free float level in Intervest Retail of minimum 30 %.

The shares represent 6,9 % of Intervest Retail's share capital. Since the private placement the free float represents 34,5 % of the number of Intervest Retail's shares, and Vastned Retail retains a stake of 65,5 % in Intervest Retail.

The Intervest Retail shares have been placed with a number of Belgian and international institutional investors at a price of € 46,5 per share, representing a discount of 3 % against the closing price of the day prior to the private placement.

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.

Financial calendar

Announcement of annual results as at 31 December 2012:	Friday 8 February 2013
General meeting of shareholders:	Wednesday 24 April 2013 at 2.30 pm
Dividend payable:	
Ex dividend date 2012	Tuesday 30 April 2013
Record date dividend 2012	Thursday 2 May 2013
Dividend payment 2012	as from Friday 3 May 2013
Interim statement on the results as at 31 March 2013:	Tuesday 7 May 2013
Half-yearly financial statement as at 30 June 2013:	Tuesday 30 July 2013
Interim statement on the results as at 30 September 2013:	Friday 25 October 2013

Antwerp - 54 m²

4

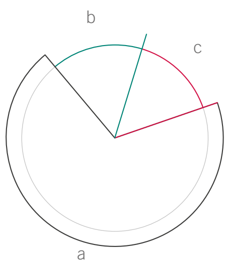
PROPERTY REPORT

Composition of the portfolio[10]

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

Flanders	69%	a
Walloon region	16%	b
Brussels	15%	c

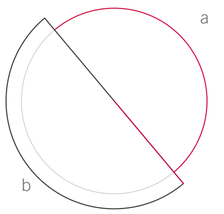


The stores are spread throughout Belgium, with a good repartition across the various regions.

[10] The charts in this raport have been compiled based on the annual rental income of 2012 and the value of the real estate properties on 31 December 2012.

Type of retail property

Retail warehouses and shopping centres	50%	— a
Inner-city shops	50%	— b



The retail premises consist of 50 % of inner-city shops, and of 50 % retail warehouses and shopping centres.

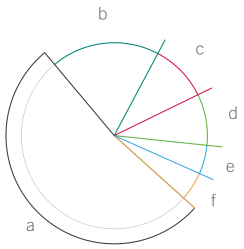
The category **inner-city shops** contains premises that are situated in a well-developed trading centre with a concentration of large retail organisations. Twenty towns and cities fall into this category. The inner-city shops are particularly desired assets for as well retailers as investors. The shortage 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.

Sector of tenants

Clothing, shoes and accessories	52%	— a
Domestic articles, interior and do-it-yourself	19%	— b
Leisure, luxury articles and personal care	10%	— c
Specialised food shops and department stores	9%	— d
TV, hifi, electrical articles, multimedia and telephone	5%	— e
Other	5%	— f

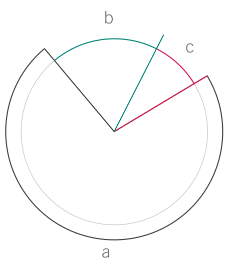


The tenants are of a high quality and they are spread equally over the principal sectors of the retail trade.

Region of activity of tenants[11]

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

International	73%	— a
National	19%	— b
Local	9%	— c



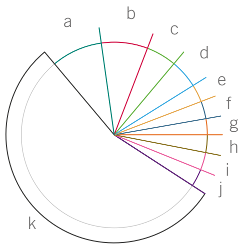
Most of the retail properties have been let on traditional lease contracts to users who are widely distributed across all sectors of the retail trade. Since most of these premises are in prime locations, the tenants are not inclined to relocate quickly. In many cases they have made a joint investment 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 (97,3 %).

11 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.

Risk spread among to buildings

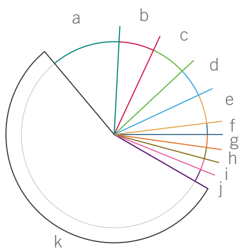
Tielt-Winge - Aarschotsesteenweg 1/6	9%	a
Brussels - Chée d'Ixelles 41/43	8%	b
Bruges - Steenstraat 80	5%	c
Antwerp - Leysstraat 28/32	5%	d
Louvain - Bondgenotenlaan 69/73	4%	e
Malines - Bruul 42/44	3%	f
Namur - Jardin d'Harscamp	3%	g
Tongres - Julianus Shopping	3%	h
Ghent - Veldstraat 81	3%	i
Antwerp - Meir 99	3%	j
Other buildings	54%	k



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 among to tenants

Hennes & Mauritz	12%	a
Aldi	6%	b
Inditex	6%	c
Decor Heytens (Ariane)	5%	d
Euro Shoe Group	5%	e
Blokker Group	3%	f
IC Companys A/S	2%	g
Maxeda	2%	h
AS Watson	2%	i
Kesa	2%	j
Other	55%	k



Rental income of Intervest Retail is spread over 158 different tenants, limiting debtor's risk and improving stability of rental income. The ten most important tenants represent 45 % of rental income and are always prominent companies in their sector and part of international groups.

THE TOP 10 OF TENANTS GENERATES 45 % OF RENTAL INCOME

Tielt-Winge - 19.096 m²

Overview of the real estate portfolio

31 December 2012

Region	Space (m²)	Annual rent (€ 000)	Investment value (€ 000)	Fair value (€ 000)	Weighting (%)
Investment properties					
Brussels	11.159	3.023	54.101	52.782	15 %
Flanders	110.734	15.392	255.837	249.597	69 %
Walloon region	29.148	4.027	58.224	56.804	16 %
Total investment properties	**151.041**	**22.442**	**368.162**	**359.183**	**100 %**

Evolution of the real estate portfolio

	31.12.2012	31.12.2011
Investment value investment properties (€ 000)	368.162	371.268
Current rents (€ 000)	21.832	21.942
Yield (%)	5,9 %	5,9 %
Current rents, including estimated rental value on vacancy (€ 000)	22.442	22.724
Yield if fully let (%)	6,1 %	6,1 %
Total leasable space of investment properties (m²)	151.041	161.573
Occupancy rate (%)	97,3 %	96,6 %

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 € 53 million or 14 %. Herewith the debt ratio of the property investment fund would increase by 6 % to 39 %.

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 € 75 million or 20 %. Herewith the debt ratio of the property investment fund would decrease by 6 % to 27 %.

ON 31 DECEMBER 2012 THE REAL ESTATE PORTFOLIO HAS AN OCCUPANCY RATE OF 97,3 %

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 Crombrugghe & 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 2012, Cushman & Wakefield states that the investment value of the retail portfolio amounts to € 173.795.984.

Antwerp - 66 m²

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 capitalization 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 2012, CB Richard Ellis declares that the fair value of the commercial properties amounts to € 173.939.094.

Antwerp - 721 m²

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 expectation

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 not 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 2012, de Crombrugghe & Partners states that the fair value of the commercial properties amounts to € 11.447.657.

5

FINANCIAL REPORT

Index

Consolidated income statement

in thousands €	Note	2012	2011
Rental income	4	22.245	21.300
Rental-related expenses	4	-133	-54
NET RENTAL INCOME		**22.112**	**21.246**
Recovery of rental charges and taxes normally payable by tenants on let properties	4	1.459	1.467
Rental charges and taxes normally payable by tenants on let properties	4	-1.459	-1.467
Other rental-related income and expenses		19	13
PROPERTY RESULT		**22.131**	**21.259**
Technical costs	5	-837	-717
Commercial costs	5	-229	-182
Charges and taxes on unlet properties	5	-83	29
Property management costs	5	-1.227	-1.149
Other property charges	5	-229	-47
PROPERTY CHARGES		**-2.605**	**-2.066**
OPERATING PROPERTY RESULT		**19.526**	**19.139**
General costs	6	-1.049	-1.063
Other operating income and costs		60	50
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**18.537**	**18.180**
Result on disposals of investment properties	8	918	1.526
Changes in fair value of investment properties	9	6.406	22.043
Other result on portfolio	10	91	-56
OPERATING RESULT		**25.952**	**41.693**
Net interest charges	11	50	15
Other financial charges	11	-5.209	-5.252
Net interest charges	11	-7	-23
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	-2.090	-92
FINANCIAL RESULT		**-7.256**	**-5.352**
RESULT BEFORE TAXES		**18.696**	**36.341**
Corporate tax		-32	-33
Taxes	12	**-32**	**-33**
NET RESULT		**18.664**	**36.308**

(continued) in thousands €	Note	2012	2011
NET RESULT		**18.664**	**36.308**
Note:			
Operating distributable result	13	13.290	12.848
Result on portfolio	8-9-10	7.415	23.513
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other non-distributable elements		-2.041	-53
Attributable to:			
Equity holders of the parent company		18.664	36.308
Minority interests		0	0

RESULT PER SHARE	Note	2012	2011
Number of shares entitled to dividend	13	5.078.525	5.078.525
Net result (€)	13	3,68	7,15
Diluted net result (€)	13	3,68	7,15
Operating distributable result (€)	13	2,62	2,53

Consolidated statement of comprehensive income

in thousands €	2012	2011
NET RESULT	**18.664**	**36.308**
Changes in the effective part of fair value of allowed hedging instruments that are subject to hedge accounting	525	-78
COMPREHENSIVE INCOME	**19.189**	**36.230**
Attributable to:		
Equity holders of the parent company	19.189	36.230
Minority interests	0	0

Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2012	31.12.2011
Non-current assets		**359.792**	**362.406**
Intangible assets		4	13
Investment properties	14	359.183	362.213
Other tangible assets	14	602	162
Trade receivables and other non-current assets		3	18
Current assets		**3.142**	**1.866**
Assets held for sale	15	1.999	333
Trade receivables	15	245	275
Tax receivables and other current assets	15	161	218
Cash and cash equivalents		216	379
Deferred charges and accrued income		521	661
TOTAL ASSETS		**362.934**	**364.272**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2012	31.12.2011
Shareholders' equity		**235.080**	**228.739**
Shareholders' equity attributable to the shareholders of the parent company		**235.080**	**228.739**
Share capital	16	97.213	97.213
Share premium	16	4.183	4.183
Reserves		115.020	91.035
Net result of the financial year		18.664	36.308
Minority interests	22	**0**	**0**
Liabilities		**127.854**	**135.533**
Non-current liabilities		**94.648**	**94.244**
Non-current financial debts	18	89.517	89.022
Credit institutions		*89.500*	*89.000*
Financial lease		*17*	*22*
Other non-current financial liabilities	19	4.998	5.129
Other non-current liabilities		118	51
Deferred taxes - liabilities		15	42
Current liabilities		**33.206**	**41.289**
Current liabilities	18	27.399	37.619
Credit institutions		*27.394*	*37.614*
Financial lease		*5*	*5*
Other current financial liabilities	19	1.697	0
Trade debts and other current debts	17	2.971	2.573
Other current liabilities	17	210	211
Accrued charges and deferred income	17	929	886
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**362.934**	**364.272**

DEBT RATIO	31.12.2012	31.12.2011
Debt ratio (max. 65 %)	33 %	36 %

NET ASSET VALUE PER SHARE in €	31.12.2012	31.12.2011
Net asset value (fair value)	46,29	45,04
Net asset value (investment value)	48,07	46,66
Net asset value EPRA	47,61	46,06

Statement of consolidated changes in equity

in thousands €	Share capital	Share premium	Reserve for the balance of the changes in fair value of investment properties: Reserve for the balance of changes in investment value of investment properties	Reserve for the balance of the changes in fair value of investment properties: Reserve for the impact on fair value*
Balance at 31 December 2010	**97.213**	**4.183**	**98.162**	**-8.108**
Comprehensive income of 2011				
Transfer through result allocation 2010:				
Transfer from result on portfolio to reserves			5.146	-120
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**
Comprehensive income of 2012				
Transfer through result allocation 2011:				
Transfer from result on portfolio to reserves			24.340	-827
Transfer from changes in fair value of financial assets and liabilities				
Other mutations				
Dividends financial year 2011				
Balance at 31 December 2012	**97.213**	**4.183**	**127.648**	**-9.055**

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

Reserves					
Reserve for the balance of changes in fair value of allowed hedging instruments subject to hedge accounting	Reserve for the balance of changes in fair value of allowed hedging instruments not subject to hedge accounting	Results carried forward from previous financial years	Total reserves	Net result of financial year	Total shareholders' equity
-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**
525			525	18.664	19.189
			23.513	-23.513	0
	-92		-92	92	0
		38	38	-38	0
				-12.849	-12.849
-2.003	**-2.602**	**1.031**	**115.020**	**18.664**	**235.080**

Consolidated cash flow statement

in thousands €	Note	2012	2011
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**379**	**766**
1. Cash flow from operating activities		**14.223**	**12.940**
Operating result		**25.952**	**41.693**
Interests paid		**-5.004**	**-5.103**
Other non-operating elements		**-2.175**	**-273**
Adjustment of result for non-cash flow transactions		**-5.130**	**-23.432**
Depreciations on intangible and other tangible assets		131	107
Result on disposals of investment properties	8	-918	-1.526
Spread of rental discounts and benefits granted to tenants	10	64	-122
Changes in fair value of investment properties	9	-6.406	-22.043
Other result on portfolio	10	-91	56
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	2.090	92
Other non-cash flow transactions		0	4
Changes in working capital		**580**	**55**
Movement of assets			
Trade receivables	15	30	100
Tax receivables and other current assets	15	57	2.197
Deferred charges and accrued income		382	8
Movement of liabilities			
Trade debts and other current debts		176	-1.516
Other current liabilities	17	-1	-421
Accrued charges and deferred income		-64	-313
2. Cash flow from investment activities		**8.121**	**-10.479**
Acquisitions of intangible and other tangible assets		-562	-115
Acquisition of investment properties	14	0	-10.361
Investments in existing investment properties	14	-1.437	-1.924
Prepaid investment invoices		-4	-598
Investments in assets held for sale		0	-18
Acquisition of assets with deferred payment		0	27
Proceeds of disposals of investment properties		10.124	2.510
3. Cash flow from financing activities		**-22.507**	**-2.848**
Repayment of loans	18	-29.720	-29.151
Drawdown of loans	18	20.000	39.000
Repayment of financial lease liabilities	18	-5	-4
Receipts from non-current liabilities as guarantee		67	3
Dividend paid	13	-12.849	-12.696
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**216**	**379**

01

Note

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.

02

Note

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 2012 include the company and its subsidiaries (the "Group"). The annual accounts of Intervest Retail sa have been prepared and are released for publication by the board of directors on 4 March 2013 and will be submitted for approval to the general meeting of shareholders on 24 April 2013.

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 2012.

New and amended standards and interpretations effective in 2012

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: IFRS 7 - Financial instruments: Disclosure of information (1/7/2011).

New or amended standards and interpretations not yet effective in 2012

IFRS 13 - Fair Value Measurement is applicable on the financial years and becomes effective as from 1 January 2013 or later. This standard will modify the disclosure commitment of the property investment fund, depending on the classification of investment properties in level 1, 2 of 3. These disclosures will be recorded in the annual report regarding financial year 2013.

Following amendments which are applicable as of next year or later, are not expected to have an impact on the presentation, notes or financial results of the Group: IAS 1 - Presentation of Items of Other Comprehensive Income (1/7/2012); Amendment IAS 12 - Recovery of Underlying Assets (1/1/2013); Amendment IAS 19 - Employee Benefits (1/1/2013); IAS 27 - Separate Financial Statements (1/1/2013); IAS 28 - Investments in Associates and Joint Ventures (1/1/2013); Amendments IFRS 7 - Disclosures - Offsetting financial assets and financial liabilities (1/1/2013); Amendment IAS 32 - Offsetting financial assets and financial liabilities (1/1/2014); Amendment IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (1/1/2013); Amendment IFRS 1 - Government loans (1/1/2013); IFRS 9 - Financial instruments (1/1/2015); 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); Improvement of IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 resulting from the annual improvement project (1/1/2013); IFRIC 20 - Stripping costs in the production phase of a surface mine (1/1/2013).

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 22.

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 realised 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 realised 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.

Solar panels
Solar panels are valuated based on the revaluation model in accordance with IAS 16 - Tangible Assets. After initial recognition, an asset whose fair value can be reliably determined must be booked at the revaluated value, i.e. the fair value at the moment of revaluation less any subsequently accumulated depreciation and subsequently accumulated impairment losses. The fair value is determined based on the discounting method for future income. The useful life of solar panels is estimated at 20 years.

Capital gains generated upon the start-up of a new site are entered in a separate component of the shareholders' equity. Capital losses are also included in this component, unless they have been converted into cash or unless the fair value drops below the original cost. In the latter cases they are included in the results.

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.

03

Note **Segmented information**

The reporting by segment is done within 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.

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, one 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	
in thousands €	2012	2011	2012	2011	2012	2011	2012	2011
Rental income	10.775	10.010	11.470	11.290			22.245	21.300
Rental-related expenses	-45	-3	-88	-51			-133	-54
NET RENTAL RESULT	**10.730**	**10.007**	**11.382**	**11.239**			**22.112**	**21.246**
Rental-related costs an income	0	0	19	13			19	13
PROPERTY RESULT	**10.730**	**10.007**	**11.401**	**11.252**			**22.131**	**21.259**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**9.899**	**9.544**	**10.620**	**10.675**	**-1.982**	**-2.039**	**18.537**	**18.180**
Result on disposals of investment properties	71	431	847	1.095			918	1.526
Changes in fair value of investment properties	5.602	14.297	804	7.746			6.406	22.043
Other result on portfolio	50	-129	41	73			91	-56
OPERATING RESULT OF THE SEGMENT	**15.622**	**24.143**	**12.312**	**19.589**	**-1.982**	**-2.039**	**25.952**	**41.693**
Financial result					-7.256	-5.352	-7.256	-5.352
Taxes					-32	-33	-32	-33
NET RESULT	**15.622**	**24.143**	**12.312**	**19.589**	**-9.270**	**-7.424**	**18.664**	**36.308**

Key figures by segment

BUSINESS SEGMENT	Inner-city shops		Retail warehouses & shopping centres		TOTAL	
in thousands €	2012	2011	2012	2011	2012	2011
Fair value of real estate properties	201.202	195.695	157.981	166.518	359.183	362.213
of which investments during the financial year (fair value)	112	61	1.325	1.863	1.437	1.924
of which acquisitons during the financial year (fair value)	0	10.361	0	0	0	10.361
Disinvestments during the financial year (fair value)	-230	-1.257	-10.643	0	-10.873	-1.257
Investment value of real estate properties	206.232	200.587	161.930	170.681	368.162	371.268
Accounting yield of the segment (%)	5,4 %	5,1 %	7,3 %	6,8 %	6,2 %	5,9 %
Total leasable space (m^2)	33.541	33.644	117.500	127.929	151.041	161.573
Occupancy rate (%)	98 %	95 %	97 %	98 %	97 %	97 %

By geographic region

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

GEOGRAPHICAL SEGMENT	Flanders		Walloon region		Brussels		TOTAL	
in thousands €	2012	2011	2012	2011	2012	2011	2012	2011
Rental income	14.808	14.630	4.471	3.820	2.966	2.850	22.245	21.300
Fair value of real estate properties	249.597	247.374	56.804	64.428	52.782	50.411	359.183	362.213
Investment value of real estate properties	255.837	253.558	58.224	66.038	54.101	51.672	368.162	371.268
Accounting yield of the segment (%)	5,9 %	5,9 %	7,9 %	5,9 %	5,6 %	5,7 %	6,2 %	5,9 %
Investments during the financial year (fair value)	1.316	1.896	121	10.389	0	0	1.437	12.285
Disinvestments during the financial year (fair value)	-1.486	-1.257	-9.157	0	-230	0	-10.873	-1.257

04

Note

Property result

Rental income

in thousands €	2012	2011
Rents	22.592	21.579
Rental discounts	-347	-317
Compensation for early termination of lease contracts	0	38
Total rental income	**22.245**	**21.300**

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 158 different tenants, limiting the debtor's risk of Intervest Retail and improving stability of rental income. The ten most important tenants represent 45 % (44 % in 2011) of 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 2011). In 2012, there are 5 tenants whose lease payments on an individual basis represent more than 5 % of total rental income of Intervest Retail (4 tenants in 2011).

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 €	2012	2011
Receivables with a remaining duration of:		
Less than one year	20.556	21.533
Between one and five years	23.921	25.060
More than five years	308	335
Total of future minimum rental income	**44.785**	**46.928**

The decrease of the future minimum rental income on 31 December 2012 by € 2,1 million results mainly from the sale of non-strategic premises in Andenne, Mons, Beaumont and Hasselt representing together at the end of previous financial year (31 December 2011) a future minimum rental income of € 2,5 million.

Rental-related expenses

in thousands €	2012	2011
Rent for leased assets and ground lease	-106	-103
Write-downs on trade receivables	-51	-25
Reversal of write-downs on trade receivables	24	74
Total rental-related expenses	**-133**	**-54**

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 classes.

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

in thousands €	2012	2011
Rebilling of rental charges borne by the landlord	65	57
Rebilling of advance levies and taxes on let properties	1.394	1.410
Recovery of rental charges and taxes normally payable by tenants on let properties	**1.459**	**1.467**
Rental charges borne by the landlord	-65	-57
Advance levies and taxes on let properties	-1.394	-1.410
Rental charges and taxes normally payable by tenants on let properties	**-1.459**	**-1.467**
Total net amount of recovered rental charges and taxes	**0**	**0**

Rental charges and taxes on let buildings and recovery of these charges refer to costs that are, by law or custom, of the responsibility of the tenant. These costs comprise primarily 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 contractual agreements with the tenants, the landlord may or may not charge the tenants for these services.

05

Note Property charges

Technical costs

in thousands €	2012	2011
Recurrent technical costs	**-113**	**-110**
Insurance premiums	-113	-110
Non-recurrent technical costs	**-724**	**-607**
Maintenance	-720	-609
Claims	-4	2
Total technical costs	**-837**	**-717**

Technical costs comprise, inter allia, 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 2012, the technical costs have increased as a result of an elaborated maintenance program.

Commercial costs

in thousands €	2012	2011
Brokers' fees	-86	-19
Publicity	-47	-97
Lawyers' fees and legal costs	-96	-66
Total commercial costs	**-229**	**-182**

Commercial costs also include brokers' fees. Brokers' fees paid to 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. 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 moment of valuation.

Charges and taxes on unlet properties

in thousands €	2012	2011
Vacancy charges of the financial year	-97	1
Vacancy charges of preceding financial years	-11	56
Property tax on vacant properties	-58	-28
Recuperation of property tax on vacant properties	83	0
Total charges and taxes on unlet properties	**-83**	**29**

Through the one-time withdrawal of the superfluous provision for vacancy charges of preceding financial years, the costs and taxes on unlet properties show in 2011 a positive balance.
Intervest Retail largely recovers the property tax that is charged on vacant parts of buildings through objections submitted to Flanders Tax Administration.

Property management costs

in thousands €	2012	2011
External property management fees	-35	0
Internal property management fees	-1.192	-1.149
Property experts	*-193*	*-180*
Remuneration of employees	*-700*	*-648*
Other costs	*-299*	*-321*
Total property management costs	**-1.227**	**-1.149**

Property management costs are cost related to the management of the buildings. These include personnel costs and 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 external property management fees are related to the commercial complex "Jardin d'Harscamp" in Namur.

Other property charges

in thousands €	2012	2011
Property tax contractually borne by the landlord	-37	-40
Costs contractually borne by the landlord	-67	0
Security costs	-80	0
Other costs	-45	-7
Total other property charges	**-229**	**-47**

The other property charges comprises mainly costs contractually borne by the landlord for Julianus Shopping in Tongres and security cost for Jardin d'Harscamp in Namur.

06

Note

General costs

in thousands €	2012	2011
CII tax	-182	-164
Auditor's fee	-91	-88
Directors' remunerations	-31	-31
Liquidity provider	-14	-14
Financial services	-6	-11
Employee benefits	-452	-433
Other costs	-273	-322
Total general costs	**-1.049**	**-1.063**

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.

07

Note

Employer benefits

in thousands €	2012			2011		
	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	**442**	**291**	**733**	**398**	**298**	**696**
Salary and other benefits paid within 12 months	256	179	**435**	255	184	**439**
Pensions and post-employment benefits	11	6	**17**	11	9	**20**
Social security	72	43	**115**	73	58	**131**
Variable remunerations	25	15	**40**	21	17	**38**
Dismissal indemnities	0	17	**17**	0	0	**0**
Other charges	78	31	**109**	38	30	**68**
Remuneration of the management committee	**258**	**161**	**419**	**250**	**135**	**385**
Chairman of the management committee	63	63	**126**	61	60	**121**
Fixed remuneration	*59*	*59*	*118*	*57*	*56*	*113*
Variable remuneration	*4*	*4*	*8*	*4*	*4*	*8*
Other members of the management committee	195	98	**293**	189	75	**264**
Fixed remuneration	*180*	*78*	*258*	*174*	*59*	*233*
Variable remuneration	*15*	*8*	*23*	*15*	*7*	*22*
Retirement obligations	*0*	*12*	*12*	*0*	*9*	*9*
Total employees benefits	**700**	**452**	**1.152**	**648**	**433**	**1.081**

The number of employees at year-end 2012, expressed in FTE is 4 staff members and 2 members of the management committee for the internal management of the patrimony (2011: respectively 4 and 2) and 4,5 staff members and 1 member of the management for the management of the fund (2011: respectively 4,5 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. For financial year 2012 these contributions amount to € 29.000 (2011: € 29.000).

08

Note Result on disposals of investment properties

in thousands €	2012	2011
Acquisition value	8.558	1.078
Accumulated capital gains and extra-ordinary impairment losses	2.315	332
Carrying amount (fair value)	**10.873**	**1.410**
Sales price	11.307	1.845
Selling costs	-9	203
Additional compensation for Shopping Park Olen	493	888
Net result of sale	**11.791**	**2.936**
Total result on disposals of investment properties	**918**	**1.526**

The property investment fund has sold in 2012 some non-strategic premises in Andenne, Mons, Beaumont and Hasselt for a total sales price of € 11,3 million and a gain of € 0,4 million.

Furthermore, the result on disposals of investment properties comprises an additional compensation of € 0,5 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. The first part of the additional compensation for an amount of € 0,9 million was already received in 2011.

09

Note Changes in fair value of investment properties

in thousands €	2012	2011
Positive changes of investment properties	9.495	29.583
Negative changes of investment properties	-3.089	-7.540
Total changes in fair value of investment properties	**6.406**	**22.043**

The positive changes in fair value of investment properties for financial year 2012 amount to € 6,4 million (€ 22,0 million) or approximately 1,8 % on the fair value of the real estate portfolio. This positive effect comes from lowering of yields of some inner-city shops as a result of the favourable situation on the Belgian investment market, of rental renewals and indexations (mainly the letting to Desigual in Namur, whereby the fair value of this shopping complex has increased by 13 %).

10

Note Other result on portfolio

in thousands €	2012	2011
Changes in spread of rental discounts and benefits granted to tenants	64	-122
Other changes	27	66
Total other result on portfolio	**91**	**-56**

11

Note Financial result

in thousands €	2012	2011
Financial income	50	15
Net interest charges with fixed interest rate	-4.719	-4.443
Net interest charges with variable interest rate	-490	-809
Other financial costs	-7	-23
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-2.090	-92
Total financial result	**-7.256**	**-5.352**

The financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)) amounts for financial year 2012 to - € 5,2 million compared to - € 5,3 million previous year. Through further decrease of interest rates on the financial market, financing costs of the property investment fund have decreased in 2012, even after the acquisition of Jardin d'Harscamp in Namur for an amount of € 10,3 million since mid-October 2011.

Net interest charges classified by credit line expiry date

in thousands €	2012	2011
Net interest charges on non-current financial debts	-4.392	-4.129
Net interest charges on current financial debts	-817	-1.123
Total net interest charges	**-5.209**	**-5.252**

The average interest rate of the financial debts amounts for 2012 to 4,0 % including bank margins (4,3 % for 2011).
The average interest rate of the non-current financial debts amounts for 2012 to 4,6 % including bank margins (2011: 5,1 %), and of the current financial debts to 2,4 % including bank margins for 2012 (2011: 2,9 %).

For 2013 the (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2012 at the fixed or variable interest rate on 31 December 2012 amounts to approximately € 4,7 million (2011: € 5,3 million).

For financial year 2012, 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 (2011: € 0,4 million). The financial derivates are included in the calculations. Given the currently low market rate a hypothetical decrease of the interest rates by 1 % is not realistic.

12

Note Taxes

in thousands €	2012	2011
Corporate income tax	-32	-33
Total taxes	**-32**	**-33**

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.

Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions).

13

Note Number of shares and result per share

Movement of the number of shares

	2012	2011
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 calculation of diluted result per share	5.078.525	5.078.525

Determination of amount of mandatory dividend distribution

The amount 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 €	2012	2011
Net result according to statutory annual accounts	**18.664**	**36.308**
Adjustment for non-cash flow transactions included in the net result:		
Depreciations and reversal of depreciations and impairments	158	58
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	2.236	392
Result on portfolio	-7.610	-23.852
Corrected result for mandatory distribution	**13.448**	**12.906**
Mandatory distribution: 80 %	**10.758**	**10.325**
Operating distributable result (statutory annual accounts)	13.290	12.848
Operating distributable result (consolidated annual accounts)	13.290	12.848

The distributable earnings per share, based on the statutory annual accounts of Intervest Retail sa, amount to € 13,3 million in 2012 compared to € 12,8 million in 2011.

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 result per share

in €	2012	2011
Ordinary net result per share	3,68	7,15
Diluted net result per share	3,68	7,15
Operating distributable result per share	2,62	2,53

The operating distributable result per share is, given a 100% distribution, rounded to € 2,62 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 24 April 2013. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2012	2011
Dividend per share (in €)	2,62	2,53
Remuneration of share capital (in thousands €)	13.306	12.849
Dividend as a percentage of 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 Intervest Retail.

in thousands €	2012	2011
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 investment value of real estate properties	126.984	102.313
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-8.977	-8.158
Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting	-2.003	-2.527
Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting	-2.602	-2.510
Other reserves	768	1.066
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	7.610	23.852
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	-2.236	-392
Total non-distributable shareholders' equity	**220.940**	**215.040**
Statutory shareholders' equity	235.080	**228.739**
Planned dividend distribution	13.306	12.849
Number of shares	5.078.525	5.078.525
Operating distributable result per share	2,62	2,53
Shareholders' equity after dividend distribution	**221.774**	**215.890**
Remaining reserves after distribution	**834**	**849**

14

Note Non-current assets

Investment properties

INVESTMENT AND REVALUATION TABLE in thousands €	2012	2011
Amount at the end of the preceding financial year	**362.213**	**329.142**
Investments in the portfolio	1.437	1.924
Acquisitions of investment properties	0	10.361
Disposals of investment properties	-10.873	-1.257
Changes in fair value	6.406	22.043
Amount at the end of the financial year	**359.183**	**362.213**
OTHER INFORMATION		
Investment value of real estate properties	368.162	371.268

On 31 December 2012, the fair value of the investment properties of Intervest Retail amounts to € 359 million (€ 362 million on 31 December 2011). This decrease of € 3 million compared to 31 December 2011 comes from:

- the sale of a retail park in the Walloon Provinces, three non-strategic retail warehouses located in Hasselt, Mons and Beaumont and a small building on a non-strategic location on the chaussée de Wavre in Brussels, for a total carrying amount of € 10,9 million
- an increase in value of the real estate portfolio of € 6,4 million or 1,8 % through rental indexations, rental renewals and new lease contracts and through lowering of yields for inner-city shops, resulting from the favourable situation on the Belgian investment market
- investments in the existing real estate portfolio of the property investment fund for € 1,4 million.

On 31 December 2012, the real estate properties are valued at € 368 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.

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.

Other tangible assets

in thousands €	2012	2011
Amount at the end of the preceding financial year	**162**	**165**
Acquisitions	561	110
Sales and retirements	0	-22
Depreciations	-121	-91
Amount at the end of the financial year	**602**	**162**

Intervest Retail has installed in 2012 solar panels on its own on the retail warehouse located on Boomsesteenweg 660 in Wilrijk. The energy that is generated is provided at favourable rates to tenants AS Adventure, Tony Mertens, Brantano and Prémaman. Intervest Retail receives a subsidy of € 250 per 1.000 kWh of energy generated for this project. This investment in solar panels amounts to € 0,5 million and generates a yield of 7,6 %. The revenue of the solar panels are recorded under the item ‘other rental-related income and expenses’.

15

Note **Current assets**

Assets held for sale

in thousands €	2012	2011
Hasselt, Genkersteenweg	1.552	0
Brussels, chaussée de Wavre	300	0
Vilvorde Leuvensestraat - apartments	147	333
Total assets held for sale	**1.999**	**333**

On 31 December 2012, assets held for sale comprise the premises in Hasselt and Brussels of which the notarial deeds will be signed in the second quarter of 2013 as well as the last unsold apartment of the project in Vilvorde.

Trade receivables

in thousands €	2012	2011
Outstanding trade accounts receivable	209	263
Invoices to be issued and credit notes to be received	36	12
Doubtful debtors	110	126
Provision doubtful debtors	-110	-126
Total trade receivables	**245**	**275**

Thanks to a strict credit control the number of days of outstanding customers' credit is only 3 days.

Aging analysis of trade accounts receivable

in thousands €	2012	2011
receivables < 30 days	88	59
receivables 30-90 days	79	18
receivables > 90 days	42	186
Total outstanding trade accounts receivable	**209**	**263**

For the follow-up of the debtor's risk 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 €	2012	2011
Recoverable VAT	28	5
Taxes receivable	80	0
Receivables on insurances	53	166
Other receivables	0	47
Total tax receivables and other current assets	**161**	**218**

16

Note **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 avenue Louise 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 2012, 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, article 7 of the 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 of the official report of 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 2012, the board of directors did not make use of the authorisation granted to use amounts from the authorised 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 87 of the Act of 3 August 2012 relating to certain forms of collective management of investment portfolios and in articles 20 and 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 realised 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 €		2012	2011
Date	*Transaction*		
01.11.1999	Merger 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 €	2012	2011
Amount at the end of the preceding financial year	-8.228	-8.108
Changes in investment value of investment properties of the preceding financial year	-600	-125
Impact on acquisitions of investments properties of the preceding financial year	-258	0
Impact on disposals of investments properties of the preceding financial year	31	5
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-9.055**	**-8.228**

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 2012, please see the statement of changes in equity.

17

Note **Current liabilities**

Trade debts and other current debts

in thousands €	2012	2011
Trade debts	924	856
Advances received from tenants	1.151	545
Invoices to be received	647	876
Other current debts	249	296
Total trade debts and other current debts	**2.971**	**2.573**

Other current liabilities

in thousands €	2012	2011
Dividends payable	32	103
Guarantees received after bankruptcies	103	46
Other current liabilities	75	62
Total other current liabilities	**210**	**211**

Accrued charges and deferred income

in thousands €	2012	2011
Accrued interest charges	651	554
Other accrued charges and deferred income	278	332
Total accrued charges and deferred income	**929**	**886**

18

Note

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 withdrawn credit facilities

in thousands €	2012			2011		
	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)	27.394	89.500	**116.894**	37.614	89.000	**126.614**
Financial lease	5	17	**22**	5	22	**27**
TOTAL	**27.399**	**89.517**	**116.916**	**37.619**	**89.022**	**126.641**
Percentage	**23 %**	**77 %**	**100 %**	**30 %**	**70 %**	**100 %**

Classification by expiry date of credit lines

in thousands €	2012			2011		
	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)	27.394	89.500	**116.894**	37.614	89.000	**126.614**
Not-withdrawn credit lines	0	20.500	**20.500**	0	11.000	**11.000**
TOTAL	**27.394**	**110.000**	**137.394**	**37.614**	**100.000**	**137.614**
Percentage	**20 %**	**80 %**	**100 %**	**27 %**	**73 %**	**100 %**

The above table “Classification by expiry date of credit lines” comprises an amount of € 21 million of not-withdrawn credit lines (€ 11 million on 31 December 2011). 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 variable or fixed character of withdrawn credit facilities at financial institutions

in thousands €	2012				2011			
	Debts with a remaining duration of				Debts with a remaining duration of			
	< 1 year	> 1 year and < 5 year	Total	Percent-age	< 1 year	> 1 year and < 5 year	Total	Percent-age
Variable	17.394	27.000	**44.394**	**38 %**	17.394	19.000	**36.394**	**29 %**
Fixed	10.005	62.517	**72.522**	**62 %**	20.225	70.022	**90.247**	**71 %**
TOTAL	**27.399**	**89.517**	**116.916**	**100 %**	**37.619**	**89.022**	**126.641**	**100 %**

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

In addition to the requirement to maintain the property investment fund's charter, the major covenants of credit facilities agreements of Intervest Retail are related mainly to the determination of the maximum debt ratio, a minimum interest cover ratio, the prohibition on mortgaging or pledging of investment properties and the pari passu treatment of creditors.

19

Note

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

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

On 31 December 2012, the company has following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	2012	2011
1.	IRS callable	12.05.2008	15.04.2013	3,93 %	10.000	No	-109	-375
2.	IRS	06.10.2008	06.10.2013	4,43 %	25.000	No	-825	-1.511
3.	IRS	15.12.2008	16.12.2013	4,105 %	20.000	Yes	-763	-1.209
Other current financial liabilities							**-1.697**	**0**
4.	IRS	01.10.2009	01.10.2014	3,02 %	25.000	Yes	-1 240	-1.318
5.	IRS forward	15.04.2013	15.04.2018	2,29 %	10.000	No	-801	-156
6.	IRS forward	06.10.2013	06.10.2018	2,60 %	15.000	No	-1 326	-287
7.	IRS forward	06.10.2013	06.10.2018	2,50 %	10.000	No	-834	-144
8.	IRS forward	15.12.2013	15.12.2018	2,50 %	10.000	No	-797	-129
Other non-current financial liabilities					**125.000**		**-4.998**	**-5.129**
Total fair value financial derivatives							**-6.695**	**-5.129**
Accounting process on 31 December:								
- In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments subject to a hedge accounting							-2.003	-2.527
- In shareholders' equity: Reserve for the balance of changes in fair value of allowed hedging instruments not subject to a hedge accounting							-2.602	-2.510
- In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							-2.090	-92
Total fair value financial derivatives							**-6.695**	**-5.129**

On 31 December 2012, these interest rate swaps have a negative market value of - € 6,7 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 2012, Intervest 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 and carrying amount of bank obligations at year-end

in thousands €	2012		2011	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	116.916	117.242	126.641	127.464

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.

20

Note Calculation of consolidated debt ratio

On 31 December 2012, the consolidated debt ratio amounts to 33 %.

in thousands €	Note	2012	2011
Non-current financial debts	18	89.517	89.022
Other non-current liabilities		118	51
Current financial debts	18	27.399	37.619
Trade debts and other current debts	17	2.971	2.573
Other current liabilities	17	210	211
Total liabilities for calculation of debt ratio		**120.215**	**129.476**
Total assets		**362.934**	**364.272**
Debt ratio		**33 %**	**36 %**

21

Note **Related parties**

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

Directors and members of the management committee

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

in thousands €	2012	2011
Directors	62	62
Members of the management committee	419	385
Total	**481**	**447**

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

22

Note **List of consolidated companies**

Company name	Address	Enterprise identification number	Capital share (in %)	Minority interests in thousands €	
				2012	2011
EuroInvest Retail Properties sa	Uitbreidingstraat 18, 2600 Berchem	BE 0479 506 731	100 %	0	0
Total minority interests				**0**	**0**

23

Note

Fees of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2012	2011
Including non-deductible VAT		
Fee statutory auditor for audit mandate	91	88
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	**91**	**88**

24

Note

Off-balance sheet obligations

On 31 December 2012 Intervest Retail has a potential off-balance sheet obligation regarding stability problems in its inner-city shop in Malines. Based on its contractual responsibility against its tenants, which does not fall under the public liability insurance, a possible indemnity may be due by Intervest Retail to Coolcat and H&M. Presently the responsibility of Intervest Retail has not been determined and the amount of the suffered damages is not yet known. A legal expert has been designated to determine within the next months the cause of the damage and to define the consequential responsibility.

Furthermore, on 31 December 2012 Intervest Retail has off-balance sheet obligations regarding financing covenants. 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.

25

Note

Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2012.

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 2012
TO THE SHAREHOLDERS' MEETING

To the shareholders

As required by law, we report to you on the statutory audit mandate which you have entrusted to us. This report includes our report on the consolidated financial statements as defined below together with our report on other legal and regulatory requirements.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Intervest Retail NV/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. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 362.934 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 18.664 (000) EUR.

Responsibility of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's 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, the auditor considers 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.
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the con-

solidated financial statements. We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Intervest Retail NV/SA, Public real estate investment fund under Belgian law give a true and fair view of the group's net equity and financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.
In the framework of our mandate, our responsibility is to verify, for all significant aspects, the compliance with some legal and regulatory requirements. On this basis, we provide the following additional comment which does not modify 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, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the context of our mandate.

Diegem, 4 March 2013

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 Intervest Retail sa

The statutory annual accounts of Intervest 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 Intervest 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.intervestretail.be) or on demand at the registered office.

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

Income statement

in thousands €	2012	2011
Rental income	21.913	21.008
Rental-related expenses	-94	-15
NET RENTAL INCOME	**21.819**	**20.993**
Recovery of rental charges and taxes normally payable by tenants on let	1.446	1.453
Charges and taxes normally payable by tenants on let properties	-1.446	-1.453
Other rental-related income and expenses	18	13
PROPERTY RESULT	**21.837**	**21.006**
Technical costs	-837	-717
Commercial costs	-229	-182
Charges and taxes on unlet properties	-83	29
Property management costs	-1.200	-1.122
Other property charges	-228	-46
PROPERTY CHARGES	**-2.577**	**-2.038**
OPERATING PROPERTY RESULT	**19.260**	**18.968**
General costs	-1.030	-1.045
Other operating income and costs	60	50
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**18.290**	**17.973**
Result on disposals of investment properties	918	1.526
Changes in fair value of investment properties	6.628	22.448
Other result on portfolio	64	-122
OPERATING RESULT	**25.900**	**41.825**

Income statement (continued)

in thousands €	2012	2011
OPERATING RESULT	**25.900**	**41.825**
Financial income	248	182
Net interest charges	-5.209	-5.252
Other financial charges	-7	-23
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-2.090	-92
Changes in fair value of financial fixed asset	-146	-299
FINANCIAL RESULT	**-7.204**	**-5.484**
RESULT BEFORE TAXES	**18.696**	**36.341**
Taxes	-32	-33
NET RESULT	**18.664**	**36.308**
Note:		
Operating distributable result	13.290	12.848
Result on portfolio	7.610	23.852
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and financial fixed assets	-2.236	-392

RESULT PER SHARE	2012	2011
Number of shares entitled to dividend	5.078.525	5.078.525
Net result (€)	3,68	7,15
Diluted net result (€)	3,68	7,15
Operating distributable result (€)	2,62	2,53

Statement of comprehensive income

in thousands €	2012	2011
NET RESULT	**18.664**	**36.308**
Changes in the effective part of fair value of allowed hedging instruments subject to hedge accounting	525	-78
COMPREHENSIVE INCOME	**19.189**	**36.230**

Appropriation of result

in thousands €	2012	2011
NET RESULT	**18.664**	**36.308**
Allocation to reserves for the balance of changes in fair value[12] of investment properties		
- Financial year	-6.893	-23.175
- Value realised from disposal of investment properties	-646	-1.495
Allocation to / transfer from the reserves of the impact on the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-70	819
Transfer from the reserves for the balance of changes in fair value of allowed hedging instruments that are not subject to a hedge accounting	2.090	92
Transfer from other reserves	146	299
Transfer from results carried forward from previous financial years	15	1
Remuneration of capital	**13.306**	**12.849**

Balance sheet

ASSETS in thousands €	31.12.2012	31.12.2011
Non-current assets	**357.896**	**360.435**
Intangible assets	4	13
Investment properties	356.278	359.087
Other tangible assets	602	162
Financial fixed assets	1.009	1.155
Trade receivables and other non-current assets	3	18
Current assets	**4.983**	**3.787**
Assets held for sale	1.999	333
Trade receivables	244	275
Tax receivables and other current assets	2.007	2.145
Cash and cash equivalents	212	373
Deferred charges and accrued income	521	661
TOTAL ASSETS	**362.879**	**364.222**

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

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2012	31.12.2011
Shareholders' equity	**235.080**	**228.739**
Share capital	97.213	97.213
Share premium	4.183	4.183
Reserves	115.020	91.035
Net result of the financial year	18.664	36.308
Liabilities	**127.800**	**135.483**
Non-current liabilities	**94.633**	**94.202**
Non-current financial debts	89.517	89.022
Credit institutions	*89.500*	*89.000*
Financial lease	*17*	*22*
Other non-current financial liabilities	4.998	5.129
Other non-current liabilities	118	51
Current liabilities	**33.167**	**41.281**
Current financial debts	27.399	37.619
Credit institutions	*27.394*	*37.614*
Financial lease	*5*	*5*
Other current financial liabilities	1.697	0
Trade debts and other current debts	2.939	2.573
Other current liabilities	210	211
Accrued charges and deferred income	922	878
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**362.879**	**364.222**

DEBT RATIO	31.12.2012	31.12.2011
Debt ratio (max. 65 %)	33 %	36 %

NET ASSET VALUE PER SHARE in €	31.12.2012	31.12.2011
Net asset value (fair value)	46,29	45,04
Net asset value (investment value)	48,06	46,65
Net asset value EPRA	47,61	46,05


6
H&M
H&M

GENERAL INFORMATION

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 Act of 3 August 2012 relating to certain forms of collective management of investment portfolios.

The company opted for the investment category specified in article 7, first subsection, 5° of the aforementioned Act of 3 August 2012.

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 Annexes 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[13]

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

[13] The agenda of the extraordinary general meeting of Intervest Retail of 24 April 2013 includes the proposal to amend the articles of association such that any reference to the Law of 20 July 2004 on certain forms of collective management of investment portfolios be replaced by a reference to the Law of 3 August 2012 on certain forms of collective management of investment portfolios. Article 4 shall be amended accordingly, subject to approval by the aforementioned extraordinary general meeting of 24 April 2013.

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 association[14]

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 starting 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.

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

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

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

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

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If a management committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no 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 3 August 2012 concerning the collective management of investment portfolios, and its implementating 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 96 of the Act of 3 August 2012.

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 authorised 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 authorised 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 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 2012 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 Crombrugghe & Partners, 1160 Brussels, avenue Herrmann-Debroux 54. The company is represented by Guibert de Crombrugghe.
- CB Richard Ellis, 1000 Brussels, avenue Lloyd George 7. The company is represented by Peter de Groot.

In accordance with the Royal Decree of 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 is 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 guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a wide 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 with at least 30 % of the shares in public hands
- 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 borrowings 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, subject to rotation every three years
- risks pread: a maximum of 20 % of capital in one building, except certain exceptions

- a property investment fund may not engage itself in “development activities”; this means that the property investment fund cannot 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 withholding tax of 25 % to be deducted upon payment of dividends (subject to certain exemptions). Pursuant to the Finance Act of 27 December 2012 (Belgian Official Gazette 31 December 2012) withholding tax on dividends of public property investments funds increases as from taxation year 2013 from 21 % to 25 % (subject to certain exemptions)
- the opportunity to establish subsidiary companies which take the form of an ‘institutional property investment fund’ which must operate under the exclusive or joint control of the public property investment fund in order to be able to implement specific projects with a third (institutional or professional investor)
- at least three independent directors in the sense of Article 526b of the Belgian Companies Code sit on the board of directors
- 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 operating distributable result may be used as basis for this.

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

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

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 liabilities (excluding provisions and accrued charges and deferred income) less the negative change in fair value of financial instruments, compared to 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 maximum debt ratio of 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 asset value EPRA
Total shareholders’ equity, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares.

Net dividend
The net divided is equal to the gross dividend after deduction of withholding tax of 25 %.

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

Net result per share
The net result 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.

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 Intervest Retail.

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.

INTERVEST RETAIL
Uitbreidingstraat 18
2600 Berchem
T + 32 3 287 67 67
F + 32 3 287 67 69
intervest@intervest.be
www.intervestretail.be

RECYCLED
Paper made from recycled material
FSC® C008551
FSC
www.fsc.org

INTERVEST
RETAIL