

INTERVEST  
RETAIL

HALF YEAR REPORT

30 JUNE 2006



# HALF YEAR REPORT

30 JUNE 2006



Uitbreidingstraat 18  
2600 Berchem

Property investment fund with  
Fixed Capital under Belgian law

# CONTENTS

MANAGEMENT AND ORGANISATION P. 2

---

<b>1. INTERVEST RETAIL</b>	<b>P. 3</b>
1.1. Profile	P. 3
1.2. Investment policy	P. 3
1.3. Management	P. 4

---

<b>2. DEVELOPMENTS IN THE FIRST HALF YEAR OF 2006</b>	<b>P. 5</b>
2.1. Investments	P. 5
2.1.1. Factory Shopping Messancy	P. 5
2.1.2. Olen	P. 5
2.1.3. Tongeren	P. 6
2.2. Sales	P. 6

---

<b>3. GROWTH PROSPECTS</b>	<b>P. 7</b>
----------------------------	-------------

---

<b>4. FINANCIAL RESULTS</b>	<b>P. 8</b>
4.1. Analysis of financial results	P. 8
4.2. Financial statements	P.10
4.3. Net asset value and share price	P.18
4.4. Statutory Auditor's report	P.19

---

<b>5. PROPERTY PORTFOLIO</b>	<b>P.20</b>
5.1. Valuations per 30 June 2006	P.20
5.2. Overview retail market	P.20
5.3. Key figures and charts	P. 21
5.4. Overview of the property portfolio	P.22



# MANAGEMENT AND ORGANISATION

## **Registered office**

Uitbreidingstraat 18, 2600 Berchem

## **Enterprise identification number**

0431.391.860

## **Board of Directors**

Paul Christiaens, Director

G rard Philippson, Director

Joost Rijnbout, Managing Director

Hubert Roovers, Managing Director

Reinier van Gerrevink, Chairman

## **Executive Committee**

Closed Limited Liability Company under Belgian Law Jean-Paul Sols, CEO

Closed Limited Liability Company under Belgian Law Rudi Taelmans, COO

Inge Tas, CFO

Reinier van Gerrevink

## **Statutory Auditor**

Deloitte Company Auditors, professional partnership in the form of a co-operative partnership with limited liability, Berkenlaan 8b, 1831 Diegem, represented by Rik Neckebroeck

## **Custodian bank – Financial services – Liquidity provider**

Bank Degroof, Nijverheidsstraat 44, 1000 Brussels

## **Property experts**

Cushman & Wakefield, Kunstlaan 58 bus 7, 1000 Brussels

de Crombrughe & Partners, G. Demeylaan 72-74, 1160 Brussels

## **Date of annual general meeting**

First Wednesday in April, 2.30 p.m.



# 1. INTERVEST RETAIL

## 1.1. Profile

Intervest Retail invests exclusively in Belgian commercial property, focusing primarily on inner city shops in prime locations and on retail warehouses. Shopping centres also represent possible investment opportunities. Beside, the company also invests in a factory outlet in Messancy.

At present the portfolio is made up of 297 lettable units, spread over 85 different locations. 42% of the retail portfolio consists of inner city shops, 45% of retail warehouses and 13% of a factory outlet. The total fair value of the investment properties as at 30 June 2006 amounts to € 260.803.000 (investment value € 267.323.000). The fair value of the development projects amounts to € 8.881.000 on 30 June 2006 (investment value € 8.995.000).

Intervest Retail has been registered as a property investment fund in the list of Belgian investment institutions since 22.12.1998, and has been included in the Next Prime segment of Euronext in Brussels since 01.01.2002.

## 1.2. Investment policy

The investment policy is geared towards achieving a combination of a direct yield based on rental income and an indirect yield based on the increase in the value of the property portfolio.

Expansion of the portfolio should always lead to a better risk spread, cost benefits and increased shareholder value. As far as possible, mergers and contributions in kind are realised against payment of new shares, whereby the free float<sup>1</sup> and liquidity<sup>2</sup> of the share are improved.

As a result of the recent change in law by the Royal Decree dated 21 June 2006, a maximum debt ratio of 65% is allowed. Intervest Retail will make appropriate use of this possibility in developing its investment programme. Intervest Retail also wishes to keep sufficient financing capacity available to enable a flexible reaction on investment opportunities without having to recourse to capital increases.

<sup>1</sup> Free float is the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.

<sup>2</sup> Liquidity is the ease with which a share can be traded.



### 1.3. Management

Intervest Retail applies the principles of corporate governance to ensure that shareholder value can be increased in the most efficient way.

The Board of Directors, composed for the greater part of independent directors, has as principal tasks working out the company's strategy, approving the annual accounts and controlling the Executive Committee. Within the Board of Directors, an Audit Committee was set up, mainly controlling the correctness, completeness and quality of the financial information to be published.

The Board of Directors consists of the following members:

- **G rard Philippon**, independent director and member of the Audit Committee;
- **Paul Christiaens**, independent director and chairman of the Audit Committee;
- **Joost Rijnbout**, independent managing director;
- **Hubert Roovers**, managing director and representative of the majority shareholder;
- **Reinier van Gerrevink**, chairman of the Board of Directors, member of the Audit Committee and representative of the majority shareholder.

As of 1 January 2004, Interinvest Retail is a 'self managed fund', with own personnel and an own Executive Committee. This Executive Committee has all powers, with the exception of the actions that, on the basis of legal stipulations, are reserved for the Board of Directors as well as the strategic policy. As of 30 June 2006 the Executive Committee is composed as follows:

- **Closed Limited Liability Company under Belgian Law Jean-Paul Sols**, represented by Jean-Paul Sols, Chief Executive Officer;
- **Closed Limited Liability Company under Belgian Law Rudi Talemans**, represented by Rudi Talemans, Chief Operating Officer;
- **Inge Tas**, Chief Financial Officer;
- **Reinier van Gerrevink**.

As of 1 April 2006, the Closed Limited Liability Company under Belgian Law Gert Cow , represented by Gert Cow , resigned its function as Chief Executive Officer and chairman of the Executive Committee. Reinier van Gerrevink was temporarily employed for the period from 1 April 2006 to 23 April 2006 as Chief Executive Officer and chairman of the Executive Committee, replacing Gert Cow .



## 2. DEVELOPMENTS IN FIRST HALF YEAR OF 2006

### 2.1. Investments

#### 2.1.1. Factory Shopping Messancy

Letting of Factory Shopping Messancy (FSM) is proceeding well. Newcomers include Kids Factory, Crossways, Compagnie de Californie and Berlingot, together with attractive catering businesses that increase the experiential value for visitors.

Since the efforts in architecture and design, the value of the centre as an attraction has been highly apparent. Minale Design was recently awarded the “Janus du commerce” award by the Institut Français du Design for its work at Messancy.

In the second quarter of 2006 an amendment to FSM’s socio-economic license was obtained as a result of which 3,500 m<sup>2</sup> of leisure area has been converted into retail space. The occupancy rate of the whole (expanded) retail part of FSM is 76% on 30 June 2006. The occupancy rate of the operational part is 93 %. The leisure areas have been made ready for letting in the first half of the year. Contacts currently exist for letting these units.

Besides letting the additional areas, increasing visitor numbers and their associated turnover figures remains a challenge. Visitor numbers are increasing favourably. So far as turnover is concerned, clear differences are apparent between the different shops. FSM’s onsite management is reacting to this by arranging specific commercial campaigns and discussions with shop management.

#### 2.1.2. Olen

The redevelopment of Wooncentrum Van De Ven in Olen requires a lot of attention. The permit phase for the redevelopment of Shopping Park Olen is now coming to an end. Intervest Retail expects the building permit to be granted in the autumn.

On 14 February 2006, a claim is submitted to have the expansion of the socio-eco-



conomic permit declared invalid, however this claim should not prevent the future Shopping Park from operating as long as the City Council does not rule against it. The dispute only involves expanding the authorised net selling surface area of 11.282m<sup>2</sup> to a total of 26.642 m<sup>2</sup>.

Aside from the great interest shown by the tenants, Intervest Retail is looking into ways to further enhance the concept. In particular, Intervest Retail is busy determining the ideal placement for its top-selling tenants in order to drive maximum revenue.

### 2.1.3. Tongeren

Commercialisation of the Julianus shop project, which is under construction, is going according to plan. In the current stage, around 30 % of the shops have been let. Besides Kruidvat, JBC, Torfs Schoenen, Essenza and Bel Company, Veritas and Zanier have also signed leases. This means that around 30 % of the ground floor of the shopping centre is let.

An agreement in principle has been signed with H&M and the negotiations to finalise the lease are at a very advanced stage. Negotiations with an experienced catering establishment operator are also in their final phase. If, as expected, both deals are formally settled in the near future, more than 50% of the ground floor area will have been let.

An important issue for the centre is to conclude a lease for a supermarket of at least 1.000 m<sup>2</sup> on level -1. A well-known international distribution chain is showing interest in this respect.

The building works, both new construction and renovation, are going according to plan

## 2.2. Sales

Intervest Retail has completed a sales programme worth (originally) approximately €18 million. This involves non-strategic buildings. Selling these buildings and reinvesting the funds has a positive effect on the average quality of the portfolio



The following properties are sold during the first half of 2006:

Location	Address	Surface in m <sup>2</sup>	Sales price in €	Fair value at the moment of sale in €	Gain-/loss in €
Aalst	Kalfstraat 3	9,726	7,643,252	8,086,317	-443,065
Dinant	Tienne de l'Europe	4,330	3,124,989	3,267,357	-141,968
Gerpennes	rue de Bertransart 99	290	192,161	199,587	-7,426
Glain	rue St-Nicolas 572	1,990	912,000	1,007,711	-95,711
Hannut	rue de Huy 63	3,015	1,668,348	2,081,947	-413,599
Kapellen	Eikendreef 5	906	485,528	476,224	9,304
Oostende	Torhoutsesteenweg 610	1,000	1,028,461	1,045,086	-16,625
Roeselare	Brugsesteenweg 524	1,000	857,478	868,612	-11,134
Seraing	boulevard Pasteur 47	1,263	1,080,000	834,135	245,865
Sint-Niklaas	Kapelstraat 119	940	315,275	357,665	-42,390
Sint-Truiden	Hasseltsesteenweg 69	850	890,303	831,907	58,396
Sint-Truiden	Kattestraat 25	1,401	1,299,899	1,200,234	99,665
<b>Total sales</b>					<b>-758,688</b>
<b>Transaction costs</b>					<b>-392,180</b>
<b>TOTAL</b>		<b>26,711</b>	<b>19,497,694</b>	<b>20,256,782</b>	<b>-1,150,868</b>

### 3. GROWTH PROSPECTS

In the short term, Intervest Retail's efforts will be directed mainly to improving the quality of the existing property portfolio, investigating various growth scenarios, further commercial strengthening of Factory Shopping Messancy and redevelopment of the Shopping Park in Olen.

The company is continuously studying investment files. Given the high availability of liquidity in the capital market and the still relatively low long-term interest rates, historically speaking absolute top prices are being paid. Particularly in prime sites in Antwerp and Brussels, properties are being bought at a gross initial return of 4.25 %. A comparable phenomenon is occurring in other important locations.

Since such investments generate a limited yield, Intervest Retail is concentrating on cases that attract less attention from foreign investors and are a good deal more profitable. However, these investments are frequently on a smaller scale, which slows growth to some extent.



# 4. FINANCIAL RESULTS

The consolidated financial statements for the six months period ended 30 June 2006 have been prepared in accordance with IAS 34 "Interim financial reporting". The accounting principles have been consistently applied with those of the financial statements of the accounting year 2005.

## 4.1. Analysis of the financial results<sup>4</sup>

In the first half of 2006, the retail property market experienced solid growth in both the rental as well as the investment markets. Rental prices are on the rise for prime retail locations in major shopping streets. Rental prices for retail warehouses and retail car parks have remained strong. The shortage of investment properties has been driving prices up for retail space in prime locations.

The total occupancy rate on 30 June 2006 reached 95,35% (96,05 % at the end of 2005), or 99,06% when excluding Factory Shopping Messancy (FSM).

Rental income in the first half of 2006 fell slightly to € 9 million (€ 9,2 million) because of eligible rent incentives related to letting at FSM to be taken into account.

Property charges rose to € 1,6 million (€ 1,3 million) due to higher operating costs at FSM. Since the second quarter of 2005, these costs are no longer capitalised but charged directly to the operating result. These are mainly marketing costs that cannot be passed on to the tenants.

General costs have increased in the first half of 2006 to reach € 0,7 million (€ 0,6 million).

The operating result before the result on the portfolio was € 6,6 million (€ 7,4 million).

A loss of € 1,2 million was realised on the sale of 12 non-strategic properties, compared to the fair value of € 20,3 million. Intervest Retail has been actively involved in identifying reinvestment opportunities for this excess cash. However, shortages on the investment market make it a challenge to find suitable investments at reasonable conditions.

*4 Comparable figures for 2005 between brackets.*





The financial result amounts to -€ 1,9 million (-€ 1,7 million) in the face of higher interest charges, given that FSM-related interest charges are no longer being capitalised.

The net profit for the first half of the year is € 2,2 million (€ 10,1 million) and can be broken down into a distributable operating result of € 4,7 million (€ 5,7 million) and a result on the portfolio of -€ 2,5 million (€ 4,4 million). This represents distributable earnings per share of € 0,94 (€ 1,12).

The fair value of the portfolio on 30 June 2006 was € 269,7 million (€ 284,7 million on 31 December 2005). This decrease is primarily the consequence of disposals in 2006 (-€ 20,3 million), investments in Tongeren and FSM (€ 7,1 million) and portfolio value fluctuations (-€ 1,4 million).

The net asset value (fair value) per share amounts to € 32,20 (€ 33,81). Given that the stock price on 30 June 2006 was € 36,98, the Intervest Retail share is quoted with a premium of 14,8% compared to net asset value (fair value).

According to the calculation method in article 6 of the Royal Decree dated 21 June 2006, the debt ratio was 42,02% on 30 June 2006 (40,73% on 31 December 2005).

The 2006 result will depend largely on the commercial and financial success of FSM. The additional rentals and sustained marketing efforts should result in higher sales, from which sales-related rents can be generated.

For the entire year 2006, Intervest Retail is expecting distributable earnings per share between € 1,80 and € 1,90.



## 4.2. Financial statements (in € 000)

### 4.2.1. Consolidated balance sheet

ASSETS	30/06/2006	31/12/2005
<b>Non-current assets</b>	<b>270,185</b>	<b>285,152</b>
Intangible fixed assets	23	10
Investment properties	260,803	280,107
Development projects	8,881	4,561
Other tangible fixed assets	460	455
Trade receivables and other non-current assets	18	19
<b>Current assets</b>	<b>15,223</b>	<b>9,121</b>
Trade receivables	2,217	1,454
Tax receivables and other current assets	1,254	932
Cash and cash equivalents	11,450	6,566
Deferred charges and accrued income	302	169
<b>TOTAL ASSETS</b>	<b>285,408</b>	<b>294,273</b>
SHAREHOLDERS' EQUITY AND LIABILITIES	30/06/2006	31/12/2005
<b>Shareholders' equity</b>	<b>163,548</b>	<b>171,703</b>
<b>Shareholders' equity attributable to the shareholders of the parent company</b>	<b>163,545</b>	<b>171,700</b>
<i>Capital</i>	<i>97,213</i>	<i>97,213</i>
<i>Share premium</i>	<i>4,183</i>	<i>4,183</i>
<i>Reserves</i>	<i>63,229</i>	<i>66,269</i>
<i>Result</i>	<i>5,682</i>	<i>11,841</i>
<i>Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties</i>	<i>-6,634</i>	<i>-7,116</i>
<i>Changes in fair value of financial assets and liabilities</i>	<i>-128</i>	<i>-690</i>
<b>Minority interests</b>	<b>3</b>	<b>3</b>
<b>Liabilities</b>	<b>121,860</b>	<b>122,570</b>
<b>Non-current liabilities</b>	<b>72,840</b>	<b>73,314</b>
<i>Provisions</i>	<i>195</i>	<i>195</i>
<i>Non-current financial debts</i>	<i>72,267</i>	<i>72,816</i>
Credit institutions	72,228	72,790
Financial lease	39	26
<i>Other non-current liabilities</i>	<i>378</i>	<i>303</i>
<b>Current liabilities</b>	<b>49,020</b>	<b>49,256</b>
<i>Current financial debts</i>	<i>42,261</i>	<i>32,719</i>
Credit institutions	42,254	32,718
Financial lease	7	9
<i>Trade debts and other current debts</i>	<i>4,026</i>	<i>2,697</i>
<i>Other current liabilities</i>	<i>1,113</i>	<i>12,623</i>
<i>Accrued charges and deferred income</i>	<i>1,620</i>	<i>1,897</i>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>285,408</b>	<b>294,273</b>

#### 4.2.2. Consolidated income statement

	30/06/2006	30/06/2005
Rental income	8,951	9,153
Rental related expenses	-148	-76
<b>NET RENTAL INCOME</b>	<b>8,803</b>	<b>9,077</b>
Recovery of property expenses	78	81
Recovery of charges and taxes normally payable by tenants on let properties	2,375	1,606
Charges and taxes normally payable by tenants on let properties	-2,375	-1,606
Other rental-related income and expenses	-1	-5
<b>PROPERTY RESULT</b>	<b>8,880</b>	<b>9,153</b>
Technical costs	-300	-372
Commercial costs	-61	-73
Charges and taxes on unlet properties	-832	-414
Property management costs	-364	-384
Other property charges	-2	-8
<b>PROPERTY CHARGES</b>	<b>-1,559</b>	<b>-1,251</b>
<b>OPERATING PROPERTY RESULT</b>	<b>7,321</b>	<b>7,902</b>
General costs	-726	-589
Other current operating income and expenses	34	80
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>6,629</b>	<b>7,393</b>
Result on disposals of investment property	-1,151	-15
Result on sales of other non financial assets	0	3
Changes in fair value of investment property and development projects	-1,407	4,425
<b>OPERATING RESULT</b>	<b>4,071</b>	<b>11,806</b>
Financial income	34	6
Interest charges	-1,933	-1,705
Other financial charges	-21	-15
<b>FINANCIAL RESULT</b>	<b>-1,920</b>	<b>-1,714</b>
<b>RESULT BEFORE TAXES</b>	<b>2,151</b>	<b>10,092</b>
<b>NET RESULT</b>	<b>2,151</b>	<b>10,092</b>

	30/06/2006	30/06/2005
<b>RESULT PER SHARE</b>		
Number of ordinary shares	5,078,525	5,078,525
Basic earning per share (in €)	0.42	1.99
Diluted earnings per share (in €)	0.42	1.99
Distributable earnings per share (in €)	0.94	1.12





### 4.2.3. Statement of changes in consolidated equity

	Share capital Ordinary shares	Share-premium
<b>Balance on 31 December 2004</b>	<b>97,213</b>	<b>4,183</b>
- Profit of the first six months of 2005		
- Transfer of the result on the portfolio to the reserves not available for distribution		
- Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties		
- Dividends of the financial year 2004		
- Changes in fair value of financial assets and liabilities		
<b>Balance on 30 June 2005</b>	<b>97,213</b>	<b>4,183</b>

<b>Balance on 31 December 2005</b>	<b>97,213</b>	<b>4,183</b>
- Profit of the first six months of 2006		
- Transfer of the result on the portfolio to the reserves not available for distribution		
- Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties		
- Dividends of financial year 2005		
- Changes in fair value of financial assets and liabilities		



Reserves not available for distribution	Balance on 30 June 2006				97,213	4,183
		value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	value of financial assets and liabilities	interests	interests	
58,204	13,949	-6,923	0	3	166,629	
	10,092				10,092	
4,410	-4,410				0	
218		-218			0	
	-12,900				-12,900	
			-1,030		-1,030	
62,832	6,731	-7,141	-1,030	3	162,791	
66,269	11,841	-7,116	-690	3	171,703	
	2,151				2,151	
-2,558	2,558				0	
-482		482			0	
	-10,868				-10,868	
			562		562	



#### 4.2.4. Consolidated cash-flow statement

	30/06/2006	30/06/2005
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>6,566</b>	<b>1,665</b>
<b>1. Cash-flow from operating activities</b>	<b>-5,817</b>	<b>13,621</b>
<b>Net profit of the first six months of the financial year</b>	<b>2,151</b>	<b>10,092</b>
<b>Adjustments for transactions of non-current nature</b>	<b>3,028</b>	<b>-4,403</b>
- Depreciations on intangible and other tangible fixed assets	64	11
- Loss on the sale of investment properties	1,151	15
- Profit on the sale of other non financial fixed assets	0	-2
- Apportion of rental discounts and rent incentives	406	-2
- Changes in fair value of investment property and development projects	1,407	-4,425
<b>Changes in working capital</b>	<b>-10,996</b>	<b>7,932</b>
* Movement of assets		
- Trade receivables	-763	-526
- Tax receivables and other current assets	-322	-6
- Deferred charges and accrued income	-133	-193
* Movement of liabilities		
- Trade debts and other current debts	1,335	-354
- Other current liabilities	-10,912	8,049
- Accrued charges and deferred income	-201	962
	<b>30/06/2006</b>	<b>30/06/2005</b>
<b>2. Cash-flow from investment activities</b>	<b>-156</b>	<b>-4,298</b>
Repayments of loans	-156	-147
Disposal of intangible and other tangible fixed assets	9,700	4,969
Repayment of financial lease liabilities	-3	-5
Investments in existing investment properties	75	-4,579
Receipts from non-current liabilities as guarantee		163
Investments in development projects	-10,868	-12,900
Dividends paid		-220
Capitalised interest expenses		0
Acquisition of assets with deferred payment		0
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FIRST HALF YEAR</b>	<b>11,450</b>	<b>2,898</b>
Proceeds from the sale of investment properties		675
Proceeds from the sale of other non financial fixed assets	0	9
<b>3. Cash-flow from financing activities</b>	<b>-1,252</b>	<b>-8,090</b>





### 4.3. Net assets value and share price

	30/06/06	31/12/05	30/06/05	31/12/04
Net asset value (fair value)	32.20	33.81	32.06	32.81
Net asset value (investment value)	33.51	35.21	33.46	34.17
Gross dividend	0.94	2.14	1.12	2.54
Net dividend	0.80	1.82	0.95	2.16
Share price on closing date	36.98	43.50	38.00	34.89
Over-/undervaluation on net asset value (fair value) (%)	14.8	28.7	18.5	6.3

During the first six months of the year 2006 the share price fluctuated between € 35,70 and € 45,00. On 30 June 2006 the share was quoted at € 36,98. This means a premium of 14,8% compared to the net asset value on 30 June 2006.

The free float per 30 June 2006 amounted to 27,62% (27,62% ultimo 2005).

The daily average traded volume mounted to 1.119 shares during the first six months of 2006.



For the interpretation of the above chart, the payment of the dividend over financial year 2005 amounting to € 2,14 per share on 26 May 2006 has to be considered.



## 4.4. Statutory Auditors report

### INTERVEST RETAIL NV, BELGIAN REAL ESTATE INVESTMENT FUND

LIMITED REVIEW REPORT ON THE CONSOLIDATED HALF-YEAR FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2006  
*(Free translation from the original in Dutch)*

To the Board of Directors

We have performed a limited review of the accompanying consolidated balance sheet, income statement, cash flow statement, statement of changes in equity and notes (jointly the "interim financial information") of INTERVEST RETAIL NV, BELGIAN REAL ESTATE INVESTMENT FUND ("the company") and its subsidiaries (jointly "the group") for the six months period ended 30 June 2006. The Board of Directors of the company is responsible for the preparation and fair presentation of this interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

The interim financial information has been prepared in accordance with IAS 34, "Interim Financial Reporting".

Our limited review of the interim financial information was conducted in accordance with the recommended auditing standards on limited reviews applicable in Belgium, as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". A limited review consists of making inquiries of group management and applying analytical and other review procedures to the interim financial information and underlying financial data. A limited review is substantially less in scope than an audit performed in accordance with the auditing standards on consolidated annual accounts as issued by the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Accordingly, we do not express an audit opinion.

Based on our limited review nothing has come to our attention that causes us to believe that the interim financial information for the six months period ended 30 June 2006 is not prepared, in all material respects, in accordance with legal and regulatory requirements and IAS 34 Interim Financial Reporting.

9 August 2006

#### **The Statutory Auditor**

**DELOITTE Company Auditors**

SC s.f.d. SCRL

Represented by Rik Neckebroeck



# 5. PROPERTY PORTFOLIO

## 5.1. Valuations per 30 June 2006

Factory Shopping Messancy is valued by de Crombrugge & Partners. All other retail premises are valued by Cushman & Wakefield.

In its report of 30 June 2006, Cushman & Wakefield states that the investment value of the retail portfolio (excluding Factory Shopping Messancy) is € 236.390.420. In its report of 30 June 2006, de Crombrugge & Partners states that the investment value of Factory Shopping Messancy is € 35.607.393.

These investment values are in accordance with the price that an investor would be prepared to pay for each of the real properties in the portfolio in order to become its owner, enjoy rental income and bear the associated costs.

The Julianus project was valued as of 30 June 2006 at its current cost (€ 4.320.000).

## 5.2. Overview retail market

### The letting market

The general tone of the retail sector is one of muted optimism. Consumer confidence has increased greatly in the last year but remains fragile.

The letting market for town centre shops and shopping centres is developing favourably with increased prices resulting from demand by both existing retailers and newcomers to the market. Prices in the market for out-of-town stores have stabilised at a favourable level in the last six months.

### The investment market

Just as in previous years, demand for good retail investments greatly exceeds supply.

Not only are there many foreign investors (such as the Irish), but more institutional investors who normally invest in other segments (such as offices) are being attracted by the retail market.

This is causing a permanent downward pressure on yields. Yields on prime positions in main shopping streets are hovering around 4,25 %, or up to 5 % for absolute



prime locations. Yields of 7% are being paid for individual out-of-town stores. It is expected that the yield from newly built retail parks will be even lower.

It is very questionable whether the recent interest rises will result in a more conservative attitude among investors.

### 5.3. Key figures and charts<sup>5</sup>

- Summary overview of the property assets

	30/06/2006	31/12/2005	30/06/2005	31/12/2004
Total lettable area of investment properties (m <sup>2</sup> )	168,496	195,207	215,601	219,882
Occupancy rate * (%)	95.35	96.05	92.88	86.34
Investment properties at fair value (€ 000)	260,803	280,107	281,063	272,373
Development properties at fair value (€ 000)	8,881	4,561	4,561	4,561

\* Excluding Factory Shopping Messancy the occupancy rate amounts to 99,06% per 30/06/2006.

#### Geographic spread

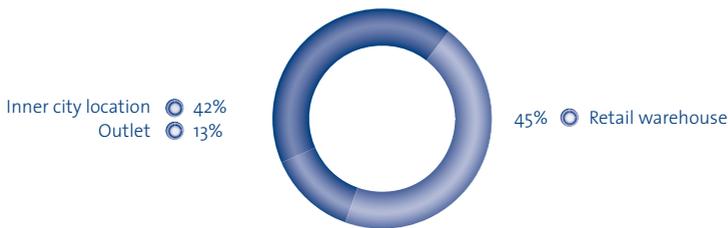


<sup>5</sup> The charts above do not take the development projects into account. They have been compiled on the basis of the annual rental income and the investment value of the portfolio.

### Region of activity of tenants



### Type of retail property



## 5.4. Overview of the property portfolio

Location	Type of building	Surface area	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighting per pand (%)
<b>Investment properties</b>						
AALST - Albrechtlaan 56	Retail warehouse	1,000	49	477	465	0.17
AALST - Nieuwstraat 10	Inner city loc.	145	62	819	799	0.30
AARTSELAAR - Antwerpsesteenweg 13/4	Retail warehouse	990	104	1,313	1,281	0.48
ANDENNE - Avenue Roi Albert 137 / 139	retail park	4,701	284	3,715	3,624	1.34
ANS - Rue de Français 393	retail park	3,980	332	3,948	3,852	1.43
ANTWERPEN - Abdijstraat 29	Inner city loc.	130	30	364	355	0.13
ANTWERPEN - Abdijstraat 82/84	Inner city loc.	165	48	508	496	0.18
ANTWERPEN - Breydelstraat 33	Inner city loc.	144	45	468	457	0.17
ANTWERPEN - Carnotstraat 18/20	Inner city loc.	1,298	93	1,115	1,087	0.40
ANTWERPEN - De Keyserlei 47	Inner city loc.	60	44	504	491	0.18
ANTWERPEN - De Keyserlei 49	Inner city loc.	118	57	861	840	0.31

Location	Type of building	Surface area	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighting per pand (%)
ANTWERPEN - Frankrijklei 27	Inner city loc.	624	52	724	706	0.26
ANTWERPEN - Groendalstraat 11	Inner city loc.	39	23	344	336	0.12
ANTWERPEN - Huidevettersstraat 12	Inner city loc.	791	266	4,535	4,425	1.64
ANTWERPEN - Korte Gasthuisstraat 27	Inner city loc.	155	66	1,042	1,016	0.38
ANTWERPEN - Leysstraat 17	Inner city loc.	334	162	2,604	2,540	0.94
ANTWERPEN - Leysstraat 28/32	Inner city loc.	1,870	749	12,570	12,263	4.55
ANTWERPEN - Meir 99	Inner city loc.	384	415	7,283	7,105	2.64
ANTWERPEN - Schuttershofstraat 30	Inner city loc.	66	50	916	894	0.33
ANTWERPEN - Schuttershofstraat 32/Arme Duivelstraat 2	Inner city loc.	54	51	863	842	0.31
ANTWERPEN - Schutterhofstraat 24/Kelderstraat 7	Inner city loc.	320	64	1,196	1,167	0.43
BALEN - Molsesteenweg 56	retail park	1,871	121	1,352	1,319	0.49
BASTOGNE - Route de Marche 104	retail park	593	33	277	270	0.10
BEAUMONT - Rue G. Michiels 40	Retail warehouse	1,113	99	961	937	0.35
BOECHOUT - Hovensesteenweg 123-127	Retail warehouse	1,022	67	760	742	0.28
BORGLOON - Sittardstraat 10	retail park	996	55	555	542	0.20
BREE - Toleikstraat 30	Retail warehouse	855	53	638	622	0.23
BRUGGE - Steenstraat 80	Inner city loc.	2,670	800	13,383	13,057	4.84
BRUXELLES - Avenue Louise 7	Inner city loc.	248	218	4,350	4,244	1.57
BRUXELLES/SCHAARBEEK - Chaussée de Louvain 610/640	retail park	2,964	304	4,615	4,503	1.67
BRUXELLES - Chée d'Ixelles 16	Inner city loc.	1,255	231	3,072	2,997	1.11
BRUXELLES - Chée d'Ixelles 41/43	Inner city loc.	5,248	1,256	17,149	16,731	6.21
BRUXELLES - Rue Neuve 98	Inner city loc.	162	151	2,641	2,576	0.96
CHARLEROI - Rue de la Montagne 5/7	Inner city loc.	948	192	2,248	2,193	0.81
CHÊNÉE - Rue de la Station 23	retail park	2,881	224	2,481	2,421	0.90
DIEST - Hasseltstraat 15	Inner city loc.	200	35	430	420	0.16
DILSEN - STOKKEM - Rijksweg 17	Retail warehouse	992	72	717	700	0.26
FLÉMALLE - Rue de la Fabrique 6	retail park	2,835	206	2,288	2,232	0.83
FROYENNES - Rue des Roselieres 6	Retail warehouse	950	76	1,049	1,023	0.38
GENK - G. Lambertlaan 115	retail park	3,109	202	2,299	2,243	0.83
GENK - Hasseltweg 74	retail park	2,099	182	2,439	2,380	0.88
GENT - Veldstraat 81/Zonnestraat 6/10	Inner city loc.	3,510	419	6,279	6,125	2.27
GENT - Volderstraat 15	Inner city loc.	279	87	1,146	1,118	0.41
GRIVEGNÉE - Rue Servais Malaise	Retail warehouse	2,000	118	1,274	1,242	0.46



Location	Type of building	Surface area	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighting per pand (%)
HASSELT - Genkersteenweg 76	Retail warehouse	1,241	98	1,320	1,288	0.48
HASSELT - Genkersteenweg 282	Retail warehouse	2,020	103	1,185	1,157	0.43
HEUSDEN-ZOLDER - Inakker	Retail warehouse	1,019	65	714	696	0.26
HOBOKEN - Zeelandstraat 6-8	Retail warehouse	2,490	187	2,080	2,029	0.75
KAMPENHOUT - Mechelsesteenweg 38/42	retail park	3,002	189	2,329	2,272	0.84
LA LOUVIÈRE - Rue Albert I 84/86	Inner city loc.	190	56	592	578	0.21
LEOPOLDSBURG - Lidostraat 7	retail park	1,670	106	1,145	1,117	0.41
LEUVEN - Bondgenotenlaan 69-73	Inner city loc.	1,589	549	9,243	9,018	3.35
LIÈGE - Pont d'Ile 35	Inner city loc.	80	58	877	855	0.32
LIÈGE - Pont d'Ile 45	Inner city loc.	60	63	991	967	0.36
LIÈGE - Pont d'Ile 49	Inner city loc.	380	91	1,729	1,687	0.63
MALMÉDY - Avenue des Alliés 14B	retail park	813	53	605	590	0.22
MECHELEN - Bruul 39-41	Inner city loc.	378	186	2,810	2,742	1.02
MECHELEN - Bruul 42-44	Inner city loc.	1,410	410	6,297	6,144	2.28
MECHELEN - Yzerenleen 30	Inner city loc.	350	50	572	558	0.21
MERKSEM - Bredabaan 474/476	Inner city loc.	470	66	874	853	0.32
MESSANCY - Route d'Arlon 199	outlet	18,459	2,564	35,607	34,739	12.89
MESSANCY - Rue de l'Institut 44	retail park	1,998	105	1,022	997	0.37
MONS - Chaussée de Binche 101	Retail warehouse	1,000	80	935	912	0.34
MONS - Grand Rue 19	Inner city loc.	170	73	910	888	0.33
MONS - Rue de La Chaussée 31/33	Inner city loc.	380	134	1,840	1,795	0.67
MORTSEL - Statielei 71/73	Inner city loc.	425	125	1,300	1,268	0.47
MOUSCRON - Petite Rue 18	Inner city loc.	235	39	464	453	0.17
OLEN - Lammerdries 6	retail park	13,452	732	6,505	6,346	2.35
OVERPELT - Burgemeester Misottenstraat 3	Retail warehouse	877	79	876	854	0.32
PHILIPPEVILLE - Rue de France	retail park	3,705	297	3,919	3,823	1.42
SHELLE - Provinciale Steenweg 453/455	retail park	2,962	192	2,264	2,209	0.82
SCHERPENHEUVEL - Manneberg 26	Retail warehouse	600	71	583	569	0.21
SINT-JOB-IN-'T-GOOR - Handelslei 10	Retail warehouse	600	63	669	653	0.24
TIELT-WINGE - Aarschotsesteenweg 1/6	retail park	18,866	1,467	17,787	17,353	6.44
TIENEN - Slachthuisstraat 36	retail park	4,871	401	5,118	4,994	1.85
TURNHOUT - Gasthuisstraat 5-7	Inner city loc.	1,047	253	3,928	3,832	1.42
TURNHOUT - Gasthuisstraat 32	Inner city loc.	1,743	260	4,032	3,934	1.46
VILVOORDE - Leuvensestraat 39/41 - Nowélaan 41	Inner city loc.	485	55	688	671	0.25

Location	Type of building	Surface area	Rent in € 000	Investment value in € 000	Fair value in € 000	Weighting per pand (%)
VILVOORDE - Luchthavenlaan 5	Retail warehouse	6,345	467	5,856	5,713	2.12
VILVOORDE - Mechelsesteenweg 30	retail park	7,656	639	8,696	8,484	3.15
VILVOORDE - Mechelsesteenweg 30	Offices	784	39	333	325	0.12
WATERLOO - Chée de Bruxelles 284	retail park	1,198	110	1,375	1,341	0.50
WAVRE - Rue du Commerce 26	Inner city loc.	272	52	605	591	0.22
WAVRE - Rue Pont du Christ 46 - Rue Barbier 15	Inner city loc.	315	109	1,355	1,322	0.49
WILRIJK - Boomssteenweg 643-645	Retail warehouse	1,837	140	1,687	1,646	0.61
WILRIJK - Boomssteenweg 666-672	retail park	4,884	467	7,034	6,862	2.55
<b>TOTAL INVESTMENT PROPERTIES</b>		<b>168,496</b>	<b>19,590</b>	<b>267,323</b>	<b>260,803</b>	<b>96.74</b>

Development projects						
OLEN - Lammerdries 6	Retail warehouse	14,030	471	4,091	3,991	1.48
OLEN - Lammerdries 6	Land	32,389	0	0	0	0.00
OLEN - Lammerdries 6	Villa's	0	0	584	570	0.21
TONGEREN	Land and phase I	12,728 <sup>6</sup>	0	4,320	4,320	1.56
<b>TOTAL DEVELOPMENT PROJECTS</b>		<b>59,147</b>	<b>471</b>	<b>8,995</b>	<b>8,881</b>	<b>3.26</b>
<b>Total investment properties and development projects</b>		<b>227,643</b>	<b>20,061</b>	<b>276,318</b>	<b>269,684</b>	<b>100.00</b>

6 Purchased as joint property.





INTERVEST RETAIL

Uitbreidingstraat 18

B-2600 Berchem-Antwerpen

t +32 (0)3 287 67 81 - F +32 (0)3 287 67 89

[invest@invest.be](mailto:invest@invest.be)

[www.invest.be](http://www.invest.be)

**INTERVEST**  
RETAIL