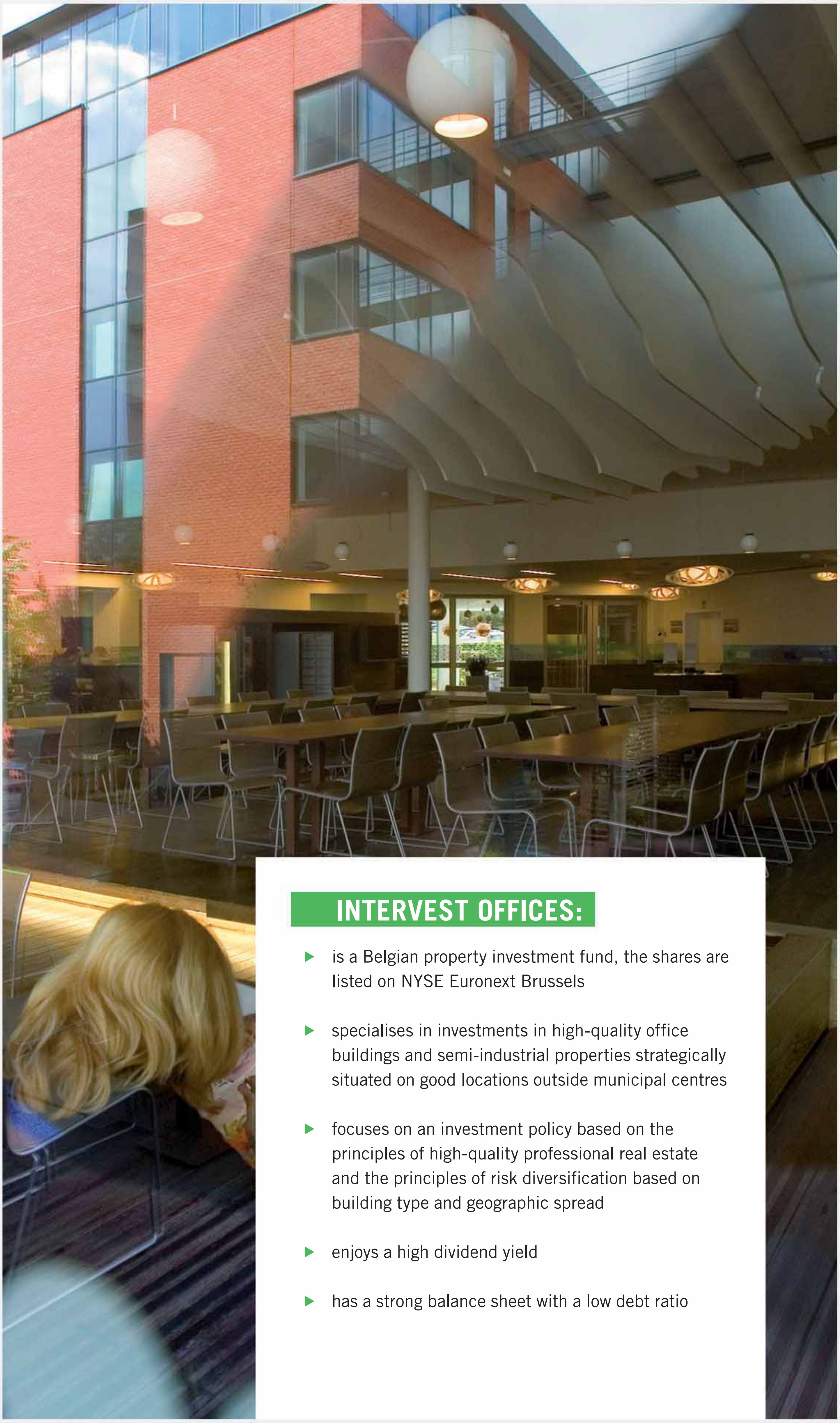
ANNUAL REPORT 2010

INTERVEST
OFFICES

KEY FIGURES 2010



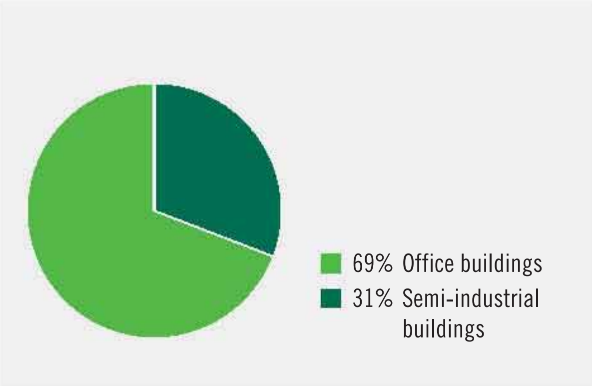
INTERVEST OFFICES:

- is a Belgian property investment fund, the shares are listed on NYSE Euronext Brussels
- specialises in investments in high-quality office buildings and semi-industrial properties strategically situated on good locations outside municipal centres
- focuses on an investment policy based on the principles of high-quality professional real estate and the principles of risk diversification based on building type and geographic spread
- enjoys a high dividend yield
- has a strong balance sheet with a low debt ratio

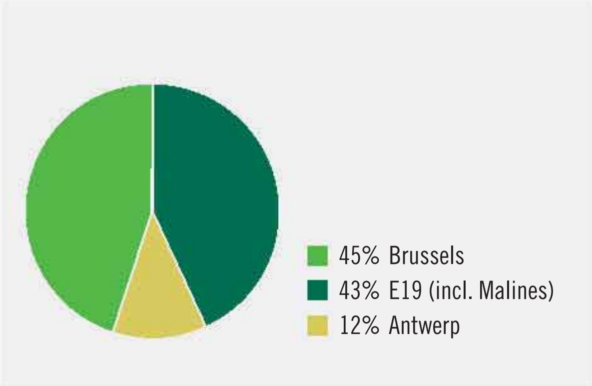
RISK SPREAD OF THE REAL ESTATE PORTFOLIO

Real estate portfolio	31.12.2010	31.12.2009
Fair value of investment properties (€ 000)	526.680	540.817
Occupancy rate (%)	85 %	88 %
Total leasable space (m²)	535.420	540.770

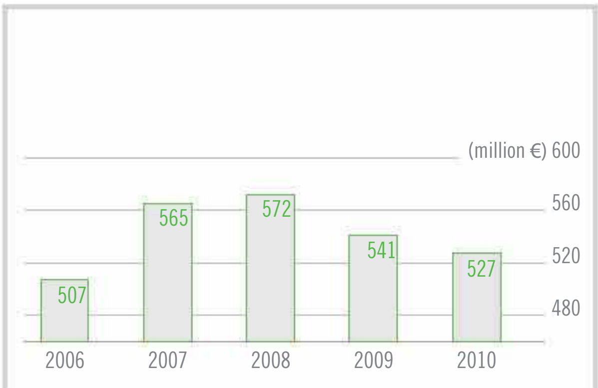
NATURE OF THE PORTFOLIO



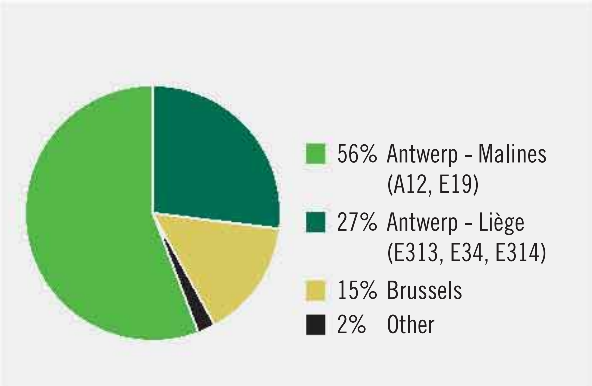
GEOGRAPHIC SPREAD OF OFFICES



EVOLUTION OF FAIR VALUE OF REAL ESTATE PROPERTIES



GEOGRAPHIC SPREAD OF SEMI-INDUSTRIAL PROPERTIES



DIVERSIFICATION BY TENANTS

STRONG BALANCE SHEET: DEBT RATIO 43 %

Key figures	31.12.2010	31.12.2009
Shareholders' equity (€ 000)	286.324	297.533
Liabilities (€ 000)	246.279	248.240
Debt ratio (max. 65 %) (%)	43 %	44 %

Key figures per share	31.12.2010	31.12.2009
Number of shares	13.907.267	13.907.267
Net asset value (fair value) (€)	20,59	21,39
Net asset value (investment value) (€)	21,57	22,37
Share price on closing date (€)	23,49	21,90
Premium to net asset value (fair value) (%)	14 %	2 %

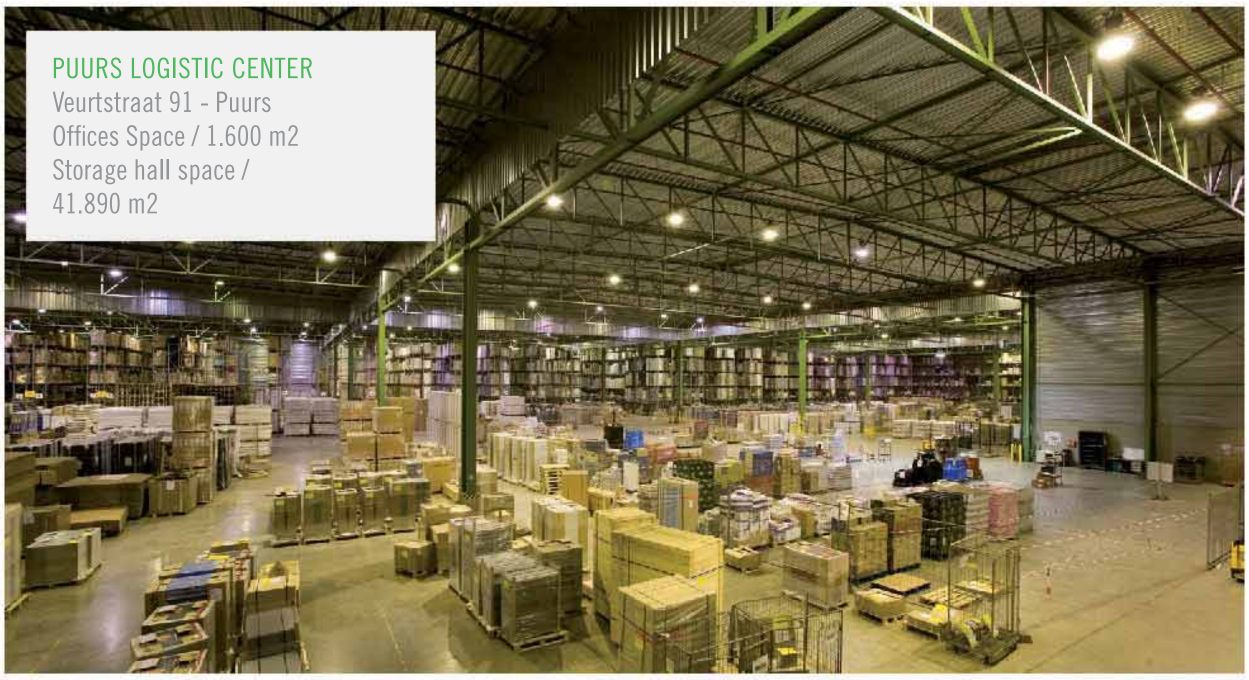
"The gross dividend of Intervest Offices amounts to € 1,83 per share for the financial year 2010, offering herewith a gross dividend yield of 7,8 %, based on the closing share price on 31 December 2010."

FINANCIAL CALENDAR

Announcement of annual results as at 31 December 2010	Tuesday 22 February 2011
General meeting of shareholders	Wednesday 6 April 2011 at 4.30 pm
Dividend payable:	
- Ex-date dividend 2010	Monday 18 April 2011
- Record date dividend 2010	Wednesday 20 April 2011
- Dividend payment 2010	as from Thursday 21 April 2011
Interim statement on the results as at 31 March 2011	Wednesday 27 April 2011
Half-yearly financial statement as at 30 June 2011	Tuesday 2 August 2011
Interim statement on the results as at 30 September 2011	Friday 28 October 2011

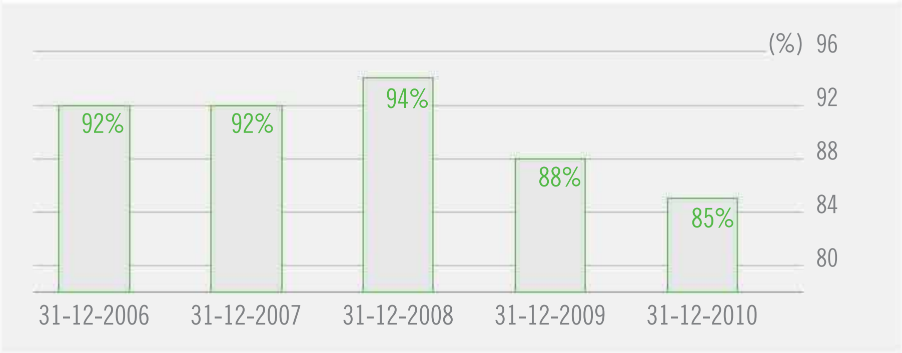
RESULTS

Results (€ 000)	2010	2009
Rental income	38.523	42.472
Rental related charges	-94	-160
Property management costs and income	821	314
Property result	**39.250**	**42.626**
Property charges	-3.224	-3.720
General costs and other operating income and costs	-1.049	-1.179
Operating result before result on portfolio	**34.977**	**37.727**
Result on disposals of investment properties	464	0
Changes in fair value of investment properties	-9.139	-32.270
Operating result	**26.302**	**5.457**
Financial result (excl. changes in fair value - IAS 39)	-9.509	-7.762
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240
Taxes	-17	-52
NET RESULT	**17.431**	**-2.597**
Operating distributable result	25.451	29.913
Result on portfolio	-8.675	-32.270
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240
Gross dividend per share (€)	**1,83**	**2,15**
Net dividend per share (€)	**1,56**	**1,83**



PUURS LOGISTIC CENTER
Veurtstraat 91 - Puurs
Offices Space / 1.600 m2
Storage hall space /
41.890 m2

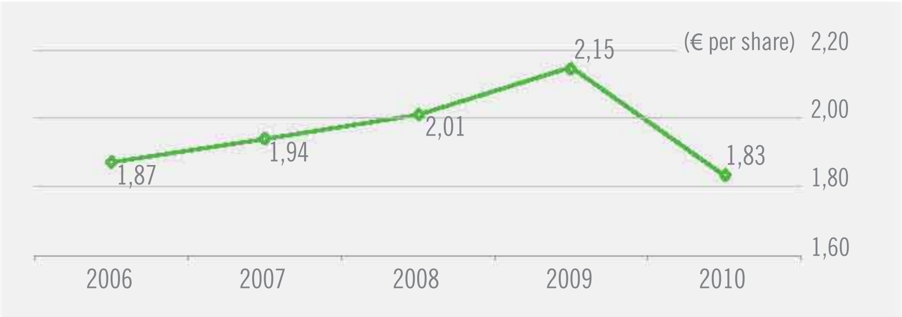
OCCUPANCY RATE: 85 %
DECREASE FAIR VALUE REAL ESTATE PROPERTIES: 1,6 %

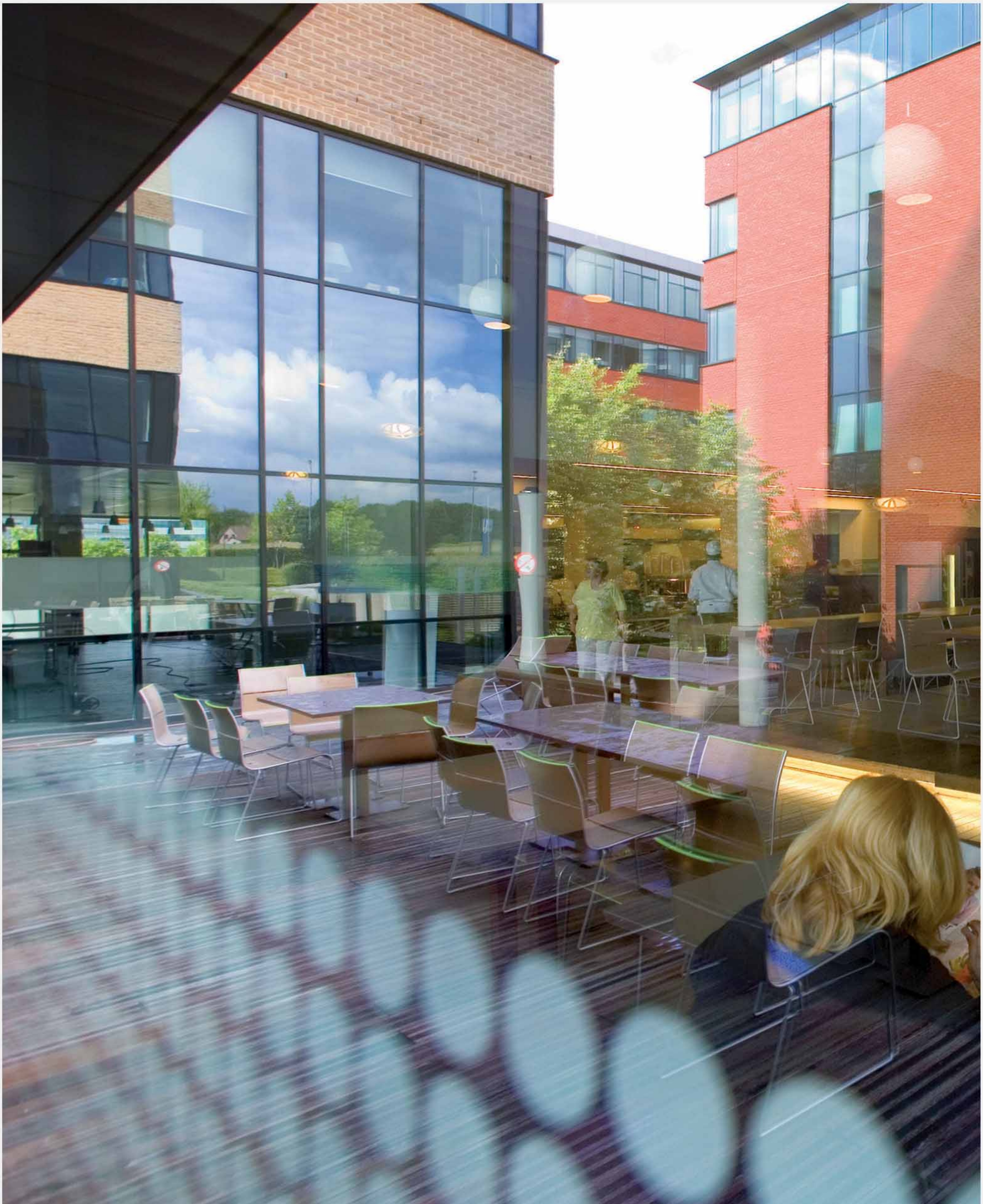


AVERAGE REMAINING DURATION OF LEASE CONTRACTS: 3,6 YEARS

RENTAL INCOME: € 38,5 MILLION

DISTRIBUTION OF GROSS DIVIDEND: € 1,83





Reinier van Gerrevink
Managing Director

Paul Christiaens
Chairman of the board
of directors

The gross dividend of Intervest Offices decreases in 2010 to € 1,83 per share.

In 2010, the decrease in fair value of the real estate properties is limited to 1,6 % compared to 5,6 % in 2009.

On 31 December 2010, the entire portfolio has an occupancy rate of 85 %.

LETTER TO THE SHAREHOLDERS

Dear shareholder,

2010 has been a difficult year for the Belgian office market and logistics real estate market. Rents have decreased slightly and the take-up for offices as well as for semi-industrial and logistics buildings has remained lower than in the years before the financial crisis.

A positive signal, however, is that the business survey of the National Bank of Belgium shows a strong recovery in business with and services provided to companies in 2010. But due to the late-cyclical nature of the real estate sector, until now this recovery has had only a limited effect on the rental demand for real estate in 2010.

Compared to 2009, the number of demands for lettings increases in the office market but because of the large offer of offices on the Belgian office market, lettings still occurs with considerable financial incentives. It is expected that in 2011 the rents will remain stable and will even slightly increase. Besides, in newer buildings a decrease of rental incentives is already noticeable. On 31 December 2010, the occupancy rate of the office portfolio of Intervest Offices amounts to 85 %, which is 5 % lower than at the end of 2009. This lower occupancy rate comes mainly from the departure of tenant Tibotec-Virco in Malines.

Meanwhile, the first results of a revival of the rental market are reflected in the clearly increased demand on the logistic real estate market. Herewith 46.881 m² warehouse space has been let by Intervest Offices in 2010, which is twice as much compared to the lettings in 2009. On 31 December 2010, the occupancy rate of the logistic portfolio of Intervest Offices amounts to 84 % compared to 83 % at the end of 2009.

This difficult situation in the rental market, combined with the increased financial charges, means that the operating distributable result of Intervest Offices is lower than in 2009. For the financial year 2010, this result amounts to € 25,4 million as compared to € 29,9 million in 2009. As a result, we are able to offer our shareholders a gross dividend of € 1,83 per share, as compared to € 2,15 in 2009. This brings the gross dividend yield of the property investment fund to 7,8 % on the basis of the share price of 31 December 2010.

On 31 December 2010, the fair value of the real estate portfolio of Intervest Offices amounts to € 527 million. In 2010, the decrease in the fair value of the real estate (by unchanged composition of the portfolio) remains limited to 1,6 % as compared to 5,6 % in 2009.

In order to achieve a better distribution of its financing facilities and to create opportunities for new investments, the property investment fund very successfully issued in June 2010 a bond loan for an amount of € 75 million. This bond loan has a term of 5 years and a gross coupon of 5,1 %.

For making optimal use of the available investment capacity created by this bond loan, opportunities in the investment market have been thoroughly analysed. This is expected to lead to new investments in 2011, for which there is still ample opportunity in view of the property investment fund's low debt ratio of 43 %. New investments combined with a more pronounced recovery of the rental markets must form the basis for an improvement in the results in the long term. In the short term however, we expect the operating distributable result of the property investment fund to remain under pressure in 2011.

We thank you for your loyalty during this difficult period, which is simply due to the cyclical nature of our fund. Thanks among other things to an efficient asset management, we expect 2011 to pave the way further towards an increased occupancy rate, long-term investments and recovery of the operating result.

The board of directors

Reinier van Gerrevink
Managing Director

Paul Christiaens
Chairman of the board of directors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FIEGE
FIEGE


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TRANSPORT
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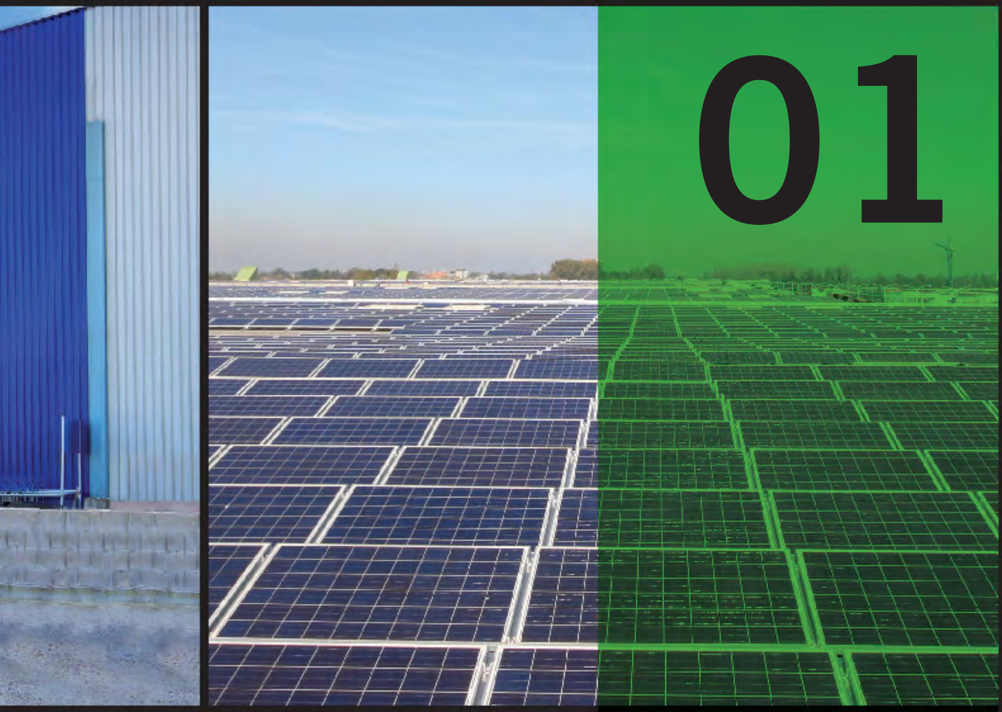


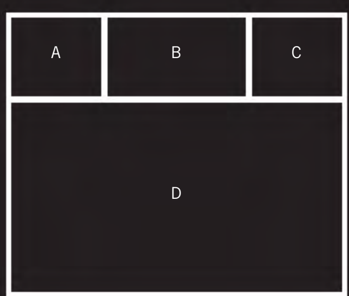
01 Report of the board of directors

SEMI-INDUSTRIAL BUILDINGS

A + C / PUURS LOGISTIC CENTER - FIEGE
Veurtstraat 91 - PUURS
Offices space / 1.600 m²
Storage hall space / 41.890 m²

B / NEERLAND 1 AND 2 - IKEA
Boomsesteenweg 801-803, Geleegweg 1-7,
Kernenergiestraat 70 - WILRIJK
Offices space / 632 m²
Storage hall space / 28.536 m²

D / MERCHTEM CARGO CENTER
Preenakker 20 - MERCHTEM
Offices space / 1.210 m²
Storage hall space / 6.075 m²



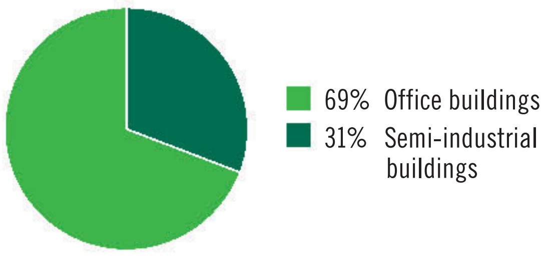
PROFILE

Intervest Offices invests in high-quality Belgian business properties that are leased to first-class tenants. The properties that the company invests in consist primarily of up-to-date buildings that are strategically located outside municipal centres. To optimize the risk profile, it would also be possible to consider investments in properties in municipal centres. Investments in semi-industrial properties would also be possible for the same reason.

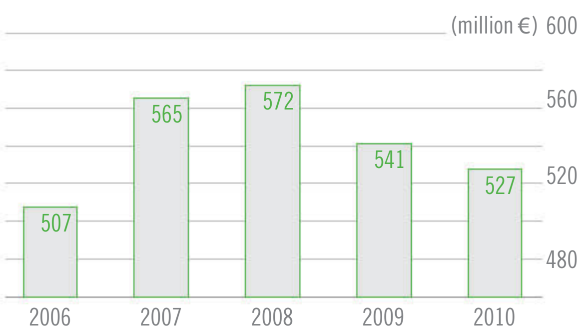
Intervest Offices has been registered as a property investment fund on the list of Belgian investment institutions since 15 March 1999. The shares of the company are listed on the regulated market on NYSE Euronext Brussels.

> On 31 December 2010, the portfolio comprises 69 % office buildings and 31 % semi-industrial buildings. The total fair value of the investment properties at 31 December 2010 amounts to € 527 million.

TYPE OF REAL ESTATE



EVOLUTION OF THE FAIR VALUE OF THE REAL ESTATE PROPERTIES



INVESTMENT POLICY

The property investment fund maintains an investment policy focused on high-quality business properties which are leased to first-class tenants. These properties do not preferably require major repair work in the short term and are situated at strategic locations, preferably on the Antwerp-Brussels axis. Other locations, which could contribute to the stability of rental income, are taken into consideration when such opportunities arise.

'Business properties' refers not only to office buildings, but also to semi-industrial buildings, warehouses and high-tech buildings. In principle, the company does not invest in residential or retail properties.

Intervest Offices' aim is to make its share more attractive by ensuring high liquidity, by expanding its real estate portfolio and by improving the risk profile.

> The investment policy is based on the principle of achieving a combination of direct return based on rental income and indirect return based on the increase in the value of the real estate portfolio.

LIQUIDITY OF THE SHARE

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract large investors, which improves growth opportunities.

High liquidity makes it easier to issue new shares (for increasing the capital, contributions of property or mergers), which is also very important for 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 major reason for this is that these funds are often too small - in terms of both market capitalisation and free float - to gain the attention of professional investors.

In addition, shares in property investment funds are generally purchased as long-term investments rather than on a speculative basis, which reduces the number of transactions.

> In 2010, the free float of the share of Intervest Offices is unchanged at 45,3 %.

SIZE OF THE REAL ESTATE PORTFOLIO

A large portfolio clearly offers a number of benefits:

- It helps to **spread the risk** for the shareholders. Potential regional 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 achieved **economies of scale** make it possible to manage the portfolio more efficiently, with the result that a greater amount of operating profit can be paid out. This relates, for instance, to costs of maintenance and repair, (long-term) renovation costs, consultancy fees, publicity costs, etc.
- With a larger total portfolio, management's **negotiating position** is improved when discussing new lease terms and offering new services, alternative locations, etc.
- It makes it possible for a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, resulting in **an increase in shareholder value**. This makes it possible to achieve 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, being able to offer new services, etc.

Each acquisition must be checked against the following criteria:

PROPERTY-RELATED CRITERIA:

1. quality of the buildings (construction, finishing, number of parking spaces)
2. location, accessibility, visibility
3. quality of the tenants
4. respect for the legal provisions and regulations (permits, soil pollution, etc.)
5. the Brussels office market or other large cities
6. potential for re-rental

FINANCIAL CRITERIA:

1. enduring contribution to the result per share
2. exchange ratio based on net asset value (investment value)
3. prevention of dilution of the dividend yield

IMPROVEMENT OF RISK SPREAD

Intervest Offices tries to spread its risk in a variety of ways. For example, tenants often operate in widely divergent sectors of the economy, such as logistics, health, trade, technology, research and development. In addition, the company takes great care to ensure that the expiry dates and first interim expiry dates of the lease contracts are well spread.

STATEMENT ON CORPORATE GOVERNANCE

GENERAL

Intervest Offices uses the Belgian corporate governance code 2009 as its benchmark. The principles of corporate governance pursued by Intervest Offices have been formalised by the board of directors in a number of directives:

- The corporate governance charter
- The code of conduct
- Whistleblowing rules
- The market abuse-prevention directive

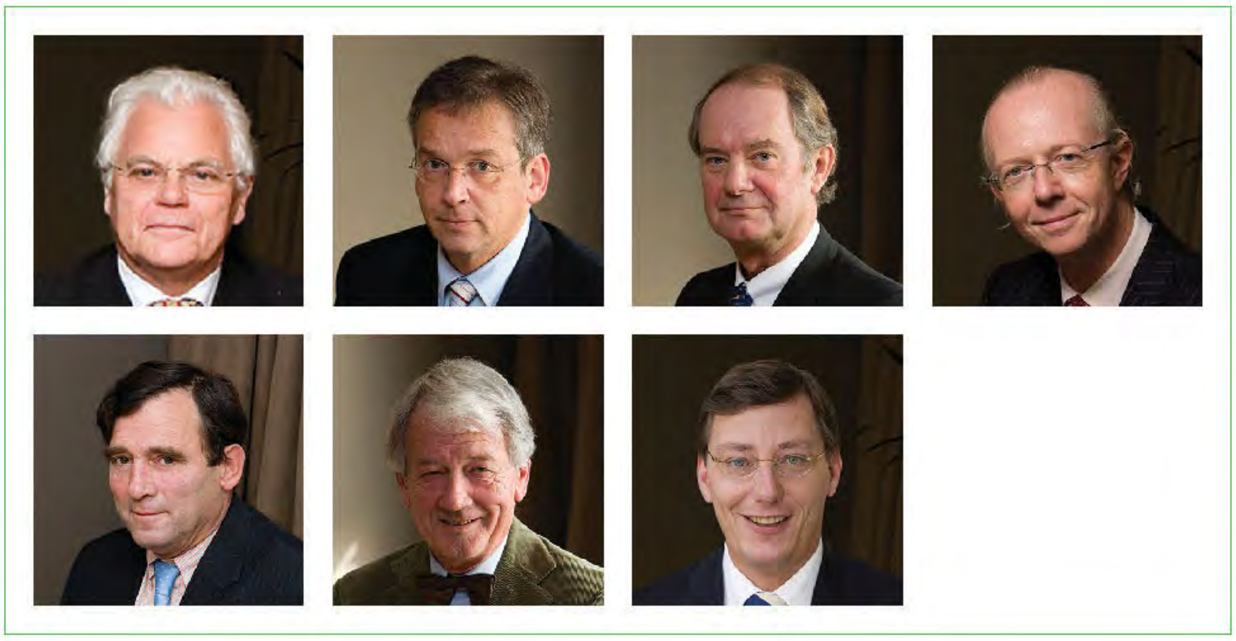
The complete 'corporate governance charter' that sets out the important internal procedures for the management entities of Intervest Offices, as well as the other directives, are available for review on the company website (www.intervestoffices.be).

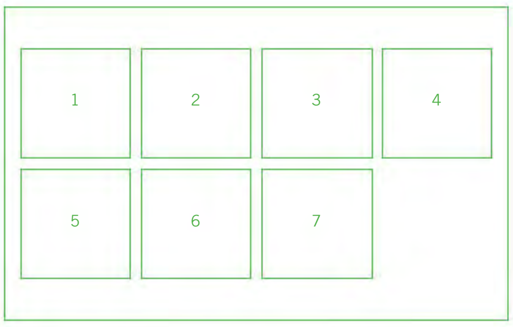
The terms of the Belgian corporate governance code 2009 may only be deviated from when specific circumstances require it. If such an event occurs, the deviation is explained, in accordance with the 'comply or explain' principle, in the annual report. The board of directors of the property investment fund has judged that it is sometimes justified for the company not to follow certain terms of the corporate governance code 2009. According to the "comply or explain" principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to property investment funds.

MANAGEMENT ENTITIES

BOARD OF DIRECTORS

Composition





1 **Paul Christiaens**
Chairman, independent director
Address: Vijverstraat 53
3040 Huldenberg
Term: April 2013
Function: Director of companies

2 **Jean-Pierre Blumberg**
Independent director
Address: Plataandreef 7
2900 Schoten
Term: April 2013
Function: Managing partner Linklaters LLP

3 **Nick van Ommen**
Independent director
Address: Beethovenweg 50
2202 AH Noordwijk aan Zee
The Netherlands
Term: April 2013
Function: Director of companies

4 **EMSO sprl, permanently represented by Chris Peeters**
Independent director
Address: Jan Moorkensstraat 68
2600 Berchem
Term: April 2011
Function: Transport economist,
managing director Policy Research
Corporation sa

5 **Reinier van Gerrevink**
Managing director
Address: Bankastraat 123
2585 EL 's-Gravenhage - The Netherlands
Term: April 2011
Function: Chief executive officer VastNed Group

6 **Hubert Roovers**
Managing director
Address: Franklin Rooseveltlaan 38
4835 AB Breda - The Netherlands
Term: April 2011
Function: Managing director
Intervest Retail sa

7 **Tom de Witte**
Director
Address: Kamerlingh Onnesstraat 69
2984 ED Ridderkerk - The Netherlands
Term: April 2011
Function: Chief financial officer VastNed Group

The board of directors comprises seven members, four of whom are independent directors, all four fulfilling the new conditions of article 526ter of the Belgian Companies Code. The board of directors consists of two executive directors, namely the two managing directors, and five non-executive directors.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

Activities

In 2010, the board of directors met eight times. In 2010, the most important agenda items during the meetings of the board of directors and with respect to which the board has taken decisions have been:

- Approval of the quarterly, half-yearly and annual figures
- Approval of the annual accounts and the statutory reports
- Approval of the budgets 2010 and the business plan 2011
- Bond loan issuance
- Discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, etc.)
- Application of the procedure of article 524 of the Belgian Companies Code on preventing conflicts on interest

The directors have attended all meetings, except for Reinier van Gerrevink and EMSO sprl on 7 May 2010, Jean-Pierre Blumberg on 2 August 2010 and Reinier van Gerrevink and Nick van Ommen on 23 November 2010.

In 2010, Reinier van Gerrevink and Hubert Roovers have been charged with oversight of day-to-day management, pursuant to article 4 § 1 5° of the Royal Decree of 7 December 2010 relating to property investment funds. During the financial year 2010, Reinier van Gerrevink and Tom de Witte have represented the majority shareholder VastNed Offices/Industrial sa.

AUDIT COMMITTEE

Composition

In 2010, the audit committee comprises four independent directors: Nick van Ommen (chairman), Jean-Pierre Blumberg, Paul Christiaens and EMSO sprl, permanently represented by Chris Peeters. The term of their mandate in the audit committee is not specified.

In 2010, these independent directors fulfil all nine criteria of independence pursuant to article 526ter of the Belgian Companies Code.

The members of the audit committee are experts. The independent member of the committee is qualified in the area of accountancy and/or auditing. Besides, the audit committee as a whole is qualified. This on two levels: in the area of the activities of Intervest Offices and in the area of accountancy and auditing.

Activities

In 2010, the audit committee met four times. The most important items on the agenda of the audit committee in 2010 are:

- Discussion of the quarterly, half-yearly and annual figures
- Analysis of the annual accounts and statutory reports
- Discussion of the budgets
- Oversight of statutory audit of the (consolidated) annual accounts and analysis of the recommendations of the statutory auditor
- Analysis of the efficiency of the internal audit mechanism and risk-management of the company

The members of the audit committee attended all meetings, except for EMSO sprl on 7 May 2010 and Jean-Pierre Blumberg on 2 August 2010.

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

THE MANAGEMENT COMMITTEE

In 2010, the management committee comprises:

- Sprl Jean-Paul Sols, represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- Inge Tas, chief financial officer
- Reinier van Gerrevink, managing director

▼ THE MANAGEMENT COMMITTEE
from left to right
Reinier van Gerrevink
Inge Tas
Jean-Paul Sols

Pursuant to article 524bis of the Belgian Companies Code and article 15 of the company's articles of association, the board of directors has delegated specific management authority. The rules pertaining to the composition and operation of the management committee are described in more detail in the company's 'corporate governance charter' that is available for review on the website (www.intervestoffices.be). The members of the management committee are also effective leaders of the company pursuant to article 38 of the act of 20 July 2004 relating to certain forms of collective investment of portfolio management company's.

EVALUATION OF THE MANAGEMENT ENTITIES

Under the direction of the chairman, the board of directors periodically reviews its size, composition, working and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- An assessment is made of the functioning and leadership of the board of directors
- The question of whether major subjects are prepared and discussed thoroughly
- An assessment is made of the actual contribution and involvement of each director in the discussions and decisions
- The composition of the board of directors is assessed with respect to the desired composition of the board
- The functioning and composition of the audit committee is discussed
- The collaboration and communication with the management committee is evaluated

If the above mentioned evaluation procedures show some weaknesses, the board of directors will have to offer appropriate solutions. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

CONFLICTS OF INTEREST

As far as the prevention of conflicts of interest is concerned, the property investment fund is subject to legal rules (articles 523 and 524 of the Belgian Companies Code, the Act of 20 July 2004 and articles 17 to 19 of the Royal Decree of 7 December 2010) and to the rules defined in its articles of association[1] and its corporate governance charter.

In this regard, article 17 of the articles of association of the property investment fund states the following: *"Directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in the Royal Decree of 10 April 1995 relating to property investment funds and in the Belgian Companies Code, as these may be amended, where appropriate."*

- **Conflicting interests of a proprietary nature of directors and members of the management committee**

The board of directors, management committee and every member strictly undertake to exclude any possible conflict of interest, whether of a proprietary, professional or of any other nature, and intend to carefully comply with the legal rule defined in article 523 of the Belgian Companies Code regarding conflicts of interest between the property investment fund and a director.

If, for example, a director of the property investment fund, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, article 523 of the Belgian Companies Code shall be applicable and the concerned director shall be requested not to participate in the deliberations on decisions or transactions or in the voting (article 523, § 1 in fine).
If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the concerned member must inform the chairman and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the secretary shall describe the nature of the decision or transaction in the minutes and justifies the decision taken. The minutes also outline the property-related consequences for the company resulting from this decision. The report of the statutory auditor, to be drawn up pursuant to article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

- **Conflict of interest of a major shareholder**

In case of a potential conflict of interest with a major shareholder of the property investment fund, the procedure defined in article 524 of the Belgian Companies Code shall be applicable. Article 524 of the Belgian Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

- **Conflict of interest of certain persons mentioned in article 18 of the Royal Decree of 7 December 2010**

Similarly, article 18 of the Royal Decree of 7 December 2010 states that the public property investment fund must inform the Banking, Finance and Insurance Commission in advance of any planned transactions to be carried out by the public property investment fund or by one of its subsidiaries if one or more of the following persons serve, directly or indirectly, as counterparty in these transactions or derive any pecuniary advantage from it: persons who exercise control over the public property investment fund or own a share of it; the promoter of the public property investment fund; other shareholders of all subsidiaries of the public property investment fund; and the

[1] An amendment to the articles of association will be submitted to the next general meeting on 6 April 2011, in order to bring these in line with the Royal Decree of 7 December 2010.

directors, business managers, members of the management committee, persons responsible for the day-to-day management, actual managers or authorised agents; and persons associated with all these parties.

These planned transactions must represent an interest for the public property investment fund, be in line with its investment policy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to article 31, §2 of the Royal Decree of 7 December 2010, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the property expert.

In this context, the board of directors wishes to state that the procedure for preventing conflicts of interest has been applied in December 2010 with regard to the request of the major shareholder VastNed Offices/Industrial to make certain non-public information available as part of exploratory talks being conducted between VastNed Offices/Industrial nv and Nieuwe Steen Investment nv for a possible legal merger between VastNed Offices/Industrial and Nieuwe Steen Investment. For a detailed description of the procedure followed, please refer to Note 24 in the financial report.

REMUNERATION REPORT

Appointment and remuneration committee

Intervest Offices does not have an appointment and remuneration committee. The board of directors of the property investment fund is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as tasks of the entire board of directors. With this, Intervest Offices derogates from the recommendations of the Belgian corporate governance code 2009 (also see paragraph on “comply or explain” principle), since the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the property investment fund requires too little additional attention to have a separate committee for this and to justify the additional costs associated with this.

Remuneration policy of the board of directors

The board of directors is responsible for the remuneration policy for its members and for the members of the management committee. The remuneration of the directors has to be proposed for approval to the general meeting.

This policy is based on the following principles:

- The remuneration policy for directors and members of management is in accordance with all the applicable regulations and in particular with those contained in the Royal Decree of 7 December 2010 relating to property investment funds
- The total remuneration level and structure should be such that qualified and competent persons can be recruited and retained
- The remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted in the medium and long term
- The remuneration policy takes into account the responsibilities and time spent by directors and members of management.

Other things being equal, the remuneration policy shall remain applicable for the next two financial years.

Basic remuneration 2010

- **Non-executive directors**
  In 2010, the annual fixed fee of independent non-executive directors amounts to € 14.000 per year for a member of the board of directors (€ 15.000 per year for the chairman of the board of directors). No additional fees are paid for serving as a member or as a chairman of a committee. The directors representing the majority shareholder perform their duties without remuneration.

  No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to article 16 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the property investment fund. The directors do not own shares of the property investment fund and nor have any options been granted to the directors on shares of the property investment fund.

- **Members of the management committee**
  The amount of the fixed fee granted as remuneration in 2010 to the members of the management committee, except the managing director, amounts to € 262.733, of which € 165.468 is for the chairman of the management committee. The managing director representing the majority shareholder performs his tasks without remuneration.

Bonus for 2009, paid in 2010

The two members of the management committee, except the managing director, may be eligible for an annual combined bonus of maximum € 22.500. The amount of bonus to be granted is determined on the basis of measurable criteria linked to previously-agreed performance levels.

In 2009, these criteria lay in the area of rental activity (including the rental of certain specifically identified objects), stabilisation of net rental income, occupancy rate, rent collection and improving the risk profile. Based on targets achieved in 2009, a total bonus of € 17.400 was awarded in 2010.

Besides this regular bonus, a member of management may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus has been paid for 2009.

Basic remuneration for 2011 and bonus for 2010

The annual fixed fee of the independent non-executive directors remains unchanged with respect to the above-mentioned fees for 2010.

On 1 January each year, the annual fixed fee of the members of the management committee, except the managing director, is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 3,1 % as on 1 January 2011.

Bonus criteria for 2010 are related to rental activity, rent collection, sustainable management of buildings, extension of the average duration of credit agreements and the use of alternative sources of funding. Based on the targets achieved in 2010, a total bonus of € 22.500 is being granted. No additional bonus has been paid for 2010.

Duration and termination conditions

Members of the board of directors are appointed for a period of three years, but their appointment may be revoked at any time by the general shareholders meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve to eighteen months' fixed fee (except for gross negligence or deliberate error, in which case no compensation will be payable).

CONSORTIUM

Since, in 2010, the boards of directors of both Intervest Offices and Intervest Retail contain almost the same persons (the board of directors of Intervest Retail sa consists of six members, among whom Jean-Pierre Blumberg, Nick van Ommen and EMSO sprl, represented by its permanent representative Chris Peeters, are appointed as independent directors, and Reinier van Gerrevink, Hubert Roovers and Tom de Witte are appointed as representatives of the majority shareholder VastNed Retail sa), it has been established that, pursuant to article 10 § 2, 2° of the Belgian Companies Code, Intervest Offices and Intervest Retail form a consortium. This despite the fact that there is no question of a centralised management since a property investment fund, pursuant to article 9 of the so-called UCI Act of 20 July 2004 and article 9 of the Royal Decree of 7 December 2010 relating to property investment funds, must be managed in the sole interest of the shareholders and in such a way that the autonomous management of the property investment fund is ensured.

The preparation of a consolidated annual accounts statement for Intervest Offices sa and Intervest Retail sa, which together form a consortium, would give rise to the impression that the autonomous management of the property investment fund can be called into question, when this is not true. Moreover, the investment policy of Intervest Offices differs fundamentally from that of Intervest Retail. Intervest Retail invests in retail property. These can include inner city shops as well as retail warehouses and shopping centres. It does not normally invest in offices and logistics real estate. Until today, there has not been any joint investment policy and the policies are kept strictly separate. Moreover, the majority shareholder of Intervest Retail, i.e. VastNed Retail, is a completely different legal entity from the majority shareholder of Intervest Offices, i.e. VastNed Offices/Industrial.

To address this situation, a proposal will be submitted to the general shareholders meeting of 6 April 2011 for changing the composition of the boards of directors of both Intervest Offices and Intervest Retail.

MOST IMPORTANT RISK FACTORS AND INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

In 2010, the board of directors of Intervest Offices once again focuses attention on the risk factors with which Intervest Offices must contend.

> The constant evolutions in the real estate and financial markets require a continuous monitoring of the strategic, operational and financial risks, as well as of the financial reporting and compliance risks in order to safeguard the results and the financial situation of Intervest Offices.

STRATEGIC RISKS AND MANAGEMENT

These risks are largely determined by the strategic choices made by Intervest Offices to limit its vulnerability to external factors. The size of these risks is determined by the strategic choices with respect to the investment policy, such as the choice of:

- **type of real estate:** Intervest Offices has mainly chosen for investments in the office sector where, when making investment decisions, it aims for an adequate spread and limitation of risk by ensuring that there is a sufficient percentage of office investments in liquid real estate markets, by limiting the exposure of investments in a particular place/region and by limiting the risk in relation to the yield. Besides investing in offices, it is possible to invest in well-let semi-industrial and logistics spaces.

  The real estate patrimony of Intervest Offices is valued on a quarterly basis by independent property experts. These property experts have the necessary qualifications and significant market experience. The fair value of the buildings, as estimated by them, is entered under the section "Investment properties" in the assets side of the statutory and consolidated balance sheet. Fluctuations in fair values are entered under the section "Changes in fair value of investment properties" in the consolidated and statutory income statements and these can have either a positive or negative effect on the net income. The values established by the experts represent the market value of the buildings. Consequently, fluctuations in the market value of the property are reflected in the net assets of Intervest Offices, as published on a quarterly basis. Intervest Offices is exposed to the fluctuation of the fair value of its portfolio, as estimated by the independent assessments.

  On 31 December 2010, a 1 % hypothetical negative adjustment of the yield used by property experts for the valuation of the real estate portfolio of the property investment fund (yield or capitalisation rate) would reduce the fair value of the real estate by € 63 million or 12 %. As a result, the debt ratio of the property investment fund would increase by 8 % to 51 % (in this regard, also see the "Sensitivity Analysis" in the Real Estate Report).

- **time of investment and divestment:** Based on the knowledge of economic and real estate cycles, one tries to anticipate as accurately as possible the downward and upward movements of the markets. The normally expected course of the economic cycles can be assessed to the best of one's ability based on economic indicators. The investment market and particularly, the rental market for commercial real estate respond with a certain amount of delay to the volatility of the economic climate. Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to sharp negative adjustments. During this period of economic boom, Intervest Offices will pursue a fairly moderate policy on investments so as to reduce the risk of making ill-timed investments. In periods of economic recession, the value and occupancy rate of buildings usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing value of buildings and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the property investment fund from rising above the permitted levels.

AARTSELAAR
Kontichsesteenweg 54
Aartselaar
Space / 4.000 m²

OPERATIONAL RISKS AND MANAGEMENT

These risks arise out of daily transactions and (external) events executed within the strategic framework, such as:

- **investment risks:** The main risks inherent in investing in real estate are related to future negative variations in fair value of investment properties caused primarily by increasing vacancy, unpaid rents, decline in rents when concluding new lease contracts or extending existing lease contracts, and soil contamination.

  At Intervest Offices, internal control measures are taken to reduce the risk of making incorrect investment decisions. For example, the risk profile is always carefully assessed based on market research, an estimate of future yields, a screening of existing tenants, a study of environmental and permit requirements, an analysis of tax risks, etc.

  Pursuant to article 31 of the Royal Decree of 7 December 2010 relating to property investment funds, an independent property expert values each acquisition or disposal of property. For each disposal, the assessment value determined by the independent property expert is an important guiding principle for the transaction value. Intervest Offices also carefully ensures that the guarantees offered during the transaction remain limited, in terms of both duration and value.

  For each acquisition, Intervest Offices also carries out a technical, administrative, legal, accounting and tax "due diligence" based on continuous analysis procedures and usually with the assistance of external, specialised consultants.

- **rental risks:** These risks are related to the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target audience and users, the quality of the property, the quality of the tenant and the lease contract. Intervest Offices continuously records the development of these factors. Based on the above criteria, a risk profile is allocated to each property, which is regularly evaluated (based on the fund's own local knowledge and data from external parties and/or valuers). Depending on the risk profile, a certain yield must be realized over a certain period, which is compared to the expected yield according to the internal yield model. On the basis of this, an analysis is drawn up of the objects in which additional investments should be made, where the tenant mix must be adapted and which premises are eligible for sale. Vacancy and the vacancy risk are also analysed each month, for which the expiry dates of the lease contacts are taken into account. The fund strives to maintain a balanced distribution of the duration of the lease contracts in compliance with rules defined in the applicable leasing legislation. This allows future lease terminations and contract revisions to be anticipated in good time.

  The activities and results of Intervest Offices depend, in part, on the evolution of the general economic climate. This is measured based on the level of growth or decline in the gross domestic product of Belgium and has an indirect impact on the occupation of commercial buildings by the private sector.

The occupancy rate of Intervest Offices on 31 December 2010 is 85 %, as compared to 88 % on 31 December 2009. For the office portfolio, which represents 69 % of the fair value of the real estate portfolio, the occupancy rate on 31 December 2010 is 85 % (90 % at the end of 2009) and for the semi-industrial/logistics portfolio, which represents 31 % of the fair value of the real estate portfolio, the occupancy rate on 31 December 2010 is 84 % (83 % at the end of 2009). This sharp decrease in the office portfolio is mainly due to the departure of Tibotec-Virco from Mechelen Campus and Intercity Business Park (4 %).

The impact of the economic climate on the results of Intervest Offices is, however, mitigated by the following factors:

1. **Duration of the lease contracts**

   The expiry dates of contracts in the entire real estate portfolio are well-spread out over the coming years. It should be noted that, specifically for the offices, the average rental period (starting from 1 January 2011) until the next expiry date is 3,6 years. For large office tenants (above 2.000 m^2), which comprise 67 % of the office portfolio and thus have a major influence on the overall recurring rental income flow, the next expiry date (as on 1 January 2011) is, on average, only after 4,1 years. Lease contracts expiring in the period 2011 - 2013 are therefore mostly for smaller areas, which signify a more limited risk for the total rental incomes of the property investment fund. For semi-industrial premises, there is a similar trend as for offices; for large tenants (above 10.000 m^2 storage), the next expiry date (as on 1 January 2011) is, on average, only after 4,5 years.

2. **Spreading of risks to tenants and quality of tenants**

   The rental income of the property investment fund is spread out over almost 200 different tenants, which reduces the risk of bad debts and promotes income stability. The ten biggest tenants contribute to 48 % of the rental income, and apart from the European Commission, these are always leading companies within their sector belonging to international groups.

   The losses on lease receivables (with recovery) for the period 2002 - 2010 represent only 0,25 % of total turnover. A sharp deterioration in the general economic climate can result in an increase in the losses on lease receivables, particularly in the office buildings sector. The possible bankruptcy of a major tenant can represent a significant loss for the property investment fund, as can an unexpected vacancy and even a re-rental of the vacant space at a price lower than the price stated in the contract which has not been respected.

3. **Sector spread of the portfolio**

   Tenants of Intervest Offices are well-spread out over a large number of different economic sectors, which reduces the risk of significant vacancy in case of economic recession which could hit some sectors more severely than others.

4. **Location and quality of buildings**

   The Antwerp-Brussels axis is still the most important and most liquid office region of Belgium. The entire office portfolio of the property investment fund is located in this region.

   The Brussels periphery suffers from a structural oversupply of offices and the market is very competitive. Vacancy in the Brussels periphery is traditionally higher than in the city centre of Brussels, but the yields there are also higher. The vacancy rate in offices of the property investment fund on 31 December 2010 is 15 %, which is in line with the overall Brussels office market with its vacancy rate of 12,3 %[2]. For the Brussels periphery office market, the vacancy rate amounts to 19,5 % at the end of 2010.

   83 % of the logistics portfolio is located in the Antwerp-Malines (i.e. E19 and A12) and Antwerp-Liège (i.e. E313) axes, which are the most important logistics axes in Belgium. 15 % of the properties are located in the centre of the country, in the vicinity of Brussels.

[2] Publication: DTZ - Property times Q4 2010 - dd. 11 January 2011.

- **cost control risks:** There is a risk of the net yield on real estate being negatively influenced by high operating costs or investments. Within Intervest Offices, several internal control measures are implemented that reduce this risk, including regular comparison of maintenance budgets with the actual reality and approval procedures at the time of entering into maintenance and investment commitments. These approval procedures entail, depending on the amount, one or more offers being requested from various contractors. During this process, the technical department of Intervest Offices makes a comparison of the price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the property investment fund.

  Risks relating to the deteriorated condition of the buildings and the risk of major works

  The state of the buildings deteriorates due to wear and tear of various components as a result of normal ageing processes as well as engineering and technical ageing. By pursuing a proactive policy with respect to the maintenance of buildings, the property investment fund seeks to limit the technical costs for the coming years.

  At the time of the termination of the lease contract, the tenant (in accordance with the contractual agreements made in the lease contract) must compensate the property investment fund for rental damage. Rental damage is determined by an independent expert, who compares the entering inventory of fixtures with the outgoing inventory of fixtures. These compensation payments are used by Intervest Offices for refurbishing the vacant space for occupation by the next tenant.

  A negative change in fair value of investment properties may also result from the deterioration of the surrounding buildings or a degeneration of the entire neighbourhood in which the property owned by the property investment fund is located.

- **debtor's risks:** Intervest Offices follows clear procedures for screening tenants when new lease contracts are concluded. Deposits or bank guarantees are also always insisted upon when entering into lease contracts. A rental deposit or bank guarantee of six months' rent is provided for in the standard lease contract used by Intervest Offices for the rental of its offices.

  On 31 December 2010, the actual weighted average duration of the rental deposits and bank guarantees for offices is approximately 5,4 months (or about € 13 million). For the semi-industrial portfolio, the actual weighted average duration of the rental deposits and bank guarantees on 31 December 2010 is three months (or approximately € 3 million).

  In addition, there are internal control procedures in place to ensure timely recovery of lease receivables and adequate follow-up of rent arrears. Rents are payable in advance on a monthly or quarterly basis. For rental charges and taxes paid by Intervest Offices but which may be contractually passed on to the tenants, a quarterly fee is requested. The losses on lease receivables (with recovery) for the period 2002 - 2010 represent only 0,25 % of total turnover.

  The financial and real estate portfolio administration pays close attention to limiting rent arrears. On 31 December 2010 the number of days of outstanding customers' credit is only 8 days.

- **legal and tax risks:**

  - **Contracts and corporate reorganisations**

  Before concluding contracts with third parties and depending on their complexity, these are reviewed by external consultants, to reduce the risk of financial loss and damage being caused to the fund's reputation due to inadequate contracts. Intervest Offices is insured against liability arising from its activities or its investments under a third party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 15 million.
  Corporate reorganisations, in which Intervest Offices is involved (merger, demerger, partial demerger, contribution in kind, etc.), are always subject to "due diligence" activities, guided by external consultants to minimise the risk of legal and financial errors.

- **Insurance**

The risk of buildings being destroyed by fire or other disasters is insured by Intervest Offices for a total reconstruction value of € 471 million, as compared to a fair value of investment properties of € 527 million on 31 December 2010 (note, land included). The insured value of the offices is € 351 million and that of the semi-industrial portfolio is € 120 million. Cover is also provided for vacancy in the buildings due to these events, the conditions for which are determined on a case-by-case basis. The insurance policies also include additional guarantees for the real estate becoming unfit for use (including loss of rental income), costs for maintenance and cleaning up the property, claims of tenants and users and third party claims. With these additional guarantees, the insured value amounts to € 767 million. This insured value is split into € 619 million for the offices and € 148 million for the semi-industrial portfolio.

- **Taxation**

Taxation plays an important role in the area of property investments (VAT, registration fees, exit tax, split acquisitions, property tax, etc.). These tax risks are continuously assessed and where necessary, the assistance of external consultants is taken.

- **Risk relating to regulatory and administrative procedures**

The changes in regulations on urban planning and environmental protection can have an adverse effect on the long-term operation of a building by Intervest Offices. The strict enforcement and observance of urban planning regulations by municipal governments can negatively influence the attractiveness of the building. For example, a reduction in the dimensions of a building imposed as part of thorough renovation can also affect its fair value.

Finally, the introduction of new or more stringent standards for soil contamination or energy consumption can have a major impact on the costs required to continue operating the property.

FINANCIAL RISKS AND MANAGEMENT

The main financial risks are financing risk, liquidity risk, interest rate risk and the risk associated with banking counterparties.

- **financing risk:** The real estate portfolio can be financed partly with shareholders' equity and partly with borrowed capital. A relative increase in borrowed capital with respect to shareholders' equity can result in a higher yield (known as "leverage"), but can also imply an increased risk. In case of disappointing yields from real estate and a decrease in fair value of investment properties, a high degree of leverage can give rise to the risk of no longer being able to meet interest rate and repayment obligations of borrowed capital and other payment obligations. In such a case, it is not possible to obtain financing with new borrowed capital or this can only be obtained under very unfavourable terms. To continue meeting payment obligations, real estate must then be sold, which entails the risk that this sale cannot be carried out under the most favourable conditions. The value development of the office portfolio is largely determined by developments in the real estate market. For financing real estate, Intervest Offices always strives for a balance between shareholders' equity and borrowed capital. In addition, Intervest Offices aims to safeguard its access to the capital market through the transparent disclosure of information, by maintaining regular contacts with financiers and (potential) shareholders and by increasing the liquidity of the share. Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from if specific market conditions require this.

  The bank credit agreements of Intervest Offices are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Intervest Offices or its financial interest charges. These ratios limit the amount that could still be borrowed by Intervest Offices. These ratios are respected as on 31 December 2010. If Intervest Offices were no longer to respect these ratios, the financing agreements of Intervest Offices can be cancelled, renegotiated, terminated or prematurely repaid.

  Intervest Offices is limited in its borrowing capacity by the maximum debt ratio permitted by the regulations relating to property investment funds. Within the legally defined limits of the 65 % ratio, the theoretical additional debt capacity of Intervest Offices amounts to approximately € 350 million in case of an unchanged valuation of the existing real estate portfolio.

- **liquidity risk:** Intervest Offices must generate sufficient cash flows to meet its day-to-day payment obligations. On the one hand, this risk is limited by the measures mentioned under operational risks, which reduces the risk of loss of cash flows due to e.g. vacancy or bankruptcies of tenants. In addition, Intervest Offices has provided for a sufficient credit margin with its bankers to absorb fluctuations in liquidity requirements. In order to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis.

  On 31 December 2010, Intervest Offices has not-withdrawn credit lines of € 100 million available for its operations and dividend payments. The average remaining duration of the long-term credit agreements as on 31 December 2010 is 3,3 years.

- **interest rate risk:** As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. Depending on the developments in interest rates, derogation from this may occur. Furthermore, for long-term borrowed capital, a balanced spread of interest rate review dates and a minimum duration of 3 years are targeted. To further protect its operating results from interest rate fluctuations, Intervest Offices has concluded a forward interest rate swap in the third quarter of 2010 for hedging a credit amount of € 50 million at 2,3350 %, with a duration of five years starting on 2 January 2012 and ending on 2 January 2017. With this, the interest rates on the credits of the property investment fund on 31 December 2010 remain fixed for a remaining average duration of 3,1 years.

- **risk associated with banking counterparties:** The conclusion of a financing contract or investment in a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default. In order to limit this counterparty risk, Intervest Offices takes the assistance of various reference banks in the market to ensure a certain diversification of its sources of financing and its interest rate hedges, with particular attention for the price-quality ratio of the services provided.

  Intervest Offices maintains business relations with five banks:

  - The banks providing financing are: ING Belgium sa, BNP-Paribas Fortis (Fortis Bank sa), Banque LBLux sa, NIBC Bank sa and KBC Bank sa.
  - Banks which are counterparties for the interest rate hedges are: ING Belgium sa, BNP-Paribas Fortis (Fortis Bank sa) and KBC Bank sa.

  Intervest Offices regularly reviews the list of its banking relationships and the extent of its exposure to each of these. In the current context of the crisis in the banking sector, it is possible that one or more of the banking counterparties of Intervest Offices can remain in default. The financial model of Intervest Offices is based on a structural debt burden, which implies that its cash position at a financial institution is usually quite limited. On 31 December 2010, this cash position amounts to € 0,8 million.

FINANCIAL REPORTING RISKS AND MANAGEMENT

Each quarter, a complete closing and consolidation of the accounts is prepared and published. To optimise the financial reporting process, the finance department always draws up a schedule with deadlines for all the tasks to be completed. Subsequently, the financial team prepares the quarterly figures and balance sheets. These quarterly figures are always analysed in detail and checked internally.

To reduce the risk of errors in the financial reporting, these figures are discussed within the management committee and their accuracy and completeness checked via analyses of rental incomes, operational costs, vacancy, rental activities, the evolution of the value of the buildings, outstanding debtors, etc. Comparisons with forecasts and budgets are discussed. After this, the management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. In addition, the half-yearly and annual figures are always checked by the external auditor.

COMPLIANCE RISKS AND MANAGEMENT

This includes the risk of an inadequate level of compliance with relevant laws and regulations and the risk of employees not acting with integrity. Intervest Offices limits this risk by screening its employees at the time of recruitment, by creating awareness among them regarding this risk and by ensuring that they have sufficient knowledge of the changes in the relevant laws and regulations, assisted in this regard by external legal advisers. To ensure a corporate culture of integrity, Intervest Offices has in the past defined an internal code of conduct and whistleblowing rules.

OTHER PARTIES INVOLVED

STATUTORY AUDITOR

The statutory auditor, appointed by the general meeting of shareholders, is the cooperative partnership Deloitte Réviseurs d'Entreprises SC, which is represented by Kathleen De Brabander and Frank Verhaegen, auditors.

PROPERTY EXPERTS

The real estate portfolio is valued every quarter by two independent experts, Jones Lang LaSalle and Cushman & Wakefield, each for a part of the portfolio, by rotation.

COMPLIANCE OFFICER

Pursuant to clauses 3.7 and 6.8 as well as appendix B of the Belgian corporate governance code 2009, the company nominated Inge Tas, member of the management committee and cfo as compliance officer, charged with the supervision of compliance with the rules on market abuse. Those rules were imposed by the Act of 2 August 2002 concerning the supervision on the financial sector and the financial services and Directive 2003/6/EC concerning insider trade and market manipulation.

"COMPLY OR EXPLAIN"-PRINCIPLE

In 2010, the company deviated from the following stipulations of the code (explain):

- **Clauses 5.3 and 5.4 on the operation of committees (incl. appendix D & E)**

  The board of directors decided not to set up an appointment committee or a remuneration committee. It is the opinion of the board that tasks of these committees are tasks of the full board of directors. The limited size of the board makes an efficient debate on these subjects possible.

- **Clause 6.2 Executive management**

  The management committee does not comprise all executive directors. This constitutes a deviation from clause 6.2 because of the specificity of the composition of the management committee (and article 4 §1 5° of the Royal Decree of 10 April 1995 on property investment funds, which expressly requires that two directors supervise the day-to-day management).

- **Clause 2.9 Company secretary**

  The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communication within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors make such a position superfluous.

SUSTAINABLE ENTERPRISE

Intervest Offices wants to organise and develop its activities in a sustainable manner. It is aware of the global effect of climate change, waste production and finite natural resources. Intervest Offices wants to stimulate the awareness-building process both for its own organisation and among its tenants, in order to achieve a sustainable impact of its activities on the environment and society.

Intervest Offices therefore pursue a policy to limit the negative impact of its activities on the environment as much as possible. In an economically justified way, an increasing far-reaching sustainable procedure is carried out gradually, whereby the satisfaction of the tenant being the underlying principle. In the summer of 2009, Intervest Offices formalised that principle in a 'sustainability policy framework' that has been elaborated and refined during 2010.

In the operational administration of its portfolio, Intervest Offices concentrates on four fields related to sustainability: energy, material usage and waste removal, location and the welfare of its users.

1. In the field of **sustainable energy consumption,** Intervest Offices concentrates on raising awareness among users, who determine consumption levels to a high degree. Where possible, the actual use by tenants of HVAC (Heating Ventilation Air Conditioning) is charged to the tenants, rather than using the calculation method generally used, which assigns the charges based on the square metres leased. This billing method is already in use in more than half of the office portfolio, including Mechelen Campus, Intercity Business Park, Inter Access Park and Park Station. Also for the activities of tenants with important energy consumption (laboratories, logistics, industrial production, etc.) the energy consumption is as much as possible individually monitored and charged which will again stimulate the individual tenant consumer to use as efficiently as possible its sources of energy.

   In the second place, renewable energy is used as much as possible. Since May 2009, Intervest Offices uses therefore exclusively electric energy generated by hydropower from the Alps. Owing to this, all common equipment works exclusively on electricity generated by sustainable sources.

   In the third place in 2009, and especially for the semi-industrial portfolio, a project has started to generate electricity by renewable energy based on solar energy. The installation of a photovoltaic system on the roof of semi-industrial buildings results, on the one hand, in lower CO_2 emissions and on the other hand in lower energy bills for the tenants. The first three buildings have been delivered, whereby on the logistic sites of Puurs, Boom and Herentals a total power of 5,4 kW peak power (kWp) has been realized on a roof surface area of 88.000 m^2. This results in a CO_2 reduction of approximately 1.400 metric tons a year.

2. As regards **material use and waste removal,** a system of separate waste removal is used in nearly all buildings. The minimal variant is the separation of paper and cardboard on the one hand and the residual waste on the other.

   In three buildings, however, an advanced method of waste removal has been introduced, whereby the waste is separated into 8 different groupings (paper, cardboard, PMD, residual waste, glass, batteries, strip-lights and ink cartridges).

   Given the size of the Intercity Business Park, it was even possible to install a waste treatment unit in the park. This not only reduces the number of transports to and from the waste-treatment centre, but also makes it possible to develop an individual waste-removal program for each tenant. In this way, the tenants are given a sense of responsibility, which also generates cost benefits and reduces the mountain of waste. In addition to the ecological advantages, savings of approximately 15 % are achieved relating to traditional waste removal by container.

3. The **location** of buildings is primarily important when new buildings are being acquired. As far as possible, the buildings to be acquired will be checked for multimodal accessibility, which is important for offices as well as for logistics buildings. In a number of buildings in the portfolio, covered bicycle sheds have been installed to encourage the use of bicycles.

4. Finally, with respect to the **welfare** of its tenants, Intervest Offices manages its buildings to try to achieve maximum safety and tenant satisfaction. To ensure the safety and welfare of the users, evacuation procedures have been developed, in addition to the legal inspections for all multi-tenant buildings. Evacuation exercises are held annually. Besides, in 2010 an annual tenant satisfaction enquiry has started for all users of offices, in order to better meet the desires and demands of tenants.

In order to assess the sustainability of individual buildings, their performance is benchmarked and gradually certified.

Via a working group set up by VastNed Offices/Industrial, which is the reference shareholder of Intervest Offices, initiatives of the International Sustainability Alliance (ISA) are supported. Building owners and users, investors and developers of buildings participate in this organisation. They have set themselves the goal of developing an international database of Key Performance Indicators (KPIs) for developing sustainability. The various participants have undertaken to communicate annually the sustainability KPIs of all their individual buildings to the ISA, after which the ISA can independently determine the sustainability performance of both the international and domestic real estate market. Subsequently, the individual participants also receive a report regarding the performance of their individual buildings and building portfolio in comparison with the market. Currently, the ISA represents a portfolio of 150 million m² of professional real estate, which can be regarded as a representative sample of the entire real estate market.

In fact, participation in the International Sustainability Alliance is the logical continuation of the inventorying of sustainability indicators of buildings within the fund's own portfolio since 2008. Since then, the various sustainability indicators (energy consumption, CO2 emissions, water consumption, waste production, energy performance and environmental audit) are recorded for all individual buildings managed by Intervest Offices. ISA inventories the same indicators, adding to this the generation of green energy (solar energy, wind energy, biomass, etc.) at the individual sites.

Following the certification of the first building in 2009, Intervest Offices has once again obtained certifications in 2010 for three buildings in its portfolio (two office buildings and one logistics building) for their environmental performance. This certification is done on the basis of the BREEAM-In-Use ("Building Research Establishment Environmental Assessment Methodology"-In-Use or in short "BIU") methodology. The BREEAM-In-Use methodology assesses the sustainability of existing buildings, with respect to building physics, operational management and control as well as the use of the building.

> The realization of a photovoltaic installation on the roof of our warehouse space in Puurs fits in well with the corporate value of Fiege for the protection of the environment. Furthermore, this facility allows us to reduce the electricity costs of our operations.
>
> Jan Franck - Director - Fiege

The results of the various building audits are in line with expectations. In particular, buildings in which the tenant too pays a great deal of attention to sustainability appear to score above average in the area of sustainability. This is because the sustainable performance of a building is largely determined by the user of the building. This has led Intervest Offices to continue focusing on tenant accountability and further pursuing its well-considered, sustainable purchasing policy in the multi-tenant buildings managed by it.

> As a growing company, we have chosen to prolong our lease contract for Mechelen Campus by six years. Intervest Offices offers us a good price-quality ratio and the necessary flexibility for further expansion. Moreover, they pay additional attention to the comfort and sustainability aspect, for example, by placing reflective film on the windows.
>
> Ruud Houben - Procurement and supply chain manager - Cochlear Technology Centre

APPROPRIATE LEGAL FRAMEWORK FOR PROPERTY INVESTMENT FUNDS

On 7 January 2011, the Royal Decree of 7 December 2010 relating to property investment funds (Royal Decree of 2010) came into effect. Since the introduction of the Royal Decree of 10 April 1995, regulations for collective investment institutions have undergone a fair amount of development in terms of legislation. A number of provisions of the Royal Decree of 10 April 1995 needed to be adjusted, either because their application entailed certain problems, or because an update became necessary due to the evolution of the financial markets. To help the property investment fund retain its attractive character and ensure the protection of investors, the current legal framework needed to be adjusted.

The main changes introduced by the Royal Decree of 2010 are as follows:

1. **Institutional property investment fund**

The Royal Decree of 2010 offers public property investment funds the possibility of setting up subsidiaries in the form of an "institutional property investment fund". This new option is designed to allow the use of an ad hoc vehicle that makes it possible for public property investment funds to realize specific projects with a third party (institutional or professional investor), but always to do so without going against the interests of the shareholders of the public property investment fund. Therefore, the interests of these shareholders will determine the limits for setting up an institutional property investment fund. For this reason, the Royal Decree of 2010 prescribes that an institutional property investment fund must be subject to the exclusive or joint control of a public property investment fund. Moreover, the Royal Decree of 2010 prohibits the arrangement in which an institutional property investment fund is subject to the joint control of two property investment funds, insofar as these two funds are not controlled by the same public property investment fund. Finally, a participating interest in an institutional property investment fund or in a real estate company is only considered as real estate if they (jointly or exclusively) exercise control over the company in question.
Institutional property investment funds fall under the supervision of the Banking, Finance and Insurance Commission. Except for a number of specific exceptions listed (with respect to the registration file, property experts, rules concerning capital increases, obligations as a public and listed company and the investment policy), all provisions applicable to the public property investment fund also apply to institutional property investment fund.
Based on tax considerations, there is a ban on so-called "mixed subsidiaries". This means that the public property investment fund, which has control over one or more property investment funds, may not have a subsidiary (incorporated under Belgian law) which takes the form of a real estate company. The public property investment fund will, in other words, have to make a choice regarding the type of subsidiaries it wants to hold.

2. Directors

The Royal Decree of 2010 requires that at least three independent directors, within the meaning of article 526ter of the Belgian Companies Code, serve on the board of directors of the public property investment fund and that the board of directors must be composed in such a way that the public property investment fund can be managed autonomously and solely in the interests of its shareholders. Once a certain de *minimis* threshold is exceeded, the property investment fund must still be represented by at least two directors for any act of disposal relating to the real estate properties.

3. Capital and securities

The Royal Decree of 2010 provides for the possibility of issuing securities other than shares. Only the issue of profit-sharing certificates (or other securities not representing the capital and comparable to profit-sharing certificates) is still prohibited.

The Royal Decree of 2010 introduces the possibility of implementing a capital increase with withdrawal of the pre-emptive right, subject to the granting of a priority allocation right to existing shareholders at the time of allocating new securities.

The rules for a capital increase through contributions in kind are worked out in further detail, including the minimum issue price which, from now on, can be based not only on the 30 days average share price (whether or not after deduction of undistributed gross dividends to which the new shares might not grant any rights) but also on the net asset value. The rules concerning contributions in kind shall henceforth also apply to mergers, demergers and similar transactions.

The distribution of an optional dividend is now explicitly permitted and regulated.

4. Property experts

New rules have been defined with regard to the property expert appointed by the property investment fund to value its real estate portfolio. The required independence of the expert is underlined more strongly and it is stipulated that his fee may in no way be related to the value of the real estate being assessed by him. At the same time, the property investment fund now has an obligation to ensure a rotation of the experts appointed by it. For example, the expert may only be appointed for a renewable term of three years. In addition, the expert may be entrusted with the valuation of a specific property only for a maximum period of three years, after which a *"cooling-off period"* of three years must be taken into consideration with respect to this same property. However, if the expert is a legal entity, this rotation system is only applicable with respect to the natural persons representing the legal entity.

5. Investment policy

Apart from the possibility of setting up institutional property investment funds, a number of points relating to obligations with respect to the investment policy have been modified.

For example, conditions have now been defined under which the public property investment fund and its subsidiaries may invest in securities that are not considered as property, as well as the conditions under which they may own unallocated cash and buy or sell hedging instruments (e.g. *"interest rate swaps"*).

The public property investment fund and its subsidiaries may, under certain conditions, conclude real estate leasing contracts as lessee and lease out immovable property. With a view to the required diversification of investments, an upper limit of 20 % is still applicable for an investment in a single "real estate entity".

6. **Debt ratio**

The Royal Decree of 2010 limits, at both the statutory and the consolidated level, the debt ratio of the public property investment fund to 65 %. In order to ensure a proactive management of the debt ratio, the Royal Decree of 2010 now requires the public property investment fund to submit a financial plan as soon as its consolidated debt ratio exceeds 50 %. Institutional property investment funds are not required to maintain a maximum debt ratio at the statutory level.

7. **Other**

- The promoter of the public property investment fund has been assigned a larger role and more obligations with respect to the mandatory distribution among the public of at least 30 % of the shares of the public property investment fund. Henceforth, this obligation of means shall be of a permanent nature.
- Property investment funds are no longer obliged to appoint a depositary.
- The Royal Decree of 2010 no longer requires fees, commissions and expenses incurred by the property investment fund to be approved in advance by the Banking, Finance and Insurance Commission. On the other hand, there are certain required disclosure obligations with regard to the fees of the person entrusted with performing financial services as well as those of the experts and the statutory auditor.
  Moreover, the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public property investment fund or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable fee is determined according to the result, only the consolidated net income may be used as basis for this.
- The scope of the rules for preventing conflicts of interest has been expanded and adapted to the introduction of the institutional property investment fund.
- The Royal Decree of 2010 imposes additional obligations with regard to the content, form and manner of disclosure and deadline for the annual and half-yearly financial reports and financial statements of the public property investment fund.
- Without prejudice to article 617 of the Belgian Companies Code, the property investment fund must continue to distribute at least 80 % of its operating profits annually among its shareholders. However, there are restrictions on this mandatory distribution in the light of the maximum debt ratio of 65 %.

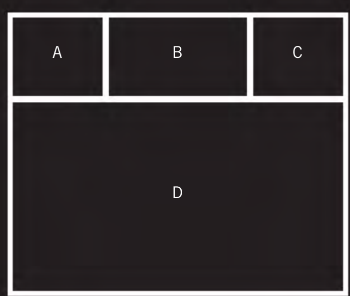
Entry into force and transitional regime

The Royal Decree of 2010 came into effect on 7 January 2011. This was accompanied by the withdrawal of the Royal Decree of 10 April 1995 and the Royal Decree of 21 June 2006 rela-ting to the accounting, annual accounts and consolidated annual accounts of public property investment funds. However, the Royal Decree of 2010 contains a number of specific tran-sitional provisions and grandfathering clauses. The current articles of association of the pro-perty investment fund must also be updated as a result of the Royal Decree of 2010 coming into effect and this must happen within a period of 18 months.

Report of the management committee

DELOITTE CAMPUS 2

A + B + C + D
Berkenlaan 8a - DIEGEM
Space / 7.787 m²



THE PROFESSIONAL REAL ESTATE MARKET

ROUND TABLE DISCUSSION WITH PROPERTY EXPERTS OF INTERVEST OFFICES ON EVOLUTIONS IN THE INVESTMENT AND RENTAL MARKET FOR OFFICES AND LOGISTICS REAL ESTATE IN 2010.

On 9 December 2010, Intervest Offices brought its two property experts together around the table to discuss the current investment and rental market.

Discussion partners:

- Rod Scrivener, Patricia Lannoije, (Jones Lang LaSalle)
- Kris Peetermans, Jef Van Doorslaer (Cushman & Wakefield)
- Jean-Paul Sols, Luc Feyaerts, Marco Hengst (Intervest Offices)

RENTAL MARKET FOR OFFICES

General trend in 2010

The total take-up of office space in Brussels in 2010 is approximately 480.000 m², which is once again lower than the 10-year average and only slightly above the 2009 level. The big difference with 2009 is, however, that the total take-up is not distorted by three large transactions comprising one third of the total volume. In other words, it is more a question of a normal rental market, although this presently remains a tenants' market with an average vacancy rate of 11 %.

Major transactions in 2010 in the CBD market, the Brussels periphery and regional markets

The main new lettings in 2010 within Brussels are by national and international government institutions, such as the Federal Police (54.500 m² in the Belair building), Infrabel (17.500 m² and 7.200 m² in avenue Fonsny), the European Union (8.300 m² in avenue de Cortenbergh, 4.800 m² in avenue de la Toison d'Or, 6.500 m² at place Rogier) and the Flemish Community (5.800 m² in the Renaissance building).
In the tertiary sector, the most important transactions of 2010 within Brussels are the lettings to BNP Paribas Fortis (36.000 m² in the Boreal), Electrolux (8.200 m² in the Da Vinci Park in Evere), L'Oreal (6.200 m² in Atlantis in Berchem-Sainte-Agathe) and SPE Luminus (6.100 m² in the Marquis Building).

There have been a very limited number of transactions in the Brussels periphery in 2010. The new rental transactions of some size are the lettings to Johnson&Johnson (10.900 m² in the Airport Business Center) and to Getronics and Rockwell Automation (resp. 5.900 m² and 3.500 m² in the Pegasus Park in Diegem). In addition, two major lease renewals by Cisco (about 20.000 m² also in the Pegasus Park) and Bristol-Myers-Squibb (7.300 m² in the Parc de L'Alliance in Braine-l'Alleud) are also notable.

In the regional markets in which Intervest Offices is active, the main transactions in 2010 in Antwerp are the letting of 14.100 m² office space to the VDAB (Flemish Public Employment Service) in the Copernicus building and 14.000 m² to Vivium in the Mercator building. The main transactions in Malines are the new lettings to Alken-Maes (3.200 m² at Stephenson Plaza) and Haskoning (1.000 m² at Mechelen Campus).

Average transaction size in the various market segments

The size of lease transactions varies widely between the various market segments, both within the Brussels-Capital Region and within the various regional markets. In the Brussels conurbation, this ranges from an average of 800 m² office space per transaction in the CBD, to 14.500 m² in the North quarter, 600 m² in the Louise quarter, 1.000 m² in the decentralised area and 900 m² in the northern periphery.

In the regional office markets, this ranges from 700 m² office space per transaction in Antwerp, 1.200 m² per transaction in Ghent and 750 m² per transaction in Malines. Only in these three regional office markets have there been enough transactions to speak of a genuine rental market. In other regional markets such as Leuven, Liège and Charleroi, only 15 transactions or fewer have taken place in 2010, so there can be no talk of an efficient rental market there.

Evolution of the rate of availability of the office market in 2010

The availability of space within the Brussels office market as a whole in 2010 amounts to approximately 11 %. This varies per market segment, from a low availability of 4 to 7 % at the South station, the Centre and at the North station, to an average to high rate of availability of 9 to 13 % in the Leopold quarter, the Louise quarter and the decentralised area. It is also notable that the rate of availability in 2010 has decreased in areas with an already low availability and has increased in areas with an already moderate to high availability.

In the northern periphery of Brussels, the more than 20 % rate of availability remains very high. This figure must be qualified however, since there are also a large number of Class C buildings available in this area which no longer meet current office requirements. Micro-markets with many recent buildings, such as the area along the A201 to the Airport as well as the western periphery, clearly perform better.

Evolution of rents

Rents for offices in 2010 have decreased slightly or remained stable, as compared to previous year. Since the rent is directly influenced by the degree of availability, a slight decrease is logical. To elaborate, in case of a rate of availability of 6 to 8 %, one speaks of a balanced market with constant prices, while a rate of availability below 6 % creates opportunities for rental growth, and a rate of availability higher than 8 % paves the way to a shrinkage of rents. Since the availability in the periphery, CBD and decentralised area is higher than the above-mentioned rate of 8 %, this has a negative effect on the evolution of rental prices.

For 2011, it is expected that rents will remain stable and even increase slightly. Moreover, for newer buildings, there is already a perceptible decrease in rental incentives, which will result in an even sharper increase in the net rent. This will once again lead to a greater price difference between new Class A buildings and existing Class B buildings.

PUURS LOGISTIC CENTER
Veurtstraat 91 - Puurs
Offices space / 1.600 m²
Storage hall space / 41.890 m²

Effect on new developments

Due to the high rate of availability of 11 % of the Brussels market as a whole and the negative effect of this on rents, the number of new speculative developments has almost completely dried up. In 2011, this amounts to only 20.000 m² and in 2012, only 50.000 m² of office developments, while an average of about 330.000 m² of new offices are completed and added to the market each year. This very limited level of new developments gives the office market time to recover. Thereafter, it is expected that the number of new developments will start increasing again.

Sustainable offices

The desire and need of the tenant to locate himself in public transport nodes remain extremely relevant even today. However, accessibility by car continues to be the decisive factor in most cases.

Developers and investors alike are attaching increasing importance to the green certification (BREEAM, HQE, Valideo, etc.) of their buildings, which is also used as a commercial argument. It is expected that this green rating will be increasingly adopted by tenants as a selection criterion for choosing a building. However, the extent to which the tenant is willing to pay more for this remains limited.

NEERLAND 1&2
Boomsesteenweg 801-803,
Kernenergiestraat 70,
Geleegweg 1-7
Wilrijk

Offices space / 632 m²
Storage hall space / 28.536 m²

RENTAL MARKET FOR SEMI-INDUSTRIAL AND LOGISTICS BUILDINGS

General trend in 2010

The rental market for semi-industrial and logistics buildings as a whole in 2010 is comparable to the situation in the difficult year of 2009. However, there are clear differences to be noted between the 2 segments.

The take-up of **logistics space** is still 60 % lower than in 2009 and amounts to only 240.000 m². This take-up has occurred mainly along the four major logistics axes (Antwerp-Brussels, Antwerp-Limburg-Liège, Antwerp-Ghent and the Walloon axis). The reason for this limited take-up is the limited demand from new end-customers, a demand which is also met, in the first instance, by the existing buildings of the various logistics players.

The take-up of **semi-industrial space** is approximately 680.000 m² in 2010, which is higher than in 2009. However, half the take-up consists of purchases for own use in the “golden triangle” (Antwerp-Brussels-Ghent) and consists of only a limited number of lettings. The limited number of lettings therefore had a slightly negative impact on rents.

Major transactions

Lettings in the market segment for **logistics buildings** have remained well below the average of the last five years. The number of transactions involving an area of 20.000 m² or more has remained limited to three transactions, with the main transaction being the rental of 42.500 m² of building space by Cummins in the Rumst Logistic Park. All other lettings of logistics space involve an area of 15.000 m² or less. The fact that two other, smaller transactions within the portfolio of Intervest Offices (7.200 m² by VPD in Wilrijk and 6.900 m² by NYK Logistics in Herentals Logistics) can be considered as the main rental transactions in 2010 indicates that the rental market in 2010 was very calm indeed.

For **semi-industrial spaces,** the take-up mainly consists of purchases for own use. The most notable transactions are the purchase of a building of 10.500 m² by Vandergoten Movers in Vilvorde and 9.900 m² by Merak in Schelle. For the lettings of semi-industrial buildings in regions where Intervest Offices is active, the main transactions are the rental of 6.500 m² by YPC in Sint-Niklaas and 5.000 m² by Steinweg in Antwerp.

Future evolution of the rental market

Given that the prices for the shipping of containers have doubled in 2010, the **logistics rental market** is also expected to improve considerably. Indeed, this can be regarded as an important indicator for industrial production and logistics activities. Consequently, the current demand for logistics spaces is again increasing. In the logistics market segment, at the end of 2010, this has meanwhile led to a decrease in the rental incentives given to new tenants.

Evolution of rents

Rent levels have remained stable in 2010 and have stabilised in the main axis (Antwerp-Brussels) to around € 42 to 43/m²/year for **logistics space.** This price level prevents new developments from being started up. As a result, in 2010, only a few of the available logistics buildings have been filled up further and no new speculative developments have been started up.

With the current land prices in the Antwerp-Brussels region and the current building costs, a rent level of € 45 to 46/m²/year is required for making new developments feasible. However, due to the expected rapid take-up of the existing availability and the short development period of logistics real estate, this situation can rapidly change. But this is not expected to have a negative impact on rents.

Rents for **semi-industrial space** have decreased slightly in 2010 and are now about € 50/m²/year in the Brussels and Walloon Brabant regions, about € 45/m²/year in the Antwerp and Malines regions and about € 40/m²/year in the Ghent and E313 regions.

In the coming years, rents for logistics real estate are expected to increase slightly. For semi-industrial real estate, rents are expected to remain stable.

INVESTMENT MARKET

Overall figures for the investment market in 2010

In 2010, once again there have been only a limited number of transactions as compared to the average investment volume of the last decade. The total investment volume amounts to only € 1,7 billion (as compared to € 1,5 billion in 2009), while the long-term average amounts to € 3,0 billion. This total investment volume is divided among the various sectors as follows: 65 % offices, 15 % retail, 10 % logistics and semi-industrial and real estate and 10 % residential and other.

Within the offices segment, the largest transactions of 2010 are the sale of two new office developments of Atenor at the South station in Brussels, which were sold for € 66 million and € 48 million to respectively Allianz and Intégrale. Both properties are leased in the long term to Infrabel (9 years) and Smals (27 years) and have been sold for very low returns.

In the commercial real estate segment, the main transactions are the transfer of the GL portfolio for € 60 million to the Dutch investor Baron Investment and the sale of the complex at the Noorderlaan by Cofinimmo to Vabeld for an amount of approximately € 23 million.

In the logistics and semi-industrial real estate segment, there have been no major transactions in 2010, although the share of this segment in 2010 has remained at about 10 % of the total investment volume. There have been a lot of smaller transactions in the semi-industrial sector, but mainly for own use. In the logistics segment, there have been no significant transactions at all in 2010.

Due to the high demand for real estate and the improving economic situation, the initial yields of real estate for most of the market segments have improved in 2010. For the market segments in which Intervest Offices is active, these initial yields now amount to 7,25 to 7,5 % for high-quality, modern offices in the Brussels periphery rented on a 6-9 basis. For logistics real estate, the initial yields of modern logistics complexes in the primary logistics axes have even improved by 75 basis points to 7,0 to 7,25 %, although there is hardly any market evidence for this. The yields for semi-industrial real estate remained constant at 8,0 to 8,50 %.

Future evolution of the investment market in 2011-2012

In the last months of 2010, the mood improved in the office market and this trend is expected to continue in 2011. However, the difference with last year is that there will be a normal investment market with more supply, more demand and also, more transactions.

It is also expected that external financing of real estate will become further available, up to a level of 50 to 70 % of the total investment value, which was not easy to achieve last year. However, the market will remain dominated by players with a high level of shareholders' equity, such as the Belgian property investment funds, insurance companies and pension funds, as well as German open-end funds.

The decrease in value of real estate, which has taken place over the past years and which has resulted in an increase of the Loan-to-Value ratio, will lead to forced sales only to a limited extent. This despite the stricter banking regulations (Basel III), which prompt financiers to do this. Therefore, it is expected that the market will not be flooded with real estate, which would pave the way for a further decrease in the value of real estate.

Type of transactions in coming years

The demand for real estate will continue to be high in the coming years. In particular, for insurers and pension funds, the percentage of the investment portfolio invested in real estate remains relatively high as compared to 3 years ago. Due to the limited investment opportunities in real estate objects under long-term lease, this could lead to indirect real estate investments also becoming eligible for consideration by these parties.

Moreover, the focus of investors no longer lies on 'core' products (long-term leases, no vacancy, CBD), but once again includes 'core +' objects. In other words, the scope of real estate investors is expanding.

IMPORTANT DEVELOPMENTS IN 2010

RENTALS

The rental activity on the Belgian market slightly increases compared to 2009. Although in 2010 the take-up is still at lower levels than before the financial crisis, the first signs of recovery are indeed already visible. Namely on the logistic market there are clearly more demands than in 2009. It is expected that this trend will be pursued in 2011.

Although the demand increases, it has to be observed that given the still high vacancy in certain office regions, the rents are still under pressure compared to the levels before the crisis. Nevertheless, it can be noted that in the field of the rent, rents do not further decrease but remain rather stable compared to the price levels of 2009. Given the increasing demand and the limited new developments on the market, a slight rebound of the rents can be expected in 2011.

Regarding new lettings of offices as well as semi-industrial/logistic properties, Intervest Offices manages to score substantially better in 2010 than in 2009 (twice as much in both cases).

RENTAL ACTIVITY IN THE OFFICE PORTFOLIO

In 2010, the occupancy rate of the office portfolio of Intervest Offices decreases to 85 % (compared to 90 % on 31 December 2009). This is mainly due to the departure of Tibotec-Virco from some buildings on Mechelen Campus (as a result of the transfer of their activities to the plant of Janssen Pharmaceutica (Johnson & Johnson) in Beerse).

New tenants

In the office portfolio of Intervest Offices new lease contracts have been signed in 2010 for a total space of 9.529 m² (on a total office portfolio of approximately 231.000 m²), attracting 21 new tenants. This is twice as much compared to the new lettings in 2009 when new lease contracts have been signed for a space of 4.420 m².

In 2010, the most important transactions are:

- Brussels 7: 2.565 m² to Staples
- Mechelen Campus: 1.003 m² to Haskoning, 588 m² to Meeza, 579 m² to LBC Belgium Holding and 441 m² to Arkelis
- Intercity Business Park: 520 m² to Oldelft and 420 m² to CEWE Color
- Inter Access Park: 411 m² to KBC, 389 m² to Phadia and 364 m² to Vendis Management

BRUSSELS 7
Nijverheidslaan 1-3
Strombeek-Bever
Offices space / 10.343 m²

> After a careful analysis of the market,
> Mechelen Campus reveals to be the best in the field
> of price-quality ratio,
> Royal Haskoning has therefore chosen this location.
>
> Gunter Egghe - Commercial manager - Royal Haskoning

As our current lease contract terminates,
we have made a thorough analysis of the office market.
Thanks to the excellent conditions and the very good collaboration with Intervest Offices,
Stapels has decided to choose the building Brussels 7 in Strombeek.

Alain Renier - Process Excellence Program Manager - Staple Product Sourcing Groupe Europe

Renewals by end of lease contracts, extensions and prolongation of lease contracts

In the office portfolio, lease contracts for a space of 20.004 m² have been renegotiated or prolonged in thirty transactions in 2010. This is considerably less than the renegotiations in 2009 for a total space of 44.077 m². Leaving aside the lease contract with PricewaterhouseCoopers in Woluwe Garden for a space of 23.712 m² (representing more than half of the space renegotiated in 2009) the number of renegotiated space remained approximately stable.

In 2010, the most important transactions are:

- re-letting in Intercity Business Park in Malines to SGS for 4.026 m²
- re-letting in Mechelen Campus to Cochlear Technology Centre for 2.772 m²
- re-letting in De Arend in Edegem to Euromex for 1.918 m²
- re-letting in Berchem Technology Center in Berchem-Sainte-Agathe to the Vlaamse Gemeenschapscommissie for 1.510 m²
- re-letting in Exiten in Zellik to Gras Savoye for 1.465 m²
- re-letting in Gateway House in Antwerp to Elegis for 1.457 m²
- re-letting and extension in Park Station in Diegem to CED Belgium for 846 m²
- re-letting and extension in Inter Access Park in Dilbeek to Edward Lifesciences for 771 m²

Thanks also to the good relationship and collaboration
with Intervest Offices, we have decided in 2010 to prolong
the lease contract on Intercity Business Park in Malines
for 9 years, and to lease approximately 20 % more space.

Eddy Van Eenoo - Facility Manager - SGS Belgium

RENTAL ACTIVITY OF THE SEMI-INDUSTRIAL PORTFOLIO

At the end of December 2010, the occupancy rate of the logistic real estate portfolio amounts to 84 %, which is a slight increase compared to the end of 2009 (83 % on 31 December 2009). The departure of Pfizer in Intercity Industrial Park in Malines and of JVC on Krekelenberg in Boom is compensated by re-lettings to respectively DHL - Pharma Logistics and CEVA Logistics Europe.

New tenants

In the semi-industrial portfolio, new lease contracts have been concluded in 2010 for a total space of 46.881 m² in nine transactions. This is twice as much compared to 2009 (19.237 m² in 2009).

In 2010, the most important transactions are:

- letting in Boom (Krekelenberg) to Ceva Logistics Europe for 18.080 m²
- (temporary) letting in Herentals Logistics 2 to Kuehne & Nagels for 10.110 m²
- letting of a part of the logistics building Neerland in Wilrijk to Transport VPD for 7.153 m² and to Transport Cordier for 3.573 m²
- letting of a part of the logistics building Intercity Industrial Park in Malines to DHL - Pharma Logistics for 6.465 m²

KREKELENBERG
Industrieweg 18 - Boom
Offices space / 700 m²
Storage hall space / 23.663 m²

> The extremely flexible growth possibilities offered by Intervest Offices in the logistic complex Intercity Industrial Park in Malines, allow us to expand our pharmaceutical logistic activities.
>
> David Gonze - DHL Real Estate Belux

> By giving an intelligent interpretation to our need of space and by offering us simultaneously the necessary growth possibilities, we could further expand in the logistic complex Neerland in Wilrijk our successful distribution activities of white goods.
>
> Eric Debraekeleer - Business Manager - Transport VPD

Renewals by end of lease contracts, extensions and prolongation of lease contracts

In the semi-industrial portfolio, lease contracts for a space of 56.300 m² in six transactions have been renewed or prolonged in 2010. This is a multiplication by five compared to 2009, whereby it has to be observed that the most important prolongation, being the one of Fiege in Puurs Logistics Center, represents approximately 80 % of the total surface area.

In 2010, the most important transactions are:

- prolongation of Fiege in Puurs Logistic Center for 43.490 m² till end 2017
- prolongation of Ikea in Wilrijk Neerland for 6.965 m²
- prolongation and extension of Kreate in Herentals Logistics 1 for 4.876 m²

AGREEMENT WITH TENANT TIBOTEC-VIRCO REGARDING ITS DEPARTURE FROM MALINES[3]

Tibotec-Virco was an important tenant of Intervest Offices representing approximately 8 % of the rental income of the property investment fund and occupied about 19.526 m² office space and laboratories in the premises of Intervest Offices in Malines.

On request of Tibotec-Virco, which transferred its activities to the plant of Janssen Pharmaceutica (Johnson & Johnson) in Beerse, the current rental contracts and the property lease contracts were terminated in advance at the beginning of June 2010.

Tibotec-Virco made all premises available to Intervest Offices before 30 September 2010 and paid a fixed compensation consisting of the entire rent and the property lease compensations till the expiry dates of the contracts (resp. 30 November 2013 and 31 October 2014), as well as all rental charges and compensations linked to the execution and termination of these contracts. The received compensation for the rental income related to the future will be spread for IFRS purposes into profit till the original expiry date of the lease contracts, unless an earlier re-letting would occur.

Meanwhile, Intervest Offices offers the spaces to be re-let. Within this context, an agreement has been made with Tibotec-Virco that in case of possible re-letting, 50 % of the net received rental income of the new tenant till respectively 30 November 2013 and 31 October 2014 will be retroceded to Tibotec-Virco.

For 2010, the impact of the departure of Tibotec-Virco is relatively limited (approximately € 0,8 million less rental income compared to 2009). Through the spread of the rental income the impact of the departure of Tibotec-Virco can be estimated as from 2011 at approximately 4 % of the rental income of Intervest Offices (approximately € 1,65 million).

INVESTMENTS

Given the importance of a relatively low debt ratio in the current economic environment, Intervest Offices estimates that it is appropriate to consider only rather small-scale investments. Intervest Offices has paid particular attention to finding investment opportunities. In 2010, the offer of investment opportunities has been very limited, however.

LOGISTIC SITE IN HUIZINGEN THROUGH A SALE-AND-RENT-BACK TRANSACTION WITH DHL - PHARMA LOGISTICS[4]

In December 2010, Intervest Offices acquired a logistic site in Huizingen through a sale-and-rent-back transaction with DHL - Pharma Logistics. The purchase deed has been signed on 16 February 2011.
The logistic site is located on the industrial area ‘De Gijzeleer’ in the southern periphery of Brussels and is easily accessible by the E19 Brussels-Mons-Paris.

[3] See press release of 3 June 2010: Intervest Offices concludes an agreement with Tibotec-Virco and starts the re-letting.
[4] See press release of 16 February 2011: Property investment fund Intervest Offices acquires a logistic site in Huizingen through a sale-and-rent-back transaction with DHL Pharma Logistics.

DHL - PHARMA LOGISTICS
Industrial area 'De Gijzeleer'
Huizingen

Offices space / 2.151 m²
Storage hall space / 14.878 m²

The site mainly consists of 3 buildings, build in 1987 and 1993. Since, a lot of modifications and renovations have been made to the buildings in order to use them as warehouses for pharmaceutical products. There is an entire warehouse equipped with air conditioning. The total surface area of these buildings amounts to 14.878 m² warehouses, 2.151 m² office space and 85 parking spaces.

The site is integrally re-let by DHL - Pharma Logistics sa on the basis of a lease contract of 9 years with the possibility of termination after six years. The rental income amounts to € 605.000 on an annual basis.

The acquisition is subject to registration rights. The purchase price amounts to € 7,7 million (registration rights included), which corresponds to a gross initial yield of 7,85 %.
The transaction is financed with the existing credit lines of the property investment fund.
This transaction has been assisted by King Sturge.

> With this acquisition Intervest Offices acquires a magnificently situated site on one of the most important logistic corridors in Belgium, with a visible location near the E19. Besides, this acquisition offers a very attractive direct gross initial yield of 7,85 % and contributes immediately to the operating distributable result of the property investment fund.
>
> Jean-Paul Sols - CEO
> Intervest Offices

DISINVESTMENTS: LATEM BUSINESS PARK[5]

Intervest Offices, disinvested during 2010 its non-strategic located office park, known as "Latem Business Park".

The property investment fund obtained on 17 May 2010 an agreement in principle to disinvest the office park "Latem Business Park", consisting of four office buildings located in Sint-Martens-Latem, Xavier de Cocklaan 66-72, for an amount of € 7,2 million. The sales price was approximately 10 % above the book value of 31 March 2010 which amounts to € 6,6 million (fair value as determined by the independent property expert of the investment fund). The transaction took place at a gross initial yield of approximately 8,2 %.

The total space of the office park is 5.344 m² which is 1 % of the total leasable space of the property investment fund. The office park represents approximately 1,4 % of the rental income of Intervest Offices.

The transaction was concluded under the subsequent condition of suspension of a fiscal ruling by which the transfer, by means of the establishment of a long lease right against payment of a one time ground rent, followed by the transfer of the bare ownership, was not susceptible to requalification. Intervest Offices obtained this fiscal ruling in July 2010 and a one-time ground rent was paid by the buyer.

[5] See press release of 18 May 2010: Intervest Offices disinvests its office park known as "Latem Business Park", consisting of four office buildings.

FINANCIAL RESULTS[6]

INCOME STATEMENT

in thousands €	2010	2009
Rental income	38.523	42.472
Rental related expenses	-94	-160
Property management costs and income	821	314
Property result	**39.250**	**42.626**
Property charges	-3.224	-3.720
General costs and other operating costs and income	-1.049	-1.179
Operating result before result on portfolio	**34.977**	**37.727**
Result on disposals of investment properties	464	0
Changes in fair value of investment properties	-9.139	-32.270
Operating result	**26.302**	**5.457**
Financial result (excl. changes in fair value - IAS 39)	-9.509	-7.762
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240
Taxes	-17	-52
NET RESULT	**17.431**	**-2.597**
Operating distributable result[7]	25.451	29.913
Result on portfolio	-8.675	-32.270
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240

RESULT PER SHARE	2010	2009
Number of shares entitled to dividend	13.907.267	13.907.267
Net result (€)	1,25	-0,19
Gross dividend (€)	1,83	2,15
Net dividend (€)	1,56	1,83

[6] Compartive figures for the financial year 2009 between brackets.
[7] For the calculation of the operating distributable result: please see note 12 of the financial report.

For the financial year 2010, the **rental income** of Intervest Offices amounts to € 38,5 million. This decrease by € 4,0 million or 9 % compared to the financial year 2009 (€ 42,5 million), is mainly due to:

- The decrease of the rental income in the office portfolio for € 2,4 million, arising mainly from the departure of tenant Tibotec-Virco in a part of Intercity Business Park and Mechelen Campus for € 0,8 million, from the sale of Latem Business Park in July 2010 for € 0,3 million and from the higher vacancy in the portfolio
- The decrease of rental income in the semi-industrial portfolio for € 1,5 million: mainly in buildings in Boom, Malines and in Wilrijk as a result of a vacancy period in the course of 2010 and in Herentals after the termination of the rental guarantee on 30 September 2009 of the logistic development Herentals Logistics 2 for € 0,6 million.

In 2010, the **property management costs and income** show an income of € 0,8 million compared to € 0,3 million in 2009 mainly as a result of lower refurbishment costs for vacant spaces in 2010.

During financial year 2010, the **property charges** of the property investment fund decrease by 13 % to € 3,2 million (€ 3,7 million). This decrease by € 0,5 million is mainly due to lower maintenance and repair costs, lower costs borne by the landlord and reduced vacancy costs (in 2009 a one-time lower than foreseen refund occurred from the Flemish government of property taxes on vacant buildings for the financial year 2005 and 2006).

The **general costs and other operating income and costs** amount to € 1,0 million, which is a decrease of 11 % compared to previous year (€ 1,2 million).

The decrease of the property charges, the reduction of the refurbishment costs and the decrease of the general costs compensate partly the decrease of the rental income. The **operating result before result on portfolio** decreases herewith by 7 % or approximately € 2,7 million to € 35,0 million (€ 37,7 million).

The **result on disposals of investment properties** comprises the realized gain of € 0,5 million on the sale of Latem Business Park in July 2010.

The **changes in fair value of the investment properties** comprise mainly the decrease in fair value of the real estate portfolio of the property investment fund by € 8,5 million or 1,6 % by unchanged composition of the portfolio. In 2010, the fair value of the office portfolio decreases by € 9,1 million, mainly as a result of the departure of Tibotec-Virco from a part of Intercity Business Park and Mechelen Campus and the increasing vacancy in the portfolio. The fair value of the semi-industrial properties of the property investment fund increases by € 0,5 million in 2010 through new lettings and prolongations of existing lease contacts.

> In 2010, the decrease in fair value of the real estate properties is limited to 1,6 %[8] compared to 5,6 % in 2009.

[8] By unchanged composition of the real estate portfolio.

The **financial result (excl. changes in fair value of financial derivatives - IAS 39)** amounts to - € 9,5 million (- € 7,8 million). The increase of the financial charges by 22 % or € 1,7 million comes from the issuance of the bond loan.

> For the financial year 2010, the average interest rate of the current credit facilities of the property investment fund amounts to 4,0 % (3,2 %) including bank margins.

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** comprise the change of the market value of interest rate swaps which, in accordance with IAS 39, cannot be classified as cash flow hedging instrument, for an amount of € 0,7 million (- € 0,2 million).

The **net result** of Intervest Offices for the financial year 2010 amounts to € 17,4 million (- € 2,6 million) and can be divided in:

- the **operating distributable result** of € 25,5 million (€ 29,9 million) or a reduction by approximately 15 %. This result mainly comes from the decrease of the rental income partly compensated by the reduction of the charges, and the increase of the financing costs of the property investment fund

- the **result on portfolio** of - € 8,7 million (- € 32,3 million) arising from of the negative change in fair value of the real estate portfolio of approximately € 8,5 million and the realized gain on the sale of Latem Business Park

- the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** for an amount of € 0,7 million (- € 0,2 million).

In 2010, the **operating distributable result** of Intervest Offices thus decreases to € 25,5 million (€ 29,9 million). With 13.907.267 shares issued, this represents a **gross dividend** of € 1,83 per share for financial year 2010 compared to € 2,15 in 2009. This represents a decrease of the dividend by 15 % per share. This gross dividend offers the shareholders of the property investment fund a gross dividend yield of 7,8 % on the basis of the closing price of the share on 31 December 2010.

BALANCE SHEET

in thousands €	31.12.2010	31.12.2009
ASSETS		
Non-current assets	526.959	541.099
Current assets	5.644	4.674
Total assets	**532.603**	**545.773**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**286.324**	**297.533**
Share capital	126.729	126.729
Share premium	60.833	60.833
Reserves	98.621	130.875
Net result of the financial year	17.432	-2.597
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-13.606	-13.606
Changes in fair value of financial assets and liabilities	-3.726	-4.746
Minority interests	41	45
Non-current liabilities	**177.239**	**205.807**
Current liabilities	**69.040**	**42.433**
Total shareholders' equity and liabilities en en verplichtingen	**532.603**	**545.773**

DATA PER SHARE	31.12.2010	31.12.2009
Number of shares entitled to dividend	13.907.267	13.907.267
Net asset value (fair value) (€)	20,59	21,39
Net asset value (investment value) (€)	21,57	22,37
Share price on closing date (€)	23,49	21,90
Premium to net asset value (fair value) (%)	14 %	2 %
Debt ratio (max. 65 %) (%)	43 %	44 %

"On 31 December 2010, the fair value of the real estate portfolio amounts to € 527 million."

ASSETS

The **non-current assets** consist mainly of the investment properties of Intervest Offices. On 31 December 2010, the fair value of these investment properties amounts to € 527 million (€ 541 million on 31 December 2009). This decrease by 2,6 % or € 14 million is the effect of the sale of the office park Latem Business Park with a fair value of € 6,6 million[9] and the decrease in fair value of the total real estate portfolio by € 8,5 million on the one hand, and of investments of € 0,9 million in the existing real estate portfolio on the other hand.

The **current assets** amount to € 6 million and consist of € 2 million in trade receivables, € 2 million in tax receivables and other current assets, € 1 million in cash on bank accounts and € 1 million in deferred charges and accrued income.

> Thanks to a strict credit control, the number of days of outstanding customers is only 8 days.

LIABILITIES

The **shareholders' equity** of the property investment fund amounts to € 286 million. The share capital (€ 127 million) and the share premium (€ 61 million) are unchanged from previous year. The total number of shares entitled to dividend amounts to 13.907.267 units on 31 December 2010. The reserves amount to € 99 million (€ 131 million).

In accordance with the Beama interpretation of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006), the real estate portfolio is valued at fair value. The difference with the investment value is shown separately in shareholders' equity. On 31 December 2010, this difference amounts to € 13 million (€ 14 million).

The changes in fair value of financial assets and liabilities in the amount of - € 4 million (- € 5 million) represents the market value of the cash flow hedges (effective hedges on 31 December 2010 and ineffective hedges on 31 December 2009), that Intervest Offices has concluded to hedge the variable interest rates on the non-current financial debts. The negative market value of these financial derivatives is the result of the low interest rates in 2010.

On 31 December 2010, the **net asset value** (fair value) of the share is € 20,59. As on 31 December 2010, the share price of Intervest Offices is € 23,49, the share is quoted at a premium of 14 % compared to the net asset value (fair value).

> The investment property fund has a limited debt ratio of 43 %.

The **non-current liabilities** comprise mainly non-current financial liabilities for an amount of € 176 million (€ 204 million). These consist of € 101 million long-term bank loans expiring after 31 December 2011 and of the bond loan issued in June 2010 for a net amount of € 74 million.

The **current liabilities** amount to € 69 million (€ 42 million) and consist mainly of € 51 million in current financial debts (bank loans expiring in 2011) as well as the negative market value of financial derivatives expiring in 2011 for an amount of € 3 million, of € 2 million in trade debts and of € 13 million in accrued charges and deferred income.

On 31 December 2010, the **debt ratio** of the property investment fund decreases by 1 % compared to 31 December 2009 and amounts to 43 % (calculated in accordance with the Royal Decree on the property investment funds of 7 December 2010).

[9] The sale price is approximately 10 % higher than the book value on 31 March 2010.

FINANCIAL STRUCTURE

CHARACTERISTICS FINANCIAL STRUCTURE

On 31 December 2010, Intervest Offices has a conservative financial structure allowing it to continue to carry out its activities in 2011 and to meet its commitments.

The most important characteristics of the financial structure on 31 December 2010 are:

- Amount of financial debts: € 227 million (excluding the market value of financial derivatives)
- 79 % long-term financings with an average remaining duration of 3,3 years
- Spread expiry dates of the credit facilities between 2011 and 2016
- Spread of credit facilities over 5 European financial institutions and bondholders
- € 100 million available non-withdrawn credit lines
- 72 % of the credit lines have a fixed interest rate, 28 % have a variable interest rate. 82 % of the withdrawn credit facilities have a fixed interest rate and 18 % a variable interest rate
- The interest rates are fixed for a remaining average period of 3,1 years
- Market value of financial derivatives: € 3,1 million negative
- Average interest rate for 2010: 4,0 % including bank margins (3,2 % in 2009)
- Limited debt ratio of 43 % (legal maximum: 65 %) (44 % on 31 December 2009)

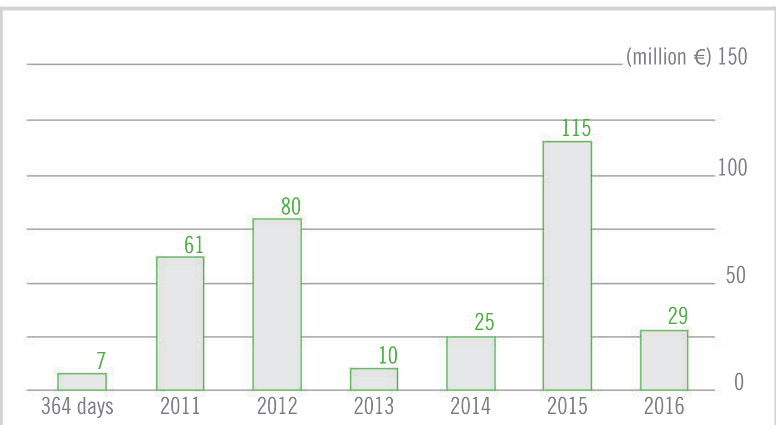
DURATION AND SPREAD OF THE EXPIRY DATA OF THE LONG-TERM FINANCINGS

The strategy of Intervest Offices is to maintain the average duration of the long-term financings between 3,5 and 5 years, but it is possible to deviate from that principle when specific market circumstances require it.

Given the developments on the financing markets, there was a slight deviation for the refinancing concluded in 2009, by using shorter durations. In 2010, the new credits facilities are again concluded with longer duration as the margins on the financings are slightly normalized.

In concrete terms, the property investment fund has renegotiated with its bankers during the financial year 2010 four long-term credit facilities which expired in 2010 and at the beginning of 2011 (for a total amount of € 104 million), The new credit facilities have durations between 3 and 5 years and are concluded at conditions conform the market and covenants. The weighted average remaining duration of the long-term credit facilities is herewith 3,3 years on 31 December 2010. On 31 December 2010, the expiry calendar of the credit facilities, including the bond loan, gives following image.

EXPIRY CALENDAR OF FINANCINGS



> The weighted average remaining duration of the long-term credit facilities amounts to 3,3 years on 31 December 2010.

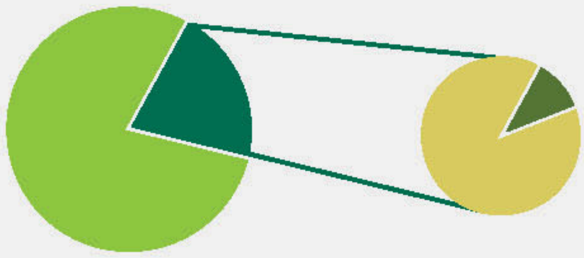
The credit facility portfolio of Intervest Offices is spread over 5 European financial institutions and bondholders.

BALANCE BETWEEN LONG-TERM AND SHORT-TERM FINANCING

On 31 December 2010, 79 % of the credit lines of Intervest Offices are long-term financings. 21 % of the credit lines are short-term financings, with 2 % consisting of a financing with an unlimited duration progressing each time for 364 days (€ 7,5 million) and 19 % of two credit facilities which must be extended or repaid in 2011 (€ 60,6 million).

79 % of the credit lines are long-term financings.

DURATION OF THE FINANCINGS



AVAILABLE CREDIT LINES

On 31 December 2010, the property investment fund still has € 100 million of non-withdrawn credit facilities at its financial institutions to meet the fluctuations of liquidity needs, for financing future investments and for the payment of the dividend of the financial year 2010.

PERCENTAGE CREDIT FACILITIES WITH FIXED AND VARIABLE INTEREST RATE

When composing the loan portfolio, the strategy of Intervest Offices consists of achieving a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate. On 31 December 2010, 72 % of the credit lines of the property investment fund consist of financing with a fixed interest rate or fixed by interest rate swaps (IRS). 28 % have a variable interest rate. From the withdrawn financings on 31 December 2010, 82 % have a fixed interest rate and 18 % a variable interest rate.

82 % of the withdrawn credit facilities have a fixed interest rate or are hedged by financial derivatives.

DURATION OF THE FIXED INTEREST RATES

The interest rate policy of Intervest Offices consists in concluding always one-third of its credit facilities with a variable interest rate. Through the issuance in June 2010 of a bond loan of € 75 million with a fixed interest rate, Intervest Offices has on 31 December 2010 temporarily a larger part of credit facilities with a fixed interest rate.

For credit facilities with a fixed interest rate, the interest rate on 31 December 2010 is fixed for an average period of 3,1 years. During financial year 2010, Intervest Offices has concluded additional interest rate swaps for € 50 million at 2,3350 % to hedge the long-term credit facilities for the period between 2 January 2012 and 1 January 2017 (see note 19 of the financial report).

AVERAGE INTEREST RATES

The total average interest rate of the financial debts of the property investment fund increases to 4,0 % including margins (2009: 3,2%) through the issuance of the bond loan in 2010.

For 2010, the average interest rate for the non-current financial debts amounts to 4,6 % (2009: 3,2 %).
For 2010, the average interest rate for the current financial debts amounts to 3,0 % (2009: 3,3 %).

ISSUANCE BOND LOAN OF € 75 MILLION

In June 2010 Intervest Offices has placed successfully a bond loan on the Belgian market for an amount of € 75 million and a duration of 5 years and an annual gross coupon of 5,1 %. The bond loan is issued in order to diversify the financing facilities of the property investment fund and to consolidate its debt in the mid term, without losing however financial room for future growth. In the framework of the coming negotiations regarding the renewal in the second semester of 2011 of € 60 million bank debts, Intervest Offices aims to reduce the total available credit lines with an amount of € 25 million or more, depending on the new financial needs resulting from concrete acquisition projects.

Through the issuance of the bond loan in June 2010, the average interest rate of the property investment fund (by unchanged parameters regarding the market interest rates) has increased from 3,2 % to 4 % on an annual basis for the financial year 2010.

INTEREST RATE SENSITIVITY

For financial year 2010, the effect on the operating result of a (hypothetical) increase in interest rate by 1 % gives a negative result of approximately € 0,4 million (2009: € 0,9 million).

INTEREST COVER RATIO

The interest cover ratio is the ratio between the operating result before the result on portfolio and the financial result (excluding the change in fair value of financial derivatives in accordance with IAS 39). For Intervest Offices, this ratio amounts to 3,68 for financial year 2010 (4,86 for the financial year 2009), which is significantly better than the required 2 to 2,5, which was agreed in the financing agreements of the property investment fund as a covenant.

DEBT RATIO

On 31 December 2010, the debt ratio of the property investment fund amounts to 43 % (44 % on 31 December 2009). The decrease of the debt ratio is mainly due to the positive net result of the property investment fund in 2010.

ALLOCATION OF PROFITS 2010

The board of directors proposes to distribute the result for the financial year 2010 of Intervest Offices as follows:

A proposal to allocate a gross divided of € 1,83 per share will be put to the general meeting of shareholders on 6 April 2011.

in thousands €	
Net result for financial year 2010[10]:	17.431
▶ Withdrawal from the reserves of the amount of the changes in fair value of investments properties	8.868
▶ Transfer to the reserves of the impact on fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-193
▶ Transfer to the reserves of the changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-655
Operating distributable result	25.451
Dividend proposed	25.450

This represents a net dividend of € 1,56 after the deduction of 15 % withholding tax. Taking into account 13.907.267 shares that will share in the full result for the financial year, this means a distributable dividend of € 25.450.299.

The dividend is higher than the required minimum of 80 % of the operating distributable result as the property investment fund, in accordance with its policy, will also distribute 100 % of the operating distributable result for 2010.

The dividend will be payable as from 21 April 2011. As far as the bearer shares are concerned, this can be done by presentation of dividend certificate number 12.

[10] As legally speaking only the operating distributable result of the statutory annual accounts can be distributed and not of the consolidated annual accounts, the present profit distribution is based on the statutory figures (see note 12 of the financial report).

FORECAST FOR 2011

Intervest Offices expects that the rental market for logistic real estate as well as for offices will recover in 2011. The increasing interest of potential tenants in several vacant buildings of the property investment fund indicates the recovering of the rental market.

On the rental market, Intervest Offices wants to better meet the demands of potential tenants by assisting them with the design of their offices or by delivering turn-key design projects. In order to offer these services in a professional and competitive way, the technical know-how and the buying power of Intervest Offices will now be used optimally for design projects of the tenants.

In 2011, a number of office buildings of Intervest Offices will receive a more pronounced “look and feel”. This is part of a larger marketing program of the property investment fund that is aiming in the long run for more brand recognition by potential tenants as well as investors.

Efforts to manage the portfolio as efficiently as possible and to reduce costs in order to obtain an optimal price-quality ratio are also on the agenda of 2011. At the determination of the quality of buildings, sustainability elements will more than ever be taken into account. Sustainability is now becoming so important for the management of the portfolio that it also determines the choice of contractors, products and supply.

To optimally use the available investment capacity created by the bond loan, opportunities on the investment market have been thoroughly analysed in 2010. It is expected that this will result in new investments in 2011, which is possible, given the low debt ratio of 43 % of the property investment fund. The focus of the property investment fund remains on offices and logistic real estate, targeting a portfolio growth of approximately 5 % in 2011.

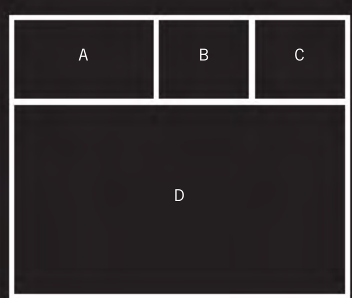
> “New investments combined with a more marked recovery of the rental markets must form the basis of an improvement of the results in the long run. On the short term, Intervest Offices expects that the operating distributable result of the property investment fund will still be under pressure in 2011.”

03

Report on the share

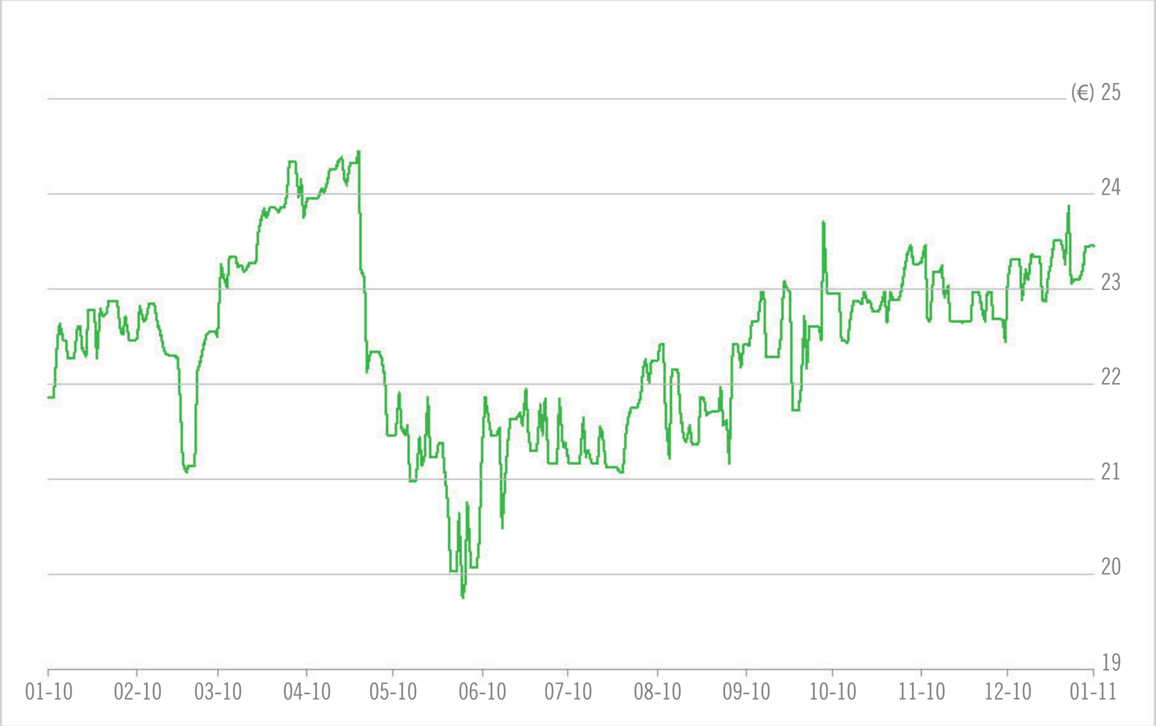
WOLUWE GARDEN

A+B+C+D
Woluwedal 18-22 - SINT STEVENS WOLUWE
Space / 25.074 m²



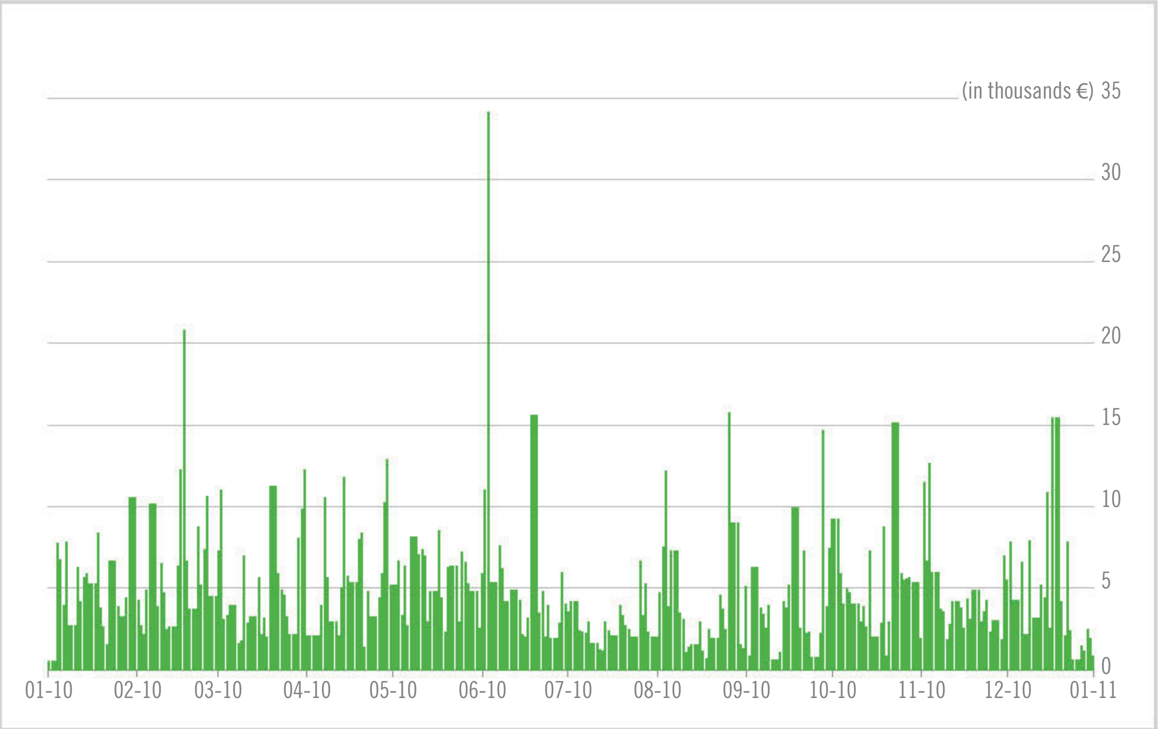
STOCK MARKET INFORMATION

The share of Intervest Offices (INTO) is listed on NYSE Euronext Brussels and is included in the stock market indexes BEL Real Estate and also in the EPRA/NAREIT Europe and GPR 250 Europe.



Evolution of the share price

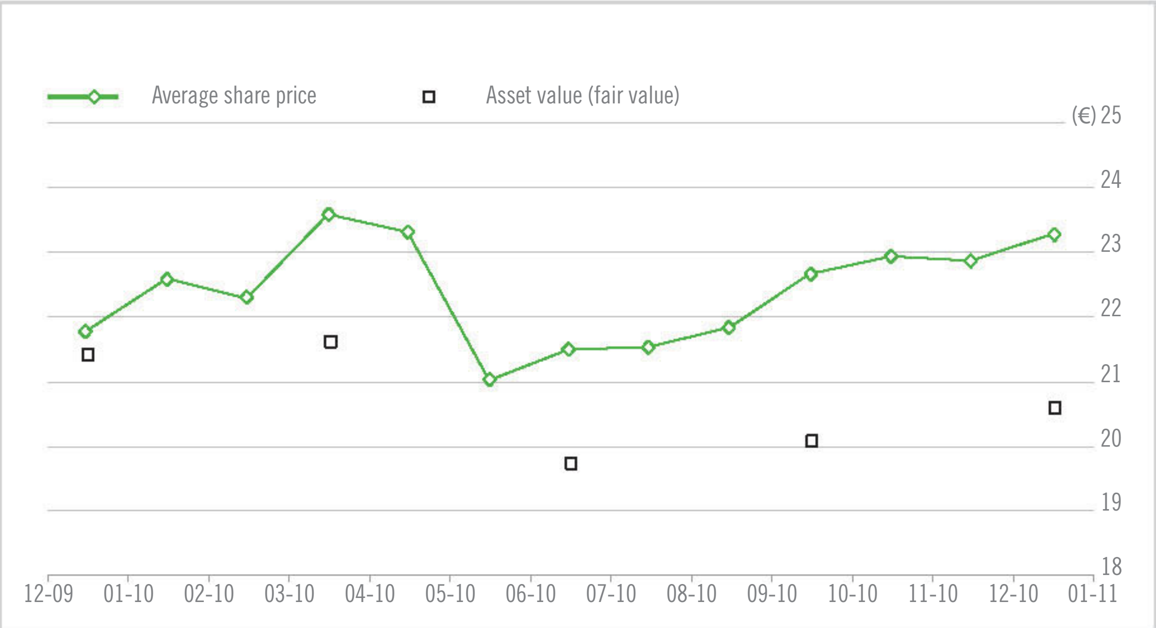
In 2010 the share price of Intervest Offices has been subject to some fluctuations. The lowest closing share price reaches € 19,80 (25 May 2010) and the highest closing share price € 24,49 (19 April 2010).
The decrease in April is also explained by the payment of the dividend for the financial year 2009.



Traded volumes Intervest Offices

In 2010, the traded volumes, with an average of 4.963 shares per day, are slightly lower than in 2009 (an average of 5.692 shares per day).

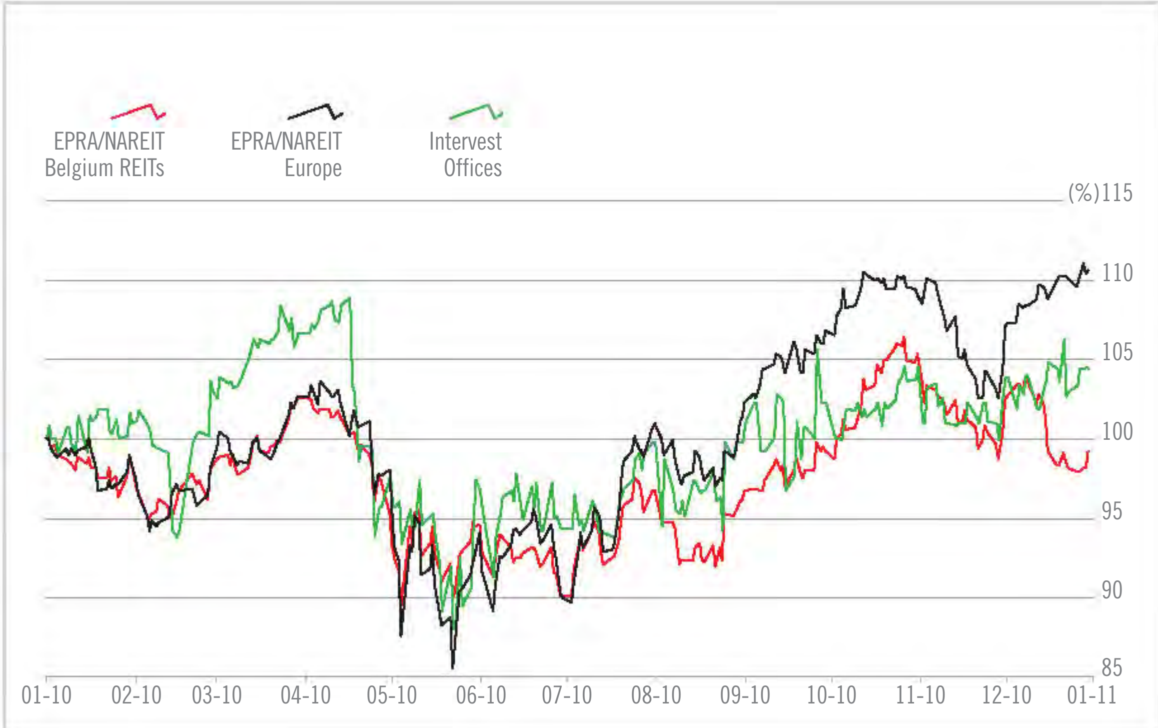
A liquidity contract has been concluded with ING Bank to promote the negotiability of the shares. In practice, this takes place through the regular submission of buy and sell orders within certain margins.



Premium Intervest Offices

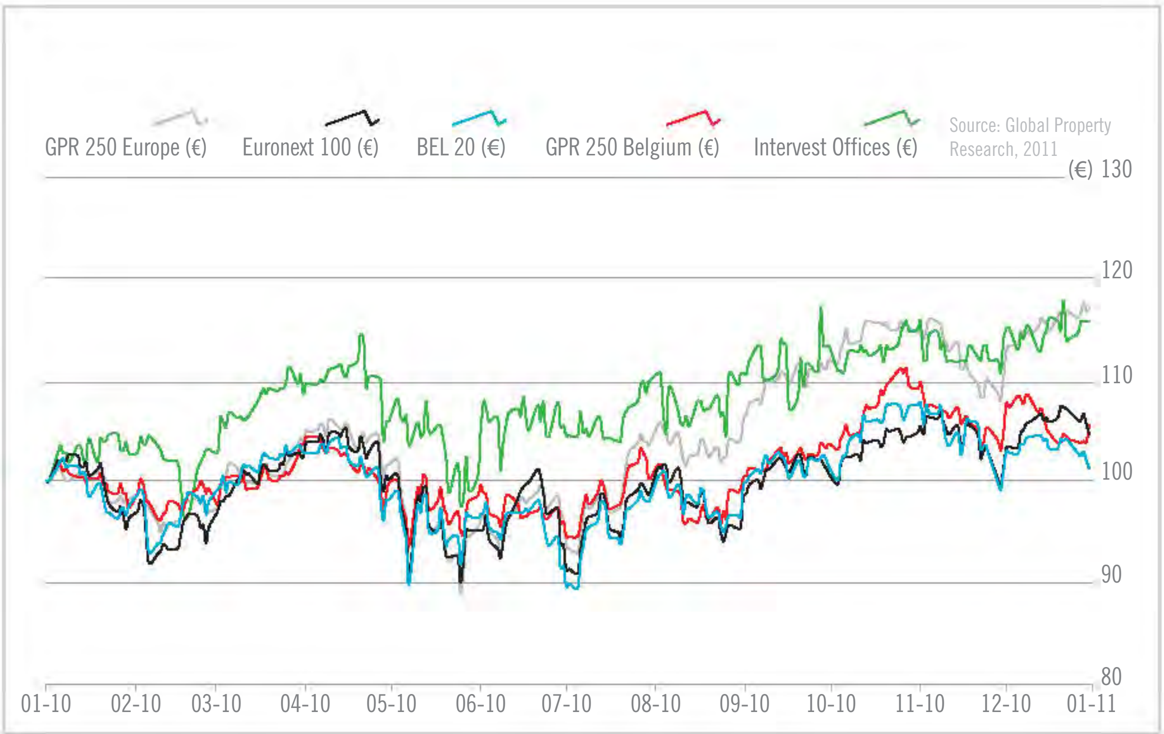
During the financial year 2010, the share of Intervest Offices is quoted with a premium of 9 % in average. On 31 December 2010 the premium of the share is 14 % compared to the net asset value (fair value).

The net asset value of Intervest Offices includes the 2009 dividend up to the payment date on 23 April 2010.



Comparison of Intervest Offices with Epra/Nareit Europe index

During 2010, the share of Intervest Offices has fluctuated along with EPRA/NAREIT Europe-index and with the EPRA/NAREIT Belgium REITs index.



Comparison of Intervest Offices with GPR indices

This graph shows that in 2010 Intervest Offices has performed better than the GPR 250 Europe index, the GPR 250 Belgium index and the Euronext 100 index.

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

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

During 2010, the share of Intervest Offices has fluctuated along with the BEL 20 as well as the BEL Real Estate.

DIVIDEND AND NUMBER OF SHARES

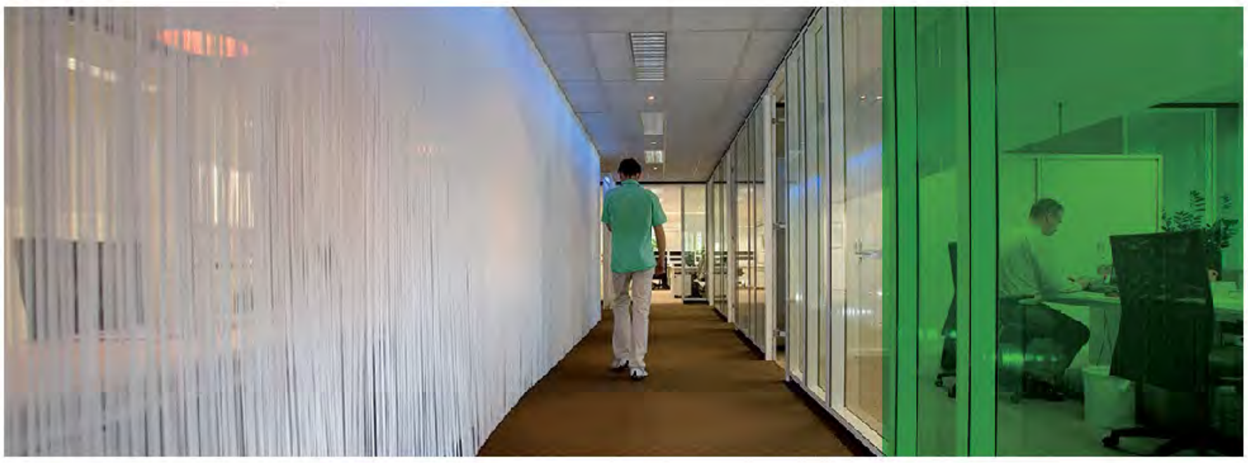
> On 31 December 2010, the share price of the Intervest Offices is € 23,49, offering its shareholders a gross dividend yield of 7,8 %.

	31.12.2010
Number of shares at the end of the period	13.907.267
Number of shares entitled to dividend	13.907.267

Share price (€)	31.12.2010
Highest closing share price	24,49
Lowest closing share price	19,80
Share price on closing date	23,49
Premium to net asset value (fair value) (%)	14 %
Average share price	22,46

Data per share (€)	31.12.2010	31.12.2009	31.12.2008
Net asset value (fair value)	20,59	21,39	23,77
Net asset value (investment value)	21,57	22,37	24,80
Gross dividend	1,83	2,15	2,01
Net dividend	1,56	1,83	1,71
Gross dividend yield (%)	7,8 %	9,8 %	11,3 %
Net dividend yield (%)	6,6 %	8,4 %	9,6 %

PARK STATION
Woluwelaan 148 - 150
Diegem
Space / 8.903 m²



SHAREHOLDERS

On 31 December 2010, the following shareholders are known to the company:

VastNed Group	**7.612.260 shares**	**54,7 %**
VastNed Offices/Industrial sa K.P. van der Mandelelaan 43A 3062 MB Rotterdam	7.587.654 shares	54,5 %
Belle Etoile sa Uitbreidingstraat 18 2600 Berchem-Antwerp	24.606 shares	0,2 %
Public	**6.295.007 shares**	**45,3 %**
Total	**13.907.267 shares**	**100 %**

Pursuant to article 74 of the Public Takeover Offer Act of 1 April 2007, VastNed Offices/Industrial sa and Belle Etoile sa have communicated that they act jointly.

FINANCIAL CALENDAR

Announcement of the annual results as to 31 December 2010	Tuesday 22 February 2011
General meeting of shareholders	Wednesday 6 April 2011 at 4.30 pm
Dividend payable:	
Ex-date dividend 2010	Monday 18 April 2011
Record date dividend 2010	Wednesday 20 April 2011
Uitbetaling dividend 2010	as from Thursday 21 April 2011
Interim statement on the quarterly results as to 31 March 2011	Wednesday 27 April 2011
Half-yearly financial statement as to 30 June 2011	Tuesday 2 August 2011
Interim statement on the results as to 30 September 2011	Friday 28 October 2011


Inter Access Park
BrandConnection
Commercial Finance Group
Sharp
Vacature
4

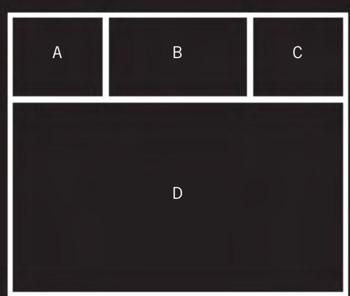

BANGKOK
HONG KONG
PADANG

04

Property report

INTER ACCESS PARK

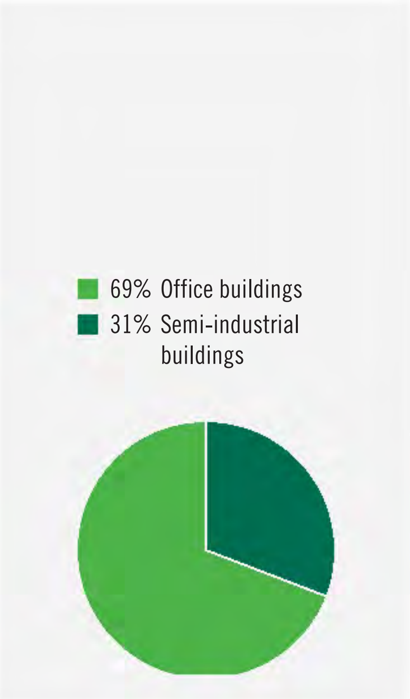
A + B + C + D
Pontbeekstraat 2,4 - DILBEEK (GROOT-BIJGAARDEN)
Space / 6.869 m²



COMPOSITION OF THE PORTFOLIO

31 DECEMBER 2010

Regions	Offices space (m²)	Storage and other space (m²)	Fair value (€ 000)	Investment value (€ 000)	Commercial rental income/ year (€ 000)	Commercial rental income + rent-vacancy / year (€ 000)	Occupancy rate (%)
Offices							
Brussels	84.388	2.482	163.571	167.660	12.193	13.537	90%
E19 (incl. Malines)	104.281	11.516	157.141	161.070	12.326	15.770	78%
Antwerp	27.289	1.153	42.644	43.710	3.667	3.871	95%
Total offices	**215.958**	**15.151**	**363.356**	**372.440**	**28.186**	**33.178**	**85%**
Semi-industrial properties							
Antwerp - Malines (E19, A12)	6.670	165.962	91.801	94.178	6.736	7.972	84%
Antwerp - Liège (E313)	11.817	87.299	43.793	44.888	2.370	2.941	81%
Brussels	4.750	19.950	23.801	24.396	1.893	2.150	88%
Other regions	1.328	6.535	3.929	4.027	268	345	78%
Total semi-industrial properties	**24.565**	**279.746**	**163.324**	**167.489**	**11.267**	**13.408**	**84%**
TOTAL INVESTMENT PROPERTIES	**240.523**	**294.897**	**526.680**	**539.929**	**39.453**	**46.586**	**85%**



NATURE OF THE PORTFOLIO

On 31 December 2010, the portfolio consists of 69 % in offices and 31 % in semi-industrial properties, which is a slight change compared to the situation on 31 December 2009 following the sale of the office park Latem Business Park in Ghent.

GEOGRAPHIC SPREAD OF THE PORTFOLIO

OFFICES

The Antwerp-Brussels axis is still the most important and most liquid office region of Belgium. The entire office portfolio of Intervest Offices is located in this region.

LOGISTICS AND SEMI-INDUSTRIAL PROPERTIES

83 % of the logistics portfolio is located on the Antwerp-Malines axis (primarily the E19 and A12) and Antwerp-Liège (primarily the E313) which are the most important logistic axes in Belgium. 15 % of these properties are in the centre of the country, in the vicinity of Brussels.

> On 31 december, the real estate portfolio has a surface area of 535.420 m².

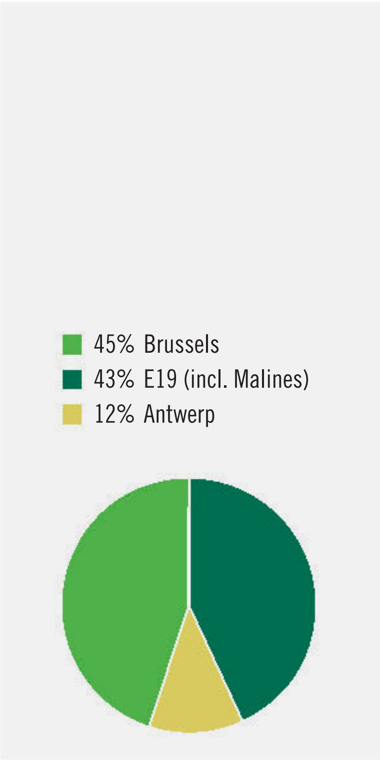
SECTOR SPREAD OF THE PORTFOLIO

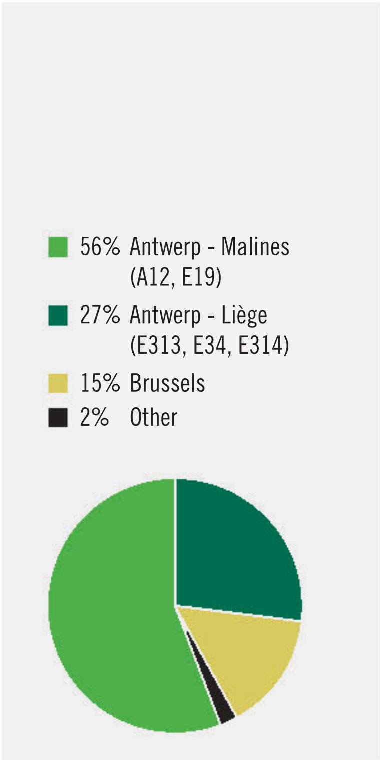
OFFICES

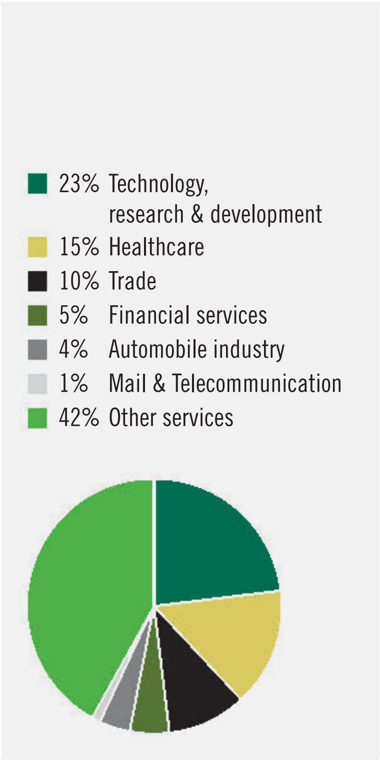
Tenants of Intervest Offices are well-spread out over a large number of different economic sectors, which reduces the risk of significant vacancy in case of economic recession which could hit some sectors more severely than others.

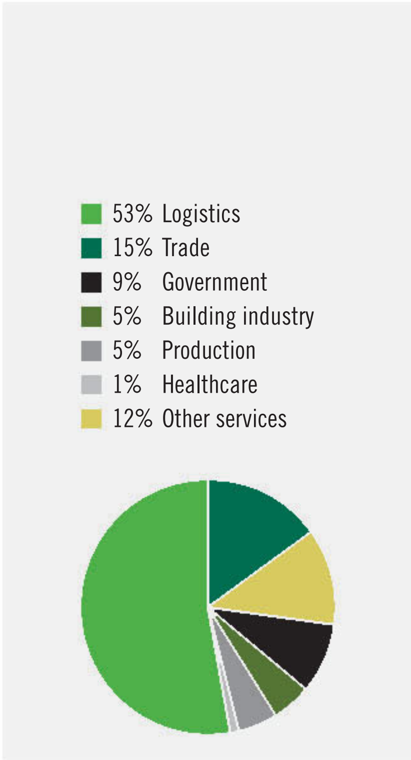
LOGISTICS AND SEMI-INDUSTRIAL PROPERTIES

More than half of the logistic and semi-industrial portfolio is let to companies from outside the logistic sector which improves the stability of the rental income, especially in periods of a less favourable economic situation.

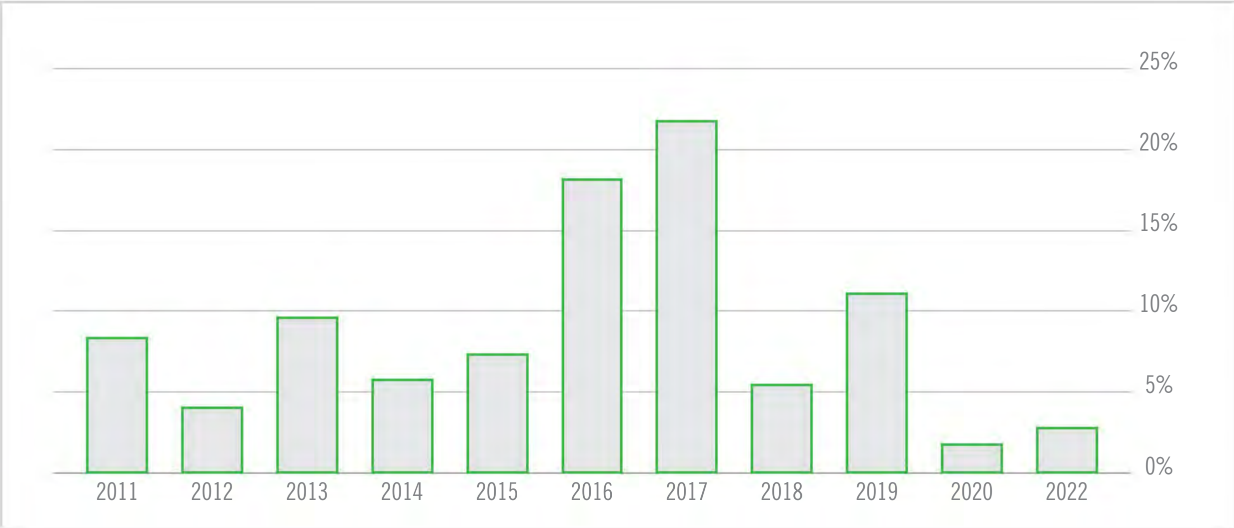








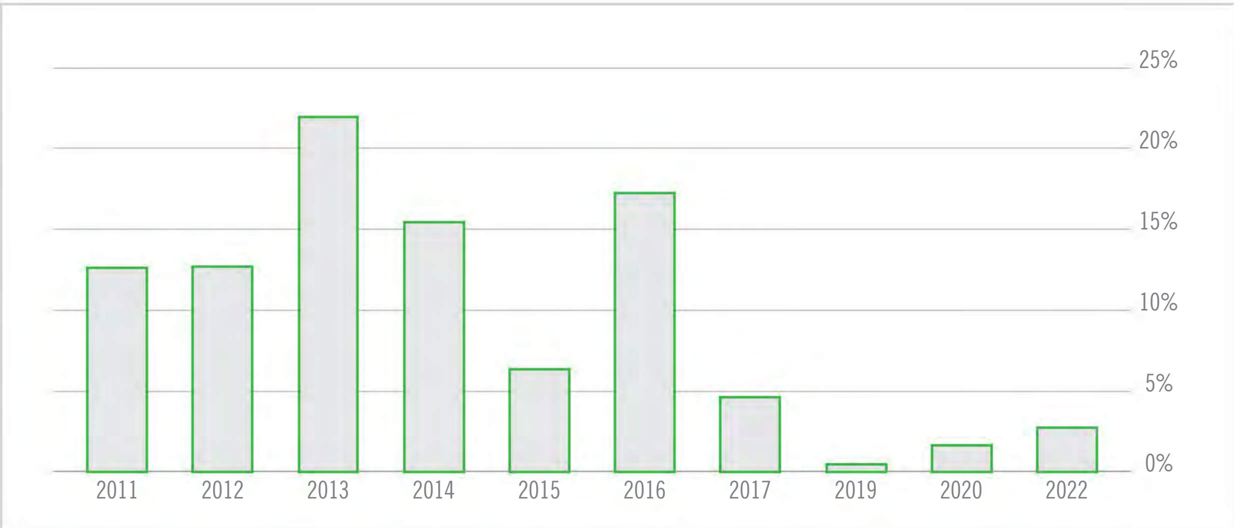
EXPIRY DATE OF THE LEASE CONTRACTS OF THE ENTIRE PORTFOLIO



The expiry dates are well-spread over the coming years. Approximately 22 % of the lease contracts have an expiry date in the coming 3 years, which is a considerable improvement compared to the situation on 31 December 2009, when it still reaches 28 %.

FIEGE sa
PUURS LOGISTIC CENTER
Veurtstraat 91 - Puurs
Offices space / 1.600 m²
Storage hall space / 41.890 m²

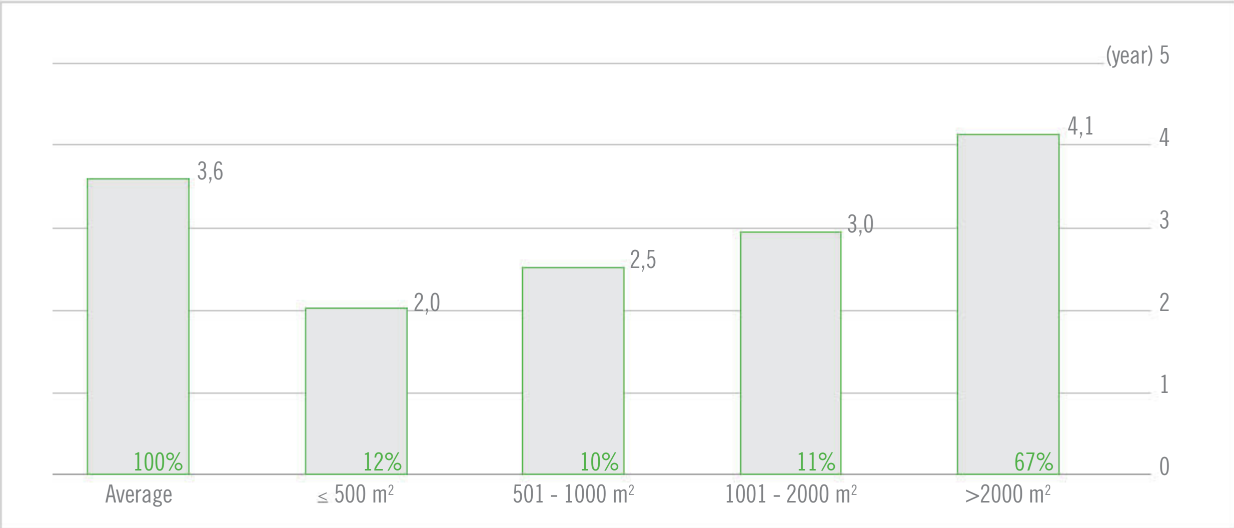
FIRST INTERIM EXPIRY DATE OF THE LEASE CONTRACTS OF THE ENTIRE PORTFOLIO



As most contracts are of the type 3/6/9, the tenants have the possibility of ending their lease contracts every three years. This graph shows the first expiry dates of all lease contracts (this can be the expiry date or an interim expiry date).
The above graph shows the worst case scenario which is further analysed and explained in the following graphs.

Because Intervest Offices has several long-term agreements, not all lease contracts can be terminated after three years.

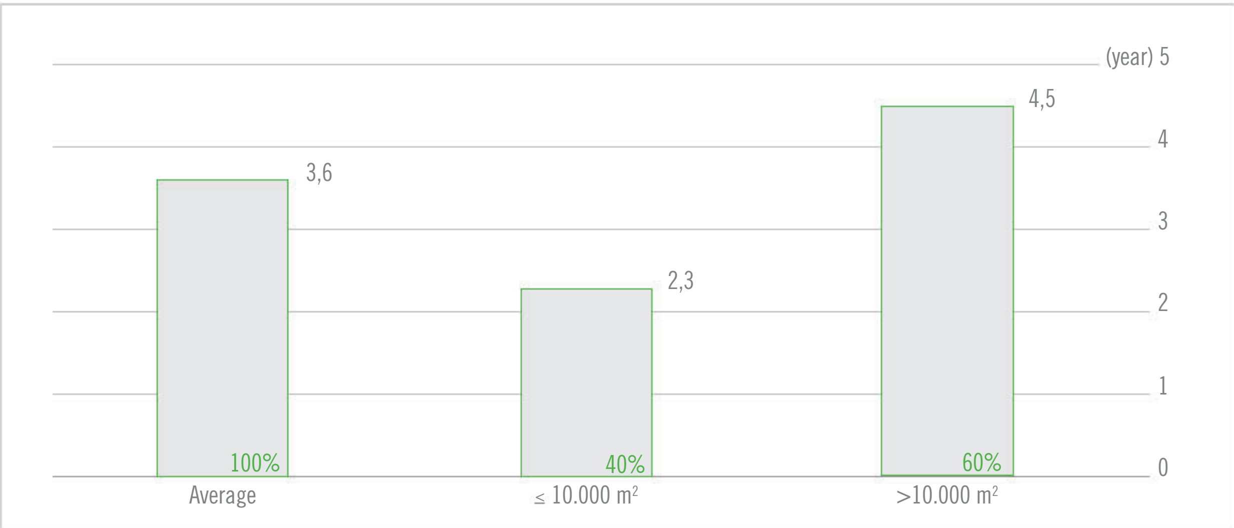
AVERAGE DURATION OF THE OFFICE LEASE CONTRACTS UNTIL THE NEXT EXPIRY DATE



It should be noted here that, specifically for offices, the average rental period (starting from 1 January 2011) until the next expiry date is nearly 3,6 years. The graph shows clearly that the average rental period increases as the tenant leases a bigger space. For large office tenants (above 2.000 m²) comprising 67 % of the office portfolio and having a great impact on the recurring rental income, the next expiry date (starting from 1 January 2011) is only 4,1 years. Lease contracts expiring in the period 2011 - 2013 are therefore mostly for smaller areas, which signify a more limited risk for the total rental incomes of Intervest Offices.

> On 31.12.2010 is the average remaining duration of the lease contracts in the office portfolio is 3,6 years, which is stable compared to 31.12.2009. For spaces above 2.000 m², it is 4,1 years.

AVERAGE DURATION OF THE SEMI-INDUSTRIAL LEASE CONTRACTS UNTIL THE EXPIRY DATE



There is the same tendency for the semi-industrial buildings, namely that for important tenants (above 10.000 m² in storage halls) starting from 1 January 2011 the next expiry date is only within 4,5 years, which is a slight increase compared to the situation on 31 December 2009.

> For the semi-industrial portfolio, the average remaining duration of the lease contracts with space above 10.000 m² is 4,5 years.

REPORT OF THE BOARD OF DIRECTORS
REPORT OF THE MANAGEMENT COMMITTEE
REPORT ON THE SHARE
PROPERTY REPORT
FINANCIAL REPORT
GENERAL INFORMATION

WOLUWE GARDEN
Boulevard de la Woluwe 18-22
Sint-Stevens-Woluwe
Space / 25.074 m²

RISK SPREAD OF BUILDINGS BY SIZE[11]

Intervest Offices aims to obtain an optimal risk spread and tries to limit the size of the buildings and complexes.

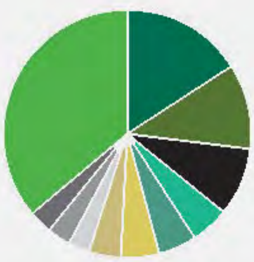
The largest complex is Mechelen Campus with a surface area of 60.768 m² and eleven buildings. Woluwe Garden and Intercity Business Park are also complexes consisting of different buildings that can be sold separately.

Mechelen Business Tower, which represents approximately 5 % of the total portfolio, is the most important entity of the property investment fund.

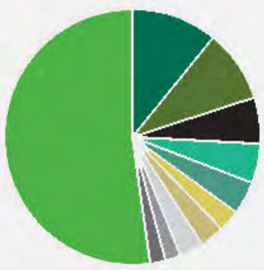
RISK SPREAD BY TENANTS[12]

The rental income of the property investment fund is spread out over almost 200 different tenants, which reduces the risk of bad debts and promotes income stability. The ten biggest tenants contribute to 48 % of the rental income, and apart from the European Commission, these are always leading companies within their sector belonging to international groups.

- 16% Mechelen Campus
- 11% Woluwe Garden
- 9% Intercity Business Park
- 5% Mechelen Business Tower
- 5% Herentals Logistics 1 en 2
- 5% Puurs Logistic Center
- 4% Deloitte Campus 1
- 3% Deloitte Campus 2
- 3% Gateway House
- 3% Wilrijk Neerland 1 en 2
- 36% Other



- 11% PriceWaterhouseCoopers
- 9% Deloitte
- 6% Hewlett-Packard Belgium (EDS Belgium)
- 5% Fiege
- 4% Tibotec-Virco
- 3% PGZ Retail Concept
- 3% European Commission
- 3% Ingram Micro
- 2% Blits Belgium
- 2% Kuwait Petroleum
- 52% Other



"Intervest Offices has 17 office locations and 18 semi-industrial properties in the portfolio."

[11] Classification according to the value of the buildings.
[12] Classification according to the annual rental income.

AVERAGE DURATION OF THE OFFICE PORTFOLIO - RISK CONTROL

As most of the lease contracts are of the type 3/6/9, it has to be pointed out that most lease contracts have a longer effective duration.

Specifically for 2010, 23 lease contracts have reached their first expiry date (mostly after 3 years). Only 13 % of them have been resigned (3 out of the total of 23 tenants). This is an improvement compared to 2009 when 4 out of 22 tenants terminated the lease contract. For tenants with an annual rent above € 50.000 (a total of 13) only 1 tenant has resigned.

For the tenants whose lease contract ended contractually in 2010, 6 of the 12 lease contracts have been prolonged (50 %), which is much better than in 2009 (27%).

In 2010, a total of 78 contracts have reached their expiry date (end of lease contract or interim expiry date). 56 of them have been prolonged (72 %), which represents a slight increase (absolutely as well as in percentage). For tenants with an annual rent above € 50.000 (a total of 43) this percentage is even slightly higher (74 %).

The figures shown above give an indication that the market performs slightly better than in 2009, whereby it has to be observed that the figures are not yet at the same level as in 2008.

In the current circumstances, some tenants are still taking advantage of opportunities on the market, with some owners being willing to rent their building at any price, sometimes even at prices below the building costs. Intervest Offices wishes to offer competitive rents and adjusts its rental policy to the market circumstances.

On the other side, Intervest Offices notices that some companies are often reluctant to move due to the current economic uncertainty unless the high (direct as well as indirect) moving expenses can be compensated by a considerable lower rent as mentioned above. As rents in the periphery have been under constant pressure since 2001 and as rental conditions have been very competitive for many years, the previous rental levels have been maintained reasonably well.

The conclusion is that through an active asset management policy and with the necessary flexibility, Intervest Offices manages to anticipate the expectations regarding the housing of its tenants, thereby assuring the continuity of the expiring lease contracts.

MECHELEN CAMPUS
Schaliënhoevedreef 20 A - J and T
Malines
Space / 60.768 m²

> “As the Exiten building in Zellik has an excellent location with an exceptional high visibility and a good price-quality ratio and as we trust Intervest Offices, we have decided to prolong our lease contract with 10 years.”
>
> Dirk Diels - Managing director - Gras Savoye

EVOLUTION OF THE REAL ESTATE PORTFOLIO

	31.12.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Investment value of investment properties (€ 000)	539.929	554.423	586.492	579.475	519.653
Current rents (€ 000)	39.453	42.043	45.983	42.842	39.973
Yield (%)	7,3%	7,6%	7,8%	7,4%	7,7%
Current rents, including estimated rental value of vacant properties (€ 000)	46.586	47.835	48.962	46.677	43.572
Yield if fully let (%)	8,6%	8,6%	8,3%	8,1%	8,4%
Total leasable space (m^2)	535.420	540.770	539.373	505.363	452.168
Occupancy rate (%)	85 %	88 %	94 %	92 %	92 %

> On 31 December 2010 the rental yield of the portfolio amounts to 7,3 %.

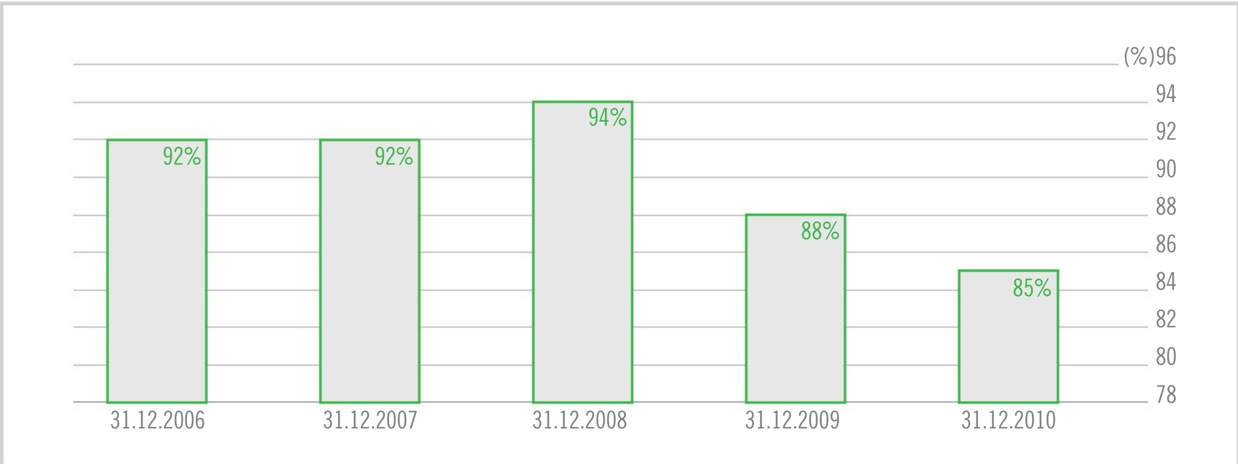
The decrease of the yield compared to 31 December 2009 can be explained by the fact that the real estate value decreases by less than the current rents. This is primarily due to the fact that during 2010 in the office portfolio the rental income of Tibotec-Virco partly disappears (4 % of the total rental income of the property investment fund), while the decrease of the investment value in terms of percentage remains of course more limited.

SENSITIVITY ANALYSIS

In case of a hypothetical negative adjustment of the yield used by property experts use for valuing of the real estate portfolio of the property investment fund (yield or capitalisation rate) with 1 % (from 7,3 % to 8,3 % on average), the investment value of the real estate portfolio would decrease by € 63 million or 12 %. That would increase the debt ratio of the property investment fund by 8 % to 51 %.

In the opposite case of a hypothetical positive adjustment of this yield by 1 % (from 7,3 % to 6,3 % on average), the investment value of the real estate would increase by € 84 million or 16 %. That would reduce the debt ratio of the property investment fund by 4 % to 39 %.

OCCUPANCY RATE



VALUATION OF THE PORTFOLIO BY THE PROPERTY EXPERTS

On 31 December 2010, the valuation of the current real estate portfolio of Intervest Offices has been carried out by the following property experts:

- Cushman & Wakefield, represented by Kris Peetermans
- Jones Lang LaSalle, represented by Rod Scrivener

Valuer	Valued properties	Fair value (€ 000)	Investment value (€ 000)
Cushman & Wakefield	Office buildings	363.356	372.440
Jones Lang LaSalle	Semi-industrial properties	163.324	167.489
TOTAL		**526.680**	**539.929**

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.

Various factors are taken into account for the assessment of real estate assets:

- **Market:**
  - supply and demand of tenants and buyers of comparable properties
  - yield trends
  - expected inflation
  - current interest rates and expectations in terms of interest rates
- **Location:**
  - factors in surroundings
  - availability of parking
  - infrastructure
  - accessibility by private and public transport
  - facilities such as public buildings, stores stores, hotels, restaurants, pubs,banks, schools, etc.
  - development (construction) of comparable real estate
- **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

Three major valuation methods are then used:

- **Update of the estimated rental income**

The investment value is the result of the applicable return (yield or capitalisation rate), which represents the gross return required by a buyer) on the estimated rental value (ERV), corrected by the present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation and this for the period until the following possibility to give notice under the current lease 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 valued on the basis of the value after renovation or the end of the work, reduced by the amount of work yet to be done, fees for architects and engineers, interim interest expenses, the estimated vacancy and a risk premium.

- **Unit prices**

The investment value is determined on the basis of unit prices for the real estate asset per m² 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.

- **Discounted cash flow analysis**

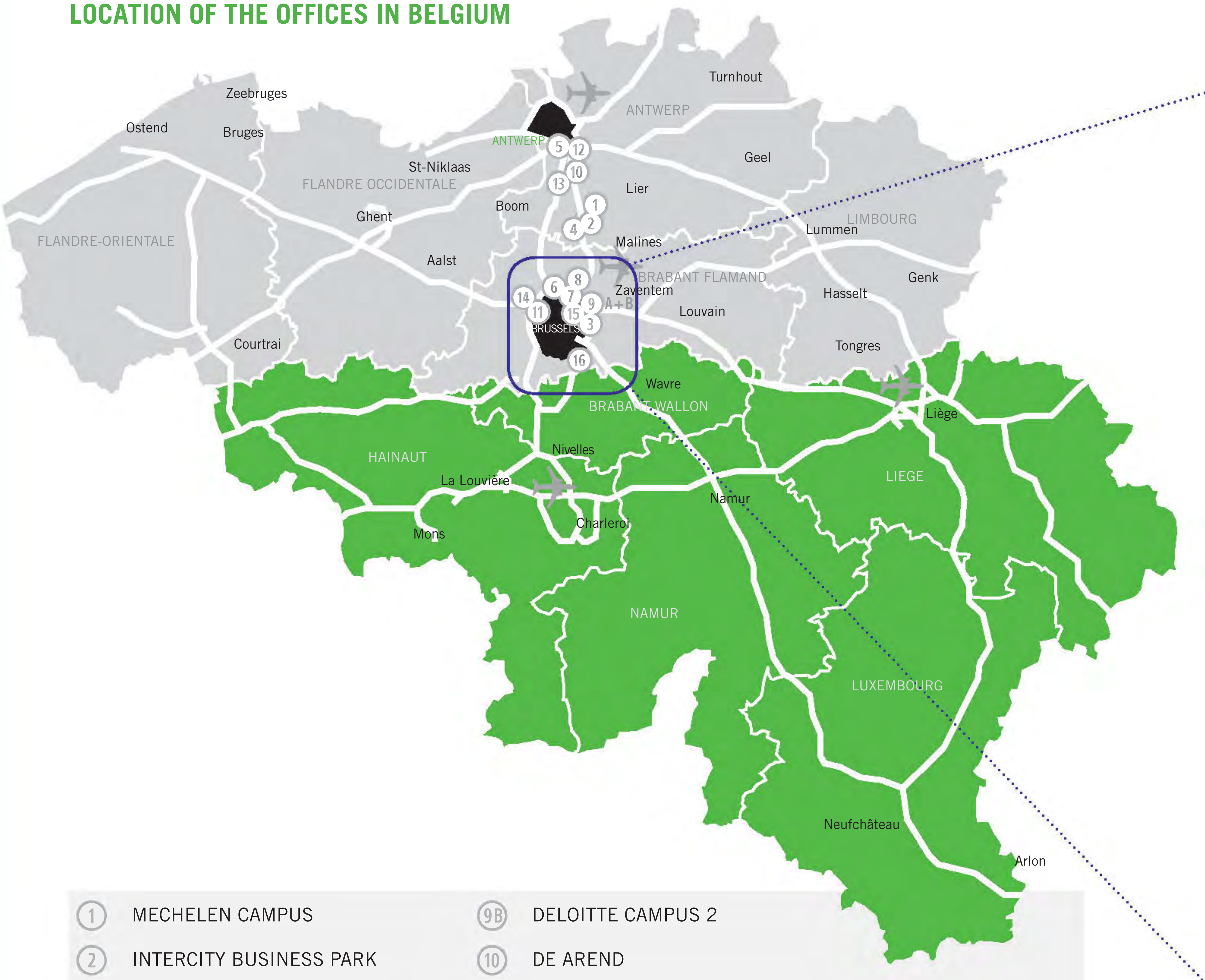
This method is used primarily for valuation of assets that are the subject of leasing or long-term contracts. The investment value is determined on the basis of the conditions stipulated in the lease contract. This value is equal to the sum of the NPV of the various cash flows over the duration of the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

The cash flows consist of yearly payments (discounted according to a financial interest rate) along with the value at which the asset could be sold at the end of the lease contract (based on the free market value at that moment and discounted at a capitalisation 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 according to the first method mentioned above (net present value of the estimated rental income).

DESCRIPTION OF THE OFFICE PORTFOLIO[13]

LOCATION OF THE OFFICES IN BELGIUM



1	MECHELEN CAMPUS	9B	DELOITTE CAMPUS 2
2	INTERCITY BUSINESS PARK	10	DE AREND
3	WOLUWE GARDEN	11	INTER ACCES PARK
4	MECHELEN BUSINESS TOWER	12	SKY BUILDING
5	GATEWAY HOUSE	13	AARTSELAAR
6	BRUSSELS 7	14	EXITEN
7	PARK STATION	15	HERMES HILLS
8	3T ESTATE	16	PARK ROZENDAL
9A	DELOITTE CAMPUS 1		

[13] Classification according to the surface area of the buildings.

LOCATION OF THE OFFICES IN THE BRUSSELS PERIPHERY

Mechelen Campus

Schaliënhoevedreef 20 A - J and T
2800 Malines

1

Space / 60.768 m²

Year of construction / 2000 - 2007

Main tenants /
Borealis Polymers, EDB Business Partner Belgium, Endemol België, Cypress Semiconductor Corporation Belgium, LBC Belgium Holding, Arkelis, Imperial Tobacco, Clear2Pay, Planon, Bell Microproducts, Cochlear, Passage Fitness, Sungard Benelux, Mundipharma Pharmaceuticals, Prosource, Haskoning (as from 1/1/2011)

Intercity Business Park

Generaal De Wittelaan 9 - 21
2800 Malines

2

Space / 42.112 m²

Year of construction / 1993 - 2000

Main tenants /
Esoterix, Galapagos, SGS Belgium, PAB Benelux, Logins, Fanuc Robotics, Info Support, Intersafe Groeneveld Belgium, Trisoft, KBC Bank, LXE Belgium, Electro Rent Europe, Niscayah, CEWE Color, Oldelft (as from 1/1/2011)

Woluwe Garden

Boulevard de la Woluwe 18 - 22
1932 Sint-Stevens-Woluwe

3

Space / 25.074 m²

Year of construction / 2000

Tenant /
PricewaterhouseCoopers

Mechelen Business Tower

Blarenberglaan 2C
2800 Malines

4

Space / 12.917 m²

Year of construction / 2001

Property lease with Hewlett-Packard Belgium (previously EDS) to 31 March 2016.

Gateway House

Brusselsestraat 59
2018 Antwerp

5

Space / 11.318 m²

Year of construction / 1993 - 1994

Year of renovation / 2003

Tenants /
Apcoa Belgium, Kuwait Petroleum,
Thenergo, Elegis,
CRH Construction Accesories Europe,
HTC Advocaten

Brussels 7

Nijverheidslaan 1-3
1853 Strombeek-Bever

6

Space / 10.343 m²

Year of construction / 1999 - 2002

Main tenants /
Whirlpool, Kitchenaid, Keyrus,
Exertum, Thalia Retail Management,
Staples (as from 1/4/2011)

Park Station

Woluwelaan 148 - 150
1831 Diegem

7

Space / 8.903 m²

Year of construction / 2000

Tenants /
Delta Lloyd Life, Belgische Krijgsmacht F16, EURid, CED International, Hello Agency, RAM Mobile Data

3T Estate

Luchthavenlaan 25
1800 Vilvorde

8

Space / 8.757 m²

Year of construction / 1998

Tenants /
Ingram Micro, Fleet Logistics Belgium, Q-Lab, INC Research, SD Worx

Deloitte Campus 1

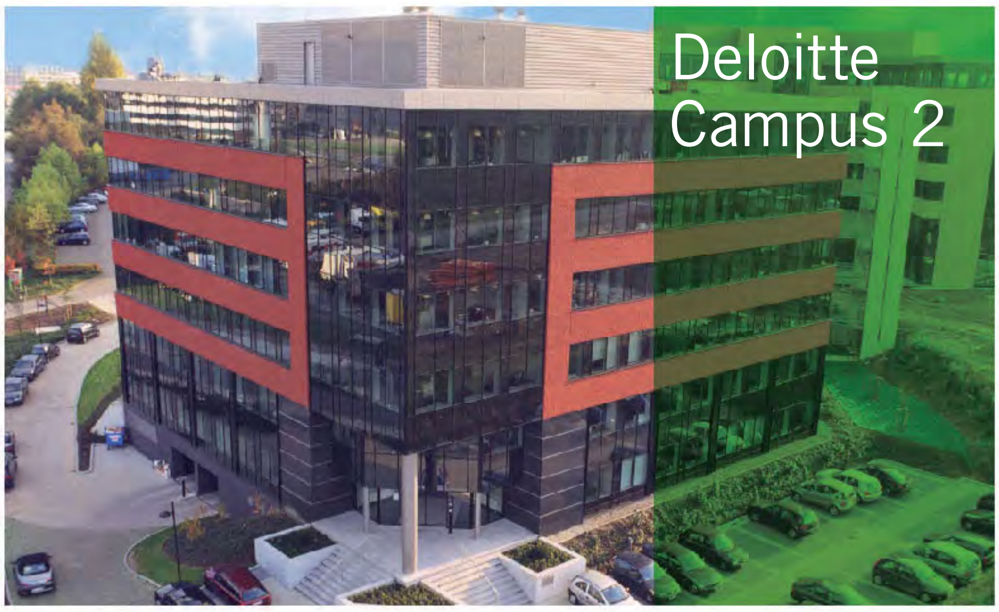
Berkenlaan 8b
1831 Diegem

9A

Space / 8.729 m²

Year of construction / 2001 - 2002

Property lease with Deloitte to 31 December 2016.



Deloitte Campus 2

Berkenlaan 8a
1831 Diegem

9B

Space / 7.787 m²

Year of construction / 2000

Property lease with Deloitte to 31 December 2015.

De Arend

Prins Boudewijnlaan 45 - 49
2650 Edegem

10

Space / 7.424 m²

Year of construction / 1997

Tenants /
Euromex, Cheops Technology,
Thomson Telecom Belgium,
Nedelko (as from 1/1/2011)

Inter Acces Park

Pontbeekstraat 2 & 4
1700 Dilbeek (Groot- Bijgaarden)

11

Space / 6.869 m²

Year of construction / 2000

Tenants /
Fortis Lease Group Services, Edwards Lifesciences, Vacature, Mitiska Ventures, Commercial Finance Group, Sharp Electronics Belgium, Ingersoll Rand Security Technologies, Systech, KBC Bank, Phadia (as from 1/5/2011)

Sky Building

Uitbreidingstraat 66
2600 Berchem

12

Space / 5.700 m²

Year of construction / 1988

Year of renovation / 2006

Tenants /
BDO, VTG Benelux, LeasePlan Fleet Management, Nationale Borg Maatschappij, Givi, SKS, Carlson Wagonlit, RSA Global, Hugo Ceusters, Motmans-Van Havermaet

Aartselaar

Kontichsesteenweg 54
2630 Aartselaar

13

Space / 4.000 m²

Year of construction / 2000

Property lease with Invensys Systems to 30 November 2015.

Exiten

Zuiderlaan 91
1731 Zellik

14

Space / 3.943 m²

Year of construction / 2002

Tenants /
Gras Savoye Belgium, IFM Electronic Belgium, Rexel Belgium

Berkenlaan 6
1831 Diegem

15

Space / 3.664 m²

Year of construction / 1990

Tenant /
Deloitte

Terhulpsesteenweg 6A
1560 Hoeilaart

16

Space / 2.801 m²

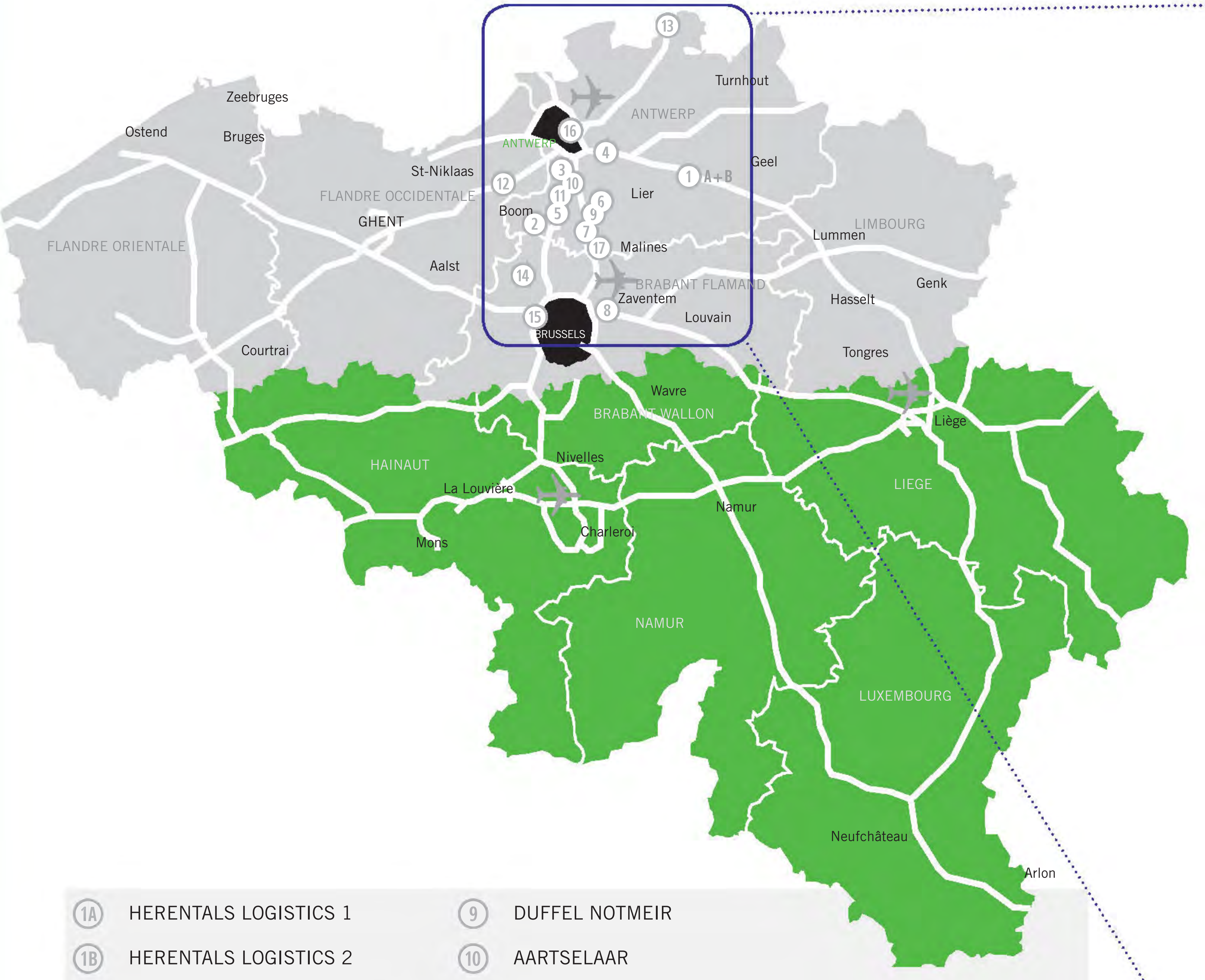
Year of construction / 1994

Year of renovation / 2006

Tenants /
Quality Business, Sysmex, Mylan

DESCRIPTION OF THE SEMI-INDUSTRIAL PROPERTIES[14]

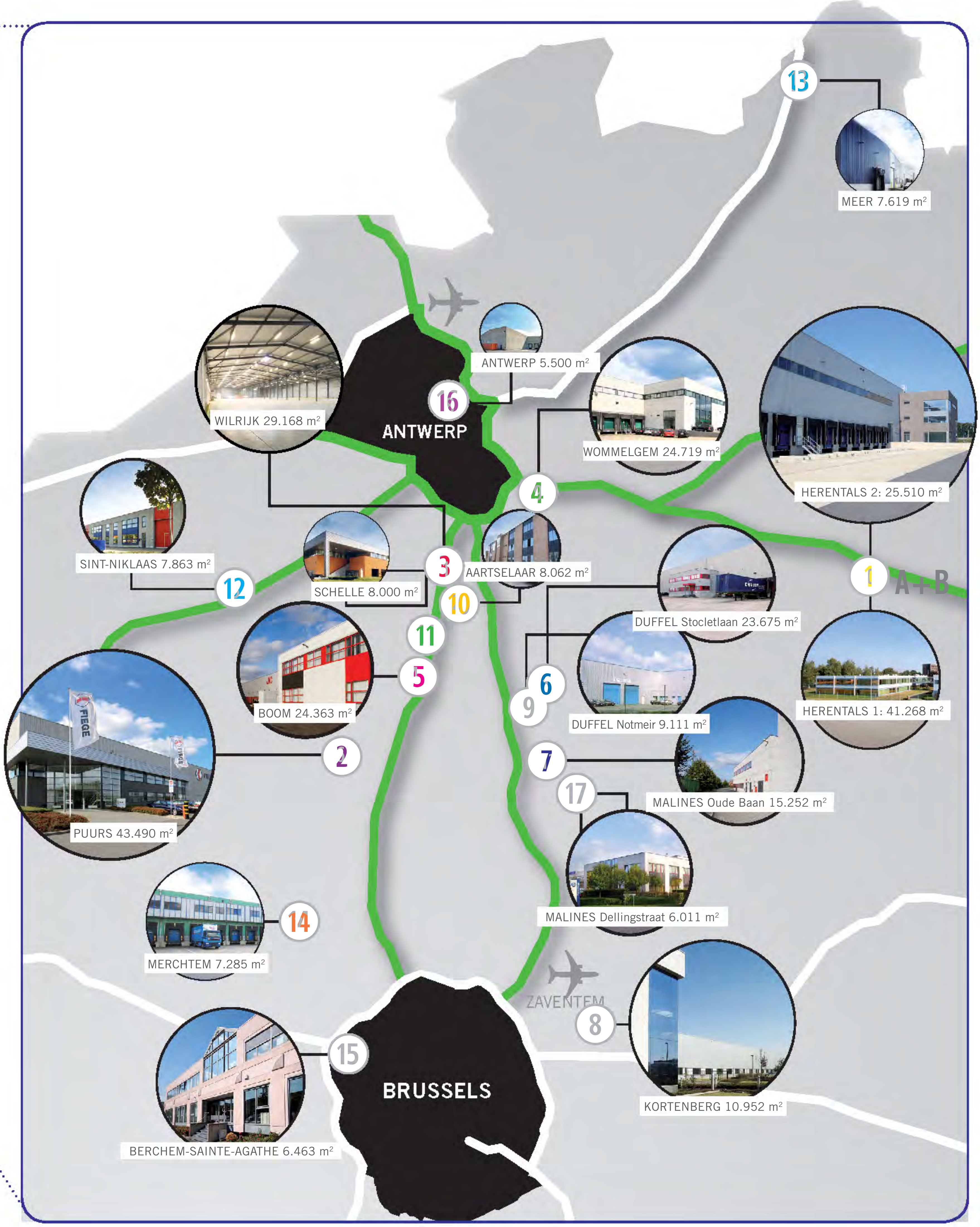
LOCATION OF THE SEMI-INDUSTRIAL PROPERTIES IN BELGIUM



1A	HERENTALS LOGISTICS 1	9	DUFFEL NOTMEIR
1B	HERENTALS LOGISTICS 2	10	AARTSELAAR
2	PUURS LOGISTIC CENTER	11	SCHELLE
3	WILRIJK NEERLAND 1 EN 2	12	EIGENLO
4	KORALENHOEVE	13	TRANSPORTZONE MEER
5	KREKELENBERG	14	MERCHTEM CARGO CENTER
6	DUFFEL STOCLETLAAN	15	BERCHEM-SAINTE-AGATHE TECHNOLOGY CENTER
7	INTERCITY INDUSTRIAL PARK	16	ANTWERPEN KAAIEN
8	GULDENDELLE	17	RAGHENO

[14] Classification according to the surface area of the buildings.

LOCATION OF THE SEMI-INDUSTRIAL PROPERTIES



Herentals Logistics 1

Atealaan 34
2200 Herentals

1A

Offices space / 8.500 m²

Storage hall space / 32.768 m²

Year of construction / 1977

Main tenants /
Nokia Siemens, Devoteam, Kreate Limited, OTN Systems, Promatic-B (Actemium), NYK

Herentals Logistics 2

Atealaan 34
2200 Herentals

1B

Offices space / 1.276 m²

Storage hall space / 20.190 m²
+ 4.044 m² (mezzanine)

Year of construction / 2008

Main tenant /
Kuehne & Nagel

Puurs Logistic Center

Veurtstraat 91
2870 Puurs

2

Offices space / 1.600 m²

Storage hall space / 41.890 m²

Year of construction / 2001

Tenant /
Fiege

Wilrijk Neerland 1&2

Boomsesteenweg 801 - 803,
Kernenergiestraat 70 / Geleegweg 1 - 7
2610 Wilrijk

3

Offices space / 632 m²

Storage hall space / 28.536 m²

Year of construction / 1986 en 1989

Tenants /
Ikea Belgium, VPD Transport,
Transport Cordier (as from 1/2/2011)

Koralen-hoeve

Koralenhoeve 25
2160 Wommelgem

4

Offices space / 1.770 m²

Storage hall space / 22.949 m²

Year of construction / 1998

Tenant /
PGZ Retail Concept

Krekelen-berg

Industrieweg 18
2850 Boom

5

Offices space / 700 m²

Storage hall space / 23.663 m²

Year of construction / 2000

Tenant /
CEVA Logistics

Duffel Stocletlaan

Stocletlaan 23
2570 Duffel

6

Offices space / 240 m²
Storage hall space / 23.435 m²
Year of construction / 1998
Tenants /
BLITS Belgium, Iron Mountain Belgium

Intercity Industrial Park

Oude baan 14
2800 Malines

7

Offices space / 252 m²
Storage hall space / 15.000 m²
Year of construction / 1999
Tenant /
Pharma Logistics (DHL)

Guldendelle

Jan-Baptist Vinkstraat 2
3070 Kortenberg

8

Offices space / 780 m²
Storage hall space / 10.172 m²
Year of construction / 2001 - 2002
Tenant /
European Commission

Duffel Notmeir

Walemstraat 94
2570 Duffel

9

Offices space / 250 m²
Storage hall space / 8.861 m²
Year of construction / 1995
Tenant /
Aleris Aluminium

Aartselaar

Dijkstraat 1A
2630 Aartselaar

10

Offices space / 793 m²
Storage hall space / 7.269 m²
Year of construction / 1994
Tenant /
Party Rent

Schelle

Molenberglei 8
2627 Schelle

11

Offices space / 1.600 m²
Storage hall space / 6.400 m²
Year of construction / 1993
Tenants /
Meiko, Trafuco, Vereniging voor Verkeersveiligheid, SD Worx, Digi-Max, Kalsbeek

Eigenlostraat 23 - 27a
9100 Sint-Niklaas

12

Offices space / 1.328 m²
Storage hall space / 6.535 m²
Year of construction / 1992 - 1994
Tenants /
Sarens J, Airflux, Fusite Furniture Europe, E-Trinity, Eticolor

Riyadhstraat
2321 Meer

13

Offices space / 271 m²
Storage hall space / 7.348 m²
Year of construction / 1990
Tenant /
VPK Packaging

Preenakker 20
1785 Merchtem

14

Offices space / 1.210 m²
Storage hall space / 6.075 m²
Year of construction / 1992
Tenant /
MSF Supply

Berchem-Sainte-Agathe Technology Center

15

Rue de la Technologie 1
1, 15, 51, 55, 61 and 65
1082 Berchem-Sainte-Agathe

Offices space / 2.760 m²
Storage hall space / 3.703 m²
Year of construction / 1992
Tenants /
Vlaamse Gemeenschapscommissie, Brico Belgium, Amplifon Belgium

Antwerpen Kaaien

16

Kaaien 218 - 220
2030 Antwerp

Storage hall space / 5.500 m²
Year of construction / 1997
Tenant /
Waagnatie

Ragheno

17

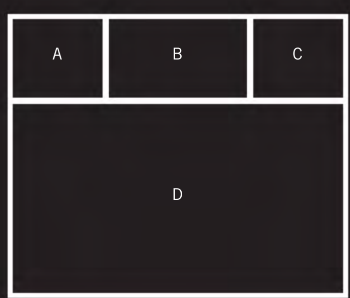
Dellingstraat 57
2800 Malines

Offices space / 603 m²
Storage hall space / 5.408 m²
Year of construction / 1998
Tenant /
ThyssenKrupp Otto Wolff

Financial Report

MECHELEN BUSINESS TOWER

A + B + C + D
Blarenberglaan 2C - MALINES
Space / 12.917 m²



BRUSSELS 7
Nijverheidslaan 1 - 3
Strombeek-Bever
Space: 10.343 m²

EIGENLO
Eigenlostraat 23 - 27a
Sint-Niklaas
Offices space / 1.328 m²
Storage hall space / 6.535 m²

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CONSOLIDATED INCOME STATEMENT

in thousands €	Note	2010	2009
Rental income	4	38.523	42.472
Rental-related expenses	4	-94	-160
NET RENTAL INCOME		**38.429**	**42.312**
Recovery of property charges	4	761	644
Recovery of rental charges and taxes normally payable by tenants on let properties	4	9.763	5.189
Costs payable by tenants and borne by the landlord for rental damage and refurbishment		-72	-445
Rental charges and taxes normally payable by tenants on let properties	4	-9.760	-5.172
Other rental-related income and expenses		129	98
PROPERTY RESULT		**39.250**	**42.626**
Technical costs	5	-514	-639
Commercial costs	5	-274	-349
Charges and taxes on unlet properties	5	-674	-781
Property management costs	5	-1.738	-1.776
Other property charges	5	-24	-175
PROPERTY CHARGES		**-3.224**	**-3.720**
OPERATING PROPERTY RESULT		**36.026**	**38.906**
General costs	6	-1.054	-1.184
Other operating income and costs		5	5
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**34.977**	**37.727**
Result on disposals of investment properties	8	464	0
Changes in fair value of investment properties	9	-9.139	-32.270
OPERATING RESULT		**26.302**	**5.457**

(continued) *in thousands €*	Note	2010	2009
OPERATING RESULT		**26.302**	**5.457**
Financial income		45	101
Interest charges		-9.543	-7.722
Other financial charges		-11	-141
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)		655	-240
FINANCIAL RESULT	10	**-8.854**	**-8.002**
RESULT BEFORE TAXES		**17.448**	**-2.545**
TAXES	11	**-17**	**-52**
NET RESULT		**17.431**	**-2.597**
Note:			
Operating distributable result	12	25.451	29.913
Result on portfolio	8-9	-8.675	-32.270
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	19	655	-240
Attributable to:			
Equity holders of the parent company		17.432	-2.597
Minority interests		-1	0

RESULT PER SHARE	Note	2010	2009
Number of shares entitled to dividend	12	13.907.267	13.907.267
Net result (€)	12	1,25	-0,19
Diluted net result (€)	12	1,25	-0,19
Operating distributable result (€)	12	1,83	2,15

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands €	2010	2009
NET RESULT	**17.431**	**-2.597**
Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)	1.260	-2.298
COMPREHENSIVE INCOME	**18.691**	**-4.895**
Attributable to:		
Equity holders of the parent company	18.692	-4.895
Minority interests	-1	0

CONSOLIDATED BALANCE SHEET

ASSETS *in thousands €*	Note	31.12.2010	31.12.2009
Non-current assets		**526.959**	**541.099**
Intangible assets		47	68
Investment properties	13	526.680	540.817
Other tangible assets		218	200
Trade receivables and other non-current assets		14	14
Current assets		**5.644**	**4.674**
Trade receivables	14	1.726	1.404
Tax receivables and other current assets	14	1.943	1.994
Cash and cash equivalents		816	733
Deferred charges and accrued income	14	1.159	543
TOTAL ASSETS		**532.603**	**545.773**

SHAREHOLDERS' EQUITY AND LIABILITIES *in thousands €*	**Note**	**31.12.2010**	**31.12.2009**
Shareholders' equity		**286.324**	**297.533**
Shareholders' equity attributable to the shareholders of the parent company		**286.283**	**297.488**
Share capital	15	126.729	126.729
Share premium	15	60.833	60.833
Reserves		98.612	130.875
Net result of the financial year		17.432	-2.597
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	15	-13.606	-13.606
Changes in fair value of financial assets and liabilities	19	-3.726	-4.746
Minority interests	21	**41**	**45**
Liabilities		**246.279**	**248.240**
Non-current liabilities		**177.239**	**205.807**
Provisions	16	990	1.031
Non-current financial debts	18	175.659	204.254
Credit institutions		*101.322*	*204.236*
Bond loan		*74.325*	*0*
Financial lease		*12*	*18*
Other non-current liabilities		590	522
Current liabilities		**69.040**	**42.433**
Provisions	16	426	386
Current financial debts	18	53.425	36.585
Credit institutions		*53.419*	*36.579*
Financial lease		*6*	*6*
Trade debts and other current debts	17	2.110	1.946
Other current liabilities	17	476	656
Accrued charges and deferred income	17	12.603	2.860
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**532.603**	**545.773**

DEBT RATIO	**31.12.2010**	**31.12.2009**
Debt ratio (max. 65 %) (%)	43 %	44 %

NET ASSET VALUE PER SHARE (€)	**31.12.2010**	**31.12.2009**
Net asset value per share (fair value)	20,59	21,39
Net asset value per share (investment value)	21,57	22,37

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

in thousands €	Share capital	Share premium	Reserves
Balance at 31 December 2008	**126.725**	**60.833**	**144.280**
Comprehensive income 2009			
Transfers:			
Transfer of the result on portfolio to the reserves			-12.726
Transfer of the impact on fair value*			-813
Other mutations			34
Merger 1st April 2009	4		118
Dividends financial year 2008			
Balance at 31 December 2009[15]	**126.729**	**60.833**	**130.875**
Comprehensive income 2010			
Transfers:			
Transfer of the result on portfolio 2009 to the reserves			-32.270
Transfer of changes in fair value of financial assets and liabilities through the income statement 2009			
Other mutations			16
Dividends financial year 2009			
Balance at 31 December 2010	**126.729**	**60.833**	**98.621**

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

[15] The transfer of "the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" as well as of " the changes in fair value of financial assets and liabilities through the income statement" are no longer, as from the financial year 2010, recorded during the financial year but only after approval of the profit distribution by the general meeting of shareholders (in April of next financial year). As this concerns transfers within two items of shareholders' equity, it has no impact on the total shareholders' equity of the property investment fund.

Net result of the financial year	Impact on fair value*	Changes in fair value of financial assets and liabilities	Minority interests	TOTAL SHAREHOLDERS' EQUITY
15.249	**-14.437**	**-2.448**	**163**	**330.365**
-2.597		-2.298		-4.895
12.726				0
	831			0
-34				0
			-118	-4
-27.941				-27.941
-2.597	**-13.606**	**-4.746**	**45**	**297.533**
17.432		1.260	-1	18.691
32.270				0
240		-240		0
-13			-3	0
-29.900				-29.900
17.432	**-13.606**	**-3.726**	**41**	**286.324**

CONSOLIDATED CASH FLOW STATEMENT

in thousands €	Note	2010	2009
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**733**	**885**
1. Cash flow from operating activities		**33.822**	**30.649**
Operating result		**26.302**	**5.457**
Interests paid		**-7.547**	**-7.777**
Other non-operating elements		**675**	**-332**
Adjustment of the result for non-cash flow transactions		**7.548**	**32.226**
- Depreciations on intangible and other tangible assets		144	189
- Impairment losses on the sale of other tangible assets		0	7
- Result on disposals of investment properties	8	-464	0
- Spread of rental discounts and rental benefits granted to tenants	9	-614	-573
- Changes in fair value of investment properties	9	9.139	32.359
- Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	10	-655	240
- Other non-cash flow transactions		-2	4
Changes in working capital		**6.843**	**1.075**
Movement of assets			
- Trade receivables	14	-323	-22
- Tax receivables and other current assets	14	51	-82
- Deferred charges and accrued income	14	-616	473
Movement of liabilities			
- Trade debts and other current debts	17	164	-630
- Other current liabilities	17	-180	-534
- Accrued charges and deferred income	17	7.747	1.870
2. Cash flow from investment activities		**5.935**	**-689**
Acquisition of intangible and other tangible assets		-142	-158
Investments in existing investment properties	13	-944	-548
Acquisition of assets with deferred payment		0	18
Results from the disposal of investment properties	8	7.021	0
3. Cash flow from financing activities		**-39.673**	**-30.112**
Repayment of loans	18	-84.159	-24.224
Drawdown of loans	18	0	22.013
Issuance bond loan	18	74.325	0
Repayment of financial lease liabilities	18	-6	-7
Receipts from non-current liabilities as guarantee		67	47
Dividend paid	12	-29.900	-27.941
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**816**	**733**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

NOTE 1. SCHEME FOR ANNUAL ACCOUNTS OF PROPERTY INVESTMENT FUNDS

As a listed property investment fund, Intervest Offices has prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union. A scheme for the annual accounts of property investment funds is contained in the Royal Decree of 21 June 2006.

The scheme principally means that the result on the portfolio is presented separately in the income statement. This result on the portfolio includes all movements in the real estate portfolio and consists of:

- Realized gains or losses on the disposal of investment properties
- Changes in fair value of investment properties as a result of the valuation by property experts, being non-realized increases and/or decreases in value.

The result on the portfolio is not distributed to the shareholders, but transferred to or from the reserves.

NOTE 2. PRINCIPLES OF FINANCIAL REPORTING

STATEMENT OF CONFORMITY

Intervest Offices is a property investment fund, having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2010 include the company and its subsidiaries (the "Group"). The annual accounts of Intervest Offices have been prepared and have been released for publication by the board of directors on 21 February 2011 and will be submitted for approval to the general meeting of shareholders on 6 April 2011.
The consolidated financial statements have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the Royal Decree of 21 June 2006. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ('IASB) and the International Financial Reporting Interpretations Committee ('IFRIC), as far as applicable to the activities of the Group and effective for financial years as from 1 January 2010.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2010

The following standards and interpretations have become effective in 2010 and have affected either the presentation, disclosure or the financial results of the Group.

- **IFRS 3 - Business Combinations**
  The amended standard continues to apply the acquisition method for business combinations, but amongst others significantly changes the treatment of acquisition related costs, business combinations achieved in stages, acquired deferred tax assets, the measurement of non-controlling interests, the measurement of contingent payments. More guidance is given in relation to pre-existing relationships between the Group and the acquiree.
- **Amendment to IAS 27 - Consolidated and Separate Financial Statements**
  Together with the publication of IFRS 3 - Business combinations, the IASB amended IAS 27 regarding changes in ownership interests in subsidiaries. More specifically all transactions with non-controlling shareholders are recognized in equity as long as there is no change in control.

  The following published standards and interpretations has become effective for the current financial year, but do not affect the disclosure, notes or financial results of the Group: IFRS 5 and IFRS 7 due to the *Annual Improvements Project (May 2008)*, Amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16 due to the *Annual Improvements Project (April 2009)*, Amendment of IAS 39 -*Eligible Hedged Items*, Amendment to IFRS 2 - *Group Cash Settled Transactions* and the incorporation of IFRIC 8 and IFRIC 11, IFRIC 12 - *Service Concession Arrangements*, IFRIC 15 - *Agreements for the Construction of Real Estate*, IFRIC 16 - *Hedges of a Net Investment in a Foreign Operation*, IFRIC 17 - *Distributions of Non-Cash Assets to Owners*, IFRIC 18 - *Transfers of Assets from Customers*.

NEW OR AMENDED STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE IN 2010

Amendment to IAS 32 - *Classification of Rights Issues* (1/2/2010), IFRS 19 - *Extinguishing Financial Liabilities with Equity Instruments* (1/7/2010), Revision of IAS 24 - Related Party Transactions (1/1/2011) and Amendment of IFRIC 14 - *Prepayments of a Minimum Funding Requirement* (1/1/2011), improvements to IFRS (2009 -2010) (effective for the financial years as from January 2011).

None of these new or amended standards and interpretations are expected to have an impact on the presentation, notes or financial results of the Group.

IFRS 9 - *Financial instruments: classification and measurement* (1/1/2013). The Group has to check the impact of this new standard, if applicable, on the classification and the valuation of the financial assets and liabilities, including derivatives and hedge accounting.

PRESENTATION BASIS

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

The accounting principles are applied consistently and the consolidated accounts are presented before profit distribution.

CONSOLIDATION PRINCIPLES

a. Subsidiary companies
A subsidiary company is an entity over which another entity has control (exclusively or jointly). Control is the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. A subsidiary company's annual financial statement is recognised in the consolidated annual financial statement by means of the integrated consolidation methodology from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the subsidiaries have been changed in order to arrive at consistent principles within the Group. The reporting period of the subsidiary coincides with that of the parent company.

b. Eliminated transactions
Any transaction between the Group companies, balances and unrealized profits and losses from transactions between Group companies will be eliminated when the consolidated annual accounts are prepared. The list of subsidiaries is given under note 21.

BUSINESS COMBINATIONS AND GOODWILL

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - *Business combinations*, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the sum of the acquisition value, the formerly interest in the entity which was not controlled (if applicable) and the recognised minority interest (if applicable) and on the other part the fair value of the acquired net assets. If the difference is negative ("negative goodwill"), it is immediately recognised in the results after confirmation of the values. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and adjusted within the 12 following months.

After initial recognition, the goodwill is not amortised but submitted to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the resulting impairment is recognised in the results and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying amount. An impairment loss recognised on goodwill is not reversed during a subsequent year.

In the event of the disposal of a cash-generating unit, the amount of goodwill that is allocated to this unit is included in the determination of the result of the disposal.

When the Group acquires an additional interest in a subsidiary company, formerly already controlled by the Group or when the Group sells a part of the interest in a subsidiary company without losing control, the goodwill, recognized at the moment of the acquisition of control, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

FOREIGN CURRENCIES

Foreign currency transactions are recognised at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

PROPERTY RESULT

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

The rental income, the received operational lease payments and the other income and costs are recognised linearly in the income statement in the periods to which they refer. The rental discounts and incentives are spread over the period running from the start of the lease contract to the next possibility of terminating a contract.

The compensation paid by tenants for premature termination of lease contracts is apportioned by time, over the number of months of 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 termination of the lease contract 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.

The compensation paid and the costs for refurbishment are recorded on accrued charges and deferred income of the liabilities until the refurbishment of the let building is completed or if its cost cannot be determined with sufficient certainty.

PROPERTY CHARGES AND GENERAL CHARGES

The costs are valued at the fair value of the compensation that has been paid or is due and are recognised in the income statement for the periods to which they refer.

RESULT ON DISPOSAL AND CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

The result from the disposal of investment properties is equal to the difference between the selling price and the carrying amount (i.e. the fair value determined by the property expert at the end of the previous financial year) less the selling expenses.

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

FINANCIAL RESULT

The financial result consists of interest charges on loans and additional financing costs, less the income from investments.

TAXES

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, deferred taxes and the exit tax due. The tax expense is recognised in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are recognised as a charge against equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the end of the period are used.

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

The exit tax owed by companies that have been taken over by the real property investment trust, are deducted from the revaluation surplus at the moment of the merger and are recognised as a liability.

Tax receivables and liabilities are valued at the tax rate used during the period to which they refer.

Deferred tax receivables and liabilities are recognised on the basis of the debt method ('liability method') for all provisional differences between the taxable basis and the carrying amount for financial reporting aims with respect to both assets and liabilities. Deferred tax receivables are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset.

ORDINARY AND DILUTED NET RESULT PER SHARE

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

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

INTANGIBLE ASSETS

Intangible assets are recognised at cost, less any accumulated depreciation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. Intangible assets are amortised linearly over their expected useful life. The depreciation periods are reviewed at least at the end of every financial year.

INVESTMENT PROPERTIES

a. Definition

Investment properties comprise all lands or buildings that are lettable and (wholly or in part) generate rental income, including the buildings where a limited part is kept for own use.

b. Initial recognition and valuation

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

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

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

c. Subsequent costs

Expenses for works on investment properties are charged against the income statement of the reporting period if they have no positive effect on the expected future economic benefits and are capitalised if the expected economic benefits for the entity are thereby increased.

Four types of subsequent costs are distinguished in respect of investment properties:

1. **repairs and maintenance:** these are expenses that do not increase the expected future economic benefits of the building and are consequently charged in full against the income statement under the item “technical costs”.

2. **refurbishment:** these are expenses arising from a tenant leaving (for example, removal of walls, replacement of carpets, etc.). These costs are charged in the income statement 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 recorded in the accrued costs and deferred income of the liabilities on the balance sheet until the refurbishment works are completed or until the moment there is sufficient certainty about the cost price. At that moment, both the income of the indemnity and the costs of the refurbishment are incorporated into the result.

3. **renovations:** these are expenses resulting from ad hoc works that substantially increase the expected economic benefits from the building (for example: installation of air conditioning or creation of additional parking places). The directly attributable costs of these works, such as materials, building works, technical studies and architects’ fees are consequently capitalised.

4. **rent incentives:** these are concessions by the owner to the tenant on moving-in costs in order to persuade the tenant to rent existing or additional space. For example, furnishing of offices, roof advertising, creation of additional social areas, etc. These costs are spread over the period from the commencement of the lease contract up to the date of the first break of the lease contract and are deducted from the rental income.

d. Valuation after initial recognition

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

Valuations are made by discounting the annual net rent received from the tenants, reduced by the related costs. Discounting uses a yield factor depending on the inherent risk of the relevant building.

In accordance with IAS 40, investment properties are recognised on the balance sheet at fair value.
This value is equal to the amount for which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, it should be understood as being subject to the deduction of registration taxes.

The Belgian Association of Asset Managers (BEAMA) published a press release on 8 February 2006 with respect to the amounts of these registration fees (see also www.beama.be - publications - press release: “First application of IFRS accounting rules”).

A group of independent property experts, carrying out the periodical valuation of buildings of property investment funds, ruled that for transactions involving buildings in Belgium with an overall value of less than € 2,5 million, registration taxes of between 10,0 % and 12,5% should apply, depending on the region where the buildings are located.

For transactions concerning buildings with an overall value of more than € 2,5 million and considering the wide range of property transfer methods used in Belgium, the same experts - on the basis of a representative sample of 220 transactions that took place in the market from 2002 to 2005 and representing a grand total of € 6,0 billion - valued the weighted average of the taxes comes to 2,5 %.

This means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

The difference between the fair value of the property and the investment value of the property as determined by the independent property experts is recognised at the end of the period in the item "impact on the fair value of the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in the shareholders' equity.

Profits or losses deriving from the change of fair value of an investment property are recognised in the income statement in the period where they emerge and are allocated to the reserves in the profit allocation.

The buildings for own use are valued at fair value if only a limited part is occupied by the entity for its own use. In any other case, the building will be included with "other tangible assets".

e. Disposal of an investment property

The commission fees paid to real estate agents under a mandate to sell are charged against profit or loss made on the sale.

The profits or losses made on the sale of an investment property are recorded in the income statement of the reporting period in 'result on disposals of investment properties' and are allocated to the reserves.

f. Assets held for sale

Assets held for sale refer to real estate properties whose carrying amount will be realized during a sales transaction and not through continuing use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

OTHER TANGIBLE ASSETS

a. Definition

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

b. Valuation

Other tangible assets are initially recognised at cost and thereafter valued according to the cost model.

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

c. Depreciation and exceptional impairment losses

Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use as foreseen by the management. The following percentages apply on an annual basis:

▸ Plant, machinery and equipment	20 %
▸ Furniture and vehiclesl	25 %
▸ Computer equipment	33 %
▸ Real estate for own use:	
- land	0 %
- buildings	5 %
▸ Other tangible assets	16 %

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

d. Disposal and retirement

When tangible assets are sold or retired, their carrying amount ceases to be recognised on the balance sheet and the profit or loss is recognised shown on the income statement.

IMPAIRMENT LOSSES

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

FINANCIAL INSTRUMENTS

a. Trade receivables
Trade receivables are recorded at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

b. Investments
Investments are recognised and derecognised on a trade date basis when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is the objective evidence that an asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

c. Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

d. Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the economic reality of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

e. Interest-bearing bank loans
Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with principles of financial reporting related to financing (borrowing) costs, applied by the Group.

f. Trade debts
Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

g. Equity instruments
Equity instruments issued by the company are recognised in the proceeds received (net of direct issue costs).

h. Derivatives
The Group uses derivatives to hedge its exposure to interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives are initially valued at cost price and are valued after initial recognition at fair value.

- **Derivatives that do not qualify for hedge accounting**
  Certain derivatives do not qualify for hedge accounting. Changes in the fair value of each derivative that does not qualify for hedge accounting are recognised immediately in the income statement.

- **Hedge accounting**
  The Group designates certain hedging instruments as fair value hedges and cash flow hedges.

  The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income. The ineffective portion is recognised in the income statement on the line "Changes in fair of financial asset and liabilities (ineffective hedges - IAS 39)".

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement when the hedged item is recognised in the income statement, in the same line as the recognised hedged item. When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the profits or losses on the financial derivative previously accumulated in equity are recognised in the initial valuation of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument is sold or terminated, or exercised, or no longer qualifies for hedge accounting. Any profit or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the income statement.

i. Own shares

When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

PROVISIONS

A provision is an obligation of uncertain size or with an uncertain time element. The amount that is recognised is the best estimate at balance sheet date of the expenditure required to settle the existing liability.

Provisions are only recognised when there is a present obligation (legal or constructive) as a result of a past event that probably will bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

POST-EMPLOYMENT BENEFITS

Contributions to defined-contribution retirement benefit plans are recognised as an expense against the reporting period when employees have rendered services entitling them to the contributions.

DIVIDEND DISTRIBUTION

Dividend distribution is recognised as transferred result until the annual shareholders' meeting approves the dividends. The dividends are therefore recorded as a liability in the annual accounts for the period in which the dividend distribution is approved by the annual general shareholders' meeting.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on balance sheet date is recognised in the result of the income statement.

NOTE 3. SEGMENTED INFORMATION

BY BUSINESS SEGMENT

The two business segments comprise the following activities:

- The category of "offices" includes the properties that are 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:

INCOME STATEMENT BY SEGMENT

BUSINESS SEGMENT	Offices		Semi-industrial properties		Corporate		TOTAL	
in thousands €	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Rental income	27.879	30.280	10.644	12.192			38.523	42.472
Rental-related expenses	-17	-89	-77	-71			-94	-160
Net rental result	**27.862**	**30.191**	**10.567**	**12.121**			**38.429**	**42.312**
Rental related costs and income	802	364	19	-50			821	314
Property result	**28.664**	**30.555**	**10.586**	**12.071**			**39.250**	**42.626**
Operating result before result on portfolio	**27.718**	**9.086**	**10.151**	**11.673**	**-2.892**	**-3.032**	**34.977**	**37.727**
Result on disposals of investment properties	464	0	0	0			464	0
Changes in fair value of investment properties	-9.168	-22.857	29	-9.413			-9.139	-32.270
Operating result of the segment	**19.014**	**6.229**	**10.180**	**2.260**	**-2.892**	**-3.032**	**26.302**	**5.457**
Financial result					-8.854	-8.002	-8.854	-8.002
Taxes					-17	-52	-17	-52
NET RESULT	**19.014**	**6.229**	**10.180**	**2.260**	**-11.763**	**-11.086**	**17.431**	**-2.597**

KEY FIGURES BY SEGMENT

BUSINESS SEGMENT	Offices		Semi-industrial pro-perties		TOTAL	
in thousands €	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Fair value of real estate properties	363.356	378.683	163.324	162.134	526.680	540.817
Disinvestments during the financial year (fair value)	6.557	0	0	0	6.557	0
Investment value of real estate properties	372.440	388.150	167.489	166.273	539.929	554.423
Accounting yield of the segment (%)	7,7 %	8,0 %	6,5 %	7,5 %	7,3 %	7,9 %
Total leasable space (m^2)	231.109	236.459	304.311	304.311	535.420	540.770
Occupancy rate (%)	85 %	90 %	84 %	83 %	85 %	88 %

NOTE 4. PROPERTY RESULT

RENTAL INCOME

in thousands €	2010	2009
Rental income	38.996	41.570
Guaranteed income	565	1.490
Rental discounts	-1.573	-1.424
Rental benefits ('incentives')	-174	-127
Compensation for early termination of lease contracts	709	963
Total rental income	**38.523**	**42.472**

The rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters and compensation for early terminated lease contracts minus any rental discounts and rental benefits (incentives) granted. The rental discounts and incentives are spread over the period running from the start of the lease contract to the next possibility of terminating a lease contract.

The rental income of Intervest Offices is spread over almost 200 different tenants, limiting the debtor's risk and improving the stability of the rental income. The ten most important tenants represent 48 % (51 % in 2009) of the rental income, and are, with the exception of the European Commission, often prominent companies in their sector and often part of international groups. The most important tenant represents 11 % of the rental income (10 % in 2009). In 2010, there are 4 tenants whose lease payments on an individual basis represent more than 5 % of the total rental income of Intervest Offices (5 tenants in 2009).

For detailed information regarding early termination of lease contracts, please see note 17 by accrued charges and deferred income.

OVERVIEW OF FUTURE MINIMUM RENTAL INCOME

The cash value of the future minimum rental income until the first expiry date of the non-cancellable lease contracts is subject to the following collection terms:

in thousands €	2010	2009
Receivables with a remaining duration of:		
Less than one year	31.425	32.804
Between one and five years	62.684	66.204
More than five years	9.785	13.036
Total of future minimum rental income	**103.894**	**112.044**

RENT-RELATED EXPENSES

in thousands €	2010	2009
Rent for leased assets and compensations for ground rent	-33	-37
Write-downs on trade receivables	-108	-150
Reversal of write-downs on trade receivables	47	27
Total rent-related expenses	**-94**	**-160**

The rental related expenses comprise mainly write-downs and reversals of write-downs on trade receivables and are recognised in the income statement when the carrying amount is higher than the estimated realization value. This item also comprises the costs to the property investment fund for the rental of land parcels and buildings for letting to its tenants in the future.

RECOVERY OF PROPERTY CHARGES

in thousands €	2010	2009
Compensations	162	0
Management fee received from tenants	599	644
Total recovery of property charges	**761**	**644**

The recovery of property charges is mainly related to the management fees that the Group receives from its tenants for the management of let buildings and the rebilling of rental charges to the tenants, as shown in the following tables.

REBILLING OF RENTAL CHARGES AND TAXES

RECOVERY OF RENTAL CHARGES AND TAXES NORMALLY PAYABLE BY TENANTS ON LET PROPERTIES

in thousands €	2010	2009
Rebilling of rental charges borne by the landlord	4.555	4.159
Rebilling of advance levies and taxes on let properties	5.208	1.030
Total recovery of rental charges and taxes normally payable by tenants on let properties	**9.763**	**5.189**

RENTAL CHARGES AND TAXES NORMALLY PAYABLE BY TENANTS ON LET PROPERTIES

in thousands €	2010	2009
Rental charges borne by the landlord	-4.555	-4.142
Advance levies and taxes on let properties	-5.205	-1.030
Total rental charges and taxes normally payable by tenants on let properties	**-9.760**	**-5.172**
TOTAL NET AMOUNT OF RECOVERED RENTAL CHARGES AND TAXES	**3**	**17**

Rental charges and taxes on let buildings and the recovery of these charges refer to costs that are, by law or custom, the responsibility of the tenant or lessee. These costs primarily comprise property taxes, electricity, water, cleaning, window-cleaning, technical maintenance, garden maintenance (gardening work), etc. The owner is responsible for the management of the buildings (office buildings) or has it contracted out to external property managers (semi-industrial buildings and Mechelen Campus).

Depending on the contractual agreements with the tenants, the landlord may or may not charge the tenants for these services. Any such rebilling is done on an annual basis, except for some office buildings for which the rebilling is done quarterly. During the financial year, advances are billed to the tenants.

In 2010, the rebilling of advance levies and taxes has increased as the tax assessmens regarding the financial year 2009 for a total amount of € 2,1 million, have only be received in 2010 from the Flemish Tax Department, and thus with a delay of one year.

NOTE 5. PROPERTY CHARGES

TECHNICAL COSTS

in thousands €	2010	2009
Recurrent technical costs	**-498**	**-619**
Maintenance	-474	-588
Insurance premiums	-24	-31
Non-recurrent technical costs	**-16**	**-20**
Claims	-18	-35
Compensation of claims by the insurers	2	15
Total technical costs	**-514**	**-639**

Technical costs comprise, inter alia, maintenance costs and insurance premiums. Maintenance costs that can be seen as renovation of an existing building because they improve the yield or the rent are not recognised as costs but are capitalised.

COMMERCIAL COSTS

in thousands €	2010	2009
Brokers' fees	-38	-100
Publicity	-126	-147
Lawyers' fees and legal costs	-110	-102
Total commercial costs	**-274**	**-349**

Commercial costs also include the brokers' fees. The brokers' fees paid to the brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. The brokers' fees paid after an immediate re-letting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not take this fee into account at the time of the valuation.

CHARGES AND TAXES ON UNLET PROPERTIES

in thousands €	2010	2009
Vacancy charges of the financial year	-714	-544
Vacancy charges of prior financial year	87	0
Property tax on vacant properties	-622	-252
Recuperation of property tax on vacant properties	575	15
Total charges and taxes on unlet properties	**-674**	**-781**

Intervest Offices largely recovers the property tax that is charged by advanced levy on the vacant parts of buildings through objections submitted to the Flanders tax and customs administration.
Compared to the financial year 2009, the decrease by € 0,1 million of charges and taxes on unlet properties mainly results from the lost of the cost from the in 2009 a one-time lower than foreseen refund occurred from the Flemish government of property taxes on vacant buildings for the financial year 2005 and 2006.

PROPERTY MANAGEMENT COSTS

in thousands €	2010	2009
External property management fees	-69	-79
Internal property management fees	-1.669	-1.697
Total property management costs	**-1.738**	**-1.776**

Property management costs are costs that are related to the management of the buildings. These include the personnel costs and the indirect costs with respect to the management committee and the staff (such as office costs, operating costs etc.) who manage the portfolio and the lettings, and also depreciations and impairments on tangible assets used for such management and other business expenses related to the management of the real estate properties.

OTHER PROPERTY CHARGES

in thousands €	2010	2009
Charges borne by the landlord	-3	-153
Other property charges	-21	-22
Total other property charges	**-24**	**-175**

The charges borne by the landlord are expenses that are chargeable to the Group on the basis of contractual or commercial agreements with tenants.

NOTE 6. GENERAL COSTS

in thousands €	2010	2009
UCI tax	-238	-264
Custodian bank	-11	-11
Auditor's fee	-85	-85
Directors' remunerations	-37	-32
Liquidity provider	-14	-14
Financial services	-35	-57
Employee benefits	-426	-465
Other costs	-208	-256
Total general costs	**-1.054**	**-1.184**

General costs are all costs related to the management of the property investment fund and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and impairments on tangible assets used for this management and other operating costs.

NOTE 7. EMPLOYEE BENEFITS

in thousands €	2010			2009		
	Charges for the patrimony management	**Charges linked to the management of the fund**	**TOTAL**	**Charges for the patrimony management**	**Charges linked to the management of the fund**	**TOTAL**
Remunerations of employees and independent staff	**951**	**234**	**1.185**	**935**	**276**	**1.211**
Salary and other benefits paid within 12 months	686	166	852	666	188	854
Pensions and post-employment benefits	22	6	28	21	7	28
Severance pay	0	0	0	8	0	8
Social security	152	41	193	148	50	198
Variable remunerations	55	11	66	48	16	64
Other charges	36	10	46	44	15	59
Remuneration of the management committee	**87**	**193**	**280**	**85**	**189**	**274**
Chairman of the management committee	87	87	174	85	86	171
Fixed remuneration	*82*	*83*	*165*	*82*	*83*	*165*
Variable remuneration	*5*	*4*	*9*	*3*	*3*	*6*
Other member of the management committee	0	105	105	0	103	103
Fixed remuneration	*0*	*85*	*85*	*0*	*85*	*85*
Variable remuneration	*0*	*8*	*8*	*0*	*6*	*6*
Retirement obligations	*0*	*12*	*12*	*0*	*12*	*12*
TOTAL EMPLOYEES BENEFITS	**1.039**	**426**	**1.465**	**1.020**	**465**	**1.485**

The number of employees and self-employed personnel at year-end 2010, expressed in FTE is 11 staff members for the internal management of the patrimony (2009: 11) and 4 staff members for the management of the fund (2009: 4). The management team comprises 3 persons, 1 of whom receives no remuneration.

Remuneration, supplementary benefits, compensation upon termination, redundancy and resignation compensation for personnel in permanent employment are regulated by the Act on the Labour Agreements of 4 July 1978, the Annual Holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective bargaining agreements that have been recognised in the income statement in the period to which they refer.

Pensions and compensations following the termination of the work comprise pensions, contributions for group insurance, life assurance and disability and hospitalisation insurance. For permanent employees, Intervest Offices has taken out a group insurance policy - a “defined contribution plan” - with an external insurance company. The company pays contributions to company, which is independent of the company. A pension plan with a defined-contribution scheme is a plan involving fixed premiums paid by the company and without the company having legally enforceable or actual obligations to pay further contributions if the fund were to have insufficient assets. The contributions to the insurance plan are financed by the company. This group insurance contract complies with the Vandenbroucke act on pensions. The compulsory contributions are recognised in the income statement for the period that they relate to.

NOTE 8. RESULT ON DISPOSALS OF INVESTMENT PROPERTIES

in thousands €	2010	2009
Acquisition value	5.986	0
Cumulated gains and special impairment losses	571	0
Carrying amount (fair value)	**6.557**	**0**
Sales costs	7.200	0
Sales price	-179	0
Net result of the sale	**7.021**	**0**
Total result on disposals of investment properties	**464**	**0**

The result on disposals of investment properties consists of realized gain on the sale of Latem Business Park in July 2010.

NOTE 9. CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

in thousands €	2010	2009
Positive changes of investment properties	3.878	7.321
Negative changes of investment properties	-12.403	-39.107
Subtotal changes of investment properties	**-8.525**	**-31.786**
Changes spread of rental discounts and rent incentives	-614	-573
Other changes related to fair value	0	89
Subtotal other changes related to fair value of investment properties	**-614**	**-484**
Total changes in fair value of investment properties	**-9.139**	**-32.270**

The changes in fair value of the investment properties comprise mainly the decrease in fair value of the real estate portfolio of the property investment fund of € 8,5 million or 1,6 % by unchanged composition of the portfolio. In 2010, the fair value of the office portfolio decreases by € 9,1 million, mainly as a result of the departure of Tibotec-Virco from a part of Intercity Business Park and Mechelen Campus and the increasing vacancy in the portfolio. The fair value of the semi-industrial properties of the property investment fund increases by € 0,5 million in 2010 through new lettings and prolongations of existing lease contacts.

NOTE 10. FINANCIAL RESULT

in thousands €	2010	2009
Financial income	45	101
Interest charges with fixed interest rate	-8.771	-5.979
Interest charges with variable interest rate	-772	-1.743
Other financial charges	-11	-141
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240
Total financial result	**-8.854**	**-8.002**

The financial income includes the interest collected on bank accounts and trade receivables. The other financial charges are mainly related to bank charges and financial fees.

INTEREST CHARGES CLASSIFIED BY THE EXPIRY DATE OF THE CREDIT LINE

in thousands €	2010	2009
Interest charges on non-current financial debts	-6.815	-7.038
Interest charges on current financial debts	-2.728	-684
Total interest charges	**-9.543**	**-7.722**

The average interest rate for the non-current financial debts for 2010 amounts to 4,6 % including bank margins (2009: 3,2 %). The average interest rate for the current financial debts for 2010 amounts to 3,0 % including bank margins (2009: 3,3 %). For 2010, the total average interest rate amounts to 4,0 % including bank margins, compared to 3,2 % in 2009.

The (hypothetical) future cash outflow of the interest charges from the loans drawn on at 31 December 2010 at the variable interest rate of 31 December 2010 amounts to € 10,7 million (2009: € 6,9 million).

NOTE 11. TAXES

in thousands €	2010	2009
Corporate income tax	-17	-52
Total taxes	**-17**	**-52**

With the Royal Decree of 10 April 1995, the legislator gave a favourable tax status to property investment funds. If a company converts its status into that of a property investment fund, or if an (ordinary) company merges with a property investment fund, it must pay a one-off tax (exit tax). Thereafter, the property investment fund is only subject to taxes on very specific items, e.g. “disallowed expenditure”. No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties.

NOTE 12. NUMBER OF SHARES AND RESULT PER SHARE

MOVEMENT OF THE NUMBER OF SHARES

	2010	2009
Number of shares at the beginning of the financial year	13.907.267	13.900.902
Number of shares issued	0	6.365
Number of shares at the end of the financial year	13.907.267	13.907.267
Number of shares entitled to dividend	13.907.267	13.907.267
Adjustments for the diluted result per share	0	0
Weighted average number of shares for the diluted result per share	13.907.267	13.907.267

DETERMINATION OF THE AMOUNT OF MANDATORY DIVIDEND DISTRIBUTION

The amount that is subject to distribution is determined pursuant to article 27 § 1 and Chapter 3 of the annex C of the Royal Decree of 7 December 2010.

in thousands €	2010	2009
Net result according to the statutory annual accounts	17.431	-2.574
Adjustment for non-cash flow transactions included in the net result:		
Depreciations and withdrawals of depreciations	144	189
Impairment losses and withdrawals	61	124
Changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)	-655	240
Result on disposals of investment properties	-464	0
Changes in fair value of investment properties	9.139	32.285
Corrected result for mandatory distribution	**25.656**	**30.264**
Mandatory distribution: 80 %[16]	**20.525**	**24.211**
Operating distributable result (statutory annual accounts)	25.451	29.951
Operating distributable result (consolidated annual accounts)	25.451	29.913

No further adjustments must be made on the corrected result for any non-exempted capital gain on disposals of investment properties or debt reductions. Consequently, the corrected result is equal to the amount eligible for mandatory distribution of 80 %.

Intervest Offices chooses to distribute 100 % of the consolidated operating distributable result to its shareholders.

The consolidated operating distributable result is available for distribution pursuant to article 617 of the Belgian Companies Code, in accordance with the calculation method in Chapter 4 of Annex C of the Royal Decree of 7 December 2010.

[16] As Intervest Offices realized a negative net result in the financial year 2009 (as a result of negative changes in fair value of the investment properties), the property investment had legally no obligation to pay out the dividend. In the financial year 2009, the property investment fund realized however an operating distributable result of € 29.951.000 and there was sufficient cash flow in the company so that the property investment fund chooses, in accordance with its dividend policy, to pay out a dividend of 100 % of the consolidated operating distributable result.

CALCULATION OF THE RESULT PER SHARE

in €	2010	2009
Ordinary result per share	1,25	-0,19
Diluted result per share	1,25	-0,19
Operating result per share	1,83	2,15

PROPOSED DIVIDEND PER SHARE

After the closing of the financial year, the dividend distribution shown below is proposed by the board of directors. This will be presented to the general meeting of shareholders on 6 April 2011. In accordance with IAS 10, the dividend distribution is not recognised as a liability and has no effect on the tax on profit.

	2010	2009
Dividend per share (€)	1,83	2,15
Remuneration of the share capital (€ 000)	25.450	29.900
Dividend as a percentage of the consolidated operating distributable result (%)	100 %	100 %

NOTE 13. NON-CURRENT ASSETS: INVESTMENT PROPERTIES

INVESTMENT AND REVALUATION TABLE

in thousands €	2010	2009
Amount at the end of the preceding financial year	**540.817**	**572.055**
Investments in existing investment properties	944	548
Disposals of investment properties	-6.556	0
Changes in fair value of investment properties	-8.525	-31.786
Amount at the end of the financial year	**526.680**	**540.817**
OTHER INFORMATION		
Investment value of real estate	539.929	554.423

In 2010, the fair value of the real estate portfolio of the property investment fund decreases by € 14,1 million and amounts to € 527 million (€ 541 million on 31 December 2009). This decrease of fair value results from:

- the sale of the office park Latem Business Park with a fair value of € 6,6 million (sales price of € 7,2 million)
- the decrease in fair value of the existing real estate portfolio by € 8,5 million or 1,6 % (compared to the total fair value on 31 December 2009, excluding Latem Business Park) through increasing vacancy in the real estate portfolio
- investments in the existing portfolio for € 0,9 million

For the explanation of the negative changes in fair value of investment properties, please see note 9.

For the sensitivity analysis of the valuation of the real estate properties, please see the description of the most important risk factors and internal control and risk management systems.

NOTE 14. CURRENT ASSETS

TRADE RECEIVABLES

in thousands €	2010	2009
Trade receivables	812	845
Invoices to issue	783	530
Credit notes to be received	115	0
Doubtful debtors	360	356
Provision doubtful debtors	-360	-356
Other trade receivables	16	29
Total trade receivables	**1.726**	**1.404**

As a result of strict credit controls, the number of days of outstanding customers' credit is only 8 days.

AGING ANALYSIS OF TRADE ACCOUNTS RECEIVABLES

in thousands €	2010	2009
Receivables < 30 days	388	409
Receivables 30-90 days	62	155
Receivables > 90 days	362	281
Total outstanding trade receivables	**812**	**845**

For the follow-up of the debtor's risk uses by Intervest Offices, please see the description of the most important risk factors and internal control and risk management systems.

TAX RECEIVABLES AND OTHER CURRENT ASSETS

in thousands €	2010	2009
Recoverable corporate tax	217	217
Recoverable exit tax	217	217
Recoverable withholding tax on the liquidation boni from mergers	1.348	1.348
Other receivables	161	212
Total tax receivables and other current assets	**1.943**	**1.994**

For the description of the Group's tax situation, please see note 23.

DEFERRED CHARGES AND ACCRUED INCOME

in thousands €	2010	2009
Recoverable property tax	736	234
Other deferred charges	421	295
Charges related to loans	*326*	*184*
Other charges to defer	*95*	*111*
Accrued income	2	14
Total deferred charges and accrued income	**1.159**	**543**

Intervest Offices largely recovers the property tax that is charged on vacant parts of buildings through objections submitted to the tax and customs administration in Flanders. In 2010 the tax assessments for the property tax for 2009 as well as 2010 has been received in 2010.

NOTE 15. SHAREHOLDERS' EQUITY

CAPITAL

Evolution of the capital *Date*	*Transaction*	Share capital movement *in thousands €*	Total outstanding share capital after transaction *in thousands €*	Number of share issued *in units*	Total number of shares *in units*
08.08.1996	Constitution	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 by 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 by absorption of companies belonging to the VastNed Group	23.088	41.741	2.262.379	6.638.542
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 Siref shares	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 sa; exchange of 111.384 Siref shares	4.107	118.111	167.076	11.708.037
23.12.2002	Merger by absorption of the limited liability companies Apibi, Pakobi, PLC, MCC en Mechelen Campus	5.016	123.127	1.516.024	13.224.061
17.01.2005	Merger by absorption of the limited liability companies Apibi, Pakobi, PLC, MCC and Mechelen Campus	3.592	126.719	658.601	13.882.662
18.10.2007	Merger by absorption of the limited liability companies Mechelen Campus 3 and Zuidinvest	6	126.725	18.240	13.900.902
01.04.2009	Merger by absorption of the limited liability company Edicorp	4	**126.729**	6.365	**13.907.267**

On 31 December 2010, the share capital amounts to € 126.728.871 and is divided among 13.907.267 fully paid-up shares with no statement of nominal value.

AUTHORISED CAPITAL

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 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 Companies Code, these articles of association and article 13 of the Royal Decree of 7 December 2010 relating to property investment funds.

This authorisation is valid for a period of five years from the publication in the annexes to the Belgian Official Gazette and Decrees of the official report from the extraordinary general meeting dated 7 April 2010, i.e. from 28 April 2010 onwards. This authorisation is valid until 28 April 2015. The authorisation to use authorised capital as possible means of defence in the event of a takeover bid is, pursuant to article 607, second paragraph, of the Belgian Companies Code, only valid for three years and expires on 28 April 2013. This authorisation is renewable.

Whenever there is a capital increase, the board of directors shall set the price, any share issue premium and the conditions of issuance of the new shares, unless the general meeting is to decide on that itself. The capital increases may give rise to the issuance of shares with or without voting right.

If the capital increases decided upon by the board of directors pursuant to this authorisation include a share issue premium, the amount of this issue premium must be recorded in a special unavailable account, named "issue premiums", which, like the capital, forms the guarantee for third parties and which cannot be reduced or abolished subject to a decision of the general meeting, meeting under the conditions of presence and majority, providing for a reduction in capital, subject to the conversion into capital as provided for above.

In 2010, the board of directors did not make use of the authorisation granted to use amounts from the permitted capital.

PURCHASE OF EQUITY SHARES

Pursuant to article 9 of the articles of association, the board of directors can proceed to the purchase of own paid-up equity shares by buying or exchanging within the legally permitted limits, if the purchase is necessary to protect the company from a serious and threatening loss.

This permission is valid for three years from the publication of the minutes of the general meeting of 7 April 2010, i.e. from 28 April 2010. This permission is valid till 28 April 2013 and is renewable.

CAPITAL INCREASE

All capital increases will be implemented pursuant to articles 581 to 607 of the Belgian Companies Code, subject to that stated hereafter with respect to the pre-emptive right.

Moreover, the company must comply with the provisions for the public issue of shares as defined in article 75 of the CII Act of 20 July 2004 and in articles 20 and the following of the Royal Decree of 7 December 2010 relating to property investment funds.

In case of a capital increase through a contribution in cash and without prejudice to articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities. This priority allocation right must satisfy the following conditions:

1. It is related to all newly issued securities;
2. It is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction;
3. A maximum price per share is announced at the latest on the eve of the opening of the public subscription period; and
4. In such a case, the public subscription period must be at least three trading days.

Capital increases realized through contributions in kind are subject to the provisions of articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to article 13 §2 of the Royal Decree of 7 December 2010 relating to property investment funds, the following conditions must be met:

1. The identity of the contributor must be mentioned in the report referred to in article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase;
2. The issue price may not be less than the lowest value of (a) a net asset value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date.
3. Except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months; and
4. The report referred to under 1° must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net asset value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

SHARE PREMIUM

Share premium evolution *in thousands €*		**Capital increase**	**Contribution in cash**	**Contribution value**	**Share premium**
Date	*Transaction*				
05.02.99	Capital increase by contribution in cash	1.039	0	20.501	19.462
21.12.01	Settlement of the accounting losses as a result of the merger by acquisition of the companies belonging to the VastNed Group	0	0	0	-13.747
31.01.02	Contribution of 575.395 Siref shares	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**

IMPACT ON FAIR VALUE OF ESTIMATED TRANSACTION RIGHTS AND COSTS RESULTING FROM THE HYPOTHETICAL DISPOSAL OF INVESTMENT PROPERTIES

in thousands €	**2010**	**2009**
Amount at the end of the preceding financial year	-13.606	-14.437
Changes in investment value of investment properties	0	831
Disposal of investment properties	0	0
Total impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-13.606**	**-13.606**

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

The transfer of the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties are no longer, as from the financial year 2010, recorded during the financial year but only after approval of the profit distribution by the general meeting of shareholders (in April of next financial year). As this concerns a transfer within two items of shareholders' equity, it has no impact on the total shareholders' equity of the property investment fund.

NOTE 16. PROVISIONS

in thousands €	2010	2009
Non-current provisions	**990**	**1.031**
Provisions for income tax dispute	920	920
Provision for rental guarantees from the disposal of investment properties	70	111
Current provisions	**426**	**386**
Provision rental guarantees from the disposal of investment properties	426	386
Total provisions	**1.416**	**1.417**

Under non-current and current provisions the rental guarantees are provided, resulting from the disposal of investment properties in 2006 (five office buildings).
For the description of the Group's fiscal situation, please see note 23.

NOTE 17. CURRENT LIABILITIES

TRADE DEBTS AND OTHER CURRENT DEBTS

in thousands €	2010	2009
Trade debts	108	105
Advances received from tenants	679	623
Invoices to be received	1.101	966
Provision for exit tax	0	1
Other current debts	222	251
Total trade debts and other current debts	**2.110**	**1.946**

OTHER CURRENT LIABILITIES

in thousands €	2010	2009
Dividends payable	476	656
Total other current liabilities	**476**	**656**

ACCRUED CHARGES AND DEFERRED INCOME

in thousands €	2010	2009
Received indemnities	3.251	1.221
Deferred compensations for early termination of lease contracts	5.174	846
Deferred revenues	1.756	316
Other accrued charges	2.422	477
Total accrued charges and deferred income	**12.603**	**2.860**

Indemnities received for refurbishment of a building are recognised in the accrued charges and deferred income of the liabilities of the balance sheet until the refurbishment works have been completed or until there is sufficient certainty about the cost price. At that moment, both the amount of the indemnity and the costs of the refurbishment are transferred to the result.

The remaining allocable costs have increased in 2010 by € 2 million due to the provision for the interest on the bond loan which is payable on 29 June 2011.

On 31 December 2010, the accrued charges and deferred income include compensations for an amount of € 5,2 million, received due to the early termination of lease contracts. In accordance with the valuation rules, this compensation is spread over time, over the number of months' rent paid by the tenant as compensation, insofar as the concerned real estate is not let for this period. The evolution of fees received for early termination is as follows:

in thousands €	2010	2009
Compensations to be transferred for early termination of lease contracts at the end of previous financial year	319	5
Compensations received during financial year (+)	5.564	1.277
Compensations taken in result during financial year (-)	- 709	- 963
Total compensation to be transferred for early termination of lease contracts	**5.174**	**319**

In 2010, the increase in accrued charges and deferred income is due to the compensation and leasing compensations received, following the early departure of Tibotec-Virco from the offices of the property investment fund in Malines, until the end of the duration of the still on-going contracts (resp. 30 November 2013 and 31 October 2014), which amounts to a total of € 5,1 million.
Compensations paid for early termination of lease contracts are entered in the income statement spread over time as follows, unless the real estate is let during this period, in which case the amounts are immediately recognised as revenue:

in thousands €	2010	2009
2010	0	312
2011	1.526	7
2012	1.508	0
2013	1.423	0
2014	717	0
Total compensations to be transferred for early termination of lease contracts	**5.174**	**319**

NOTE 18. NON-CURRENT AND CURRENT FINANCIAL DEBTS

For the description of the financial structure of the property investment fund, please see the report of the management committee.

CLASSIFICATION BY EXPIRY DATE OF THE WITHDRAWN CREDIT FACILITIES

in thousands €	2010					2009				
	Debts with a remaining duration of			Total	Percentage	Debts with a remaining duration of			Total	Percentage
	< 1 year	> 1 year and < 5 years	> 5 years			< 1 year	> 1 year and < 5 years	> 5 years		
Credit institutions (withdrawn credits)	50.600	72.420	28.650	**151.670**	66 %	36.579	199.250	**235.829**		**98 %**
Market value financial derivatives	2.819	252	0	**3.071**	1 %	0	4.986	**4.986**		**2 %**
Bond loan	0	74.325	0	**74.325**	33 %	0	0	**0**		**0 %**
Financial lease	6	12	0	**18**	0 %	6	18	**24**		**0 %**
TOTAL	**53.425**	**147.009**	**28.650**	**229.084**	**100 %**	**36.585**	**204.254**	**240.839**		**100 %**
Percentage	**23 %**	**64 %**	**13 %**	**100 %**		**15 %**	**85 %**	**100 %**		

CLASSIFICATION BY EXPIRY DATE OF THE CREDIT LINES

in thousands €	2010					2009				
	Debts with a remaining duration of			Total	Percentage	Debts with a remaining duration of			Total	Percentage
	< 1 year	> 1 year and < 5 years	> 5 years			< 1 year	> 1 year and < 5 years	> 5 years		
Credit institutions (withdrawn credits)	50.600	72.420	28.650	**151.670**	46 %	36.579	199.250	**235.829**		**92 %**
Not-withdrawn credit lines	17.479	82.580	0	**100.059**	31 %	21.500	0	**21.500**		**8 %**
Bond loan	0	74.325	0	**74.325**	23 %	0	0	**0**		**0 %**
TOTAL	**68.079**	**229.325**	**28.650**	**326.054**	**100 %**	**58.079**	**199.250**	**257.329**		**100 %**
Percentage	**21 %**	**70 %**	**9 %**	**100 %**		**23 %**	**77 %**	**100 %**		

The above table “Classification by expiry date of the credit lines” comprises an amount of € 100 million of not-withdrawn credit lines (€ 21,5 million on 31 December 2009). These do not form at closing date an effective debt but are only a potential debt under the form of an available credit line. The part in terms of percentage is calculated as the relation of each component to the sum of the withdrawn credit lines, the not-withdrawn credit lines and the outstanding bond loan.

CLASSIFICATION BY THE VARIABLE OR FIXED CHARACTER OF THE WITHDRAWN CREDIT FACILITIES BY THE FINANCIAL INSTITUTIONS AND THE BOND LOAN

in thousands €	2010					2009			
	Debts with a remaining duration of			Total	Percentage	Debts with a remaining duration of		Total	Percentage
	< 1 year	> 1 year and < 5 year	> 5 year			< 1 year	> 1 year and < 5 year		
Variable	600	32.420	8.650	**41.670**	**18 %**	36.585	39.268	**75.853**	**32 %**
Fixed	50.000	114.325	20.000	**184.325**	**82 %**	0	160.000	**160.000**	**68 %**
TOTAL	**50.600**	**146.745**	**28.650**	**225.995**	**100 %**	**36.585**	**199.268**	**235.853**	**100 %**

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

CHARACTERISTICS OF THE BOND LOAN

In June 2010, Intervest Offices issued a bond loan on the Belgian market for an amount of € 75 million with a duration of 5 years. The issue price is set at 100,875 % of the nominal value on the bonds with a gross coupon of 5,10 % payable as at 29 June each year. The gross actuarial yield of the issue price will amount to 4,90 % (on the issue price of 100,875 %). The bond loan is listed on NYSE Euronext Brussels. The bond loan is payable as at 29 June each year at the nominal value of € 75 million.

ISIN BE0002175413 (INTOFFI5,1%29JUN15)	**2010**
Share price (%)	
Share price on closing date	102,50 %
Average share price	101,19 %
Interest rate coupon (%)	
Gross (per tranche of € 1.000)	5,10 %
Net (per tranche of € 1.000)	4,34 %
Effective yield by emission (%)	4,90 %
Number of stocks	75.000

NOTE 19. FINANCIAL DERIVATIVES

Intervest Offices uses interest rate swaps to cover part of the possible changes of the interest charges on a part of the financial debts with a variable interest rate (short-term Euribor).

Intervest Offices classifies the interest rate swaps as cash flow hedges, whereby it is shown whether these hedges are effective or not.

- The effective part of the changes in fair value of derivatives classified as cash flow hedge is recognised in the state of comprehensive income in the line "Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)". Fair value hedge accounting is therefore applied to these swaps, on which basis, mutations in value of these swaps are recognised directly in the shareholders' equity and not in the income statement.
- The ineffective part is recognised in the income statement in the line "Changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)" in the financial result.

FAIR VALUE OF FINANCIAL DERIVATIVES AT YEAR-END

On 31 December 2010, the company has following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value[17]	
						Yes/No	2010	2009
1	IRS	27.12.2006	30.12.2011	3,4725 %	60.000	Yes	-1.429	-2.202
2	IRS	18.12.2006	18.12.2011	3,4700 %	60.000	Yes	-1.391	-2.252
3	IRS	11.09.2009	11.09.2014	2,8150 %	10.000	Yes	-333	-146
4	IRS	11.09.2009	11.09.2014	2,8150 %	10.000	Yes	-333	-146
5	IRS	30.04.2009	30.04.2014	2,6300 %	10.000	No	-275	-120
6	IRS	30.04.2009	30.04.2014	2,6300 %	10.000	No	-275	-120
7	IRS	02.01.2012	02.01.2017	2,3350 %	50.000	No	965	0
Total fair value financial derivative							**-3.071**	**-4.986**
Accounting process on 31 December:								
In shareholders' equity: Changes in fair value of financial assets and liabilities							-3.726	-4.746
In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							655	-240
Total fair value financial derivatives							**-3.071**	**-4.986**

On 31 December 2010, these interest rate swaps have a negative market value of - € 3,1 million (contractual notional amount € 210 million), which is determined on a quarterly basis by the issuing financial institute. The negative market value of these financial derivatives is due to low interest rates in 2010.

The fair value of the derivatives is exclusively determined by the information having an observable character for the derivative (directly or indirectly) but which is not a price listed on the active market and consequently the IRS contracts are belonging to level 2 of the hierarchy of the fair value as determined by IFRS 7.

[17] The item "Changes in fair value of financial assets and liabilities" in shareholders' equity gives the change of fair value of financial derivatives which in accordance with IAS 39 can be considered as effective cash flow hedges (effective hedges on 31 December 2010 and ineffective hedges on 31 December 2009), compared to the initial acquisition value of these financial derivatives. As the initial acquisition value of these financial instruments is equal to zero, the item "Changes in fair value of financial assets and liabilities" in shareholders'equity also gives the market value (fair value) of these financial instruments on balance sheet date.

On 31 December 2010, Intervest Offices classifies the interest rate swaps 1 to 4 as cash flow hedges, determining that the interest rate swaps are effective. The fluctuations in value of the interest rate swaps 5 to 7 are recognised directly in the income statement. Through the reduction of withdrawn credit facilities following the issuance of a bond loan in June 2010, IRS 2 has not been effective during the fourth quarter of 2010. Intervest Offices expects that this interest rate swap will again be effective at the end of the first quarter of 2011 as a result of future investments.

For the description of financial risks related to financial derivatives, please see the description of the major risk factors and internal control and risk management systems.

FAIR VALUE OF BANK OBLIGATIONS AT YEAR-END

in thousands €	2010		2009	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	225.995	236.655	235.829	235.829

When calculating the fair value of the financial debts, the financial debts with a fixed interest rate are taken into consideration. Financial debts with a variable interest rate or covered by a financial derivative are not taken into consideration.

NOTE 20. RELATED PARTIES

The company's related parties are its shareholders VastNed Offices/Industrial (and affiliated companies), and VastNed Offices Belgium, its subsidiaries (see note 21), and its directors and members of the management committee.

RELATION WITH THE RELATED COMPANIES OF VASTNED OFFICES/INDUSTRIAL

in thousands €	2010	2009
Interests paid on current account	7	12

DIRECTORS AND MEMBERS OF THE MANAGEMENT COMMITTEE

The remuneration for the directors and the members of the management committee are recognised in the items "Property management costs" and "General costs" (see notes 5 and 6).

in thousands €	2010	2009
Directors	74	63
Members of the management committee	280	274
Total	**354**	**337**

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

NOTE 21. LIST OF CONSOLIDATED COMPANIES

The companies below are consolidated by the method of full consolidation:

Company name	Address	Company number	Capital share (in %)	Minority interests *in thousands €*	
				2010	2009
ABC NV	Uitbreidingstraat 18, 2600 Berchem	BE 0466.516.748	99,00 %	2	2
MBC NV	Uitbreidingstraat 18, 2600 Berchem	BE 0467.009.765	99,00 %	38	41
MRP NV	Uitbreidingstraat 18, 2600 Berchem	BE 0465.087.680	99,90 %	1	2
DRE NV	Uitbreidingstraat 18, 2600 Berchem	BE 0464.415.115	99,90 %	0	0
Total minority interests				**41**	**45**

NOTE 22. FEE OF THE STATUTORY AUDITOR AND ENTITIES AFFILIATED WITH THE STATUTORY AUDITOR

in thousands €	2010	2009
Including non-deductible VAT		
Fee statutory auditor for audit mandate	76	80
Fee for exceptional activities or special assignments within other control assignments	17	5
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	**93**	**85**

In 2010, the other control assignments are related to verification (control) of the prospectus for the issuance of the bond loan in June 2010.

NOTE 23. OFF-BALANCE SHEET OBLIGATIONS

PURCHASE OBLIGATION OF THE LOGISTIC SITE IN HUIZINGEN THROUGH A SALE-AND-RENT-BACK TRANSACTION WITH DHL - PHARMA LOGISTICS

In December 2010, Intervest Offices has concluded a purchase agreement for the acquisition of a logistic site in Huizingen through a sale-and-rent-back transaction with DHL - Pharma Logistics. After the fulfilment of some deferred conditions the purchase amount of € 7,7 million (including registration rights) has been paid on 16 February 2011.

BOND LOAN: PUT OPTION GRANTED TO EVERY BONDHOLDER IN THE EVENT OF A CHANGE IN CONTROL

At the time of issuing the bond loan in June 2010 for an amount of € 75 million, Intervest Offices granted every bondholder a "put option" on all or part of the bonds held by the bondholder if a change of control takes place.

A change of control means that a person, or persons acting mutually, acquire(s) control over Intervest Offices, as a result of which control no longer remains in the hands of VastNed Offices/Industrial. Having control means holding, directly or indirectly, 30% or more of the shares representing the capital of Intervest Offices.

The bondholders have a period of fifteen days, starting from the date of publication of the notice of the change of control, in which the bondholders are informed of the change in control, to exercise their put option on the bonds in question.

The put option may be exercised by sending a registered letter to the property investment fund before the end of the period of fifteen days. When the option is exercised within the specified period, the bond becomes automatically due and repayable at par value, plus accrued interest.

The put option in case of a change of control is valid only after the general shareholders' meeting of Intervest Offices has agreed to this during the General Meeting of 6 April 2011 and on condition that the approval decision has been filed at the court registry, pursuant to article 556 of the Belgian Companies Code.

If the bondholders, after exercising this put option, request a refund of at least 85% of the total nominal amount of the bonds in circulation, the property investment fund may repay the total amount of the bonds in circulation at par value, plus accrued interest. In the event of the above clause relating to the change of control not being approved - approval implies a voting quorum of 50 % plus one - during the general meeting of 6 April 2011, the interest rate of the bond loan is automatically increased by 0,50%, from the interest period beginning on 29 June 2011.

FRAMEWORK CONVENTION LOGISTIC DEVELOPMENT IN HERENTALS

For the further development of 20.000 m² logistic buildings on the land parcel of Herentals Logistics 2, Intervest Offices has a building obligation towards Cordeel Zetel Hoeselt sa for the general building works agreed at the market conditions. The timing of this further development will depend on the evolution on the rental market of semi-industrial real estate and the availability of credit facilities. Regarding the possible redevelopment of the existing Herentals Logistics 1 on the Atealaan 34 in Herentals, priority rights are given to Cordeel Zetel Hoeselt sa.

DISPUTED TAX ASSESSMENTS

With the Royal Decree of 10 April 1995, the legislator gave property investment funds a favourable tax status. When a company transforms its status into that of a real estate investment fund, or when (ordinary) companies merge with a real estate investment fund, they must 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 therefore paid on the majority of the profit derived from rental revenue and capital gains realized on the sale of real estate. Since 1 January 2005, this exit tax has been set at 16,995 % (16,5 % + 3 % crisis tax).

Tax legislation stipulates that this basis for taxation is to be calculated as the difference between the actual value of the equity and the (tax-related) carrying amount. The Minister of Finance has decided by circular (dated 23 December 2004) that the transfer costs related to the transaction must not be taken into account when determining the fair value, but specifies that the securisation premium remains subject to company tax. Tax assessments based on the securisation premium should therefore be owed. Intervest Offices contests this interpretation and has still open appeals for an amount of ± € 4 million. In 2008, the tax administration raised a legal mortgage on a semi-industrial property located in Aartselaar, Dijkstraat, in order to secure the outstanding tax debt. Part of this tax debt is guaranteed by the former promoters of Siref. No provisions have been accounted for.

On 2 April 2010, the Court of First Instance judged in a lawsuit between another Belgian public property investment fund and the Belgian government regarding this issue, that there is no reason "why the fair value of the social capital on the date of the recognition as property investment fund by the Banking, Finance and Insurance Commission could not be lower than the price of the shares offered to the public".

For the record, the board of directors mentions the existence of tax disputes with respect to an amount of € 919.975,96 concerning the non-deductibility of provisions, the retroactivity of mergers and the treatment of building and planting rights, related to fiscal year 1999, as a consequence of additional tax assessments for Siref sa itself, for which Intervest Offices is the legal successor under a universal title and for Beheer Onroerend goed sa, Neerland sa and Immo Semi-Indus sa, for which Siref sa (and now Intervest Offices) is the legal successor under a universal title.

An appeal was filed against these additional tax assessments on 15 March 2002. A provision has been booked for these additional tax assessments.

On 6 June 2003, the appeal submitted by Siref (fiscal year 1999 - assessment for an amount of € 137.718,51) was declared unfounded by the Regional Direction. That decision was contested by an appeal filed with the Court of First Instance. On 4 January 2006 the Court ruled against Intervest Offices. An appeal was filed against that decision. On 22 May 2007, the Court of Appeal rules against Intervest Offices. Intervest Offices then initiated a procedure at the Court of Cassation.

On 15 April 2010 the Court of Cassation rejected in its judgement the registered appeal of the property investment fund regarding the appeal related to the financial year 1999 for Siref (tax assessment for an amount of € 137.718,51). The total amount of the tax disputes of € 919.795,96[18] of Siref sa itself, for which Intervest Offices is the legal successor under a universal title and for Beheer Onroerend Goed sa, Neerland sa and Immo Semi-Indus sa, for which Siref sa (and now the property investment fund) is the legal successor under a universal title, was already recorded by the property investment fund as outstanding debt.

[18] This amount does not include possible interest on arrears.

GUARANTEES WITH REGARD TO FINANCING

For the financing of the property investment fund, no registrations of mortgages have been taken, and no mortgage authorisations permitted on 31 December 2010. Most financial institutions demand, however, that the investment fund continue to comply with the financial ratios as laid down by the Royal Decrees on property investment funds. For most financings, the credit institutions generally require an interest coverage ratio of more than 2 (see description of the financial structure in the report of the management committee).

SOIL

Intervest Offices has by means of the merger with Herentals Logistic Center the obligation to execute a project of soil remediation for the historical soil pollution which forms a serious threat. For the soil remediation project that was submitted to OVAM on 13 June 2005, OVAM issued a certificate of conformity on 9 September 2005. The company has committed to OVAM that it will proceed with the soil remediation works and financial securities have been established. That undertaking and the financial securities are guaranteed by the seller in the context of the transfer of shares of Herentals Logistic Center on November 2007.

Intervest Offices has no additional soil remediation obligations.

NOTE 24. SETTLEMENT CONFLICT OF INTEREST

In the case of a possible conflict of interest with a major shareholder of the company the procedure stipulated in article 524 of the Companies Code shall be applied. Reference must also be made here to the Royal Decree of 10 April 1995, Section 3, articles 22 to 27 regarding the prevention of conflicts of interest.
VastNed Offices/Industrial sa, controlling shareholder in the company, has submitted a request to the board of directors in December 2010 to make certain information not available to the public regarding the company available to it.
This request related to preliminary talks which are currently taking place between VastNed Offices/Industrial sa and Nieuwe Steen Investment sa, which possibly could result in a legal merger between VastNed Offices/Industrial and Nieuwe Steen Investment. In the framework of this procedure VastNed Offices/Industrial wants to give Nieuwe Steen Investment the opportunity to carry out a due diligence investigation of VastNed Offices/Industrial sa and its subsidiaries from a legal, financial and accounting standpoint, including the company.
The board of directors consequently appointed a committee of three independent directors by decision of 22 December 2010, in the persons of Paul Christiaens, Nick van Ommen and EMSO sprl, permanently represented by Chris Peeters, who appointed an expert in their turn, in the person Kris Verdoodt of Linklaters. That committee then, in consultation with and assisted by Kris Verdoodt, formulated a recommendation, the conclusion of which stated:

> “The committee is of the opinion that it is justified on the grounds of the interests of the company to comply with the request of VastNed Offices/Industrial, and that the company cannot thereby be damaged, on condition that this information is released under the conditions and according to the terms stipulated under [4.2 - see below, text repeated in the conclusion of the board of directors].”

The board of directors subsequently decided on 22 December 2010:

> At the request of VastNed Offices/Industrial to make certain information not available to the public regarding the company available with a view to making this information open to Nieuwe Steen Investment, in the framework of a possible legal merger between VastNed Offices/Industrial and Nieuwe Steen Investment, can be accepted under the following terms and conditions:
>
> A. Contractual guarantees in the field of confidentiality and ‘standstill’
>
> Nieuwe Steen Investment must agree, before being authorised to start the due diligence, to keep the confidentiality of information not available to the public it received regarding the company, in the framework of the due diligence, and not to use this information for other purposes than these of the procedure. Nieuwe Steen Investment must also agree to respect the appropriate standstill period, during which it will not acquire stocks of the company (or enter into an undertaking thereto) or announce the intention of acquiring stocks of the company).

B. Phased availability of ‘commercially sensitive information’

Commercially sensitive information cannot be released immediately. Some information may only be made available as the prospect of an agreement with Nieuwe Steen Investment is more concrete. It is not excluded that certain information is so sensitive that it may not be made available at all.

The evaluation of whether certain information is commercial too sensitive (in a certain stage of the procedure) to be disclosed, is a practical (de facto) consideration that must be made on a case-by-case basis. The board of directors consequently grants the chairman of the management committee of the company the authority to make this judgement. The guideline is given here that the following information is commercially sensitive in principle: (i) financial or fiscal information individualised per building, (ii) individualised information concerning the duration and termination conditions of lease agreements, (iii) employment or management contracts with staff and (iv) any information that contains financial or commercial prognoses. The chairman of the management committee shall report on the progress of the process at the first request of the board of directors in the way and form reasonably set by the board.

C. No availability of ‘foreknowledge’

If the company should have any foreknowledge, and should decide in accordance with the applicable rules concerning abuse of the market to postpone the disclosure of this foreknowledge, then this information withheld may not be disclosed to Nieuwe Steen Investment."

The board of directors also requested the company auditor, Deloitte Bedrijfsrevisoren, Burgl. Venn. ovv CVBA, represented by Frank Verhaegen, company auditor, and Kathleen De Brabander, company auditor, pursuant to article 524 § 3 of the Belgian Companies Code, to give a judgement on the reliability of the data stated in the recommendation of the committee of the three independent directors, assisted by the independent expert. The company auditor’s opinion was as follows:

“On the basis of the above mentioned activities, we can conclude that the information mentioned in the opinion of the committee and the in the minutes of the board of directors are reproduced faithfully. This does not mean that we have judged the transaction value or that we have expressed an opportunity judgment on the opinion of the committee and the decision of the board.”

The board also states that the procedure imposed by article 24 of the Royal Decree of 10 April 1995 in relation to real estate investment companies has been respected.

NOTE 25. POST-BALANCE SHEET EVENTS

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2010.

STATUTORY AUDITOR'S REPORT

INTERVEST OFFICES NV
PUBLIC PROPERTY INVESTMENT FUND UNDER BELGIAN LAW

STATUTORY AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
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. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Intervest Offices NV, public property investment fund under Belgian law ("the company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. Those consolidated financial statements comprise the consolidated balance sheet as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 532.603 (000) € and the consolidated income statement shows a consolidated profit (Group share) for the year then ended of 17.432 (000) €.

The board of directors of the company is responsible for the preparation of the consolidated financial statements. This responsibility includes among other things: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the consolidated financial statements, taken as a whole.
Finally, the board of directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained 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 2010, and of its results 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.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.
Our responsibility is to include in our report the following additional comment which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law and is in agreement with the consolidated financial statements. However, we are unable to express an opinion on the description of the principal risks and uncertainties confronting the Group, or on the status, future evolution, or significant influence of certain factors on its future development. We can, nevertheless, confirm that the information given is not in obvious contradiction with any information obtained in the context of our appointment:

Antwerp, 22 February 2011

The statutory auditor,

DELOITTE Bedrijfsrevisoren/Réviseurs d'Entreprises
BV o.v.v.e. CVBA/SC s.f.d. SCRL
Represented by

Frank Verhaegen	Kathleen De Brabander

STATUTORY ANNUAL ACCOUNTS INTERVEST OFFICES SA

The statutory annual accounts of Intervest Offices are prepared according to the IRFS-standards and in accordance with the Royal Decree of 21 June 2006. The entire version of the statutory annual accounts of Intervest Offices, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.intervestoffices.be) or on demand at the registered office.

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

INCOME STATEMENT

in thousands €	2010	2009
Rental income	38.523	42.182
Rental-related expenses	-94	-160
NET RENTAL INCOME	**38.429**	**42.022**
Recovery of property charges	761	644
Recovery of rental charges and taxes normally payable by tenants on let properties	9.763	5.176
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-72	-445
Rental charges and taxes normally payable by tenants on let properties	-9.760	-5.159
Other rent-related income and expenses	129	98
PROPERTY RESULT	**39.250**	**42.337**
Technical costs	-514	-639
Commercial costs	-274	-349
Charges and taxes on unlet properties	-674	-781
Property management costs	-1.738	-1.776
Other property charges	-24	-175
PROPERTY CHARGES	**-3.224**	**-3.720**
OPERATING PROPERTY RESULT	**36.026**	**38.617**
General costs	-1.049	-1.179
Other operating income and costs	5	5
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**34.982**	**37.444**
Result on disposals of investment properties	464	0
Changes in fair value of investment properties	-9.139	-32.285
OPERATING RESULT	**26.307**	**5.159**

(continued) *in thousands €*	2010	2009
OPERATING RESULT	**26.307**	**5.159**
Financial income	200	398
Interest charges	-9.543	-7.710
Other financial charges	-10	-140
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240
Changes in fair value of financial fixed assets	-161	0
FINANCIAL RESULT	**-8.859**	**-7.692**
RESULT BEFORE TAXES	**17.448**	**-2.533**
TAXES	**-17**	**-41**
NET RESULT	**17.431**	**-2.574**
Operating distributable result	25.451	29.951
Result on portfolio	-8.675	-32.285
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	655	-240

RESULT PER SHARE	2010	2009
Number of shares entitled to dividend	13.907.267	13.907.267
Net result (€)	1,25	-0,19
Diluted net result (€)	1,25	-0,19
Operating distributable result (€)	1,83	2,15

STATEMENT OF COMPREHENSIVE INCOME

in thousands €	2010	2009
NET RESULT	**17.431**	**-2.574**
Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)	1.260	-2.298
COMPREHENSIVE INCOME	**18.691**	**-4.872**

BALANCE SHEET

ASSETS *in thousands €*	**31.12.2010**	**31.12.2009**
Non-current assets	**527.185**	**541.325**
Intangible assets	47	68
Investment properties	517.753	531.890
Other tangible assets	218	200
Financial fixed assets	9.153	9.153
Trade receivables and other non-current assets	14	14
Current assets	**5.641**	**4.672**
Trade receivables	1.726	1.404
Tax receivables and other current assets	1.943	1.994
Cash and cash equivalents	813	731
Deferred charges and accrued income	1.159	543
TOTAL ASSETS	**532.826**	**545.997**

SHAREHOLDERS' EQUITY AND LIABILITIES *in thousands €*	31.12.2010	31.12.2009
Shareholders' equity	**286.568**	**297.778**
Share capital	126.729	126.729
Share premium	60.833	60.833
Reserves	98.684	130.919
Net result of the financial year	17.431	-2.574
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-13.383	-13.383
Changes in fair value of financial assets and liabilities	-3.726	-4.746
Liabilities	**246.258**	**248.219**
Non-current liabilities	**177.239**	**205.807**
Provisions	990	1.031
Non-current financial debts	175.659	204.254
Credit institutions	*101.322*	*204.236*
Bond loan	*74.325*	*0*
Financial lease	*12*	*18*
Other non-current liabilities	590	522
Current liabilities	**69.019**	**42.412**
Provisions	426	386
Current financial debts	53.425	36.585
Credit institutions	*53.419*	*36.579*
Financial lease	*6*	*6*
Trade debts and other current debts	2.110	1.946
Other current liabilities	455	635
Accrued charges and deferred income	12.603	2.860
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**532.826**	**545.997**

DEBT RATIO	31.12.2010	31.12.2009
Debt ratio (max. 65 %) (%)	43 %	44 %

NET ASSET VALUE PER SHARE *in €*	31.12.2010	31.12.2009
Net asset value per share (fair value)	20,61	21,42
Net asset value per share (investment value)	21,58	22,38


CEVA

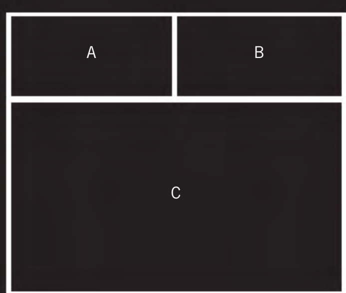
06 General information

SEMI-INDUSTRIAL BUILDINGS

A / KREKELENBERG
Industrieweg 18 - BOOM
Offices space / 700 m²
Storage hall space / 23.663 m²

B / KORALENHOEVE
Koralenhoeve 25 - WOMMELGEM
Offices space / 1.770 m²
Storage hall space / 22.949 m²

C / HERENTALS LOGISTICS 2
Atealaan 34 - HERENTALS
Offices space / 1.276 m²
Storage hall space / 24.234 m²



IDENTIFICATION

NAME

Intervest Offices sa, Public Property Investment Fund with Fixed Capital under Belgian Law, or “property investment fund” / “sicafi” under Belgian Law.

REGISTERED OFFICE

Uitbreidingstraat 18, 2600 Antwerp-Berchem.

ENTERPRISE IDENTIFICATION NUMBER (RPR ANTWERP)

The company is registered at the Central Enterprise Database under the enterprise identification number 0458.623.918.

DURATION

The company is founded for an indefinite period.

FINANCIAL YEAR

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

INSPECTION OF DOCUMENTS

- The articles of association of Intervest Offices sa are available for inspection at the Office of the Clerk of the Commercial Court in Antwerp, and at the company’s registered office.
- The annual accounts are filed with the balance sheet centre of the National Bank of Belgium.
- The annual accounts and associated reports are sent annually to holders of registered shares and to any other person who requests them.
- The resolutions relating to the appointment and dismissal of the members of the company’s bodies are published in the appendices to the Belgian Official Gazette.
- Financial announcements and notices convening the general meetings are published in the financial press.
- Important public company documents are available on the website: www.intervestoffices.be.

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company’s registered office

LEGAL FORM, FORMATION, PUBLICATION

Intervest Offices sa was founded on 8 August 1996 as a limited liability company under the name of "Immo-Airway", by deed executed before the civil-law notary Carl Ockerman, in Brussels as published in the appendices to the Belgian Official Gazette of Orders and Decrees of 22 August 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 5 February 1999 and published in the Appendices to the Belgian Official Gazette, Orders and Decrees of 24 February 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 June 2001 and published in the Appendices to the Belgian Official Gazette of Orders and Decrees of 24 July 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 March 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 legal system for the company for collective investment with a fixed number of rights of participation, in casu a property investment fund with fixed capital as referred to in article 6, 2° of the UCI Act of 20 July 2004.

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

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

The articles of association were last amended on 1 April 2009, as published in the Appendices to the Belgian Official Gazette of 17 April 2009 under number 2009-04-17/0056279.

MECHELEN CAMPUS
Schaliënhoevedreef 20 A - J, T
Malines
Space: 60.786 m²

AIM OF THE COMPANY

ARTICLE 4 OF THE ARTICLES OF ASSOCIATION

The sole aim of the company is collective investment of the financial resources it attracts from the public in property, as defined in article 7,5° of the Act of 20 July 2004 concerning certain forms of collective control of investment portfolios.

Property is understood to mean:

1. Immovable property as defined in articles 517 ff. 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 31 or article 129 of the Act of 20 July 2004 concerning certain forms of collective management of investment portfolios;
5. Property certificates as described in article 44 of the Royal Decree of 10 April 1995 referring 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 Royal Decrees to implement the Act of 20 July 2004 that apply to collective investment institutions that invest in real estate immovable property.

Within the constraints 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 Royal Decree of 10 April 1995 concerning property investment funds;
- Taking immovable property under a leasing arrangement, with or without an option to purchase, in accordance with article 46 of the Royal Decree of 10 April 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, pursuant to article 47 of the Royal Decree of 10 April 1995 relating to property investment funds;
- The company may only occasionally act as a property developer, as defined in article 2 of the Royal Decree of 10 April 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, pursuant to article 41 of the Royal Decree of 10 April 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 pursuant to article 53 of the Royal Decree of 10 April 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 Royal of 10 April 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 aim is identical to its own or is of such a nature as to promote the pursuit of its aim.

EXTRACT FROM THE ARTICLES OF ASSOCIATION[19]

CAPITAL - SHARES

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.

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.

ARTICLE 11 - TRANSPARENCY REGULATIONS

In accordance with legal requirements, all natural persons or legal entities who acquire or surrender shares or other financial derivatives with voting rights granted by the company, regardless of whether these represent the capital, are obliged to inform both the company and the Banking, Finance and Insurance Commission of the number of financial derivatives in their possession, whenever the voting rights connected with these financial derivatives 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.

[19] These articles are not the complete or the literal reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office and on the website www.intervestoffices.be. An amendment to the articles of association will be submitted to the next general meeting on 6 April 2011, in order to bring these in line with the Royal Decree of 7 December 2010.

ADMINISTRATION AND SUPERVISION

ARTICLE 12 - NOMINATION - DISMISSAL - VACANCY

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

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

Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among its partners, business managers, directors or employees a permanent representative to be charged with the performance of that mandate on behalf of and for the account of the legal entity in question. That representative must satisfy the same conditions and is liable under civil law and responsible under criminal law as if he himself were performing the mandate in question on his own behalf and on his own account, without prejudice to the joint and several liability of the legal person whom he represents. That legal entity may not dismiss his representative without at the same time naming a successor.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and autonomy, as specified by article 4 §1, 4° of the Royal Decree of 10 April 1995, and therefore be able to guarantee autonomous management. They may not fall under the application of the prohibitions referred to in article 19 of the law of 22 March 1993 related to the statute for and supervision of credit institutions.

ARTICLE 15 - DELEGATION OF AUTHORITY

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

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working.

If a management committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no management 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 management committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the Act of 20 July 2004 concerning the collective management of investment portfolios, and its implementating decrees.

ARTICLE 17 - CONFLICTS OF INTEREST

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by the Royal Decree of 10 April 1995 relating to property investment funds, by the Belgian Companies Code as amended.

ARTICLE 18 - AUDITING

The task of auditing the company's transactions will be assigned to one or more statutory auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audits (audit) and certifies (certify) the accounting information contained in the company's annual accounts. At the request of the 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 80 of the Act of 20 July 2004.

GENERAL MEETING

ARTICLE 19 - GENERAL, SPECIAL AND EXTRAORDINARY GENERAL MEETING

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the first Wednesday of April at 4.30 p.m.

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

An extraordinary general meeting can be convened at any time to deliberate and decide on any matter that falls within its competence and that does not relate to changes to the articles of association.

An extraordinary general meeting can be convened before a notary at any time to deliberate and decide, on changes to the articles of association.

The general meetings are held at the company's registered office or at another location in Belgium, as announced 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.

Owners of dematerialised shares take care of the communication, at least three days before the indented meeting, of a certificate from an authorised institution or a clearing institution, attesting to the unavailability of the dematerialised shares until the date of general meeting;

Holders of registered shares do this by ordinary letter sent to the company's registered office, also 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 appointed in writing to do so by all the persons holding rights. Until such a person has been appointed, all of the rights associated with those shares remain suspended.

If a share is encumbered with a usufruct, the voting rights associated with the share are exercised by the usufructuary, subject to an objection from the bare owner.

RESULT PROCESSING

ARTICLE 29 - APPROPRIATION OF PROFIT

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

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, insofar as these are recorded in the income statement.

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.

STATUTORY AUDITOR

On 7 April 2010, Deloitte Réviseurs d'Entreprises SC under the form of a SCRL, which is represented by Kathleen De Brabander and Frank Verhaegen, Berkenlaan 8b - 1831 Diegem, has been reappointed as statutory auditor of Intervest Offices. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2013.

The remuneration of the statutory auditor amounts to € 65.000 (excl. VAT, incl. costs) as from the financial year started on 1 January 2010 for the survey of the statutory and consolidated annual accounts.

CUSTODIAN BANK

As from 15 March 2003, ING Bank has been designated as the custodian bank of Intervest Offices in the sense of articles 12 ff. of the Royal Decree of 10 April 1995 relating to property investment funds.

Since 1 January 2006, the annual fee is a fixed fee of € 10.000 increased with a commission of 0,03 % per property that is acquired or sold. The fee is based on the investment value of the property according to the last valuation.

Pursuant to the Royal Decree of 7 December 2010 the property investment funds are no longer bound to use a custodian bank.

LIQUIDITY PROVIDER

In 2003, a liquidity contract was concluded with ING Bank, avenue Marnix 24, 1000 Brussels, to promote the liquidity of the shares.

In practice, this is done 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.

PROPERTY EXPERTS

On 31 December 2010, the property experts of the investment fund are:
- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Kris Peetermans
- Jones Lang LaSalle Belgium, 1000 Brussels, rue Montoyer 10. The company is represented by Rod Scrivener

Pursuant to the Royal Decree of 10 April 1995 and the Royal Decree of 7 December 2010, they value the portfolio four times a year.

The fee of the property experts is calculated on the basis of an annual fixed amount per building.

PROPERTY MANAGEMENT

In 2010, the semi-industrial buildings and Mechelen Campus has been managed by the external manager Quares Asset Management.

PROPERTY INVESTMENT FUND - LEGAL FRAMEWORK

The investment fund system was formalised in the Royal Decree of 10 April 1995, 10 June 2001 and 21 June 2006 and 7 December 2010 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 guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a wide range of benefits.

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

- adopt the form of a limited liability company or a limited partnership with a share capital with a minimum capital of € 1.250.000
- a company with fixed capital and a fixed number of shares
- compulsory listing on the stock exchange
- limited possibility for concluding mortgages
- a debt ratio limited to 65 % of the total assets; if the consolidated debt ratio exceeds 50 %, a financial plan has to be drawn up
- financial charges resulting from the borrowed capital may under no circumstances exceed the threshold of 80 % (comprising only rental charges and no instalment payments) of the total operating and financial income of the property investment fund
- strict rules relating to conflicts of interests
- the portfolio must be recorded at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent property experts
- spreading of the risk: a maximum of 20 % of capital in one building, except certain exceptions
- a property investment fund may not engage itself in "development activities"; this means that the property investment fund can not act as a building promoter aiming to erect buildings in order to sale them and to cash a developer's profit
- exemption from corporation tax provided that at least 80 % of the operating distributable result are distributed
- a deduction of a liberating withholding tax on dividend of 15 % when paying out dividends

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

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

STATEMENT TO THE ANNUAL REPORT

Pursuant to article 13 § 2 of the Royal Decree of 14 November 2007, Reinier van Gerrevink, managing director and member of the management committee and Hubert Roovers, managing director, declare that according to their knowledge:

a) the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the Royal Decree of 21 June 2006, give a true and fair view of the equity, the financial position and the results of Intervest Offices and the companies included in the consolidation.

b) the annual report gives a true statement of the development and results of Intervest Offices during the current year and of the position of the property investment fund and the companies included in the consolidation, as well as of the main risks and uncertainties that Intervest Offices is confronted with.

TERMINOLOGY

Acquisition value of an investment property

This term is used at the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

Commercial rental income

The commercial rental income is the contractual rental income (including the spreaded rental income from early termination of lease contracts) and the rental income of already signed lease contracts regarding locations which are contractually vacant on balance sheet date.

Corporate governance

Corporate governance is an important instrument for constantly improving the management of the property investment fund and to protect the interest of the shareholders.

Current rents

Annual rent on the basis of the rental situation on a certain point in time.

Debt ratio

The debt ratio is calculated as the liabilities (excluding provisions and accrued charges and deferred income) less the negative change in the fair value of the financial coverage instruments, compared to the total assets. The calculation method of the debt ratio is pursuant to article 27 § 1-2° of the Royal Decree of 7 December 2010. By means of this Royal Decree the debt ratio of the property investment funds is 65 %.

Diluted net result

The diluted net result per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares, adapted to the effect of potential ordinary shares leading to dilution.

Fair value of investment properties (in accordance with Beama interpretation of IAS 40)

This value is equal to the amount at which a building might be exchanged between knowledgeable, willing parties in normal competitive conditions. From the perspective of the seller, they should be understood as involving the deduction of registration fees. In practice, this means that the fair value is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

Free float

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

Gross dividend

The gross dividend per share is the operating distributable result divided by the number of shares.

Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

Investment value of a real estate property

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

Liquidity of the share

The ratio between the numbers of shares traded daily and the number of capital shares.

Net asset value (investment value)

Total shareholders' equity increased with the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares.

Net asset value (fair value)

Total shareholders' equity divided by the number of shares.

Net dividend

The net divided is equal to the gross dividend after deduction of withholding tax of 15%.

Net dividend yield

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

Occupancy rate

The occupancy rate is calculated as the ratio of the commercial rental income to the same rental income plus the estimated rental value of the vacant locations for rent.

Operating distributable result

The distributable operating result is the operating result before the result on portfolio less the financial result and taxes, and exclusive the change in fair value of financial derivatives (which are not considered as effective hedge in accordance with IAS 39) and other non-distributable elements on the basis of the statutory annual accounts of Intervest Offices.

Ordinary earnings (loss) per share

The ordinary earnings per share is the net result as published in the income statement, divided by the weighted average number of ordinary shares (i.e. the total amount of issued shares less the own shares) during the financial year.

Yield

The yield is calculated as the relation between the rental income (increased or not by the estimated rental value of vacant locations for rent) and the investment value of investment properties.

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

INTERVEST
OFFICES