INTERVEST
OFFICES

# 2005
# ANNUAL REPORT

# FINANCIAL CALENDAR

· Announcement annual results as at 31 December 2005: **Tuesday 21 February 2006**

· Announcement results as at 31 March 2006: **Tuesday 9 May 2006**

· General Meeting of Shareholders: **Wednesday 10 May 2006** at 16h30 at the company's offices, Uitbreidingstraat 18, 2600 Antwerp-Berchem

· Dividend payable: as from **Friday 26 May 2006**

· Announcement half year results as at 30 June 2006: **Thursday 10 August 2006**

· Announcement results as at 30 September 2006: **Monday 6 November 2006**

# INVENTORY OF THE TERMINOLOGY

WITH REFERENCE TO IAS 40

The European legislation provides that from the financial year beginning on 1.01.2005 or a later date, listed companies must draw up their consolidated annual accounts under the international IAS/IFRS reference system. The property investment funds, which are a special category of listed collective investment companies, will just like the other Belgian companies adopt this change of reference system.

As investment property takes up the most important part of their assets, the property investment funds must pay particular attention to the valuation at "fair value" of their buildings, and thus see to the application of the IAS 40 standard.

In order to be able to interpret the concept of fair value correctly, it is necessary to understand these real estate terms properly:

· **Acquisition value**

This term is to be used for the purchase of a building. If costs of transfer have been paid, they are included in the acquisition value.

· **Investment value**

This is the value of a building estimated by an independent property expert, and including the transfer costs without deduction of the registration fee. This value corresponds to the formerly used term "value deed in hand".

· **Fair value**

This value is equal to the amount at which a building might be exchanged between well-informed parties, agreeing and acting in conditions of normal competition. From the perspective of the seller they should be understood as involving the deduction of registration fees.

Concerning the size of these registration fees the Belgian Association of Asset Managers (BEAMA) on 8 February 2006 published a relevant communication. See also www.beama.be.

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions of buildings in Belgium with an overall value of less than € 2.5 million, registration fees of 10.0% to 12.5% should be allowed, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2.5 million and considering the wide range of property transfer methods used in Belgium the same experts – on the basis of a representative sample of 220 transactions that were realised in the market from 2002 to 2005 and representing a grand total of € 6.0 billion – valued the weighted average of the fees at 2.5%.

In actuality this means that the fair value is equal to the investment value divided by 1.025 (for buildings with a value of more than € 2.5 million) or the investment value divided by 1.10/1.125 (for buildings with a value of less than € 2.5 million).

# KEY FIGURES

| PROPERTY ASSETS | 31.12.2005 | 31.12.2004 |
|---|---|---|
| Total lettable area ($m^2$) | 538.634 | 518.012 |
| Occupancy rate (%) | 82,31 | 80,42 |
| Fair value of the investment properties (€ 000) | 585.043 | 549.796 |
| Investment value of the investment properties (€ 000) | 599.934 | 563.807 |
| **BALANCE SHEET INFORMATION** | | |
| Shareholders equity (€ 000) | 312.300 | 300.288 |
| Debt ratio IFRS (%) | 46,46 | 45,18 |
| Debt ratio R.D. 10.04.1995 (%) | 49,67 | 48,66 |
| **RESULTS (€ 000)** | | |
| **Net rental income** | **42.096** | **41.649** |
| Property management costs and income | 635 | 542 |
| **Property result** | **42.731** | **42.191** |
| Property charges | -3.967 | -4.329 |
| General costs and other current operating income and expenses | -1.209 | -1.247 |
| **Operating property result before result on the portfolio** | **37.555** | **36.615** |
| Result on the portfolio | -2.485 | -21.753 |
| **Operating result** | **35.070** | **14.862** |
| Financial result | -11.371 | -10.605 |
| Taxes | 34 | -19 |
| **Net result** | **23.733** | **4.238** |
| **DATA PER SHARE** | | |
| Number of shares | 13.882.662 | 13.224.061 |
| Number of shares entitled to dividend | 13.882.662 | 13.224.061 |
| | | |
| Net asset value (fair value) (€) | 22,50 | 22,71 |
| Net asset value (investment value) (€) | 23,57 | 23,77 |
| Net asset value (BE GAAP) (€) | - | 23,59 |
| | | |
| Gross dividend (€) | 1,90 | 1,98 |
| Net dividend (€) | 1,62 | 1,68 |
| | | |
| Share price on closing date (€) | 28,40 | 22,88 |
| Over- / undervaluation on net asset value (%) | 26,2 | -0,7 |

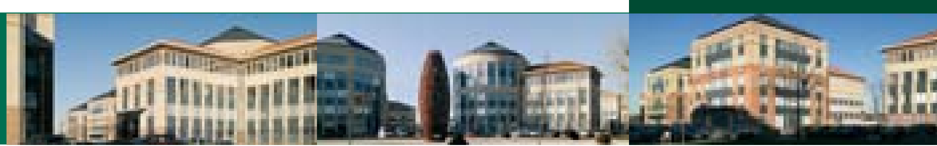
*1 On the assumption that the withholding tax of 15% applies.*

# CONTENTS









# LETTER TO THE SHAREHOLDERS

Dear shareholder,

We are pleased to present you our annual report for the financial year 2005.

Last financial year was a year of stability and even gentle optimism. Although the demand for new office space on the outskirts of the cities did not increase spectacularly, an end to the malaise in the market appeared to be approaching gradually. There is talk of a cautious increase in demand because economic prospects and commercial confidence have improved in recent months.

Market rents remained fairly stable although owners did still make big concessions to prospective tenants. We need to do away with rental incentives first before effective rents can increase again. Also significant is how authorities and project developers will deal with an increased demand. If new projects are hastily launched on the market, the occupancy rate and the general rental levels will probably not improve.

The occupancy rate of the office portfolio increased from 75.22% (2004) to 78.16% (2005). The fall in value of the offices during 2005 (€ 7.3 million) was also lower than the previous year (€ 21.5 million).

In the market for semi-industrial property both rental levels and occupancy rates remained stable. The occupancy rate for our portfolio at the end of 2005 was 95.79%, which is slightly lower than at the end of 2004 (96.21%). The fair value of the semi-industrial premises increased in 2005 by € 4.8 million.

The occupancy rate of the overall portfolio (offices and semi-industrial premises) rose in 2005 from 80.42% to 82.31%. Rental income increased by € 1.6 million to € 42.1 million. On the one hand rents increased due to the merger of 17 January 2005 whereby 3 premises with an acquisition value of € 33.5 million were added to the portfolio. And on the other, the rents fell due to lower rental levels against which new contracts were taken out.

The operating result (excluding result on the portfolio) is € 26.2 million. Taking into account the 658,601 new shares created at the time of the merger on 17.01.2005 we can offer you a dividend of € 1.90 per share for 2005.

The fair value of the portfolio increased from € 549.8 million to € 585 million through investments in premises (€ 3.4 million), the merger on 17 January 2005 (€ 33.5 million) and changes in market value on the portfolio (- € 1.7 million). These changes in market value consist on the one hand of increases in value (€ 10.3 million) and on the other of falls in value (- € 12 million).

Because it is unclear when the demand from tenants for office space will increase to such an extent that rental levels and occupancy rates will both rise Intervest Offices is currently not issuing any profit forecasts for 2006.

On a financial and accounting level, 2005 was characterised by the transition to IFRS. The adaptation to these accounting principles chiefly had the following implications for Intervest Offices:

- Rental discounts and other benefits given to tenants were taken into the result, spread over time, which had a positive impact on the distributable profit for 2005 of € 0.05 per share
- The previously built-up provision for major repairs was again recognized in shareholders' equity, making an additional € 3.7 million available for future payments to the shareholders (€ 0.26 per share).
- The investment properties were valued at fair value in accordance with IAS 40 whereby a decrease in value of 2.5% on the investment value as determined by the property experts was applied (- € 14.9 million); this change in valuation rule has no impact on the distributable profit to the shareholders.

The debt ratio under IFRS is 46.46 % which means that further growth of the portfolio will only be possible to a limited extent by taking out additional financing.

In the short term Intervest Offices aims to improve the occupancy rate and quality of the portfolio. This can be done through renovation works that will make the premises more appealing to tenants, but also by disposing of the lesser-performing premises and replacing them with more competitive buildings.

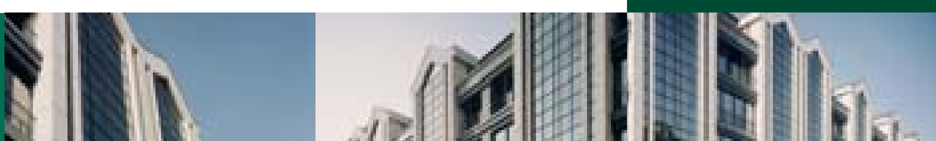
In the medium term we wish to further expand the position of Intervest Offices as an important player in outskirts office buildings and semi-industrial premises.

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

The Board of Directors







# I
# REPORT OF THE BOARD OF DIRECTORS

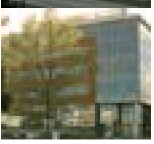
 

Berkenlaan 8a - 1831 Diegem

**INTERVEST OFFICES**

**ANNUAL REPORT 2005**

# REPORT OF THE BOARD OF DIRECTORS



# 1. Profile

Intervest 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 located outside town centres.

The current portfolio consists of 75.9% offices and 24.1% semi-industrial premises. The total fair value as at 31 December 2005 amounts to € 585 millions (investment value € 599.9 millions).

Intervest 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 business 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 strategic locations outside town centres.

Business 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.

Intervest Offices' aim is to make its share more attractive by guaranteeing a high liquidity, by expanding its property portfolio and by improving the risk spread.

## 2.1. 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, Intervest 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[2]- 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 2004 the free float of the share has evolved as from 48.70% to 48.91% as at 31.12.2005.

## 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

*2 Free float the number of shares circulating freely on the stock exchange and therefore not in permanent ownership.*

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 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 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

Intervest 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.

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





# 3. Corporate governance

## 3.1. General

The content of this chapter is partly based on the regulations of Appendix F of the 'Belgian Corporate Governance Code' from the Lippens Commission. The Corporate Governance Charter that sets out in writing the internal rules of procedure for the administrative organs of Intervest Offices can be consulted on the company website (www.intervest.be).

## 3.2. Composition and operation of the Board of Directors

In 2005 the Board of Directors comprised 5 members, 3 of which were independent directors. The directors were appointed for a period of 6 years, but their appointment can be revoked at any time by the General meeting.

**Reinier van Gerrevink (56)**

| | |
|---|---|
| Address | Bankastraat 123, NL – 2585 EL 's-Gravenhage |
| Position | Chairman |
| Term | May 2008 |
| Position/job | Chief Executive Officer, VastNed Management BV |

**Hubert Roovers (62)**

| | |
|---|---|
| Address | Franklin Rooseveltlaan 38, NL – 4835 AB Breda |
| Position | Director |
| Term | May 2008 |
| Position/job | Director Special Projects, VastNed Management BV |

**Jean-Pierre Blumberg (49)**

| | |
|---|---|
| Address | Plataandreef 7, 2900 Schoten |
| Position | Independent Director |
| Term | May 2007 |
| Position/job | Managing Partner, Linklaters De Bandt |

**Walter E. Hens (58)**

| | |
|---|---|
| Address | Osylei 9, 2640 Mortsel |
| Position | Independant Director |
| Term | May 2007 |
| Position/job | Managing Director Slough Estates International |

**Joost Rijnboutt (66)**

| | |
|---|---|
| Address | Leopold de Waelplaats 28/42, 2000 Antwerpen |
| Position | Independent Director |
| Term | May 2007 |
| Position/job | Managing Director Intervest Retail SA |

Messrs Roovers and van Gerrevink represent the majority shareholder VastNed Offices/Industrial and VastNed Industrial BV.

Messrs Rijnboutt and Roovers are charged with the day-to-day management, in application of article 4 (1)(5) of the Royal Decree of 10 April 1995 on investment funds.

The Board of Directors met four times in 2005. The following directors were in attendance:

| | 21/2/05 | 18/5/05 | 8/8/05 | 7/11/05 |
|---|---|---|---|---|
| Reinier van Gerrevink | Absent | X | X | Absent |
| Huub Roovers | X | X | X | X |
| Jean-Pierre Blumberg | X | X | Absent | X |
| Walter Hens | X | X | Absent | Absent |
| Joost Rijnboutt | X | X | X | X |

The most important items on the agenda were:

- The approval of the quarterly, half-yearly and annual figures
- The approval of the budgets
- The discussion on the property portfolio (inc. tenancy issues, valuations, insurance, renovations, etc.)

The rules pertaining to the composition and operation of the Board of Directors are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website (www.intervest.be).

### 3.3. Composition and operation of the Audit Committee

The Audit Committee comprises the following members:

| Name | Appointed to |
|---|---|
| Reinier van Gerrevink | Not specified |
| Jean-Pierre Blumberg | Not specified |
| Walter E. Hens | Not specified |

The Audit Committee met two times in 2005. The following directors were in attendance:

| | 21/02/2005 | 18/05/2005 |
|---|---|---|
| Reinier van Gerrevink | absent | X |
| Jean-Pierre Blumberg | X | X |
| Walter E. Hens | X | X |

The most important items on the agenda were:
- Discussion on the quarterly, half-yearly and annual figures
- Discussion on the budgets

The Committee reported its findings and recommendations immediately to the Board of Directors.

The members do not receive any extra remuneration for this job, apart from their normal director's fee.
The rules pertaining to the composition and operation of the Audit Committee are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website (www.intervest.be).

### 3.4. Conflicts of interest

If a director, because of his other board mandates, or for any other reason, has an interest of a nature relating to property law that is in conflict with a decision or action that pertains to the authority of the Board of Directors, article 523 of the Belgian Company Code will be applied and the director in question will be asked not to take part in the debate on decisions or actions, or in the vote (article 523 (1) closing words). In the event of a possible conflict of interests with a majority shareholder of the company, the procedure of article 524 of the Company Code shall apply. At the same time, reference should be made to the Royal Decree of 10 April 1995, Section 3, articles 22 to 27 on avoiding conflicts of interest.
There was no occurrence in 2005 of any such situation, necessitating compliance with this procedure provided for in article 523 or article 524 of the Company Code or the procedure referred to in article 24 of the Royal Decree of 10 April 1995.

### 3.5. The Executive Committee

In 2005 the Management Committee was comprised as follows:
- BVBA Gert Cowé, represented by Gert Cowé, Chairman, Chief Executive Officer
- BVBA Jean-Paul Sols, represented by Jean-Paul Sols, Chief Operating Officer

Under article 524bis of the Company Code and article 15 of the company's articles of association, the Board of Directors transferred certain management powers. The rules pertaining to the composition and operation of the Management Committee are described in more detail in the company's Corporate Governance Charter. It can be consulted on the website (www.intervest.be).





### 3.6. Remuneration

The directors representing the majority shareholders have waived a director's fee.

The independent, non-executive directors receive an annual fixed fee.

The fixed fees in 2005 were:
- € 12,394 per annum to be a member of the Board of Directors
- € 0 per annum to be a member of a Committee
- € 0 per annum for performing the role of chairman of a Committee

Since the Management Committee in 2005 only comprised two people, the Board of Directors is, for reasons of privacy, of the opinion that a joint disclosure of the total remuneration package is sufficient here and that the individual remuneration of the CEO (and therefore that of the other committee member) does not need to be disclosed.

The amount of the remuneration allocated to members of the Management Committee was, as basic fee, € 316,080. The other components consisted of a variable remuneration of € 25,000.

In the 2005 financial year no shares or share options were allocated to the members of the Management Committee.

The members of the Management Committee were appointed for an indefinite period and the dismissal compensation is equivalent to a year and a half's fixed fee.

### 3.7. Statutory Auditor

The Statutory Auditor, appointed by the General Meeting of Shareholders, is Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, which is represented by Mr Rik Neckebroeck, company auditor.

### 3.8. Property experts

The property portfolio will be valued each quarter by three independent experts, namely de Crombrugghe & Partners, Cushman & Wakefield and Jones Lang LaSalle.

### 3.9. Comply or explain

As already stated in the 2004 annual report the company underlines its readiness to comply with the principles and terms of the Belgian code as far as possible. That process, however, will take some time. Below there follows the explanation ('explain') for the terms of the code which were deviated from in 2005:

• Comment in connection with the terms under principle 4

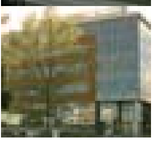
Although the Board of Directors fully endorses the fourth principle, in 2005 the Board did not propose, appoint, create or evaluate any new directors. The Board intends, however, to work out a modified policy for this that will be able to come into force by the time of the General Meeting in 2007.

• Terms 5.3 and 5.4 on the operation of the committee

The Board of Directors has decided, for the time being, not to set up an Appointment Committee or a Remuneration Committee. The Board sees the relevant tasks of these Committees as tasks of the full Board of Directors. The limited size of the Board makes an efficient debate on these subjects possible.

• Executive Committee

The Executive Committee does not comprise all executive directors. Because of the specificity of the composition of the Management Committee (and



article 4 §5 of the Royal Decree of 10 April 1995 on investment funds that expressly requires that two directors supervise the day-to-day management) this is a departure from clause 6.2.

• Remuneration

As stated in point 6, as long as the Management Committee only has two members, the Board of Directors will give priority to clause 7.16 at the expense of clause 7.15. As a result, the fees of the two members of the executive management will only be disclosed jointly and not separately.

• Appendix A: independence

For legal reasons Mr Rijnboutt was appointed as managing director but considering that according to the Board of Directors and the shareholders he also meets all other conditions of independence, he is also seen as an independent director.

• Appendix B: transactions in shares

The legislation on investment funds and the supervision of the CBFA rules largely the practise of these stipulations. This year, the company will further elaborate and finalize its intern regulations regarding to transactions with shares.

• Appendix C: Audit Committee

The composition and the operation of the Audit Committee, as described in the charter, take into account the individual needs, limited scope and legal framework of the company. It is not desirable, given the circumstances, to comply with the detailed terms of appendix C of the code on top of that.

• Appendixes D and E:

As stated above, the explanation in clauses 5.3. and 5.4 implies that in 2005 annexes D and E on the Appointment Committee and Remuneration Committee were not complied with. The full Board of Directors is undertaking this task.

**Letter of intent**

In the coming months and years the Board of Directors will pay the necessary attention to corporate governance in order to comply with the Belgian code as far as possible. Apart from that, Intervest Offices has, ever since its creation, met all conditions of the strict investment fund legislation and, in this context, is also subject to the continual prudential supervision of the CBFA.





# II REPORT OF THE EXECUTIVE COMMITTEE

Griffinstraat 1 - 2170 Merksem

**INTERVEST OFFICES**

**ANNUAL REPORT 2005**

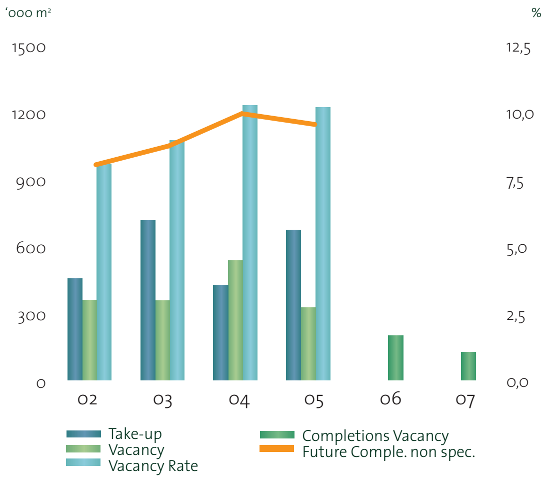
# REPORT OF THE EXECUTIVE COMMITTEE

# 1. Market report[3]

## 1.1. The office market

### 1.1.1. The office market in Brussels & its periphery

• Supply




The Brussels office market is going through a phase marked by a downward turn of the vacancy rate, even though the rents outside the Central Business District (CBD) are no longer subject to downward pressure.

Office capacity in Brussels and the periphery amounted to 11.8 million m² by the end of 2005. Its growth had slowed down in 2005 (2.6% or 295,000 m²)[4] as compared with the average growth in the past five years (3.1%).

Empty space has fallen to 10.3%, or 1.22 million m² of immediately available office space. This reduction is noticeable both in and outside CBD and is partly due to the relatively low amount of construction work combined with the good take-up in 2005.

This year the delivered construction surface amounted to 325,000 m², of which 77% in CBD; or 20% less than the average of the last 5 years (415,000 m²). Empty space in CBD fell from 6.5% to 6.4% annually (Centre: 4.3% - Noordwijk: 7.8% - Leopoldwijk: 6.2% - Louizalaan: 13.3%). Outside CBD the Decentralised Zone (16.8%) saw a slight rise, but the Periphery fell below the 20% limit (19.7%) for the first time since 2002, owing to the strong take-up. Its future supply is likely to stay relatively limited.

The falling vacancy-rate trend may be interrupted in 2006 because of the relatively high supply, especially in the Noordwijk and Leopoldswijk (420,000 m²). This is a slight rise compared with the average in the past 5 years (396,000 m²).

• Demand

The total take-up in 2005 was high, reaching 671,000 m², or 58% more than in 2004 and 20% more than the average in the past 5 years. This take-up was characterised by several extraordinary transactions (see table below). The balance between the take-up from private business and government is being restored (ratio 60/40).

The high take-up was the result of the consolidation trend of the private sector, which particularly benefits the zones outside CBD, and the expansion process of the European institutions. An analysis per district shows that the take-up of the private sector in CBD/outside CBD amounts to 50/50, which is in itself remarkable. It may be explained by the extraordinary Dexia transaction (85,000 m²) in the Noordwijk. The European institutions strengthened their position in the Leopoldswijk and the Decentralised zone.

This rationalising and consolidation trend is expected to continue in 2006. Many companies are likely to follow the examples of Hewlett Packard, Honeywell, Elia and Sanofi-Aventis by choosing to find accommodation in better-quality buildings that satisfy their international standards. This will particularly benefit the periphery, which in 2005 recorded a vacancy rate of less than 20% and turned out to be the second largest investment district after the Leopoldswijk. The international administrations

*3 Source: Jones Lang LaSalle market report.*
*4 Total of new construction (323,000 m² in 2005) minus the buildings to be taken out of stock because they can no longer be let or will be renovated (28,000 m² in 2005).*

remain a constant factor in the annual take-up. New representatives of countries, regions and cities are reporting in. The European institutions are expected to continue their expansion process. The Federal Administration and the Flemish Community still have some specific needs.

• Rents and yields

The top rent of Brussels, reached in the Leopoldswijk (Rotonde Schuman), stayed stable at € 285/m²/year in the second half of 2005. In the first quarter the top rent had fallen by 3.4%. The highest quartile rent rose to € 194/m²/year in 2005 (+ 1.1%),

**Largest transactions of 2005**

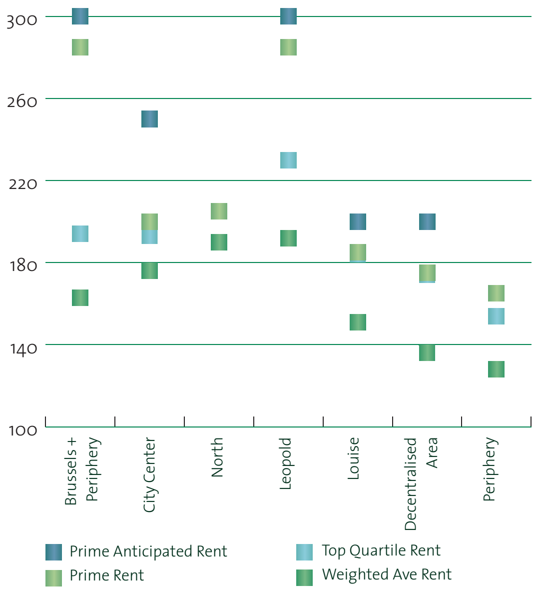
| District | Building name | Age | Area (m²) | Tenant |
|---|---|---|---|---|
| Nord | Dexia Tower | n | 85,000 | Dexia |
| Léopold | Espace Léopold D4 - D5 | n | 41,500 | European Commission |
| Léopold | Rue de la Loi | n | 40,000 | European council of ministers |
| Léopold | Madou Plaza | n | 38,000 | European Commission |
| Decentralised | Tour Léopold | o | 17,250 | European Commission |
| Decentralised | Media Corner | n | 17000 | RTL-TVI |
| Decentralised | Evere Green | m | 16,060 | European Commission |
| Centre | City Center | n | 12,200 | Fortis Insurance |
| Decentralised | Erasmus Office Park | n | 12,000 | Siemens |
| Periphery | Hermes Plaza | n | 12,000 | Hewlett Packard |
| Decentralised | Astrid | m | 11,800 | European Commission |
| Centre | Arenberg | n | 11,455 | Ministerie Vlaamse Gemeenschap |
| Periphery | Hermes Plaza | n | 7,656 | Honeywell |
| Léopold | Rue Montoyer 75 | n | 7,435 | Parlement europeen |
| Periphery | Twin Squares | n | 7,200 | ELIA |
| Centre | Bld Pacheco 54 | o | 6,940 | Umicore |
| Decentralised | ex-Hewlett Packard I | m | 6,741 | Mission of China to the EU |
| Léopold | Rue J. de Lalaing 19-21 | o | 6,689 | Représentation de la Grèce auprès de l'UE |
| Louisa | ex-Fabrimetal | n | 6,628 | Agence Européenne de Défense AED |
| Centre | City Center | n | 6,600 | Communauté Française (AGRES) |
| Periphery | Twin Squares 300 Navona | n | 5,609 | Aventis-Sanofi |

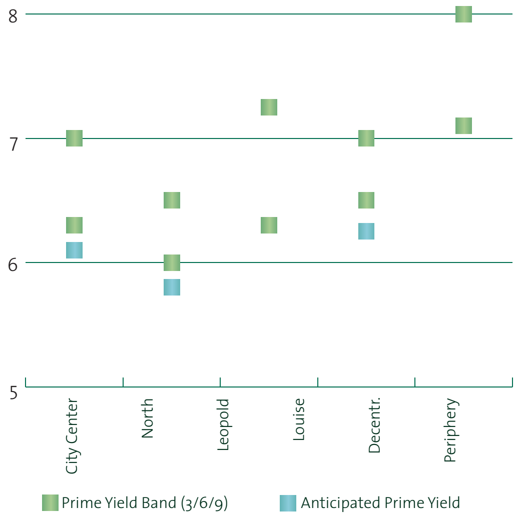
which is favourable for the supply market of newly delivered buildings. The weighted average rent stayed stable at € 163/m²/year.

The highest quartile annual rents per district are these : Centre € 193, North € 205, Leopold € 230, Louise € 184, Decentralised Zone € 175 and the Periphery € 154.

The Brussels investment market is characterised by high liquidity and a shortage of investment product, putting pressure on the yields. The investment volume in 2005 amounted to € 1.1 billion (€ 1.8 billion in 2004). This lower investment volume may be due to several factors:

• shortage of product
• owners are reluctant to sell because there are few reinvestment opportunities
• real estate transactions have become relatively complex
• no large portfolio deals in 2005





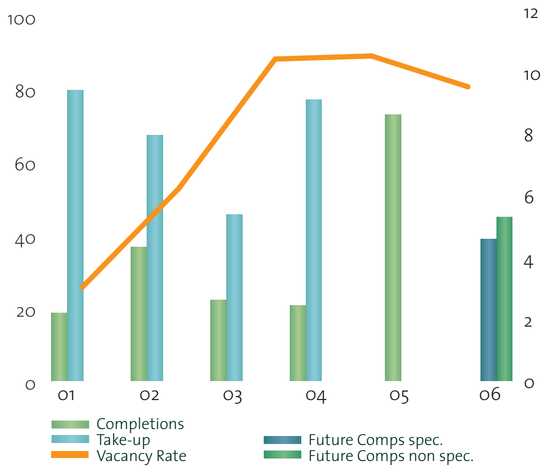

The Belgian investors continue to possess the lion's share of the market (30%). For the first time the Irish investors (18%) have moved slightly ahead of the German investors (15%) followed by Swedish (10%) investors. The investors from the Netherlands and the Middle East both possess 7% and the investors from the UK 5%. We see also a rising interest of Spanish investors in Europe and in Belgium for 2006.

An analysis per Brussels district shows that the lion's share goes to the Leopoldswijk (36%) surprisingly followed by the Periphery (17%), which is going through a strong boost, the Noordwijk (14%) Centre (11%), Decentralised Zone (11%), the Louisewijk (4%). Small portfolio transactions spread over various districts complete the list.

The prime yield in CBD continues to be under pressure and by 31.12.05 amounted to 6.3% in the Centre, North and the Louizawijk and to 6.00% in the Leopoldwijk . Outside CBD and more particularly in the Decentralised Zone the prime yields have further fallen to 6.25% and to below 7.00% in the Periphery.

### 1.1.2. Antwerp office market

• The supply




The city of Antwerp is working on its future and is busy developing an active office policy. The Mobility Master plan provides a wide range of projects and infrastructure works that will improve the accessibility of Antwerp and its environs. Structural maintenance work on the Antwerp ring road and the Kennedy tunnel has been completed. In the centre of the city the work on the Leie boulevards is partly completed. A special project is the North-South link connecting the railways to the south of the Central Station with the north. At the same time other parts of the railway infrastructure in and around Antwerp are being addressed. The high-speed train will connect Antwerp by way of the Central Station with other major European cities by the end of 2006.

Office capacity stands at 1.73 million m² and remained unchanged in 2005. There were no new projects delivered in 2005, which had a positive effect on the vacancy rate, which fell from 10% to 9.5% annually.

The supply in 2006 is estimated at 88,000 m², the highest figure of the past five years, though 75% has already been pre-let. The offices of the Kievitplein project (Robelco) have all been pre-let to Alcatel (38,300 m²) and the Flemish Community (18,800 m²). There are two speculative projects for 20,000 m² including the Antwerp Ring Centre phase II (Imobe – 2 x 5,500 m²) and the Veldekens (Fortis Real Estate Development – 9,250 m²). The speculative supply fits in with the past five years and may cause upward pressure on the vacancy rate

• Demand

The improved accessibility of Antwerp is a positive point in attracting new business to the city. In 2004 Antwerp managed to attract the Benelux head office of Philip Morris and in the future other companies may follow this example.

The take-up in 2005 amounted to 70,000 m², which was 9% lower than in 2004 (77,000 m²).The lion's share of the transactions are to be found in the Centre (63%) followed by the Periphery (20%), the Ring (11%) and the Port (6%). The private sector accounted for 73% of the transactions and the administrations for the remaining 27%. The biggest transactions were the letting to the Flemish Community (18,800 m²) of Kievietplein (Centre) and the pre-let of 2,400m² in the Star Building on Mechelsesteenweg to Standaard Uitgeverij. In the Port district Schenker takes up 2,070 m² of the Atlantic Building and in the periphery Initial Textiles takes up 2,050 m².

• Rents and yields

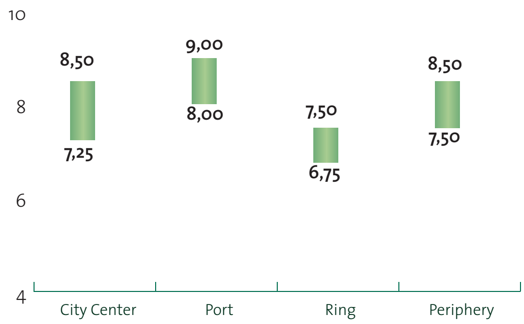
The top rent in Antwerp (Ring) has remained unchanged since 1998 at €136/m²/year. Developers have confidence in the market, as rent demands are higher than the current top rents, especially in the Centre and in the Ring. The rents in the Centre range from €75-130/m²/year, those in the port from € 80-100/m²/year, those on the Ring from € 100-136/m²/year and those in the periphery from € 100-130/m²/year.

The investment market was very active in Antwerp in 2005, reaching a volume of € 77m as compared


with € 25m in 2004. The three most important transactions were

- The sale of the Axa building (10,500 m²) on Jan van Rijswijcklaan (Ring) by Axa Insurance to a Dutch investor
- The sale of the Copernicus building (14,080 m²) on Copernicuslaan (Centre) by the Flemish Community to the developer Robelco
- The sale of the De Veldekens -Ultimate Building (9,206 m²) (Ring) by the developer Fortis Real Estate to QRS

The rising demand and the shortage of investment products results in a downward pressure on the yields. The prime yields (3/6/9 leases) continued to fall from 7.00% to 6.75% in 2005.




### 1.1.3. Market report Ghent

• The supply

The Ghent office market has a capacity of approx. 430,000 m². The modern and new office space is mainly situated in the periphery of Ghent, except for some new projects such as Zuiderpoort.

In the next two legislatures the intention is to put to market in Ghent 280,000 m² of offices, 650,000 m² of "office-similars", 160,000 m² of retail, 112,000 m² of leisure and at least 4,000 residential units. This will meet the current shortage of new, top-quality office buildings.

The city of Ghent has taken concrete steps towards setting up the Flanders Expo land bank. Currently, a zoning plan is preparing. Once it has been approved the work can kick off. At Flanders Expo there is room for 285,000 m² of offices, 50,000 m² of retail and residential units. A first phase concerns the erection of a tower building for Telenet.

The city of Ghent has prepared the master plan for filling out the underused land around the Sint-Pieters station. Road construction work is to begin in the spring of 2007. The total scheme will cater or 95,000 m² of offices, 850 residential units, 20,000 m² of retail and leisure, parking space for 2,800 cars and the modernisation of the railway station.

Optima Financial Planners are developing the Artevelde project. Together with the new soccer stadium for AA Gent the former site of the Ghent wholesale market is to hold an integrated project with 10,000 m² of offices, 24,000 m² of multifunctional business space, 14,000 m² of warehouses, 12,000 m² of retail, 11,000 m² of soccer-related functions, a hotel of 10,000 m² and 2,000 m² of leisure.

• Demand

The average take-up amounts to15,000 m² a year. In 2004 Ghent set an absolute record with a take-up of almost 60,000 m² whose lion's share went to Zuiderpoort. For 2005 some 25,000 m² of take-up was registered

**The most important transactions in 2005:**

| Ville | Building name | Address | Nr | L/S | Area (m²) | Tenant |
|---|---|---|---|---|---|---|
| Ghent | Kouter | Kouter 6 | 6 | L | 6,000 | Fortis |
| Ghent | Court House | Opgeeistelaan | | S | 2,300 | VKW Synergia |
| Ghent | | Koning Astridlaan | 185 | L | 2,150 | HDP |
| Ghent | | Kortrijksesteenweg | 302 | L | 2,000 | Arcadis Gedas |
| Ghent | Axxes 51-003 | Guldensporenpark | 2a | L | 1,985 | Comford Card |
| Ghent | Zuiderpoort Office Park | Zuiderpoort | | L | 1,485 | SPE |
| Ghent | Floralis | Kortrijksesteenweg | | L | 1,145 | Esko Graphics |

The old buildings that are being abandoned by companies moving into new office accommodation are usually redeveloped into residential real estate.

• Rents

The rents in Ghent are at the same level as those in Antwerp. The rents for new buildings have remained constant as compared with 2004 and are between €120-140/m²/year. New office projects will support these rents.

• Investments and yields

The investment volume in Ghent is relatively limited as far as offices are concerned. The "Voorzorginstellingen" pension fund of the Antwerp Waterwerken has bought one (4,800 m²) of the four buildings in the second phase of the Axess Business Park in Merelbeke, a development by Accentis/Immo Desimpel. The purchase price is estimated at € 8m.

Yields are between 7.50 %-8.00%

**1.1.4. Market report Malines**

• The supply

Malines is situated on the axis from Antwerp to Brussels, one of the most important economic axes of Belgium. Malines has two industrial zones - Malines North and Malines South. Malines North especially appeals to the TMT biotechnological sector, while Malines South is more focused on industry and logistics.

Malines is, like the Brussels Peiphery, an emerging market and consequently has mainly new buildings. The current office capacity consists of some 240,000 m² of which more than half are new buildings.

In 2005 vacancy fell slightly as compared with 2004: from 37,500 m² to 31,500 m². The vacancy rate stands at 13.1% as compared with 15.2% in 2004. The majority of the vacancy rate concerns new buildings.

The Malines Campus Tower (13,700 m²) will be delivered in early 2006 and has been largely let to Borealis. Another 100,000 m² of projects have been registered, but they are not expected to be delivered in the short run.

• Demand

The take-up in Malines is estimated at 25,000 m² and is equal to the take-up in the past 5 years.

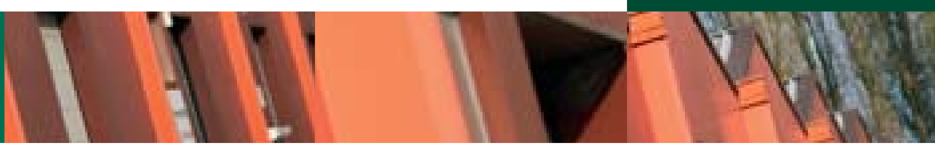
• Rents

So far, top rents in Malines range from € 125 to 128/m²/year, slightly below those in Antwerp (€ 136/m²/year) and the Brussels Periphery (€ 165/m²/year).

Transactions over 1,000 m²:

| Building name | Address | Nr | Age | L/S | Area (m²) | Tenant |
|---|---|---|---|---|---|---|
| Mechelen Campus Tower | Schaliënhoevedreef | | n | L | 8627 | Borealis |
| Park Ragheno | Mallestraat | | n | L | 3108 | Federale politie |
| Fountain Business Park | Cesar Van Kerckhovenstraat | 110 | m | L | 2000 | VF Europe |
| | Brusselspoort | 8 | o | S | 1845 | Provincie Antwerpen |
| Mechelen Campus | Schaliënhoevedreef | 20 | n | L | 1100 | Clear2pay |
| Mechelen Station | Stationsplein | | n | L | 1000 | LG Electronics |





• Yields

The investment volume is rather limited, but in 2005 the city saw two important transactions:

- Malines Railway Station (28,711 m²) sold by developer Robelco to Cofinimmo at € 54.7m at a gross rent yield of 7.1%. The majority (86%) was let for at least 9 years to various users, including OVAM, which signed a contract for 18 years.
- bo/Investpro sold Malines City Centre (13,500 m²) to KBC at € 34m.

Yields are under downwards pressure in Malines, too, and fell from 7.4% to 7.1% in 2005 because of high liquidity and the limited supply of investment products.



**1.1.5. Market report Louvain**

• Supply

The office capacity in Louvain is estimated at 525,000 m². The spin-off companies that result from the cooperation between Louvain University and private business are one of the engines of the Louvain office market. Other major users are KBC and Inbev.

The most important deliveries in 2005 were two 11,000 m² buildings in the Arenberg Research Park.

The Louvain office market is built around office parks, especially in the periphery, such as De Vunt, Haasrode, Greenhill campus, Wingepark and recently also Campus Remy and Ubicenter. New projects are rather limited.

• Demand

There is a general trend towards centralisation in Louvain. Certain large players are relocating to the Louvain ring. The take-up in 2005 is estimated at 15,000 m² and is similar to that of 2004. The city of Louvain has registered the largest transaction of 2005 and is now redeploying its services in a new building near the railway. In total this involves 10,400 m². Campus Remy, a new-construction project has managed to attract many new tenants in 2005

· Rents and yields

The rents continue to be similar to 2004 and reach € 100-110/m²/year for conventional offices. For new offices rents of € 120-140/m²/year are paid.

· Yields

The investment volume in Louvain for 2005 is estimated at € 45m. The two most important transactions are:

· Eurinpro sold the Campus Remy office park in Wijgmaal to the European real estate fund Insight European Real Estate. Campus Remy is a new construction (delivery in 2002) and has 10,500 m².

· Mayfield Management purchased the Ubicenter (31,000 m²) at the Philips site from the developer Virix at an estimated value of € 25m.

Yields range from 7.5%-8.0%

• The top five transactions are:

| Year | Qtr | City | Building name | Age | L/S | Area (m²) | Tenant |
|---|---|---|---|---|---|---|---|
| 2005 | 4 | Leuven | Leuven (train station) | n | L | 10.400 | Stad Leuven |
| 2005 | 4 | Leuven | Ubicenter | n | L | 682 | DNS.be |
| 2005 | 2 | Leuven | Ambachtenlaan 44 | n | L | 363 | ISS |
| 2005 | 2 | Leuven | Campus Remy | n | L | 310 | Vera |
| 2005 | 2 | Leuven | Campus Remy | n | L | 822 | Stergenics |

### 1.2. The semi-industrial property market

The warehousing market consists of two segments: the logistics market and the semi-industrial market.

The logistics market focuses on large (European or national) distribution centres (> 5,000 m²) and logistics centres (> 10,000 m²). These buildings have sufficient loading wharfs (1 per 1,000 m²), a minimum free height of 8 metres and the floors have a minimum load bearing capacity of 3 tonnes/m². The office section is also limited (< 10% of the total constructed surface area).

There are four major axes in this market:
o Brussels-Antwerp (top location),
o Antwerp-Ghent,
o Antwerp-Limburg-Luik,
o Mons–Charleroi-Luik.

The semi-industrial market consists mainly of individual units measuring a maximum of 5,000 m². The number of loading wharfs and cargo ports is limited and the office section occupies up to 50% of the total constructed surface area. The most significant concentration is the Golden Triangle (Brussels – Antwerp – Ghent) including Waals-Brabant. Other important clusters are located in the vicinity of the E313 including Herentals, Geel and Laakdal, Luik and Charleroi.

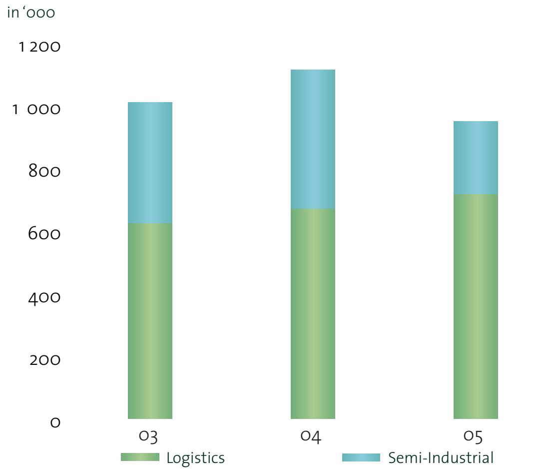
#### 1.2.1. The rental market

· Demand

Take-up in 2005 was lower than in 2003 and 2004. The take-up of logistical buildings continues to rise while the take-up of semi-industrial buildings fell compared to 2003 and 2004.

The increase for logistical buildings can chiefly be explained by an exceptional decision by Tabaksnatie to build 102,000 m² of storage space in Antwerp - Linkeroever. Without this transaction the take-up of logistical buildings would also have fallen in 2005.

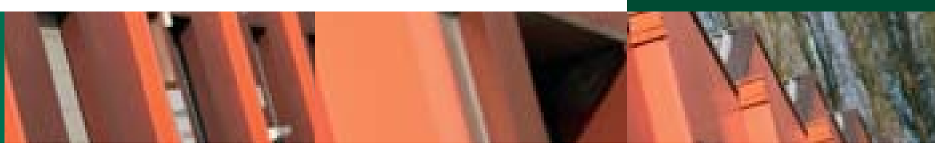
There are several reasons for the relatively weak take-up. Restricted economic growth and falling production activities are certainly some of the causes. There were virtually no newcomers or expansion of existing activities. And yet Belgium continues to occupy a first-rate position for logistical activities thanks to its central location, good infrastructure and quality labour market.




The take-up in 2005 consists - partly due to the low interest rates - for the major part of acquisitions for personal use.







Major transactions in 2005:

| Municipality | Warehouse m² | Type | Occupier |
|---|---|---|---|
| Antwerp | 102,000 | Owner Occupier | Tabaknatie |
| Antwerpen | 60,000 | Owner Occupier | Steinweg |
| Geel | 45,000 | Owner Occupier | Logistieke Groep Kuehne + Nagel |
| Eindhout | 8,000 | Owner Occupier | ACR |
| Willebroek | 35,000 | Letting | Decathlon |
| Gullegem | 35,000 | Letting | Schenker |
| Lummen | 33,000 | Owner Occupier | Friesland Food Professional |
| Laakdal | 30,000 | Owner Occupier | Nike |
| Diest | 30,000 | Owner Occupier | Toyota |

· Rents

The rents for semi-industrial property vary from € 40 for Luik, Ghent and the vicinity of E313 to € 60 for Brussels and Flemish Brabant. For logistical buildings the rents vary from € 42 for Luik, Charleroi and Mons to € 43 for Antwerp, Limburg and Luik, € 43 for Antwerp-Ghent and up to € 48 for Antwerp-Brussels. The rents are under downward pressure due to the current weak demand.

The supply of both logistical and semi-industrial buildings (with the exception of Zaventem) is limited. There are more than 1 million m² projects in existence but most developers remain cautious and are starting little on a speculative basis. Nevertheless ProLogis has started work on ProLogis Park Vilvoorde (18,000 m²). In Ostend the first phase (+/-10,000m²) of Seagate Logistics Park (+/-150,000 m²) has been started. In Laakdal Groep Heylen is starting to build 56,000 m² of storage space, of which 38,000 m² has been let to ACR Logistics; completion is expected in 2006. The Groep Bernaerts has launched a 60,000 m² project in Willebroek.

Prologis has now started the groundworks for the ProLogis Park Willebroek for 3 units totalling more than 50,000 m², phase I and II of which were recently let to Decathlon (35,000 m²).

**1.2.2. The investment market**

The average top yield for the 22 cities in the West-European index fell back in the first half of 2005 to 7.6%, while the capital value index rose on an annual basis by 4.6%, which points to the continued strong interest by investors in warehouses.

In 2005 the investment volume of warehouses stood at € 35 million. This represents only 2% of the total investments in commercial property in Belgium in 2005. Offices take the lion's share (62%) followed by mixed products (20%), Retail (15%) and hotels (2%).

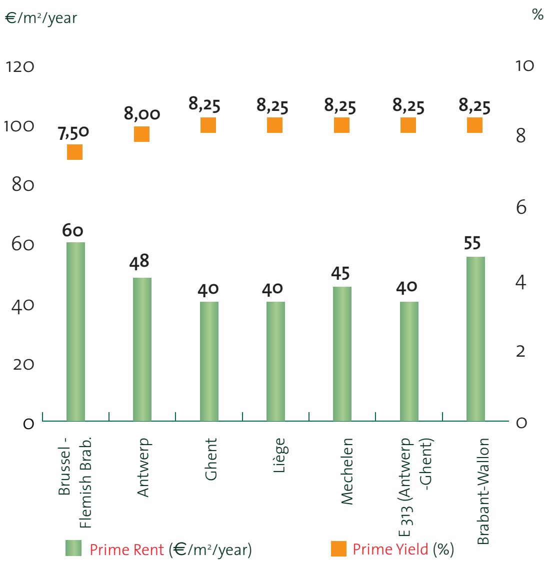
The demand for warehouses is great but the supply is limited. Due to the scarcity of good investment products investors are stepping into the development cycle earlier and earlier.

Investment transactions in 2005

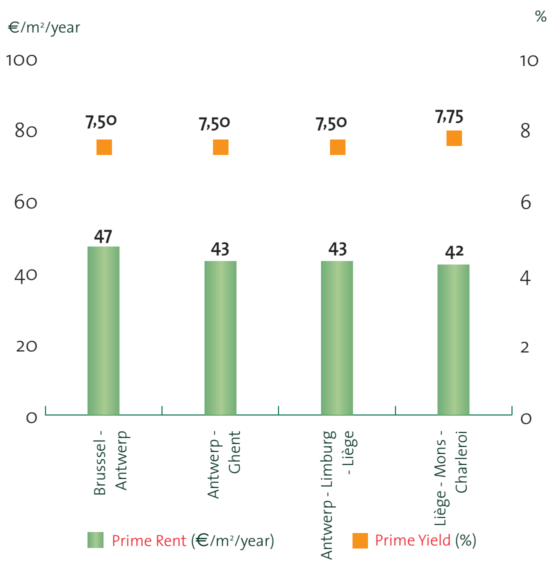
| City | Building name | Total m² | Seller | Buyer |
|---|---|---|---|---|
| Brussels | Bld Internationale | 14,555 | Perrier | DEMA |
| Haasrode | Ambachtenlaan | 10,190 | SBB | Rockspring |
| La Louvière | Magna Park | 6,000 | Gazeley | Curzon |

For Belgium the investments continue to focus on fully let logistics centres. The number of available investment products, however, is extremely small because many buildings are being used by the owners. The competition for investment products has made the top yields fall: top yields for logistical centres now amount to 7.50% to 8.25% (7.75% to 8.50% at end of 2004).

**Semi-industrial buildings: rents and yields**




**Logistic buildings : rents and yields**




## 2. Important developments that have taken place in 2005

### 2.1. Investments

In view of the difficult situation in the outskirts office market, most investors and project developers are assuming a wait-and-see stance in these locations. At the moment it is difficult to make an accurate estimate of the letting risks and the upsurge in the market. For these reasons and in view of the high debt ratio, Intervest Offices did not make any acquisitions in 2005.

However, renovation work was done in order to keep the existing buildings competitive in the difficult letting market. For example € 1.2 million was invested in property on the outskirts of Brussels and € 0.3 million in premises on the Antwerp Ring.

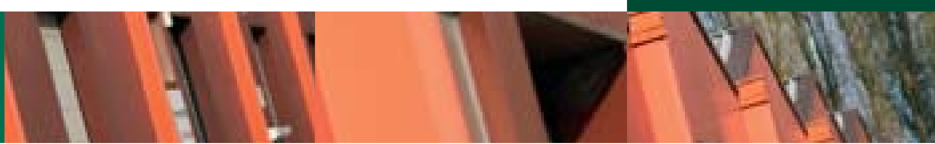
On 17 January 2005 the company merged with four property companies, namely Mechelen Campus 2 NV, Mechelen Campus 4 NV, Mechelen Campus 5 NV and Perion II NV.

The companies hold 3 buildings on the Campus in Mechelen, where Intervest Offices already owns 6 buildings, and one building in Strombeek-Bever where Intervest Offices also has a similar building. These buildings are almost fully let (e.g. to Tibotec-Virco, Endemol and Black & Decker) and for the unlet part rental guarantees were submitted up to 30/9/2006 (Mechelen) and 31/12/2005 (Strombeek-Bever), assuring the investment fund a stable cash flow for a certain period.

The investment value of these buildings is € 33.5 million (fair value € 32.7 million). The merger was done on the basis of the net asset value of the shareholders' equity of the companies involved, with the property being valued by property experts at investment value. In these valuations a number







of unlet parking spaces were taken into account. However, the former owners only need to be paid for these once they have been let. Thus, on account of the merger, the investment fund still has a (maximum) debt of € 1.5 million; this only needs to be paid (pro rata) once the parking spaces are let, so on the other hand there will be extra income.

Through this merger, nominal capital was increased by € 3,591,714 to € 126,718,826.79. 658,601 new shares were created, which qualify for dividend as of 1 January 2005.

In the semi-industrial property market the investors are keener and higher prices are always paid. It's true that good investment products here are scarce. The company did not realize any acquisitions in this market either.

**2.2. Sales**

The company is alert to potential purchasing and sales transactions in order to increase the quality of the portfolio and the earnings per share. Various opportunities were looked at last year but these did not lead to any transactions.

**2.3. Rentals**

The commercial efforts will be 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 +/- 5,000 $m^2$.

All these commercial efforts have borne fruit: in an extremely difficult and very competitive office market Intervest Offices succeeded in concluding new rental contracts representing over 13,000 $m^2$.

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 all led to an increase of the occupancy rate of the offices during 2005 from 75.22% tot 78.16%.

As far as the semi-industrial portfolio is concerned, a number of important contracts that had due dates as of 2006, had already been extended in 2005: inc. Exel in Wommelgem (22,949 $m^2$), JVC in Boom (23,663 $m^2$) and Fiege Kalf in Puurs (41,890 $m^2$). Due to these extensions 36% of the contracts were renewed to 2009-2010.

In 2005 the occupancy rate of the semi industrial properties decreased slightly from 96.21% (31.12.2004) to 95.79% (31.12.2005) due to the termination of some tenancy agreements in Merksem and St.-Agatha-Berchem.

**2.4. 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 property 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[5]

Intervest 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.

In January 2006 Intervest Offices had already received exemptions from the Federal Public Service Finances to the tune of € 2.3 million, for some of its objections.

**2.5. Soil**

As a result of the merger by takeover of Siref NV/SA with Intervest Offices NV/SA on 28.06.2002, it was established that the company had to carry out a decontamination in Wilrijk, Boomsesteenweg 801/803, Kernenergiestraat 70, Geleegweg 1-7.

The decontamination costs are estimated at € 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. As at 31 December 2005 the costs already incurred at the company's expense stood at € 60,049 and were fully provided for as at 31.12.2004.

5 *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

There were no events worthy of mention after the balance sheet date.

## 4. Prospects

The growth prospects for the Belgian economy can be called cautiously optimistic. This should in time lead to higher employment and greater uptake of commercial space.

During the last quarters of 2005 we noticed more interest from private companies in new or additional offices. This interest, however, is not always converted into leases. This will doubtless happen once economic growth is stable.

These positive signals have in the past quarters led to a higher occupancy rate and a positive re-evaluation of the portfolio. We think this trend will continue in 2006.

This does not necessarily mean that rental income will increase throughout 2006. Nevertheless, the high vacancies in the office market have led to fierce competition between the owners of buildings, whereby they are still being obliged to give tenants considerable rental incentives (rental discounts, rent-free periods, intervention by the owner in certain fitting-out works,...).

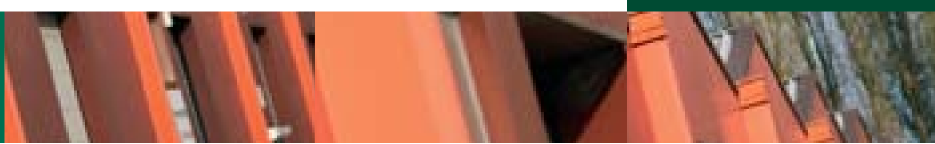
If the take-up levels in the office market rise again and project developers start managing new developments in a cautious manner, the vacancies will fall, and the rental levels will increase once more.

In the semi-industrial and logistics market, too, businesses are taking a cautious approach. We expect these businesses to react more quickly to an economic revival and that this market will therefore also improve more quickly.

Intervest Offices still intends to increase the size of its portfolio and its market capitalisation. This is important in order to improve the free float and liquidity of the shares and in order to be able to take advantage of cost benefits.

The low demand in the rental market is prompting the company, for the moment, to postpone any new acquisitions in the short term and to focus on the existing portfolio. The letting opportunities for these premises need in any case to be optimised by carrying out renovation and refurbishment work and by keeping commercial efforts at a high level.

The company is alert to potential purchasing and sales transactions in order to increase the quality of the portfolio and the earnings per share.



# 5. Summary of the consolidated figures

| BALANCE SHEET (€ 000) | 31.12.2005 | 31.12.2004 |
|---|---|---|
| ASSETS | | |
| **Non current assets** | **586,750** | **551,410** |
| Intangible assets | 6 | 11 |
| Investment properties | 585,043 | 549,796 |
| Other tangible fixed assets | 395 | 105 |
| Trade receivables and other non current assets | 1,306 | 1,498 |
| **Current assets** | **4,019** | **5,665** |
| Trade receivables | 2,121 | 2,827 |
| Tax receivables and other current assets | 446 | 435 |
| Cash and cash equivalents | 630 | 1,695 |
| Deferred charges and accrued income | 822 | 708 |
| TOTAL ASSETS | 590,769 | 557,075 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| **Shareholders' equity** | **312,300** | **300,288** |
| **Non current liabilities** | **194,571** | **175,309** |
| Provisions | 920 | 920 |
| Non current financial debts | 192,922 | 173,955 |
| Other non current liabilities | 729 | 434 |
| **Current liabilities** | **83,898** | **81,478** |
| Current financial debts | 65,104 | 73,511 |
| Trade debts and other current debts | 2,119 | 3,188 |
| Other current liabilities | 13,667 | 600 |
| Accrued charges and deferred income | 3,008 | 4,179 |
| **Total shareholders' equity and liabilities** | **590,769** | **557,075** |



| INCOME STATEMENT | 2005 | 2004 |
|---|---|---|
| Rental income | 42,140 | 40,526 |
| Rental related expenses | -44 | 1,123 |
| Property management costs and income | 635 | 542 |
| **Property result** | **42,731** | **42,191** |
| Property charges | -3,967 | -4,329 |
| General costs and other operating income and expenses | -1,209 | -1,247 |
| **Operating result before result on the portfolio** | **37,555** | **36,615** |
| Result on disposals of investment property | 0 | -94 |
| Changes in fair value of investment property | -2,485 | -21,659 |
| **Operating result** | **35,070** | **14,862** |
| Financial result | -11,371 | -10,605 |
| Taxes | 34 | -19 |
| **NET RESULT** | **23,733** | **4,238** |

## 6. Comments on the figures

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

Intervest Offices NV has, as a listed property fund, prepared its consolidated annual accounts in accordance with the “International Financial Reporting Standards” (IFRS). The comparative figures for the 2004 financial year were tailored to the IFRS-principles.

The tailored scheme mainly implies that the profit and loss account on the portfolio is shown separately. This result on the portfolio includes all movements in the property portfolio and consists of:

- Realized increases or falls in value on sales of premises;
- Changes in the fair value of the premises as a result of the valuation by property experts, being dependent on the non-realized increases and/or falls in value.

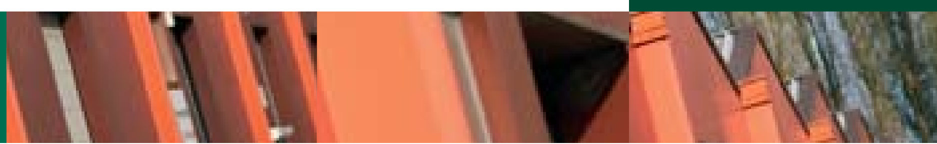
The result on the portfolio was not paid out to the shareholders, but transferred to, or from the non-disposable reserves.

### 6.2. Assets

The non-current assets increased from € 551.4 million to € 586.8 million. On 31 December 2005 the property was valued by independent property experts at € 599.9 million (investment value) compared with € 563.8 million a year earlier. The fair value (i.e. minus the hypothetical transaction rights and costs that must be paid in the event of any future disposal) was € 585 million on 31 December 2005 compared with € 549.8 million at the end of 2004.

The increase in the fair value of € 35.2 million (6.4%) on an annual basis can be explained on the one hand through investments in premises (€ 3.4 million) and





the merger on 17 January 2005 (€ 33.5 million) and on the other by the negative change in the fair value of the premises to the value of - € 1.7 million. These changes in market value consist on the one hand of increases in value (€ 10.3 million) and on the other of falls in value (- € 12 million). The falls in value are attributable to lower market rental prices and the high numbers of vacancies in the office market.

The other tangible fixed assets consist of € 0.4 million in furniture and fixtures, vehicles and equipment. The non current trade receivables relate to an outstanding debt in respect of the European Commission for € 1.3 million.

The current assets stand at € 4 million, consisting of € 2.1 million in trade receivables, € 0.4 million in tax receivables and other current assets, € 0.6 million in cash in bank accounts and € 0.8 million in deferred charges and accrued income.

### 6.3. Liabilities

The shareholders' equity in the investment fund is € 312.3 million. The nominal capital rose by € 3.6 million following the merger on 17 January 2005, to € 126.7 million. The issue premiums were unchanged compared with the previous year (€ 60.8 million). The reserves stand at € 110.1 million and chiefly consist of unrealized added value as a result of the valuation of the property portfolio at fair value. These non-disposable reserves increased by € 9.1 million compared with the previous year, mainly due to the merger on 17 January 2005. The impact of the property valuation at fair value compared with the investment value was € 14.9 million on 31 December 2005. The total number of shares increased in 2005 by 658,601 so that 13,882,662 shares were issued. On 31 December 2005 the net asset value was € 22.50 per share compared with € 22.71 on 31 December 2004. Compared with a share price on closing date of 31 December 2005 of € 28.40 per share, the share was subsequently listed with a premium of 26.2 %.

The non-current liabilities increased compared with the previous year by € 19.3 million to € 194.6 million. The non-current provisions stand at € 0.9 million and consist of provisions for fiscal disputes in connection with the non tax-deductibility of provisions and the retroactivity of mergers. This provision is comprised of 4 objections, one of which is currently the subject of a court case. The non-current financial liabilities stand at € 192.9 million and consist of long-term bank financing at a fixed rate of interest. The other non-current liabilities (€ 0.7 million) consist of bank guarantees received from tenants and miscellaneous debts.

The current liabilities stand at € 83.9 million and consist of € 65.1 million in bank loans of which the recognized instalment is due within the year and must be repaid or extended, € 2.1 million in trade receivables and invoices yet to be received, € 13.7 million in debts to affiliated parties and deferred payments for the acquisition of assets, and finally € 3 million in accrued charges and deferred income.

The average rate of interest paid for 2005 was 4.34%.

On 31.12.2005 the debt ratio according to IFRS was 46.46%.

### 6.4. Profit and loss account

Rental income increased from € 40.5 million to € 42.1 million in 2005 (+ 4%). The increase is chiefly the result of the merger on 17 January 2005 when the investment fund merged with 4 property companies that owned buildings in Mechelen and Strombeek-Bever.

The rental related expenses fell by € 1.1 million. In the 2004 financial year, after lengthy legal proceedings, the company finally managed to recover several old trade receivables (which had already been written off) to the tune of € 1.3 million.

The property expenses in 2005 stand at € 4.0 million, which is € 0.3 million less than the previous year. The higher technical costs the previous year were attributable to major repair work being carried out to the roofs of various semi-industrial premises.

The operational result before the result on the portfolio rose from € 36.6 million to € 37.6 million compared with the previous year (+ 2.7%), mainly as a result of the higher rental income and lower technical costs. The operating margin, i.e. the operational result before the result on the portfolio compared to rental income, is 89.1% compared to 90.3% the previous year. This fall is the result of the exceptional revenue that was generated in 2004 at a total of € 1.8 million.

The financial result is - € 11.4 million (- € 10.6 million as at 31.12.2004) due to an increase in interest charges. This increase is attributable to the merger of 17 January 2005, as a result of which debts increased by almost € 20 million.

The loss on the portfolio for the year 2005 was € 2.5 million compared with € 21.7 million in 2004. The negative change in the fair value in 2005 is the result of the valuation from the property experts (€ 1.7 million) and the rental benefits given to tenants (€ 0.8 million) being taken into the result spread over time. The change in market value of the property consists on the one hand of increases in value (€ 10.3 million) and on the other of falls in value (-€ 12 million). The falls in value are attributable to lower market rental prices and the high numbers of vacancies in the office market.

The net profit for the financial year was € 23.7 million in 2005 compared with € 4.2 million in 2004. The sharp increase in the net profit is chiefly the result of the limited negative change in the property portfolio in 2005 (€ 2.5 million) compared with 2004 (€ 21.7 million).

The profit distributable as dividend, based on the unconsolidated annual accounts of Intervest Offices NV, was € 26.4 million in 2005 compared with € 26.2 million in 2004.

Taking into account the 658,601 new shares that were created by the merger of 17.01.2005 we can offer a dividend of € 1.90 per share for 2005 (€ 1.98 in 2004).

## 7. Profit appropriation

The Board of Directors proposes that the consolidated annual accounts as at 31.12.2005 be approved and that the profit for the financial year be appropriated as follows:

In € 000

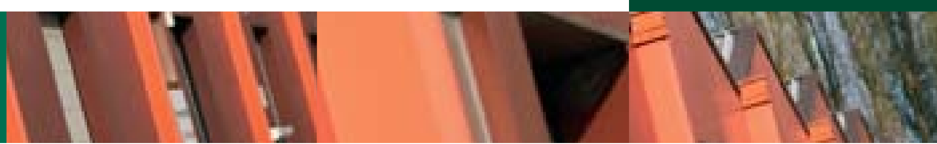
| | |
|---|---|
| · profit for the financial year | € 23,733 |
| · transfer of the result on the portfolio to the reserves not available for distribution | € 2,485 |
| · profit to be carried forward | € 26,218 |

At the General Meeting of Shareholders on 10 May 2006 there will be a proposal to distribute a gross dividend of € 1.90 per share. This is € 1.62 net after deduction of 15% property input tax. Taking into account 13,882,662 shares which will be part of the full result for the financial year this means a distributable dividend of € 26,377,058 .

The dividend is higher than the required minimum of 80% of the net profit, given that, in accordance with its policy in 2005 almost 100% of the unconsolidated distributable profit will be paid out. The dividend will be payable as of 26 May 2006. As far as the bearer shares are concerned, this can be on submission of dividend certificate number 7.

[6] *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..*





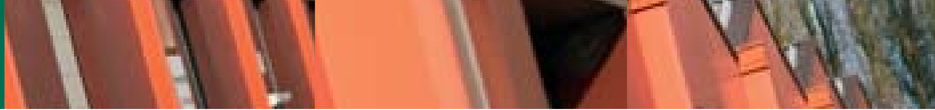
## 8. Forecast

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.

Although the demand for new office space on the outskirts of Belgian cities did not increase spectacularly in 2005, the malaise in the market still appears to be coming gradually to an end. However, giving predictions of when the office market in general and our portfolio in particular will see considerable growth again is not simple.

Intervest Offices does not foresee any substantial improvement in the vacancies in 2006. The company therefore does not expect any significant increase in the results in the next financial year, mainly due to the major benefits given to tenants, an anticipated rise in interest rates and investments that Intervest Offices has planned to make its premises more appealing to tenants.

Furthermore, in 2006 there will be a further push in commercial effort with the employment of extra staff and resources in order to strengthen links with estate agents, and existing and potential tenants. In that way, Intervest Offices will continue to expand and strengthen its position as an important player in the market of outskirts office buildings and semi-industrial premises.

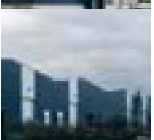


# III REPORT ON THE SHARE


Griffinstraat 1 tot 13 - 2170 Merksem



# REPORT ON THE SHARE



## 1. Stock market information

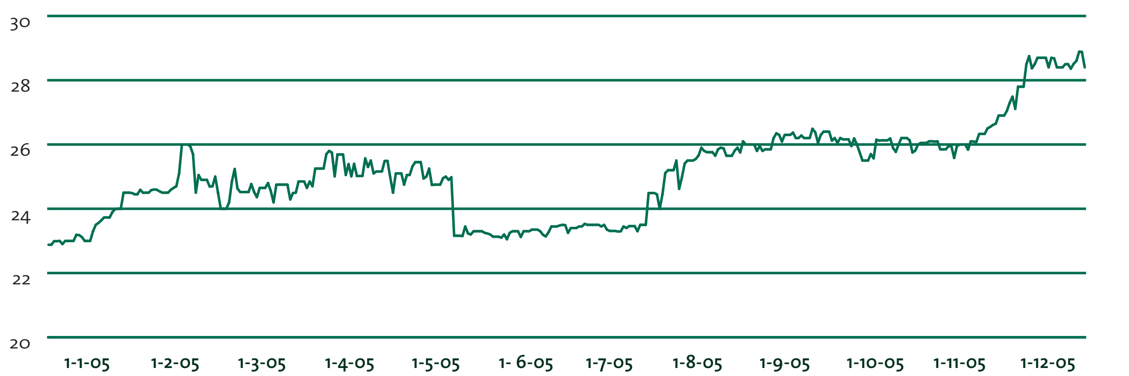
Since 1 January 2002 Intervest Offices has been listed on the Next Prime segment of Euronext Brussels. This segment consists of companies that do not feature in the Euronext 100 and the Next 150, but which set themselves certain qualitative obligations, such as:

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

Intervest Offices pursues a stringent communication policy and sets himself strict quality requirements..

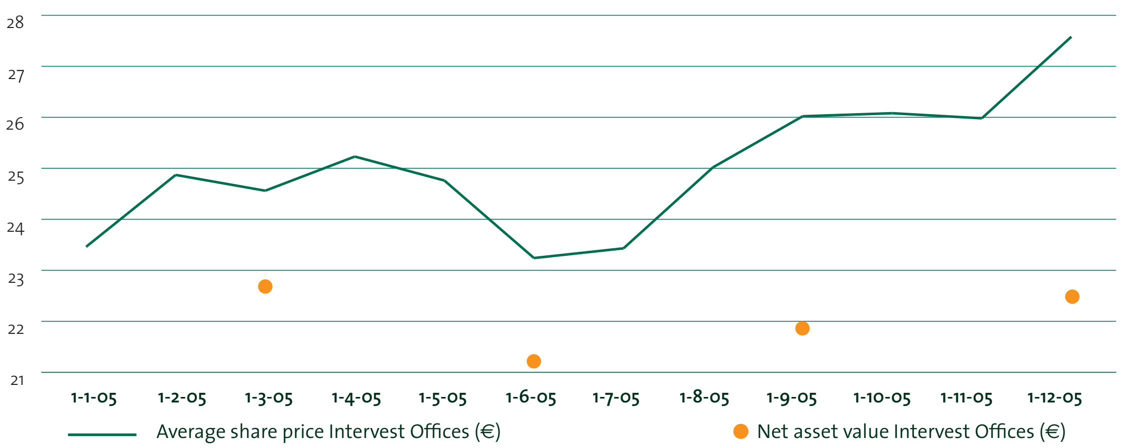
Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among institutional investors.

**Share price Intervest Offices (€)**



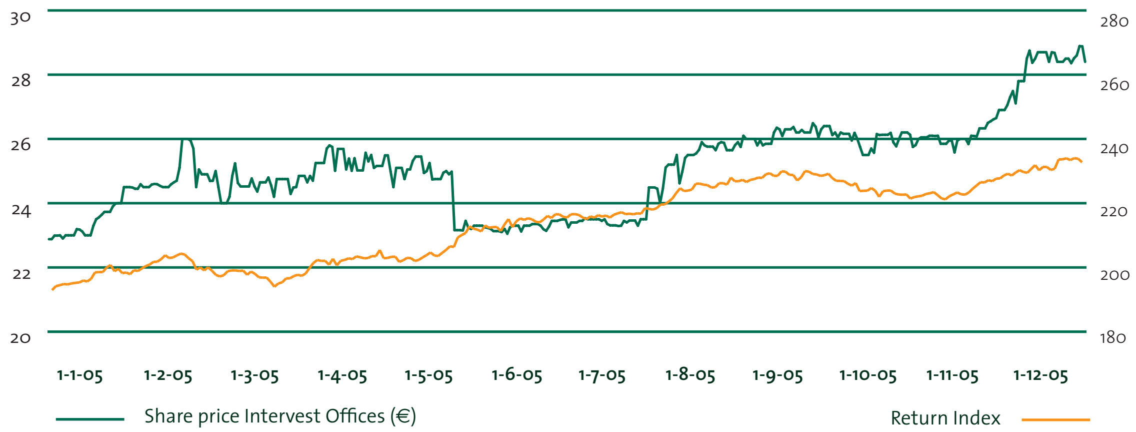

In 2005 the share price was subject to a certain amount of fluctuation. At its lowest point it reached € 22.88 (1 January) and at its highest € 28.75 (20 December). The decrease at the end of May can be explained by the payment of the dividend over the financial year 2004.

**Premiums and discounts Intervest Offices (€)**



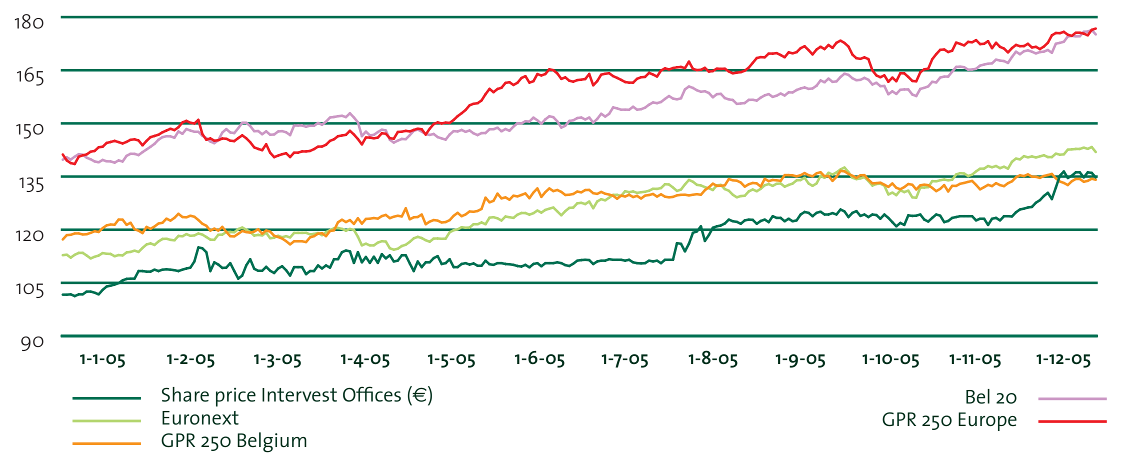

The net asset value of Intervest Offices (on a consolidated basis) includes the 2004 dividend up to the payment date at the end of May 2005.

### Comparaison Intervest Offices NV/SA – ING sicafi index

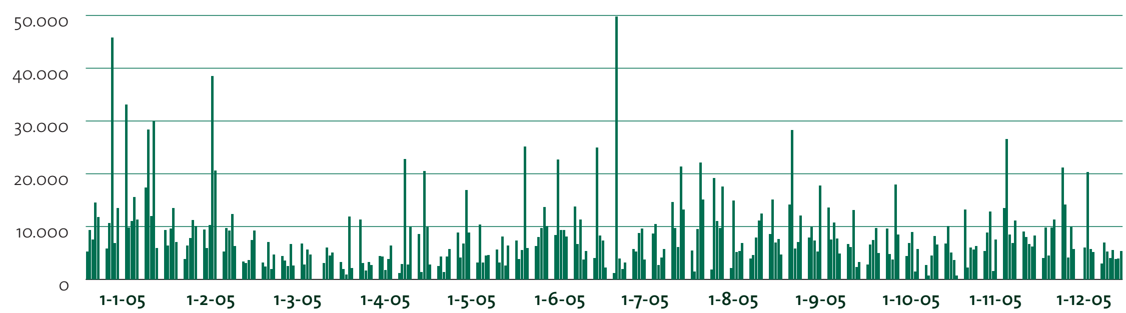



The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.

### Comparaison Intervest Offices NV/SA – other indices[7]




### Traded number of shares Intervest Offices NV




*7 Additional information over the indices can be asked for at ING Belgium regarding the ING sicafi index, at Euronext Brussels regarding the Euronext 100 and Bel 20 and at Global Property Research (www.propertyshares.com) concerning the GPR 250 Europe and GPR 250 Belgium.*



The traded volumes, with an average of 8,542 units a day, exceeded the level of the previous year (an average of 7,693 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 48.91% (regarding to 48.70% at the end of 2004).

## 2. Dividend and number of shares

| | 31.12.2005 |
|---|---|
| Number of shares at the end of the period | 13,882,662 |
| Number of shares entitled to dividend | 13,882,662 |

| Share price (€) | 31.12.2005 |
|---|---|
| Highest | 28.75 |
| Lowest | 22.88 |
| Share price on closing date | 28.40 |
| Over-/undervaluation on net asset value (%) | 26.2 |

| Data per share (€) | 31.12.2005 | 31.12.2004 | 31.12.2003 | 31.12.2002 |
|---|---|---|---|---|
| Net asset value (fair value) | 22.50 | 22.71 | - | - |
| Net asset value (investment value) | 23.57 | 23.77 | - | - |
| Net asset value (BE GAAP) | - | 23.59 | 25.38 | 26.26 |
| Gross dividend | 1.90 | 1.98 | 2.17 | 2.17 |
| Net dividend | 1.62 | 1.68 | 1.84 | 1.84 |



## 3. Shareholder

As at 31.12.2005 the following shareholders were known to the company

| | | |
|---|---|---|
| **VastNed Group** | **7,092,983 shares** | **(51.09%)** |
| VastNed Offices/Industrial SA<br>Max Euwelaan 1<br>3062 MA Rotterdam – The Netherlands | 6,434,382 shares | (46.34%) |
| VastNed Offices Belgium SA<br>Uitbreidingsstraat 18<br>2600 Berchem | 628,566 shares | (4.53%) |
| Belle Etoile SA<br>Uitbreidingstraat 18<br>2600 Berchem | 30,035 shares | (0.22%) |
| **Public** | **6,789,679 shares** | **(48.91%)** |
| **Total** | **13,882,662 shares** | **(100%)** |

## 4. Financial calendar

· Announcement annual results as at 31 December 2005: **Tuesday 21 February 2006**

· Announcement results as at 31 March 2006: **Tuesday 9 May 2006**

· General Meeting of Shareholders: **Wednesday 10 May 2006** at 16h30 at the company's offices, Uitbreidingstraat 18, 2600 Antwerp-Berchem

· Dividend payable: as from **Friday 26 May 2006**

· Announcement half year results as at 30 June 2006: **Thursday 10 August 2006**

· Announcement results as at 30 September 2006: **Monday 6 November 2006**





# IV PROPERTY REPORT


Blarenberglaan 2c - 2800 Mechelen

**INTERVEST OFFICES**

**ANNUAL REPORT 2005**

**PROPERTY REPORT**

# 1. Composition of the portfolio

## 1.1. Overview of property portfolio including vacancies as at 31.12.2005

OFFICES

| Project | Surface area offices ($m^2$) | Other surface area ($m^2$) | Fair value of portfolio (€ 000) | Investment value of portfolio (€ 000) | Rent/year in € 000 | | Occupancy[8] rate (%) |
|---|---|---|---|---|---|---|---|
| | | | | | Effective rental income | Effective rental income + vacancies | |
| Aartselaar - Kontichsesteenweg 54 | 3,000 | 1,000 | 5,534 | 5,672 | 492 | 492 | 100.00 |
| Antwerpen - Brusselstraat 59 (Gateway House) | 11,318 | 0 | 15,665 | 16,057 | 936 | 1,510 | 61.96 |
| Berchem - Uitbreidingstraat 66 (Sky Building) | 5,698 | 2 | 8,029 | 8,230 | 735 | 737 | 99.81 |
| Diegem - Berkenlaan 6 (Airport Business Park) | 3,664 | 0 | 4,536 | 4,649 | 0 | 450 | 0.00 |
| Diegem - Berkenlaan 8a (Deloitte Campus) | 7,787 | 0 | 17,177 | 17,606 | 1,259 | 1,259 | 100.00 |
| Diegem - Berkenlaan 8b (Deloitte Campus) | 8,268 | 461 | 18,007 | 18,457 | 1,395 | 1,395 | 100.00 |
| Diegem - Woluwelaan 148-150 (Park Station) | 8,619 | 284 | 11,407 | 11,692 | 677 | 1,115 | 60.70 |
| Dilbeek (Groot-Bijgaarden) - Pontbeekstraat 2&4 (Inter Access Park) | 6,869 | 0 | 10,558 | 10,822 | 796 | 997 | 79.85 |
| Edegem - Prins Boudewijnlaan 45-49 (De Arend) | 7,273 | 151 | 10,801 | 11,071 | 717 | 1,018 | 70.45 |
| Gent - Xavier De Cocklaan 68-72 (Latem Business Park) | 5,350 | 0 | 6,101 | 6,254 | 425 | 517 | 82.21 |
| Hoeilaart - Terhulpsesteenweg 6A | 2,694 | 107 | 4,458 | 4,569 | 283 | 428 | 66.06 |
| Kortenberg - A. De Conninckstraat 3 | 3,117 | 0 | 3,260 | 3,341 | 0 | 361 | 0.00 |
| Leuven - Interleuvenlaan 15 (Greenhill Campus) | 19,028 | 2,912 | 26,754 | 27,423 | 2,099 | 2,894 | 72.52 |
| Mechelen - Blarenberglaan 2C (Mechelen Business Tower) | 11,701 | 1,216 | 27,127 | 27,805 | 2,192 | 2,192 | 100.00 |
| Mechelen - Generaal De Wittelaan 9-21 (Intercity Business Park) | 38,718 | 3,394 | 54,662 | 56,029 | 4,417 | 5,033 | 87.77 |
| Mechelen - Schaliënhoevedreef 20 A,B,C,D,E,G,H,I,J (Mechelen Campus) | 38,423 | 5,861 | 65,102 | 66,730 | 5,361 | 6,269 | 85.52 |
| Strombeek-Bever - Nijverheidslaan 3 (Orion Bedrijvenpark) | 4,724 | 165 | 7,073 | 7,250 | 379 | 717 | 52.81 |
| Strombeek-Bever - Nijverheidslaan 1 (Orion Bedrijvenpark II) | 5,044 | 410 | 8,970 | 9,194 | 800 | 800 | 100.00 |
| Vilvoorde - Luchthavenlaan 25 (3T Estate) | 8,757 | 0 | 13,322 | 13,655 | 1,175 | 1,201 | 97.82 |
| Woluwe - Woluwedal 18-22 (Woluwe Garden) | 24,081 | 993 | 61,620 | 63,161 | 4,911 | 4,911 | 100.00 |
| Zaventem - Imperiastraat 12 | 3,024 | 864 | 3,260 | 3,341 | 0 | 330 | 0.00 |
| Zaventem - Lozenberg 15/18-23 (Airway Park) | 28,899 | 219 | 45,799 | 46,945 | 1,859 | 4,242 | 43.83 |
| Zaventem - Weiveldlaan 41 (Atlas Park) | 9,157 | 3,990 | 14,958 | 15,331 | 679 | 1,543 | 44.02 |
| TOTAL OFFICES | 265,213 | 22,029 | 444,180 | 455,284 | 31,587 | 40,411 | 78.16 |

*8 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.*

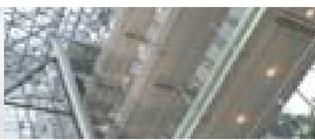


## SEMI-INDUSTRIAL PROPERTIES

| Project | Surface area offices ($m^2$) | Other surface area ($m^2$) | Fair value of portfolio (€ 000) | Investment value of portfolio (€ 000) | Rent/year in € 000: Effective rental income | Rent/year in € 000: Effective rental income + vacancies | Occupancy rate (%) |
|---|---|---|---|---|---|---|---|
| **A12 (Brussels - Antwerp)** | | | | | | | |
| Aartselaar - Dijkstraat 1A | 793 | 7,269 | 4,020 | 4,120 | 350 | 350 | 100.00 |
| Boom(/Niel) - Krekelenberg (Industrieweg 18) | 700 | 23,663 | 12,244 | 12,550 | 1,004 | 1,004 | 100.00 |
| Merchtem - Merchtem Cargo Center (Preenakker 20) | 1,210 | 6,075 | 5,073 | 5,200 | 462 | 462 | 100.00 |
| Puurs - Puurs Logistic Center (Veurstraat 91) | 1,600 | 41,890 | 26,019 | 26,670 | 2,219 | 2,219 | 100.00 |
| Schelle - Molenberglei 8 | 1,600 | 6,400 | 4,117 | 4,220 | 296 | 415 | 71.26 |
| Wilrijk - Neerland 1 (Boomsesteenweg 801-803) | 0 | 12,584 | 6,488 | 6,650 | 590 | 590 | 100.00 |
| Wilrijk - Neerland 2 (Kernenergiestraat 70/ Geleegweg 1-7) | 632 | 15,952 | 8,595 | 8,810 | 743 | 743 | 100.00 |
| **Total** | **6,535** | **113,833** | **66,556** | **68,220** | **5,664** | **5,783** | **97.94** |
| **E19 (Brussels - Antwerp)** | | | | | | | |
| Duffel - Notmeir (Walemstraat 94) | 250 | 8,861 | 4,205 | 4,310 | 368 | 368 | 100.00 |
| Duffel - Stocletlaan 23 | 240 | 23,435 | 11,132 | 11,410 | 962 | 962 | 100.00 |
| Mechelen - Intercity Industrial Park (Oude Baan 14) | 252 | 15,000 | 8,176 | 8,380 | 695 | 695 | 100.00 |
| Mechelen - Ragheno (Dellingstraat 57) | 612 | 4,002 | 3,268 | 3,350 | 322 | 322 | 100.00 |
| **Total** | **1,354** | **51,298** | **26,781** | **27,450** | **2,347** | **2,347** | **100.00** |
| **Antwerp** | | | | | | | |
| Antwerpen - Kaaien 218-220 (Leopolddok) | 0 | 5,500 | 1,309 | 1,440 | 145 | 145 | 100.00 |
| Merksem - Glasstraat 15-29 / Griffinstraat 1-13 / Oostkaai 25/1-8 | 3,287 | 11,969 | 6,000 | 6,150 | 324 | 660 | 49.07 |
| Wommelgem - Kapelleveld 1 (Koralenhoeve 25) | 1,770 | 22,949 | 15,502 | 15,890 | 1,400 | 1,400 | 100.00 |
| **Total** | **5,057** | **40,418** | **22,811** | **23,480** | **1,869** | **2,205** | **84.76** |
| **Other** | | | | | | | |
| Kortenberg - Guldendelle (Arthur De Coninckstraat 3) | 780 | 10,172 | 12,020 | 12,320 | 938 | 938 | 100.00 |
| Meer - Transportzone (Riyadhstraat 23) | 271 | 7,348 | 2,227 | 2,450 | 229 | 229 | 100.00 |
| Sint-Agatha-Berchem - Berchem Technology Center (Technologiestraat 11,15,51,55,61,65) | 2,760 | 3,703 | 7,180 | 7,360 | 518 | 585 | 88.42 |
| Sint-Niklaas - Eigenlo (Eigenlostraat 23-27a) | 1,328 | 6,535 | 3,288 | 3,370 | 332 | 332 | 100.00 |
| **Total** | **5,139** | **27,758** | **24,715** | **25,500** | **2,017** | **2,084** | **96.78** |
| **TOTAL SEMI-INDUSTRIAL PROPERTIES** | **18,085** | **233,307** | **140,863** | **144,650** | **11,897** | **12,419** | **95.79** |
| **TOTAL OFFICES + SEMI-INDUSTRIAL PROPERTIES** | **283,298** | **255,336** | **585,043** | **599,934** | **43,484** | **52,830** | **82.31** |





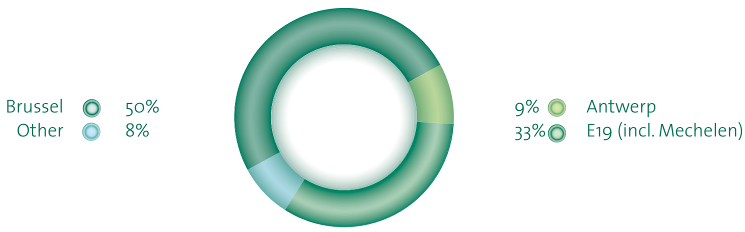

### 1.2. Nature of the portfolio


As at 31.12.2005, the portfolio consists of 75.9% of offices and 24.1% of semi-industrial properties.

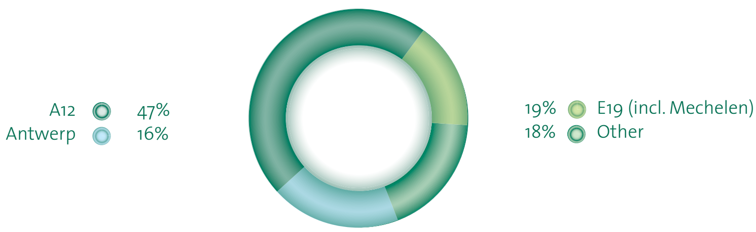


### 1.3. Geographic spread of the portfolio

#### Offices

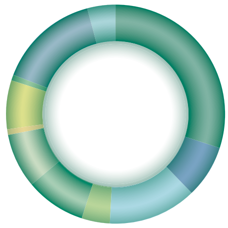



#### Semi-industrial properties



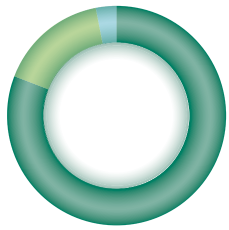
## 1.4. Sector spread of the portfolio

### Offices



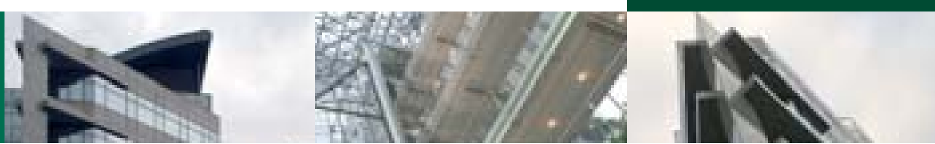

The tenants are well spread over different economic sectors. This reduces the risk of vacancies when fluctuations occur in the economy.

### Semi-industrial properties



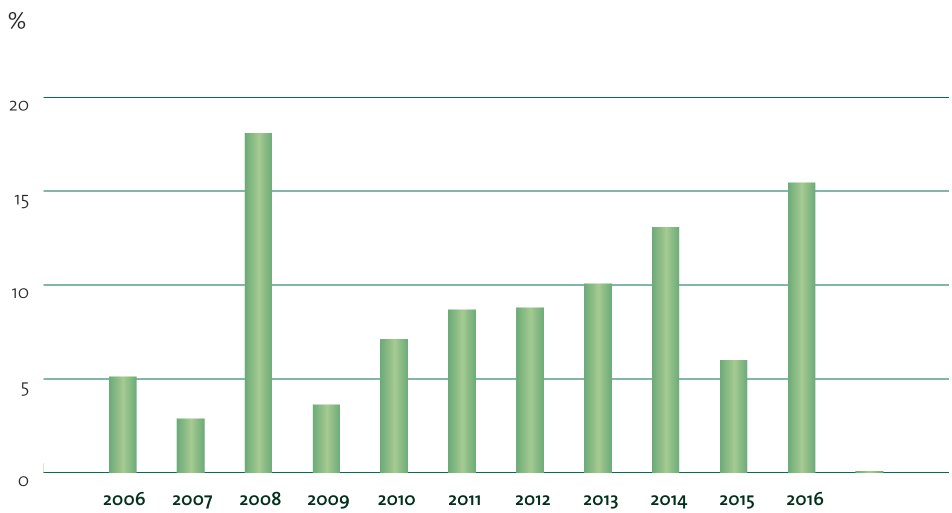




### 1.5. Expiry date of portfolio contracts

#### Offices



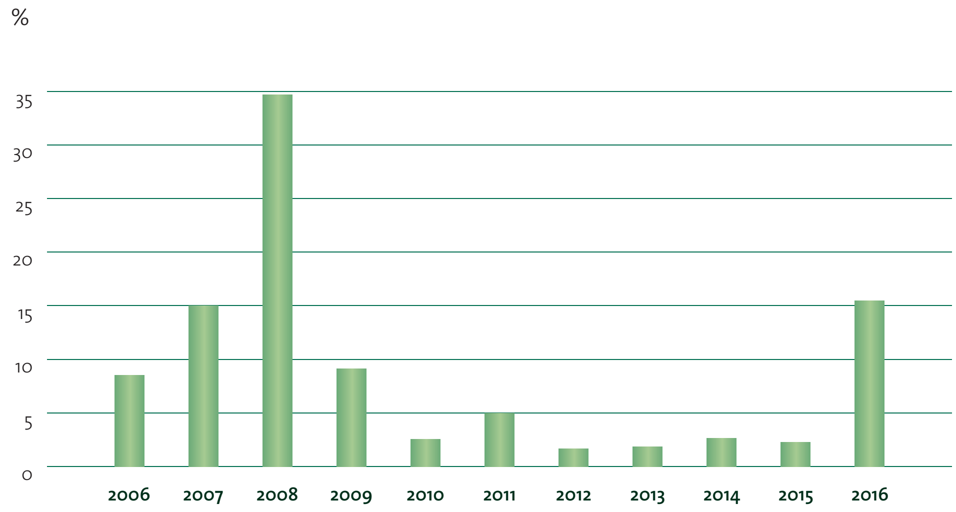



The expiry dates are well spread over the coming years. Many of the contracts run for a fixed period of nine years or more, which benefits the stability of the portfolio.

#### Semi-industrial properties

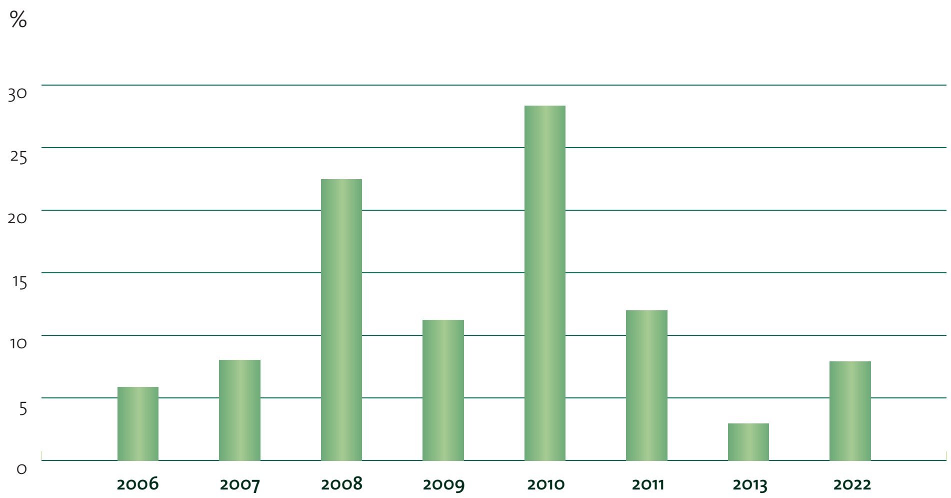
### 1.6. First interim expiry date of portfolio contracts

**Offices**

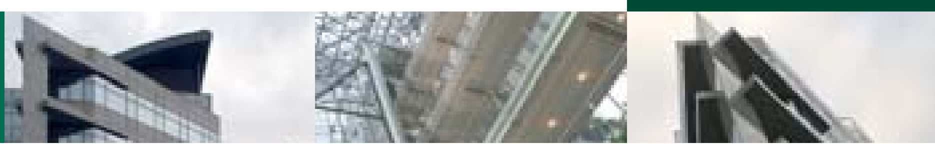



Although most contracts are of the type 3/6/9 type, the tenants have the opportunity to end their contracts every three years. The graphic below shows the first expiry dates of the tenancy agreements. Since Intervest Offices has several long-term agreements, not all contracts can be terminated within 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, diagonally opposite from the new court(house) of 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 railway station of Antwerp-South is located within 5 minutes walking distance. The city centre of Antwerp is easily reached by the Leien.
Together with the building of the new court(house) the complete infrastructure around the Leien and the Bolivarplaats is adapted, which gives an even better accessibility by car, tram and train. Because of this, the whole surronding area receives a new impulse.

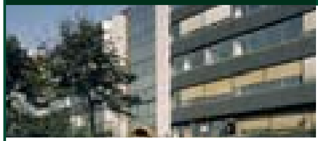
### Description

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-intercom access system and a badge access control system. These works are executed in phases according to the commercialisation of the building. Only the fifth floor and ground floor still have to be renovated.

### Main tenants

Kuwait Petroleum, Elegis Law firm

| Berchem | Uitbreidingstraat 66 (Sky Building) | Year of construction 1988 |
|---|---|---|

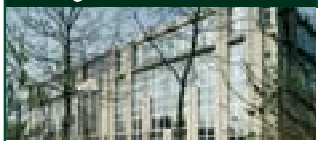


### Location
The Sky Building is situated in Berchem, Uitbreidingstraat 66 in Berchem and has an annexe suitable for use as a records room on Jan Breydelstraat (previously number 42). This location is between Generaal Lemanstraat and Grote Steenweg. Uitbreidingstraat runs parallel to Binnensingel and 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. The offices are equipped with airconditioning and elevators. In 2006 the common parts of the building (entrance hall, staircase, elevators and sanitary fittings) are thoroughly renovated.

### Main tenants
B.D.O. Atrio, Lease Plan Fleet Management, Wagon Lits Travel and GiVi

| Diegem | Berkenlaan 6 (Airport Business Park) | Year of construction 1990 |
|---|---|---|

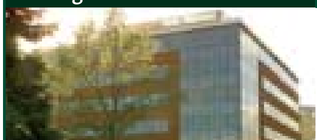


### Location
The building is easily accessible and is situated close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp motorways. The centre of Brussels can be reached easily via the Leopold III-laan.

### 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 with topcooling is installed. A limited number of rooms, including the entire 3rd floor, have full air conditioning. The modulation is at 1.20 m and 1.80 m, allowing flexible divisions. In addition, an intruder alarm system is installed.

### 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.

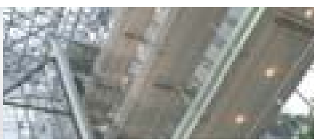
### Description
The property with 6 upper storeys is built in a "V" shape, which creates a pleasant working environment with adaptable individual units. The façade is a combination of glass sections and red brick. The windows are of enamelled aluminium with sound-proofing double glazing. The offices 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 equipped with air conditioning.

### 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**

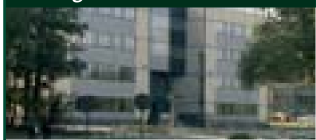
### Location
The building adjoins the building at Berkenlaan 8a and therefore enjoys the same easy access.

### 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 m2 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 $m^2$ 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**

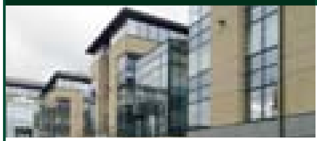


### Location
The property is in Machelen, on the corner of Woluwelaan and Mommaertslaan, close to Diegem station. It is a good position in a high-quality office area in Diegem (Machelen). The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp 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 patined zinc.
The offices are located around a central entrance of 2 storeys, which provides everywhere natural daylight. On the first floor there a footbridge in the entrance hall with on both sides an empty space (“vide”) between the different office parts of the floor. All the offices are equipped with airconditioning, false ceiling, videophone system and a badge access control system.

### Main tenants
Zelia, Thomas Cook Airlines, EURid

**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 the bus, tram and railway station of St.-Agatha-Berchem.

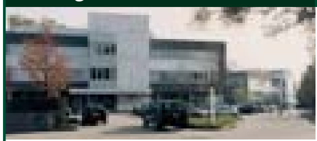
### Description

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 equipped with airconditioning, false ceiling, badge access control system and elevators.

### Main tenants

Vacature, Mitiska, Grant Thornton, Edward Lifesciences, Commercial Finance Group, Initiative Media and U2U

**Edegem** | **Prins Boudewijnlaan 45-49 (De Arend)** | **Year of construction 1997**



### Situation

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.

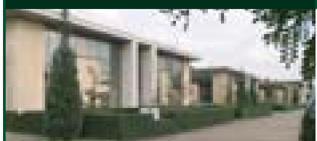
### Description

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. The offices are equipped with raised floors, false ceilings with omega profiles, badge access control system and topcooling. Building 1 is equipped with full airconditioning.

### 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.

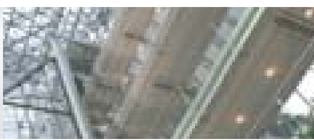
### Description

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. The buildings are partly equipped with airconditioning.

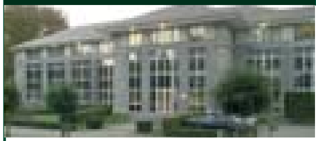
### Main tenants

IBS, Nateus, Streep





| Hoeilaart | Terhulpsesteenweg 6A (Park Rozendal) | Year of construction 1994 |
|---|---|---|

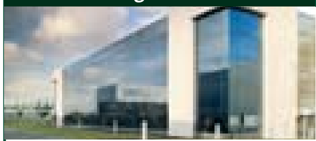


### Location
Situated in a wooded environment, primarily residential. Easily reached, because it is close to the E411 Brussels-Namen-Luxembourg motorway and Hoeilaart station.

### Description
A modern office building forming part of a site consisting of 4 office buildings, 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 granito. The windows are of aluminium with double glazing and formica sills. Top cooling is installed everywhere. Since 2003, the building has been thoroughly renovated (the renovation will be accomplished in the spring of 2006). Beside the upgrading of the common parts en the luxurious refurnishing of the offices, the air conditioning also has been thoroughly renewed.  An air conditioning installation on the basis of cooling-water has been installed. Both the cooling and the heating is done by fan coil units.

### Tenants
Quality Business SA, BVD-IT Services, Goffin Meyvis, Information & Data SA

| Kortenberg | Arthur De Coninckstraat 3 | Year of construction 2001-2002 |
|---|---|---|





### Location
The building is situated in the well-kept area of Guldendelle, along the Leuvensesteenweg. 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. The building is located in the immediate vicinity of the international airport of Zaventem and hotel accommodation.

### 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 Leuvensesteenweg 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 facades 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 (cooling/heating). Ventilation is provided by pulsating fresh air through the light fittings. The building has two lifts and a sprinkler system with recessed nozzles. 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
Well 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 and filling room. 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.

### Main tenants
IBM Belgium SA, Matthys Orthopaedics Belux, Cabot, Evosoft SA and Securex.

| 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 | Gen. De Wittelaan 9-21 (Intercity Business Park) | Year of construction between 1993 and 2000 |
|---|---|---|

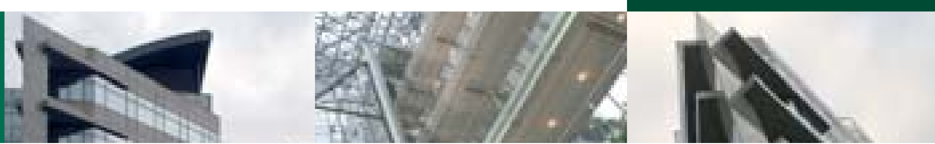
### Location
In the industrial zone of Mechelen North, on the E19 Brussels-Antwerp motorway. Easily visible from the motorway, with excellent accessibility. The centre of Mechelen is a few kilometres away. This area has become a real office environment in the past few years, due among other things to the construction of the Mechelen Business Tower and Mechelen Campus, a project of over 65,000 m².

### 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.

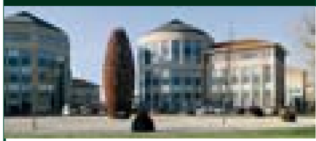
### Main tenants
Virco-Tibotec, LabCorp, Galapagos, SGS-Medisearch, Pab-Benelux Logins, BIS







| Mechelen | Schaliënhoevedreef 20 (Mechelen Campus) | Year of construction 2000-2005 |
|---|---|---|



### Location

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

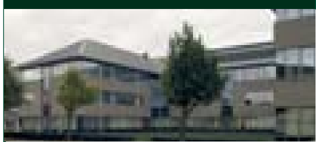
### Description

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 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. Recently, the restaurant has been enlarged with a self-service. Only building F and the tower block that is to be finished still belongs to the project developer.

### Main tenants

Borealis, DHL-Express Line, Endemol, Cypress, EMC$^{2}$, Virco-Tibotec, Belgacom, Imperial Tobacco, Clear2Pay, Masterlease

| Strombeek-Bever | Nijverheidslaan 1-5 (Orion Bedrijvenpark) | Year of construction 1999 & 2002 |
|---|---|---|



### Location

The Orion Business Park consists of 2 buildings that have been raised in two phases. The Business Park is located in a residential environment, 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, a technical floor with filing room and 1 underground storey with parkings and polyvalent space. 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. The first phase has been equipped in 2003 for 50% of airconditioning, as from the foundation the second phase has been completely equipped with airconditioning.

### Main tenants

Whirlpool, Internet Security Systems, Rockwell Automation

| 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. The complex is situated in an office area in full development.

### 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 SA, Fleet Logistics Belgium SA, Q-lab SA, Transport Management Europe 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.

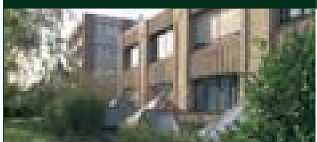
### Description

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 and is equipped with 2 passenger lifts and 1 goods lift.

### Ownership

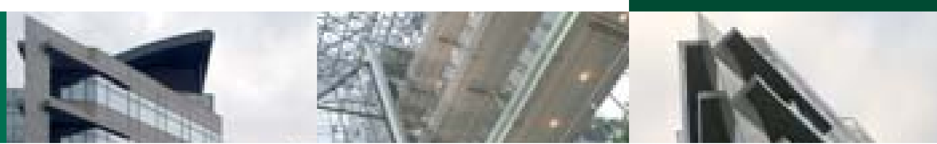
The Zaventem O.C.M.W. (a public social welfare organisation) owns the land. The ground lease was granted to Rebux NV/SA (now Intervest Offices NV/SA) on 23.05.1989 for 35 years, ending in 2024, but all or part of it can be extended to the full period of 99 years (i.e. until 2088).

### Tenant

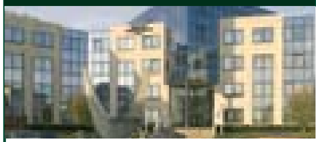
–







| 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 m² 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.

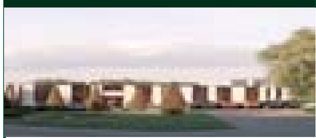
There is running a phased renovation program for this complex of buildings. The buildings are systematically renovated depending on letting in order to meet the contemporary expectations of the tenant market. Buildings that aren't yet equipped with air conditioning will be foreseen of it. Beside, the available spaces and common parts will also be renovated. In 2005, within the framework of this renovation the façades have been cleaned and the green zones have been renewed.

### Main tenants

Sybase SPRL, Sun Microsystems Belgium SA, Dr. Oetker SA, Tieto Enator SA, DCE Consultants Belgium SA, i2 Technologies NV, TCLM



| Zaventem | Weiveldlaan 41 (Atlas Park) | Year of construction 1988-1994 |
|---|---|---|



### 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 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 are constructed in a concrete bearing structure with wall units of architectural concrete. The glazing, double and insulating, consists of aluminium windows with thermal barriers. The office space is equipped with conventional heating and false ceiling. The spaces for common use are finished with poly concrete and sectional gates. In 2005 the building A in front of the park has been thoroughly renovated. The building has been equipped with a VRV air-conditioning system. The entrance halls have been completely renewed. After the tenant VT4 left, the spaces got a new contemporary look. The project housing, the ceiling, the floor finish and sanitary units have been renewed.

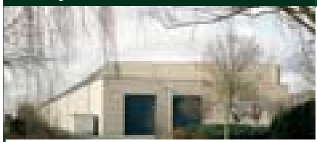
### Main tenants

T-Systems Belgium, Xerox

## 2.2. Semi-industrial properties

### 1. REGION A-12 (Brussels – Antwerp)

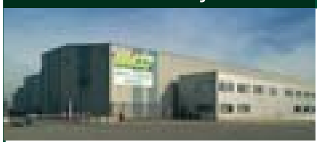
**Dijkstraat – Aartselaar** | **Year of construction 1994**



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

| | |
|---|---|
| **User** | Party Rent, Expo Rent |
| **Offices** | 793 m² |
| **Storage hall** | 7,269 m² |
| **Free height** | 9 m |
| **Free span** | 24 m |
| **Fittings** | 2 ground-floor gates, 8 loading bays, smoke hatches and smoke guards |

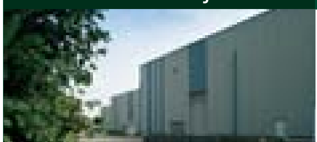
**Neerland 1 – Wilrijk** | **Year of construction 1986**



Situated on the A12 motorway at Boomsesteenweg 801-803, 2610 Wilrijk.

| | |
|---|---|
| **Tenant** | Brico Belgium SA (Distrilog) |
| **Offices** | - |
| **Storage hall** | 12,584 m² |
| **Free height** | 8 m |
| **Free span** | 25 m |
| **Fittings** | 2 ground-floor gates, 8 loading bays, smoke hatches and smoke guards |

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

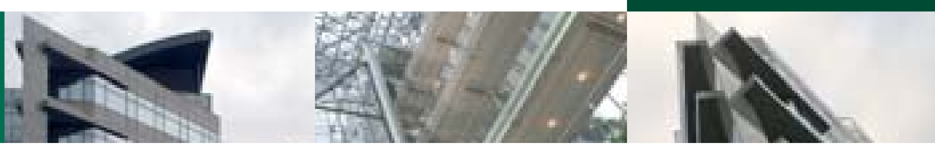


Situated on the A12 motorway at Kernenergiestraat 70 and Geleegweg 1-7, 2610 Wilrijk

| | |
|---|---|
| **Tenant** | Brico Belgium SA |
| **Offices** | 632 m² |
| **Storage hall** | 15,952 m² |
| **Free height** | 10 m |
| **Free span** | 25 m |
| **Fittings** | 8 ground-floor gates, 12 loading bays, smoke domes and fire reels |

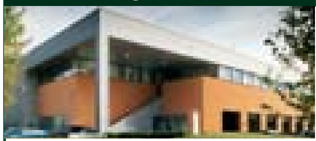






## Molenberglei – Schelle

**Year of construction 1993**

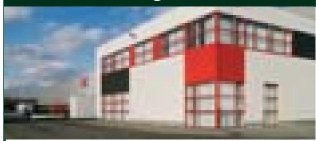


Situated in an industrial zone for SMEs on the A12 motorway at Molenberglei 8, 2627 Schelle

| | |
|---|---|
| **Tenant** | Meiko Europe |
| **Offices** | 1,600 m² |
| **Storage hall** | 6,400 m² |
| **Free height** | 10 m |
| **Free span** | 25 m |
| **Fittings** | 2 ground-floor gates, 11 loading bays, smoke domes, fire walls and fire reels |

## Krekelenberg – Boom

**Year of construction 2000**

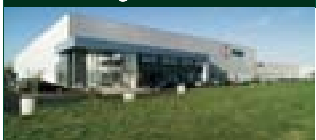


Situated in an industrial zone on the A12 motorway at Industrieweg 18, 2850 Boom

| | |
|---|---|
| **User** | JVC Logistics Europe SA |
| **Offices** | 700 m² |
| **Storage hall** | 23,663 m² |
| **Free height** | 10 m |
| **Free span** | 34.2 m |
| **Fittings** | 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**

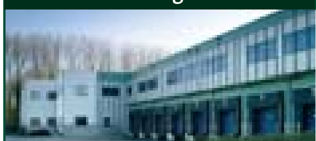


Situated on the A12 industrial zone at Veurtstraat 91, 2870 Puurs

| | |
|---|---|
| **User** | Fiege Kalf Trans |
| **Offices** | 1,600 m² |
| **Storage hall** | 41,890 m² |
| **Free height** | 10 m |
| **Free span** | 34.5 m |
| **Fittings** | 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**



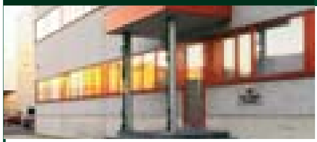
Situated at Preenakker, 1785 Merchtem

| | |
|---|---|
| **Tenant** | Transfer (Artsen Zonder Grenzen) |
| **Offices** | 1,210 m² |
| **Storage hall** | 6,075 m² |
| **Free height** | 9.7 m |
| **Free span** | 15.80 m |
| **Fittings** | 10 loading bays of which 9 with control appliances and 1 ordinary entry gate, sectional gate with electric motor, fire detectors |

## 2. REGION E-19 (Brussels – Antwerp)

### Stocletlaan – Duffel

**Year of construction 1998**

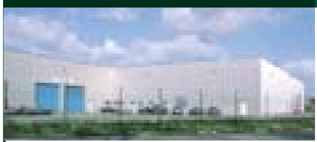


Situated on the Brussels-Antwerp axis 5 km from the Duffel exit, Stocletlaan 23, 2570 Duffel

| | |
|---|---|
| **Users** | BLITS Belgium SA, Belgacom Mobile, Ikon Mountain |
| **Offices** | 240 m² |
| **Storage hall** | 23,435 m² |
| **Free height** | 9.6 m |
| **Free span** | 30/40 m |
| **Fittings** | 17 loading bays with leveller and shelter, fire walls, fire domes and hydrants, fire alarm system |

### Notmeir – Duffel

**Year of construction 1995**

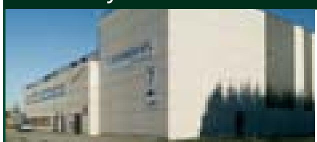


Situated on the Brussels-Antwerp axis 5 km from the Duffel exit, Stocletlaan 23, 2570 Duffel

| | |
|---|---|
| **Lessees** | Corus Building Systems SA, Corus Aluminium Service Center SA |
| **Offices** | 250 m² |
| **Storage hall** | 8,861 m² |
| **Free height** | 7.9 m |
| **Free span** | 27/30 m |
| **Fittings** | 17 loading bays with leveller and shelter, fire walls, fire domes and hydrants, fire alarm system |

### Intercity Industrial Park – Mechelen

**Year of construction 1999**

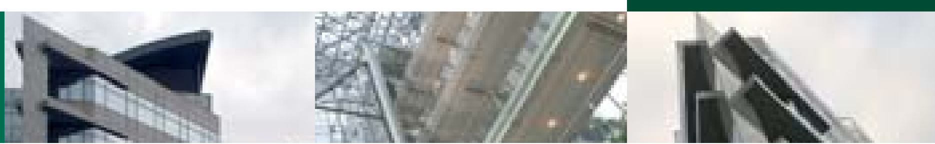


Situated on the industrial zone North, at Oude Baan 14, 2800 Mechelen. Accessible via the E19, exit Mechelen-North

| | |
|---|---|
| **User** | Pfizer Service Company |
| **Offices** | 252 m² |
| **Storage hall** | 15,000 m² |
| **Free height** | 10 m |
| **Free span** | 30 m |
| **Fittings** | 8 ground-floor access gates, 16 loading bays, fire walls, fire reels and hydrants, sprinkler system |

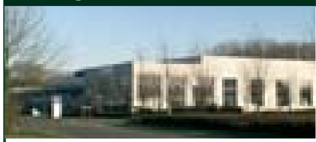






## Ragheno – Mechelen

**Year of construction 1998**



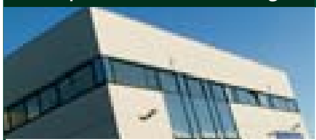
Situated on the Park Ragheno industry zone, Dellingstraat 57, 2800 Mechelen. Accessible via the E19, exit Mechelen-South

| | |
|---|---|
| **User** | Otto Wolf Benelux SA |
| **Offices** | 612 m² |
| **Storage hall** | 4,002 m² |
| **Free height** | 6 m |
| **Free span** | 20 m |
| **Fittings** | 4 ground-floor access gates, fire alarm system, smoke domes |

# 3. REGION RING ANTWERP

## 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

| | |
|---|---|
| **Lessee** | EXEL (Wommelgem) SA |
| **Offices** | 1,770 m² |
| **Storage hall** | 22,949 m² |
| **Free height** | 10 m |
| **Free span** | 30 m |
| **Fittings** | 3 ground-floor gates and 20 loading bays with leveller and shelter, sprinkler system, fire walls, fire reels and hydrants |



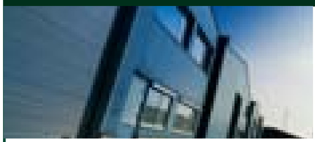
## Kaaien 218-220 – Antwerp

**Year of construction 1997**

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

| | |
|---|---|
| **User** | Völlers Belgium SA |
| **Offices** | - |
| **Storage hall** | 5,500m² |
| **Free height** | 7 m |
| **Free span** | 50 m |
| **Fittings** | 2 ground-floor gates and 4 loading bays with leveller and shelter, fire walls, fire reels and hydrants |

| Oostkaai – Merksem | Year of construction 1998 |
|---|---|

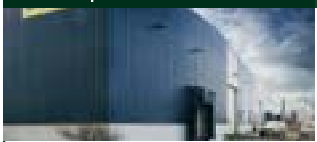


Situated between Bredabaan and the Albertkanaal 1 km from the Merksem exit on the Ring of Antwerp, Oostkaai 25, Griffinstraat 1 to 13 (uneven numbers) and Glasstraat 15 to 29 (uneven numbers), 2170 Merksem

| | |
|---|---|
| **Tenants/ Users** | Various (Sigga, Rauwers, Fegaco, Van Gool, Saval, Montawest, Delta Media, e.a.) |
| **Offices** | 3,287 m² |
| **Storage hall** | 11,969 m² |
| **Free height** | 5.7 of 8 m |
| **Free span** | between 12.5 and 20.5 m |
| **Fittings** | 22 gates, dry chemical fire extinguishers |

## 4. OTHER REGIONS

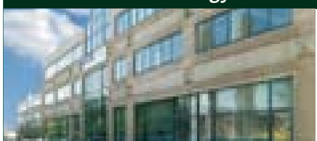
| Transportation zone – Meer | Year of construction 1990 |
|---|---|



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

| | |
|---|---|
| **User** | DHL SA |
| **Offices** | 271 m² |
| **Storage hall** | 7,348 m² |
| **Free height** | 6 m |
| **Free span** | 28 m |
| **Fittings** | 10 ground-floor gates, fire-resistant walls and fire reels |

| Berchem Technology Center – St.-Agatha-Berchem | Year of construction 1992 |
|---|---|

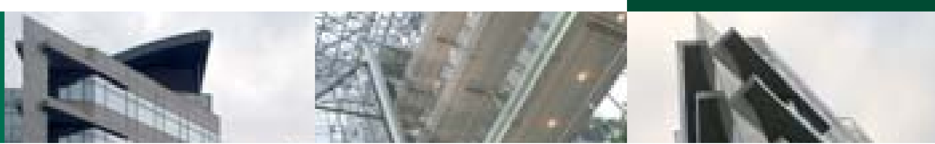


Situated on Technologiestraat 11, 15, 51, 55, 61 and 65, 1082 Sint-Agatha-Berchem, 500 m from the Ring of Brussels and the E40 Ghent-Brussels motorway

| | |
|---|---|
| **Tenants** | Various (Co/mmunication, Rexel Belgium, e.a.) |
| **Offices** | 2,760 m² |
| **Storage hall** | 4,183 m² |
| **Free height** | 6 m |
| **Free span** | 24 m |
| **Fittings** | 6 ground-floor gates, fire reels and smoke detection |







## Eigenlo – Sint-Niklaas

**Year of construction 1992 & 1994**

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

| | |
|---|---|
| **Tenants/ Users** | Various (Vanoekel, Edor Benelux, Sarens, Orca Cooling, Hunt Imaging LLC) |
| **Offices** | 1,328 $m^2$ |
| **Storage hall** | 6,535 $m^2$ |
| **Free height** | 5.5 m |
| **Free span** | 20 m |
| **Fittings** | 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

| | |
|---|---|
| **User** | European Commission |
| **Offices** | 780 $m^2$ |
| **Storage hall** | 10,172 $m^2$ |
| **Free height** | 10 m |
| **Free span** | 22 m |
| **Fittings** | 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

| | IFRS | | BE GAAP | | |
|---|---|---|---|---|---|
| | 31.12.2005 | 31.12.2004 | 31.12.2004 | 31.12.2003 | 31.12.2002 |
| Value portfolio (€ 000) | 585,043 | 549,796 | 563,807 | 591,147 | 603,722 |
| Current rents (€ 000) | 43,484 | 40,156 | 40,156 | 42,675 | 45,464 |
| Yield (%) | 7.43 | 7.30 | 7.12 | 7.22 | 7.53 |
| Current rents, including estimated rental value of vacant properties (€ 000) | 52,830 | 49,935 | 49,935 | 50,483 | 50,511 |
| Yield if fully let (%) | 9.03 | 9.08 | 8.86 | 8.54 | 8.37 |
| Total lettable area (m²) | 538,634 | 518,012 | 518,012 | 534,157 | 534,157 |
| Occupancy rate (%) | 82.31 | 80.42 | 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 property experts:

- DTZ Winssinger Tie Leung (until 30.06.2005), represented by Mr. Philippe Winssinger,
- de Crombrugghe & Partners, represented by Mr. Guibert de Crombrugghe,
- Cushman & Wakefield, represented by Mr. Kris Peetermans and Mr. Erik Van Dyck,
- Jones Lang LaSalle (as from 01.07.2005), represented by Mr. Rod Scrivener.

The property 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:**

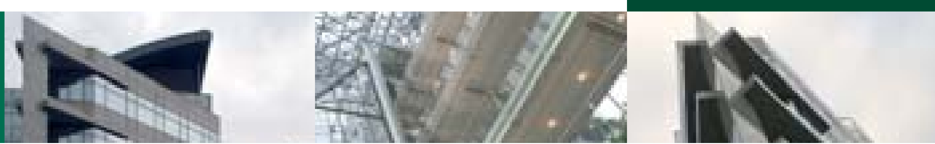
- Factors in surroundings
- Availability of parking
- Infrastructure
- Accessibility by way of private and public transport
- Facilities such as public buildings, stores, hotels, restaurants, banks, schools, etc.
- Development (construction) of comparable real estate

**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:

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

The investment value is result of the applicable return (yield or opportunity cost, which represens 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 vacacancy and a risk premium..

**2. Unit prices**

The investment value is determined on the basis of unit prices for the real estate asset per $m^2$ 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. Analyse discounted cash flow**

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.

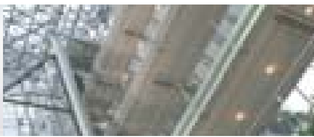
The free market value at the end of the leasing contract is calculated using the first method mentioned above (net present value of the estimated rental income).

### Value of the Intervest Offices portfolio as at 31 December 2005:

| Valuer | Valued property | Fair value (€ 000) | Investment value (€ 000) |
|---|---|---|---|
| Cushman & Wakefield | Atlas Park + semi-industrial properties (except for Merchtem and Puurs) | 127,988 | 131,453 |
| de Crombrugghe & Partners | Airway Park, Orion 2, Merchtem and Puurs | 85,862 | 88,008 |
| Jones Lang LaSalle | Other offices | 371,193 | 380,473 |
| **TOTAL** | | **585,043** | **599,934** |






# V
# FINANCIAL REPORT

Pontbeekstraat 2 & 4 - Dilbeek

**INTERVEST OFFICES**

**ANNUAL REPORT 2005**

# FINANCIAL REPORT

# FINANCIAL REPORT

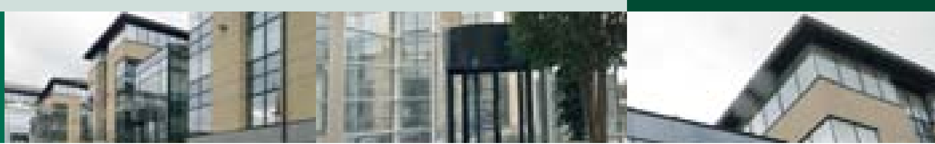
## 1. CONSOLIDATED INCOME STATEMENT

| INCOME STATEMENT | *Notes* | 2005 | 2004 |
|---|---|---|---|
| *in € 000* | | | |
| Rental income | *5.4.1* | 42,140 | 40,526 |
| Rental related expenses | *5.4.2* | -44 | 1,123 |
| **NET RENTAL INCOME** | | **42,096** | **41,649** |
| Recovery of property expenses | *5.4.3* | 669 | 804 |
| Recovery of charges and taxes normally payable by tenants on let properties | *5.4.4* | 3,296 | 2,944 |
| Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease | *5.4.5* | -272 | -380 |
| Charges and taxes normally payable by tenants on let properties | *5.4.6* | -3,283 | -2,923 |
| Other rental related income and expenses | *5.4.7* | 225 | 97 |
| **PROPERTY RESULT** | *5.4* | **42,731** | **42,191** |
| Technical costs | *5.5.1* | -938 | -2,244 |
| Commercial costs | *5.5.2* | -332 | -434 |
| Charges and taxes on unlet properties | *5.5.3* | -580 | 128 |
| Property management costs | *5.5.4* | -1,741 | -1,583 |
| Other property charges | *5.5.5* | -376 | -196 |
| **PROPERTY CHARGES** | *5.5* | **-3,967** | **-4,329** |
| **OPERATING PROPERTY RESULT** | | **38,764** | **37,862** |
| General costs | *5.6* | -1,242 | -1,262 |
| Other current operating income and expenses | *5.7* | 33 | 15 |
| **OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO** | | **37,555** | **36,615** |
| Result on disposals of investment property | *5.9* | 0 | -94 |
| Changes in fair value of investment property | *5.10* | -2,485 | -21,659 |
| **OPERATING RESULT** | | **35,070** | **14,862** |
| Financial income | | 130 | 244 |
| Interest charges | | -11,424 | -10,789 |
| Other financial charges | | -77 | -60 |
| **FINANCIAL RESULT** | *5.11* | **-11,371** | **-10,605** |
| **RESULT BEFORE TAXES** | | **23,699** | **4,257** |
| Corporate taxes | | 34 | -19 |
| **TAXES** | *5.12* | **34** | **-19** |
| **NET RESULT** | | **23,733** | **4,238** |
| Attributable to: | | | |
| Equity holders of the parent | *5.13* | 23,734 | 4,238 |
| Minority interests | *5.18.7* | -1 | 0 |

| RESULT PER SHARE | Notes | 2005 | 2004 |
|---|---|---|---|
| Number of ordinary shares | *5.13.1* | 13,882,662 | 13,224,061 |
| Basic earning per share (in €) | *5.13.3* | 1.71 | 0.32 |
| Diluted earnings per share (in €) | *5.13.3* | 1.71 | 0.32 |
| Distributable earnings per share (in €) | *5.13.3* | 1.90 | 1.98 |







## 2. CONSOLIDATED BALANCE SHEET

| ASSETS | Notes | 2005 | 2004 |
|---|---|---|---|
| *in € 000* | | | |
| **Non-current assets** | | **586.750** | **551.410** |
| Intangible assets | *5.14* | 6 | 11 |
| Investment properties | *5.15* | 585.043 | 549.796 |
| Other tangible fixed assets | *5.14* | 395 | 105 |
| Trade receivables and other non-current assets | *5.16* | 1.306 | 1.498 |
| **CURRENT ASSETS** | | **4.019** | **5.665** |
| Trade receivables | *5.17.1* | 2.121 | 2.827 |
| Tax receivables and other current assets | *5.17.2* | 446 | 435 |
| Cash and cash equivalents | *5.17.3* | 630 | 1.695 |
| Deferred charges and accrued income | *5.17.4* | 822 | 708 |
| **TOTAL ASSETS** | | **590.769** | **557.075** |

| SHAREHOLDERS' EQUITY AND LIABILITIES | Notes | 2005 | 2004 |
|---|---|---|---|
| *in € 000* | | | |
| **Shareholder's Equity** | *3 et 5.18* | **312.300** | **300.288** |
| **Shareholder's equity attributable to the shareholders of the parent company** | | **312.253** | **300.240** |
| *Share capital* | *5.18.1* | *126.719* | *123.127* |
| *Share premium* | *5.18.2* | *60.833* | *60.833* |
| *Reserves* | *5.18.3* | *110.092* | *100.959* |
| *Result* | *5.18.4* | *29.576* | *29.332* |
| *Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties* | *5.18.5* | *-14.891* | *-14.011* |
| *Changes in fair value of financial assets and liabilities* | *5.18.6* | *-76* | *0* |
| **Minority interests** | *5.18.7* | **47** | **48** |
| **Liabilities** | | **278.469** | **256.787** |
| **Non-current liabilities** | *5.19 et 5.21* | **194.571** | **175.309** |
| *Provisions* | *5.19.1* | *920* | *920* |
| *Non-current financial dets* | *5.21* | *192.922* | *173.955* |
| Credit institutions | | 192.922 | 173.951 |
| Financial lease | | 0 | 4 |
| *Other non-current liabilities* | *5.19.2* | *729* | *434* |
| **Current liabilities** | *5.20 et 5.21* | **83.898** | **81.478** |
| *Current financial debts* | *5.21* | *65.104* | *73.511* |
| Credit institutions | | 65.104 | 73.508 |
| Financial lease | | 0 | 3 |
| *Trade debts and other current debts* | *5.20.1* | *2.119* | *3.188* |
| *Other current liabilities* | *5.20.2* | *13.667* | *600* |
| *Accrued charges and deferred income* | *5.20.3* | *3.008* | *4.179* |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **590.769** | **557.075** |

| DEBT RATIO | 2005 | 2004 |
|---|---|---|
| Debt ratio IFRS [9] | 46.46 | 45.18 |
| Debt ratio R.D. 10.04.1995[10] | 49.67 | 48.66 |

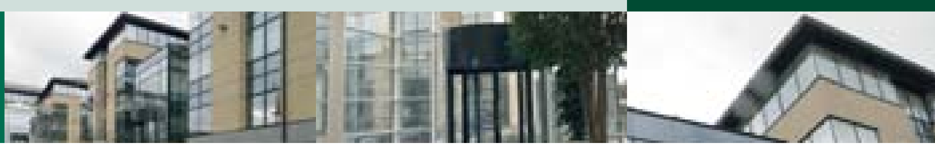
| NET ASSET VALUE PER SHARE | 2005 | 2004 |
|---|---|---|
| Net asset value per share (fair value) | 22.50 | 22.71 |
| Net asset value per share (investment value) | 23.57 | 23.77 |

*9 The debt ratio is calculated as the liabilities (excluding provisions and accrued charges and deferred income) less the change in the fair value of the coverage instruments, divided by the total assets.*

*10 The difference between the two methods of calculation arises firstly from the representation of the balance sheet before allocation (IFRS-norms) or after distribution (Belgian accounting norms) of the dividend for the financial year, and secondly from the difference in valuation of the property (fair value under IFRS-norms versus investment value under Belgian accounting norms).*





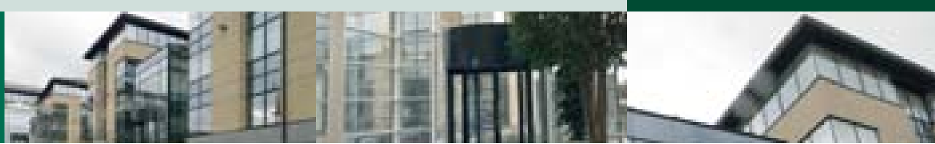


# 3. STATEMENT OF CHANGES IN EQUITY

| STATEMENT OF CHANGES IN EQUITY *in € 000* | Share capital Ordinary shares | Share premium | Reserves legal | Reserves not available for distribution |
|---|---|---|---|---|
| **AMOUNT ACCORDING TO BE GAAP AT DECEMBER 31, 2003** | **123,127** | **60,833** | **77** | **121,927** |
| **IFRS MODIFICATIONS:** | | | | |
| - Apportion of benefits granted to tenants | | | | -65 |
| - Impact on fair value of estimated transaction rights and costs resulting from the hypothectical disposal of investment properties | | | | |
| - Reversal of proposed dividend into result | | | | |
| - Reversal of provisions for risks and charges | | | | |
| - Other changes | | | | |
| **AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2003** | **123,127** | **60,833** | **77** | **121,862** |
| - Profits of financial year 2004 | | | | |
| - Tranfer of the result on the portfolio to the reserves not avaible for distribution | | | | -21,753 |
| - Impact on fair value of estimated transaction rights and costs resulting from the hypothectical disposal of investment properties | | | | -654 |
| - Dividends of financial year 2003 | | | | |
| **AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2004** | **123,127** | **60,833** | **77** | **99,455** |
| - Profits of financial year 2005 | | | | |
| - Tranfer of the result on the portfolio to the reserves not avaible for distribution | | | | -2,485 |
| - Impact on fair value of estimated transaction rights and costs resulting from the hypothectical disposal of investment properties | | | | 880 |
| - Dividends of financial year 2004 | | | | |
| - Changes in the fair value of financial assets and liabilities | | | | |
| - Increase of the shareholder's equity as a result of business combinations | 3,592 | | 13 | 10,725 |
| **AMOUNT ACCORDING TO IFRS AT 31 DECEMBER 2005** | **126,719** | **60,833** | **90** | **108,575** |

| available for distribution | Result | Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties | Changes in fair value of financial assets and liabilities | Minority interests | Shareholder's equity |
|---|---|---|---|---|---|
| **1,427** | **-446** | | | **49** | **306,994** |
| | 65 | | | | 0 |
| | | -14,665 | | | -14,665 |
| | 28,696 | | | | 28,696 |
| | 3,720 | | | | 3,720 |
| | 1 | | | -1 | 0 |
| **1,427** | **32,036** | **-14,665** | | **48** | **324,745** |
| | 4,238 | | | | 4,238 |
| | 21,753 | | | | 0 |
| | | -654 | | | 0 |
| | -28,695 | | | | -28,695 |
| **1,427** | **29,332** | **-14,011** | | **48** | **300,288** |
| | 23,733 | | | -1 | 23,732 |
| | 2,485 | | | | 0 |
| | | -880 | | | 0 |
| | -26,184 | | | | -26,184 |
| | | | -76 | | -76 |
| | 210 | | | | 14,540 |
| **1,427** | **29,576** | **-14,891** | **-76** | **47** | **312,300** |





# 4. CONSOLIDATED CASH-FLOW STATEMENT

| | Notes | 2005 | 2004 |
|---|---|---|---|
| *in € 000* | | | |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | | 1,695 | 824 |
| **1. Cash-flow from operating activities** | | **36,958** | **24,366** |
| **Net profit of the financial year** | *1* | **23,733** | **4,238** |
| **Adjustments for transactions of non-current nature** | | **1,818** | **20,600** |
| - Depreciations on intangible and other tangible fixed assets (+/-) | *5.14* | 71 | 43 |
| - Loss on the sale of investment properties | *5.9* | 0 | 94 |
| - Loss on the sale other tangible fixed assets | *5.14* | 6 | 0 |
| - Negative variation in the fair value of investment properties | *5.10* | 1,741 | 20,514 |
| - Increase / decrease of provisions (+/-) | | 0 | -51 |
| **Changes in working capital** | | **11,407** | **-472** |
| * Movement of assets | | | |
| - Trade receivables | *5.17.1* | 706 | -1,549 |
| - Tax receivables and other current assets | *5.17.2* | -11 | 79 |
| - Deferred charges and accrued income | *5.17.4* | -114 | -497 |
| * Movement of liabilities | | | |
| - Trade debts and other current debts | *5.20.1* | -1,069 | 1,820 |
| - Other current liabilities | *5.20.2* | 13,067 | -778 |
| - Accrued charges and deferred income | *5.20.3* | -1,172 | 453 |
| **2. Cash-flow from investment activities** | | **-37,158** | **6,018** |
| Acquisition of intangible and other tangible fixed assets | *5.14* | -362 | -91 |
| Acquisition of investment properties through business combinations | *5.15.1* | -33,475 | 0 |
| Investments in existing investment properties | *5.15.1* | -3,513 | -2,004 |
| Proceeds from the sale of investment properties | *5.9* | 0 | 7,933 |
| Receipts from non-current trade receivables | *5.16* | 192 | 180 |
| **3. Cash-flow from financing activities** | | **-865** | **-29,513** |
| Revenues from the issue of shares | *3* | 14,540 | 0 |
| Repayments of loans | *5.21* | -9,509 | -869 |
| Drawdown of loans | *5.21* | 20,000 | 0 |
| Repayment of financial lease liabilities | *5.21* | -7 | -3 |
| Receipts from non-current liabilities as guarantee | *5.19.2* | 295 | 54 |
| Dividends paid | *3* | -26,184 | -28,695 |
| CASH AND CASH EQUIVALENTS AT THE END OT THE FINANCIAL YEAR | | 630 | 1,695 |



# 5. COMMENT ON THE CONSOLIDATED ANNUAL ACCOUNTS

## 5.1. Principles of financial reporting

### 5.1.1. Statement of conformity

Intervest Offices NV is a property investment fund, having its registered office in Belgium. The consolidated annual accounts of the company as per 31 December 2005 cover the company and its subsidiaries. The annual accounts of Intervest Offices NV were approved and released for publication by the Board of Directors on 20 February 2006.

The consolidated annual financial statement has been prepared in compliance with the International Financial Reporting Standards (IFRS) as approved by the European Commission. Since 1 January 2005 Intervest Offices has applied IFRS as its accounting base. Its opening balance-sheet was drawn up on 1 January 2004, the date of transition to IFRS. The comparative figures for the financial year of 2004 have been adapted to the IFRS standards.

### 5.1.2. Presentation basis

The consolidated annual accounts are expressed in thousands of , rounded off to the nearest thousand.

The accounting principles are applied consistently and the consolidated accounts are entered for profit-sharing.

### 5.1.3 Consolidation principles

a. Subsidiary companies
A subsidiary company is an entity over which another entity has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A subsidiary company's annual financial statement is recorded in the consolidated annual financial statement from the control arising until its disappearance. If necessary, the financial reporting principles of the subsidiaries has been changed in order to arrive at consistent principles within the group. The reporting period of the subsidiary coincides with that of the parent company.

b. Eliminated transactions
Any transactions between the group companies, balances and unrealised profits and losses from transactions between group companies will, at the time of drawing up the consolidated annual accounts, be eliminated to the amount of the participation of the group company. The list of subsidiaries is given under point 5.25. in the comment.

### 5.1.4. Currencies

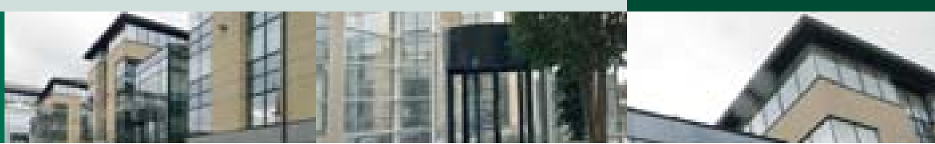
Currency transactions are entered at the exchange rate valid on the transaction date. Monetary assets and currency liabilities are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from currency transactions and from the conversion of monetary assets and currency liabilities are entered in the profit and loss account in the period when they occur. Non-monetary assets and currency liabilities are converted at the exchange rate valid on the transaction date.

### 5.1.5. Financial instruments

**Financial derivatives**
The company may use financial interest derivatives to hedge the interest rate exposure arising from its operational, financing and investment activities. Financial derivatives are recorded at cost on initial allocation. After initial allocation, they are valued in the annual financial statement at their fair value. Gains and losses resulting from changes in the fair value of financial derivatives are immediately taken into account in profit and loss, unless the derivative satisfies the criteria for hedge accounting (see under Hedging).
The fair value of financial derivatives is the amount that the company expects to receive or pay if the derivative were terminated as of the balance sheet date, taking into account the prevailing interest and







the credit exposure of the counterparty concerned.

**Hedging of uncertain cash flow resulting from interest fluctuations**

If it is possible to designate a financial interest derivative as an effective hedge of the possible variability of cash flows attributable to a specific risk associated with an asset or obligation or a highly probable forecast transaction, then the part of the profit or loss arising from the change in value of the financial interest derivative that has been recognised as an effective hedge is posted directly to equity under "Changes in fair value of financial assets and liabilities". The ineffective part of the financial interest derivative is entered in the income statement.

### 5.1.6. Property result

The rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for prematurely terminated tenancy agreements reduced by the granted rental discounts and rental benefits.

The rental related expenses comprise write downs and reversals on trade receivables and are entered in the profit and loss account when the book value is higher than the estimated realization value, even as the costs and income of the rent of buildings that do not belong to the preceding items.

The recuperation of property charges refers to charging the costs run by the owner of the buildings to the tenant.

Charges payable by tenants and taxes on let buildings and the recovery of these charges refer to costs that under law or custom fall to the expense of the tenant or lessee. The owner will either charge or not charge these costs to the tenant according to the contractual arrangements made with the tenant.

Compensation received for the reinstatement of premises is booked into the accrued charges and deferred income of the liabilities on the balance sheet until the reinstatement work is fully complete or until sufficient security is received on the cost price thereof. At that moment both the income from the compensation and the charges of the reinstatement are transferred to the result.

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be entered if it is probable that the economic benefits will fall to the entity and can be determined with sufficient certainty.

The rental income, the received operational lease payments and the other income and costs are entered linearly in the income statement in the periods to which they refer.

The rental discounts and incentives are spread over the period running from the start of the tenancy agreement to the next possibility of terminating a contract.

The compensation paid by tenants for breaches of their lease agreements are apportioned by time, over the number of months rent that the tenant pays as compensation for the time that the property concerned is not let. If the property concerned is re-let, compensation for breach of the lease agreement is included in the profit/loss for the period in which it arises or, if it has not yet been completely apportioned by time on re-letting at some later juncture, as the part remaining at the time of re-letting.

### 5.1.7. Property charges

The costs are valued at the fair value of the compensation that has been paid or is due and are linearly entered in the profit and loss account in the periods to which they refer.

The technical costs comprise a.o. the maintenance costs. The maintenance costs can be seen as renovation of an existing building because they bring about an improvement of the return or the rent are not entered as costs but are activated.

The commercial costs comprise a.o. the brokers' fees. The fees paid to brokers after a periode of vacancy are activated, given that after a period of vacancy the property experts, deduct the estimated fees from the estimated value of the property. The fees paid to brokers after an immediate re-rental, without vacancy period, aren't activated and are entered in the profit and loss account, given that the property expert doesn't take



these brokers' fees into account in his valuation.

The management expenses of the property are costs linked to the management of the buildings. These include staff costs and the indirect cost of the managers and staff (such as cost of offices, running costs, etc.) who provide the management of the portfolio and lettings, depreciation and impairments to tangible assets used for such management and other operating expenses that can be allocated to the management of the property.

### 5.1.8. General costs and other operating income and expenses

General costs are all costs involved in the management of the property investment fund and those general costs that cannot be allocated to real estate management. These operating expenses include general administration costs, the cost of staff and managers engaged in the management of the company as such, depreciation and write-downs of tangible assets used for such management and other operating expenses.

Other operating income and expenses comprise the income and expenses that cannot be directly allocated to buildings and to the fund management

### 5.1.9. Result on disposals of investment property and changes in fair value of investment property

The changes in the fair value of investment properties is equal to the difference between the actual book value and the previous fair value (as estimated by an independent property expert). A comparison is made at least four times a year for the entire portfolio of investment properties. Movements in the fair value of the property are recognised in profit and loss in the period in which they arise.

The result resulting from the sale of investment properties is equal to the difference between the selling price and the book value (i.e. the latest fair value determined by the property expert) and less the selling expenses.

### 5.1.10. Financial result

The financial profit/loss consists of the interest expense on loans and additional financing costs, less the income from investments.

### 5.1.11. Taxes

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, deferred taxes and the exit tax due. The tax expense is recognised in profit and loss unless it relates to elements that are immediately recognised in equity. In the later case, the taxes are recognised as a charge against equity.
When calculating the taxation on the taxable profit for the year, the tax rates in force at the period end are used.

Deferred taxes are recognised using the liability method for all temporary differences between the carrying amount and the taxable carrying amount of both assets and liabilities. Deferred tax liabilities are only recognised if it is probable that sufficient taxable profit will be available in the future against which the deductible temporary difference can be offset.

Withholding taxes on dividends are recognised in equity as part of the dividend until such time as payment is made.

The exit tax, due by companies that are taken over by the property investment fund, are deducted from the revaluation surplus established on merger and are recognised as a liability.

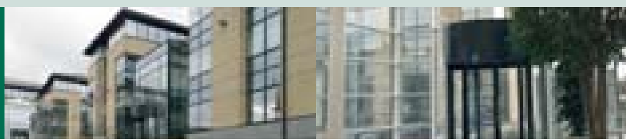
### 5.1.12. Personnel cost

For personnel holding tenure remuneration, supplementary benefits, compensation upon retirement redundancy and termination are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the Joint Committee who control the company assets and the collective bargaining agreements that have been entered in the profit and loss accounts in the period to which they refer.

The compensation paid to directors, managers, executives and temporary staff are regulated as for tenured personnel.







Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. The company pays contributions to a fund that is independent of the company in the context of a promised-contribution scheme for its staff. A pension plan with a promised-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further contributions if the fund were to have insufficient assets. The contributions are entered as a charge for the reporting period in which the related work has been done.

**5.1.13. Amounts written off**

The book value of the company's assets is analysed periodically to see if there is a reason to write off amounts. Exceptional amounts written off are entered in the profit and loss account if the book value of the asset exceeds the fair value.

**5.1.14. The ordinary and diluted profit (loss) per share**

The ordinary profit per share is calculated by dividing the net result as shown in the profit and loss account by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted profit per share that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

**5.1.15. Intangible assets**

Intangible assets are recorded at cost, less any accumulated amortisation and impairment losses if it is probable that the expected economic benefits attributable to the asset will flow to the entity, and its cost can be measured reliably.

Expenditure on research or development that does not meet the criteria for inclusion as development costs is recorded as a charge against the reporting period in which it was incurred.

Intangible assets are amortised linearly over their expected useful life. The amortisation periods are reviewed at least at the end of every financial year.

**5.1.16. Investment properties**

a. Définition
Investment property comprises all lands or buildings, including buildings of which a limited part is retained for the owner's own use, and buildings under an operating lease, that are ready to let and (wholly or in part) earning rental income.

b. Initial recognition and valuation
Initial recognition in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the property investment fund is also included in the acquisition value.

Commission paid to estate agents for letting a building after a period of vacancy are added to the original cost. Commission paid to estate agents without a period of vacancy are not capitalised and are charged against the operating profit/loss.

Commission regarding to the acquisition of buildings are considered as additional costs of these acquisitions and are added tot the acquisition value.

If the purchase takes place via the acquisition of the shares in a property company through the non-monetary contribution of a building against the issue of new shares or by merger through takeover of a property, the deed costs, audit and consultancy costs, reinvestment fees and costs of lifting distraint on the financing of the company absorbed and other costs of the merger are also capitalised.

c. Subsequent costs
Expenses for works on investment property are charged against the profit or loss of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits accruing to the entity are thereby increased.
Four types of subsequent costs distinguished in respect

of investment property

1. *repairs and maintenance :* these are costs that do not increase the expected future economic benefits and are consequently charged in full against profit and loss under the item "technical costs".
2. *refurbishment:* these are expenses arising from a tenant leaving (for example, removal of walls, replacement of carpets,...). These expenses are charged in the profit and loss account under "costs payable by tenant and borne by landlord for rental damage and refurbishment at end of lease". The tenant will often have paid a fee to restore the property (partly) to its original condition. Indemnities received for refurbishment of a building are charged in the accrued charges and deferred income of the liabilities of the balance sheet until the refurbishment works are completely ended or until the moment there is sufficient certainty about the cost price. On that moment, both the income of the indemnity as the charges of the refurbishment are entered into the result.
3. *renovation:* these are costs resulting from ad hoc works that substantially increase the expected economic benefits from the building (for example: installation of air conditioning or creation of additional parking places). The directly attributable cost of these works, such as materials, building works, technical studies and architects' fees is consequently capitalised
4. *rent incentives:* these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of offices, roof advertising, creation of additional social areas, etc. These costs are capitalised and then allocated over the period from the commencement of the lease up to the next time at which it is possible to terminate the contract and are deducted from the rental income.

d. Valuation after initial recognition

After they have been entered initially the investment properties are valued by the independent property experts at investment value. For this purpose the investment properties are valued quarterly on the basis of cash value of market rents and/or effective rental income, after reduction, as the case may be, of associated costs in line with the International Valuation Standards 2001, drawn up by the International Valuation Standards Committee.

Valuations are made by updating the annual net rent received from the tenants, reduced by the related costs. Updating is done by the yield factor depending on the inherent risk of the relevant building.

The investment properties are, in accordance with IAS 40, entered in the balance sheet at fair value. This value is equal to the amount at which a building might be exchanged between well-informed parties, agreeing and acting in conditions of normal competition. From the perspective of the seller they should be understood as involving the deduction of registration fees.

Concerning the size of these registration fees the Belgian Association of Asset Managers (BEAMA) on 8 February 2006 published a relevant communication. See also www.beama.be.

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions of buildings in Belgium with an overall value of less than € 2.5 million, registration fees of 10.0% to 12.5% should be allowed, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2.5 million and considering the wide range of property transfer methods used in Belgium the same experts – on the basis of a representative sample of 220 transactions that were realised in the market from 2002 to 2005 and representing a grand total of € 6.0 billion – valued the weighted average of the fees at 2.5%.

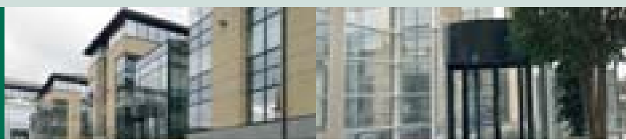
In actuality this means that the fair value is equal to the investment value divided by 1.025
(for buildings with a value of more than € 2.5 million) or the investment value divided by 1.10/1.125 (for buildings with a value of less than € 2.5 million).

Profits or losses deriving from the change of the fair value of an investment propertie are entered in the profit and loss account in the period when they emerge and classified with the profit appropriation to "the reserves not available for distribution".

The building's use is valued at fair value if only a limited part is occupied by the entity for its own use. In any other case the building will be classified with the








"other tangible assets".

e. Disposal of investment property
The commissions paid to estate agents under a mandate to sell are a charge against the gain or loss realised on the sale.

The actualised profits or losses on the sale of an investment property are entered in the profit and loss account of the reporting period under the 'profit or loss of intangible asset sales' and are allocated to the reserves not available for distribution for the purpose of the appropriation account.

**5.1.17. Other tangible fixed assets**

a. Definition
Those fixed assets under the entity's control that do not meet the definition of investment property are classified as "other tangible assets".

b. Valuation
Other tangible fixed assets are initially recognised at cost and thereafter using the cost model.

Additional costs are only capitalised if the future economic benefits relating to the tangible asset increase.

c. Depreciation and exceptional impairment losses
Other tangible fixed assets are depreciated using the linear depreciation method. Depreciation begins at the time the asset is acquired as foreseen by the management. The following percentages apply on an annual basis:

| | |
|---|---|
| · plant, machinery and equipment | 20% |
| · furniture and vehicles | 5% |
| · computer equipment | 33% |
| · real estate for own use | |
| · land | 0% |
| · buildings | 5% |
| · other tangible assets | 16.66% |

If there are indications that an asset may have suffered an impairment loss, its carrying amount is compared with the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

d. Disposal and retirement
When tangible fixed assets are sold or retired, their carrying amount ceases to be recognised in the balance sheet and the gain or loss is recognised in profit and loss..

**5.1.18. Financial fixed assets**

Loans, receivables and investments that are retained at the end of their term are valued at their amortised cost, using the 'effective interest' method

**5.1.19. Trade receivables and other non-current assets**

Non current receivables are discounted on the basis of the interest rates that apply on the date of acquisition. Foreign currency is converted into euro at the final rate on the balance-sheet date. An amount is written off if there is uncertainty about the full payment of the claim on the due date.

**5.1.20. Deferred taxes, deferred tax claims and obligations**

Tax claims and obligations are valued at the tax rate valid in the period to which they refer.

Deferred tax claims and obligations are entered under the liability method for any temporary difference between the taxable basis and the book value for financial reporting purposes, both for assets and liabilities. Deferred tax claims will only be recognised if it is probable that there will be taxable profit against which the deferred tax claim can be reported.

**5.1.21. Current assets**

Trade receivables and other current assets receivable after less than one year are entered at nominal value on the date of closing the financial year.

An amount is written off if there is uncertainty about the full payment of the claim on the due date.

The cash and cash equivalents comprise cash, immediately called up deposits and current, highly liquid investments that can be immediately converted into monetary resources whose amount is known and that do not involve a material risk of a change in value. Each money investment is initially entered at cost. The stock-registered securities are valued at their market value.

The costs incurred during the financial year and which are to be attributable either wholly or partly in a later financial year will be entered as part of the prepayments and accrued income so their cost falls to the period to which they refer.

The income and parts of income that will not be collected until the time of one or several later financial years, but have to be associated with the relevant financial year, are entered for the amount of the part that refers to the relevant financial year.

**5.1.22. Shareholders' equity**

Share capital comprises the net cash acquired on formation, merger or capital increase, from which the direct external expenses are deducted (such as registration charges, notary and gazetting costs and the cost of banks who advise on the capital increase).

If share capital is bought back the amount, including the directly attributable costs, will be entered as a change in equity. Bought-back shares are considered to be a reduction of equity.

At the end of the period, the difference between the fair value of the property and the investment value of the property as determined by the independent property experts can be included in the item "Impact on fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" of the shareholders' equity.

Dividends form part of retained earnings until the General Meeting of Shareholders approves them.

**5.1.23. Non current and current liabilities**

A provision is a liability of uncertain timing or amount. The sum recognised as a provision is the best estimate of the expenditure required to settle the liability existing on the balance sheet date.

Provisions are only recognised if an existing (legally enforceable or constructive) liability arises as a result of past events, that will probably lead to an outflow of resources embodying economic benefits and the amount of the liability can be estimated reliably.

**5.1.24. Liabilities**

Trade debts are entered at their nominal value on the balance sheet date.

The damages paid and the costs of refurbishment are entered as accrued charges and income of the liability until the refurbishment of the let building has been fully completed or its cost can be fixed with sufficient certainty.

Interest-bearing liabilities are initially recognised at cost less the directly attributable expenses. The difference between the varying amount and the sum repayable are recognised in profit and loss over the period of the loan using the effective interest method. Current liabilities are entered at their nominal value.

**5.1.25 Segmentation basis**

A segment is a distinguishable company component, active in a particular market and subject to risks and returns that differ from those of other segments.

As Intervest Offices NV operates mainly in Belgian commercial real estate, with offices and semi-industrial buildings as distinct components, these business segments comprise the primary segmentation:

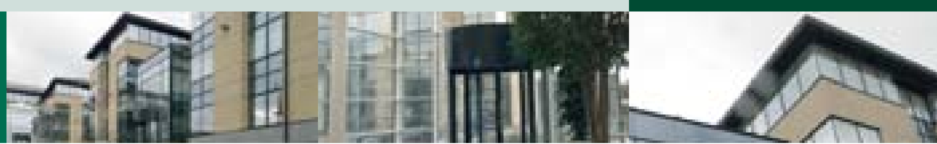
- The office category comprises the real estate that is let for professional purposes as office space to companies;
- The semi-industrial buildings comprise the buildings with a logistic function, storage space and high-tech buildings.

The secondary segmentation is based on a geographic division, involving the location of the real estate, spread over the regions Antwerp, Brussels and the E19 motorway (including Mechelen) and A12.

There are no transactions of any significance among the group's companies. The distinction between external and internal segment income is not deemed to be relevant and is not taken over in the segmentation.







**5.1.26. Termination of corporate activities**

Termination of corporate activities is understood to be a distinct component within the range of activities of the group, which is abandoned or closed down under a separate plan which has been drawn up for the purpose and which constitutes an individual substantial business activity or a geographic area of activity. Corporate activities that are terminated partly or wholly are separately entered in the financial reporting.

**5.1.27. Assets and liabilities, disputes and events after the balance-sheet date and not entered in the balance-sheet**

These assets and liabilities are valued at nominal value based on the amount mentioned in the contract.

Failing nominal value and if a valuation is not possible, the rights and obligations are mentioned pro memoria.

Events after the balance-sheet date are events, both favourable and unfavourable, that take place between the balance-sheet date and the date of approval of the annual accounts for release. For events giving information about the actual situation on the balance-sheet date the annual accounts are entered in the profit and loss account.

Dividends paid to shareholders after the balance-sheet date are not processed administratively on the balance-sheet date.

## 5.2. Management of financial risks

**5.2.1. Exchang-rate and interest risk**

Intervest Offices NV is not subject to exchange rate risks, as it only operates in the eurozone.

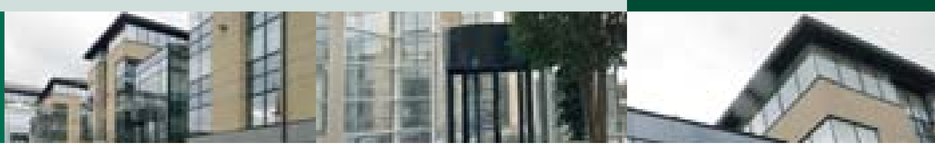
Almost 50% of the balance-sheet total of Intervest Offices NV is financed by interest-bearing debt which makes the company subject to an interest risk. This interest risk is covered, however, in that the interest policy implies that 60% to 80% of the interest portfolio is financed by fixed long-term interest rates or that the variable interest rates are covered against interest rises.

**5.2.2. Financing risk**

There is a risk that Intervest Offices NV cannot obtain a renewal of its credit lines. This risk is limited by spreading the due dates of the credit lines as much a possible over time. Besides, the relationships with banks are also spread, limiting the dependence on a single or just a few banks for credit. In exceptional cases Intervest Offices NV, finally, could call on the credit capacities of its (principal) shareholders.

**5.2.3. Credit risk**

The risk that the tenants of Intervest Offices NV cannot or will not pay their rental moneys is limited as the company has many tenants without any individual tenant representing a substantial percentage of rental income. Intervest Offices NV follows up any arrears of rental payments very carefully and takes the necessary steps to ensure the collection of the rental moneys. In case of any non-payment of the rents Intervest Offices NV holds the furnishings as collateral and a bank security on request.



## 5.3. Information by segment

The reporting by segment is done within the group according to two segmentation bases. The primary segmentation basis is sub-divided into the segments "offices" and "semi-industrial buildings". The secondary segmentation basis represents the 5 geographical markets in which the group operates.

### 5.3.1. By business segment (primary

The two primary business segments comprise the following activities:
- The category of "offices" includes the property that is let to companies for professional purposes as office space
- The category of "semi-industrial buildings" includes those premises with a logistical function, storage facilities and high-tech buildings.

The category of "corporate" includes all non-allocated fixed costs borne at group level.

#### 5.3.1.1. Income statement by segment

| BUSINESS SEGMENTS | Offices | | Semi-industrial properties | | Groupe Intervest | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *in € 000* | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** |
| Rental income | 30,697 | 29,090 | 11,443 | 11,436 | | | 42,140 | 40,526 |
| Rental related expenses | -39 | 1,058 | -5 | 65 | | | -44 | 1,123 |
| **NET RENTAL RESULT** | **30,658** | **30,148** | **11,438** | **11,501** | | | **42,096** | **41,649** |
| Recovery of property expenses | 654 | 773 | 15 | 31 | | | 669 | 804 |
| Recovery of charges and taxes payable by tenants on let properties | 2,712 | 2,359 | 584 | 585 | | | 3,296 | 2,944 |
| Costs payable by tenants but borne by the landlord for rental damage and refurbishment at end of lease | -264 | -380 | -8 | 0 | | | -272 | -380 |
| Charges and taxes payable by tenants on let properties | -2,687 | -2,372 | -596 | -551 | | | -3,283 | -2,923 |
| Other rental related income and expenses | 136 | 97 | 89 | 0 | | | 225 | 97 |
| **PROPERTY RESULT** | **31,209** | **30,625** | **11,522** | **11,566** | | | **42,731** | **42,571** |
| **OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO** | **29,845** | **29,940** | **10,603** | **9,457** | **-2,893** | **-2,782** | **37,555** | **36,615** |
| Result on disposals of investment property (+/-) | 0 | 0 | 0 | -94 | 0 | 0 | 0 | -94 |
| Changes in fair value of investment properties (+/-) | -7,302 | -21,534 | 4,817 | -126 | 0 | 0 | -2,485 | -21,659 |
| **OPERATING RESULT OF THE SEGMENT** | **22,543** | **8,406** | **15 420** | **9,237** | **-2,893** | **-2,782** | **35,070** | **14,862** |
| Financial result | | | | | -11,371 | -10,605 | -11,371 | -10,605 |
| Taxes | | | | | 34 | -19 | 34 | -19 |
| Minority interests | | | | | | | | |
| **NET RESULT** | **22,543** | **8,406** | **15,420** | **9,237** | **-14,230** | **-13,406** | **23,733** | **4,238** |

5.3.1.2. Balance sheet

| BUSINESS SEGMENTS | Offices | | Semi-industrial properties | | Intervest Group | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| *in € 000* | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| **ASSETS** | | | | | | | | |
| Investment properties | 444,180 | 414,426 | 140,863 | 135,370 | 0 | 0 | 585,043 | 549,796 |
| Other assets | 2,219 | 1,622 | 1,708 | 2,009 | 1,799 | 3,648 | 5,726 | 7,279 |
| **SEGMENT ASSETS** | **446,399** | **416,048** | **142,571** | **137,379** | **1,799** | **3,648** | **590,769** | **557,075** |
| **LIABILITIES** | | | | | | | | |
| Non-current liabilities | 0 | 0 | 0 | 0 | 192,922 | 173,955 | 192,922 | 173,955 |
| Current liabilities | 0 | 0 | 0 | 0 | 65,104 | 73,511 | 65,104 | 73,511 |
| Other liabilities | 6,069 | 2,711 | 120 | 20 | 14,255 | 6,590 | 20,444 | 9,321 |
| **SEGMENT LIABILITIES** | **6,069** | **2,711** | **120** | **20** | **272,280** | **254,056** | **278,470** | **256,787** |

5.3.1.3. Key figures

| BUSINESS SEGMENTS | Offices | | Semi-industrial properties | | TOTAL | |
|---|---|---|---|---|---|---|
| *in € 000* | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Investment properties at fair value | 444,180 | 414,426 | 140,863 | 135,370 | 585,043 | 549,796 |
| Investment properties at investment value | 455,284 | 424,787 | 144,650 | 139,020 | 599,934 | 563,807 |
| Segment yield (%) | 6.91% | 7.02% | 8.12% | 8.45% | 7.20% | 7.37% |
| Total surface for rent ($m^2$) | 287,242 | 266,620 | 251,392 | 251,392 | 538,634 | 518,012 |
| Occupancy rate (%) | 78.16% | 75.22% | 95.79% | 96.21% | 82.31 | 80.42% |

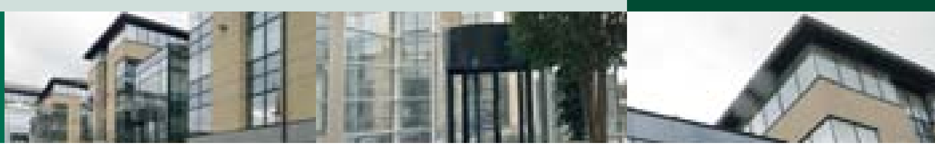
**5.3.2. Per geographical segment (secondary)**

The activity of Intervest Offices is geographically subdivided into 5 regions as follows:

- "E19": premises located in the environs of the E19 motorway between Antwerp and Brussels (including Mechelen).
- "A12": premises located in the environs of the A12 highway between Antwerp and Brussels
- "Brussels": premises located along the Brussels ring-road.
- "Antwerp": premises located along the Antwerp ring-road.
- "Other regions": premises that are not located in one of the above mentioned 4 geographical segments.







| GEOGRAPHICAL SEGMENTS | E19 | | A12 | | Brussels | | Antwerp | | Other regions | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *in € 000* | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** | **2005** | **2004** |
| Rental income | 13,981 | 12,429 | 5,487 | 5,393 | 13,920 | 13,642 | 4,546 | 4,564 | 4,206 | 4,498 | 42,140 | 40,526 |
| Investment properties at fair value | 173,672 | 151,680 | 66,556 | 63,132 | 221,144 | 211,859 | 62,841 | 62,772 | 60,830 | 60,354 | 585,043 | 549,797 |
| Investment properties at investment value | 178,014 | 155,472 | 68,220 | 64,710 | 226,672 | 217,155 | 64,510 | 64,440 | 62,518 | 62,030 | 599,934 | 563,807 |
| Segment yield (%) | 8.05% | 8.19% | 8.24% | 8.54% | 6.29% | 6.44% | 7.23% | 7.27% | 6.91% | 7.45% | 7.20% | 7.37% |
| Investment during the financial year | 24,200 | 0 | 0 | 0 | 9,275 | 0 | 0 | 0 | 0 | 0 | 33,475 | 0 |



## 5.4 Explanatory notes to property result

### 5.4.1. Rental income

| | **2005** | **2004** |
|---|---|---|
| *in € 000* | | |
| Rent | 42,659 | 40,619 |
| Guaranteed income | 337 | 291 |
| Rental discounts | -801 | -448 |
| Rental benefits ('incentives') | -97 | -38 |
| Compensation for breach of contract | 42 | 102 |
| **Total rental income** | **42,140** | **40,526** |

**The company lets part of its investment property under the form of non-cancellable operational leasings.**
The cash value of the future minimum lease charges of these non-cancellable operational leasings is subject to the following payment terms:

| | **2005** | **2004** |
|---|---|---|
| *in € 000* | | |
| Operational lease | | |
| Less than one year | 38,426 | 31,158 |
| Between one and 5 years | 75,432 | 68,439 |
| More than 5 years | 35,007 | 40,150 |
| **Total** | **148,865** | **139,747** |

#### 5.4.2. Rental related expenses

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Rent for hired assets and ground lease | -39 | -40 |
| Write down on trade receivables | -5 | -118 |
| Reversal of write down on trade receivables | 0 | 1.281 |
| **Total rental related expenses** | **-44** | **1.123** |

During the 2004 financial year the group managed to recover several bad debts for which downward value adjustments had already been made, for a total sum of € 1.3 million. During the 2005 financial year no such situation arose.

#### 5.4.3. Recovery of property expenses

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Compensations received for damage to property | 24 | 165 |
| Received management fee | 645 | 639 |
| **Total of recovery of property expenses** | **669** | **804** |

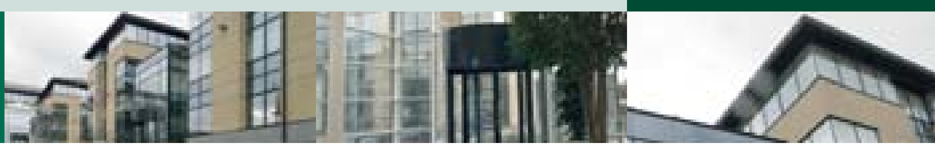
The recovery of property expenses mainly relates to the compensation that the group receives from its tenants for the management of let buildings.

#### 5.4. 4. Recovery of charges and taxes normally payable by tenants on let properties

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Reinvoicing of charges borne by the proprietor | 327 | 660 |
| Reinvoicing of prelevies and taxes on let properties | 2,969 | 2,284 |
| **Total recovery of charges and taxes normally payable by tenants on let properties** | **3,296** | **2,944** |

These are chiefly on-charged costs of property input tax and rental charges that are chargeable to the tenant under contractual or verbal agreements.





**5.4.5. Costs payable by tenant and borne by the landlord for rental damage and refurbishment at end of lease**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Refurbishment charges at the end of lease | -272 | -380 |
| **Total costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease** | **-272** | **-380** |

Reinstatement work relates to expenses incurred following the departure of a tenant (removal of walls, replacement of carpet etc.) with a view to re-letting the space.

**5.4.6. Charges and taxes normally payable by tenants on let properties**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Charges borne by the proprietor | -315 | -639 |
| Prelevy and taxes on let properties | -2,968 | -2,284 |
| **Total charges and taxes normally payable by tenants on let properties** | **-3,283** | **-2,923** |

This item includes the costs for property input tax and the charges, the on-charging of which to the tenants is recognized in the item "recovery of charges and taxes normally payable by tenants on let properties" (Explanatory notes 5.4.4)

**5.4.7. Other rental related income and expenses**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Regularization of the proportional VAT figure of the preceding financial year | 177 | 85 |
| Other rental related income and expenses | 48 | 12 |
| **Total other rental related income and expenses** | **225** | **97** |
| **TOTAL PROPERTY RESULT** | **42,731** | **42,191** |

## 5.5. Explanatory notes to property expenses

### 5.5.1. Technical costs

| | 2005 | 2004 |
|---|---:|---:|
| *in € 000* | | |
| Recurrent technical costs | -915 | -2.248 |
| *Maintenance* | *-897* | *-2.200* |
| *nsurance premiums* | *-18* | *-48* |
| Non-recurrent technical costs | -23 | 4 |
| **Total technical costs** | **-938** | **-2.244** |

The higher technical costs for the 2004 financial year are attributable to the major repair work carried out to the roofs of various semi-industrial premises for a sum of 1.3 million.

### 5.5.2. Commercial costs

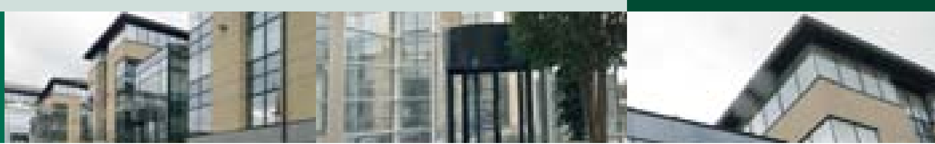
| | 2005 | 2004 |
|---|---:|---:|
| *in € 000* | | |
| Brokers' commissions | -92 | -55 |
| Publicity | -173 | -159 |
| Lawyer's fee and legal costs | -67 | -220 |
| **Total commercial costs** | **-332** | **-434** |

### 5.5.3. Charges and taxes on unlet properties

| | 2005 | 2004 |
|---|---:|---:|
| *in € 000* | | |
| Vacancy charges of the financial year | -742 | -679 |
| Regularisation of vacancy charges on prior years | 114 | 582 |
| Withholding tax on vacant properties | -582 | -541 |
| Recuperation of withholding tax on vacant properties | 630 | 766 |
| **Total charges and taxes on unlet properties** | **-580** | **128** |

The group has largely recovered the property input tax that was charged on the vacant parts of buildings through objections filed with the Flanders tax and customs administration.





**5.5.4. Property management costs**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| External property management fees | -121 | -120 |
| Internal property management fees | -1,620 | -1,463 |
| **Total property management costs** | **-1,741** | **-1,583** |

**5.5.5. Other property charges**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Charges borne by the proprietor | -304 | -73 |
| Other property charges | -72 | -123 |
| **Total other property charges** | **-376** | **- 196** |
| The charges at the expense of the owner are expenses that are chargeable to the group on the basis of contractual agreements with tenants. | | |
| TOTAL PROPERTY CHARGES | -3,967 | -4,329 |

## 5.6. Explanatory notes to general costs

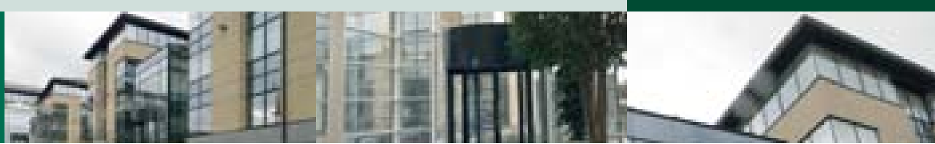
| *in € 000* | 2005 | 2004 |
|---|---|---|
| ICB tax | -195 | -180 |
| Depository bank | -74 | -77 |
| Auditor’s fees | -133 | -102 |
| Directors’ remuneration | -14 | -20 |
| Liquidity provider | -11 | -11 |
| Financial services | -154 | -160 |
| Employee benefits | -402 | -534 |
| Other costs | -259 | -178 |
| **TOTAL GENERAL COSTS** | **-1.242** | **-1.262** |

## 5.7.Explanatory notes to other operational income and costs

The other operational income and costs chiefly include the recovery of benefits of any kind.







## 5.8. Explanatory notes to staff wages

| | 2005 | | | 2004 | | |
|---|---|---|---|---|---|---|
| Detail of employee benefits<br>*in € 000* | Internal control charges for the patrimony | Charges linked with the fund | TOTAL | Internal control charges for the patrimony | Charges linked with the fund | TOTAL |
| **Remuneration of employees** | **818** | **320** | **1,138** | **623** | **358** | **981** |
| - salary and other benefits paid within 12 months | 590 | 171 | 761 | 447 | 205 | 652 |
| - pensions and post-employment benefits | 17 | 6 | 23 | 13 | 8 | 21 |
| - severance pay | 0 | 0 | 0 | 30 | 30 | 60 |
| - social security | 145 | 42 | 187 | 114 | 25 | 139 |
| - other charges | 66 | 101 | 167 | 19 | 90 | 109 |
| **Remuneration of management** | **234** | **82** | **316** | **324** | **176** | **500** |
| - salary and other benefits paid within 12 months | 234 | 82 | 316 | 276 | 128 | 404 |
| - severance pay | 0 | 0 | 0 | 48 | 48 | 96 |
| **TOTAL** | **1,052** | **402** | **1,454** | **947** | **534** | **1,481** |

The number of employees at the 2005 year-end, expressed in FTE was 14.5 members of staff for the internal management of the patrimony (2004: 12) and 5.5 staff members for the management of the fund (2004: 5)

For those staff members in fixed employment the group has taken out a group insurance policy - a “defined contribution plan” - with an external insurance company. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke law on pensions. The compulsory contributions are recognized in the profit and loss account in the period to which they relate.



## 5.9. Explication du résultat sur les ventes des immeubles de placement

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Acquisition value | | 8,280 |
| Accumulated capital gains and impairment losses | | -104 |
| **Book value (fair value)** | 0 | **8,176** |
| Selling costs (reversal of provision) | | 149 |
| Selling price | | 7,933 |
| **Total result on disposals of investment property** | 0 | **-94** |

During the 2004 financial year 2 semi-industrial premises were disposed of, namely a warehouse in Wommelgem and a storage facility in Putte. The loss from these disposals was € 94(000). In the 2005 financial year there were no disposals of investment property.

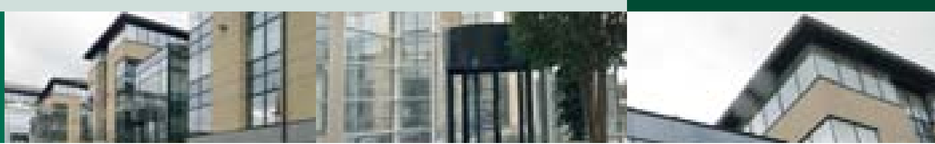
## 5.10. Explanatory notes to changes in the fair value of investment property

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Positive change in investment property | 10,339 | 1,752 |
| Negative change in investment property | -12,080 | -22,266 |
| **Subtotal variation of investment property** | **-1,741** | **-20,514** |
| Change from apporion of rental discounts and rent incentives | -744 | -1,145 |
| **Subtotal other changes relating to fair value of investment property** | **-744** | **-1,145** |
| **Total changes in fair value of investment property** | **-2,485** | **-21,659** |

The loss on the portfolio for 2005 is € 2.5 million compared with € 21.7 million in 2004. The negative change in the fair value in 2005 is the result of the valuation from the property experts (€ 1.7 million) and the rental benefits given to tenants (€ 0.8 million) being taken into the result spread over time. The change in market value of the property consists on the one hand of increases in value (€ 10.3 million) and on the other of falls in value (-€ 12 million). The falls in value are attributable to lower market rental prices and the high numbers of vacancies in the office market.







## 5.11. Explanatory notes to financial result

| *in € 000* | 2005 | 2004 |
|---|---|---|
| Financial income | 130 | 244 |
| Interest charges | -11,424 | -10,789 |
| Other financial income | -77 | -60 |
| **Total financial result** | -11,371 | **-10,605** |

The financial income includes the interest collected on bank accounts and non-current trade receivables.

The other financial charges mainly relate to bank charges and financial fees.

The interest charges can be divided up according to the date of the line of credit and according to the nature of the interest rate.

The average interest rate for the non-current financial debts for 2005 is 4.75% (2004: 4.85%). The average interest rate for the current financial debts for 2005 is 3.08% (2004: 2.97%).



### 5.11.1. Interest charges classified by maturity date of the credit facility

| *in € 000* | 2005 | 2004 |
|---|---|---|
| Interest charges on non-current financial debts | -8,972 | -8,648 |
| Interest charges on current financial debts | -2,452 | -2,141 |
| **Total interest charges** | **-11,424** | **-10,789** |

### 5.11.2. Interest charges classified by fixed and variable interest rate

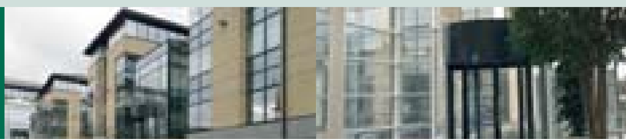
| *in € 000* | 2005 | 2004 |
|---|---|---|
| Interest charges with a fixed interest rate | -8,972 | -8,648 |
| Interest charges with a variable interest rate | -2,452 | -2,141 |
| **Total interest charges** | **-11,424** | **-10,789** |

## 5.12. Explanatory notes to taxes

With the Royal Decree of 15/4/1995 the legislator gave an advantageous fiscal status to the property investment fund. If a company transfers to the status of a property investment fund, or if an (ordinary) company merges with a property investment fund, they must pay a one-off tax (exit tax). After that the property investment fund is only subject to taxes on very specific items, e.g. "disallowed expenditure". Therefore no corporation tax is paid on the majority of the profit that comes from lettings and added value on disposals of investment property.

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Corporate income taxes | -11 | -15 |
| Non-recoverable withholding tax | -1 | -4 |
| Tax recovery | 46 | 0 |
| **TAX RECOVERY** | **34** | **-19** |





## 5.13. Explanatory notes to number of shares and earnings per share

### 5.13.1. Movements in the number of shares

| | 2005 | 2004 |
|---|---|---|
| | Number of shares | Number of shares |
| Number of shares at the beginning of the financial year | 13,224,061 | 13,224,061 |
| Number of issued shares | 658,601 | 0 |
| Number of shares at the end of the financial year | 13,882,662 | 13,224,061 |
| Number of dividend bearing shares | 13,882,662 | 13,224,061 |
| Adjustments for diluted earnings per share | 0 | 0 |
| Weighted average number of shares for diluted earnings per share | 13,882,662 | 13,224,061 |

### 5.13.2. Determining the amount of compulsory dividend distribution



Net monetary operating result (unconsolidated annual accounts (IFRS))

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Net profit (consolidated) | 23,733 | 4,238 |
| Adjustment to statutory financial statement result | 126 | 125 |
| Transactions of non-current nature included in the net result (+/-) | | |
| Depreciations (+) and withdrawals of depreciations (-) | 71 | 43 |
| Impairment losses (+) and withdrawals of impairment losses (-) | 6 | 0 |
| Result on the sale of investment properties (+/-) | 0 | 94 |
| Changes in fair value of investment properties (+/-) | 2,485 | 21,659 |
| **Net monetary operating result** | **26,421** | **26,159** |

The net monetary operating result must not undergo any further adjustments for any non-exempt added value on disposals of investment property. As a result the monetary net operating result is equal to the amount liable for compulsory distribution.

#### 5.13.3. Calculation of earnings per share

| *in €* | 2005 Earnings per share | 2004 Earnings per share |
|---|---:|---:|
| Basic earnings per share [11] | 1,71 | 0,32 |
| Diluted earnings per share [12] | 1,71 | 0,32 |
| Distributable earnings per share [13] | 1,90 | 1,98 |

#### 5.13.4. Proposed dividend per share

After closure of the financial year the dividend distribution below was proposed by the Board of Directors. This will be presented to the General Meeting of Shareholders on 10 May 2006. In accordance with IAS 10 the dividend distribution was not recognized as a liability and has no effect on the profit tax.

| | 2005 | 2004 |
|---|---:|---:|
| Proposed dividend per share (*in €*) [14] | 1,90 | 1,98 |
| Dividend *(in € 000)* | 26,377 | 26,184 |
| Dividend as a percentage of the mandatory dividend pay-out amount | 100% | 100% |

*11 The ordinary earnings per share is the net result as published in the profit and loss account divided by the weighted average number of ordinary shares.*

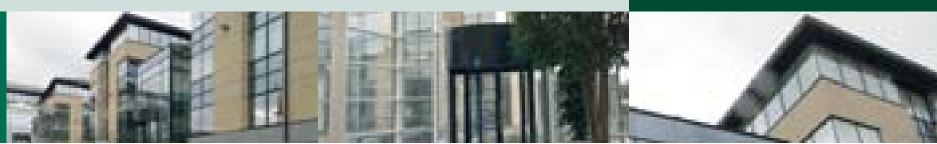
*12 The diluted earnings per share is the net result as published in the profit and loss account divided by the weighted average number of diluted shares..*

*13 The distributable earnings per share is the amount liable for compulsory distribution divided by the weighted average number of ordinary shares.*

*14 On 31 December 2004 the dividend distribution was calculated in accordance with the R.D. of 10 April 1995 and on the basis of the annual accounts (BE GAAP)*







## 5.14 Explanatory notes to non current assets – excluding investment property

| Investment and depreciation table | Intangible assets | | Other tangible fixed assets | |
|---|---|---|---|---|
| *in € 000* | 2005 | 2004 | 2005 | 2004 |
| **Acquisition Value** | | | | |
| At the end of the preceding financial year | 16 | 4 | 143 | 64 |
| Acquisitions | 0 | 12 | 362 | 79 |
| Transfers and disposals of assets (-) | 0 | 0 | -8 | 0 |
| At the end of the financial year | 16 | 16 | 497 | 143 |
| **Depreciations and impairment losses** | | | | |
| At the end of the preceding financial year | -5 | 0 | -38 | 0 |
| Acquisitions | -5 | -5 | -66 | -38 |
| Transfers and disposals of assets (+) | 0 | 0 | 2 | 0 |
| At the end of the financial year | -10 | -5 | -102 | -38 |
| **Net book value** | **6** | **11** | **395** | **105** |
| **OTHER INFORMATIONS** | | | | |
| Externally acquired intangible assets | | | | |
| Expected lifespan | 3 ans | 3 ans | | |
| Depreciation period | 3 ans | 3 ans | | |



## 5.15 Explanatory notes to non current assets - investment property

| Investment and revaluation table | Investment properties | |
|---|---|---|
| *in € 000* | **2005** | **2004** |
| **Amount at the end of the preceding financial year** | **549,796** | **576,482** |
| Acquisitions | 3,513 | 2,004 |
| Acquisitions by business combinations | 33,475 | 0 |
| Transfers and disposals (-) | 0 | -8,176 |
| Change in fair value (-) | -1,741 | -20,514 |
| **Amount at the end of the financial year** | **585,043** | **549,796** |
| OTHER INFORMATIONS | | |
| Investment property at investment value | 599,934 | 563,807 |

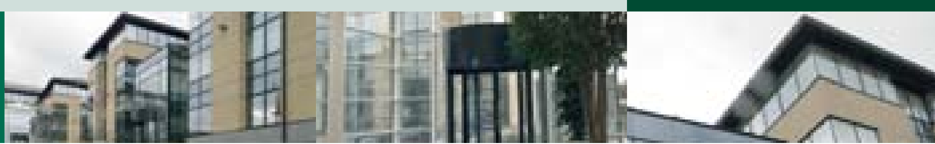
## 5.16.Explanatory notes to trade receivables and other non current assets

| | **2005** | **2004** |
|---|---|---|
| *in € 000* | | |
| Guarantees paid in cash | 15 | 15 |
| Receivable from European Commission | 1.291 | 1.483 |
| **Total trade receivables and other non-current assets** | **1.306** | **1.498** |

The group has a non-current trade receivable with the European Commission that yields 6.15% annual interest regarding the financing of archive space for an initial sum of € 2.1 million. The debt is being paid off in quarterly instalments, with the final due date of 1 April 2012.







## 5.17. Explanatory notes to current assets

### 5.17.1. Trade receivables

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Trade receivables | 1.222 | 1.842 |
| Invoice to issue | 629 | 620 |
| Doubtful debtors | 671 | 765 |
| Provision doubtful debtors | -593 | -580 |
| Receivable from European Commission | 192 | 180 |
| **Total trade receivables** | 2.121 | **2.827** |

### 5.17.2. Tax receivables and other current assets

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Corporate tax receivable | 207 | 185 |
| Exit tax receivable | 217 | 217 |
| Withholding tax receivable | 22 | 22 |
| Guarantees paid | 0 | 11 |
| **Total tax receivables and other current assets** | **446** | **435** |

For the explanatory notes to the group's fiscal situation please refer to the report from the executive committee, chapter on "fiscality".

### 5.17.3. Cash and cash equivalents

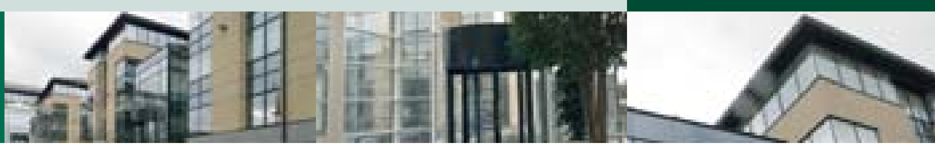
| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Bank balances | 629 | 1.694 |
| Cash | 1 | 1 |
| **Total cash and cash equivalents** | **630** | **1.695** |

**5.17.4. Deferred charges and accrued income**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Recoverable real estate tax | 732 | 480 |
| Other deferred charges | 90 | 228 |
| **Total deferred charges and accrued income** | 822 | **708** |
| The group has largely recovered the property input tax that was charged on vacant parts of buildings via objections filed with the tax and customs administration in Flanders. | | |
| **TOTAL CURRENT ASSETS** | 4,019 | **5,665** |







## 5.18. Explanatory notes to shareholders' equity

### 5.18.1. Share capital

| Evolution of the capital<br><br>Date | <br><br>Transaction | Share capital movement<br>in thousands of euro | Total outstanding share capital after the transaction<br>in thousands of euro | Number of shares issued<br>in units | Total number of shares<br>in units |
|---|---|---|---|---|---|
| 08.08.1996 | Formation | 62 | 62 | 1,000 | 1,000 |
| 05.02.1999 | Capital increase by non-cash contribution (Atlas Park) | 4,408 | 4,470 | 1,575 | 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 | 1,364 | 0 | 2,575 |
| 05.02.1999 | Share split | 0 | 1,364 | 1,073,852 | 1,076,427 |
| 05.02.1999 | Capital increase by contribution in cash | 1,039 | 2,403 | 820,032 | 1,896,459 |
| 29.06.2001 | Merger through absorption of the limited liability companies Catian, Innotech, Greenhill Campus and Mechelen Pand | 16,249 | 18,653 | 2,479,704 | 4,376,163 |
| 21.12.2001 | Merger through absorption of companies belonging to the VastNED Group | 23,088 | 41,741 | 2,262,379 | 6,638,54 |
| 21.12.2001 | Capital increase by non-cash contribution (De Arend, Sky Building and Gateway House) | 37,209 | 78,950 | 1,353,710 | 7,992,252 |
| 31.01.2002 | Contribution of 575.395 shares in Siref | 10,231 | 89,181 | 1,035,711 | 9,027,963 |
| 08.05.2002 | Contribution of max. 1,396,110 Siref shares in the context of the bid | 24,824 | 114,005 | 2,512,998 | 11,540,961 |
| 28.06.2002 | Merger with Siref NV/SA; exchange of 111,384 Siref shares | 4,107 | 118,111 | 167,076 | 11,708,037 |
| 23.12.2002 | Merger through absorption of limited liability companies Apibi, Pakobi, PLC, MCC and Mechelen Campus | 5,016 | 123,127 | 1,516,024 | 13,224,061 |
| 17.01.2005 | Merger through absorption of limited liability companies Mechelen Campus 2, Mechelen Campus 4, Mechelen Campus 5 and Perion 2 | 3,592 | **126,719** | 658,601 | **13,882,662** |

As at 31.12.2005 the share capital amounts to € 126,718,827 and is divided in 13,882,662 fully paid-up shares with no statement of nominal value.

### Permitted capital

The Board of Directors is expressly permitted to increase the nominal capital on one or more occasions by an amount of € 126,718,826.79 by monetary contribution or contribution in kind, if applicable, by incorporation of reserves or issue premiums, under regulations provided for by the Belgian Company Code, these articles of association and article 11 of the Royal Decree of 10.04.1995 on property investment funds.

This permission shall be valid for a period of five years from the publication in the annexes to the Belgian Bulletin of Acts and Decrees of the official report from the Extraordinary General Meeting dated 17.01.2005, i.e. from 10 February 2005 onwards. This permission is renewable.

Each time there is an increase in capital the Board of Directors shall set the price, any issue premium and the conditions of issue of the new shares, unless the General Meeting is to decide on that itself. The capital increases may give rise to the issue of shares with or without voting right.

If the capital increases decided on by the Board of Directors pursuant to this permission include an issue premium, the amount of this issue premium must be placed in a special unavailable account, named “issue premiums”, which, like the capital, forms the guarantee for third parties and which cannot be reduced or abolished subject to a decision of the General Meeting, meeting under the conditions of presence and majority, providing for a reduction in capital, subject to the conversion into capital as provided for above.

In 2005 the Board of Directors did not take advantage of the authorisation granted to it to use amounts from the permitted capital.

### Purchase of equity shares

Under article 9 of the articles of association, the Board of Directors can proceed with the purchase of paid-up equity shares by buying or exchanging within the legally permitted limits, if the purchase is necessary to spare the company a serious and threatening loss.

This permission is valid for three years from the publication of the minutes of the General Meeting and is renewable for a similar period.

### Capital increase

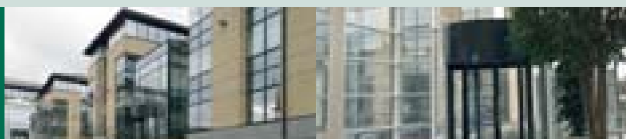
Any increase in capital will be in accordance with articles 581 to 607 of the Company Code, subject to the fact that in the event of registration for cash under article 11 (1) of the Royal Decree of 10.04.1995 regarding property investment funds, there must be no departure from the pre-emptive right of the shareholders, as set out in articles 592 to 595 of the Company Code. Furthermore the company must conform to the stipulations regarding the public issue of shares in article 125 of the law of 04.12.1990 and to articles 28 ff. of the Royal Decree of 10.04.1995.

The capital increases through contributions in kind are subject to the terms of articles 601 and 602 of the Company Code. Furthermore, and in accordance with article 11 (2 ) of the Royal Decree of 10.04.1995 regarding property investment funds, the following conditions must be met

1. the identity of the contributor must be noted in the report referred to in article 602 of the Company Code, and also in the notice convening the General Meeting that is being called for the capital increase;
2. the issue price must not be less than the average share price during the thirty days prior to the contribution;
3. the report referred to in point 1 above must also give the impact of the proposed contribution on the position of the former shareholders, in particular as it relates to their share of the profit and capital.








### 5.18.2. Share premium

| Evolution of share premium<br>Date | <br>Opération | Capital increase | Contri-bution in cash | Contri-bution value | Share premium |
|---|---|---|---|---|---|
| *in € 000* | | | | | |
| 05.02.99 | Capital increase by contribution in cash | 1,039 | 0 | 20,501 | 19,462 |
| 21.12.01 | Pay-up of financial losses as a result of the merger by absorption of companies belonging to the VastNed Group. | | | | -13,747 |
| 31.01.02 | Contribution of 575,395 shares in Siref | 10,231 | 1,104 | 27,422 | 16,087 |
| 08.05.02 | Contribution of max. 1,396,110 Siref shares in the context of the bid | 24,824 | 2,678 | 66,533 | 39,031 |
| **Total share premium** | | | | | **60,833** |

### 5.18.3. Reserves

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Legal reserves | 90 | 77 |
| Reserves not available for distribution | 108.575 | 99.455 |
| Reserves available for distribution | 1.427 | 1.427 |
| **Total reserves** | **110.092** | **100.959** |

The detailed transaction summary of these reserves was included in point 3 of this financial report.

### 5.18.4. Result

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Result carried forward of the preceding financial years | 29.332 | 32.036 |
| Result of the financial year | 23.733 | 4.238 |
| Transfer of portfolio result to reserves not available for distribution | 2.485 | 21.753 |
| Paid out dividends 2004 | -26.184 | -28.695 |
| Increase from business combinations | 210 | 0 |
| **Total result** | **29.576** | **29.332** |

#### 5.18.5. Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Amount at the end of the preceding financial year | -14,011 | -14,665 |
| Change in investment value of investment properties | -64 | 450 |
| Impact of sales of investment properties | 0 | 204 |
| Increase from business combinations | -816 | 0 |
| **Total impact on the fair value of estimated transaction rights and costs resulting from hypothetical disposal of investment properties** | **-14,891** | **-14,011** |

The difference between the fair value of the property (in accordance with IAS 40) and the investment value of the property as determined by the independent property experts is included in this item.

#### 5.18.6. Changes in fair value of financial assets and liabilities

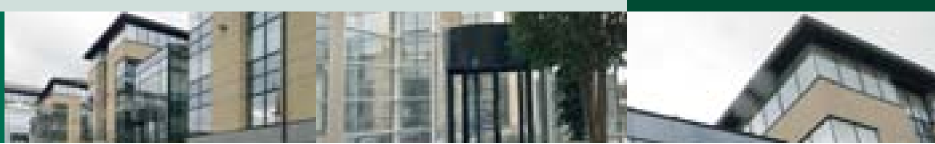
| | 2005 | 2004 |
|---|---|---|
| | | |
| Negative change in fair value of interest rate swaps | -76 | 0 |
| **Total changes in faire value of financial assets and liabilities** | **-76** | **0** |

#### 5.18.7. Minority interests

| Company | Percentage of participation (in %) | 2005 | 2004 |
|---|---|---|---|
| *in € 000* | | | |
| ABC SA | 99.00% | 4 | 4 |
| MRP SA | 99.90% | 2 | 2 |
| DRE SA | 99.90% | 0 | 0 |
| MBC SA | 99.00% | 41 | 42 |
| **Total minority interests** | | **47** | **48** |
| **TOTAL SHAREHOLDERS' EQUITY** | | **312,300** | **300,288** |







## 5.19. Explanatory notes to non current liabilities [15]

### 5.19.1. Non current liabilities

| Non-current provisions | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Provision for income tax disputes | 920 | 920 |
| **Total non-current provisions** | **920** | **920** |

For the explanatory notes to the fiscal situation please refer to the report of the management committe, chapter on "fiscality".

### 5.19.2. Other non current liabilities

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Guarantees received in cash | 729 | 434 |
| **Total other non-current liabilities** | 729 | **434** |
| **TOTAL NON-CURRENT LIABILITIES** | **1,649** | **1,354** |

15 These are all non current liabilities except for the non current financial liabilities as described under 5.21.

## 5.20 Explanatory notes to current liabilities [16]

**5.20.1. . Trade debts and other current debts**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Trade debts | 284 | 440 |
| Advances received from tenants | 472 | 1,214 |
| Invoices to be received | 859 | 1,310 |
| Other current debts | 504 | 224 |
| **Total trade debts and other current debts** | **2,119** | **3,188** |

**5.20.2. Other current liabilities**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Dividends payable | 620 | 600 |
| Current liabilities with related parties | 10,182 | 0 |
| Liabilities for deferred payment of investment properties | 2,865 | 0 |
| **Total other current liabilities** | **13,667** | **600** |

The information relating to the transactions with affiliated parties is included in explanatory note 5.24.

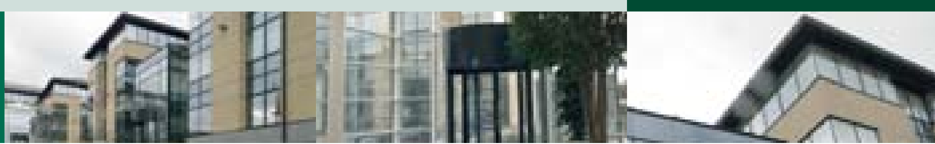
**5.20.3. Accrued charges and deferred income**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Indemnities received for investment property damage | 1,926 | 1,902 |
| Other deferred revenues (rental invoicing) | 732 | 1,250 |
| Other charges to be attributed | 351 | 1,027 |
| **Total accrued charges and deferred income** | **3,009** | **4,179** |
| **TOTAL CURRENT LIABILITIES** | **18,795** | **7,967** |

16 These are all current liabilities except for the current financial liabilities as described under 5.21.







## 5.21 Explanatory notes to non-current and current financial debts

The average interest rate of the non-current financial debts amounts in 2005 to 4,75% (2004= 4,85%).
The average interest rate of the current financial debts amounts in 2005 to 3,08% (2004= 2,97%)

### 5.21.1. Division according to the due date of the lines of credit

| | 2005 Debts | | Total | Percentage | 2004 Debts | | Total | Percentage |
|---|---|---|---|---|---|---|---|---|
| *in € 000* | Less than one year | Between one and five years | | | Less than one year | Between one and five years | | |
| Credit institutions | 8,979 | 249,047 | 258,026 | 90.1% | 17,479 | 229,980 | 247,459 | 92.5% |
| Non-drawn credit facilities | 23,500 | 5,000 | 28,500 | 9.9% | 15,000 | 15,000 | 20,000 | 7.5% |
| Financial lease | 0 | 0 | 0 | 0% | 3 | 4 | 7 | 0% |
| TOTAL | 32,479 | 254,047 | 286,526 | 100% | 32,482 | 234,984 | 267,466 | 100% |
| Percentage | 11.3% | 88.7% | 100% | | 12.1% | 87.9% | 100% | |

### 5.21.2 . Division according to the due date of the recognized instalments

| | 2005 Debts | | Total | 2004 Debts | | Total |
|---|---|---|---|---|---|---|
| *in € 000* | Less than one year | one and five years | | Less than one year | One and five years | |
| Credit institutions | 65,104 | 192,922 | 258,026 | 73,508 | 173,951 | 247,459 |
| Financial lease | | | | 3 | 4 | 7 |
| TOTAL | 65,104 | 192,922 | 958,026 | 73,511 | 173,955 | 247,466 |
| Percentage | 25.2% | 74.8% | 100% | 29.7% | 70.3% | 100% |

A significant part of the current loans as per the aforementioned classification is however a recognition of instalments under lines of credit that are guaranteed for a longer period. The instalments of these lines of credit, under current economic circumstances, are mainly recognised in the short term in order to benefit from the relatively low short-term interest rates. The majority of these loans, however, can be converted in the relatively short term into non-current loans.

##### 5.21.3. Division according to the variable or fixed-rate nature of the loans

| | 2005 Debts | | Total | Percentage | 2004 Debts | | Total | Percentage |
|---|---|---|---|---|---|---|---|---|
| *in € 000* | Less than one year | Between one and five years | | | Between one and five years | Between one and five years | | |
| Variable | 63,998 | 0 | 63,998 | 24,8% | 72,498 | 0 | 72,498 | 29,3% |
| Fixed | 1,106 | 192,922 | 194,028 | 75,2% | 1,013 | 173,955 | 174,968 | 70,7% |
| TOTAL | 65,104 | 192,922 | 258,026 | 100% | 73,511 | 173,955 | 247,466 | 100% |

##### 5.21.4. Division according to the type of loans

| | 2005 Total | Percentage | 2004 Total | Percentage |
|---|---|---|---|---|
| *in € 000* | | | | |
| Roll-over advances | 8,979 | 3,5% | 17,479 | 7,1% |
| Fixed advances | 249,047 | 96,5% | 229,980 | 92,9% |
| Financial lease | 0 | 0% | 7 | 0% |
| TOTAL | 258,026 | 100,0% | 247,459 | 100,0% |

## 5.22 Financial instruments

On 25 January 2006 and 6 February 2006 the company arranged additional interest rate swaps to extend the current contract. The swaps cover financial liabilities to the tune of € 120 million. The interest rate swaps come into effect from the end of December 2006 and for a 5-year term. The interest rate for these swaps is 3.47%.

The group has interest swap contracts to cover its interest risk on its non-current financial debts. The effective part of the profits or losses on the coverage instrument is immediately recognized in the shareholders' equity (explanatory note 5.22.). Since the IAS 32 and 39 norms are being applied prospectively from 1 January 2005 this has no impact on the financial statements for 2004.

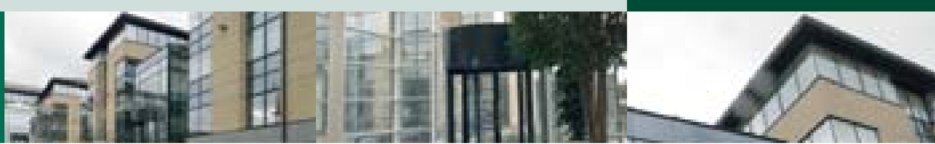
Intervest Offices classifies the interest rate swaps as a cash flow cover and values it at fair value.

##### The fair value and book value of the financial debt at year-end

| | 2005 | | 2004 | |
|---|---|---|---|---|
| *in € 000* | Nominal value | Fair value | Nominal value | Fair value |
| Financial debts with fixed interest rate | 192,922 | 197,101 | 173,955 | 180,616 |







## 5.23 Business combinations

| Name of the acquired company | Company name | Type of business combination | Date of business combination | Accounting retro activity | Percentage of shareholding |
|---|---|---|---|---|---|
| Mechelen Campus 2 | 0476.383.331 | Merger | 17.01.2005 | No | 100% |
| Mechelen Campus 4 | 0476.384.816 | Merger | 17.01.2005 | No | 100% |
| Mechelen Campus 5 | 0476.383.529 | Merger | 17.01.2005 | No | 100% |
| Perion 2 | 0469.887.497 | Merger | 17.01.2005 | No | 100% |
| TOTAL | | | | | |

On 17 January 2005 the investment fund merged with the companies Mechelen Campus 2, Mechelen Campus 4, Mechelen Campus 5 and Perion II.
The calculation of the exchange ratio is based on the net asset value of all companies involved, on the basis of interim balance sheets on 30 September 2004. The net asset value includes the valuation of the investment property at market value, notably at investment value, i.e. without deduction of transaction rights and costs in the event of any disposal of the property at a later date.



## 5.24 Affiliated parties

The company's related parties, are its parent company, subsidiaries and its directors and members of the management comitee.

**Relation with VastNed Offices Industrial and VastNed Offices Belgium:**

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Current account classified in «other current liabilies» | 10,182 | 0 |
| Interests paid on current account | 307 | 0 |

**Directors & members of the management comitee**

The employee benefits for the directors and the members of the management comitee are classified in «Property management costs» and «General costs» (notes 5.5 and 5.6):

| | 2005 | 2004 |
|---|---|---|
| *in € 000* | | |
| Directors | 28 | 40 |
| Members of the management comitee | 316 | 500 |
| **Total** | **344** | **540** |

The directors and the members of the management comitee don't receive additional benefits on the account of the company

| Number of shares issued | Fair value of the shares issued | Assets | Liabilities | Conditionnal Liabilities |
|---|---|---|---|---|
| 284,749 | 6,286 | 7,790 | 1,504 | 0 |
| 178,616 | 3,943 | 9,946 | 6,003 | 0 |
| 102,411 | 2,261 | 7,513 | 5,252 | 0 |
| 92,825 | 2,050 | 9,791 | 7,741 | 0 |
| **658,601** | **14,540** | **35,040** | **20,500** | **0** |

## 5.25 Affiliated parties

The companies below are consolidated by the method of full consolidation

| Name of the company | Address | Company number | Capital share (in %) |
|---|---|---|---|
| ABC SA | Uitbreidingstraat 18, 2600 Berchem | 466 516 748 | 99.00% |
| MBC SA | Uitbreidingstraat 18, 2600 Berchem | 467 009 765 | 99.00% |
| MRP SA | Uitbreidingstraat 18, 2600 Berchem | 465 087 680 | 99.99% |
| DRE SA | Uitbreidingstraat 18, 2600 Berchem | 464 415 115 | 99.90% |

## 5.26. Explanatory notes to conditional liabilities

**Disputed tax assessments**

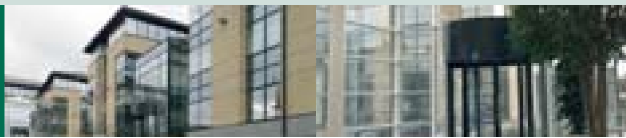
Intervest Offices NV is involved in a number of disputes with the tax administration, which are largely under review. These disputes, according to the relevant tax assessment notices, amount to € 14,753,276 and can be subdivided into two types.

- Disputes for an amount of € 919,796 which were taken over by the merger with Siref. These disputes chiefly relate to whether or not charges are deductible, the retro-activity of mergers and the taxability of transactions with a right of superficies. One of the four letters of objection is currently the subject of a court case. These disputes were provided for in the annual accounts.
- Disputes relating to the so-called "exit tax" for the sum of € 13,833,480.

These disputes relate for the most part to the determination of the taxable basis of the "exit tax", which is due when the property investment fund is acknowledged or upon merger of a company with a property investment fund. The dispute relates, more particularly, to the term "actual value of the nominal assets" as determined in article 210 (2) of the Belgian income tax code.








These last disputes were for the most part resolved via a circular letter dated 23.12.2004 from the Minister of Finance. In it, it was decided that the transfer costs did not need to be taken into account. This circular letter stipulates however that securitisation premiums do need to be taxed. Intervest Offices still has ongoing disputes on this matter to the tune of +/- € 4 million. Part of these tax debts was guaranteed by former owners of the companies that were purchased or taken over by Intervest Offices. No provision was built up for these.

**Soil remediation**

Following the merger through the acquisition of Siref NV by Intervest Offices NV on 28.06.2002, remediation is needed at Boomsesteenweg 801/803, Kernenergiestraat 70, Geleegweg 1-7 in Wilrijk.

The estimated remediation costs come to € 176,000. It was agreed with the former owners of these premises that they would pay half the remediation costs. The work started in December 2004. As at 31 December 2005 the costs already incurred by the company stood at € 60,049 and were fully provided for at 31.12.2004.

**Guarantees with regard to financing**

No registrations of mortgage were taken, and no mortgage authorisations permitted. Most financial institutions do however demand that the investment fund continues to comply with the financial ratios as laid down by the Royal Decree on property investment funds.

## 5.27. First-time adoption of IFRS and reconciliation

In 2002 the European Union published regulation 1606/2002, obliging all listed companies in the European Union to prepare their consolidated annual accounts for the financial years that start on or after 1 January 2005 in accordance with the "International Financial Reporting Standards" (IFRS) accepted within the European Union.

In this context Intervest Offices prepared its consolidated annual accounts on 31 December 2005 in accordance with the latest versions of IFRS accepted within the European Union.

The major relevant differences between the Belgian GAAP and IFRS for Intervest Offices NV are shown below. In addition, it is stated what the effect of this is on the shareholders' equity as at 1 January 2004 and as at 1 January 2005 and on the 2004 results.

The following balance sheets and profit and loss account, with reconciliations from Belgian accounting norms to IFRS in table form, are at the back of this chapter:

· Opening balance sheet as at 1 January 2004 (date of transition to IFRS);
· Balance sheet as at 31 December 2004;
· Profit and loss account for the financial year ending on 31 December 2004.

**1. Options for first-time adoption**

As a first-time adopter in 2005, Intervest Offices prepared the IFRS opening balance sheet on 1 January 2004 (date of transition to IFRS) in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards. Intervest Offices chose to take advantage of the following exceptions permitted by IFRS 1 for the preparation of the opening balance sheet on the day of the transition:

*(a) Business combinations*

For the business combinations that took place prior to the date of the transition to IFRS, IFRS 3 – Business combinations was not applied retroactively. The value of the assets and liabilities obtained as part of a previous business combination on the date of transition is equal to their book value under Belgian accounting rules.



*(b) Financial instruments*

IAS 39 – Financial instruments: Recognition and Measurement and IAS 32 – Financial Instruments: Disclosure and Presentation were not applied to the comparative figures for 2004. These standards were first applied on 1 January 2005. The financial instruments that fall within the sphere of application of IAS 32 and IAS 39 are therefore recognized for the comparative period under Belgian accounting rules.

**2. Impact of the change in principles for financial reporting**

*(a) Recognition of dividend*

Under Belgian accounting rules the annual accounts were prepared after profit distribution, so the distributable dividend will be recognized as a liability in the year in which it was created. Under IFRS the profit for the financial year belongs to the shareholders' equity and the distribution of the result, including the distributable dividend, will only be recognized as a liability when the general meeting approves this distribution of the result. This has a positive effect on the shareholders' equity from the opening balance sheet as at 1 January 2004 of € 28.7 million and from the balance sheet as at 31 December 2004 of € 26.2 million.

*(b) Recognition of provisions for Maintenance and Repairs*

Under IFRS no provisions can be built up for maintenance and repairs as provided for under Belgian accounting legislation and the existing provisions need to be treated as shareholders' equity in this regard. These provisions increase the shareholders' equity on the operning balance sheet as at 1 January 2004 by € 3.7 million. The removal of the € 1.4 million provision for maintenance and repair of roofs on the semi-industrial premises in Wilrijk and Merksem in 2004 meant, on the other hand, that under IFRS the result for the balance sheet as at 31 December 2004 fell by € 1.4 million. As a result the shareholders' equity as at 31.12.2004 rose by € 2.3 million compared to the annual accounts prepared under Belgian accounting norms on 31 December 2004.

*(c) Property valuation*

The assets of Intervest Offices NV consist for the most part of property.

The investment property is valued at fair value in accordance with IAS 40.

The valuation at fair value as described above has the following result:

- Impact on shareholders' equity at 01.01.2004: - € 14.7 million
- Impact on shareholders' equity at 31.12.2004: - € 14.0 million
- Impact on the result as at 31.12.2004: € 0.7 million

*(d) Rental discounts, rent-free periods and rental incentives*

As far as operating income is concerned, under IFRS tenants receive benefits deducted from the turnover such as rental discounts, rent-free periods and other benefits. The rental discounts and benefits (incentives) are taken into the result spread over the period that runs from the start of the rental agreement up to the next option to cancel a contract.

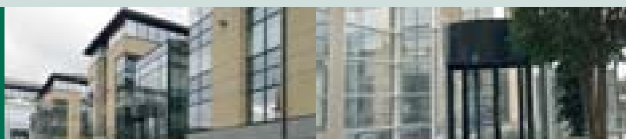
Under the Belgian accounting norms these rental discounts and benefits are immediately taken into the result. If specific work has been carried out at the request of the tenant but at the owner's expense, these expenses will be charged under the Belgian GAAP when the work is carried out.

The adjustments under IFRS have no effect on the end result or on the total equity. They will only create shifts between the operational result and the portfolio result and also, as a result, between the non-disposable reserves and the transferred result on the balance sheet.

On 31.12.2004 this move to shareholders' equity was € 1.2 million and in the profit and loss account € 1.1 million.







*(e) Financial instruments*

The policy used by Intervest Offices for the management of the interest rate risk is intended to limit the impact of an interest rate change on the result and the cashflow and to keep the overall cost of the debt as low as possible. Interest rate sensitivity can be adjusted by making use of interest rate swaps and other derivatives.

These derivatives should be recognized on the balance sheet under IFRS, at market value. The changes in the market value are immediately booked in the reserve for coverage instruments under shareholders' equity for the part of the cover that is effective according to the criteria of IAS 39. Changes due to the cover, which are not seen as effective, will be immediately booked in the profit and loss account.

Since the IAS 32 and 39 norms were prospectively applied from 1 January 2005 this has no impact on the financial summaries for the 2004 financial year. Their application, however, does have a negative impact of € 0.4 million on the shareholders' equity on 1 January 2005.

*(f) Other adjustments and overall impact on shareholders' equity and net profit*

In addition to the revisions described above there are no other adjustments under IFRS. The overall impact of all adjustments can therefore be summarised as follows:

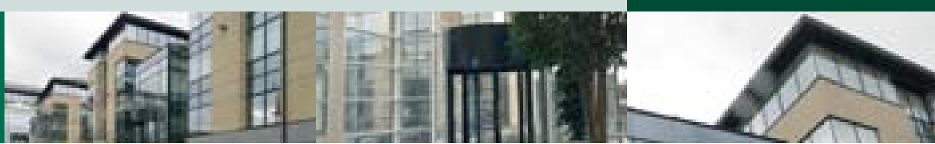
Impact on result as at 31.12.2004 is - € 0.7 million
Impact on shareholders' equity as at 01.01.2004 is € 17.7 million
Impact on shareholders' equity as at 31.12.2004 is € 14.2 million
Impact on cash flow as at 31.12.2004 is € 0

## Reconciliation of the opening balance sheet as at 1 January 2004

| | BE GAAP | Adaptations | IFRS |
|---|---|---|---|
| **Non current assets** | **592,894** | **-14,665** | **578,229** |
| Intangible assets | 5 | | 5 |
| Investment properties | 591,147 | -14,665 | 576,482 |
| Other tangible fixed assets | 64 | | 64 |
| Trade receivables and other non current assets | 1,678 | | 1,678 |
| **Current assets** | **2,827** | **0** | **2,827** |
| Trade receivables | 1,278 | | 1,278 |
| Tax receivables and other current assets | 514 | | 514 |
| Cash and cash equivalents | 824 | | 824 |
| Deferred charges and accrued income | 211 | | 211 |
| **Total assets** | **595 721** | **-14,665** | **581,056** |
| **Shareholders' equity** | **306,992** | **17,751** | **324,743** |
| **Shareholders' equity attributable to the shareholders of the parent company** | **306,944** | **17,751** | **324,695** |
| Share capital | 123,127 | | 123,127 |
| Share premium | 60,833 | | 60,833 |
| Reserves | 123,430 | -64 | 123,366 |
| *- Legal reserves* | *77* | | *77* |
| *- Reserves not available for distribution* | *121,926* | *-64* | *121,862* |
| *- Reserves available for distribution* | *1,427* | | *1,427* |
| Result | -446 | 32,480 | 32,034 |
| Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties | 0 | -14,665 | -14,665 |
| **Minority interests** | **48** | **0** | **48** |
| **Liabilities** | **288,729** | **-32,416** | **256,313** |
| **Non current liabilities** | **180,187** | **-3,720** | **176,467** |
| Provisions | 4,840 | -3,720 | 1,120 |
| Non current financial debts | 174,968 | | 174,968 |
| Other non current liabilities | 379 | | 379 |
| **Current liabilities** | **108,542** | **-28,696** | **79,846** |
| Current financial debts | 73,370 | | 73,370 |
| Trade debts and other current debts | 1,369 | | 1,369 |
| Other current liabilities | 30,075 | -28,696 | 1,379 |
| Accrued charges and deferred income | 3,728 | | 3,728 |
| **Total shareholders' equity and liabilities** | **595,721** | **-14,665** | **581,056** |







## Reconciliation of the balance sheet as at 31 December 2004

| | BE GAAP | Adaptations | IFRS |
|---|---|---|---|
| **Non current assets** | **565,421** | **-14,011** | **551,410** |
| Intangible assets | 11 | | 11 |
| Investment properties | 563,807 | -14,011 | 549,796 |
| Other tangible fixed assets | 105 | | 105 |
| Trade receivables and other non current assets | 1,498 | | 1,498 |
| **Current assets** | **5,665** | **0** | **5,665** |
| Trade receivables | 2,827 | | 2,827 |
| Tax receivables and other current assets | 435 | | 435 |
| Cash and cash equivalents | 1,695 | | 1,695 |
| Deferred charges and accrued income | 708 | | 708 |
| **Total assets** | **571,086** | **-14,011** | **557,075** |
| **Shareholders' equity** | **285,755** | **14,533** | **300,288** |
| **Shareholders' equity attributable to the shareholders of the parent company** | **285,707** | **14,533** | **300,240** |
| Share capital | 123,127 | | 123,127 |
| Share premium | 60,833 | | 60,833 |
| Reserves | 102,169 | -1,210 | 100,959 |
| *- Legal reserves* | *77* | | 77 |
| *- Reserves not available for distribution* | *100,665* | *-1,210* | 99,455 |
| *- Reserves available for distribution* | *1,427* | | 1,427 |
| Result | -422 | 29,754 | 29,332 |
| Impact on fair value of estimated transaction richts and costs resulting from the hypothetical disposal of investment properties | 0 | -14,011 | -14,011 |
| **Minority interests** | **48** | **0** | **48** |
| **Liabilities** | **285,331** | **-28,544** | **256,787** |
| **Non current liabilities** | **177,669** | **-2,360** | **175,309** |
| Provisions | 3,280 | -2,360 | 920 |
| Non current financial debts | 173,955 | | 173,955 |
| Other non current liabilities | 434 | | 434 |
| **Current liabilities** | **107,662** | **-26,184** | **81,478** |
| Current financial debts | 73,511 | | 73,511 |
| Trade debts and other current debts | 3,188 | | 3,188 |
| Other current liabilities | 26,784 | -26,184 | 600 |
| Accrued charges and deferred income | 4,179 | | 4,179 |
| **Total shareholders' equity and liabilities** | **571,086** | **-14,011** | **557,075** |

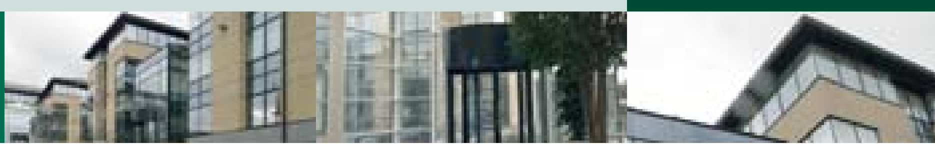


## Reconciliation income statement of the financial year ending on 31 December 2004

| | BE GAAP | Adaptations | IFRS |
|---|---|---|---|
| Rental income | 39,381 | 1,145 | 40,526 |
| Rental related expenses | 1,123 | 0 | 1,123 |
| | **40,504** | **1,145** | **41,649** |
| ***NET RENTAL INCOME*** | | | |
| Recovery of property expenses | 804 | 0 | 804 |
| Recovery of charges and taxes normally payable by tenants on let properties | 2,944 | 0 | 2,944 |
| Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease | -380 | 0 | -380 |
| Charges and taxes normally payable by tenants on let properties | -2,923 | 0 | -2,923 |
| Other rental related income and expenses | 97 | 0 | 97 |
| ***PROPERTY RESULT*** | **41,046** | **1,145** | **42,191** |
| Technical costs | -884 | -1,360 | -2,244 |
| Commercial costs | -434 | 0 | -434 |
| Charges and taxes on unlet properties | 128 | 0 | 128 |
| Property management costs | -1,583 | 0 | -1,583 |
| Other property charges | -196 | 0 | -196 |
| ***PROPERTY CHARGES*** | **-2,969** | **-1,360** | **-4,329** |
| **OPERATING PROPERTY RESULT** | **38,077** | **-215** | **37,862** |
| General costs | -1,262 | 0 | -1,262 |
| Other operating income and expenses | 15 | 0 | 15 |
| **OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO** | **36,830** | **-215** | **36,615** |
| Result on disposals of investment property | -298 | 204 | -94 |
| Changes in fair value of investment property | -20,964 | -695 | -21,659 |
| **OPERATING RESULT** | **15,568** | **-706** | **14,862** |
| **Financial income** | **244** | **0** | **244** |
| Interest charges | -10,789 | 0 | -10,789 |
| Other financial charges | -60 | 0 | -60 |
| ***FINANCIAL RESULT*** | **-10,605** | **0** | **-10,605** |
| **RESULT BEFORE TAXES** | **4,963** | **-706** | **4,257** |
| ***TAXES*** | **-19** | **0** | **-19** |
| **NET RESULT** | **4,944** | **-706** | **4,238** |







## 6. Statutory auditor's report

INTERVEST OFFICES NV

BELGIAN PROPERTY INVESTMENT FUND

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005 TO THE SHAREHOLDERS' MEETING

To the Shareholders

As required by law and the company's articles of association, we are pleased to report to you on the audit assignment which you have entrusted to us.

We have examined the consolidated financial statements of INTERVEST OFFICES NV ("the company") and its subsidiaries (jointly "the group"), which comprise the consolidated balance sheet as at 31 December 2005, and the consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of EUR 590.769 (000) and the consolidated profit for the year then ended amounts to EUR 23.733 (000). We have also examined the directors' report on the consolidated financial statements.

The Board of Directors of the company is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium. It is also responsible for the preparation of the directors' report on the consolidated financial statements in accordance with the legal and regulatory requirements applicable in Belgium and for the assessment of the information that should be included in this report. Our responsibility as Statutory Auditor is to examine these documents based on the auditing standards applicable in Belgium for the audit of consolidated financial statements.

**Unqualified audit opinion on the consolidated financial statements**

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/ Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with these standards, we considered the Group's administrative and accounting organization as well as its internal control processes. We have obtained the explanations and information required for our audit. An audit includes examining, on a test basis, evidence supporting the amounts in the consolidated financial statements. An audit also includes assessing accounting policies used, the basis for consolidation and significant estimates made by management as well as evaluating the presentation of the consolidated financial statements taken as a whole . We believe that our audit, provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2005, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial

Reporting Standards as adopted by the EU and with the legal and regulatory requirements applicable in Belgium, and the information given in the notes to the consolidated financial statements is adequate.

**Additional attestations**

We supplement our report with the following attestations which do not modify our audit opinion on the consolidated financial statements:

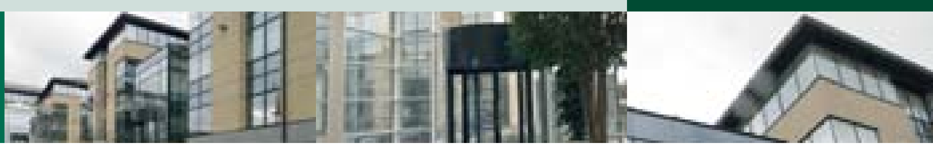
- We are not in a position to render an opinion as to whether the description of the major risks and uncertainties that the Group is facing included in the directors' report on the consolidated financial statements is complete. With the exception of the foregoing, the directors' report on the consolidated financial statements contains the information required by the Companies Code and is consistent with the consolidated financial statements.

February 21, 2006

The Statutory Auditor
DELOITTE Reviseurs d'Entreprises
SC s.f.d. SCRL
Represented by Rik Neckebroeck







# VI
# GENERAL INFORMATION


Arthur De Coninckstraat 3 - 3070 Kortenberg

**INTERVEST OFFICES**

**ANNUAL REPORT 2005**

# 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 6, 2° of the ICB act of 20 July 2004.

The company opted for the investment category specified in article 7, first subsection, 5° of the aforementioned ICB act.

The company draws publicly on the savings system in the sense of article 438 of the Belgian Company Code.

The articles of association were last amended on 17.01.2005, as published in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees of 10.02.2005 under number 2005-02-10-0025524.

## 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.

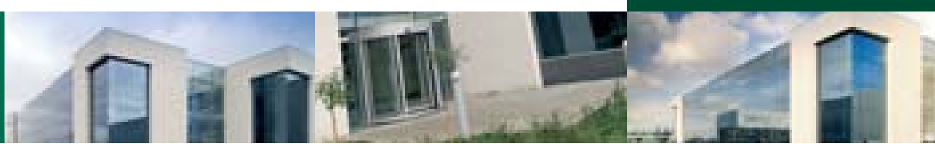
In accordance with the legislation that applies to property investment funds, the company may also:

- 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. Extract from the articles of association [17]

## 2.1. Actions

**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 insofar as the law and the applicable implementing regulations allow.

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. As long as the company has not decided to issue the dematerialistion securities, there can be no request for these to be exchanged for dematerialised securities.

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

## 2.2. 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.

## 2.3. Administration and supervision

**Article 12 – Composition of the Board of Directors**

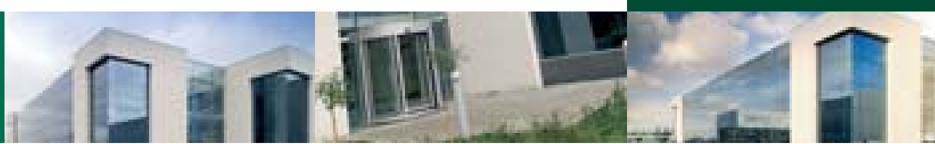
The company is managed by a Board of Directors consisting of at least three directors, who may or may not be shareholders. They will be appointed for a maximum of six years by the General Meeting of Shareholders, and their appointment may be revoked at any time by the latter.

In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next General Meeting, when a definitive appointment will be made. Where a legal entity is

17 *These articles aren't the complete, nor the litteral reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office.*







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 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.

### 2.4. 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.

### 2.5. 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.

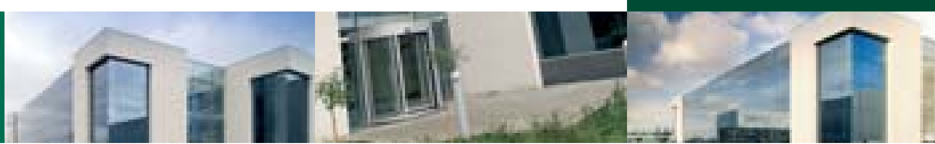
The decision on how the remaining twenty per cent will be appropriated will be taken by the General Meeting on the proposal of the Board of Directors.

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.







## 3. Statutory Auditor

On 12 May 2004, Deloitte Réviseurs d'Entreprises SC s.f.d. SCRL, which is represented by Mr Rik Neckebroeck, Berkenlaan 8b – 1831 Diegem, has been appointed as Statutory Auditor of Intervest Offices.

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.

## 4. 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 |

## 5. Property experts

The property experts of the investment fund are:

- de Crombrugghe & Partners, 1160 Brussels, G. Demeylaan 72-74. The company is represented by Guibert de Crombrugghe.
- Cushman & Wakefield, 1000 Brussels, Kunstlaan 58 bus 7. The company is represented by Kris Peetermans and Eric Van Dyck.
- DTZ Winssinger Tie Leung, 1050 Brussels, Louizalaan 380. The company is represented by Philippe Winssinger (till 30.06.2005).
- Jones Lang LaSalle Belgium, 1000 Brussels, rue Montoyer 10. The company is represented by Rod Scrivener (as from 01.07.2005)

In accordance with the R.D. of 10 April 1995, they value the portfolio four times a year.

## 6. Liquidity Provider

In 2003, a liquidity contract was concluded with ING Bank, Marnixlaan 24, 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.

## 7. Property management

In 2005, the following buildings are managed by external managers:

- 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.

## 8. Property investment fund – legal framework

Le régime des Sicafs a été réglementé par l'A.R. du 10.04.1995 et 10.06.2001 pour encourager les investissements communs en immobilier. Le concept ressemble fort à celui des Real Estate Investment Trusts (REIT – USA) et des organismes de placement fiscaux (FBI – Pays-Bas).

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:

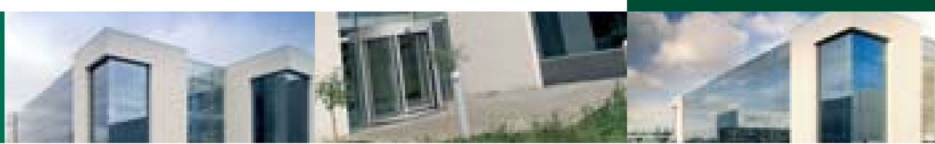
- the form of a limited liability company or a limited partnership with a share capital with minimum capital of € 1,239,467.62
- a debt ratio limited to 50% of total assets
- strict rules relating to conflicts of interests
- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent experts
- spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
- exemption from corporation tax on the condition that at least 80% of the profits are distributed

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

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







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