



26 October 2009

Investment Research

Hold

Recommendation unchanged

Share price: EUR 36.75

closing price as of 23/10/2009

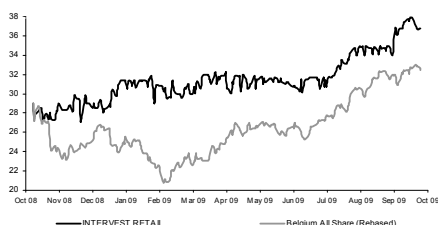
Target price: EUR 39.00

Reuters/Bloomberg LUX.BR/INTV BB

Daily avg. no. trad. sh. 12 mth	646
Daily avg. trad. vol. 12 mth (m)	0.02
Price high 12 mth (EUR)	37.95
Price low 12 mth (EUR)	27.01
Abs. perf. 1 mth	5.3%
Abs. perf. 3 mth	16.7%
Abs. perf. 12 mth	29.9%

Market capitalisation (EURm)	187
Current N° of shares (m)	5
Free float	28%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	20	21	21
EBITDA (m)	17	18	18
EBITDA margin	83.6%	84.7%	84.5%
EBIT (m)	17	18	18
EBIT margin	83.6%	84.7%	84.5%
Net Profit (adj.)(m)	10	12	13
ROCE	5.2%	5.4%	5.5%
Net debt/(cash) (m)	125	126	126
Net Debt Equity	0.6	0.6	0.6
Net Debt/EBITDA	7.5	7.1	7.0
Int. cover(EBITDA/Fin.int)	2.9	3.5	3.4
EV/Sales	13.5	15.0	14.7
EV/EBITDA	16.1	17.7	17.4
EV/EBITDA (adj.)	16.1	17.7	17.4
EV/EBIT	16.1	17.7	17.4
P/E (adj.)	13.8	15.3	14.8
P/BV	0.7	0.9	0.9
OpFCF yield	2.8%	6.2%	6.8%
Dividend yield	5.8%	6.7%	6.8%
EPS (adj.)	2.06	2.41	2.48
BVPS	39.23	39.25	39.26
DPS	2.14	2.48	2.48



Source: Factset

Shareholders: VastNed Retail nv 72%;

For company description please see summary table footnote

The right sector in the right country, ... at the right price

We initiate coverage Intervest Retail with a Hold rating and a TP of EUR 39 per share.

- ✓ Intervest Retail is a Belgian REIT (=SICAFI or vastgoedbevak) that invests solely in Belgian retail premises. The portfolio has a fair value of EUR 328.1m and breaks down to 55% retail warehouses & shopping centers and 45% inner-city shops with a strong geographical concentration in Flanders (71%) while a smaller stake is invested in Brussels (14%) and Wallonia (15%). More than 72% of the shares are under control of the Dutch REIT VastNed Retail NV.
- ✓ We see limited downside but quite some upside on the company's rental income.
 - Belgian retail weathers the storm relatively well since consumption in the past has not been based on excessive consumer credit such as in the UK or Spain and albeit unemployment is on the rise, a dramatic shake-out in the labour force stays-out. Further, availability of prime inner-city locations remains limited and if you want/need to be there you still have to pay the price. In the periphery much more discount formulas are used, which tend to outperform in economic downturns.
 - Within the retail segment Intervest Retail is particularly well armed on tenant level, having predominantly exposure to strong brand names such as Massimo Dutti or to the lower segments in clothing and shoes retail. In food retail the company has mainly exposure to hard discounters such as Aldi and Lidl.
 - But the best protection of rental income, in our view, is that the portfolio is 4% under-rented so that new contracts are typically accompanied by rent increases. To illustrate this point, in H1 Intervest Retail closed new contracts at 7% to even 62% higher rents, and this in today's difficult economic climate.
- ✓ Intervest Retail has a very healthy balance sheet with a debt ratio of only 41.0% and we expect leverage to fall to 39.0% by the end of FY09 without new investments. By following a strategy of 1/3 variable and 2/3 fixed interest rates the company benefits particularly well from the low EURIBOR. Total cost of debt in 1H09 was only 4.0%.
- ✓ According to H1 management guidance, gross dividend for FY09 would hover between EUR 2.30-2.40 per share, which seems too prudent to us. Considering that EURIBOR is still at its all-time low and that the company sticks to its policy of paying-out 100% of the net current result we forecast a gross dividend of EUR 2.47 per share for FY09.
- ✓ Despite the positive story we initiate coverage with a Hold recommendation as a good part is already reflected in the current stock price. Based on a DCF we arrive at a TP of EUR 39.0 per share, suggesting a modest upward potential of 6.1% on the latest closing price. The company trades at a discount-to-NAV of 2.8%, which is more or less in line with the average/median discount of 0.5%/0.6% in the Belgian REIT universe. Gross dividend yield of 6.7% is rather low considering the 100% pay-out ratio. But we believe dividend is sustainable and the lower dividend yield is justified by the large stake of inner-city retail in the portfolio.

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CONTENTS

Investment Case	3
Rental income has limited downside but quite some upside potential	3
Healthy balance sheet and low cost of debt	3
Management guidance has been too prudent in our view	3
However, good company prospects have their price	4
Swot Analysis	4
Intervest Retail at a glance	5
Company description	5
Shareholder structure	5
Portfolio	6
Re-development project in Olen ON HOLD	8
Redevelopment of retail warehouses in Andenne will support top-line	8
Market outlook	9
Legal framework	11
Financials	12
P&L Analysis	12
Capital & Credit Analysis	14
Dividend policy	15
Upcoming Corporate Events Calendar	15
Valuation	16
DCF valuation	16
NAV analysis	18
ESN Recommendation System	21

Investment Case

We initiate coverage of Intervest Retail with a Hold recommendation. The issues we see are:

Rental income has limited downside but quite some upside potential

Intervest Retail is active in the right sector in the right country. Indeed, Belgian retail weathers the storm relatively well since past consumption did not depend on excessive consumer credit such as in the UK and Spain for instance and albeit unemployment is on the rise, a dramatic shake-out in the labour force stays-out. Availability of prime inner-city locations remains limited and if you want/need to be there you still have to pay the price. In the periphery much more discount formulas are used and they tend to outperform in economic downturns.

Within the retail segment Intervest Retail is particularly well-armed on tenant level. The REIT has predominantly exposure to strong brand names such as Massimo Dutti or to the lower segments in clothing and shoes retail. In food retail the company has mainly exposure to hard discounters such as Aldi and Lidl.

But the best protection of rental income, in our view, is that portfolio is 4% under-rented. If a tenant leaves its site there is good chance of finding a new one at higher rents. To illustrate this point, in H1 Intervest Retail closed new contracts at 7% to even 62% (Louizalaan in Brussels) higher rents, and this in today's difficult economic climate.

So not only is rental income protected to the downside, we actually perceive quite some upside potential.

Healthy balance sheet and low cost of debt

With a debt-to-total-assets ratio of only 41% Intervest Retail has healthy balance sheet that allows for new investments. At the same time the abundance of private investors in the retail market makes it possible to dispose of smaller less strategic premises at good conditions. We expect leverage to fall to 39% by the end of FY09 without new investments.

We note that EUR 45m credit lines (of EUR 131m credit lines in total) expire before the end of 1Q10. Although obtaining new credit may not pose any problems, bank margin will rise considerably. We estimate that the former credit lines had a locked-in a bank margin of around 65bps while new credit can be negotiated around 150bps. On the other hand an IRS with a nominal value of EUR 25m and an underlying interest rate of 4.12% will expire as well in 1Q10. New IRSs can be entered at far better conditions: around 2.2% on 3yr, 2.8% on 5yr or 3.5% on 10yr. In accordance with the strategy of the holding REIT VastNed Retail, Intervest Retail aims at having 1/3 of its debt at floating and 2/3 at fixed interest rates. As a result, the REIT benefits particularly well from the low EURIBOR. In 1H09 Intervest Retail had a cost of debt of only 4.0%.

Management guidance has been too prudent in our view

According to H1 management guidance, gross dividend for FY09 would hover between EUR 2.30-2.40 per share, which seems too prudent to us. Considering that EURIBOR is still at its all-time low and that the company sticks to its policy of paying-out 100% of the net current result we do not expect gross dividend to fall in this guided range. We rather forecast a net current result and gross dividend of EUR 2.47 per share for FY09.

However, good company prospects have their price

Although our report on Intervest Retail is a positive story, we believe a good part is already reflected in the company's stock price.

Our valuation based on a rigorous DCF points to a **fair value of EUR 39.0 per share**, which implies an **upside potential of 6.1%** on the last closing price. After a stock price rally of 20% over the past 3 months and thereby outperforming the Belgian REIT universe by almost 10%, Intervest Retail now trades at a **discount-to-NAV of 2.8%**, which is more or less in line with the average/median discount of 0.5%/0.6% for the Belgian REIT universe. This confirms our case that Intervest Retail is correctly valued and that the positive company outlook is largely priced-in.

Our forecasted gross dividend of EUR 2.47 per share for FY09 suggests a **gross dividend yield of 6.7%**. Although the company has a pay-out ratio of 100%, dividend looks sustainable to us considering that market prospects in commercial real estate are better than in other segments and that the portfolio is 4% under-rented. We only expect cash flow pressure from a rising cost of debt.

Swot Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Healthy balance sheet (41% debt ratio) ▪ Upside potential of rent renewals (portfolio is 4% under-rented) ▪ Very strong tenant base; exposure to (1) the lower segments in clothing and shoes retail or strong brands such as Massimo Dutti and (2) discounters such as Aldi and Lidl in food retail ▪ Company benefits well from the low EURIBOR (30% of debt is floating) ▪ Belgian retail weathers the storm relatively well (no excessive consumer credit in the past and strong savings quote) ▪ Attractive legal and fiscal framework offered by the Belgian REIT status 	<ul style="list-style-type: none"> ▪ Very low free float of 28% in combination with an already weak market capitalisation ▪ The flipside of the good market prospects for retail are the low yields offered by this segment
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Further portfolio growth ▪ Healthy balance sheet allows for bargains ▪ Divestment of smaller non-strategic premises ▪ Recovery of the credit market 	<ul style="list-style-type: none"> ▪ Impact of the economic downturn on the health of the tenants but to a far lesser extent than other Belgian REITs (retail with an emphasis on lower segments and strong brand names) ▪ Liberalization of market regulation allows for more developments in the long run with a negative impact on existing premises ▪ EURIBOR rising faster/stronger than expected

Intervest Retail at a glance

Company description

Intervest Retail is a Belgian REIT (=SICAFI or vastgoedbevak) that invests solely in Belgian retail premises. The portfolio has a fair value of EUR 328.1m, representing a gross lettable area (GLA) of 162,564sqm. The portfolio breaks down to 55% retail warehouses & shopping centers and 45% inner-city shops with a strong geographical concentration in Flanders (71%) while a smaller stake is invested in Brussels (14%) and Wallonia (15%).

Intervest Retail has been created in 1987 and obtained the Belgian REIT status in December 1998. When the company has been brought to the stock market through an IPO in December 1999 only 15% of the shares have been placed with the public, half of the planned and legally required 30%. Thereafter VastNed Retail, shareholder and promoter of Intervest Retail, committed itself to continue to offer the remaining 15% of the shares for a price at least equal to the NAV. Today, more than 72% of the shares are still under control of the Dutch REIT VastNed Retail NV.

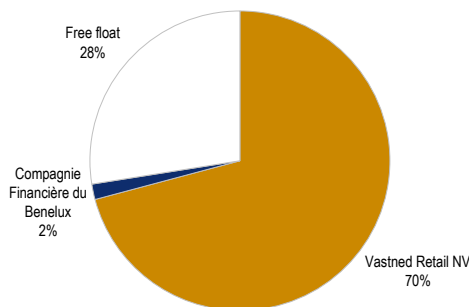
Shareholder structure

**Low free float
of only 28%**

The Dutch REIT VastNed Retail holds directly and indirectly more than 72% of the shares. As a consequence, remaining free float is only 28%.

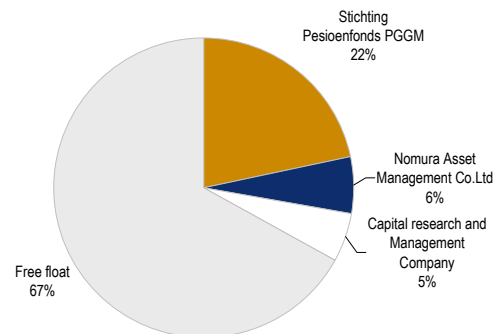
For the record, reference shareholder VastNed Retail has a portfolio with a total fair value of almost EUR 1.9bn and a market capitalisation of around EUR 830m.

Shareholder structure of Intervest Retail



Source: Degroof research, Company data

Shareholder structure of VastNed Retail



Source: Degroof research, VastNed Retail

Portfolio

Portfolio of
EUR 328m

99.3% occupancy

6.6% yield

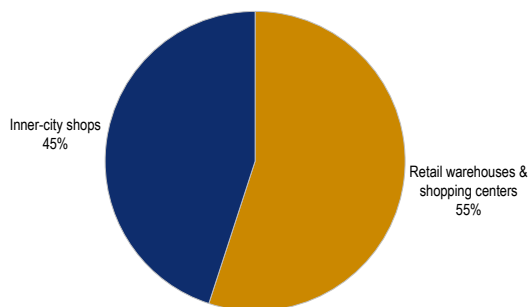
As of 30 June 2009, Intervest Retail's portfolio had a fair value of EUR 328.1m (including EUR 6.8m development projects), representing a total lettable area of almost 163,000sqm. Having EUR 21.1m contracted rents, valuation yield amounts to 6.6%. Due to the sale of problem child "Factory Shopping Messancy" in November 2007 the REIT's occupancy rate strongly improved from 95.5% in FY06 to 99.3% in FY07 and management has kept occupancy rate at this high level ever since. Valuation yield expanded to 6.6% at the end of 1H09, i.e. +18bps during H1 or +23bps yoy. This yield expansion has however been compensated by strong rental growth.

PORTFOLIO ANALYSIS (EUR k)	31/12/2005	31/12/2006	31/12/2007	31/12/2008	30/06/2009
Investment properties (FV)	280,107	266,991	291,382	320,043	321,314
Development projects	4,561	13,851	21,556	7,355	6,786
Total portfolio value	284,668	280,842	312,938	327,398	328,100
Contracted rents	20,071	18,780	18,674	20,490	21,130
Yield (FV)	7.17%	7.03%	6.41%	6.40%	6.58%
Contracted rents + ERV	20,897	19,674	18,803	20,631	21,306
Yield if fully let (FV)	7.46%	7.37%	6.45%	6.45%	6.63%
GLA (sqm)	195,207	168,496	166,591	166,417	162,564
Occupancy rate	96.0%	95.5%	99.3%	99.3%	99.2%

Source: Degroof research, Company data

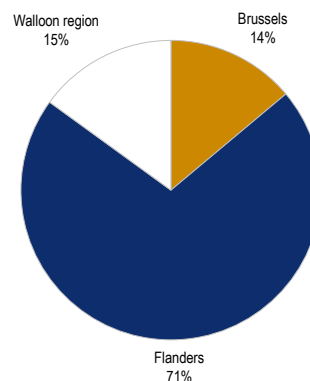
The portfolio breaks down to 55% retail warehouses & shopping centers (Shopping Center Julianus in Tongres is the only shopping center in portfolio) and 45% inner-city shops with a strong geographical concentration in Flanders (71%) while a smaller stake is invested in Brussels (14%) and Wallonia (15%).

Portfolio breakdown by asset class



Source: Company data

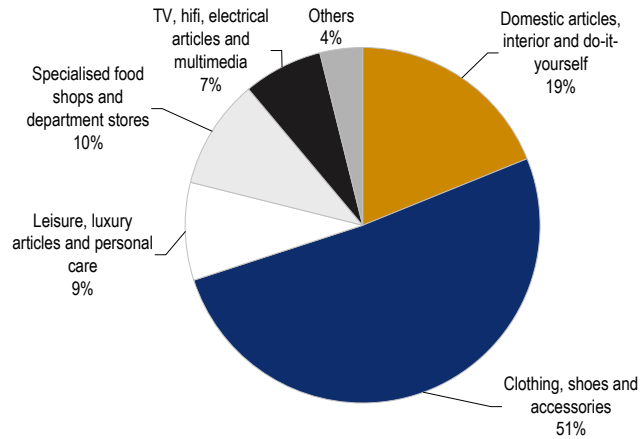
Portfolio breakdown by location



Source: Company data

Measured by rental income, almost half of the tenants are active in the sector of “clothing, shoes and accessories” but predominantly in the lower segments while 21% is dedicated to “domestic articles, interior and do-it-yourself”. “Specialised food shops and department stores” accounts for 9% of tenant’s activity and mainly represents Aldi and Lidl. “Leisure, luxury articles and personal care” accounts for 10%.

Breakdown by sector activity of tenants (based on rental income)



Source: Company data

As for diversification on tenant level, the 10 most important tenants (as at 31 December 2008) account for 45% of total rental income. H&M is the foremost tenant accounting for 12% of the rental income, followed by Inditex (the group that holds a.o. Zara, Massimo Dutti and Bershka) which is good for 8% of rental income. Other important tenants are Décor Heytens, Aldi, Euro Shoe Group (a.o. ShoeDiscount and Avance), Charles Vögele and Macintosh Retail Group (a.o. Brantano and Kwantum).

Tenant diversification (31/12/2008)	% of rental income
1. H&M	12%
2. Inditex	6%
3. Décor Heytens	5%
4. Aldi	5%
5. Euro Shoe Group	5%
6. Charles Vögele Belgium	3%
7. Macintosh Retail Group	3%
8. Blokker Group	2%
9. Van Neerbos D.I.Y.	2%
10. IC Company's A/S	2%
Total Top 10	45%

Source: Company data

Besides strong brand names such as Massimo Dutti, Intervest Retail has a strong exposure to the lower segments in clothing and shoes retail (51% of the portfolio) and discounters such as Aldi and Lidl in food retail, which is a major strength in the current economic climate. We believe especially luxury items (~inner city), electronics and home decoration

(~retail warehouses) will witness a slow-down in market activity and these segments represent around 35% of the portfolio.

4% under-rented

The vast majority of rental contracts are regular commercial lease agreements of 9 years in which only the tenant (but not the landlord) has a break option every 3 years prior to the end of the contract (term of notice is at least 6 months). The contracts are indexed each year by the Belgian health index (the majority of contracts excludes negative indexations). As a result of the low availability of good retail premises, market rents rose much faster than inflation, which induced a discrepancy between market rents and contracted (and indexed) rents. Therefore, it is no surprise that Intervest Retail's **portfolio is 4% under-rented**. During 1H09 contracts have been renewed at 7% to even 62% (Louizalaan in Brussels) higher rents. Indeed, **Intervest Retail has barely downside risk for its rental income, while there is plenty upside potential**. Besides, (in line with other Belgian REITs) Intervest Retail has good lease covenants with bank guarantees of 6 months and payment of rents three months in advance.

Re-development project in Olen ON HOLD

Intervest Retail planned to redevelop the old site of Van De Ven in Olen to a new-generation shopping park with shops focusing on 3 main themes: (1) home, (2) Garden and (3) hobbies and leisure. The project would have cost around EUR 35 to 40m and would result in a GLA of 35,000sqm. Management always demanded that more than 50% of the project should be pre-let at good conditions before launching the actual construction. Although Intervest Retail already announced Decathlon as "locomotive", letting results disappoint and further commercialization is put on hold. Because the company did not start with any construction sunk costs remain limited. At the moment all options are open but **Intervest Retail strongly considers divesting from the site**, which consists of **110,000sqm land** including some 25,000sqm of older shops. Apart from a divestment two alternative options are: (1) putting the project in the fridge with its current socio-economic permit, or (2) waiting on the establishment of the Bolkenstein Directive in order to receive a socio-economic permit for a broader commercial mix.

We add a **worst-case value** to our DCF. Currently, land for semi-industrial and logistics purposes changes hands at EUR 50-75/sqm. We value the land plot at EUR 50/sqm, which results in a value **of EUR 5.5m for the total land plot (~EUR 1.08 per share)**. In the balance sheet a part of the project is accounted for as development project for an amount of almost EUR 6.8m, while the obsolete shops are accounted for as investment properties. Our estimated value of EUR 5.5m can therefore be considered to be quite prudent. If the land would be valued at EUR 75/sqm the plot would be worth EUR 8.25m.

Redevelopment of retail warehouses in Andenne will support top-line

In April 2009 Intervest Retail completed the redevelopment of its retail warehouses in Andenne that has been struck by a fire in May 2006. The retail warehouses have a GLA of 5,721sqm and are fully let to Red Market (Delhaize), CASA, Charles Vögele, Koodza. Redevelopment costs amounted to EUR 3.8m.

In 1H09 Intervest Retail received rents for 1 month. The redevelopment will have full impact in H2. We estimate that the site will generate almost EUR 500k rents p.a., whereas Intervest Retail only received a compensation for loss of rent for an amount of around EUR 250k before the delivery of the redevelopment.

Market outlook

The retail segment of the real estate market can be divided in three sub-segments: (1) inner-city or high streets, (2) retail warehouses and (3) shopping centers.

■ Inner-city (45% of portfolio)

Despite a considerable fall-back of consumer confidence, consumer spending is holding out pretty well mainly due to the lack of a dramatic shake-out in the labour force and a saving quote that has been considerably higher in Belgium than for instance Spain, Ireland or the UK. We expect strong brand names such as Zara, H&M or Massimo Dutti to remain successful while discount retailers could even witness stronger than average sales growth. Pricier fashion in the upper-mid segment on the other hand might well face tougher times.

In 2008 vacancy rates for prime inner-city retail were below 3.5%, which is normally considered to be the frictional vacancy rate. It is indeed very difficult to find vacant AAA premises on good locations and if you want or need to be there you have to pay the price, especially taking into account that a good number of international brands continues to have ambitious expansion plans. As a consequence, we do not forecast a decline in prime rents, but rental growth did stagnate and will remain stable in our view. Secondary locations, however, suffered harder from the downturn.

In the table below we show the top rental levels for the six most important Belgian retail cities, also called the “Main Streets Six”.

Street	City	Minimum (in EUR/sqm/y)	Maximum (in EUR/sqm/y)
Meir	Antwerp	1,600	1,700
Rue Neuve	Brussels	1,500	1,600
Veldstraat	Ghent	1,100	1,200
Hoogstraat	Hasselt	1,100	1,200
Vinave d'Ile	Liège	900	1,000

Source: CBRE

All in all, rental levels in Antwerp and Brussels remain quite modest with prime rents close to those of Budapest and Bucharest. For the record, in 2008 annual rents amounted to EUR 7,732/sqm at the Avenue des Champs Elysées (Paris) and EUR 5,520/sqm at New Bond Street (London).

On the investment market, as reported by CBRE, prime yields hover around 5.00% and 5.25% vs. 4.75% a year earlier. We regard these low yields (in comparison to yields for offices and especially logistics) as the counter side of the healthy prospects on rental level and the fact that demand from private investors continues to support retail property values. Yet, we have to bear in mind that these transactions typically have values lower than EUR 5m. According to C&W, these small transactions are often negotiated at yields around 5% and sometimes even lower. On secondary locations, however, yield expansion has been much more severe: +/-150bps up vs. mid-2008.

■ Retail warehouses (47% of portfolio)

Retail warehouses or so-called “baanwinkels” are large stores with parking space outside the city-center and typically close to access roads. Examples are Brantano or IKEA but also Aldi or Colruyt. A cluster of retail warehouses with a common car parking is called a retail park. In Belgium more and more retailers are experimenting with crossing-over from pure inner-city towards retail warehouses because of the much lower rents for large spaces and the good accessibility by car. Examples are *legio*: Cassis, Club, Standaard Boekhandel, Damart. Furthermore, the fact that a lot of retail warehouses use discount formulas should shield the segment in a depressed macro-economic environment.

Stable prime
rents ...

... but
deteriorating
for secondary
locations

Prime yields of
5.00% to 5.25%

CBRE and Cushman & Wakefield report prime retail rents of EUR 150/sqm to EUR 165/sqm while yields are currently standing at 6.25% to 6.75% up by 50bps yoy for top-located and clustered shops. Yields on stand alone shops approach 7.00%-7.25%. Stand alone retail warehouses typically have values between EUR 1m to EUR 1.5m, which makes these properties very accessible to private investors.

Street	City	Rents (in EUR/sqm/y)
Rue de Stalle	Drogenbos	165
Bredabaan	Merksem/Schoten	160
Weiveldlaan	Zaventem	160
Kortrijkse Steenweg	Ghent	150
Chaussée de Tongres	Rocourt	150

Source: CBRE (March 2009)

■ Shopping centers (8% of portfolio)

Shopping centers can be located both in city centers or periphery. Intervest Retail has only one shopping center: “Julianus Shopping” in Tongres. The shopping center, developed by Heijmans, has a GLA of 8,800sqm. By means of comparison, the biggest shopping centers in Belgium are Wijnegem Shopping (57,440sqm), City2 in Brussels (51,000sqm), Waasland SC at St-Niklaas (45,000sqm), Woluwe SC (42,364sqm) and l’Esplanade at Louvain-la-Neuve (41,573sqm). Intervest Retail acquired Julianus for EUR 17.4m at a gross initial yield of 6.9% generating EUR 1.2m rental income. The shopping center only opened its doors in March 2008.

Legal framework

The retail segment of the Belgian real estate market is characterised by some particularities.

Belgian law of
commercial
lease
agreements

First, unlike offices, industrial or residential real estate, retail premises are let under the law of commercial lease agreements which offers more protection to the tenant than conventional rental contracts. The **minimum length of a commercial lease is 9 years and only the tenant (but not the landlord) has a break option every 3 years prior to the end of the contract (term of notice is at least 6 months)**. It is possible (not standard) to include in the commercial lease agreement a clause that gives also the landlord the right to break the lease every 3 years (term of notice is however at least 1 year) but only under the strict condition that the landlord is going to occupy the space on its own behalf. After a 3 year period both parties have the right to demand the justice of peace for a revision of rents if and only if market rents are more than 15% higher/lower than contracted (indexed) rents. **This rigid and asymmetric type of lease contracts that effectively protects the tenant at cost of the landlord has permitted that market rents are often significantly higher than contracted (and indexed) rents.**

Second, The Belgian retail sector used to be highly regulated through a law dating of 1975 which intended to restrict the construction of large shops in the periphery and along feeder roads to protect the local middle class in the city-center. These **protective regulations kept supply of new retail premises low and contributed to the strong historical rental growth in the sector.**

IKEA law

In March 2005 the IKEA law relaxed this situation by transferring more responsibility from the national level to the community government. In accordance to the IKEA law the community government can decide by itself on the socio-economic permit of new large (more than 400sqm) retail premises but an advice from a national committee is still required for permits of retail premises of more than 1,000sqm. Perhaps of even more importance the IKEA law enforced shorter approval times. For spaces between 400sqm and 1,000sqm a decision should be taken within 50 days and for larger spaces within 70 days. If no decision is taken by the community within the foreseen time period the request is automatically approved. **The implementation of the IKEA law enabled strong growth of shopping centers and retail warehouses resulting in a more balanced ratio of inner-city to peripheral retail space.**

Bolkenstein
directive

Today the Bolkenstein directive may give an extra boost to the development of new retail space by further loosening the regulation of socio-economic permits. Basically the **European Bolkenstein directive prohibits authorities to refuse a permit on the basis of an expected negative impact of a new project on existing retailers.** Moreover, this directive should be translated into Belgian law before the end of 2009.

It is clear that in the long run the more relaxed regulation of new retail constructions will offer new opportunities for developers with a negative impact on existing retail real estate.

Financials

P&L Analysis

P&L (in EUR m)	FY07	FY08	FY09 E	FY10 E	FY 11 E
NET RENTAL INCOME	17.2	20.1	20.9	21.2	21.7
% Growth		16.8%	4.1%	1.8%	2.0%
Operating costs	-5.2	-3.3	-3.2	-3.3	-3.3
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	12.0	16.8	17.7	18.0	18.3
% Net rental income	69.8%	83.6%	84.7%	84.5%	84.6%
% Growth		40.0%	5.5%	1.5%	2.1%
Result on the portfolio	16.5	11.5	-1.3	0.0	0.0
OPERATING RESULT	28.5	28.3	16.4	18.0	18.3
Financial result	-4.6	-6.2	-5.4	-5.3	-5.9
PRE-TAX RESULT	23.9	22.0	11.0	12.6	12.5
Taxes	0.0	-0.1	0.0	0.0	0.0
NET RESULT	23.9	22.0	11.0	12.6	12.4
% Growth		-8.0%	-50.1%	14.9%	-1.4%
NET CURRENT RESULT	7.4	10.9	12.6	12.6	12.4
% Growth		47.8%	14.9%	0.2%	-1.4%
EPS (in EUR)	4.70	4.33	2.16	2.48	2.45
EPS adjusted (in EUR)	1.46	2.16	2.48	2.48	2.45

Source: Degroof research

■ Rental income

We forecast a rental income of EUR 10.5m for 2H09, up by 1.6% compared to 1H09 due to the impact of Andenne (redevelopment after fire incident) and further rent increases. We expect rental income to increase by 1.8% in FY10 based on a like-for-like scenario and we bank on a long term top-line growth of 2.0% p.a.

Looking back in time we calculate a CAGR between 1998-2009 for prime rents in high streets between 3.6 and 3.8% and for retail warehouses between 2.9 and 3.2%.

■ Operating margin

Intervest Retail had an operating margin (= "operating result before result on the portfolio" / "net rental income") of only 69.8% in FY07 due to the poor performance of Factory Shopping Messancy. After the disposal of Messancy at the end of FY07, Operating margin improved by 40% to a far more reasonable 83.6% in FY08. We forecast a further enhancement of the operating margin to 84.7% for FY09 and we see margin gradually evolve to 85.0% in the long run.

■ **Financial result**

The cost of debt amounted to only 4.0% in 1H09. Around EUR 45m credit lines will expire before the end of 1Q10. Assuming that the former bank margin on these credit lines was 65bps and that new credit lines can be negotiated at 150bps, financial costs will rise by EUR 380k on yearly base. 2/3 of the debt is hedged through IRSs of which one IRS with a nominal value of EUR 25m at an interest rate of 4.12% will expire in March 2010. The other derivatives have maturity dates in FY13. Most of the IAS39 mark-to-markets are accounted for as cash flow hedges so they pass through equity and skip the P&L.

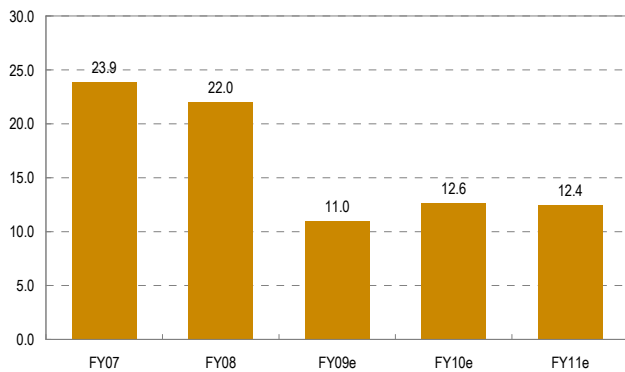
We expect financing costs to rise from EUR -5.1m in FY09 (financial result of EUR -5.4m in the table above includes EUR -0.3m revaluation of hedging instruments) to EUR -5.3m in FY10 and EUR -5.9m in FY11 due an expected increase in EURIBOR.

■ **Taxes**

Intervest Retail benefits from the advantageous legal and fiscal Belgian REIT framework. As a result the company pays almost no corporate taxes.

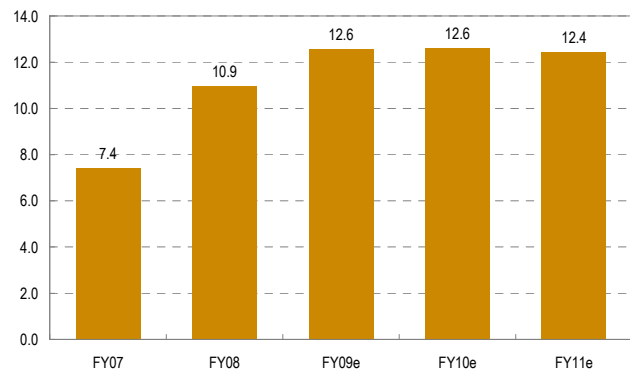
■ **Bottom line**

Evolution of Net Result (in EUR m)



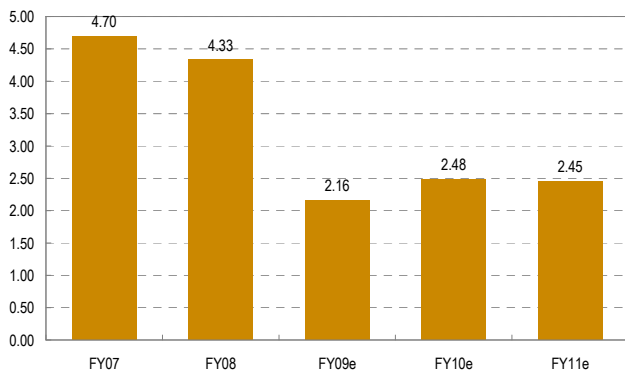
Source: Degroof research

Evolution of Net Current Result (in EUR m)



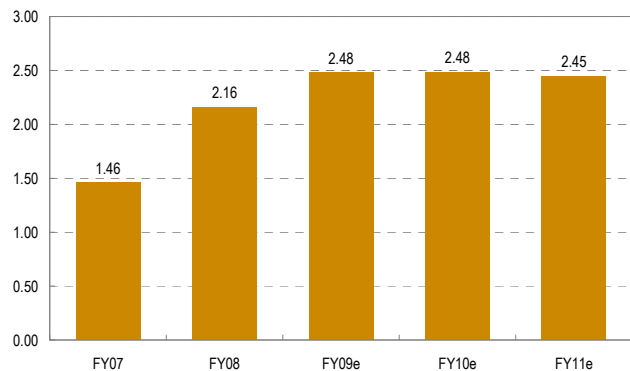
Source: Degroof research

Evolution of EPS (in EUR)



Source: Degroof research

Evolution of Net Current EPS (in EUR)



Source: Degroof research



Capital & Credit Analysis

Healthy debt ratio of 41.0%

As of 30 June 2009 Intervest Retail has a **debt ratio of 41.0%**, significantly lower than the 46.0% median debt ratio of the Belgian REITs and we see the company's leverage fall to 39.0% at year-end without new investments. It should be noted of course that the lower yield on retail real estate implies that this segment generates less direct cash flows so that less interest costs can be supported. As a result, we believe that Intervest Retail should indeed have a somewhat lower leverage than the median. Nonetheless, Intervest Retail has a **very healthy balance sheet**.

Debt ratio for Belgian REIT universe

Cofin.	Befim.	Int. Off.	Leas Invest	Wereldh. Belgium	Intervest Retail	Ascensio	Retail Estates	WEB	WDP	Montea	Aedifica	Home Invest
49.9%	43.9%	46.0%	48.7%	8.2%	41.0%	45.6%	58.1%	28.1%	54.7%	56.0%	49.0%	31.4%

MEDIAN:	46.0%
AVERAGE:	43.1%

Source: Degroof research

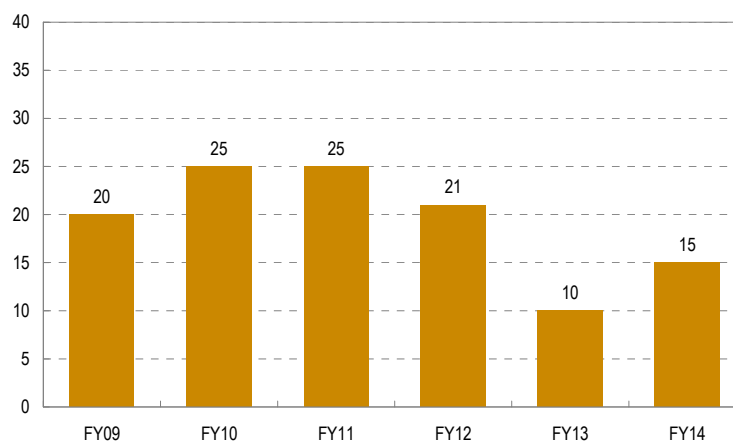
2/3 fixed - 1/3 floating interest rates

1H09 average cost of debt of only 4.0%

The REIT has financial debts of EUR 131m. As it is common practice for Belgian REITs, all debt is initially at floating rates and a part of the interest rates is subsequently fixed through hedging instruments. In accordance with the company's long term hedging strategy of 2/3 fixed and 1/3 floating interest rates, Intervest Retail fixed 62% of its debt through IRSs with an average duration 3.1y. Therefore **Intervest Retail profits particularly well from the low EURIBOR compared to other Belgian REITS** that are often almost fully hedged. **In 1H09 the average cost of debt was only 4.0%**. The value of the financial derivatives amounts to EUR -4.9m.

Credit facilities come from 5 financial institutions and expiry dates of credit facilities are well spread as illustrated by the figure below.

Expiry scheme of credit lines (in EUR m)



Source: Company data

This means that each year approximately 1 credit line needs to be rolled-over. Management indicates that new credit would cost around EURIBOR +135bps for short term credit but considerably more for longer term lines. The credit line of EUR 20m needs to be refinanced

as of 31 December 2009, but the line of EUR 25m that expires in FY10 already expires at the end of March. In other words, about EUR 45m needs to be refinanced within 9 months. Assuming that the former credit lines had a bank margin of 65bps while new credit lines cost 150bps, the extra financing cost would amount to EUR 380k p.a.

The interest coverage ratio (ICR = EBITDA / net financial interest) has been rising after the disposal of Messancy. We expect an ICR of 3.48 for FY09, which is rather high for a REIT, so that debt servicing is not an issue. We expect ICR to decline slightly in FY11 and somewhat stronger in FY11 due to an expected increase in cost of debt.

	FY07	FY08	FY09e	FY10e	FY11e
ICR	2.63	2.91	3.48	3.38	3.12

Source: Degroof research

Dividend policy

(In EUR)	FY04	FY05	FY06	FY07	FY08
Current EPS	2.53	2.12	1.95	1.46	2.16
Gross DPS	2.54	2.14	1.97	1.47	2.14
Pay-out ratio	100.4%	100.7%	101.0%	100.8%	99.3%

Source: Company data; Degroof research

100% pay-out ratio

The REIT follows a clear and simple dividend policy: pay-out 100% of current EPS. Off course this policy exposes investors to more volatile dividends, but in our view cash flows should be protected as market prospects in commercial real estate are better than in other segments and the portfolio is 4% under-rented. Furthermore, with a debt ratio of only 41%, Intervest Retail should not retain profits in order to fuel its war chest.

6.7% gross dividend yield

Management guidance for FY09 net current result is in the range of EUR 2.30-2.40 per share. We believe this guidance to be too prudent and rather bank on EUR 2.47 per share suggesting a gross dividend yield of 6.7% on yesterday's closing price.

(in EUR per share)	Management Guidance	Bank Degroof Estimates
FY09e dividend	2.30-2.40	2.47
1H09a net current result	1.23	1.23
2H09e net current result	1.07-1.17	1.24

Source: Company data; Degroof research

Upcoming Corporate Events Calendar

02-Nov-09	3Q09 trading update
23-Feb-10	FY09 results
07-Apr-10	AGM
23-Apr-10	Dividend payment

Source: Company data; Degroof research

Valuation

We value the company by using (1) a discounted cash flow valuation and (2) a NAV analysis.

DCF valuation

In our DCF valuation we discount the cash flows to the firm based on a two period model. In the first period (up to 31 December 2018) we discount detailed free cash flow projections. In the second period we estimate a residual value.

Parameters:

- Cost of equity: 8.23%
- Cost of debt: 4.50%
- Target gearing: 40.0%
- WACC: 6.74%

Free cash flow assumptions:

- Financials: We highlight our assumptions in detail later in the discussion of the financials.
- CAPEX: Although the company's balance sheet allows for expansion, we do not model in any expansion CAPEX, nor do we assume any maintenance CAPEX as we believe that enough maintenance passes through the P&L to sustain the condition of the premises.

Terminal growth assumptions

The residual value was based on NOPLAT/WACC, meaning that the return of the incremental invested capital equals the cost of capital and hence, growth adds nothing to value.

Peripheral assets

To our enterprise value derived from the DCF we add the following peripheral assets:

- 3 apartments held for sale in Vilvoorde above the H&M complex for which we take the current book value of EUR 591k, making abstraction of possible capital gains;
- The old site of Van De Ven in Olen for which we derive a worst case value of EUR 5.5m, i.e. a land plot of 110,000sqm valued at EUR 50/sqm.

As a result, we estimate Intervest Retail's peripheral assets at EUR 6.1m or EUR 1.08 per share.

Target price

We arrive at a **target price** of **EUR 39.0** per share, i.e. an upside-potential of 6.1% on yesterday's EUR 36.75 closing price.

CASH FLOW (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Sales	20.9	21.2	21.7	22.1	22.6	23.0	23.5	23.9	24.4	24.9
% change	4.1%	1.8%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA	17.7	18.0	18.3	18.7	19.1	19.5	19.9	20.3	20.7	21.2
% margin	84.7%	84.5%	84.6%	84.6%	84.7%	84.8%	84.8%	84.9%	85.0%	85.0%
% change	5.5%	1.5%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITA	17.7	18.0	18.3	18.7	19.1	19.5	19.9	20.3	20.7	21.2
% margin	84.7%	84.5%	84.6%	84.6%	84.7%	84.8%	84.8%	84.9%	85.0%	85.0%
% change	5.5%	1.5%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Normative tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NOPLAT	17.7	18.0	18.3	18.7	19.1	19.5	19.9	20.3	20.7	21.2
Depreciation & other provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross Operating Cash Flow	17.7	18.0	18.3	18.7	19.1	19.5	19.9	20.3	20.7	21.2
Capex	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
% sales	6.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in Net Working Capital (-=	-1.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Cash Flow to be discounted	15.2	18.0	18.4	18.8	19.2	19.6	20.0	20.4	20.9	21.3

DCF EVALUATION (EUR m)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
WACC	6.74%	6.74%	6.74%	6.74%	6.74%	6.74%	6.74%	6.74%	6.74%	6.74%
Discount Rate factor	0.99	0.93	0.87	0.81	0.76	0.71	0.67	0.63	0.59	0.55
Discounted Cash Flow	15.0	16.7	16.0	15.3	14.6	14.0	13.4	12.8	12.2	11.8
Cumulated DCF	15.0	31.7	47.7	63.0	77.6	91.6	105.0	117.8	130.0	141.8

WACC & DCF ANALYSIS

Cost of Equity (Ke or COE)	8.23%	Cumulated DCF	141.8	- Net Financial Debt	(123.2)
Cost of Debt (gross)	4.50%	Perpetual Growth Rate (g)	0.0%	- Minorities (estimated value)	0.0
Debt tax rate	0%	Normalised Annual CF	21.3	+ Associates	0.0
Cost of Debt net (Kd or COD)	4.50%	Terminal Value @ 12/2018	316.1	- Pension underfunding	0.0
Target gearing (D/(E+D)) or % Kd	40%	Disc. Rate of Terminal Value	0.55	- Off-balance sheet commitment:	0.0
% Ke	60%	Discounted Terminal Value	174.6	Equity Market Value (EUR m)	199.3
Normative Tax Rate	0%	Peripheral assets	6.1	Number of shares (m)	5.1
WACC	6.74%	Enterprise Value (EUR m)	322.5	Fair Value per share (EUR)	39.24

Source: Bank Degroof estimates

NAV analysis

As of 30 June 2009 Intervest Retail has a **NAV of EUR 37.82 per share** or an **EPRA adjusted NAV per share** (excl. mark-to-markets of hedging instruments; no deferred taxes on balance sheet) of **EUR 38.76**. So Intervest Retail trades at a **discount of 2.8%** on the last closing price, which is more or less in line with the average/median discount of 0.5%/0.6% for the Belgian REIT universe.

Peers that are also pure players in the retail segment are Retail Estates, Ascensio and Warehouses Estates Belgium; Wereldhave Belgium has dedicated 61% of its portfolio to retail and Leasinvest a more modest 16%. We note that the major discount for Wereldhave Belgium is to a large extent due to a legal dispute.

Premium/ (discount) to NAV in the Belgian REIT universe

Cofin.	Befim.	Int. Off.	Leas-Invest	Wereldh. Belgium	Intervest Retail	Ascensio	Retail Estates	WEB	WDP	Montea	Aedifica	Home Invest
(1.1%)	8.6%	8.8%	(11.5%)	(25.6%)	(2.8%)	(11.5%)	1.7%	(0.0%)	21.9%	(0.5%)	(0.6%)	5.1%

MEDIAN: (0.5%)

AVERAGE: (0.6%)

Source: Degroof research

In the table below we present an analysis of NAV sensitivity to a shift in valuation yield and rents.

NAV sensitivity analysis

NAV		Δ Yield					
		-50 bps	-25 bps	0 bps	+25 bps	+50 bps	+100 bps
Δ Rents	-6%	38.9	36.4	34.0	31.8	29.8	26.2
	-4%	40.3	37.7	35.3	33.1	31.0	27.3
	-2%	41.7	39.0	36.6	34.3	32.2	28.4
	0%	43.0	40.3	37.8	35.5	33.4	29.5
	+2%	44.4	41.6	39.1	36.7	34.5	30.6
	+4%	45.8	43.0	40.4	37.9	35.7	31.7
	+6%	47.1	44.3	41.6	39.2	36.9	32.8

Source: Degroof research

Although we believe that the portfolio is not excessively valued at a yield of 6.58% with:

- 7.3% yield on retail warehousing (vs. prime yield of 6.50% according to C&W 2Q09)
- 5.4% yield on inner-city shops (vs. prime yield of 5.25% according to C&W 2Q09)

We do not exclude an additional (modest) upward yield shift in H2. Rents on the other hand should be well-protected, considering that the portfolio is +/-4% under-rented and that we do not expect a sharp decline in market rents but rather a halt on further rental growth.

Intervest Retail: Summary tables

PROFIT & LOSS (EURm)	2004	2005	2006	2007	2008	2009e
Sales	18.5	18.1	18.4	17.2	20.1	20.9
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-2.8	-3.9	-4.5	-5.2	-3.3	-3.2
Personnel Expenses	0.0	0.0	0.0	0.0	0.0	0.0
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	15.7	14.2	13.8	12.0	16.8	17.7
EBITDA (adj.)*	15.7	14.2	13.8	12.0	16.8	17.7
D & A	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	15.7	14.2	13.8	12.0	16.8	17.7
EBIT (adj.)*	15.7	14.2	13.8	12.0	16.8	17.7
Net Financial Interest	-2.9	-3.4	-3.9	-4.6	-5.8	-5.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	-0.5	-0.4
Earnings Before Tax (EBT)	12.3	18.7	12.3	23.9	22.0	11.0
Tax	0.0	0.0	0.0	0.0	-0.1	0.0
<i>Tax rate</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.1%</i>	<i>0.2%</i>	<i>0.3%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	12.3	18.7	12.3	23.9	22.0	11.0
Net Profit (adj.)	12.8	10.8	9.9	7.4	10.5	12.2

CASH FLOW (EURm)	2004	2005	2006	2007	2008	2009e
Cash Flow from Operations before change in NWC	12.8	10.3	8.8	-12.1	10.6	12.7
Change in Net Working Capital	4.8	11.5	-10.3	5.7	-6.5	-1.2
Cash Flow from Operations	17.6	21.8	-1.6	-6.4	4.1	11.5
Capex	-5.6	-0.4	5.6	-20.2	3.3	-1.3
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	12.0	21.3	4.0	-26.7	7.5	10.2
Dividends	-12.9	-12.9	-10.9	-10.0	-7.5	-10.9
Other (incl. Capital Increase & share buy backs)	0.9	0.1	2.3	24.5	-9.6	-0.5
Change in Net Debt	0.0	8.5	-4.6	-12.2	-9.6	-1.1
NOPLAT	15.7	14.2	13.8	12.0	16.8	17.7

BALANCE SHEET & OTHER ITEMS (EURm)	2004	2005	2006	2007	2008	2009e
Net Tangible Assets	277	285	281	313	328	328
Net Intangible Assets (incl. Goodwill)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	0.0	0.0	0.0	0.1	0.0	0.0
Total Fixed Assets	277	285	281	313	328	328
Net Working Capital	-2.5	-14.0	-3.6	-9.3	-2.9	-1.7
Shareholders Equity	167	172	174	188	199	199
Minorities Equity	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	108	99.0	104	116	125	126
Provisions	0.2	0.2	0.2	0.2	0.2	0.2
Other Net Liabilities or Assets	0.3	0.3	0.2	0.4	0.1	0.1
Net Capital Employed/Invested	275	271	278	304	325	326

GROWTH & MARGINS	2004	2005	2006	2007	2008	2009e
<i>Sales growth</i>	<i>-10.2%</i>	<i>-1.9%</i>	<i>1.2%</i>	<i>-6.5%</i>	<i>16.8%</i>	<i>4.1%</i>
<i>EBITDA growth</i>	<i>-0.1%</i>	<i>-9.5%</i>	<i>-3.0%</i>	<i>-13.3%</i>	<i>40.0%</i>	<i>5.5%</i>
<i>EBITDA (adj.)* growth</i>	<i>-0.1%</i>	<i>-9.5%</i>	<i>-3.0%</i>	<i>-13.3%</i>	<i>40.0%</i>	<i>5.5%</i>
<i>EBIT growth</i>	<i>0.7%</i>	<i>-9.5%</i>	<i>-3.0%</i>	<i>-13.3%</i>	<i>40.0%</i>	<i>5.5%</i>
<i>EBIT (adj.)* growth</i>	<i>0.7%</i>	<i>-9.5%</i>	<i>-3.0%</i>	<i>-13.3%</i>	<i>40.0%</i>	<i>5.5%</i>
<i>Net Profit growth</i>	<i>1.7%</i>	<i>-16.0%</i>	<i>-8.1%</i>	<i>-25.3%</i>	<i>41.6%</i>	<i>16.7%</i>
<i>EPS adj. growth</i>	<i>1.7%</i>	<i>-16.0%</i>	<i>-8.1%</i>	<i>-25.3%</i>	<i>41.6%</i>	<i>16.7%</i>
<i>DPS adj. growth</i>	<i>0.0%</i>	<i>-15.7%</i>	<i>-7.9%</i>	<i>-25.4%</i>	<i>45.6%</i>	<i>15.8%</i>
<i>EBITDA margin</i>	<i>85.1%</i>	<i>78.4%</i>	<i>75.2%</i>	<i>69.8%</i>	<i>83.6%</i>	<i>84.7%</i>
<i>EBITDA (adj.)* margin</i>	<i>85.1%</i>	<i>78.4%</i>	<i>75.2%</i>	<i>69.8%</i>	<i>83.6%</i>	<i>84.7%</i>
<i>EBIT margin</i>	<i>85.1%</i>	<i>78.4%</i>	<i>75.2%</i>	<i>69.8%</i>	<i>83.6%</i>	<i>84.7%</i>
<i>EBIT (adj.)* margin</i>	<i>85.1%</i>	<i>78.4%</i>	<i>75.2%</i>	<i>69.8%</i>	<i>83.6%</i>	<i>84.7%</i>

Intervest Retail: Summary tables

RATIOS	2004	2005	2006	2007	2008	2009e
Net Debt/Equity	0.6	0.6	0.6	0.6	0.6	0.6
Net Debt/EBITDA	6.8	7.0	7.5	9.7	7.5	7.1
Interest cover (EBITDA/Fin.interest)	5.4	4.1	3.5	2.6	2.9	3.5
Capex/D&A	nm	nm	nm	nm	nm	nm
Capex/Sales	30.5%	2.4%	-30.6%	117.9%	-16.7%	6.2%
NWC/Sales	-13.6%	-77.0%	-19.8%	-54.4%	-14.3%	-8.0%
ROE (average)	7.8%	6.4%	5.7%	4.1%	5.4%	6.1%
ROCE (adj.)	5.7%	5.3%	5.0%	3.9%	5.2%	5.4%
WACC	6.7%	6.7%	6.7%	6.7%	6.7%	6.7%
ROCE (adj.)/WACC	0.9	0.8	0.7	0.6	0.8	0.8

PER SHARE DATA (EUR)***	2004	2005	2006	2007	2008	2009e
Diluted number of shares	5.1	5.1	5.1	5.1	5.1	5.1
EPS (reported)	2.42	3.68	2.42	4.70	4.33	2.16
EPS (adj.)	2.53	2.12	1.95	1.46	2.06	2.41
BVPS	32.81	33.81	34.21	36.97	39.23	39.25
DPS	2.54	2.14	1.97	1.47	2.14	2.48

VALUATION	2004	2005	2006	2007	2008	2009e
EV/Sales	16.7	16.6	16.6	16.4	13.5	15.0
EV/EBITDA	19.7	21.1	22.1	23.6	16.1	17.7
EV/EBITDA (adj.)*	19.7	21.1	22.1	23.6	16.1	17.7
EV/EBIT	19.7	21.1	22.1	23.6	16.1	17.7
EV/EBIT (adj.)*	19.7	21.1	22.1	23.6	16.1	17.7
P/E (adj.)	15.7	18.7	20.3	22.5	13.8	15.3
P/BV	1.2	1.2	1.2	0.9	0.7	0.9
Total Yield Ratio	6.4%	5.4%	5.0%	4.5%	5.8%	6.7%
EV/CE	1.1	1.1	1.1	0.9	0.8	1.0
OpFCF yield	8.7%	10.8%	-0.8%	-3.9%	2.8%	6.2%
OpFCF/EV	5.7%	7.2%	-0.5%	-2.3%	1.5%	3.7%
Payout ratio	105.1%	58.2%	81.4%	31.3%	49.4%	114.6%
Dividend yield (gross)	6.4%	5.4%	5.0%	4.5%	5.8%	6.7%

EV AND MKT CAP (EURm)	2004	2005	2006	2007	2008	2009e
Price** (EUR)	39.7	39.7	39.7	32.8	28.5	36.8
Outstanding number of shares for main stock	5.1	5.1	5.1	5.1	5.1	5.1
Total Market Cap	202	202	202	167	145	187
Net Debt	108	99.0	104	116	125	126
o/w Cash & Marketable Securities	1.7	6.6	1.1	13.6	1.7	2.3
o/w Short Term Debt	45.6	32.7	32.7	62.8	27.6	27.9
o/w Long Term Debt	63.5	72.8	71.9	66.6	99.5	101
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)	309	301	305	282	270	313

Source: Company, Bank Degroof estimates.

Notes

* Where EBITDA (adj.) or EBIT (adj.) = EBITDA (or EBIT) +/- Non Recurrent Expenses/Income

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Company Description:

Intervest Retail is a Belgian REIT (=SICAFI or vastgoedbevak) that invests solely in Belgian retail premises. The portfolio has a fair value of EUR 328.1m, representing a gross lettable area (GLA) of 162,564sqm. The portfolio breaks down to 55% retail warehouses & shopping centers and 45% inner-city shops with a strong geographical concentration in Flanders (71%) while a smaller stake is invested in Brussels (14%) and Wallonia (15%). More than 72% of the shares are under control of the Dutch REIT VastNed Retail NV.

ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.

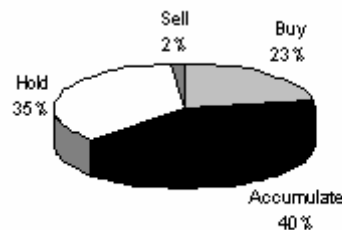
The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy, Accumulate (or Add), Hold, Reduce and Sell (in short: B, A, H, R, S)**.

Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 20%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **10% to 20%** during the next 12 months time horizon
- **Hold:** the stock is expected to generate total return of **0% to 10%** during the next 12 months time horizon.
- **Reduce:** the stock is expected to generate total return of **0% to -10%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -10%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Bank Degroef Ratings Breakdown

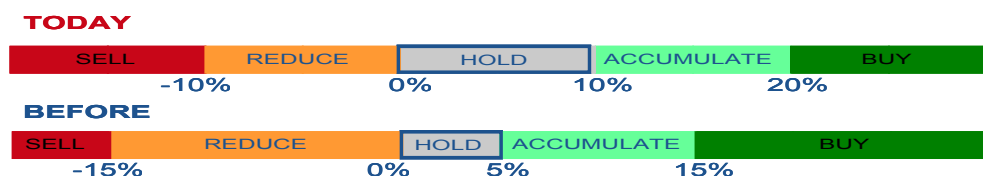


History of ESN Recommendation System

Since **18 October 2004**, the Members of ESN are using an Absolute Recommendation System (before was a Relative Rec. System) to rate any single stock under coverage.

Since **4 August 2008**, the ESN Rec. System has been amended as follow.

- Time horizon changed to 12 months (it was 6 months)
- Recommendations Total Return Range changed as below:



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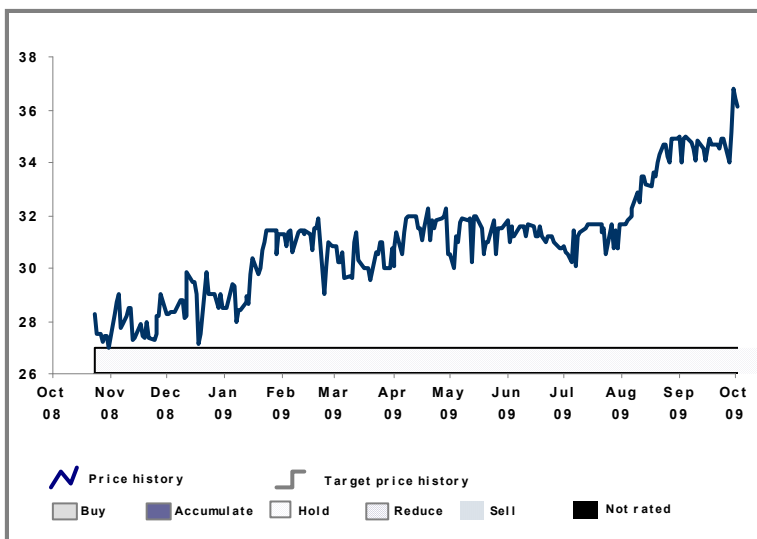


Recommendation history for INTERVEST RETAIL

Date	Recommendation	Target price	Price at change date
26-Oct-09	Hold	39.00	36.75
02-Jul-07	Hold		36.00
10-Nov-05	Hold	39.00	40.05
10-Jul-03	Hold	32.50	35.00
24-Jun-03	Not rated		33.89

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows Bank Degroof continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Preben Bruggeman (since 18/09/2009)



Bank Degroof acts as liquidity provider for:

Aedifica, Atenor, Banimmo, Bois Sauvage, Duvel, Evadix, Floridienne, GIMV, IBt, Intervest Retail, IPTE, I.R.I.S., Kinopolis, Leasinvest, Luxempart, Montea, NewTree, PinguinLutosa, Realco, Resilux, Sapec, Ter Beke and Van de Velde.

Bank Degroof holds a significant stake in:

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Bank Degroof board members and employees hold mandates in the following listed companies:

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