



INTERVEST  
OFFICES

Annual report 2004

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31 December 2004

# Key figures<sup>1</sup>

PROPERTY ASSETS	31.12.2004	31.12.2003	31.12.2002
Total lettable area (m <sup>2</sup> )	518,012	534,157	534,157
Occupancy rate (%)	80.42	84.53	90.01
Value deed in hand (€ 000)	563,807	591,147	603,722
Value costs-to-buyer (€ 000)	512,344	537,208	547,702

BALANCE SHEET INFORMATION			
Adjusted shareholders' equity after profit appropriation (€ 000)	285,706	306,945	320,199
Debt ratio after profit appropriation (%)	48.70	47.06	46.31

RESULTS (€ 000)			
<b>Operating result</b>			
<b>Turnover</b>	<b>39,576</b>	<b>44,836</b>	<b>42,698</b>
Not recovered charges	-743	-1,363	-816
Other operating income	3,045	965	865
<b>Net turnover</b>	<b>41,878</b>	<b>44,438</b>	<b>42,747</b>
Operating costs	-5,049	-5,166	-4,747
<b>Operating result</b>	<b>36,829</b>	<b>39,272</b>	<b>38,000</b>
<b>Financial result</b>	<b>-10,604</b>	<b>-10,717</b>	<b>-11,029</b>
<b>Operating result before taxes</b>	<b>26,225</b>	<b>28,555</b>	<b>26,971</b>
Taxes	-19	38	0
<b>Operating result</b>	<b>26,206</b>	<b>28,593</b>	<b>26,971</b>
<b>Result on the portfolio</b>			
Realised added value or loss of value on portfolio items	-198	0	0
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	-20,964	-13,154	-29,075
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-100	0	0
<b>Result on the portfolio</b>	<b>-21,262</b>	<b>-13,154</b>	<b>-29,075</b>
<b>Exceptional result</b>	<b>0</b>	<b>49</b>	<b>0</b>
<b>Result of the period</b>	<b>4,944</b>	<b>15,488</b>	<b>-2,104</b>

INFORMATION PER SHARE			
Number of shares	13,224,061	13,224,061	13,224,061
Number of shares entitled to dividend			
12 months	13,224,061	13,224,061	11,708,037
6 months	-	-	1,516,024
Net asset value (incl. dividend) (€)	23.59	25.38	26.26
Gross dividend (€)	1.98	2.17	2.17
Net dividend <sup>2</sup> (€)	1.68	1.84	1.84
Share price on closing date (€)	22.88	24.55	24.00
Over- / undervaluation on net asset value (%)	-3.01	-3.27	-8.61

<sup>1</sup> Calculated on a consolidated basis.

<sup>2</sup> On the assumption that the withholding tax of 15% applies.

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# Letter to the shareholders

Dear shareholder,

We are pleased to present you our annual report for the financial year 2004

The past year was once again a difficult year for our company. Uptake of new offices, especially in the periphery of the large cities in which Interinvest Offices is active, was at its lowest level in the past five years. In addition many companies rent their excess space to third parties at dumping prices. The supply of offices is thus considerably larger than demand. Average vacancy rates in the airport area of Zaventem are currently roughly 25%.

This of course leads to a great deal of competition between owners and project developers, resulting in turn in major concessions being made to both new and current tenants. Due all these factors the occupancy rate of our office portfolio fell from 82.08% (2003) to 75.22% (2004). Given the serious blows dealt to the office market in the periphery in recent years, this region also has the greatest growth potential once demand picks up again.

The market for semi-industrial real estate did better than the office market. The occupancy rate even improved here from 91.63% (2003) to 96.21% (2004).

The global occupancy rate of our portfolio (offices plus semi-industrial) fell in 2004 from 84.53% to 80.42%. As a result rental revenues fell significantly, resulting in turn in operating profit falling from € 28.6 million to € 26.2 million. For 2004 we can offer you a gross dividend of € 1.98 per share.

The value (deed-in-hand) of the portfolio fell from € 591.1 million to € 563.8 million as a result of sales (- € 8.4 million), investments in properties (€ 2 million) and fluctuations in value of the portfolio (- € 20.9 million). These reductions in value are due to lower market rental rates, lower occupancy rates and weaker demand from investors for properties in the periphery.

It is difficult to predict when demand for offices will pick up again, but Interinvest Offices does not expect substantial improvement in occupancy during 2005 and 2006, meaning that in realistic terms it may still take 2 to 3 years before our results improve.

The debt ratio is 48.70%, which means that further growth of the portfolio by way of securing additional financing is limited. On January 17th, 2005 the property investment fund merged with 4 real estate companies that owned properties located in Mechelen and Strombeek-Bever. The portfolio increased by € 33.5 million (deed-in-hand) and vacancy dropped by 1%.

Over the short term Interinvest Offices strives to further improve the occupancy rate and quality of the portfolio. This can be achieved by carrying out renovation works that make the properties more attractive for tenants, but also by selling poorly performing properties and replacing them with more competitive buildings. The commercial initiatives taken in 2004 towards potential tenants and real estate agents will be continued in the near future.

For the medium term we intend to further expand the position of Interinvest Offices as a major real estate player in the area of peripheral office buildings and semi-industrial properties.

In the meantime, we would like to thank you for the confidence you have placed in our management to date.

The Board of Directors





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# I Report of the Board of Directors



## 1. Profile

Interinvest Offices invests in high-quality Belgian commercial property which is leased to first-class tenants. The property in which it invests consists chiefly of recent buildings that are strategically positioned in good locations outside town centres.

The current portfolio consists of 75.3% offices and 24.7% semi-industrial premises. The total value as at 31 December 2004 amounts to € 563,807,000 (investment value deed in hand).

Interinvest Offices has been registered as a property investment fund in the list of Belgian investment institutions since 15 Mars 1999, and has been included in the Next Prime segment of Euronext in Brussels since 1 January 2002.

## 2. Investment policy

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

The property investment fund maintains an investment policy focused on high-quality commercial property which is leased to first-class tenants. Its investments do not require major repair work in the short term and are strategically placed at good locations outside town centres.

Commercial property in this sense means not only office buildings, but also semi-industrial buildings, warehouses and high-tech buildings. In principle, the trust does not invest in residential and retail properties.

Interinvest Offices' aim is to make its share more attractive by increasing its liquidity, by expanding its property portfolio and by a better risk spread.

### 2.1. Increased 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 big investors, which improves growth opportunities.

High liquidity allows new shares to be issued more easily (in the event of capital increases, additions of property or mergers). This is also of major importance to growth.

To improve its liquidity, Interinvest Offices has concluded a liquidity agreement with ING Bank. The liquidity of most Belgian property investment funds is fairly low. One important reason for this is that these funds are often too small -in terms of both market capitalisation and free float<sup>3</sup>- 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.

Since the end of 2003 the free float of the share has evolved from 41.21% to 48.70% as at 31.12.2004.

### 2.2. Expansion of the property portfolio

A large portfolio clearly offers a number of benefits:

- It helps to **spread the risk** for the shareholders. After all, possible geographic fluctuations in the market can be absorbed by investing in real estate throughout Belgium. This also means that the company is not dependent on one or a small number of major tenants or projects.
- The **scale advantages** achieved allow the portfolio to be managed more efficiently, with the result that a greater amount of operating profit can be distributed. We are thinking here in terms of the costs of maintenance and repair, the long term renovation costs, consultancy fees, publicity costs, etc.
- If the size of the total portfolio increases, this **strengthens the management's negotiating position** in discussing new terms of lease and offering new services, alternative locations, etc.
- It allows a specialised management team to use its far-reaching knowledge of the market to pursue an innovative and creative policy, resulting in **an increase of shareholder value**. This makes it possible to realise growth, not only in terms of the number of properties

<sup>3</sup> Free float is the number of shares circulating freely on the stock exchange, and are therefore not in permanent ownership.



let, 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, the offering of new services, etc.

The Board of Directors will take scrupulous care to ensure that all growth is in the exclusive interest of the shareholders. In particular, it will keep a close watch on any form of conflict of interests.

Every acquisition must be checked against the following criteria:

**Property-related criteria:**

1. quality of the buildings (construction, finish, number of parking spaces);
2. location/accessibility/visibility;
3. quality of the tenants;
4. respect for the provisions of law and regulations (permits, soil pollution, etc.);
5. peripheral location in the area of Brussels or other large cities.
6. potential for re-rental

**Financial criteria:**

1. increase in earnings per share;
2. exchange ratio based on net asset value, deed in hand;
3. prevention of dividend dilution.

**2.3. Improvement of risk spread**

Interinvest Offices endeavours to spread its risk in a variety of ways. For example, the tenants often operate in widely divergent sectors of the economy, such as the computer industry, media, consultancy, telecommunications, travel and the food industry. An overweighting of the TMT sector, consultancies and R&D activities is becoming more and more characteristic of offices in peripheral locations. The investment fund is trying to reduce this overweighting within its own list of tenants for the future.

The expiry dates and first interim expiry dates of the tenancy agreements are also relatively well spread.

**3. Prospects**

The situation at the end of 2004 was not so different from one year earlier: due to the poor economic climate many companies are postponing their investments and major decisions – such as location among others – until better times.

This has significant consequences for the uptake of office space. As a result vacancy rates in the periphery are 21% ( $\pm 315,000$  m<sup>2</sup>). In 2004 only 95,000 m<sup>2</sup> were taken up, which means that the current vacancy will only be taken up within 3 years (if circumstances remain unchanged).

The positive reports in recent months regarding a recovery in the economic situation have not yet been transformed into new uptake of office space. The real estate market reacts to economic changes with a time lag of 1 to 2 years. Interinvest Offices thus expects that there will be no substantial improvement in occupancy rates during 2005 and 2006.

Given the serious blows dealt to the periphery in recent years, this region also has the greatest potential for growth once demand picks up once again.

The situation in the semi-industrial market is not much different: here too companies have adopted a waiting position. Given that semi-industrial companies react more quickly to movements in the economy, it is to be expected that this real estate market will improve more quickly.

It is the intention to further expand the portfolio of Interinvest Offices once circumstances make this possible. This is important in order to improve the free float and liquidity of the shares and to be able to benefit from cost advantages.

Weak demand on the rental market however compels Interinvest Offices to postpone new investments over the short term and to focus on the existing portfolio. The potential to rent these properties must nonetheless be optimised by carrying out renovation and refurbishing works and by maintaining commercial efforts at a high level.

In addition a long-term plan is being drawn up in order to lift the quality of the portfolio to a yet higher level. As a result poorly performing properties will be sold and replaced by buildings with a stronger competitive position.

Growth by way of debt finance is momentarily limited, given the high debt ratio (48.70%). A public capital increase also seems very difficult at this time given the uncertain rental market. This makes accurate forecasts impossible.

Currently further growth is thus only possible by way of mergers, acquisitions, contributions in kind, etc. whereby new shares can be issued.

## 4. Corporate governance

### 4.1. General guidelines

Corporate governance (CG) is a body of rules and behaviour according to which companies should be managed and monitored.

In the course of 2004 a great deal of attention was given to CG: the Lippens commission drew up a Belgian Code, various abuses came to light, parliamentary initiatives were taken regarding openness about remuneration of directors, etc.

The Lippens Commission<sup>4</sup> drew up a 'Belgian Code of Corporate Governance' on December 9th, 2004.<sup>5</sup> The goal of this Code is to create long-term shareholder value. Recent examples of poor CG have in addition shown that the result is significant losses and loss of shareholder value.

In 2003 the European Commission launched its action plan "Modernisation of Company Law and Increased Corporate Governance within the European Union". As a result all member states had to draw up their own national code regarding CG. It is thus also to be expected that many of the recommendations of the Lippens Commission will be integrated into Belgian legislation.

According to the Code companies are recommended to make public two different documents:

- Corporate Governance Charter: this describes the major aspects of the application of CG and should be posted on the company's website by January 1st, 2006 at the latest.
- Corporate Governance Chapter: this provides more factual information regarding CG such as changes in the Board of Directors and remuneration of directors and management. This chapter should preferably already be integrated into the annual reports for financial year 2004.

Interest Offices has already been applying a large number of the CG recommendations for years. It has been describing them in its annual report since 2002. The intention is that the real estate investment trust will discuss the guidelines issued by the Commission in 2005 and implement the majority of them.

Interest Offices is a public limited company. As a result the shareholders, in the context of the General Meeting of Shareholders, have the broadest decision-making powers

Since January 1<sup>st</sup>, 2004 the property investment fund has been a 'self-managed fund', that is to say, all staff responsible for managing the company are also actually on the payroll of the company. There are thus no management agreements with third parties, with the exception of the technical management of several specific buildings.

### 4.2. Board of Directors

The company is managed following the "two-tier" system: on the one hand there is a Board of Directors and on the other hand there is an Executive Committee.

Interest Offices is managed by a Board of Directors consisting of five members, of which there are three independent members. The directors are appointed for a period of six years. Their appointment may be revoked at any time by the General Meeting.

<sup>4</sup> This commission was made up of representatives from the Commission for Banking, Finance and Insurance (CBFA), Euronext Brussels and the Association of Belgian Companies (VBO). The commission was named after its chairman, Count Maurice Lippens.

<sup>5</sup> For the complete Code see [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

The Board consists of the following members:

**Walter E. Hens (57), Director,**

Osylei 9, 2640 Mortsel

Managing Director Europe Slough Estates Plc.

**Jean-Pierre Blumberg (48), Director,**

Plataandreef 7, 2900 Schoten

Managing Director De Bandt, Linklaters & Alliance

**Joost Rijnbout (65), Managing Director,**

Leopold de Waelpplaats 28/42, 2000 Antwerpen

Managing Director Intervest Retail NV/SA

**Hubert Roovers (61), Managing Director,**

Franklin Rooseveltlaan 38, The Netherlands – 4835 AB Breda

Directeur Special Projects, VastNed Management Closed

Limited Liability Company under Dutch Law.

**Reinier van Gerrevink (56), Chairman,**

Bankastraat 123, The Netherlands – 2585 EL 's-Gravenhage

Chief Executive Officer, VastNed Management Closed

Limited Liability Company under Dutch Law.

Messrs Hens, Blumberg and Rijnbout qualify as independent directors, Messrs Roovers and van Gerrevink represent the major shareholder VastNed Offices/ Industrial NV/SA and VastNed Industrial Closed Limited Liability Company under Dutch Law.

The Board meets at least four times a year. During the 2004 financial year the Board met on six occasions.

Certain directors hold mandates as directors in other companies. If because of this, or for another reason, a director is confronted with a financial conflict of interest in the context of a decision or transaction that falls under the competence of the Board of Directors, article 523 of the Companies Code is to be applied and the director involved is requested not to participate in the deliberations regarding the decision or transaction, nor in the corresponding voting (article 523, § 1 and following). In case of a possible conflict of interest with a majority shareholder of the company, the procedure described in

article 524 of the Companies Code is to be applied. Such a situation, in which the procedure foreseen in either article 523 or article 524 of the Companies Code would have been followed, did not occur in 2004.

The task of the Board of Directors can be summarised as follows:

- working out the company's strategy
- monitoring the quality of the information presented to investors and the public
- ensuring that all directors work independently
- ensuring that all shareholders are treated in the same way
- controlling the Executive Committee

The Board also has a number of statutory responsibilities:

- approving the strategy and the budget
- approving the half year and annual figures
- using the permitted capital
- approving merger proposals
- approving acquisitions and sales
- convening ordinary and extraordinary General Meetings

The total number of shares Intervest Offices in personal possession of the independent directors amounts to 680 pieces.

#### 4.3. Audit Committee

On the initiative of the Board of Directors, an Audit Committee was set up. The Audit Committee took effect from 01.01.2004. Its principal tasks are as follows:

- internal auditing of the correctness and completeness of the financial information to be published
- supervision of the auditing process as implemented by the Statutory Auditor
- composition and implementation of the corporate governance principles

The Audit Committee meets at least four times a year. During the financial year 2004, the Audit Committee met four times. It reports its findings and recommendations directly to the Board of Directors.

The Audit Committee is composed of the following members:

- **Jean-Pierre Blumberg**, Independent Director
- **Walter E. Hens**, Independent Director
- **Reinier van Gerrevink**, Chairman Board of Directors

Members do not receive any additional payment for this work over and above their normal director's fee.

#### 4.4. Executive Committee

Since 1 January 2004 an Executive Committee has been set up. In accordance with article 524bis of the Belgian Company Code and article 15 of the company's articles of association, the Board of Directors decided to transfer all managerial powers to this Executive Committee, with the exception of:

- the managerial powers that relate to the company's strategic policy;
- the actions that, on the basis of statutory provisions, are reserved for the Board of Directors, such as the purchase and sale of property, the conclusion of tenancy agreements in excess of nine years, the conclusion of agreements placing immovable property under leasing arrangements and relating to real rights over immovable property, and the approval of the annual accounts;
- in addition, actions and transactions that could give rise to the application of article 524 of the Belgian Company Code.

The Executive Committee must submit decisions relating to certain matters to the Board of Directors in advance, for approval.

The Executive Committee is composed as follows (from 1 January 2005):

- **Closed Limited Liability Company under Belgian Law**

**Gert Cowé**, represented by Gert Cowé, Chairman, Chief Executive Officer

- **Closed Limited Liability Company under Belgian Law**  
**Jean-Paul Sols**, represented by Jean-Paul Sols, Chief Operating Officer

The agreement with Closed Limited Liability Company Nicolas Mathieu (Chief Financial Officer) was terminated as of 31/12/2004; until the present time no replacement has been foreseen. In expectation of the appointment of a substitute of Closed Limited Liability Company Nicolas Mathieu, these tasks are held by Closed Limited Liability Company Gert Cowé.

The members of the Executive Committee have been appointed for an indefinite period. Their mandates may be terminated at any time

During 2004 a total remuneration of € 500,066 has been paid to the Executive Committee. This amount is inclusive all remunerations, costs and charges, as well as a resignation remuneration.

There are no Intervest Offices shares in possession of the Executive Committee.

#### 4.5. Statutory Auditor

The Statutory Auditor, who is appointed by the General Meeting of Shareholders, i.e. Deloitte & Partners Company Auditors Professional partnership in the form of a cooperative partnership with limited liability, represented by Mr. Rik Neckebroek certifies the annual accounts.

#### 4.6. Property experts

The property portfolio is valued every quarter by three independent experts.









CGI Insurance

CGI Insurance

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## II Report of the Executive Committee



## 1. Market report<sup>6</sup>

### 1.1. The office market<sup>1</sup>

#### 1.1.1. The Brussels office market in general and the periphery

##### • Supply

The global office space in Brussels and surroundings currently amounts to 12.3 million m<sup>2</sup>.

With the addition of a further 365,000 m<sup>2</sup>, office space has continued to grow strongly. The majority of the additional space is located in the centre of Brussels (in the centre, the Quartier Leopold and Avenue Louise – the Central Business District, or CBD). In the outlying zones barely more than 11,000 m<sup>2</sup> came onto the market.

In terms of future supply (2005), approximately a further 341,000 m<sup>2</sup> are expected to come onto the market. This additional supply is located more or less completely in the CBD. 55% is apparently already rented.

The vacancy rate in the CBD is roughly 6% with a clear upward tendency. In the decentralised zone and the periphery, where activity is completely dependent upon the business cycle, vacancy rates rise to 15.2% and 21% respectively. Vacancy has increased sharply in the decentralised zone especially: at the beginning of 2002 it was still at a level of 8.5%. Vacancy in the periphery remained roughly stable last year (21%).

Global vacancy for the Brussels area is over 10%

##### • Demand

For 2004 total uptake is estimated at 465,000 m<sup>2</sup>. This is much less than in 2003 (700,000 m<sup>2</sup>) but in that year various government institutions put an exceptionally large amount of space into use (450,000 m<sup>2</sup>). In 2004 the government was responsible for about 54% of total uptake.

The share of the periphery in this uptake increased from 13% in 2003 to 25% in 2004 (115,000 m<sup>2</sup>).

##### • Rents and yields

Top rents remain fairly stable in the past year, but average rents fell. In the CBD zone rents fell in general by 7% to € 198/m<sup>2</sup>/year.

In the decentralised zone rental prices vary between € 179/m<sup>2</sup>/year and € 195/m<sup>2</sup>/year and thus remained stable.

Rents also fell in the periphery, by about 9% due to limited demand from the private sector.

As regards yields and investment activity, there is a lot of interest in the CBD where top yields fell to 6.2%.

In the decentralised zone top yields also fell by 50 basis points to 6.5%.

In the periphery on the other hand an increase of 30 basis points to 7.4% was observed in top yields.

#### 1.1.2. Market report for Antwerp and the surrounding area

##### • Supply

The global amount of office space remained virtually stable at 1,750,000 m<sup>2</sup>.

Available office space nonetheless increased further to more than 180,000 m<sup>2</sup> at the end of 2004. This corresponds to a vacancy rate of 10.28% compared to 5.94% at the end of 2003.

The space available is located mostly in the city centre and the area to the north of the harbour, in buildings that are in general of lesser quality compared to those alongside the Singel or in the southern periphery.

Interinvest Offices only owns office buildings in the latter locations. Even in these top locations office buildings remain empty for longer, given that supply considerably exceeds demand. Especially in the surroundings of the Prins Boudewijnlaan (Kontich) many quality buildings are available.

<sup>6</sup> This text was partly based on data from Catella Codemer. The other reports are based on data from DTZ Winssinger Tie Leung.



Just as was the case last year the risk on development is virtually negligible. Over the medium term (2006 and later) there are more than 250,000 m<sup>2</sup> of projects in the pipeline.

#### • Demand

Total uptake of office space was surprisingly high at just over 115,000 m<sup>2</sup>.

This figure is however subject to some nuance given that two transactions of an exceptional character in terms of scale were responsible for more than half of this uptake. Firstly there was an uptake of 37,000 m<sup>2</sup> by Alcatel at the Kievitplein and in addition the uptake of 21,400 m<sup>2</sup> by the City of Antwerp in the old Alcatel building.

Normal demand (58,000 m<sup>2</sup>) was in any case far below the usual level.

#### • Rents and yield

The rental prices within the city centre and harbour of Antwerp were relatively stable, between € 75 and € 105/m<sup>2</sup>/year for the best office space.

The Singel and southern suburbs remain the most popular areas, but the negative economic climate has led to a slight fall in prices. They currently fluctuate between € 100 and € 125 /m<sup>2</sup>/year.

Thanks to historically low interest rates yields remain stable between 7.30% and 7.75% for high-quality buildings in the southern periphery and the Singel and 8.00% to 10.00 % in the centre and the harbour.

### 1.1.3. Market report for Ghent and the surrounding area

#### • Supply

At the end of 2004 the global amount of office space was roughly 415,000 m<sup>2</sup>. This is an increase of 67,000 m<sup>2</sup> compared to the previous year.

The office market is evenly split between the "Centre-Sea Harbour" zone, the "Inner ring E17" zone and the "Outer ring E40" zone. The high-quality buildings are located mainly in the "Outer ring E40" zone.

There is roughly 35,000 m<sup>2</sup> of space available, of which 25,000 m<sup>2</sup> in the "Zuiderpoort" building.

Approximately 350,000 m<sup>2</sup> of offices are planned for the coming years, however new supply for 2005 remains limited.

#### • Demand

The total uptake was also surprisingly high here at almost 60,000 m<sup>2</sup>. A normal yearly uptake fluctuates between 10,000 and 20,000 m<sup>2</sup>.

One exceptional rental of 31,000 m<sup>2</sup> in the "Zuiderpoort" building to the Federal Government skewed the figures.

Nonetheless even if one disregards this rental, uptake in 2004 was at a more than considerable level.

#### • Rents and yields

Rental prices remained stable during 2004.

For a conventional office building rental prices are between € 85 and € 100/m<sup>2</sup>/year. For modern or new buildings prevailing rental prices vary from € 115 to € 140 /m<sup>2</sup>/year.

## • Investment market

There are no noteworthy transactions to report on the investment market. Yields vary between 7.40% and 8%.

### 1.1.4. Market report for Mechelen and the surrounding area

#### • Supply

Mechelen has roughly 240,000 m<sup>2</sup> of office space. More than 150,000 m<sup>2</sup> are located in new business parks less than 5 years old. Only 25,000 m<sup>2</sup> can be considered as outdated or inferior.

At the end of 2004 immediately available office space was roughly 37,500 m<sup>2</sup>, which corresponds to a vacancy rate of roughly 15%. Supply remains high and at a comparable level to that in 2003.

For the coming 5 years roughly 150,000 m<sup>2</sup> are in study or construction phase.

#### • Demand

Uptake had already exceeded 22,000 m<sup>2</sup> in the first six months and thus followed the same trend as Antwerp.

This confirms the trend that Mechelen has become an attractive alternative to Antwerp. Mechelen competes increasingly frequently with the Brussels periphery and is often also a cheaper alternative in terms of price.

Total uptake at the end of 2004 amounted to roughly 30,000 m<sup>2</sup>, that is to say 20% more than in 2003. One third of this uptake was attributable to the Federal Government (11,453 m<sup>2</sup> in Mechelen city centre).

#### • Rents and yields

Due to the large supply prices were also under pressure here. For new, well-equipped offices between € 120/m<sup>2</sup>/year and € 128/m<sup>2</sup>/year is paid.

For older properties the rental price is at about € 90/m<sup>2</sup>/year. Yields vary between 7.40% and 8% for sound, recent buildings.

### 1.1.5. Market report for Leuven and the surrounding area

#### • Supply

The amount of office space in Leuven and surroundings is more than 500,000 m<sup>2</sup>.

The main offices put up for rent on the market by investors are Ubicenter (city centre), Greenhill Campus and Campus Remy (conurbation).

In addition there is still a large supply of office space offered on the market by non-investors. The current supply is difficult to estimate.

#### • Demand

The uptake of office space in 2004 was roughly 15,000 m<sup>2</sup>. This is significantly more than in 2003 when less than 10,000 m<sup>2</sup> were taken up. The level of 2002 (20,000 m<sup>2</sup>) was not reached however.

Given that Leuven is still a small and young market, there are few historical figures available for comparative analysis and it is difficult to speak of a real market.

#### • Rents and yields

Rental prices remained largely unchanged. For an average building € 90 to € 110/m<sup>2</sup>/year is paid. Modern office complexes reach prices of € 120 to € 140/m<sup>2</sup>/year.

The investment market is an immature market where few noteworthy transactions take place. As an indication one can refer to yields that are usual for Mechelen and Gent. These vary from 7.40% to 8% for sound, recent buildings.

## 1.2. The semi-industrial property market<sup>7</sup>

The Belgian semi-industrial market is characterised by three different regions: Flanders, Wallonia and Brussels. These three regions have their own characteristics and evolve at different speeds. Some of the markets and sub-markets are currently being supported by purchases for own use whereas there is stronger rental activity in others.

Location remains in any case the most important factor in choosing a new business location or place to expand. Rental prices are thus strongly influenced by the location of the property in question: the highest rents are paid in the Brussels periphery and more specifically in the northeast section thereof, near Zaventem. In Brabant Wallon, Mechelen and Antwerp rental prices are between € 42 and € 55/m<sup>2</sup>/year for top quality properties. Purchase and land prices move in the same manner.

### 1.2.1. The rental market

The rental market remained relatively stable during the first six months. Demand focused primarily around Antwerp where rents are lower than around Brussels. There was also considerable rental activity in Vlaams Brabant and Brabant Wallon.

Uptake during the first half of the year is estimated to be 484,000 m<sup>2</sup>, comparable to the level in 2003.

Average vacancy was also comparable to 2003: an average of 8% however with significant differences between the regions. In this manner the following vacancy rates were observed: Brussels 6%, Antwerp 10.5%, Limburg 8.6% and Liège 6.7%.

Rents remained stable with top rents of € 68 (Brussels), € 48 (on the Antwerp – Brussels axis) and € 45 (Antwerp).

Demand for large spaces (> 10,000 m<sup>2</sup>) remained limited. Demand for new spaces was directed primarily at spaces of less than 1,500 m<sup>2</sup>.

Thanks to low interest rates SMEs remain highly interested in purchasing properties rather than renting them.

The golden triangle (Brussels – Antwerp – Gent) is still much in demand. This location is sought after by companies looking for a location for their national distribution centre and consequently seeking centrally located buildings.

The European distribution centres on the other hand follow a different strategy and choose locations with good connections but lower rental prices. This is the case for Hainaut, Limburg and Liège.

### 1.2.2 The investment market

The defensive characteristics of this market and the higher yields in the semi-industrial sector, compared to those of the market for office and retail real estate, encourage investors to focus on the industrial market. Demand for well-rented, top quality products is increasing. The competition between investors has intensified since 2002.

The top yields for semi-industrial properties with first-class tenants have plummeted in recent years: the Brussels – Antwerp axis (7.9%), Antwerp – Mechelen – Vlaams Brabant (8.15%), Gent – Liège – Kempen (8.4%).

A significant number of transactions were concluded during the first half of the year: Willebroek (153,000 m<sup>2</sup>), Olen (18,000 m<sup>2</sup>), Genk (13,000 m<sup>2</sup>), etc.

<sup>7</sup> Based on information of King Sturge and Jones Lang LaSalle. The information is up to date till 30 June 2004.

## 2. Important developments that have taken place in 2004

### 2.1. Investments

Given the difficult conditions in the office market in the periphery, all investors and project developers are adopting a waiting position. It is currently very difficult to correctly evaluate the rental risks and the recovery of the market. Given these reasons and given the high debt ratio the company did not make any purchases in 2004.

In the market for semi-industrial real estate the investors have become more eager and increasingly higher prices are being paid. It is however true that good investment products are very scarce here. The company did not make any purchases in this market either.

### 2.2. Sales

In the beginning of January, the semi-industrial property located at Wommelgem (Sint-Jansveld 14) was sold for a value of € 3.6 million, namely at appraised value (investment value deed in hand). The user (FPT Verboven) had a tenancy agreement which ran until 2014, but the property had been empty for some time, and had been offered for subletting. The decision was therefore taken to consider an enquiry from a purchaser, as the property had a number of negative points. For example, the ratio of office to storage space was too high (21%), and a large mezzanine, built at the tenant's request, would probably not suit other users.

On 29 June the semi-industrial building in Putte, Klein Boom was sold for € 4.3 million that is to say with a loss of value of € 0.3 million. It should be noted that the seller accepted all obligations related to soil decontamination. These costs are estimated at € 133,000 (see point 2.4. below). In addition Intervest Offices had to make € 100,000 worth of roof repairs. These costs also disappear as a result of the sale. The building in question is a production building that was previously built to measure for the current tenants and there is thus significant risk if these tenants cancel their contract and the building has to be rented out again.

### 2.3. Tax system

By way of the Royal Decree of 15/4/1995 the legislator gave property investment funds an advantageous fiscal status. When a company transforms its status into that of a property investment fund, or when (ordinary) companies merge with a property investment fund, they have to pay a one-time exit tax. The property investment fund is subsequently subject to taxation on only very specific elements, such as "rejected expenses". No corporate tax is thus paid on the majority of the profit derived from rental revenue and capital gains realised on the sale of real estate assets.

The rate of this exit tax has fallen since January 1st, 2005 from 20.085% (19.5% + 3% crisis tax) to 16.995% (16.5% + 3% crisis tax). This is a good thing for the sector given that it improves the competitive position of property investment funds compared to other investors. It will thus become more attractive in fiscal terms for the owners of real estate companies to transfer them to a property investment fund.

In addition to this rate reduction the discussion surrounding the basis for taxation has finally been brought to an end.

According to fiscal legislation this basis for taxation is to be calculated as the difference between the actual value of the equity and the (fiscal) book value. The discussions between the investment funds and the Ministry of Finance concerned the method for calculation of the actual value of the equity: was the investment value (including transfer costs) or a sales value (excluding costs) to be taken into account? The fiscal authorities were of the opinion that the transfer costs (such as registration duties and notary costs) were to be included, leading to a higher actual value and thus to a higher rate of taxation.

The Minister of Finance has now decided by way of a circular (dated 23/12/2004) that these transfer costs need not be taken into account, which is of course a good thing for the property investment funds. This ruling is also applicable to all current disputes, such that most tax



assessment from previous years cannot be considered as relevant.<sup>8</sup>

Interinvest Offices was always of the opinion that there were sufficient objective arguments on hand to dispute these tax assessments. A counter-booking was thus made for these tax assessments such that there was no effect upon results.

Use of this booking method also means that it is not necessary to write down provisions as a result of this circular. In other words this circular has no effect upon the results of the company.

#### 2.4. Soil

When Siref NV/SA merged with Interinvest Offices NV/SA as a result of the takeover on 28.06.2002, it was established that the soil under a number of the semi-industrial properties of the former Siref NV/SA was historically polluted. This meant the company had to carry out a number of investigative and descriptive soil examinations (see also annual report as at 31.12.2003, page 83).

Two parcels have to be decontaminated:

- Putte, Klein Boom: estimated decontamination costs of € 133,000. This building was sold on 29 June 2004 (see point 2.2.). All decontamination obligations and costs will be borne by the buyer.
- Wilrijk, Boomsesteenweg 801/803, Kernenergiestraat 70, Geleegweg 1-7: estimated decontamination costs of € 176,000. It has been agreed with the previous owners of this building that they will bear half of the decontamination costs. These works started in December 2004

#### 2.5. Rental

The commercial efforts were maintained at a high level:

- Regular meetings with real estate agents to discuss the portfolio and market tendencies
- . Open door days in the buildings with real estate agents and potential tenants
- . React quickly and efficiently to questions from the market
- . Guide potential tenants in matters related to furnishing works and moving

- . Flexible position when negotiating rental conditions
- . Publications in various media
- . Setting up of a satellite office in Diegem where real estate agents can welcome and meet with potential tenants in a professional manner

As is common knowledge, demand for office space is extremely limited. The company has thus actively focused on maintaining current tenants. This has resulted in expansion and extension of contracts representing +/- 10,000 m<sup>2</sup>.

All these commercial efforts have borne fruit: in an extremely difficult and very competitive office market the company succeeded in concluding new rental contracts representing over 9,000 m<sup>2</sup>.

Due to the poor market conditions there are however tenants that have had to reduce the area they rent or that did not wish to extend their contract. This resulted in a loss of rented space of approximately 24,000 m<sup>2</sup>.

This all led a further fall of the occupancy rate of the offices during 2004 to a level of 75.22%.

As regards the semi-industrial portfolio, some good rentals were realised. The largest transaction took place at Oude Baan 12 in Mechelen where 15,000 m<sup>2</sup> were rented to Pfizer Service Company. In addition properties were rented among others in Schelle (2,555 m<sup>2</sup>), Aartselaar (7,269 m<sup>2</sup>) and Meer (7,348 m<sup>2</sup>).

In 2004 the occupancy rate of the semi-industrial buildings rose from 91.63% (on 31/12/2003) to 96.21% (on 31/12/2004).

<sup>8</sup> This circular does however stipulate that securitisation premiums are subject to corporate tax. Tax assessment on the basis of a securitisation premium would thus be due. The company disputes this interpretation.

### 3. Post balance sheet events

On January 17<sup>th</sup>, 2005 the company merged with 4 real estate companies: Mechelen Campus 2 NV/SA, Mechelen Campus 4 NV/SA, Mechelen Campus 5 NV/SA and Perion II NV/SA.

These companies contained 3 buildings on the Campus in Mechelen where Intervest Offices already owned 6 buildings and 1 building in Strombeek-Bever where Intervest Offices also already owned a similar building. These buildings are virtually completed rented (among others to Tibotec-Virco, Endemol and Black & Decker) and rent guarantee were delivered for the non-rented portion until 30/9/2006 (Mechelen) and 31/12/2005 (Strombeek-Bever), whereby the real estate investment trust is assured of a stable cash flow for a specific period.

The value deed-in-hand of these buildings is roughly € 33.5 million. The merger was implemented on the basis

of the intrinsic value of the own equity of the companies involved, whereby the real estate assets were valued by real estate experts at market value. These valuations to a number of non-rented parking areas into account. The previous owners need only be paid for however once they have been rented. In this manner the property investment fund still has a (maximum) debt of € 1,593,571; the latter is only payable (pro rata) at the time the parking areas are rented such that extra revenues will then be earned.

Thanks to this merger rental revenues will increase by € 2.8 million on an annual basis. The occupancy rate will improve by roughly 1%. Thanks to realising economies of scale the merger is expected to have a slightly positive effect on operating profit per share.

The 658,601 newly created shares are entitled to dividend payouts as of January 1<sup>st</sup>, 2005.

#### 4. Summary of the figures<sup>9</sup>

BALANCE SHEET (€ 000)	31.12.2004	31.12.2003	31.12.2002
<b>ASSETS</b>			
Formation expenses	0	0	0
Intangible fixed assets	11	4	0
Tangible fixed assets	563,912	591,211	603,722
Financial fixed assets	15	15	78
Amounts receivable after one year	1,483	1,663	1,832
Amounts receivable within one year	3,267	1,864	3,131
Cash investments	0	0	600
Liquid assets	1,695	824	1,975
Transitory accounts	166	35	93
<b>Total assets</b>	<b>570,549</b>	<b>595,616</b>	<b>611,431</b>
<b>LIABILITIES</b>			
Shareholders' equity	285,706	306,945	320,199
Minority interests	48	49	49
Provisions for risks and charges	3,280	4,840	4,640
Amounts payable after one year	174,390	175,347	124,178
<i>Financial debts</i>	173,956	174,968	124,103
<i>Other debts</i>	434	379	75
Amounts payable within one year	103,488	104,884	159,009
<i>Financial debts</i>	73,511	73,370	127,757
<i>Other debts</i>	29,977	31,514	31,252
Transitory accounts	3,637	3,551	3,356
<b>Total liabilities</b>	<b>570,549</b>	<b>595,616</b>	<b>611,431</b>
<b>RESULTS (€ 000)</b>			
<b>Operating result</b>			
<b>Turnover</b>	<b>39,576</b>	<b>44,836</b>	<b>42,698</b>
Not recovered charges	-743	-1,363	-816
Other operating income	3,045	965	865
<b>Net turnover</b>	<b>41,878</b>	<b>44,438</b>	<b>42,747</b>
Operating costs	-5,049	-5,166	-4,747
<b>Operating result</b>	<b>36,829</b>	<b>39,272</b>	<b>38,000</b>
<b>Financial result</b>	<b>-10,604</b>	<b>-10,717</b>	<b>-11,029</b>
<b>Operating result before taxes</b>	<b>26,225</b>	<b>28,555</b>	<b>26,971</b>
Taxes	-19	38	0
<b>Operating result</b>	<b>26,206</b>	<b>28,593</b>	<b>26,971</b>
<b>Result on the portfolio</b>			
Realised added value or loss of value on portfolio items	-198	0	0
Unrealised added value or loss of value on the portfolio:			
- Valuation of the property in the portfolio	-20,964	-13,154	-29,075
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	-100	0	0
<b>Result on the portfolio</b>	<b>-21,262</b>	<b>-13,154</b>	<b>-29,075</b>
<b>Exceptional result</b>	<b>0</b>	<b>49</b>	<b>0</b>
<b>Result of the period</b>	<b>4,944</b>	<b>15,488</b>	<b>-2,104</b>
Group share	4,944	15,488	-2,103
Third-party share	0	0	-1

<sup>9</sup> These are consolidated figures.

## 5. Comments on the figures

### 5.1. Modified scheme for presentation of the annual accounts for property investment funds

On 12 March 2003, Intervest Offices NV/SA obtained approval from the Minister for Economic Affairs to present its annual accounts in accordance with a modified scheme.

In accordance with the legislation governing property investment funds, Intervest Offices NV/SA's property is valued four times a year by independent property experts at market value (costs-to-buyer, i.e. the estimated selling value or the investment value (deed in hand) produced by a certain rental yield in relation to the risk typical of the property and location, and from which any registration fees and notarial charges may need to be deducted in the event of a sale). Accordingly, no depreciation is applied to the property. This modified scheme mainly involves splitting up the profit and loss account into the operating result and the result on the portfolio.

The operating result includes all operating income (rents received, costs charged on) and financial income (interest received on credits at financial institutions), less the operating costs (costs and services that relate directly to the management and operation of the property portfolio), financial costs (interest paid on debts) and tax paid. It is the net profit from the company's ordinary operations and, in accordance with the current distribution policy, is paid out in full to the shareholders.

The result on the portfolio covers all movements in the property portfolio and comprises:

- Realised added value or loss of value on sales of portfolio items.
- Changes in the market value of the premises as a result of the valuation by the property experts, these being (depending on the situation) unrealised added value and/or unrealised losses of value.

This result on the portfolio is not distributed to the shareholders but is transferred to, or from, the reserves not available for distribution.

### 5.2. Assets

Tangible fixed assets decreased from € 591.21 million to € 563.91 million. The real estate was valued on December 31<sup>st</sup>, 2004 by the independent real estate experts at € 563.81 million (deed-in-hand) compared to € 591.15 one year earlier. The valuation costs-to-buyer (i.e. the estimated sales value or investment value excluding registration duties and notary costs) amounted to € 512.34 million.

The decrease of € 27.34 million (4.62%) on an annual basis can be explained on the one hand by the sale of two properties worth € 8.4 million (1.42%), the fall in market value of properties for an amount of € 20.9 million (3.54%) and on the other hand by investments in properties worth € 2 million (- 0.34%).

The latter was caused by the difficult rental market, which was in turn due to the consistently poor economic climate in 2004. As a result of the crisis, which has an impact on the demand for offices, especially those located in the periphery around Brussels, there is a downward trend in the assessments of the value of real estate by real estate experts. No real estate was bought or sold in 2004.

The other € 0.10 million of tangible fixed assets is made up of furnishings, vehicles, equipment and other tangible fixed assets.

Current assets amounted to € 6.61 million and were made up of € 4.13 million of trade receivables, € 0.62 million of other receivables (mainly tax receivables), € 1.69 million of cash in hand at bank and € 0.17 million of accruals. € 0.58 million of provisions were made. A write-down in value was booked for all receivables with less than a 50% probability of payment.

### 5.3. Liabilities

The own equity of the property investment fund amounted to € 285.71 million. The capital of the company and the share premium account were the same as last year and amounted to € 123.13 million and € 60.83 million respectively. Reserves amounted to € 101.75 million and are



composed mainly of unrealised capital gains as a result of the valuation of the real estate portfolio at market value. These reserves unavailable for distribution fell by € 21.24 million compared to the previous year, largely due to a lower valuation of the real estate portfolio by the real estate experts. The total number of shares as at 31/12/2004 remained unchanged at 13,224,061 such that the intrinsic value, excluding dividend, amounted to € 21.61 per share. Including dividend the intrinsic value was € 23.59 per share. Compared to the share price on the closing day of € 22.88 per share, the share is consequently being quoted with a slight under-valuation of 3.01%.

Provisions amounted to € 3.28 million and are made up of provisions for major maintenance and repair taken on as a result of the merger with SIREF (Semi-Industrial Real Estate Fund NV/SA, a real estate investment trust specialised in storage locations and logistics real estate that was acquired by Interinvest Offices NV/SA in 2001) worth € 2.36 million and € 0.92 million of provisions for tax disputes linked to the non-deductibility of provisions and the retroactive character of mergers. This last provision is composed of 4 notices of objection, one of which is currently the object of a provision for the court of first instance in Antwerp.

Debts fell by € 2.27 million to € 281.51 million compared to the previous year.

Amounts payable after one year amounted to € 174.39 million and are made up of € 173.96 million of long-term, fixed rate bank finance and € 0.43 million of bank guarantees received from tenants and other debt. Amounts payable within one year at the most amounted to € 103.49 million and are made up of € 73.51 million of bank loans of which the amount drawn down matures within the year and must be repaid or renewed, € 3.04 million of trade payables and invoices to be received, € 0.07 million of provisions for holiday pay, € 0.08 million of tax debt and € 26.78 million of other debt. The latter also includes the dividend for the financial year of € 26.18 million that is booked as debt to shareholders. Debt also includes accruals of € 3.64 million. The average interest rate paid during 2004 was 4.35%.

On 31/12/2004 the debt ratio was 48.70 %.

#### 5.4. Operating result

Revenues fell from € 44.84 million to € 39.58 million in 2004 (- 11.73%). Operating expenses, including expenses invoiced onward, also fell, from € 10.08 million to € 8.67 million (- 14%). The higher costs in financial year 2003 were caused among others by larger write-downs on questionable debtors (€ 1.2 million compared to € 0.17 million in 2004). In financial year 2004 there were several one-time revenues, booked as other operating revenues. In this manner a request for a refund of a portion of property taxes from previous years related to vacant properties was made for an amount of € 0.5 million. In addition the company succeeded in recovering several old (and already written off) trade receivables after long-running legal procedures for an amount of € 1.3 million.

EBIT (Earnings Before Interest and Taxes) fell from € 39.27 million to € 36.83 million, -6.22% compared to the previous year. The operating margin, i.e. EBIT in proportion to revenues, amounted to 93.06% compared to 87.59% last year. The financial result improved slightly from - € 10.72 million to - € 10.60 million.

Consolidated operating results fell by € 2.39 million to € 26.21 million. Non-consolidated NPAT was € 26.33 million. The gross distributable result per share for a 100% payout of operating result is consequently € 1.98 per share. This is € 0.19 per share (8.76%) less than in 2003.

#### 5.5. Result on the portfolio

The loss on the portfolio as a result of the valuation by real estate experts amounted to € 21.26 million. This amounts to € 1.61 per share. These reductions in value are deducted from reserves not available for distribution, made up of previously booked capital gains from revaluations, such that these reserves fell from € 123 million to € 101.7 million. € 22.72 million of unrealised losses were booked, as were € 1.75 million of unrealised capital gains. The cause of this loss on the portfolio is the de worsening of the office market that started in 2001 and that continued throughout the past year.

The extraordinary result was nil such that global consolidated profit for the financial year, the sum of NPAT, the result on the portfolio and the extraordinary result amounted to € 4.94 million. The non-consolidated global profit amounted to € 4.74 million.

## 5.6. IFRS

### *Implications of implementing International Financial Reporting Standards (IFRS)*

In 2002 the European Union accepted regulation 1606/2002, according to which all stock exchange listed companies in the European Union are obliged as of the financial year beginning on January 1<sup>st</sup>, 2005 to draw up their consolidated annual accounts according to the "International Financial Reporting Standards" (IFRS) and the "International Accounting Standards" (IAS) as issued by the "International Accounting Standards Board" (IASB).

Intervest Offices NV/SA will draw up its consolidated accounts in 2005 according to these accounting norms. This transition is considered to be a useful step in improving the transparency and comparability of the reporting stock exchange listed companies in general and Intervest Offices NV/SA in particular. This transition does however require substantial efforts on behalf of the management and staff of the company, and the support of external advisors is accompanied by corresponding costs.

Intervest Offices NV/SA has drawn up a detailed plan and freed up the necessary resources for the conversion of the consolidated accounts (which are currently drawn up in accordance with the generally accepted Belgian accounting rules and the Royal Decree of April 10th, 1995 regarding property investment funds) to IFRS/IAS norms in a timely, accurate and efficient manner.

A number of steps have already been taken in this regard. A project team has been gathered whose members have attended seminars and had the necessary training in the matter. This project team is supported by advisors that have built up specialisation in this field. The transition

to IFRS/IAS is in addition carried out in consultation with the company's auditor. The IFRS and IAS standards have been examined in order to investigate their applicability to the company. In addition, the IFRS/IAS rules applicable to every item in the balance sheet have been identified. These were compared to the existing Belgian accounting rules and the main discrepancies, additional explanations requested, extra information required and action points necessary have been set out.

The most important relevant differences between the Belgian accounting rules and the IFRS/IAS standards for Intervest Offices NV/SA are listed below.

Furthermore, on the basis of a first estimation, and indication has been provided of what the effect thereof on own equity as at January 1<sup>st</sup>, 2004 and December 31<sup>st</sup>, 2004. Given that the process surrounding IFRS/IAS regulation and application is not yet completely finished, the information below is still subject to change.

### *Booking of the dividend*

According to Belgian accounting rules the annual accounts are drawn up after allocation of profit, such that the dividend to be distributed is booked as a debt in the year in which it is created. According to IFRS/IAS rules the profit for the financial year is part of own equity and the allocation of the result, including the dividend to be distributed, is only booked as a debt once the general meeting has approved this allocation of the result. This has a positive effect of € 28.7 million on own equity in the opening balance sheet as at January 1<sup>st</sup>, 2004 and the closing balance sheet as at December 31<sup>st</sup>, 2004 of € 26.2 million.

### *Booking of provisions for Maintenance and Repairs*

According to IFRS/IAS rules provisions for maintenance and repair cannot be built up as is the case according to Belgian accounting law, and existing provisions of this type are to be considered as own equity. As Intervest Offices does not build up any provisions for maintenance and repair, this does not have any impact.

These provisions increase the own equity of the opening balance sheet with € 3.9 million. The withdrawal of the provision for maintenance and repairs of the roofs of the semi-industrial premises in Wilrijk and Merksem of 1.4 million in 2004 will however decrease the result of the balance sheet as at 31 December 2004 according to the IFRS/IAS standards with € 1.4 million. Consequently, the own equity as at 31.12.2004 will increase with 2.5 million.

#### *Valuation of real estate*

The assets of Interinvest Offices NV/SA are made up predominantly of real estate. This real estate is currently booked according to real market value, in accordance with the Royal Decree applicable to property investment funds, and as is also prescribed by IFRS/IAS rules. In Belgium however there is still no clarity regarding whether the concept of real market value as determined in the IFRS/IAS standards corresponds to the investment value deed-in-hand or the liquidation value costs-to-buyer as currently applied by the real estate experts. Although there has already been mutual consultation among property investment funds, the association for collective investment vehicles and auditors, no final standpoint has been reached on the interpretation of the concept of real market value.

#### *Rent rebates, rent-free periods and rental incentives*

In terms of operating revenues, benefits awarded to tenants such as rent rebates, rent-free periods and other benefits will according to IFRS/IAS rules be subject to correction against the revenues, pro rata temporis for the period during which these rental revenues are allocated, i.e. as of the date upon which the building is made available until the first occasion on which the tenant can give notice. These rent rebates and rent-free periods are currently neither booked nor spread such that they only influence results for the period in which they are effectively allocated. Upon application of IFRS/IAS rules the spreading has a positive effect on operating profit of € 0.2 million. However currently the incorporation of the spreading is being interpreted in conjunction with the investment

value of the real estate, which would imply that ultimately no effect on own equity would be observed.

#### *Booking of extraordinary expenses and revenues*

According to Belgian accounting law certain expenses and revenues are to be booked as extraordinary expenses and revenues, which is not foreseen according to the IFRS/IAS standards.

#### *Inclusion of explanations*

The IFRS/IAS standards require far more explanations than Belgian accounting rules. This can include for instance illustrating the breakdown according to business and geographic segment, the cash flow table, the reconciliation of own equity and the breakdown of costs allocated to rent-generating and non-rent-generating real estate.

## 6. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31.12.2004 be approved and that the profit for the financial year be appropriated as follows<sup>10</sup>:

In € 000	
• profit for the financial year	€ 4,741,629
• transfert of the result on the portfolio to the reserves not available for distribution	€ 21,588,812
• profit balance to be appropriated	€ 26,330,441
• profit to be carried forward	€ 146,800
• indemnification of the capital	€ 26,183,641

The proposed dividend distribution conforms to article 62 of the R.D. of 10.04.1995 relating to property investment funds. The dividend is in fact higher than the required minimum of 80% of net income.

Taking into account 13,224,061 shares that will share in the full profit for the financial year the proposal that a gross dividend of € 1.98 per share be distributed will be put before the General Meeting of Shareholders on 11 May 2005. This is € 1.68 net after the deduction of 15% withholding tax.

<sup>10</sup> As legally speaking only the profit of the unconsolidated annual accounts can be distributed and not the consolidated profit, the present profit distribution has been based on the unconsolidated profit figures.

This means a dividend payable of € 26,183,641.

According to its policy, there is almost 100% of the unconsolidated operating profit paid out in 2004. The remaining share was transferred to the profit to be carried forward for reasons of rounding.

The dividend is payable as from 27 May 2005. Holders of bearer shares must present coupon number 6.

## 7. Forecast

A potential improvement in the economic situation will only have positive consequences for the market for business real estate with a time lag of 1 to 2 years. A real and sustainable improvement in the Belgian and European economy, with the creation of new jobs, has not yet appeared.

Making forecasts regarding a potential improvement in the office market is in general, and particularly as far as our portfolio is concerned, not simple. It is still unclear whether the bottom has already been reached.

It is thus also particularly difficult to make an accurate prognosis for the operating result. Given the continually weak demand for office space on the one hand, and given the advantages granted to tenants, the lack of one-time revenues and an expected increase in both interest rates and the investments Intervest Offices is required to make on the other hand, the company does not expect any improvement in results for 2005.

In order to increase occupancy rates, commercial efforts will be further increased. Allocating extra resources will make it possible to further deepen contacts with real estate agents, current and potential tenants.









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## III Report on the share

# Report on the share

## 1. Stock market information

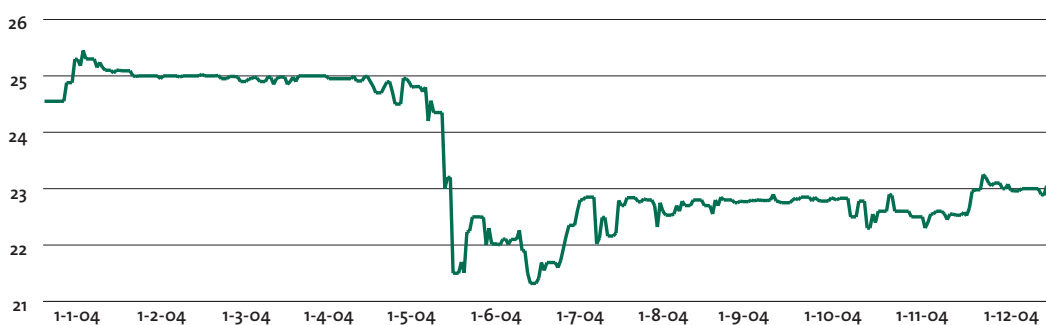
Since 1 January 2002 Intervest Offices has been listed on the Next Prime segment of Euronext Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

- publishing quarterly figures
- preparing a number of analyst's reports every year
- maintaining a professional website
- complying with the International Financial Reporting Standards (IFRS)

These companies pursue a stringent communication policy and set themselves strict quality requirements.

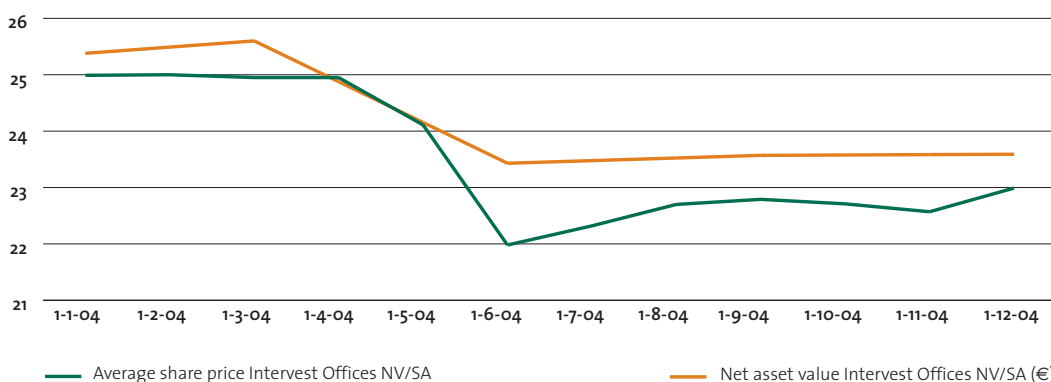
Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among institutional investors

Share price Interinvest Offices NV/SA (€)



In 2004 the share price was subject to a certain amount of fluctuation. At its lowest point it reached €21.32 (25 June) and at its highest €25.45 (15 January). The decrease at the end of May can be explained by the payment of the dividend over the financial year 2003.

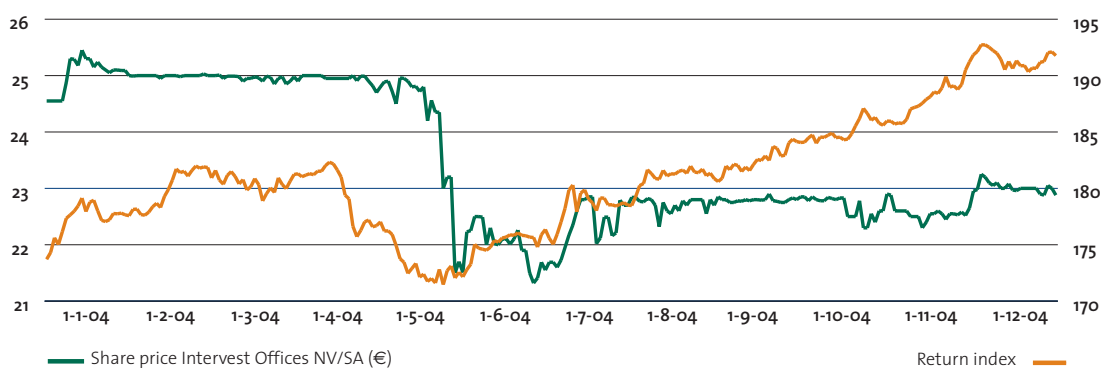
Premiums and discounts Interinvest Offices NV/SA



The net asset value of Interinvest Offices (on a consolidated basis) includes the 2003 dividend up to the payment date at the end of May.

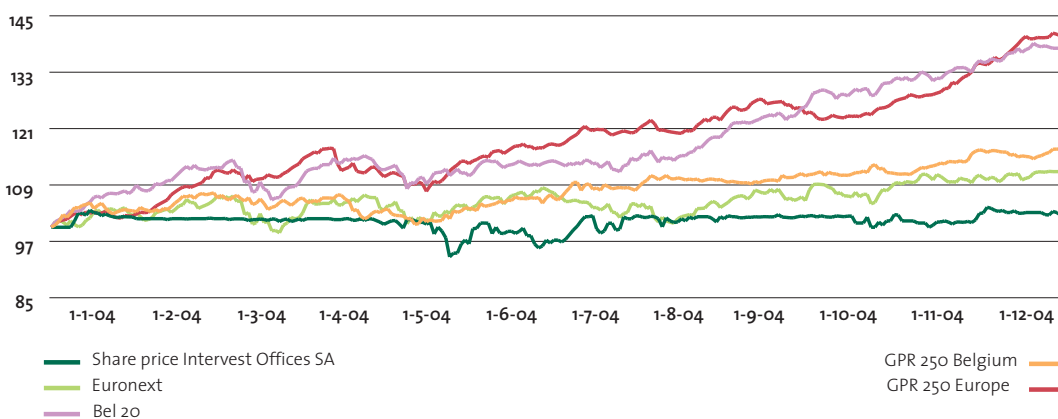


Comparison Interinvest Offices NV/SA – ING sicafi index

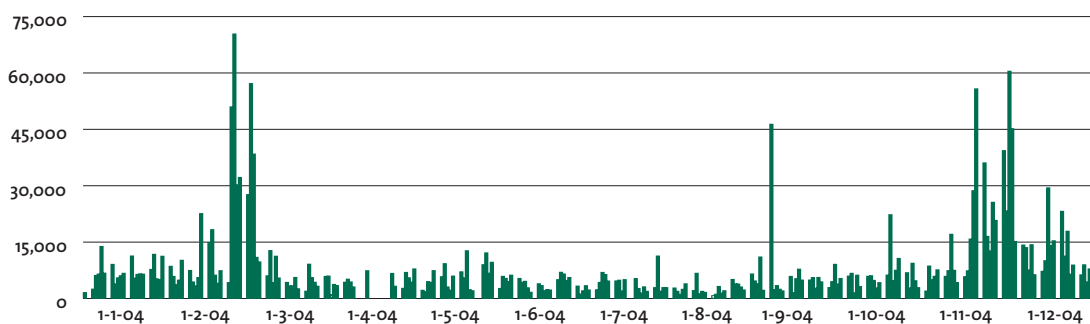


The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.

Comparison Interinvest Offices NV/SA – other indices



Trading number of shares Interinvest Offices NV/SA



The traded volumes, with an average of 7,692.65 units a day, exceeded the level of the previous year (an average of 3,225 units a day). In general, property investment funds attracted increased interest from investors as a safe haven.

A liquidity contract was concluded with ING Bank with a view to promoting the negociability of the shares. In practice this takes place through the regular submission

of buy and sell orders within certain margins.

At the year end, the free float amounted to 48.70%. This is 6.57% higher than at the end of 2003. This is thanks to the fact that the majority shareholder (VastNed Offices/ Industrial NV/SA) wanted to decrease its share to + 51% in order to improve the negociability.

## 2. Dividend and number of shares

	31.12.2004
Number of shares at the end of the period	13,224,061
Number of shares entitled to dividend	13,224,061

Share price (€)	31.12.2004
Highest	25.45
Lowest	21.32
Share price on closing date	22.88
Over-/undervaluation on net asset value (deed in hand)(%)	-3.01

Data per share (€)	31.12.2004	31.12.2003	31.12.2002
Net asset value (incl. dividend)	23.59	25.38	26.26
Gross dividend	1.98	2.17	2.17
Net dividend	1.68	1.84	1.84

### 3. Shareholders

As at 31.12.2004 the following shareholders were known to the company:

<b>VastNed Group</b>	<b>6,783,938 shares</b>	<b>(51.30%)</b>
VastNed Offices/Industrial NV/SA Max Euwelaan 1 3062 MA Rotterdam – The Netherlands	6,610,963 shares	(49.99%)
VastNed Industrial Closed Limited Liability Company under Dutch Law Max Euwelaan 1 3062 MA Rotterdam – The Netherlands	172,975 shares	(1.31%)
<b>Public</b>	<b>6,440,123 shares</b>	<b>(48.70%)</b>
<b>Total</b>	<b>13,224,061 shares</b>	<b>(100%)</b>

### 4. Financial calendar

- Announcement results as at 31.12.2004: **Tuesday 22 February 2005**
- Announcement results as at 31 March 2005: **Tuesday 3 May 2005**
- General Meeting of Shareholders: **Wednesday 11 May 2005** at 16h30 at the company's offices, Uitbreidingstraat 18, 2600 Antwerp-Berchem
- Dividend payable: **as from Friday 27 May 2005**
- Announcement half year results as at 30 June 2005: **Wednesday 9 August 2005**
- Announcement of results as at 30 September 2005: **Thursday 27 October 2005**







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## IV. Property report

# Property report

## 1. Composition of the portfolio

### 1.1. Overview of property portfolio including vacancies as at 31.12.2004

#### OFFICES

Project	Surface area offices (m <sup>2</sup> )	Other surface area (m <sup>2</sup> )	Value of portfolio deed in hand (€ 000)	Rent/year in € 000		Occupancy rate <sup>11</sup> (%)
				Effective rental income	Effective rental income + vacancies	
Aartselaar - Kontichsesteenweg 54	3,000	1,000	5,610	479	479	100.00
Antwerpen - Brusselstraat 59 (Gateway House)	11,318	0	16,300	1,112	1,520	73.17
Berchem - Uitbreidingstraat 66 (Sky Building)	5,698	2	8,050	638	698	91.36
Diegem - Berkenlaan 6 (Airport Business Park)	3,664	0	4,770	0	458	0.00
Diegem - Berkenlaan 8a (Deloitte Campus)	7,787	0	16,150	1,231	1,231	100.00
Diegem - Berkenlaan 8b (Deloitte Campus)	8,268	461	17,730	1,371	1,371	100.00
Diegem - Woluwelaan 148-150 (Park Station)	8,619	284	11,230	187	1,083	17.28
Dilbeek (Groot-Bijgaarden) - Pontbeekstraat 2&4 (Inter Access Park)	6,869	0	10,630	634	984	64.43
Edegem - Prins Boudewijnlaan 45-49 (De Arend)	7,273	151	10,990	697	1,004	69.37
Gent - Xavier De Cocklaan 68-72 (Latem Business Park)	5,350	0	6,150	463	515	89.98
Hoeilaart - Terhulpesteenweg 6A	2,694	107	4,700	72	432	16.60
Kortenbergh - A. De Coninckstraat 3	3,117	0	3,720	0	353	0.00
Leuven - Interleuvenlaan 15 (Greenhill Campus)	19,028	2,912	27,950	1,613	2,829	57.03
Mechelen - Blarenberglaan 2C (Mechelen Business Tower)	11,701	1,216	28,080	2,148	2,148	100.00
Mechelen - Generaal De Wittelaan 9-21 (Intercity Business Park)	38,718	3,394	57,122	4,572	5,216	87.66
Mechelen - Schaliënhoevedreef 20 A,B,C,D,I,J (Mechelen Campus)	25,443	3,673	43,660	3,121	3,974	78.54
Strombeek-Bever - Nijverheidslaan 3 (Orion Bedrijvenpark)	4,724	165	7,330	489	698	70.05
Vilvoorde - Luchthavenlaan 25 (3T Estate)	8,757	0	13,290	1,100	1,162	94.65
Woluwe - Woluwedal 18-22 (Woluwe Garden)	24,081	993	62,640	4,829	4,829	100.00
Zaventem - Imperiastraat 12	3,024	864	4,440	443	443	100.00 <sup>12</sup>
Zaventem - Lozenberg 15/18-23 (Airway Park)	28,899	219	49,255	1,756	4,319	40.66
Zaventem - Weiveldlaan 41 (Atlas Park)	9,157	3,990	14,990	1,302	1,821	71.50
<b>TOTAL OFFICES</b>	<b>247,189</b>	<b>19,431</b>	<b>424,787</b>	<b>28,257</b>	<b>37,567</b>	<b>75.22</b>

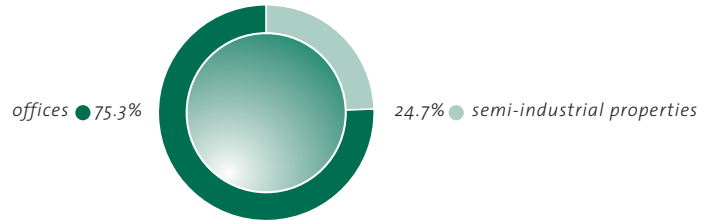
<sup>11</sup> The occupancy rate is calculated as the ratio of the actual rental incomes to the same rental incomes plus the estimated rental value of the unoccupied locations to be let.

<sup>12</sup> The tenant has ended his tenancy agreement. The property will be 100% empty as from 30.06.2005.

## SEMI-INDUSTRIAL PROPERTIES

Project	Surface area offices (m <sup>2</sup> )	Surface area warehouse (m <sup>2</sup> )	Value of portfolio Deed in hand (€ 000)	Rent/year in € 000		Occupancy rate (%)
				Effective rental income	Effective rental income + vacancies	
<b>A12 (Brussels - Antwerp)</b>						
Aartselaar - Dijkstraat 1A	793	7,269	4,090	344	344	100.00
Boom(/Niel) - Krekelenberg (Industrieweg 18)	700	23,663	11,950	1,016	1,016	100.00
Merchtem - Merchtem Cargo Center (Preenakker 20)	1,210	6,075	4,900	453	453	100.00
Puurs - Puurs Logistic Center (Veurstraat 91)	1,600	41,890	25,130	2,181	2,181	100.00
Schelle - Molenberglei 8	1,600	6,400	4,070	304	423	71.81
Wilrijk - Neerland 1 (Boomseseenweg 801-803)	0	12,584	6,280	578	578	100.00
Wilrijk - Neerland 2 (Kernenergiestraat 70/Geleegweg 1-7)	632	15,952	8,290	583	705	82.76
<b>Total</b>	<b>6,535</b>	<b>113,833</b>	<b>64,710</b>	<b>5,459</b>	<b>5,700</b>	<b>95.78</b>
<b>E19 (Brussels - Antwerp)</b>						
Duffel - Notmeir (Walemstraat 94)	250	8,861	4,340	463	463	100.00
Duffel - Stocletlaan 23	240	23,435	10,950	941	941	100.00
Mechelen - Intercity Industrial Park (Oude Baan 14)	252	15,000	7,920	676	676	100.00
Mechelen - Raghenon (Dellingstraat 57)	612	4,002	3,400	322	322	100.00
<b>Total</b>	<b>1,354</b>	<b>51,298</b>	<b>26,610</b>	<b>2,402</b>	<b>2,402</b>	<b>100.00</b>
<b>Ring Antwerp</b>						
Antwerpen - Kaaien 218-220 (Leopolddok)	0	5,500	1,450	143	143	100.00
Merksem - Glasstraat 15-29 / Griffijnstraat 1-13 / Oostkaai 25/1-8	3,287	11,969	6,600	443	666	66.57
Wommelgem - Kapelleveld 1 (Koralenhoef 25)	1,770	22,949	15,440	1,377	1,377	100.00
<b>Total</b>	<b>5,057</b>	<b>40,418</b>	<b>23,490</b>	<b>1,963</b>	<b>2,186</b>	<b>89.81</b>
<b>Other</b>						
Kortenbergh - Guldendelle (Arthur De Coninckstraat 3)	780	10,172	11,270	922	922	100.00
Meer - Transportzone (Riyadhstraat 23)	271	7,348	2,450	228	228	100.00
Sint-Agatha-Berchem - Berchem Technology Center (Technologiestraat 11,15,51,55,61,65)	2,760	3,703	7,110	604	609	99.10
Sint-Niklaas - Eigenlo (Eigenlostraat 23-27a)	1,328	6,535	3,380	321	321	100.00
<b>Total</b>	<b>5,139</b>	<b>27,758</b>	<b>24,210</b>	<b>2,075</b>	<b>2,080</b>	<b>99.76</b>
<b>TOTAL SEMI-INDUSTRIAL PROPERTIES</b>	<b>18,085</b>	<b>233,307</b>	<b>139,020</b>	<b>11,899</b>	<b>12,368</b>	<b>96.21</b>
<b>TOTAL OFFICES + SEMI-INDUSTRIAL PROPERTIES</b>	<b>265,274</b>	<b>252,738</b>	<b>563,807</b>	<b>40,156</b>	<b>49,935</b>	<b>80.42</b>

## 1.2. Nature of the portfolio



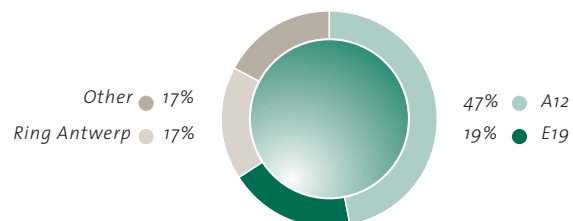
As at 31.12.2004, the portfolio consists of 75.3% of offices and 24.7% of semi-industrial properties..

## 1.3. Geographic spread of the portfolio

### Offices



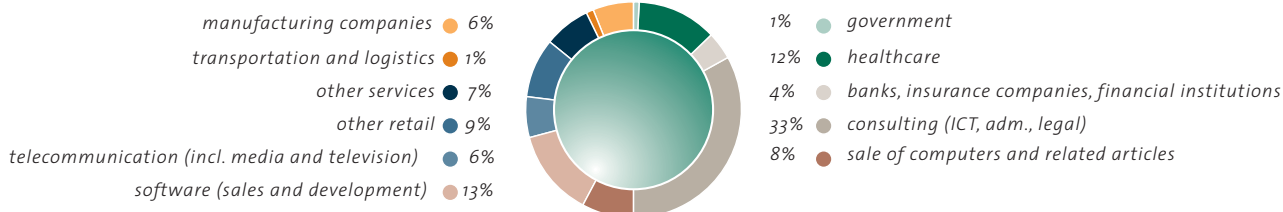
### Semi-industrial properties





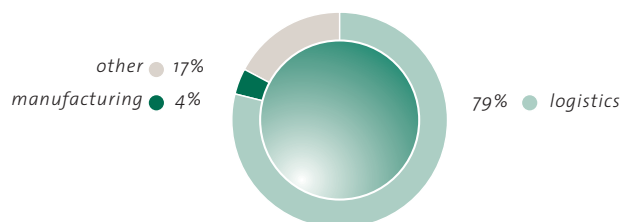
### 1.4. Sectorial spread of the portfolio

#### Offices



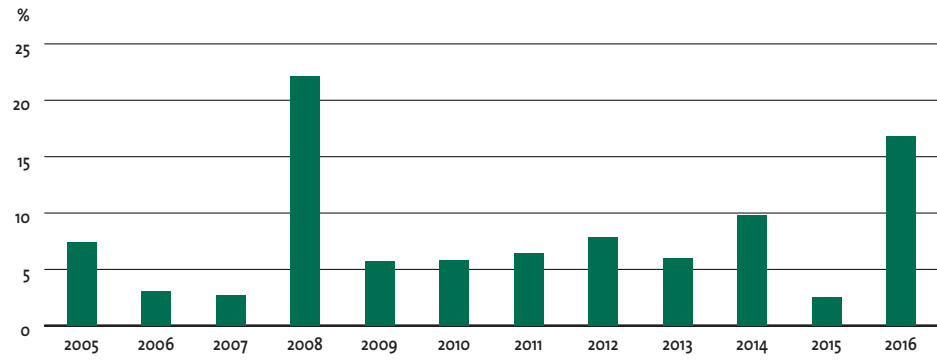
The tenants are well spread over different economic sectors. This reduces the risk of vacancies when fluctuations occur in the economy.

#### Semi-industrial properties



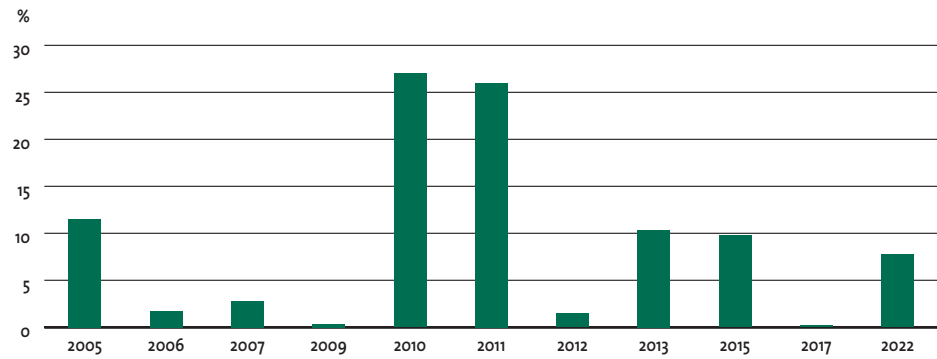
## 1.5. Expiry date of portfolio contracts

### Offices

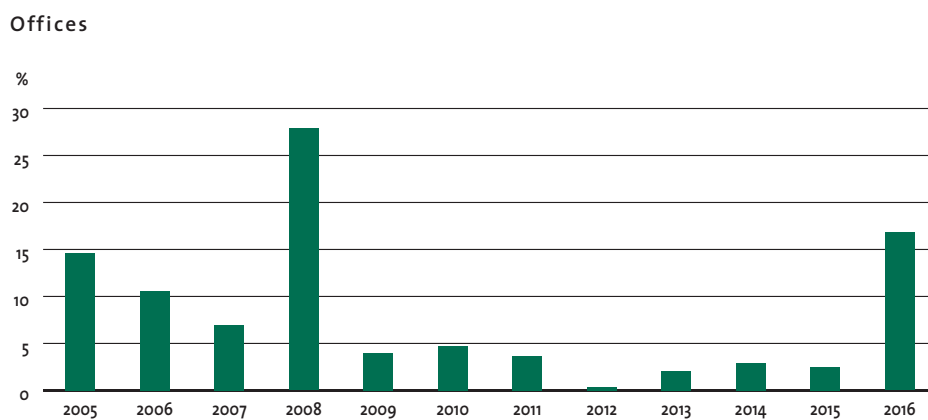


The expiry dates are well spread over the coming years. Many of the contracts run for a fixed period of nine years or more, which benefits the stability of the portfolio.

### Semi-industrial properties

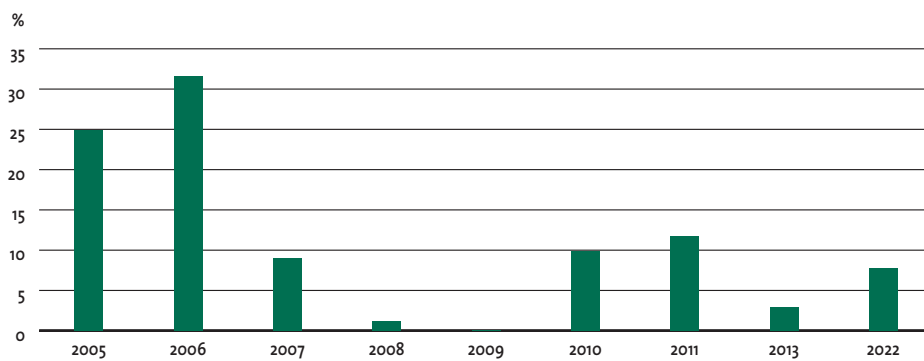


1.6. First interim expiry date of portfolio contracts



Although most contracts are of the type 3/6/9 type, the tenants have the opportunity to end their contracts every three years. The graphic below shows the first expiry dates of the tenancy agreements. Since Interinvest Offices has several long-term agreements, not all contracts can be terminated within three years.

**Semi-industrial properties**





## 2. Description of the portfolio

### 2.1. Offices

#### • Aartselaar – Kontichsesteenweg 54

Year of construction 2000

##### Location

The building is easily accessible thanks to its position between the A12 Antwerp-Brussels and E19 Antwerp-Brussels motorways. It is situated in a mixed area (residential and industrial). The centres of Wilrijk, Edegem, Kontich and Aartselaar are a few kilometres away.



##### Description

This is a recent office building linked to a warehouse. The office building consists of the ground floor and one other floor and is linked to the warehouse by a covered passage. Part of the warehouse is also used as an office. The office has façades in facing brick combined with curtain walls. The windows are of painted aluminium with semi-reflecting double glazing with sun protection. The offices are air conditioned and there is a lift. The warehouse area consists of a metal frame with sandwich panel walls. There is a floor in polyconcrete, a roof in steel deck with strip lighting and 2 sectional, electrically operated gates.

##### Property leasing

The lessee, APV Benelux NV/SA, part of the Invensys Group, obtained a purchase option on the property, to be exercised in the sixth month before the end of the property tenancy agreement on 30.11.2015, for a price equivalent to 80% of the market value at that time but for no less than € 5,453,657.54 (to be indexed). If the purchase option is not exercised, the tenant has an option to extend the lease by three years.

#### • Antwerp – Brusselstraat 59 (Gateway House)

Year of construction 1993-1994

##### Location

Gateway House is on the same level as the Singel in Antwerp. The Amerikalei is a few hundred metres away. It connects directly with the Singel in Antwerp and the A12 Antwerp-Brussels, E19 Antwerp-Brussels-Breda and E17 Antwerp-Ghent motorways. The city centre of Antwerp is easily reached by the Leien.



The new court building is going up in the immediate vicinity, which also means very extensive infrastructural works. This will ensure an even better position and visibility in the future.

##### Description

The office complex consists of two five-storey wings which are linked by a central core with stairs and lifts. One wing is on Montignystraat and the other on Brusselstraat. The ground floor covers the entire area of the premises. The two storeys of underground parking are accessible via two automatic gates on Montignystraat. The building has a traditional concrete structure with architectural façade cladding and aluminium window sections. The suspended ceilings consist of mineral fibreboard. The technical installations are on the roof, which also accommodates the cooling towers and the central heating fuelling area. Major renovations and improvements were carried out on the building in the spring of 2003. The most important of these were: the renovation and modernisation of the ground floor entrance hall, equipping of the offices with an air conditioning system using cooling boxes and complete renewal of the carpet and the entrance doors to the individual rooms. In addition, the building was fitted with a video-parlophone access system. These works are executed in phases according to the commercialisation of the building. Only the ground floor still has to be renovated.

##### Main tenants

Kuwait Petroleum, Elegis advocatenkantoor



• Berchem – Uitbreidingstraat 66 (Sky Building)

Year of construction 1988

**Location**

The Sky Building is situated in Berchem, Uitbreidingstraat 66 in Berchem and has an annexe suitable for use as a records room on Jan Breydelstraat (previously number 42). This location is between Generaal Lemanstraat and Grote Steenweg. Uitbreidingstraat runs parallel to Binnensingel and enjoys excellent visibility from the Antwerp ring road. The entire property is very easily accessible by car, with easy connections to the Netherlands, Ghent and Hasselt via the ring road and to Brussels via the Craeybeckx tunnel (E19).



**Description**

A modern office building consisting of a ground floor, five upper storeys, a technical floor and underground car park and records room. The building has a façade which is partly in blue stone and metal panels, and a granite doorway. The back is entirely in facing brick. The windows are all sash windows consisting of painted aluminium with double glazing, with sun protection on the street side. The sun protection has recently been renewed.

**Main tenants**

Lease Plan Fleet Management, Wagon Lits Travel, B.D.O. Services

• Diegem – Berkenlaan 6 (Airport Business Park)

Year of construction 1990

**Location**

The building is easily accessible and is situated close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp motorways. The centre of Brussels can be reached easily via the Leopold III-laan.



**Description**

The building has a concrete structure. The elegant entrance hall is finished in travertine. All levels are fully fitted with partition walls and have two passenger lifts. A conventional heating system is installed. A limited number of rooms, including the entire 3rd floor, have air conditioning. The modulation is at 1.20 m and 1.80 m, allowing flexible divisions. In addition, an intruder alarm system is installed. The building has been renovated in 2004 in order to offer it adequately on the rental market.

**Tenant**

/

• Diegem – Berkenlaan 8a (Deloitte Campus)

Year of construction 2000

**Location**

The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp motorways. The centre of Brussels can be reached easily via the Leopold III-laan.



**Description**

The property is built in a “V” shape, which creates a pleasant working environment with adaptable individual units. The façade is a combination of glass sections and red brick. The windows are of enamelled aluminium with sound-proofing double glazing.

The offices are forseen of raised floors covered with fitted carpets. The ceilings are finished in mineral fibre and fitted with fire grids. Lighting with built-in light fittings.

The building is fitted with air conditioning (cooling boxes).

## Property leasing

Ending on 01.01.2016, with Deloitte having a purchase option at a price equal to the market value of the land and buildings, estimated one year before the purchase date, but at a minimum of € 14,526,560 (to be indexed).

### • Diegem – Berkenlaan 8b (Deloitte Campus)

Year of construction 2001-2002

#### Location

The building adjoins the building at Berkenlaan 8a and therefore enjoys the same easy access.

#### Description

The building has seven storeys above ground. There is a spacious and high-quality entrance hall on the ground floor, with reception and waiting areas. In addition to the central core with two fast lifts, a staircase and well-kept sanitary facilities, meeting and training rooms and the canteen are also situated here.

We find the central core again in each of the first to fifth floors (open-plan and individual offices), meeting rooms and coffee areas. The offices are equipped with raised floors covered with fitted carpets. The ceilings are finished in mineral fibre and fitted with fire grids. Lighting with built-in light fittings.

The sixth storey is a technical floor (lift engine room, central heating room and air conditioning). The technical floor is reached by a stairway. The building is equipped with air conditioning (cooling boxes). The first floor below ground levels contains, in addition to 35 individual and 8 double parking spaces, around 294 m<sup>2</sup> of cellar space which is used as a storage area for files and a photocopying centre. The next two floors down (-2 and -3) contain 82 individual and 48 double parking spaces over the two floors, as well as approximately 167 m<sup>2</sup> of cellar space. The façade is a combination of glass sections and yellow brick. The windows are of enamelled aluminium with double glazing.



## Property leasing

To Deloitte, starting on 02.01.2000 for a period of fifteen years. Deloitte holds a purchase option at the end of the contract at the market value of the land and buildings, but with a minimum price of € 17,724,387.02 (to be indexed).

### • Diegem – Woluwelaan 148-150 (Park Station)

Year of construction 2000

#### Location

The property is in Machelen, on the corner of Woluwelaan and Mommaertslaan, close to Diegem station. It is a good position in a high-quality office area in Diegem (Machelen). The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp motorways.

#### Description

A recent office building with a ground floor and four upper storeys, which can be split into two equal parts, and two underground storeys with parking spaces and records rooms. The building has facing brickwork façades combined with strips of blue brick and granite.

The windows are in aluminium, partly with sun-protection double glazing and partly with clear glass. The roof consists of patinated zinc. There is a footbridge at first-floor level, with an empty space on either side, in the entrance hall between the two wings of the building. There are false ceilings and air conditioning in all offices.



## Main tenants

Thomas Cook (759 m<sup>2</sup>), Zelia, F16

• Dilbeek (Groot-Bijgaarden) – Pontbeekstraat 2 & 4 (Inter Access Park) Year of construction 2000

**Location**

Situated in the office complex at Dilbeek, on the boundary between Groot-Bijgaarden, Dilbeek and St.-Agatha-Berchem on the Ring of Brussels. The arterial road connecting to the Ghent-Ostend/Bergen-Charleroi motorway is in the immediate vicinity, as well as St.-Agatha-Berchem station.



**Description**

Two new office buildings forming part of an office complex known as Inter Access Park. The offices consist of a ground floor, three other storeys and underground parking. The buildings have facing brickwork façades combined with strips of blue brick and, in some areas, curtain walls. The windows are of aluminium with semi-reflecting double glazing. The offices are air conditioned, and there are lifts.

**Main tenants**

Vacature, Edward Lifesciences, Commercial Finance Group, Initiative, Media, U2U.

• Edegem – Prins Boudewijnlaan 45-49 (De Arend) Year of construction 1997

**Location**

In Edegem, around 800 metres from the boundary with Kontich. This is an excellent location to the south of Antwerp, where several new construction projects have been realized over the past few years. The building is easy to reach by car along Prins Boudewijnlaan, which gives easy access to the Antwerp Ring and the E19 to Brussels.



**Description**

A recent office complex consisting of three two-storey office buildings, a technical floor, an underground car park for two of the units, and further parking facilities in front of the buildings. The three buildings are all finished in the same way. The outside façades consist of facing brickwork with large areas in marble and windows in natural-coloured aluminium. There are record rooms on the attic floor. The third unit has no underground parking.

**Tenants**

Euromex, Thomson Telecom Belgium

• Ghent – Xavier De Cocklaan 68-72 (Latem Business Park) Year of construction 1992-1993

**Location**

Between the E40 Ghent-Bruges and the E17 Ghent-Kortrijk motorways, on the busy main Ghent-Kortrijk road, in a primarily residential area where there are also a number of retail warehouses.



**Description**

The office complex comprises four separate buildings, each of two storeys. The façades are of architectural concrete and coloured glass. The buildings have flat roofs. The entrance halls are of granite. There are no raised floors.

**Main tenants**

IBS, Streep

## • Hoeilaart – Terhulpsessesteenweg 6A (Park Rozendal)

Year of construction 1994

### Location

Situated in a wooded environment, primarily residential. Easily reached, because it is close to the E411 Brussels-Namen-Luxembourg motorway and Hoeilaart station.

### Description

A modern office building forming part of a larger whole, consisting of a ground floor, two other storeys (and 2 lifts) and an underground parking and record storage facilities. The building has a façade in facing brickwork combined with vertical elements in architectural concrete and curtain walls with windows of semi-reflecting glass. It has a marble entrance hall. The stairways are of granite. The windows are of aluminium with double glazing and formica sills. Top cooling is installed everywhere. The renovation of this building is in full execution (up-grading technics, full renovation of interior)



### Tenants

Quality Business NV/SA, BVD-IT Services, Goffin (as from 1/3/2005), Information Data NV/SA (as from 1/7/2005).

## • Kortenbergh – Arthur De Coninckstraat 3

Year of construction 2001-2002

### Location

The building is situated in the well-kept area of Guldendelle, along the Leuvenessesteenweg. It is easily accessible by car, as it is a few kilometres from the E40 (Brussels-Liège) junction 21, and from the Ring of Brussels.

### Description

It has three storeys above ground and a smaller, technical floor. There are two entrances on the ground floor. The main entrance is on the façade side of the Leuvenessesteenweg and has a high-quality, impressive finish of glass sections. The building is constructed around a central core which, in addition to the sanitary facilities, also provides space for other facilities. The floors are not divided up. The façades and ceilings are divided into modules at 1.20 m. False ceiling of mineral fibre, with built-in light fittings. The building is fitted with raised floors with a free space of 10 cm. Ventilo-convectors are installed in a continuous housing under the windows. Ventilation is provided by pulsating fresh air through the light fittings. The building has two lifts. The façades are constructed as a combination of glass sections with transparent parts and sandwich panels in the same design and light-coloured face brickwork.



### Tenant /

## • Leuven – Interleuvenlaan 15 (Greenhill Campus)

Year of construction 1999

### Location

Situated in the Haasrode Researchpark industrial zone, on the E40 Brussels-Liège motorway, at exit 23 (Haasrode), a few kilometres from the centre of Leuven.

### Description

The office complex comprises nine separate buildings with large underground parking facilities. The buildings are put up in three to four storeys. The façades are of brick (traditional brickwork with concrete) with granite decorative elements. The windows consist of reflecting double glazing and coated aluminium frames. The sloping roofs are of zinc, and the entrance halls, stairways and window surrounds are of granite. There are generally no raised floors. All buildings have lifts and air conditioning. There have been installed three showers in Greenhill Campus for the community of tenants. A building permission was obtained for the realization of a commun company restaurant. Intervest Offices foresees that this restaurant will open in the middle of 2005.



### Main tenants

Regus Belgium NV/SA, IBM Belgium NV/SA, Metris International Holding NV/SA, Matthys Orthopaedics Belux, Cabot and Coware



• Mechelen – Blarenberglaan 2C (Mechelen Business Tower)

Year of construction 2001

**Location**

The tower block is on the E19 Antwerp-Brussels motorway, on the level of the Mechelen-Noord exit. The building benefits from perfect visibility and accessibility because of its position on the motorway. This location is highly desirable in view of its central position between Antwerp and Brussels and its easy accessibility. The centre of Mechelen is a few kilometres away.



**Description**

The complex consists of the tower block and a lower extension consisting of three blocks. The complex as a whole is linked by an impressive atrium which serves as a reception area and refectory. It has a three-level underground car park and outside parking with an area specifically assigned to visitors. The tower block is conceived as a steel structure around a concrete core which serves as a vertical circulation area. There are five lifts, including a service lift and a panoramic lift.

**Property leasing**

The lessee, Electronic Data Systems-Belgium NV/SA (E.D.S.), obtained a purchase option on the building and planting rights, to be exercised no later than six months before the end of the property tenancy agreement on 31.03.2016, at a price equivalent to the market value of the leased property at that time, but at no less than € 6,197,338.11 (to be indexed).

• Mechelen – Generaal De Wittelaan 9-21 (Intercity Business Park) Year of construction between 1993 and 2000

**Location**

In the industrial zone of Mechelen North, on the E19 Brussels-Antwerp motorway. Easily visible from the motorway, with excellent accessibility. The centre of Mechelen is a few kilometres away. This area has become a real office environment in the past few years, due among other things to the construction of the Mechelen Business Tower and Mechelen Campus, a project of over 65,000 m<sup>2</sup>.



**Description**

The office complex comprises nine buildings which, together with three buildings from the same development which do not belong to the present owner, were constructed between 1993 and 2000. Certain parts are used as storage space, showrooms or laboratories. The buildings each consist of two or three storeys. The façades are of traditional brickwork. The windows are double glazed with coated aluminium frames. The roofs are flat; most of them are covered with Trocal (PVC) and roll roofing. The entrance halls, stairways and window surrounds are of granite. There are generally no raised floors.

**Main tenants**

Virco-Tibotec, LabCorp, Galapagos, SGS-Medisearch, Pab-Benelux, Sihl Direct

• Mechelen – Schaliënhoevedreef 20 (Mechelen Campus)

Year of construction 2000-2001

**Location**

In the industrial zone of Mechelen North, close to the E19 Brussels-Antwerp motorway. The centre of Mechelen is a few kilometres away.

**Description**

When completed, Mechelen Campus will consist of a tower block and nine medium-high buildings of five storeys each, connected by an underground parking. The buildings known as A, B, C, D, I and J, which have been completed and are in use, belong to Intervest Offices NV/SA.



The façades are of traditional brick, in yellow and red layers. The windows and doors are of aluminium with a thermal barrier,

enamelled in grey. A spacious underground car park gives direct access to all buildings. The offices are fitted with soundproofing suspended ceilings. Each building has two lifts. The presence of a fitness suite and a restaurant emphasises the Campus concept and the unity of the site. As at 17.01.2005 the buildings E, G and H were joined to the patrimonium.

## Main tenants

Borealis, DHL-Express Line, Endemol, Fill Factory, EMC<sup>2</sup>, Virco-Tibotec, Belgacom, Imperial Tobacco

### • Strombeek-Bever – Nijverheidslaan 1-3 (Orion Bedrijvenpark)

Year of construction 1999

#### Location

The property forms part of the industrial park Orion. This is a well-positioned industrial park with easy access to the A12 Brussels-Antwerp and E40 (Periphery) Zaventem-Liège-Charleroi motorways. The building borders on the centre of Strombeek-Bever.



#### Description

The property is “H”-shaped and consists of three floors. It is built in a combination of beige and red facing bricks. The building has a gable roof. The windows are double glazed. There is a central entrance hall on the ground floor. Two passenger lifts are available. In 2003, the building has been equipped with air conditioning. As at 17.01.2005 Intervest Offices has acquired the adjacent building on the Nijverheidslaan.

#### Main tenant

Whirlpool

### • Vilvoorde – Luchthavenlaan 25 (3T Estate)

Year of construction 1998

#### Location

The complex is situated in a multi-functional environment, mainly consisting of offices. The complex is very easily accessible from the E19 Antwerp-Brussels motorway, exit 12 (Vilvoorde) and from Woluwelaan. It is within walking distance of the railway station in Vilvoorde and borders on Zaventem’s international airport.



#### Description

The two office buildings form part of a recent office complex consisting of three units. The largest office building consists of a ground floor and two other storeys, and the nearest separate building has a ground floor, three upper storeys and an attic floor. The façades of the buildings are in facing brickwork. The brickwork of the largest unit is combined with strips of blue brick, and it has generously-proportioned wooden eaves. The smaller unit is characterised by large, round concrete columns on the ground floor and a zinc roof. The windows are aluminium. All offices have false ceilings. All offices all have false ceilings and air conditioning.

#### Tenants

Ingram Micro NV/SA, Fleet Logistics Belgium NV/SA, Q-lab NV/SA

• Woluwe – Woluwedal 18-22 (Woluwe Garden)

Year of construction 2000

**Location**

Excellent position a few kilometres from Brussels, with easy access because of location close to the E40 Brussels-Leuven-Liège motorway and the Ring of Brussels. This prestigious complex has a visible location on Woluwedal and is situated in a high-quality office area.

**Description**

The building complex is conceived as one single prestigious architectural whole, built around a huge atrium in structural glazing. The building is equipped with 3 underground storeys with 923 parking spaces. The ground floor contains a branch of a bank, a travel agency and extensive restaurant facilities, among other things. The façade is finished in marble panels, combined with aluminium structural elements. All offices are equipped with air conditioning, false ceilings and raised floors.



**Tenants**

PricewaterhouseCoopers, Lawfort

• Zaventem – Imperiastraat 12

Year of construction 1990

**Location**

This office district is known as the Keiberg Business Park. The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège motorway, connecting to the E19 Brussels-Antwerp and Diegem station.

**Description**

The building forms part of a larger office park. The unit consists of a ground floor, three other storeys and two underground levels. The façades of the building are of facing brickwork with strips of architectural concrete. It has a carrara marble entrance hall. The building is air conditioned.



**Ownership**

The Zaventem O.C.M.W. (a public social welfare organisation) owns the land. The ground lease was granted to Rebux NV/SA (now Intervest Offices NV/SA) on 23.05.1989 for 35 years, ending in 2024, but all or part of it can be extended to the full period of 99 years (i.e. until 2088).

**Tenant**

Atos Origin (the tenant will leave the building in 2005)

## • Zaventem – Lozenberg 15/18-23 (Airway Park)

Year of construction 1989-1990

### Location

Branch of Leuvensesteenweg beside the E40 Brussels-Leuven motorway. The complex is easily visible from the motorway because of its position on an important approach road to the capital.

The complex is close to the airport and is easily to reach by public transport.

### Description

The office complex consists of six buildings which, together with a seventh building from the same development, were built around a roundabout with a fountain. The buildings have four or five storeys, plus a technical floor and an underground parking level. The complex also has additional covered and external parking, giving it 1 parking space for each 41 m<sup>2</sup> of office space. The façade has architectural concrete cladding and aluminium curtain wall structures with reflecting double glazing. The entrance halls are finished in unpolished granite. The suspended ceilings are of mineral plate with integrated strip lighting. There are lifts.



There is running a phased renovation program for this complex of buildings. The buildings are systematically renovated depending on letting in order to meet the contemporary expectations of the tenant market. Buildings that aren't yet equipped with air conditioning will be foreseen of it. Beside, the available spaces will also be renovated.

### Main tenants

Sybase BVBA, Sun Microsystems Belgium NV/SA, Dr. Oetker NV/SA, Tieto Enator NV/SA, DCE Consultants Belgium NV/SA

## • Zaventem – Weiveldlaan 41 (Atlas Park)

Year of construction 1998

### Location

In a multifunctional environment of offices and high-tech buildings, retail warehouses, numerous semi-industrial buildings and residential properties. The complex is easy to reach because it is close to exit 21 (Sterrebeek) of the E40 Brussels-Leuven-Liège motorway. The Atlas Park is situated in the well-known industrial area of "Weiveld".

### Description

The complex consists of seven buildings for offices and mixed use. The buildings are constructed in "Business Park" style and have a separate entrance for almost every tenant. The buildings consist of a ground floor and a first floor, except for two one-storey units. Two other buildings have a ground floor and part of a first floor. The buildings have a reinforced concrete frame. The façade elements are of architectural concrete. The façades are insulated and are finished on the inside with thermal plaster board or equivalent material. The glazing, double and insulating, consists of aluminium windows with thermal barriers. The walls of the entrance halls of building F have cladding of marble and decorative textured plaster. Thermal insulation covers the soundproofing suspended ceilings in the entrance halls, stairwells and offices. These ceilings are of mineral board on a visible frame, and the suspended ceilings in the sanitary facilities are of painted metal sheeting.



### Main tenants

T-Systems Belgium, Xerox




## 2.2. Semi-industrial properties

### REGION A-12 (Brussels – Antwerp)

**• Dijkstraat – Aartselaar** Year of construction 1994

Situated on Dijkstraat 1A at B-2630 Aartselaar on the Brussels-Antwerp axis. Accessible via the A12 or the E19.


<b>User</b>	Party Rent, Expo Rent
<b>Offices</b>	793 m <sup>2</sup>
<b>Storage hall</b>	7,269 m <sup>2</sup>
<b>Free height</b>	9 m
<b>Free span</b>	24 m
<b>Fittings</b>	2 ground-floor gates, 8 loading bays, smoke hatches and smoke guards



**• Neerland 1 – Wilrijk** Year of construction 1986

Situé au bord de l'autoroute A12 à la Boomsesteenweg 801-803 à 2610 Wilrijk.

<b>Tenant</b>	Brico Belgium NV/SA (Distrilog)
<b>Offices</b>	-
<b>Storage hall</b>	12,584 m <sup>2</sup>
<b>Free height</b>	8 m
<b>Free span</b>	25 m
<b>Fittings</b>	8 ground-floor gates, 12 loading bays, smoke domes and fire reels



**• Neerland 2 – Wilrijk** Year of construction 1989

Situated on the A12 motorway at Kernenergiestraat 70 and Geleegweg 1-7, 2610 Wilrijk


<b>Tenants</b>	Brico Belgium NV/SA
<b>Offices</b>	632 m <sup>2</sup>
<b>Storage hall</b>	15,952 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	25 m
<b>Fittings</b>	4 ground-floor gates, 17 loading bays, smoke domes and fire reels



**• Molenberglei – Schelle** Year of construction 1993

Situated in an industrial zone for SMEs on the A12 motorway at Molenberglei 8, 2627 Schelle.

<b>Tenant</b>	Studio 100 (only storage), Meiko Europe
<b>Offices</b>	1,600 m <sup>2</sup>
<b>Storage hall</b>	6.400 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	25 m
<b>Fittings</b>	2 ground-floor gates, 11 loading bays, smoke domes, fire walls and fire reels



# Property report

## • Krekelenberg – Boom

Year of construction 2000

Situated in an industrial zone on the A12 motorway at Industrieweg 18, 2850 Boom

<b>User</b>	JVC Logistics Europe NV/SA
<b>Offices</b>	700 m <sup>2</sup>
<b>Storage hall</b>	23,663 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	34;2 m
<b>Fittings</b>	21 loading bays with gate and 4 ground-floor gates, fire walls, fire domes, hydrants and fire alarm system, smoke hatches, sprinkler system



## • Puurs Logistic Center – Puurs

Year of construction 2001

Situated on the A12 industrial zone at Veurtstraat 91, 2870 Puurs

<b>User</b>	Fiege Kalf Trans
<b>Offices</b>	1,600 m <sup>2</sup>
<b>Storage hall</b>	41,890 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	34;5 m
<b>Fittings</b>	38 loading bays, including 36 with levellers and shelters, 2 ordinary entry gates, fire detectors, sprinkler system and wall reels, sectional gates with electric motor



## • Merchtem Cargo Center – Merchtem

Year of construction 1992

Situated at Preenakker, 1785 Merchtem

<b>Tenant</b>	Transfer (Artsen Zonder Grenzen)
<b>Offices</b>	1,210 m <sup>2</sup>
<b>Storage hall</b>	6,075 m <sup>2</sup>
<b>Free height</b>	9.7 m
<b>Free span</b>	15,80 m
<b>Fittings</b>	10 loading bays of which 9 with control appliances and 1 ordinary entry gate, sectional gate with electric motor, fire detectors



**REGION E-19 (Brussels– Antwerp)**

**• Stocletlaan – Duffel**

Year of construction 1998

Situated on the Brussels-Antwerp axis 5 km from the Duffel exit, Stocletlaan 23, 2570 Duffel.



<b>Users</b>	BLITS Belgium NV/SA, Belgacom Mobile, Ikon Mountain
<b>Offices</b>	240 m <sup>2</sup>
<b>Storage hall</b>	23.435 m <sup>2</sup>
<b>Free height</b>	9,6 m
<b>Free span</b>	30/40 m
<b>Fittings</b>	17 loading bays with leveller and shelter, fire walls, fire domes and hydrants, fire alarm system

**• Notmeir – Duffel**

Year of construction 1995

Situated on the Brussels-Antwerp axis 4 km from the Duffel exit at Walemstraat 94, 2570 Duffel.



<b>Lessees</b>	Corus Building Systems NV/SA, Corus Aluminium Service Center NV/SA
<b>Offices</b>	250 m <sup>2</sup>
<b>Storage hall</b>	8,861 m <sup>2</sup>
<b>Free height</b>	7,9 m
<b>Free span</b>	27/30 m
<b>Fittings</b>	5 access gates, rolling bridges, fire walls and fire reels

**• Intercity Industrial Park – Mechelen**

Year of construction 1999

Situated on the industrial zone North, at Oude Baan 14, 2800 Mechelen. Accessible via the E19, exit Mechelen-North.



<b>User</b>	Pfizer Service Company
<b>Offices</b>	252 m <sup>2</sup>
<b>Storage hall</b>	15,000 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	30 m
<b>Fittings</b>	8 ground-floor access gates, 16 loading bays, fire walls, fire reels and hydrants, sprinkler system

**• Ragheno – Mechelen**

Year of construction 1998

Situated on the Park Ragheno industry zone, Dellingsstraat 57, 2800 Mechelen. Accessible via the E19, exit Mechelen-South.



<b>User</b>	Otto Wolf Benelux NV/SA
<b>Offices</b>	612 m <sup>2</sup>
<b>Storage hall</b>	4,002 m <sup>2</sup>
<b>Free height</b>	6 m
<b>Free span</b>	20 m
<b>Fittings</b>	4 ground-floor access gates, fire alarm system, smoke domes

# Property report

## REGION ANTWERP RING

### • Kapelleveld 1 – Wommelgem

Year of construction 1998

Situated on the Kapelleveld industrial zone, Koralenhoeve 25, 2160 Wommelgem.

Accessible via the E34/E313 Antwerp-Hasselt motorway, 3 km from the Wommelgem exit, 10 km from the port of Antwerp.

<b>Lessee</b>	EXEL (Wommelgem) NV/SA
<b>Offices</b>	1.770 m <sup>2</sup>
<b>Storage hall</b>	22,949 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	30 m
<b>Fittings</b>	3 ground-floor gates and 20 loading bays with leveller and shelter, sprinkler system, fire walls, fire reels and hydrants



### • Kaaien 218-220 – Antwerp

Year of construction 1997

Situated at the port of Antwerp, Kaaien 218-220, 2030 Antwerp.

<b>User</b>	Völlers Belgium NV/SA
<b>Offices</b>	-
<b>Storage hall</b>	5,500 m <sup>2</sup>
<b>Free height</b>	7 m
<b>Free span</b>	50 m
<b>Fittings</b>	2 ground-floor gates and 4 loading bays with leveller and shelter, fire walls, fire reels and hydrants



### • Oostkaai – Merksem

Year of construction 1989

Situated between Bredabaan and the Albertkanaal 1 km from the Merksem exit on the Ring of Antwerp, Oostkaai 25, Griffinstraat 1 to 13 (uneven numbers) and Glasstraat 15 to 29 (uneven numbers), 2170 Merksem

<b>Tenants/Users</b>	Various (High Tech & Performance, Sigga, Rauwers, Fegaco, Van Gool, Saval, Montawest, Delta Media, Habib Textil, e.a.)
<b>Offices</b>	3,287 m <sup>2</sup>
<b>Storage hallt</b>	11,969 m <sup>2</sup> + 910 m <sup>2</sup>
<b>Free height</b>	5,7 ou 8 m
<b>Free span</b>	entre 12.5 et 20.5 m
<b>Fittings</b>	22 gates, dry chemical fire extinguishers, fire reels and smoke domes





**OTHER REGIONS**

**• Transportation zone – Meer**

Year of construction 1990

Situated on Riyadhstraat, 2321 Meer (Hoogstraten), on a special transportation zone with its own exit from and access to the E19 Antwerp-Breda.



<b>User</b>	Danzas Consumer Solutions NV/SA
<b>Offices</b>	271 m <sup>2</sup>
<b>Storage hall</b>	7,348 m <sup>2</sup>
<b>Free height</b>	6 m
<b>Free span</b>	28 m
<b>Fittings</b>	10 ground-floor gates, fire-resistant walls and fire reels

**• Berchem Technology Center – St.-Agatha-Berchem**

Year of construction 1992

Situated on Technologiestraat 11, 15, 51, 55, 61 and 65, 1082 Sint-Agatha-Berchem, 500 m from the Ring of Brussels and the E40 Ghent-Brussels motorway.



<b>Tenants</b>	Various (ISS, Co/munication, Rexel Belgium, e.a.)
<b>Offices</b>	2,760 m <sup>2</sup>
<b>Storage hall</b>	4,183 m <sup>2</sup>
<b>Free height</b>	6 m
<b>Free span</b>	24 m
<b>Fittings</b>	6 ground-floor gates, fire reels and smoke detection

**• Eigenlo – Sint-Niklaas**

Year of construction 1992 and 1994

Situated on the industrial zone North, Sint-Niklaas, Eigenlostraat 23-27a, 9100 Sint-Niklaas. Easy access from the E17, exit 15.



<b>Tenants/ Users</b>	Various (Vanoekel, Edor Benelux, Sarens, Orca Cooling, Hunt Imaging LLC)
<b>Offices</b>	1,328 m <sup>2</sup>
<b>Storage hall</b>	6,535 m <sup>2</sup>
<b>Free height</b>	5,5 m
<b>Free span</b>	20 m
<b>Fittings</b>	8 ground-floor gates and 2 loading bays, fire reels and rolling bridges

**• Guldendelle – Kortenberg**

Year of construction 2001-2002

Situated within the Guldendelle Business Park, Arthur De Coninckstraat 3, 3070 Kortenberg, in the vicinity of the E40 motorway.



<b>User</b>	European Commission
<b>Offices</b>	780 m <sup>2</sup>
<b>Storage hall</b>	10,172 m <sup>2</sup>
<b>Free height</b>	10 m
<b>Free span</b>	22 m
<b>Fittings</b>	2 ground-floor gates, gas heating, 42 ventilo-convecotrs, air conditioning. On a technical basis, the building is specifically equipped for the archives of the European Commission.

## 3. Evolution of the portfolio

	31.12.2004	31.12.2003	31.12.2002
Value of the portfolio (deed in hand) (€ 000)	563,807	591,147	603,722
Current rents (€ 000)	40,156	42,675	45,464
Yield (%) <sup>13</sup>	7.12	7.22	7.53
Current rents, including estimated rental value of vacant properties (€ 000)	49.935	50.483	50.511
Yield if fully let (%)	8.86	8.54	8.37
Total lettable area (m <sup>2</sup> )	518,012	534,157	534,157
Occupancy rate (%)	80.42	84.53	90.01

## 4. Valuation of the portfolio by the property experts

### Property valuations

The valuation of the current real estate portfolio of Intervest Offices was carried out by the following real estate experts: DTZ Winssinger Tie Leung, represented by Mr. Philippe Winssinger, de Crombrugghe & Partners, represented by Mr. Guibert de Crombrugghe and Cushman & Wakefield, represented by Messrs. Kris Peetermans and Yves De Koster.

The real estate experts analyse rental, sale and purchase transactions on a permanent basis. This makes it possible to correctly analyse real estate trends on the basis of prices actually paid and thus to build up market statistics.

For the assessment of real estate assets various factors are taken into account:

#### 1. Market:

- Supply and demand of tenants and buyers of comparable real estate
- Evolution of yields
- Expected inflation
- Current interest rates and expectations in terms of interest rates

#### 2. Location:

- Factors in surroundings
- Availability of parking
- Infrastructure
- Accessibility by way of private and public transport
- Facilities such as public buildings, stores, hotels, restaurants, banks, schools, etc.
- Development (construction) of comparable real estate

#### 3. Real estate:

- Operating and other expenses
- Type of construction and level of quality
- State of maintenance
- Age
- Location and representation
- Current and potential alternative usage possibilities

Subsequently 3 major valuation methods are used:

<sup>13</sup> Calculated on the basis of the current (gross) rent divided by the value of the buildings in operation.

### 1. Net present value of estimated rental revenues

The investment value is result of the applicable return (yield or opportunity cost, which represents the gross return required by a buyer) on the estimated rental value (ERV), corrected by the net present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of evaluation and this for the period until the following possibility to give notice under the current rental contracts.

For buildings that are partially or completely vacant, the valuation is calculated on the basis of the estimated rental value, with deduction of the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions.

Buildings to be renovated, buildings being renovated or planned projects are evaluated on the basis of the value after renovation or the end of the works, reduced by the amount of the works yet to be done, fees for architects and engineers, interim interest expenses, the estimated vacancy and a risk premium.

### 2. Unit prices

The investment value is determined on the basis of unit prices for the real estate asset per m<sup>2</sup> for office space, storage space, archive space, number of parking spaces, etc. and this in turn on the basis of the market and building analyses described above.

### 3. Discounted cash flow analysis

This method is used primarily for valuation of assets that are the object of leasing or long-term contracts. The investment value is determined on the basis of the conditions stipulated in the contract. This value is equal to the sum of the NPV of the various cash flows over the duration of the contract.

The cash flows consist of yearly payments (discounted according to a financial interest rate) together with the value at which the asset could be sold at the end of the contract (based on the free market value at that moment and discounted at an opportunity cost rate) if the lessee (or tenant) has a purchase option at the end of the contract.

The free market value at the end of the leasing contract is calculated using the first method mentioned above (net present value of the estimated rental revenue).

The final sales value is one of, or an average of, the valuation methods described above. The investment value is equal to the open market value, to which transaction costs (registration duties, notary, etc.) must still be added.

#### Value of the Interinvest Offices portfolio as at 31 December 2004:

Value	Valued property	Market value, deed in hand (€)
Cushman & Wakefield	Atlas Park + semi-industrial properties (except for Merchtem, Puurs and Kortenberg)	112,710,000
de Crombrughe & Partners	Airway Park, Merchtem and Puurs	371,812,000
DTZ Winssinger Tie Leung	Other offices + semi-industrial part of the premise in Kortenberg	79,285,000
<b>TOTAL</b>		<b>563,807,000</b>







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## V Financial report

## 1. Consolidated annual accounts

### 1.1. Balance sheet after profit distribution<sup>14</sup>

ASSETS	Financial year	Previous financial year
<b>FIXED ASSETS</b>	<b>563,938</b>	<b>591,230</b>
<b>II. Intangible fixed assets (note VIII)</b>	<b>11</b>	<b>4</b>
<b>IV. Tangible fixed assets (note IX)</b>	<b>563,912</b>	<b>591,211</b>
A. Land and buildings	563,807	591,147
B. Plant, machinery and equipment	14	6
C. Furniture and vehicles	74	33
D. Leasing and other similar rights	7	8
E. Other tangible fixed assets	10	17
<b>V. Financial fixed assets (note I to IV and X)</b>	<b>15</b>	<b>15</b>
B. Other companies	15	15
2. Amounts receivable	15	15
<b>CURRENT ASSETS</b>	<b>6,611</b>	<b>4,386</b>
<b>VI. Amounts receivable after one year</b>	<b>1,483</b>	<b>1,663</b>
A. Trade debtors	1,483	1,663
<b>VIII. Amounts receivable within one year</b>	<b>3,267</b>	<b>1,864</b>
A. Trade debtors	2,647	1,086
B. Other amounts receivable	620	778
<b>X. Liquid assets</b>	<b>1,695</b>	<b>824</b>
<b>XI. Deferred charges and accrued income</b>	<b>166</b>	<b>35</b>
<b>TOTAL ASSETS</b>	<b>570,549</b>	<b>595,616</b>

<sup>14</sup> Article 124 of the R.D. of 30 January 2001 in execution of the Belgian Companies Code.

LIABILITIES	Financial year	Previous financial year
<b>SHAREHOLDERS' EQUITY</b>	<b>285,706</b>	<b>306,945</b>
<b>I. Capital</b>	<b>123,127</b>	<b>123,127</b>
A. Issued capital	123,127	123,127
<b>II. Issue premiums</b>	<b>60,833</b>	<b>60,833</b>
<b>IV. Consolidated reserves (note XI)</b>	<b>101,746</b>	<b>122,985</b>
<b>THIRD-PARTY INTERESTS</b>	<b>48</b>	<b>49</b>
<b>VIII. Third-party interests</b>	<b>48</b>	<b>49</b>
<b>PROVISIONS, DELAYED TAXATION AND TAX LATENCIES</b>	<b>3,280</b>	<b>4,840</b>
<b>IX. A. Provisions for risks and charges</b>	<b>3,280</b>	<b>4,840</b>
2. Taxation	920	920
3. Major repair and maintenance works	2,360	3,920
<b>DEBTS</b>	<b>281,515</b>	<b>283,782</b>
<b>X. Amounts payable after more than one year (note XIII)</b>	<b>174,390</b>	<b>175,347</b>
A. Financial debts	173,956	174,968
3. Leasing and other similar obligations	4	7
4. Credit institutions	173,952	174,961
D. Other amounts payable	434	379
<b>XI. Amounts payable within one year (note XIII)</b>	<b>103,488</b>	<b>104,884</b>
A. Amounts payable after one year that fall due within the year	1,013	1,172
B. Financial debts	72,498	72,198
1. Credit institutions	72,498	72,198
C. Trade debts	3,046	1,351
1. Suppliers	3,046	1,351
E. Debts relating to taxation, remuneration and social security	147	67
1. Taxation	80	0
2. Remuneration and social security	67	67
F. Other amounts payable	26,784	30,096
<b>XII. Accrued charges and deferred income</b>	<b>3,637</b>	<b>3,551</b>
<b>TOTAL LIABILITIES</b>	<b>570,549</b>	<b>595,616</b>

## 1.2. Consolidated profit and loss account

	Financial year	Previous financial year
<b>A. OPERATING RESULT</b>		
<b>I. Operating income</b>	<b>45,499</b>	<b>49,351</b>
A. Turnover	39,576	44,836
C. Other operating income	5,923	4,515
<b>II. Operating charges</b>	<b>-8,670</b>	<b>-10,079</b>
A. Services and other goods	7,024	5,350
B. Remuneration, social security costs and pensions	707	0
C. Depreciations and downward value adjustments on formation costs, tangible and intangible fixed assets	43	0
D. Depreciations and decrease in amounts written off trade debtors	0	844
E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	-1,560	200
F. Other operating charges	2,456	3,685
<b>III. Gross operating profit (Gross operating loss) (+) (-)</b>	<b>36,829</b>	<b>39,272</b>
<b>IV. Financial income</b>	<b>244</b>	<b>379</b>
B. Income from current assets	134	32
C. Other financial income	110	347
<b>V. Financial charges</b>	<b>-10,848</b>	<b>-11,096</b>
A. Charges of debts	10,788	11,003
C. Other financial charges	60	93
<b>VI. Taxation (-) (+)</b>	<b>-19</b>	<b>38</b>
A. Taxes	-19	0
B. Regularisation of taxes and withdrawals from tax provisions	0	38
<b>VII. Net operating profit (Net operating loss) (+) (-)</b>	<b>26,206</b>	<b>28,593</b>
<b>B. RESULT ON THE PORTFOLIO</b>		
<b>VIII. Added value or loss of value on sales of portfolio items (in relation to their acquisition cost)</b>	<b>-198</b>	<b>0</b>
A. Property assets	-198	0
- Loss of value	-198	0
<b>IX. Changes in the unrealized added value or loss of value on the portfolio</b>	<b>-21,064</b>	<b>-13,154</b>
A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	-20,964	-13,154
- Added value	1,752	1,656
- Loss of value	-22,716	-14,810
C. Changes in the market value previously recorded on the portfolio items disposed of during the financial year	-100	0
- Added value	-230	0
- Loss of value	130	0
<b>XI. Profit (Loss) on the portfolio (+) (-)</b>	<b>-21,262</b>	<b>-13,154</b>
<b>C. EXCEPTIONAL RESULT</b>		
<b>XII. Extraordinary income</b>	<b>0</b>	<b>49</b>
B. Other exceptional results	0	49
<b>XIV. Exceptional profit (Exceptional loss) (+) (-)</b>	<b>0</b>	<b>49</b>
<b>XV. Consolidated profit (Consolidated loss) (+) (-)</b>	<b>4,944</b>	<b>15,488</b>
B. Group share	4,944	15,488



### 1.3. Consolidation criteria

A. Indication of the criteria employed for the purposes of the full consolidation, the pro-rata consolidation and the net asset value method, and of the situations in which these criteria are not applied, including the reasons for such deviation (in application of article 165, I of the R.D. of 30.01.2001 in execution of the Belgian Company Code).

*The consolidated annual accounts were prepared in accordance with the R.D. of 30.01.2001 on the basis of the consolidated annual accounts of the companies and internationally accepted accounting principles.*

*On 12.03.2003 Interinvest Offices NV/SA received approval from the Minister for Economic Affairs to deviate from the usual form used for the presentation of annual accounts. This followed a favourable recommendation by the Commission for Accounting Standards. This deviation applies to the 2002, 2003 and 2004 financial years. The consolidated annual accounts have been prepared in accordance with this deviation.*

*Full consolidation:*

*The full consolidation involves including the assets and liabilities of the subsidiary companies in full, as well as costs and income. Third-party interests are stated in a separate section in both the balance sheet and the profit and loss account. The full consolidation is applied in situations where the control percentage is 50% or more.*

### 1.4. Valuation rules<sup>15</sup>

#### 1.4.1. General principles

The valuation rules are established in line with the general accounting principles applicable in Belgium, and more specifically on the basis of the provisions of Book II of the R.D. in execution of the Belgian Company Code of 30.01.2001, the R.D. of 12.09.1983 in execution of the act of 17.07.1975 on the accounting and annual accounts of companies, the amended R.D. of 04.03.1991 relating to certain institutions for collective investment, the R.D. of 08.03.1994 concerning the accounting and annual accounts of certain institutions for collective investment with a variable number of shares and the Royal Decrees of 10.04.1995 and 10.06.2001 relating to property investment funds.

The valuation basis used for the valuation of the company's assets, and in particular its property assets, is the market value of the assets on a mark-to-market basis. The market value of the property assets is the value assigned by the property expert for the drawing up of the inventory or a planned transaction in mind.

The valuation rules have been drawn up in anticipation of the company's continued operation (going concern).

The market value included in the accounts is the investment value deed in hand, i.e. the value for the investor, offering him a certain return in accordance with the risk and the situation typical for the premise, including the registration fees and notarial charges. This is the value the investor would have to pay if he wanted to buy the immovable property in question directly.

As Interinvest Offices is of the opinion that the statutory form for the presentation of annual accounts, as this applies to property investment funds, has not been adapted to the specific characteristics of this sector, Interinvest Offices requested approval to deviate from this form for its annual accounts. This approval was granted on 12.03.2003 by the Minister for Economic Affairs for the financial years 2002, 2003 and 2004 (see also section 1.5.).

<sup>15</sup> All the mentioned figures are in euro.

## 1.4.2. Special principles

### ASSETS

#### • Formation expenses

Formation expenses are charged to the financial year in which they were incurred. If, however, they exceed € 125,000, the Board of Directors can decide to write them off over a period of 5 years. In the case of costs connected with the issue of a loan, the write-off may also be spread over the term of the loan.

#### • Tangible fixed assets

Immovable property (including leased assets)

Immovable tangible fixed assets are valued at the time of purchase at the acquisition cost, including any additional costs and non-deductible VAT.

Fees in relation to the purchase of the buildings is regarded as an additional cost of these purchases and is entered on the assets side of the balance sheet like the purchase price, the registration fees and the notarial charges, which form together the investment value. If the purchase takes place by means of the acquisition of the shares in a property company, by means of the non-cash contribution of a building against the issue of new shares or by means of a merger through the takeover of a property company, the notarial charges, audit costs, consulting costs, reinvestment compensations, mortgage release costs of the financing of the absorbed companies and other merger costs are also regarded as additional costs of the acquisition and are entered on the assets side of the balance sheet.

Immovable property that is under construction or undergoing conversion or expansion is valued, in accordance with the progress of the work, at cost, including additional costs, registration fees and non-deductible VAT. If this value deviates substantially from the liquidation value, an adjustment is applied.

Without prejudice to the obligations contained in article 7 of the act of 17.07.1975 relating to the accounting and annual accounts of companies

for which an inventory must be compiled at least once a year, Intervest Offices compiles an inventory each time it issues or repurchases shares by any other means than through the stock exchange.

The property expert precisely values the following components of the company's tangible fixed assets at the end of each financial year:

- the immovable property, the immovable property by use and the real rights over immovable property held by Intervest Offices or, if applicable, by a property company over which it has control;
- the option rights to immovable property held by Intervest Offices or, if applicable, by a property company over which it has control, as well as the immovable property to which these rights relate;
- the rights arising from contracts in which one or more properties are placed under a leasing arrangement with Intervest Offices or, if applicable, with a property company over which it has control, as well as the underlying property.

These valuations are binding for Intervest Offices as far as the preparation of its annual accounts is concerned.

In addition, at the end of each of the first three quarters of the financial year, the property expert also updates the total valuation of the aforementioned immovable property of Intervest Offices and, if applicable, the companies over which it has control, on the basis of the development of the market and the individual characteristics of the immovable property concerned.

Contrary to the provisions of articles 67 §1, 64 §2 and 57 §1 of the R.D. in execution of the Belgian Company Code of 30.01.2001, the downward and upward value adjustments to the immovable property, as specified by the expert, are expressed each time the inventory is compiled, in accordance with the provisions under article 57 §1 last subsection and article 57 §3 of the aforementioned R.D. The loss of value and added values recorded are included in the result for the financial year.

The added values on the realization of fixed assets are considered as not available for distribution to the extent that there are reinvested within a term of four years starting from the first day in which the added values have been realized. These realized added values are registered in the result for the financial year under

the caption "results on the portfolio" and are added to the non-disposable reserves.

Contrary to articles 64 §1 and 65 of the R.D. in execution of the Belgian Company Code of 30.01.2001, Interinvest Offices does not write off buildings, real rights over buildings or properties placed under a leasing arrangement with Interinvest Offices.

The commissions paid to brokers after a vacant period are capitalised in view of the fact that property experts deduct estimated commissions from the estimated value of the property after vacant periods. The commissions paid to brokers after immediate reletting without no intervening vacancy are not capitalised, and are deducted from the operating profit because property experts do not take these commissions into account in their valuations.

The commissions payed to brokers within the framework of a selling mandate are in charge of the realized added values or losses of value and form consequently a part of the results on the portfolio.

• **Tangible fixed assets other than immovable property**

For tangible fixed assets other than immovable property whose use is limited in time, straight-line depreciation is applied, starting from the year in which these assets are included in the books, pro rata with from the time in the financial year at which these tangible fixed assets were acquired. If the financial year covers more or less than 12 months, the depreciation is calculated pro rata.

The following percentages apply:

- Plant, machinery and equipment	20%
- Furniture and rolling stock	25%
- IT equipment	33%

Purchases for a unit price of less than € 2,500, excluding VAT, are charged to the financial year on the date of their purchase. For tangible fixed assets other than immovable property whose use is not limited in time, downward value adjustments are recorded in the event of a sustained reduction in value. If applicable, upward value adjustments can also be recorded for these assets.

When tangible fixed assets other than immovable property are sold or decommissioned, the acquisition costs and depreciation that relate to them are removed from the accounts and added values or losses of value are included in the profit and loss account.

• **Entry of work on building**

For accounting purposes, the work on buildings charged to the owner is either deducted from the operating profit or capitalised (added to the asset value of the building), depending on its nature.

These costs are, however, only capitalised if they exceed € 50,000.

1. Expenditures relating to maintenance and repair works that do not add any additional functions or increase the level of comfort of the building is recorded as costs resulting from ordinary operations in the financial year, and is therefore deducted from the operating profit. E.g.: replacement of window frames (glass).
2. Costs connected with major renovations and alterations, on the other hand, are entered on the assets side of the balance sheet. Alterations are occasional works that add a function to the building or significantly improve its comfort, thereby leading to an increase in the rent and the rental value, or without which the current level of rent could not be sustained. E.g.: the installation of an air conditioning system. The costs eligible for capitalisation relate to the materials, contract work, technical studies and architects' fees, excluding internal costs.

## • Financial fixed assets

At the time of purchase, financial fixed assets are valued at the acquisition cost, without taking the additional costs included in the profit and loss account into consideration. The Board of Directors will decide whether additional costs need to be capitalised and, if applicable, on the period over which they must be written off.

Contrary to articles 66 §2 1st subsection and 57 §1 of the R.D. in execution of the Belgian Company Code of 30.01.2001, an inventory of the downward and upward value adjustments to the financial fixed assets held in affiliated property companies and property investment institutions is compiled each time the annual accounts are composed.

Articles 57 §2 of the R.D. in execution of the Belgian Company Code of 30.01.2001 does not apply.

Articles 10 14 §1 and 5, 15, 1st subsection, 16 §1, 1st subsection, and §2, 1st subsection, of the R.D. of 08.03.1994 relating to the accounting and annual accounts of certain institutions for collective investment with a variable number of units apply to Intervest Offices.

## • Receivables

Receivables payable in more than one year and receivables payable within one year are valued at their nominal value on the year-end date. Receivables in foreign currencies are converted into euros at the closing exchange rate on the balance sheet date. Receivables give rise to downward value adjustments if there is uncertainty about the payment of all or part of the receivables on the due date and if the realization value is lower than their book value.

## • Investments

Each investment is recorded at its acquisition cost, excluding the additional costs included in the profit and loss account. Listed securities are valued at their market value.

Fixed-interest securities held in portfolio for which there is no liquid market are valued on the basis of the interest rate of the applicable market.

Downward value adjustments are applied if the liquidation value is lower than the market value on the year-end date.

## • Deferred charges and accrued income

The costs incurred during the financial year that are fully or partially attributable to a subsequent financial year will be recorded under deferred charges and accrued income on the basis of a proportional rule.

Income and fractions of income that will only be collected during the course of one or more subsequent financial years, but which must be linked to the financial year in question, are recorded stating the value of the portion that relates to that financial year

The damages paid by tenants for the cancellation of their rent contracts are apportioned over time, over the number of months' rent paid by the tenant as damages if the property in question is not let during this period. If the property in question is re-let, the damages payable due to the cancellation of the rent contract are recorded in the profit or loss of the period in which they are incurred or, if they have not been fully apportioned by the time the property is re-let at a later period, the remaining balance at the time of re-letting is recorded. These payments are only apportioned over time if they exceed € 50,000. The damages paid are only included in the profit and loss account when all renovations have been carried out on the leased property; until then, the damages paid and the costs of renovation are recorded under deferred charges and accrued income.

## LIABILITIES

The exit tax due by companies that have been taken over by the property investment fund, is deducted from the upward value adjustment determined upon the merger which is posted to the non-disposable reserve, for the property investment fund after the merger, in accordance with the recommendations of the Commission for Accounting Standards to property investment funds.

## • Provisions for risks and charges

Every year, the Board of Directors conducts a thorough analysis of the provisions that have been or are yet to be built up to cover the risks and costs that the company may face, and makes any necessary adjustments.

## • Obligations and recourses

The Board of Directors will value obligations and recourses at the



nominal value of the legal commitment as stated in the contract; if there is no nominal value, or in borderline cases, they will be stated as pro memorie.

- Debts

Debts are expressed at their nominal value on the closing date of the financial year. Debts in foreign currencies are converted into euros at the closing exchange rate on the balance sheet date.

#### 1.4.3. Off-balance sheet rights and obligations

These rights and obligations are valued at nominal value on the basis of the amount stated in the contract.

If there is no nominal value and a valuation is possible, the rights and obligations are stated as off-balance sheet items.

### 1.5. Scheme of the annual accounts

As Intervest Offices NV/SA is of the opinion that the legal scheme for the presentation of annual accounts, applicable to property investment funds, is not adapted to the specific characteristics of this sector, on 12.03.2003 it received approval from the Minister for Economic Affairs to deviate from the usual scheme when presenting its annual accounts, following a favourable recommendation from the Commission for Accounting Standards. This deviation applies to the financial years 2002, 2003 and 2004.

The main characteristics of this deviated scheme are the restructuring of the profit and loss account around two key sections.

#### The section on the operating results

The intention is to represent the recurrent operating result realized through the management of the property portfolio. It therefore comprises financial income and costs, as well as outstanding tax costs (tax on rejected expenses).

The structure of operating income and costs has been simplified in such a way that the sections that are not applicable have been omitted (movements in work in progress; purchases and

movement in stocks).

#### The section on the results on the portfolio

The intention is to represent all transactions and accounting operations relating to the value of the portfolio in the profit and loss account.

The realized added values or losses of value are clarified by presenting them individually.

Changes in the market value of the portfolio are all included in the profit and loss account under a section entitled ad hoc. The result is that the section entitled upward value adjustment on shareholders' equity is omitted and transferred to the reserves not available for distribution.

The result for the financial year is therefore reliably defined as the sum of the operating results, results on the portfolio and of the exceptional results. This last section has been simplified by leaving out certain items that do not apply to a property investment fund. In accordance with the non-distributable nature of the shared, deferred added values on the portfolio, the difference in the market value of the portfolio is added to the reserves not available for distribution - which will consequently vary over time in accordance with the development of the estimated values via a specialised allocation section (XV). This is placed above the line for the operating result for the financial year. The restrictions and obligations relating to the distribution of dividends, as these arise from the legislation concerning property investment funds, will of course continue to apply.

Since the amount of realized added values has to be calculated in relation to the acquisition cost of the immovable property concerned, a reversal of changes must be made for the portion of the realized added value already included in the profit and loss account (at that time still a deferred added value), as otherwise it would be included in the profit and loss account twice. This reversal of charges is entered in section IX. "Changes in market value previously recorded on portfolio items disposed of during the financial year".

In view of the above, section XI "Profit (Loss) on the portfolio" will reflect the complete development of the value of the portfolio during the financial year, section XI will contain the following components:

- 1) Realised added value or loss of value on portfolio items (in relation to their acquisition cost) (VIII)
- 2) Unrealised added value or loss of value on the portfolio (IX)

## 1.6. Additional notes to the consolidated annual accounts

### I. LIST OF CONSOLIDATED COMPANIES AND OF COMPANIES FOR WHICH THE NET ASSET VALUE METHOD IS APPLIED

NAME, full address of registered OFFICE and, in the case of a company under Belgian law, the VAT or NATIONAL NUMBER	Method applied for inclusion in the accounts (F) <sup>16,17</sup>	Portion held in capital <sup>18</sup> (in %)
Aartselaar Business Center NV/SA Uitbreidingstraat 18 2600 Berchem-Antwerp Nat nr 466.516.748	F	99.00
Mechelen Business Center NV/SA Uitbreidingstraat 18 2600 Berchem-Antwerp Nat nr 467.009.765	F	99.00
Mechelen Research Park NV/SA Uitbreidingstraat 18 2600 Berchem-Antwerp Nat nr 465.087.680	F	99.99
Duffel Real Estate NV/SA Uitbreidingstraat 18 2600 Berchem-Antwerp Nat nr 464.415.115	F	99.9

### VIII. STATEMENT OF INTANGIBLE ASSETS

	2. Concessions, patents, licences, etc..
<b>a) ACQUISITION COST</b>	
At the end of the preceding period	4
Movements during the financial year	
. Acquisitions, including fixed assets	12
At the end of the financial year	16
<b>c) DEPRECIATION AND AMOUNTS WRITTEN DOWN</b>	
Movements during the period	
. Recorded	5
At the end of the period	5
<b>d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR (a) - (c)</b>	<b>11</b>

<sup>16</sup> F : Full consolidation.

<sup>17</sup> If a change in the percentage of the portion of capital held has resulted in a change in the method employed for inclusion in the accounts, the indication of the new method is followed by an asterisk.

<sup>18</sup> Portion of the capital of this company that is held by the companies included in the consolidation and by persons acting in their own name but for the account of these companies.

## IX. STATEMENT OF TANGIBLE FIXED ASSETS

	1. Land and buildings	2. Plant, machinery and equipment	3. Furniture and vehicles	4. Leasing and other similar rights	5. Other tangible fixed assets
<b>a) ACQUISITION COST</b>					
As at the end of the previous financial year	610,366	6	33	8	17
Movements during the financial year					
. Acquisitions, including produced fixed assets	2,004	15	64		
. Sales and disposals	-8,380	0	0		
<b>As at the end of the financial year</b>	<b>603,990</b>	<b>21</b>	<b>97</b>	<b>8</b>	<b>17</b>
<b>b) ADDED VALUES</b>					
As at the end of the previous financial year	-16,370	0	0		
Movements during the financial year					
. Recorded	1,752	0	0		
. Written down	-22,716	0	0		
<b>As at the end of the financial year</b>	<b>-37,334</b>	<b>0</b>	<b>0</b>		
<b>c) DEPRECIATIONS AND DOWNWARD VALUE ADJUSTMENTS</b>					
As at the end of the previous financial year	2,849	0	0		
Movements during the financial year					
. Recorded	0	7	23	1	7
<b>As at the end of the financial year</b>	<b>2,849</b>	<b>7</b>	<b>23</b>	<b>1</b>	<b>7</b>
<b>d) NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR</b>					
(a)+(b)-(c) of which:	563,807	14	74	7	10
. Plant, machinery and equipment				7	

## X. STATEMENT OF FINANCIAL FIXED ASSETS

	3. Other companies
<b>2. Receivables</b>	
NET BOOK VALUE AS AT THE END OF THE PREVIOUS FINANCIAL YEAR	15
NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR	15



**XI. STATEMENT OF CONSOLIDATED RESERVES**

	Amounts
<b>Consolidated reserves as at the end of the previous financial year</b>	<b>122,985</b>
Movements during the financial year	
. Group share in consolidated result	4,944
. Other movements	
<i>(To breakdown for the significant amounts that aren't assigned to the group share in the consolidated result)</i>	
Dividends	-26,183
<b>Consolidated reserves as at the end of the financial year</b>	<b>101,746</b>

**XIII. STATEMENT OF DEBTS**

A. BREAKDOWN OF DEBTS ORIGINALLY PAYABLE AFTER ONE YEAR BY THE REMAINING TERM OF THE DEBT	DEBTS WITH A REMAINING TERM OF		
	1. No more than one year	2. More than one year but no more than 5 years	3. More than 5 years
Financial debts	1,013	142,969	30,987
3. Leasing and other similar obligations	3	4	0
4. Credit institutions	1,010	142,965	30,987
Other amounts payable	0	434	0
<b>TOTAL</b>	<b>1,013</b>	<b>143,403</b>	<b>30,987</b>

**XIV. RESULTS**
**A. Net turnover**

A. 1. Breakdown for the financial year and the previous financial year, per business category and per geographical market.

	Financial year	Previous financial year
A. 2. Total turnover of the group in Belgium	39,576	44,836

**XV. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS**

	Financial year
4.a) Important obligations to purchase fixed assets	1,558

**XVII. FINANCIAL RELATIONS WITH THE DIRECTORS OR BUSINESS MANAGERS OF THE CONSOLIDATING COMPANY**

	Financial year
A. Total amount of remunerations arising from their activities in the consolidating company, its subsidiaries and associated companies, including the amount of the retirement pensions allocated to the former directors or business managers in connection with	39

## 1.6.1. Contested tax assessments

Intervest Offices NV/SA has a number of disputes with the tax authorities. Most of these are at the appeal stage. According to the assessment notices in question, these disputes relate to € 14,753,276, and can be divided into two types.

- Disputes amounting to € 919,796 that were taken over upon the merger with Siref. These disputes mainly relate to the deductibility or otherwise of commissions/fees, retro-active effect of mergers and the taxability of transactions involving building and planting rights. One of the four appeals is currently the subject of a lawsuit being heard by the court of first instance in Antwerp. Provision was made for these disputes in the annual accounts.
- Disputes in connection with the so-called exit tax in the amount of € 13,833,480. For the most part, these disputes relate to the determination of the assessment base of the exit tax due when an organisation is recognised as a property investment fund or when another company merges with a property investment fund. The dispute relates more particularly to the interpretation of the term "actual value of the nominal capital" as specified in article 210 §2 of the Income Tax Code.

The majority of these (latest) disputes have been resolved by the circular of 23/12/2004 (see also annual report page 20). Furthermore, this circular settles all running disputes between the property investment funds and the fiscal authorities in this matter. The circular does however stipulate the securitisation premiums are taxable. Intervest Offices has disputes running in this matter for an amount of +/- € 4 million. A portion of this tax debt was guaranteed by the former owners of companies that were bought or taken over by Intervest Offices. No provisions were made for this.

## 1.6.2. Deferred payment of Mechelen Campus NV/SA share price

Some Intervest Offices NV/SA shareholders acquired shares in Mechelen Campus NV/SA in 2001. In 2001, in addition to a fixed price, a variable portion was determined on the basis of certain future incomes that would possibly be realised, and if these are not realised by the end of 2007, the variable portion of the price will lapse.

Mechelen Campus NV/SA was absorbed on 23.12.2002 through a merger with Intervest Offices NV/SA. The determination of the exchange ratio did not take these non-realised incomes into account, and consequently no shares were issued for these to the shareholders concerned. This means that this obligation was transferred to Intervest Offices NV/SA via the merger. The maximum amount of this obligation is currently estimated at € 1,558,311.45 (no modification compared to 31.12.2003).

## 1.6.3. Soil decontamination

When Siref NV/SA merged with Intervest Offices NV/SA as a result of the takeover on 28.06.2002, it was established that the soil under a number of the semi-industrial properties of the former Siref NV/SA was historically polluted. This meant the company had to carry out a number of investigative and descriptive soil examinations (see also annual report as at 31.12.2003, page 83).

Two parcels have to be decontaminated:

- Putte, Klein Boom: estimated decontamination costs of € 133,000. This building was sold on 29 June 2004 (see point 2.2). All decontamination obligations and costs will be borne by the buyer.
- Wilrijk, Boomsesteenweg 801/803, Kernenergiestraat 70, Geleegweg 1-7: estimated decontamination costs of € 176,000. It has been agreed with the previous owners of this building that they will bear half of the decontamination costs. These works started in December 2004

## 1.7. Consolidated annual report by the Board of Directors

### INTERVEST OFFICES

Property investment fund under Belgian Law

Limited liability company

Uitbreidingstraat 18

2600 Berchem - Antwerp

Entreprise identification number (o)458.623.918 Antwerp

VAT Number: BE 458.623.918

### Annual report for the financial year ended on 31.12.2004

In accordance with the statutory provisions, we have pleasure in presenting you our report on the position of your company for the financial year that started on 01.01.2004 and ended on 31.12.2004. As a reminder, the board of Directors refers to the company's half-year report as at 30.06.2004.

Because Interinvest Offices NV/SA has to consolidate the subsidiaries listed below (the so-called fully consolidated subsidiaries), it has to prepare annual reports on both the unconsolidated and consolidated annual accounts. The following are fully consolidated subsidiaries:

- Aartselaar Business Center NV/SA;
- Duffel Real Estate NV/SA;
- Mechelen Business Center NV/SA;
- Mechelen Research Park NV/SA and

The former fully consolidated subsidiary Wommelgem Logistic Center NV/SA has in the meantime been liquidated and the settlement has been closed on 24 December 2004.

These subsidiaries have a limited impact on Interinvest Offices NV/SA's consolidated annual accounts, however, because they are only owners of land/providers of buildings or are purely owners of land for which Interinvest Offices NV/SA holds the building and planning rights or is the usufructuary.

This annual report, which constitutes both the unconsolidated and the consolidated annual report, and the annual accounts (both unconsolidated and consolidated) are being made available to you.

### 1. COMMENTS ON THE UNCONSOLIDATED AND CONSOLIDATED ANNUAL ACCOUNTS

1. To the extent that it is necessary the Board of Directors wishes firstly to recall that the company was recognised as a property investment fund in March 1999, whereby the tangible fixed assets must be valued at market value as assessed by the real estate experts at the end of every financial year (see article 55 and following of the Royal Decree regarding property investment funds dates April 10<sup>th</sup>, 1995).

2. *The capital of the company was € 123,127,112.79 as at December 31<sup>st</sup>, 2004.*

The capital of the company did not undergo any changes during the financial year closed on December 31<sup>st</sup>, 2004.

The Board of Directors does however immediately draw attention to the fact that on November 30<sup>th</sup>, 2004 a merger proposal was signed as a consequence of the merger by takeover of four real estate companies, Mechelen Campus 2 NV/SA, Mechelen Campus 4 NV/SA, Mechelen Campus 5 NV/SA and Perion II NV/SA. Subsequently on January 17<sup>th</sup>, 2005 the Extraordinary General Meetings of Shareholders of the companies involved completely approved the merger, with as result that the capital of the company has in the meantime increased to € 126,718,826.79.

3. *Guarantee for an amount of € 278,300.00 for soil sanitation in Wilrijk, as reported in the notes.*

Interinvest Offices NV/SA took on a unilateral commitment to OVAM for the sanitation of the soil at the sites located in Wilrijk, Boomsesteenweg 801-803, Planetariumlaan, Kernenergiestraat, Geleegweg 1-7, for which a bank guarantee of € 278,300.00 was issued.

This bank guarantee was initially € 650,000.00 however in a letter dated August 12<sup>th</sup>, 2004 OVAM communicated its decision to reduce the bank guarantee to an amount of € 278,300.00 to Interinvest Offices NV/SA.

Intervest Offices NV/SA does not have any other soil sanitation commitments.

#### 4. Taxation

- a. Until June 29<sup>th</sup>, 2002 Intervest Offices NV/SA was incorporated as a limited equity partnership (Commanditaire Vennootschap op Aandelen) called PeriFund Comm. VA. PeriFund Comm. VA (i.e. presently Intervest Offices NV/SA) was granted the status of a real estate investment trust under Belgian law on March 15<sup>th</sup>, 1999.

On June 28<sup>th</sup>, 2002 Intervest Offices NV/SA took over Siref NV/SA, also a property investment fund under Belgian law, by way of a merger. Siref NV (at that time still La Forestière 80 NV) had on February 11<sup>th</sup>, 1999 in turn taken over the public limited companies Eigenlo, Immo Semi-Indus, B.M.S., Oceanic Real Estate (O.R.E.), The Charmos Company, Beheer Onroerend Goed, Logiconsult, Wommelgem Development Center (W.D.C.) and Neerland Onroerende Goederen by way of merger, as well as the public limited company European Cornelis Plastics (E.C.P.) on October 24<sup>th</sup>, 2000.

On June 29<sup>th</sup>, 2001, also by way of merger, Intervest Offices NV/SA took over Innotech NV/SA, Mechelen Pand NV/SA, Catian NV/SA and Greenhill Campus NV/SA. In addition, on December 21<sup>st</sup>, 2001 the companies Aartselaar Lease Company NV/SA, Airport Parc Invest NV/SA, Belgian General Development NV/SA, Country Homes NV/SA, Diegem Airway Park NV/SA, International Development Corporation NV/SA, Immo Woluwe Garden E-F-G NV/SA, Örnskoldinvest NV/SA, Patriegem NV/SA, Mechelen Business Tower NV/SA, Rebux NV/SA and Perion NV/SA were also taken over by way of merger.

Lastly, following a decision of the Extraordinary General Meeting of December 23<sup>rd</sup>, 2002 the companies Mechelen Campus NV/SA, Puurs Logistic Center NV/SA, Merchtem Cargo Center NV/SA, Apibi NV/SA and Pakobi NV/SA were taken over.

Upon the recognition of a company as a real estate investment trust, or a merger as a real estate investment trust, corporate tax becomes payable (i.e. the so-called exit tax). This tax is calculated according to the lawbook as income tax assessed on the “real value of the company’s equity”, minus the paid-in capital and

previously taxed reserves. Given the concept “real value of the company’s equity” is interpreted differently by Intervest Offices NV/SA and the fiscal authorities, this led to a dispute for an amount € 13,833,480.00.

According to Intervest Offices NV/SA and the overwhelming majority of other Belgian property investment funds that are faced with the same problem, this concept should have been interpreted in accordance with Supreme Court ruling in its normal and usual sense, i.e. the liquidation or sales value of the company’s own equity. The latter should be determined on the basis of the sales value or the value “Costs-To-Buyer” (without registration duties and transaction costs) of the (real estate) assets, as assessed by the real estate expert, minus the sales value of the debt. The fiscal administration maintained however for a long time that the real value of the company’s own equity should be assessed on the basis of the shares, the acquisition value deed-in-hand of the real estate, or some other higher value.

Intervest Offices NV/SA has, on the basis of advice from its advisors, always taken the position that as regards these exit tax disputes it has a substantial chance of mounting a sound defense and that the position of the fiscal authorities has too little legal basis to be maintained. In addition the potential amounts to be assessed regarding exit tax are guaranteed for an amount of at least € 11,261,819.00 by the previous owners of the companies that were purchased or taken over by Intervest Offices NV/SA. Consequently no provisions related to exit tax have been built up in the annual accounts attached.

On December 23<sup>rd</sup>, 2004 an administrative circular was however drawn up (published on January 6<sup>th</sup>, 2005), in which the fiscal administration accepted that the exit tax should be calculated on the basis of a Costs-To-Buyer valuation (without registration duties and transaction costs) of the real estate involved. To the extent that the administration would still hold on to assessment of exit tax on the basis of the value of shares issued (in exchange for the merger or contribution of the real estate involved), it would be determined that the assessment basis for the exit tax cannot be lower than the value of the shares issued, divided by 100/112.5.

This circular was sent out with immediate effect, whereby a large portion of the disputes pending could be de facto ended.



In concrete terms this means that the abovementioned disputes will not in all likelihood need to be settled in court, at least as regards the discussion about the setting of the criterion for assessment on the basis of the valuation deed-in-hand or on the basis of the valuation costs-to-buyer.

- b. For the record the Board of Directors also draws attention to the existence of tax disputes for an amount of € 919,795,96, regarding the non-deductibility of provisions, the retroactive character of mergers and the handling of building rights in assessment year 1999, and consequently the additional assessments in the name of Siref NV/SA itself, of which Intervest Offices NV/SA is the legal successor in general title and in the name of Beheer Onroerend Goed NV, Neerland NV/SA and Immo Semi-Indus NV/SA, of which Siref NV/SA (and thus presently Intervest Offices NV/SA) is in each case the legal successor in general title.

On March 15<sup>th</sup>, 2002 written objections to these additional assessments were filed. A provision was booked for these additional assessments.

On June 6<sup>th</sup>, 2003 the objection filed by Siref NV (assessment year 1999 – assessment for an amount of € 137,718.51) was declared unfounded by ruling of the Provincial Board. An appeal against this ruling is underway via a petition filed with the Court of First Instance. A ruling is expected by May 2<sup>nd</sup>, 2005.

*5. Divergence from the legal format of the annual accounts.*

The Board of Directors draws attention to the fact that on March 12<sup>th</sup>, 2003 a divergence from the legal format of the annual accounts was authorised on the basis of article 125 of the Companies Code, and this up to and including the financial year closed on December 31<sup>st</sup>, 2004.

*6. Further comments regarding the consolidated and non-consolidated annual accounts.*

a. The consolidated annual accounts

The Board of Directors can make the following comments about the consolidated annual accounts closed on December 31<sup>st</sup>, 2004:

Revenues for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 45,499,685, whereas operating expenses for the financial year closed on December 31<sup>st</sup>, 2004 amount to € 8,670,313. EBIT of € 36,829,372 was thus realised for the financial year closed on December 31<sup>st</sup>, 2004.

Financial revenues for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 243,923, whereas as financial expenses for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 10,848,612.

For the financial year closed on December 31<sup>st</sup>, 2004 operating result of € 26,206,041 was realised.

Primarily as a result of a reduction in the market value of the real estate portfolio, a loss on the portfolio of € 21,262,328 was however realised for the financial year closed on December 31<sup>st</sup>, 2004.

Global net profit for the financial year amounted to € 4,943,713.

b. The non-consolidated annual accounts

The Board of Directors can make the following comments regarding the annual account closed on December 31<sup>st</sup>, 2004:

Revenues for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 45,499,685, whereas operating expenses for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 8,660,884. EBIT of € 36,838,801 was thus realised for the financial year closed on December 31<sup>st</sup>, 2004.

Financial revenues for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 358,465, whereas financial expenses for the financial year closed on December 31<sup>st</sup>, 2004 amounted to € 10,848,188.

For the financial year closed on December 31<sup>st</sup>, 2004 NPAT of € 26,330,441 was realised.

Primarily as a result of a reduction in the market value of the real estate portfolio, a loss on the portfolio of € 21,588,812 was however realised for the financial year closed on December 31<sup>st</sup>, 2004.

Global net profit for the financial year amounted to € 4,741,629.

## 2. ALLOCATION OF PROFIT

The financial year closed on December 31<sup>st</sup>, 2004 was closed with an operating result of € 26,330,441 as mentioned above.

The Board of Directors proposes to distribute € 1.98 per share. Given that 13,224,061 shares participate in the profit of the financial year closed on December 31<sup>st</sup>, 2004, this amounts to a total dividend payout of € 26,183,641.

The Board of Directors thus proposes to allocate the profit of the company as at December 31<sup>st</sup>, 2004 as follows:

- operating profit to be appropriated	
of the financial year:	€ 26,330,441
- profit to be distributed as a dividend	
payment to the shareholders	€ 26,183,641
- operating profit to be carried forward	
to the next financial year:	€ 146,800

The loss on the portfolio, amounting to € 21,588,812, will be drawn from the shareholders' equity, in particular from the reserves not available for distribution.

## 3. INFORMATION ON IMPORTANT EVENTS AFTER THE CLOSURE OF THE FINANCIAL YEAR

On January 17<sup>th</sup>, 2005 an Extraordinary General Meeting of the company took place during which the merger by takeover of four real estate companies, Mechelen Campus 2 NV/SA, Mechelen Campus 4 NV/SA, Mechelen Campus 5 NV/SA and Perion II NV/SA, were completely approved. This merger was effective in accounting terms as at January 17<sup>th</sup>, 2005. As a result the capital of the company increased to € 126,718,826.79 and 658,601 new shares were issued which will participate in the results of the company as of the financial year that started on January 1<sup>st</sup>, 2005. The number of shares in the company is consequently now 13,882,662.

No other noteworthy events occurred after the closing of the financial year on December 31<sup>st</sup>, 2004.

## 4. RESEARCH & DEVELOPMENT ACTIVITIES - BRANCHES

Our company did not develop any activities of its own in the area of research and development.

The company has no branch offices.

## 5. HOLDING OF OWN SHARES

Intervest Offices NV/SA therefore no longer owns any shares in itself, either directly or indirectly.

## 6. REMUNERATION OF DIRECTORS AND MANAGING STAFF OF THE COMPANY

1. The directors of the company received the direct and indirect remuneration within the company described below during the past financial year. No bonuses were awarded.

- Mr. Reinier van Gerrevink:	€ 0;
- Mr. Hubert Roovers:	€ 0;
- Mr. Joost Rijnboutt:	€ 11,813.88,-;
- Mr. Walter E. Hens:	€ 12,395,-
- Mr. Jean-Pierre Blumberg:	€ 12,395,-.

2. The members of the Executive Board of the company received direct and indirect remuneration in the past financial year of € 500,066, including a one-time severance pay expense borne by the real estate investment trust.

3. There were no major (>500 shares) acquisitions or transfers of company shares with voting rights during the past financial year by either members of the Board of Directors, or members of the Executive Board, or by people closely linked to people with such leadership responsibilities.

## 7. SPECIAL PAYMENTS TO THE STATUTORY AUDITOR

During the past financial year, the following costs were recorded for duties performed by the Statutory Auditor or by persons with whom the Statutory Auditor maintains a professional working relationship:

an amount totalling € 49,850 (excluding VAT) to Deloitte & Partners Company Auditors:

an amount of € 26,500 duties for the mergers of 17.01.2005 and € 23,350 for IFRS/IAS duties.

## 8. FINANCIAL INSTRUMENTS

The Board of Directors provides below an overview of the use by the company of financial instruments, and, to the extent that it is relevant for evaluating its assets, liabilities, financial position and results, the goals and policies of the company as regards risk management, including its policies regarding hedging of all major types of transactions undertaken for which hedge accounting is applied, as well as the price, credit, liquidity and cash flow risks taken by the company.

The loans with a fixed interest rate, including those covered by an Interest Rate Swap (IRS), amounted as at December 31<sup>st</sup>, 2004 to a total of € 174,961,265.07. The portion of loans drawn down with a floating rate is € 72,498,405.25.

In order to cover the interest rate risk an IRS contract was concluded on July 2<sup>nd</sup>, 2003 for a total amount of € 52,000,000.00. This contract arrives at final maturity on December 27<sup>th</sup>, 2006.

## 9. AUTONOMOUS MANAGEMENT / CORPORATE GOVERNANCE - SOUND MANAGEMENT

1. First of all, the Board of Directors would like to confirm that the company recognises that the corporate governance of the investment institution is the most effective structural guarantee of compliance with the statutory requirement that an investment institution must be managed in the exclusive interest of investors. A framework for the expansion of this kind of corporate governance is also provided in the regulations relating to sound management which have been approved by the Belgian Banking, Finance and Insurance Commission and Euronext Brussels.

The Board of Directors's operation must also be organised in such a way that at least half of the directors sit on the Board of Directors as independent directors (in the meaning of the new article 524 §4, par. 2 of the Belgian Company Code (introduced by the act of 02.08.2002)). The directors would like to point out that Messrs van Gerrevink and Roovers cannot be regarded as independent directors. Messrs Rijnboutt, Hens and Blumberg, on the other hand, can be regarded as independent directors in the meaning of the new article 524 §4, par. 2 of the Belgian Company Code (introduced by the act of 02.08.2002). Consequently three independent directors sit on the Board of Directors, as prescribed by the Belgian Corporate Governance Code..

The composition of the Board of Directors remained unchanged during the financial year ending 31.12.2004.

2. For the record the Board of Directors reports that on October 7<sup>th</sup>, 2003 it already decided to set up an Executive Board as described in article 524b of the Companies Code, effective as of January 1<sup>st</sup>, 2004.

The following legal entities were then appointed as members of this Executive Board for an indefinite period:

- Gert Cowé BVBA, represented by its fixed representative, Mr. Gert Cowé. Gert Cowé BVBA was appointed CEO ("Chief Executive Officer") of Interinvest Offices NV/SA;
- Jean-Paul Sols BVBA, represented by its fixed representative, Mr. Jean-Paul Sols; Jean-Paul Sols BVBA was appointed Director of Real Estate or COO ("Chief Operating Officer") of Interinvest Offices NV/SA;
- Nicolas Mathieu BVBA, represented by its fixed representative, Mr. Nicolaas Mathieu; Nicolas Mathieu BVBA was appointed Financial Director or CFO ("Chief Financial Officer") of Interinvest Offices NV/SA;

Gert Cowé BVBA was also appointed chairman of this Executive Board.

The mandate of Nicolas Mathieu BVBA came in the meantime to an end as at December 31<sup>st</sup>, 2004, such that the Executive Board presently consists of Gert Cowé BVBA and Jean-Paul Sols BVBA, represented as described above.

3. On December 16<sup>th</sup>, 2003 it was also decided to set up an audit committee within the Board of Directors of the company, composed of Messrs. Blumberg, Hens and van Gerrevink. The task of the audit committee is primarily to monitor the accuracy and completeness of the (financial) information to be published.

## 10. OBLIGATION TO DISCLOSE INFORMATION PERIODICALLY

We hereby present for your information and your approval the consolidated as well as the unconsolidated annual accounts. They are a true, fair and complete reflection of the activities that have taken place over the course of the financial year that was closed on 31.12.2004. This report, the report by the Board of Statutory Auditors and the consolidated and unconsolidated annual accounts for the financial year closed on 31.12.2003 have been made available to you.

We propose that you discharge the directors and the Statutory Auditor (i.e. Deloitte & Partners Company Auditors professional partnership in the form of a cooperative partnership with limited liability represented by Mr Rik Neckebroeck, appointed on May 12<sup>th</sup>, 2004 as successor to Mr Ludo De Keulenaer, partner of Deloitte & Partners Company Auditors, whose mandate came to an end), likewise, from all liability arising from the exercise of their mandates during the past financial year.

Drawn up in Berchem-Antwerp, on 21 February 2005.

The Board of Directors,

Mr Jean-Pierre Blumberg

Mr Walter Hens

Mr Joost Rijnboutt

Mr Hubert Roovers

Mr Reinier van Gerrevink

## 1.8. Report of the Statutory Auditors

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS AS AT 31.12.2004 TO THE SHAREHOLDERS' MEETING OF THE COMPANY INTERVEST OFFICES NV/SA, BELGIAN PROPERTY INVESTMENT FUND

To the shareholders,

In accordance with the legal and statutory requirements, we are pleased to report to you on our audit assignment which you have entrusted to us.

We have audited the consolidated balance sheet and the related consolidated statement of income, the notes and the directors' report for the year ended 31.12.2004, which have been prepared under the responsibility of the Board of Directors of the company and which show a balance sheet total of € 570,549 (000) and an income statement resulting in a profit of the year of € 4,944 (000).

We have also audited the consolidated annual report.

### Unqualified audit opinion on the consolidated financial statements

Our audit was made in accordance with the auditing standards of the Belgian Institute of Company Auditors. These require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free of material misstatement, taking into account Belgian law and regulations with respect to the consolidated annual accounts.

In accordance with these standards, we have taken into consideration the administrative and accounting procedures and system of internal control of the company. We received from the management of the company the information and explanations we requested. We examined, on a test basis, evidence supporting the amounts in the consolidated annual accounts. We also assessed the valuation rules, the principles of consolidation, significant accounting estimates and the presentation of the consolidated

annual accounts as a whole. We believe that these procedures provide a reasonable basis for our opinion.

In accordance with article 125 of the Company Law, the Minister of Economic Affairs has agreed on 12.03.2003 to a deviation of the presentation-scheme of the annual accounts. This deviation has been granted for the years 2002, 2003 and 2004. The consolidated annual accounts for the year ended 31.12.2004 have been prepared in conformity with this scheme.

In our opinion, the accompanying consolidated annual accounts present fairly the financial position of Interinvest Offices NV/SA and subsidiaries as of 31.12.2004 and the results of their operations for the year then ended, in conformity with the applicable Belgian law and regulations, and the notes to the consolidated annual accounts are adequate.

### Additional statements

We complete our report with the following additional statements which do not modify the scope of the above-mentioned opinion on the consolidated annual accounts:

- The consolidated annual report is in agreement with the consolidated annual accounts and includes the information required by the Belgian Company Code.

22 February 2005

### The Statutory Auditor

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**DELOITTE & PARTNERS** Company Auditors

SC s.f.d. SCRL

Represented by Rik Neckebroeck



## 2. Unconsolidated annual accounts

In accordance with article 105 of the Belgian Company Code, this annual report contains an abbreviated version of the annual accounts of Intervest Offices NV/SA that are required under the articles of association. The annual report and the annual accounts

of Intervest Offices NV/SA and the report of the Statutory Auditor are filed at and also available from the company's registered office. The Statutory Auditor has issued an unqualified opinion on the annual accounts of Intervest Offices NV/SA as at 31.12.2004.

### 2.1. Balance sheet after profit distribution

ASSETS	Financial year	Previous financial year
<b>FIXED ASSETS</b>	<b>557,382</b>	<b>584,877</b>
II. Intangible fixed assets (note II)	11	4
III. Tangible fixed assets (note III)	554,762	581,338
A. Land and buildings	554,657	581,274
B. Plant, machinery and equipment	14	6
C. Furniture and vehicles	74	33
D. Leasing and other similar rights	7	8
E. Other tangible fixed assets	10	17
IV. Financial fixed assets (notes IV and V)	2,609	3,535
A. Affiliated companies	2,594	3,520
1. Participating interests	250	315
2. Amounts receivable	2,344	3,205
C. Other financial fixed assets	15	15
2. Amounts receivable and cash guarantees	15	15
<b>CURRENT ASSETS</b>	<b>6,558</b>	<b>4,382</b>
V. Amounts receivable after more than one year	1,483	1,663
B. Other amounts receivable	1,483	1,663
VII. Amounts receivable within one year	3,217	1,863
A. Trade debtors	2,647	1,086
B. Other amounts receivable	570	777
IX. Liquid assets	1,693	821
X. Deferred charges and accrued income (note VII)	165	35
<b>TOTAL ASSETS</b>	<b>563,940</b>	<b>589,259</b>

LIABILITIES	Financial year	Previous financial year
<b>SHAREHOLDERS' EQUITY</b>	<b>279,216</b>	<b>300,658</b>
<b>I. Capital (note VIII)</b>	<b>123,127</b>	<b>123,127</b>
A. Issued capital	123,127	123,127
<b>II. Issue premiums</b>	<b>60,833</b>	<b>60,833</b>
<b>IV. Reserves</b>	<b>95,057</b>	<b>116,646</b>
A. Legal reserve	77	77
B. Reserves not available for distribution	93,554	115,143
2. Other	93,554	115,143
D. Reserves available for distribution	1,426	1,426
<b>V. Profit carried forward</b>	<b>199</b>	<b>52</b>
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>3,280</b>	<b>4,840</b>
<b>VII. A. Provisions for risks and charges</b>	<b>3,280</b>	<b>4,840</b>
2. Taxation	920	920
3. Major repair and maintenance works	2,360	3,920
<b>DEBTS</b>	<b>281,444</b>	<b>283,761</b>
<b>VIII. Amounts payable after more than one year (note X)</b>	<b>174,390</b>	<b>175,347</b>
A. Financial debts	173,956	174,968
3. Leasing and other similar obligations	4	7
4. Credit institutions	173,952	174,961
D. Other amounts payable	434	379
<b>IX. Amounts payable within one year (note X)</b>	<b>103,417</b>	<b>104,863</b>
A. Amounts payable after one year that fall due within the year	1,013	1,172
B. Financial debts	72,498	72,198
1. Credit institutions	72,498	72,198
C. Trade debts	3,045	1,351
1. Suppliers	3,045	1,351
E. Debts relating to taxation, remuneration and social security	98	67
1. Taxation	30	0
2. Remuneration and social security	68	67
F. Other amounts payable	26,763	30,075
<b>X. Accrued charges and deferred income (note XI)</b>	<b>3,637</b>	<b>3,551</b>
<b>TOTAL LIABILITIES</b>	<b>563,940</b>	<b>589,259</b>

## 2.1. PROFIT AND LOSS ACCOUNT

A. OPERATING RESULT		Financial year	Previous financial year
<b>I.</b>	<b>Operating income</b>	<b>45,500</b>	<b>49,351</b>
	A. Turnover	39,576	44,836
	C. Other operating income	5,924	4,515
<b>II.</b>	<b>Operating charges (-)</b>	<b>-8,661</b>	<b>-10,079</b>
	A. Services and other goods	7,021	5,350
	B. Remuneration, social security costs and pensions	707	0
	C. Depreciations	43	0
	D. Increase (+); decrease (-) in amounts written off trade debtors	-1,560	844
	E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	0	200
	F. Other operating charges	2,450	3,685
<b>III.</b>	<b>Gross operating profit (Gross operating loss) (+) (-)</b>	<b>36,839</b>	<b>39,272</b>
<b>IV.</b>	<b>Financial income</b>	<b>359</b>	<b>533</b>
	B. Income from current assets	249	186
	C. Other financial income	110	347
<b>V.</b>	<b>Financial charges (-)</b>	<b>-10,848</b>	<b>-11,095</b>
	A. Charges of debts	10,796	11,004
	C. Other financial charges	52	91
<b>VI.</b>	<b>Taxation (-) (+)</b>	<b>-19</b>	<b>38</b>
	A. Taxes	-19	0
	B. Regularisation of taxes and withdrawals from tax provisions	0	38
<b>VII.</b>	<b>Net operating profit (Net operating loss) (+) (-)</b>	<b>26,331</b>	<b>28,748</b>
<b>B. RESULT ON THE PORTFOLIO</b>			
<b>VIII.</b>	<b>Added value or loss of value on sales of portfolio items (in relation to their acquisition cost) (+) (-)</b>	<b>-524</b>	<b>0</b>
	A. Property assets (within the meaning of the R.D. of 10/04/1995)	-524	0
	- Loss of value	-524	0
<b>IX.</b>	<b>Changes in the unrealized added value or loss of value on the portfolio (+) (-)</b>	<b>-21,065</b>	<b>-13,154</b>
	A. Property assets at the end of the financial year (within the meaning of the R.D. of 10/04/95)	-20,965	-13,154
	- Added value	1,751	1,656
	- Loss of value	-22,716	-14,810
	C. Changes in market value previously recorded on the portfolio items disposed of during the financial year	-100	0
	- Added value	-230	0
	- Loss of value	130	0
<b>XI.</b>	<b>Profit (Loss) on the portfolio (+) (-)</b>	<b>-21,589</b>	<b>-13,154</b>
<b>XV.</b>	<b>Profit (Loss) for the financial year (+) (-)</b>	<b>4,742</b>	<b>15,594</b>

D. RESULT FOR APPROPRIATION		Financial year	Previous financial year
XV.	Profit (Loss) for the financial year (+) (-)	4,742	15,594
XVI.	Appropriation of the added value or loss of value on sales of portfolio items (+) (-)	21,589	13,154
	B. Withdrawal from the non-disposable reserves	21,589	13,154
XVII.	Profit balance for appropriation (Net deficit for absorption) for the financial year (+) (-)	26,331	28,748
TREATMENT OF RESULT			
	A. Profit balance for appropriation	26,331	28,748
	1. Profit for appropriation for the financial year	26,331	28,748
	D. Result to be carried forward	-147	-52
	1. Profit to be carried forward	-147	-52
	F. Profit to be distributed	-26,184	-28,696
	1. Indemnification of the capital	-26,184	-28,696

## 3. Debts and securities

The average interest paid in 2004 was 4.35%.

### 3.1. Debts payable after one year to credit institutions (in € 000)

Total amount: 173,951

Credit institution	Amount	Term	Type of credit
KBC Bank	13,634	10 year	Fixed advance
ING Bank	125,980	23.12.2006	Fixed advance
NIB	16,984	21.04.2008	Fixed advance
Fortis Bank	17,353	10 year	Fixed advance

### 3.2. Debts payable within one year to credit institutions (in € 000)

Total amount: 73,508

Credit institution	Amount	Type of credit
Fortis Bank	7,479	Advance instalments
ING Bank	55,019	Fixed advance
ING Bank	10,000	Advance instalments
NIB <sup>19</sup>	1,010	Fixed advance

### 3.3. Interest-rate risk hedging (in € 000)

Total amount:	52,000
Type of derivate:	Intrest Rate Swap (IRS)
Final maturity date:	27.12.2006

### 3.4. Securities

No mortgages have been registered, nor powers to mortgage granted. Most financial institutions demand that the investment

fund permanently satisfies the financial ratios as prescribed by the R.D. on property investment funds.

### 3.5. Structure of the financing

The split of the company's financing between short-term and long-term liabilities have been incorporated in the annual accounts, in accordance with the law and Royal Decrees relating to annual accounts, based on the due dates of these loans, i.e. split into those due within one year or after one year. On the basis of this accounting split, the structure of the financing can be presented as follows:

Split depending on the due date of the tranches of loans taken up:

short-term:	€ 73,508	(29.71%)
long-term:	€ 173,951	(70.29%)
<b>total:</b>	<b>€ 247,459</b>	<b>(100%)</b>

A significant share of the short-term loans according to the above split consists, however, of tranches taken up under lines of credit guaranteed for a longer period. The tranches of these lines of credit were mainly taken up on a short-term basis under the present economic conditions in order to benefit from the relatively low short-term interest rates. On the basis of the availability and expiry dates of the lines of credit, the structure of the financings can be presented as follows:

Split according to expiry date of credit lines:

short-term:	€ 17,479	(7.06%)
long term:	€ 229,980	(92.94%)
<b>total:</b>	<b>€ 247,459</b>	<b>(100%)</b>

<sup>19</sup> This is the portion of the NIB loan that falls due within the year.









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## VI General information

## 1. Identification

### 1.1. Name

Intervest Offices NV/SA, Property Investment Fund with Fixed Capital under Belgian Law, or “vastgoedbevak” / “sicafi” under Belgian Law.

### 1.2. Registered office

Uitbreidingstraat 18, 2600 Antwerp-Berchem.

### 1.3. Enterprise identification number and VAT number

The company is registered in the Kruispuntbank for companies under the enterprise identification number 0458.623.918.

Its VAT-number is (BE) 458.623.918.

### 1.4. Legal form, formation, publication

Intervest Offices NV/SA was founded on 08.08.1996 as a limited liability company by the name «Immo-Airway», executed before the civil-law notary Carl Ockerman, in Brussels as published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of 22.08.1996 under no. BBS 960822-361.

By deed executed before Eric Spruyt, civil-law notary in Brussels, and Max Bleeckx, civil-law notary in Sint-Gillis-Brussels, executed on 05.02.1999 and published in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees of 24.02.1999 under number BBS 990224-79, the company's legal form was converted from a limited liability company to a limited partnership with a share capital and its name was changed to “PeriFund”.

By deed executed before Eric De Bie, civil-law notary in Antwerp-Ekeren, with the intervention of Carl Ockerman, civil-law notary in Brussels, executed on 29.06.2001 and published in the Appendices to the Belgian Bulletin of

Acts, Orders and Decrees of 24.07.2001 under number BBS 20010724-935, the company's legal form was converted from a limited partnership with a share capital to a limited liability company and its name was changed to “Intervest Offices”.

Since 15.03.1999 Intervest Offices has been recognised as a “property investment fund with fixed capital under Belgian law”, or a “vastgoedbevak” / “sicafi” under Belgian law for short, which is registered with the Banking, Finance and Insurance Commission.

It is subject to the statutory system for investment companies with fixed capital, as referred to in article 118 of the act of 04.12.1990 on the financial transactions and the financial markets.

The company opted for the investment category specified in article 122 §1, 1st subsection, 5° of the aforementioned act of 04.12.1990.

The company draws publicly on the savings system in the sense of article 26 §2 of the coordinated acts on trading companies, as amended by the act of 13.04.1995.

The articles of association were last amended on 23.12.2002, as published in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees of 15.01.2003 under number 20030115-03006567.

### 1.5. Duration

The company was founded for an indefinite period.

### 1.6. Object of company

#### Article 4 of the articles of association:

The sole object of the company is collective investment of the financial resources it attracts from the public in property, as defined in article 122 §1, 1st subsection, 5° of the act of 04.12.1990 on Financial Transactions and the Financial Markets.

Property is understood to mean:

1. immovable property as defined in articles 517 et seq of the Belgian Civil Code and real rights over immovable property;
2. shares with voting rights issued by affiliated property companies;
3. option rights to immovable property;
4. units in other property investment institutions that are registered in the list referred to in article 120 §1, 2nd subsection or article 137 of the act of 04.12.1990 on Financial Transactions and the Financial Markets;
5. property certificates as described in article 106 of the act of 04.12.1990 on Financial Transactions and the Financial Markets and article 44 of the R.D. of 10.04.1995 relating to property investment funds;
6. rights arising from contracts where one or more properties are placed under a leasing arrangement with the company;
7. as well as all other properties, shares or rights defined as immovable property by the R.D.s in execution of the act of 04.04.1990 on Financial Transactions and the Financial Markets that apply to collective investment institutions that invest in immovable property.

Within the limits of the investment policy, as described in article 4-5 of the articles of association, and in accordance with the applicable legislation on property investment funds, the company may become involved in:

- purchasing, converting, furnishing, letting, subletting, managing, exchanging, selling or subdividing the property as described above, or placing it under the system of joint ownership;
- acquiring and lending securities in accordance with article 51 of the R.D. of 10.04.1995 relating to property investment funds;
- taking immovable property under a leasing arrangement, with or without an option to purchase, in accordance with article 46 of the R.D. of 10.04.1995 relating to property investment funds; and
- as an additional activity, placing immovable property under a leasing arrangement, with or without an option to purchase, in accordance with article 47 of the R.D. of 10.04.1995 relating to property investment funds;

- the company may only occasionally act as a property developer, as defined in article 2 of the R.D. of 10.04.1995.

In accordance with the legislation that applies to property investment funds, the company may also:

- as an additional or temporary activity, hold investments in securities, assets other than fixed assets and cash reserves, in accordance with article 41 of the R.D. of 10.04.1995 relating to property investment funds. The possession of securities must be compatible with the short or medium-term objectives of the investment policy, as described in article 5 of the articles of association. The securities must be included in the official list of a stock exchange of a Member State of the European Union or traded on a regulated, recognised market in the European Union that is open regularly for trading and is accessible to the public. The cash reserves may be held in any currencies in the form of sight or time deposits or in the form of any other easily negotiable monetary instrument;
- grant mortgages or other collateral or security within the context of the financing of property in accordance with article 53 of the R.D. of 10.04.1995 relating to property investment funds;
- grant credit and stand surety for the benefit of a subsidiary of the company that is also an investment institution as referred to in article 49 of the R.D. of 10.04.1995 relating to property investment funds.

The company may acquire, rent, let, transfer or exchange any movable or immovable property, materials and necessary items and, in general, carry out any commercial or financial operations that are directly or indirectly connected with its object and the utilisation of any intellectual rights and commercial property that relate to this object.

Provided that such action is compatible with the statute for property investment funds, the company may, through cash or non-cash contributions, mergers, subscriptions, participations, financial interventions or other means, take a stake in any companies or enterprises that have already been founded or are founded in the future, in Belgium or abroad, and whose object is identical to its own or is of such a nature as to promote the pursuance of its object.



## 1.7. Financial year

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

## 1.8. Inspection of documents

The articles of association of Intervest Offices NV/SA are available for inspection at the Office 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 Nationale Bank van België.
- The annual accounts and associated reports are sent annually to holders of registered shares and 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 Bulletin of Acts, Orders and Decrees.

- Financial announcements and notices convening the General Meetings are published in the financial press.

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the Investment Fund's registered office.

## 2. Nominal capital

### 2.1. Issued capital

The nominal capital amounts to €123,127,112.79 and is divided into 13,224,061 fully paid-up shares with no statement of nominal value.

### 2.2. Evolution of the capital

(see tabel below)

Date	Transaction	Capital movements in €	Number of created shares	Total outstanding capital after the transaction (€)	Total number of shares after the transaction
08.08.1996	Formation	61,973.38	1,000	61,973.38	1,000
05.02.1999	Capital increase by non-cash contribution (Atlas Park)	4,408,177.49	1,575	4,470,150.87	2,575
05.02.1999	Capital increase by incorporation of issue premium and reserves and capital reduction through the incorporation of losses carried forward	-3,106,000.88	0	1,364,149.99	2,575
05.02.1999	Share split	0	1,073,852	1,364,149.99	1,076,427
05.02.1999	Capital increase by contribution in cash	1,039,222.10	820,032	2,403,372.10	1,896,459
29.06.2001	Merger through absorption of the limited liability companies Catian, Innotech, Greenhill Campus and Mechelen Pand	16,249,420.45	2,479,704	18,652,792.55	4,376,163
21.12.2001	Merger through absorption of companies belonging the VastNed Group	23,087,892.53	2,262,379	41,740,685.08	6,638,542
21.12.2001	Capital increase by non-cash contribution (De Arend, Sky Building and Gateway House)	37,208,818.06	1,353,710	78,949,503.14	7,992,252
31.01.2002	Contribution of 575,395 shares in Siref	10,231,017.36	1,035,711	89,180,520.50	9,027,963
08.05.2002	Contribution of max. 1,396,110 Siref shares in the context of the bid	24,824,035.06	2,512,998	114,004,555.56	11,540,961
28.06.2002	Merger with Siref NV/SA: exchange of 111,384 Siref shares	4,106,935.70	167,076	118,111,491.26	11,708,037
23.12.2002	Merger with APIBI, PAKOBI, PLC, MCC and Mechelen Campus	5,015,621.53	1,516,024	123,127,112.79	13,224,061

### 2.3. Permitted capital

The Board of Directors is expressly permitted to increase the nominal capital in one or more operations by an amount of € 123,127,112.79 through cash or non-cash contributions, and, if applicable, through the incorporation of reserves or issue premiums, in accordance with the rules prescribed by the Belgian Company Code, the articles of association and article 11 of the R.D. of 10.04.1995 relating to property investment funds.

This permission has been granted for a period of five years starting from the publication in the appendices to the Belgian Bulletin of Acts, Orders and Decrees of the report of the extraordinary General Meeting of 23.12.2002, i.e. as from 15.01.2003. This permission may be renewed.

Each time the capital is increased, the Board of Directors determines the price, the possible issue premium and the terms of issue for the new shares, unless the General Meeting takes a decision on this itself. The capital increases may give rise to the issue of shares with or without voting rights.

If the capital increases decided on by the Board of Directors as a consequence of the permission granted comprise an issue premium, the amount of this issue premium must be placed in a special non-disposable account, known as "issue premiums", which, like the capital, will constitute the security for third parties and cannot be reduced or dispensed with this unless a decision to this effect is taken by a General Meeting that is assembled in accordance with the attendance and majority requirements envisaged for a capital reduction, with the exception of conversion into capital, as provided for above.

In 2004, the Board of Directors made no use of the authorisation granted to it to utilise the following amounts of the permitted capital.

### 2.4. Repurchase of own shares

In accordance with article 9 of the articles of association, the Board of Directors can proceed to repurchase fully paid-up company shares by means of purchase or conversion within the limits permitted by law, if such a purchase is necessary to save the company from serious and imminent harm.

This permission is valid for three years from the publication of the minutes of the General Meeting and may be renewed for the same period.

### 2.5. Capital increase

Each capital increase will be carried out in accordance with articles 581 to 607 of the Belgian Company Code, subject to the requirement that in the event of cash subscription in accordance with article 11 §1 of the R.D. of 10.04.1995 relating to property investment funds, there is no deviation from the preferential right of shareholders, as specified in articles 592 to 595 of the Belgian Company Code. The company must also conform to the provisions relating to the public issue of shares contained in article 125 of the act of 04.12.1990 and to articles 28 et seq of the R.D. of 10.04.1995.

Capital increases by means of non-cash contributions are subject to the provisions of articles 601 and 602 of the Belgian Company Code. Furthermore, and in accordance with article 11 §2 of the R.D. of 10.04.1995 relating to property investment funds, the following conditions must be observed:

1. the identity of the contributor must be stated in the report referred to in article 602 of the Belgian Company Code, as well as in the notice convening the General Meeting convened for the capital increase;
2. the issue price must not be less than the average share price during the thirty days preceding the contribution;
3. the report referred to under point 1 must also state the repercussions of the proposed contribution in respect of the situation of the earlier shareholders, in particular as far as their share in the profit and the capital is concerned.

## 3. Extract from the articles of association<sup>20</sup>

### 3.1. Share

#### Article 8 – Nature of the shares

The shares are bearer or registered shares or, in the event of the prior designation of an account holder by the Board of Directors, take the form of dematerialised securities.

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

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

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

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

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

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

### 3.2. Ownership

#### Article 11 – Transparency regulations

In accordance with the regulations of the act of 02.03.1989, all natural persons or legal entities who acquire or surrender shares or other financial instruments with voting rights granted by the company, whether or not these represent the capital, are obliged to inform both the company and the Banking, Finance and Insurance Commission of the number of financial instruments in their possession, whenever the voting rights connected with these financial instruments reach five per cent (5%) or a multiple of five per cent of the total number of voting rights in existence at that time, or when circumstances that require such notification arise.

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

### 3.3. Administration and supervision

#### Article 12 – Composition of the Board of Director

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

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next General Meeting, when a definitive appointment will be made. Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among his 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

<sup>20</sup> These articles aren't the complete, nor the literal reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office.

question on his own behalf and on his own account, without prejudice to the joint and several liability of the legal person whom he represents. That legal entity may not dismiss his representative without at the same time naming a successor.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the R.D. of 10.04.1995, and therefore be able to guarantee autonomous management. They must not fall under the application of the prohibitions referred to in article 19 of the act of 22.03.1993 relating to the statute for and supervision of credit institutions.

#### **Article 15 – Delegation of authority**

In application of article 524b of the Belgian Company Code, the Board of Directors can put together an Executive Committee, whose members are selected from inside or outside the Board. The powers to be transferred to the Executive 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 Company Code. If an Executive 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 Executive Committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If an Executive 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 powers.

The Board can determine the remuneration of each mandatory to whom special powers are assigned, all in accordance with the law of 04.12.1990 relating to the Financial Transactions and the Financial Markets, and its implementation decrees."

#### **Article 17 – Conflicts of interests**

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 R.D. of 10.04.1995 relating to property investment funds, by the Belgian Company 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 audit(s) and certify (certifies) the accounting information contained in the company's annual accounts. At the request of the Banking, Finance and Insurance Commission, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 133 of the act of 04.12.1990.

### **3.4. General Meetings**

#### **Article 19 – Meeting**

The ordinary General Meeting of Shareholders, known as the annual meeting, must be convened every year on the second Wednesday of May at 4.30 p.m.

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

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

#### **Article 22 – Depositing shares**

In order to be admitted to the meeting, the holders of bearer shares must deposit their shares no later than three days before the date of the intended meeting, if the notice convening the meeting requires them to do so. The shares must be deposited at the company's registered office or at a financial institution designated in the notice convening the meeting.

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

#### **Article 26 – Voting rights**

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been designated in writing by all the authorised persons. Until such a person is designated, all of the rights connected with these shares remain suspended.

If a share is encumbered with a usufruct, the voting rights connected with the share are exercised by the usufructuary, unless there is an objection from the bare owner.

### **3.5. Treatment of result**

#### **Article 29 – Appropriation of profit**

The company will distribute at least eighty per cent (80%) of its net income, less the amounts that correspond to the net reduction of debt for the current financial year.

For the purposes of this article, net income is defined as the profit for the financial year, excluding downward value

adjustments, reversals of downward value adjustments and added values realized on fixed assets, in so far as these are recorded in the profit and loss account.

The decision on how the remaining twenty per cent will be appropriated will be taken by the General Meeting on the proposal of the Board of Directors.

Added values on the realization of fixed assets, however, are excluded from net income, as specified in paragraph 1, to the extent that they will be reused within a period of four years, starting from the first day of the current financial year in which these added values will be realized.

The portion of the realized added values that has not been reused after the period of four years will be added to the net income, as defined, for the financial year following this period.

### **4. Statutory Auditor**

The mandate of Mr Ludo De Keulenaer as Statutory Auditor of Intervest Offices ended immediately after the annual meeting on 12 May 2004. On 12 May Deloitte & Partners Company Auditors, professional partnership in the form of a cooperative partnership with limited liability represented by Mr Rik Neckebroeck, with offices at Berkenlaan 8b, B-1831 Diegem was appointed as Statutory Auditor.

The mandate of the Statutory Auditor will end immediately after the annual meeting to be held in 2007.

The remuneration of the Statutory Auditor amounts to € 82,215 (excl. VAT, incl. costs) a year for the auditing of the annual accounts.

### **5. Custodian bank**

As from 15.03.2003, ING Bank has been designated as the custodian bank of Intervest Offices in the sense of articles 12 et seq of the R.D. of 10.04.1995 relating to property



investment funds.

The annual fee will be calculated as follows:

Total assets (consolidated)	Annual commission in % based on total assets
€ 0 to € 125 million	0.03 %
€ 125 to € 250 million	€ 37,500 + 0.01 % on the amount > € 125 million
> € 250 million	€ 50,000 + 0.005 % on the amount > € 250 million

## 6. Property experts

The property experts of the investment fund are:

- de Crombrughe & Partners, 1160 Brussels, G. Demeylaan 72-74. The company is represented by Guibert de Crombrughe.
- Cushman & Wakefield, 1000 Brussels, Kunstlaan 58 bus 7. The company is represented by Kris Peetermans and Yves Dekoster.
- DTZ Winsinger Tie Leung, 1050 Brussels, Louizalaan 380. The company is represented by Philippe Winsinger.
- In accordance with the R.D. of 10 April 1995, they value the portfolio four times a year.

## 7. Liquidity Provider

In 2003, a liquidity contract was concluded with ING Bank Marnixlaan 24, B-1000 Brussels, to promote the liquidity 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 € 10,000 a year.

## 8. Property management

In 2004, the following buildings are managed by external managers:

- Gateway House, Sky Building and De Arend are managed by EPMC;
- the Airway Park is managed by King Sturge Management;
- the semi-industrial properties and Mechelen Campus are managed by SPM.

The fees charged by these managers range between 1% and 2% of the rents received for these buildings. In some cases, these management fees are paid directly by the tenants in accordance with the obligations of their tenancy agreements.

## 9. Property investment fund – legal framework

The Investment Fund system was regulated in the R.D. of 10.04.1995 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 Investment Funds will guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a whole range of benefits.

The Investment Fund is monitored by the Banking, Finance and Insurance Commission and is subject to specific regulations, the most notable provisions of which are as follows:

- the form of a limited liability company or a limited partnership with a share capital with minimum capital of € 1,239,467.62
- a debt ratio limited to 50% of total assets
- strict rules relating to conflicts of interests

- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent experts
- spreading of the risk: investing a maximum of 20% of capital in buildings that form one property unit, with certain exceptions
- exemption from corporation tax on the condition that at

least 80% of the profits are distributed

- withholding tax (which is the final tax) of 15%, deducted as the dividend is made payable.

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

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

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Een Nederlandse versie van de jaarbrochure is eveneens beschikbaar.

La brochure annuelle est également disponible en français.

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