INTERVEST
OFFICES &
WAREHOUSES

Feel Real Estate

Annual Report 2011

Intervest Offices & Warehouses:

- a public property investment fund under Belgian law, the shares are listed on NYSE Euronext Brussels
- specialises in investments in high-quality office buildings and logistic properties, strategically situated on good locations outside municipal centres
- focuses its investment policy on high-quality professional real estate respecting the principles of risk diversification based on building type as well as geographic spread
- enjoys a high dividend yield
- has a thorough financial structure

Key figures

Risk spread of the real estate portfolio

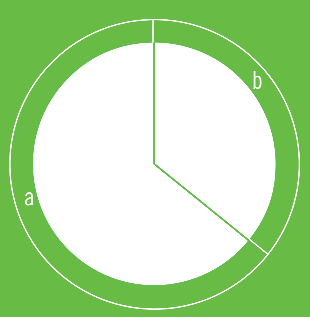
Real estate portfolio	31.12.2011	31.12.2010
Fair value of investment properties (€ 000)	581.305	526.680
Occupancy rate (%)	86 %	85 %
Total leasable space (m^2)	627.096	535.420

Evolution of fair value of real estate properties

Increase of the real estate portfolio: 10 %

Increase in fair value of the real estate properties: +/- 1%
(excluding investments during the financial year 2011)

Nature of the portfolio



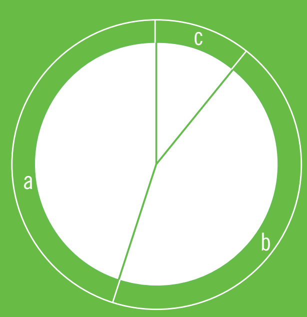
a — 64% Office buildings
b — 36% Logistic buildings

Financial structure

Key figures	31.12.2011	31.12.2010
Shareholders' equity (€ 000)	284.018	288.869
Liabilities (€ 000)	310.116	243.734
Debt ratio (%)	49,9 %	43,0 %

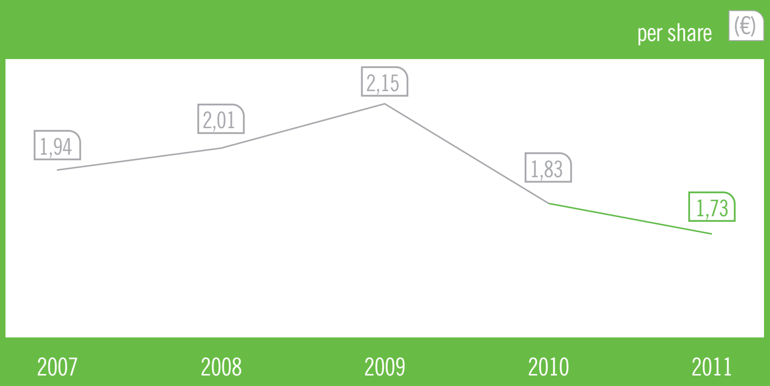
Key figures per share	31.12.2011	31.12.2010
Number of shares	13.907.267	13.907.267
Net asset value (fair value) (€)	20,42	20,77
Net asset value (investment value) (€)	21,37	21,75
Share price on closing date (€)	18,15	23,49
Premium (+) / discount (-) to net asset value (fair value) (%)	-11 %	13 %

Geographic spread of offices

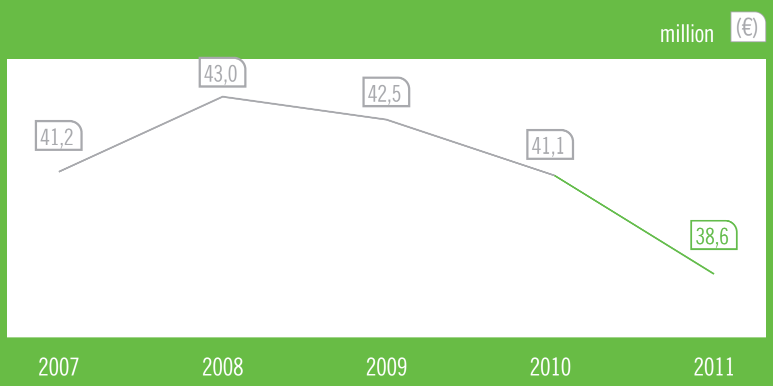


a — 45% E19 (incl. Malines)
b — 44% Brussels
c — 11% Antwerp

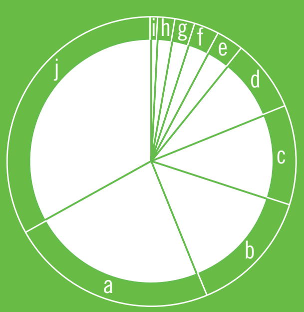
Distribution of gross dividend: € 1,73



Rental income: € 38,6 million

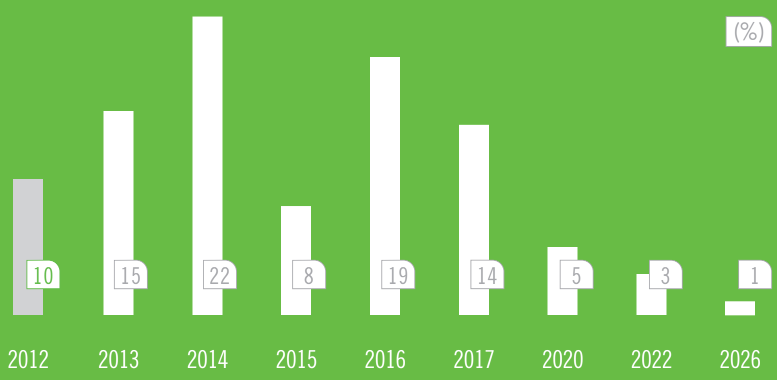


Diversification by tenants



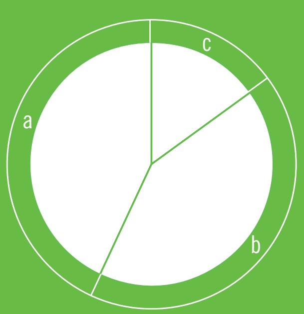
- a — 23% Logistics
- b — 14% Technology, research and development
- c — 11% Trade
- d — 8% Healthcare
- e — 3% Production
- f — 3% Government
- g — 2% Automobile industry
- h — 2% Financial services
- i — 1% Mail and telecommunication
- j — 33% Other services

Average remaining duration of lease contracts: 3,7 years



First interim expiry date of lease contracts

Geographic spread of logistic properties



- a — 43% Antwerp - Malines (A12, E19)
- b — 42% Antwerp - Liège (E313, E34, E314)
- c — 15% Brussels

Occupancy rate: 86%

Key figures

Results

Results (€ 000)	2011	2010
Rental income	38.587	41.068
Rental related charges	-76	-94
Property management costs and income	2.435	821
Property result	**40.946**	**41.795**
Property charges	-5.145	-3.224
General costs and other operating income and costs	-1.244	-1.049
Operating property result before result on portfolio	**34.557**	**37.522**
Result on disposals of investment properties	64	464
Changes in fair value of investment properties	2.294	-8.525
Other result on portfolio	-2.478	-614
Operating result	**34.437**	**28.847**
Financial result (excl. changes in fair value - IAS 39)	-12.018	-9.509
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Taxes	-227	-17
NET RESULT	**18.017**	**19.976**
Note:		
Operating distributable result	21.707	27.996
Result on portfolio	-120	-8.675
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Other non-distributable elements (subsidiaries)	605	0
Operating distributable result per share (€)	**1,56**	**2,01**
Gross dividend per share (€)	**1,73**	**1,83**
Net dividend* per share (€)	**1,37**	**1,56**

* Persuant to the Act of 28 December 2011 containing miscellaneous provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds is increased from 15 % to 21 % (except certain exemptions or increases).

The gross dividend of Intervest Offices & Warehouses amounts to € 1,73 per share for the financial year 2011, offering herewith a gross dividend yield of 9,5 %, based on the closing share price on 31 December 2011.

Financial calendar

Announcement of annual results as at 31 December 2011:	Tuesday 14 February 2012
General meeting of shareholders:	Wednesday 25 April 2012 at 16u30
Dividend payable:	
- Ex-date dividend 2011	Monday 30 April 2012
- Record date dividend 2011	Tuesday 3 May 2012
- Dividend payment 2011	as from Friday 25 May 2012
Interim statement on the results as at 31 March 2012:	Monday 7 May 2012
Half-yearly financial statement as at 30 June 2012:	Tuesday 31 July 2012
Interim statement on the results as at 30 September 2012:	Friday 26 October 2012

Contents






Explanatory note: the symbol π

Change in valuation rule for indemnities received from early terminated lease contracts

In August 2011, the EECS (European Enforcers Coordination Sessions), a forum organised by the ESMA (European Securities and Markets Authority), has provided more detailed information on the application of IFRS with regard to compensations received for the early termination of lease contracts (to compensate for loss of rent). The EECS has determined that, according to IFRS, compensations received for the early termination of lease contracts must be fully incorporated in the financial statements as income in the year in which the compensation is received and may not be included in the result spread over the remaining term of the original rental contract.

On this basis, the Financial Services and Markets Authority (FSMA) has advised Intervest Offices & Warehouses to change its valuation rules in this regard. Pursuant to IAS 8, this change in valuation rules must be applied with retroactive effect, which means that the comparative figures of 2010 must be adjusted. Therefore, the compensation received in September 2010 from Tibotec-Virco (excluding the retrocession obligation to repay 50 % of all future rental income in the event of a rental prior to the expiry of the term of the original rental contract) is incorporated as profit in 2010.

To improve the readability of this annual report, it was decided to place the symbol **π** next to all comparative figures of the financial year 2010 that have been adjusted with respect to the published annual report of 2010, as a result of the changed valuation rule.

For more information please see the description of the “Important developments in 2011” of the Report of the management committee.

Letter to the shareholders

Dear shareholder,

We look back with satisfaction on a very active 2011. In 2011, the property investment fund Intervest Offices & Warehouses succeeded in achieving a significant number of its objectives, as formulated in its Annual Report 2010.

Intervest Offices & Warehouses' expectation that the rental market for logistic real estate in Belgium would revive in 2011 has been confirmed through the rental of more than 50.000 m² of logistic space in Herentals to Nike Europe. In the office market as well, Intervest Offices & Warehouses has concluded some excellent transactions, such as the rental of 5.543 m² of office and laboratory space in Malines to Biocartis and Galapagos. The occupancy rate of the property investment fund is 86 % on 31 December 2011, which represents an increase of 1 % compared to 31 December 2010.

Despite these successful rentals, the operating distributable result of Intervest Offices & Warehouses has decreased in 2011 due to the decline in rental income, increase in real estate costs and increase in the financing costs of the property investment fund. As a result, for the financial year 2011, we can offer a gross dividend of € 1,73 per share compared to € 1,83 for the financial year 2010.

In 2011, we have made full use of our investment capacity, created through the bond loan, by further expanding our logistic real estate portfolio with four logistic sites, i.e. acquisitions in Huizingen, Houthalen and Oevel and the construction for the expansion of Herentals Logistics 2. These four sites represent a total investment amount of approximately € 52 million (annual rental income of € 4,8 million). This is an important step in the growth of the fund and our aim to make the portfolio grow by approximately 5 % in 2011 has been amply achieved. Meanwhile, the share of logistic buildings in the real estate portfolio of Intervest Offices & Warehouses has increased to 36 %. The addition of "Warehouses" to our name is a clear confirmation of our leading market position in logistic real estate and of our ambition to expand our activities in this segment.

A great deal of attention was paid to the financing position of the property investment fund in 2011. A total amount of € 130 million in long-term credits, that matured in 2011 and early 2012, have been renegotiated during the financial year 2011. New credit facilities with existing and new bankers have a term of between three and five years and have been concluded in accordance with market conditions and covenants. The next credit of the property investment fund matures only in December 2013 (for just € 10 million), which means that Intervest Offices & Warehouses does not need to carry out any major refinancing of its credit portfolio over the next two years.

The property investment fund has carried out an intensive marketing programme that strives to increase brand recognition for the fund over time, both among potential tenants as well as investors. It is our intention to continue these efforts in the future.

Our plans of being more responsive to the needs of existing or potential tenants by assisting them in setting up their offices and delivering turnkey investment projects have, meanwhile, been made concrete and several projects have been executed to the great satisfaction of our tenants. Intervest Offices & Warehouses wants to make it clear that it visualises its role as one that is considerably broader than merely that of an owner-lessor of office buildings or logistic spaces. Offering a housing solution is of prime importance. In addition to the name change, the baseline "Feel Real Estate" has also been introduced.

In the medium term, Intervest Offices & Warehouses wants to further develop its position as a key player in the segment for office buildings and logistic properties in the periphery. In the short term, we want to make a difference in the office market by building a stronger profile as a housing advisor and a provider of turnkey sustainable housing solutions. However, the focus of new acquisitions will be on logistic real estate.

Thank you for your confidence in our policy and we thank our employees for their loyalty and daily commitment over the past year.

The board of directors

Johan Buijs
Director

Paul Christiaens
Chairman of the board of directors

In 2011, the real estate portfolio of Intervest Offices & Warehouses has grown by 10 % through investments of € 52 million in four logistic sites.

The property investment fund changed its name in 2011 to "Intervest Offices & Warehouses" to emphasise the importance of its logistic portfolio.

The property investment fund has concluded important rental contracts in 2011 with a.o. Biocartis, Galapagos and Nike Europe.

In 2011, the fair value of the investment properties increased by approximately 1 % compared to a decrease of 1,6 % in 2010 (excluding investments in financial year 2011).

The total occupancy rate of Intervest Offices & Warehouses has improved by 1 % in 2011 and totals 86 %. For the logistic portfolio, the occupancy rate has increased from 84 % to 91 % as on 31 December 2011.

The gross dividend of Intervest Offices & Warehouses has decreased in 2011 to € 1,73 per share (€ 1,83 in 2010).

Intervest Offices & Warehouses does not need to carry out any major refinancing of its credit facilities in 2012 and 2013.

From left to right:
Johan Buijs
Paul Christiaens

01 Report of the board of directors

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.

(PAGE 10)

Intercity Business Park - Malines - 42.112 m²

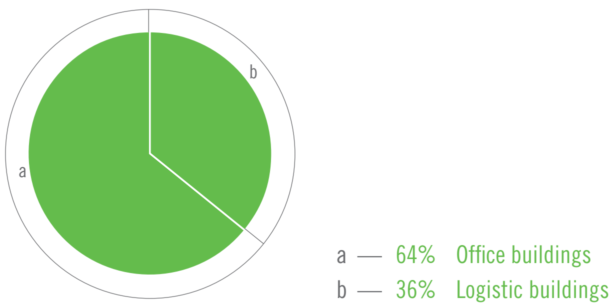
> On 31 December 2011, the portfolio comprises 64 % office buildings and 36 % logistic buildings. The total fair value of the investment properties at 31 December 2011 amounts to € 581 million.

Profile

Intervest Offices & Warehouses invests in high-quality Belgian office buildings and logistic properties that are leased to first-class tenants. The properties in which the company invests, 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.

Evolution of fair value of real estate properties

Type of real estate



Intervest Offices & Warehouses 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.

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 logistic buildings, warehouses and high-tech buildings. In principle, the company does not invest in residential or retail properties.

> 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.

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

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 capital, contributions of property or mergers), which is also very important for growth.

> In 2011, the free float of the share of Intervest Offices & Warehouses is unchanged at 45,3 %.

To improve its liquidity, Intervest Offices & Warehouses 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.

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 & Warehouses 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.

Corporate governance statement

General

This corporate governance statement is in line with the provisions of the Belgian Corporate Governance Code 2009 (“2009 Code”) and the Law of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 provided that the 2009 Code is the only code applicable. This Code can be found on the Belgian Official Gazette website and on www.corporategovernancecommittee.be.

Intervest Offices & Warehouses treats the Belgian Corporate Governance Code 2009 as a reference code. The Intervest Offices & Warehouses’ board of directors have laid down corporate governance principles in a number of guidelines:

- the Corporate Governance Charter
- the code of conduct
- whistle-blowing 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 & Warehouses, as well as the other directives, are available 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.

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Management entities

Board of directors

Composition during financial year 2011

1 **Paul Christiaens**
Chairman - Independent director
Address: Vijverstraat 53
3040 Huldenberg
Belgium
Term: April 2013
Function: Director of companies

2 **Jean-Pierre Blumberg**
Independent director
Address: Plataandreef 7
2900 Schoten
Belgium
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 **Johan Buijs**
Director and effective leader (pursuant to art. 38 of the Law of 20 July 2004)
Address: IJsseldijk 438
2921 BD Krimpen a/d IJssel
The Netherlands
Term: As from 27 October 2011 - April 2015
Function: Chief executive officer NSI

5 **Daniel van Dongen**
Director
Address: Tulpweg 23
2241 VM Wassenaar
The Netherlands
Term: As from 27 October 2011 - April 2015
Function: Chief financial officer NSI

6 **Reinier van Gerrevink**
Director
Address: Bankastraat 123
2585 EL 's-Gravenhage
The Netherlands
Term: Till 27 October 2011
Function: Chief executive officer Vastned Group

7 **Wim Fieggen**
Director
Address: Julianalaan 34
3116 JR Schiedam
The Netherlands
Term: Till 27 October 2011
Function: Manager Vastned Group

8 **Taco de Groot**
Director
Address: Schubertlaan 16
3723 LN Bilthoven
The Netherlands
Term: Till 27 October 2011
Function: Chief executive officer Vastned Retail

Board of directors

Composition

At 31 December 2011, the board of directors comprises five members, three of whom are independent directors, all three fulfilling the conditions of article 526ter of the Belgian Companies Code.

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 2011, the board of directors met six times. The most important agenda items of the meetings of the board of directors and with respect to which the board has taken decisions in 2011 have been:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and the statutory reports
- approval of the budgets 2011 and the business plan 2012
- discussion on the real estate portfolio (investments and disinvestments, tenancy issues, valuations, etc.)
- changes of the valuation rules

The directors have attended all meetings, except for Nick van Ommen on 27 April 2011.

Audit committee

Composition

In 2011, the audit committee comprises three independent directors: Nick van Ommen (chairman), Jean-Pierre Blumberg and Paul Christiaens. The term of their mandate in the audit committee is not specified.

In 2011, 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 & Warehouses and in the area of accountancy and auditing.

Activities

In 2011, the audit committee met four times. The most important items on the agenda of the audit committee in 2011 have been:

- 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 Nick van Ommen on 27 April 2011.

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

Management committee

In 2011, the management committee comprises:

- Sprl Jean-Paul Sols, permanently represented by Jean-Paul Sols, chief executive officer, chairman of the management committee
- Inge Tas, chief financial officer
- Reinier van Gerrevink, director, till 27 October 2011
- Johan Buijs, director, as from 27 October 2011

Jean-Paul Sols sprl, permanently represented by Jean-Paul Sols, and Inge Tas, also hold a management committee's mandate at Intervest Retail sa, public property investment fund governed by Belgian law.

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 on the website (www.intervestoffices.be). The members of the management committee are also the effective leaders of the company pursuant to article 38 of the act of 20 July 2004 relating to certain forms of collective investment 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.

Management committee
from left to right:
Jean-Paul Sols,
Inge Tas,
Johan Buijs.

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 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 7 December 2010 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 Financial Services and Markets Authority (FSMA) 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 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.

The procedure for avoiding conflicts of interest has not been invoked during the financial year 2011.

Deloitte Campus 2
7.787 m²
Diegem

Remuneration report

Appointment and remuneration committee

Intervest Offices & Warehouses 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. Here with, Intervest Offices & Warehouses 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 justify a separate committee and its related additional expenses.

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 the management committee 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 the management committee

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

Basic remuneration 2011

- **directors**

In 2011, the annual fixed fee of independent 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 2011 to the members of the management committee, except the director, amounts to € 270.448, of which € 170.604 is for the chairman of the management committee and € 99.844 (including car costs, reimbursement of expenses and pension plan) for the other member of management committee. The director, representing the majority shareholder, performs his tasks without remuneration. No options have been granted to the management committee on shares of the property investment fund.

Bonus for 2010, paid in 2011

The two members of the management committee, except the 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 pre-agreed performance levels.

In 2010, these criteria were in the area of rental activity, rent collection, sustainable management of buildings, extension of the average duration of credit facility agreements and the use of alternative sources of funding. Based on targets achieved in 2010, a total bonus of € 22.500 was awarded in 2011. No reclamation rights are foreseen for the variable remuneration.

Besides this regular bonus, a member of the management committee may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus has been paid for 2010.

Basic remuneration for 2012 and bonus for 2011

The annual fixed fee of the directors remains unchanged with respect to the above-mentioned fees for 2011.

On 1 January each year, the annual fixed fee of the members of the management committee, except the 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 3,5 % as on 1 January 2012. For Inge Tas, cfo, the annual fixed remuneration for the financial year 2012 increases to € 144.600 (including car costs, reimbursement of expenses and pension plan).

Bonus criteria for 2011 are in the area of rental activity, acquisitions of real estate properties, marketing and refinancing of the credit facilities. Based on the targets achieved in 2011, a total bonus of € 24.000 is awarded. No additional bonus will be paid for 2011. No reclamation rights are foreseen for the variable remuneration.

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 (for the cfo) to eighteen (for the ceo) months' fixed fee (except for gross negligence or deliberate error, in which case no compensation will be payable).

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 & Warehouses.

Major risk factors and internal control and risk management systems

In 2011, the board of directors of Intervest Offices & Warehouses once again focuses attention on the risk factors with which Intervest Offices & Warehouses must contend.

Strategic risks and management

These risks are largely determined by the strategic choices made by Intervest Offices & Warehouses 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 & Warehouses has mainly chosen for investments in the office sector and the logistic 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.

  The real estate patrimony of Intervest Offices & Warehouses 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 & Warehouses, as published on a quarterly basis. Intervest Offices & Warehouses is exposed to the fluctuation of the fair value of its portfolio, as estimated by the independent assessments.

  On 31 December 2011, 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) (from 7,3 % to 8,3 % on average) would reduce the fair value of the real estate by € 70 million or 12 %. As a result, the debt ratio of the property investment fund would increase by 7 % to 57 % (in this regard, also see the "Sensitivity analysis" in the Property 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 & Warehouses 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.

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 & Warehouses, 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 & Warehouses also carefully ensures that the guarantees offered during the transaction remain limited, in terms of both duration and value.

  For each acquisition, Intervest Offices & Warehouses 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 & Warehouses 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 & Warehouses 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 & Warehouses on 31 December 2011 is 86 %, as compared to 85 % on 31 December 2010. For the office portfolio, which represents 64 % of the fair value of the real estate portfolio, the occupancy rate on 31 December 2011 is 84 % (85 % at the end of 2010) and for logistic portfolio, which represents 36 % of the fair value of the real estate portfolio, the occupancy rate on 31 December 2011 is 91 % (84 % at the end of 2010).

The impact of the economic climate on the results of Intervest Offices & Warehouses 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 2012) until the next expiry date is 3,3 years. For large office tenants (above 2.000 m²), 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 2012) is, on average, only after 3,9 years. Contracts expiring in the period 2012 - 2014 are therefore mostly for smaller areas, which signify a more limited risk for the total rental income of the property investment fund. For logistic premises, there is a similar trend as for offices; for large tenants (above 10.000 m² storage), the next expiry date (as on 1 January 2012) is, on average, only after 4,9 years.

2. risk spread over tenants and quality of tenants

The rental income of the property investment fund is spread over almost 200 different tenants, which reduces the risk of bad debts and promotes income stability. The ten biggest tenants contribute 45 % 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 - 2011 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. The property investment fund limits this risk by means of rental guarantees or bank guarantees from the tenants. 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 non-respected contract.

3. sectoral spread of the portfolio

Tenants of Intervest Offices & Warehouses are well-spread 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 2011 is 11 %, which is in line with the overall Brussels office market with its vacancy rate of 12 %[1]. For the Brussels periphery office market, the vacancy rate amounts even to 23 % at the end of 2011.

85 % of the logistic portfolio is located on the Antwerp-Malines (i.e. E19 and A12) and Antwerp-Liège (i.e. E313, E34 and E314) axes, which are the most important logistic axes in Belgium. 15 % of the properties are located in the centre of the country, in the vicinity of Brussels.

1 Publication: CBRE Belgium Research.

Brussels 7
10.343 m²
Strombeek-Bever

- **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 & Warehouses, 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 & Warehouses makes a comparison of 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 a deteriorating condition of 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 & Warehouses 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 & Warehouses follows clear procedures for screening tenants when new lease contracts are concluded. Deposits or bank guarantees are also always obtained when entering into lease contracts. A rental deposit or bank guarantee of 6 months' rent is provided for in the standard lease contract used by Intervest Offices & Warehouses for the rental of its offices. On 31 December 2011, the actual weighted average duration of the rental deposits and bank guarantees for offices is approximately 5,5 months (or about € 12,3 million). For the logistic portfolio, the actual weighted average duration of the rental deposits and bank guarantees on 31 December 2011 is 3,3 months (or approximately € 4,1 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 & Warehouses 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 - 2011 represent only 0,25 % of total turnover.

  The financial and real estate portfolio administration pays close attention to limiting rent arrears. On 31 December 2011 the number of days of outstanding customers' credit is only 12 days.

legal and tax risks:

- contracts and corporate reorganisations

Before concluding contracts with third parties and depending on their complexity, these contracts 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 & Warehouses 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 & Warehouses 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 & Warehouses for a total reconstruction value of € 529 million, as compared to a fair value of investment properties of € 581 million on 31 December 2011 (note: land included). The insured value of the offices is € 369 million and that of the logistic portfolio is € 160 million. Cover is also provided for vacancy in the buildings due to such events, the conditions of 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 € 901 million. This insured value is split into € 705 million for offices and € 196 million for the logistic 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 used.

- 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 & Warehouses. 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 & Warehouses always strives for a balance between shareholders' equity and borrowed capital. In addition, Intervest Offices & Warehouses 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 average remaining duration of the long-term credit agreements as on 31 December 2011 is 3,7 years.

  The bank credit agreements of Intervest Offices & Warehouses are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Intervest Offices & Warehouses or its financial interest charges. These ratios limit the amount that could still be borrowed by Intervest Offices & Warehouses. These ratios are respected as on 31 December 2011. If Intervest Offices & Warehouses were no longer to respect these ratios, the financial institutions could require the financing agreements of Intervest Offices & Warehouses to be cancelled, renegotiated, terminated or prematurely repaid.

  Intervest Offices & Warehouses 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 & Warehouses amounts to approximately € 250 million in case of an unchanged valuation of the existing real estate portfolio.

- **liquidity risk:** Intervest Offices & Warehouses must generate sufficient cash flow 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 flow due to e.g. vacancy or bankruptcies of tenants. In addition, Intervest Offices & Warehouses 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 convenants of the credit facilities must be complied with on a continuous basis.

  On 31 December 2011, Intervest Offices & Warehouses has non-withdrawn credit lines of € 31 million available for its operations and dividend payments.

- **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 & Warehouses has concluded three forward interest rate swaps in the third quarter of 2011 to hedge a credit amount of € 30 million at 2,29 %, with a duration of 5 and 6 years starting on 1 January 2012. With this, the interest rates on the borrowed capital of the property investment fund remain fixed for a remaining average duration of 4,0 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 & Warehouses 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 & Warehouses maintains business relations with five banks:
  - Banks providing financing are: ING Belgium sa, BNP-Paribas Fortis (Fortis Bank sa), KBC Bank nv, Belfius Bank and Insurances sa (previously Dexia Bank Belgium sa) and Banque LBLux sa.
  - Banks which are counterparties for the interest rate hedges are: ING Belgium sa, KBC Bank nv and Belfius Bank and Insurances sa (previously Dexia Bank Belgium sa).

  Intervest Offices & Warehouses 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 & Warehouses can remain in default. The financial model of Intervest Offices & Warehouses is based on a structural debt burden, which implies that its cash position at a financial institution is usually quite limited. On 31 December 2011, this cash position amounts to € 0,4 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 statutory auditor.

Inter Acces Park ▶
6.869 m²
Dilbeek

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 & Warehouses 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 & Warehouses 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, based on a rotation principle.

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 2011, the company deviated from the following stipulations of the Belgian Corporate Governance Code 2009 (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 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 & Warehouses wants to organise and execute its activities in a sustainable manner. It is aware of the global impact of climate change, waste production and finite natural resources. This is why Intervest Offices & Warehouses wants to further stimulate the awareness-building process, both within the organisation as well as among its tenants, to ensure that its activities have a sustainable effect on the environment and society.

Intervest Offices & Warehouses follows a policy of limiting the negative impact of its activities on the environment as much as possible. In an economically responsible manner and in ever more progressive phases, a sustainable method is employed, with the starting point remaining the satisfaction of the tenant. Although the focus of various companies in the second half of 2011 has largely been on economic development, a sustainable method of working is not necessarily contradictory to this.

In the operational management of its portfolio, Intervest Offices & Warehouses concentrates on four fields related to sustainability: energy, use of materials and waste disposal, location and the welfare of its tenants.

1. In the field of **sustainable energy consumption**, the primary aim of Intervest Offices & Warehouses is to raise awareness among users, who are the ones that largely determine the level of consumption. This is why a thorough system was introduced in 2011, by which the actual individual energy consumption for HVAC (Heating Ventilation Air Conditioning) as well as for lighting, computers and other appliances can be charged to individual tenants. If the installations allow it, the energy consumption for HVAC is monitored individually on a continuous basis. This further encourages individual tenants/consumers to use their sources of energy in the most efficient manner possible.

   Secondly, the maximum use of renewable energy is ensured. This is why, since 2009, Intervest Offices & Warehouses only uses electric energy generated by hydroelectric power stations in the Alps or renewable energy from Belgium. As of 2009, all common installations and various private installations have been operated exclusively on electricity generated from renewable sources.

   Thirdly, specifically for the logistic portfolio, a project was started in 2009 to generate electricity from renewable energy sources such as solar energy. The installation of a photovoltaic system on the roofs of logistic buildings results, on the one hand, in lower CO_2 emissions, and on the other hand, in a lower energy bill for tenants. The first three buildings were completed in 2010, by which 88.000 m² of roof area at the logistic sites of Puurs, Boom and Herentals were equipped with a photovoltaic system. In 2011, this is further expanded to cover an additional roof area of 56.000 m² at the logistic sites in Duffel and Oevel. With this, the total installed capacity is 9.1 megawatts peak (MWp), through which a CO_2 reduction of approximately 2.300 tons per year is achieved.

2. With regard to **use of materials and waste disposal**, a process for replacing the coolants in air conditioning installations is initiated in 2011. A significant part of the office portfolio of Intervest Offices & Warehouses is, in fact, still using the earlier, most commonly used R22 coolant, the use of which will be strongly reduced as from the end of 2015.

   Intervest Offices & Warehouses has taken advantage of the opportunity presented by this obligation to reduce the use of R22 by the end of 2015 to considerably improve the efficiency of its air conditioning installations at the same time. For this, not only will the coolants be replaced, but all external components of the air conditioning installations will be replaced. This will lead to an efficiency gain of 50 % in the cooling capacity and a gain of 20 % in terms of heating capacity, which will benefit both the environment and the tenants.

The first two buildings (one building in Intercity Business Park and one in 3T Estate) are already converted to the new system in 2011, involving an investment of approximately € 1 million. The other buildings where this is applicable, will be dealt with in the period between 2012 and 2014.

In the daily management of the portfolio, a system of source-separated waste collection is being applied in almost all buildings. The minimal version of this is the separation of paper and cardboard waste from other waste. Moreover, in three buildings, an even more intensive waste collection method is applied, by which waste is separated into eight different types (paper, cardboard, PMD [Dutch abbreviation for plastic bottles, metal packaging and drink cartons], residual waste, glass, batteries, fluorescent bulbs and ink cartridges). This will be expanded further in the coming years.

3. Attention is given to the **location** of the buildings, mainly when acquiring new buildings. To the maximum extent possible, the buildings to be acquired are tested for their multimodal accessibility, which is highly important for offices as well as logistic buildings. Covered bicycle sheds, to encourage the use of bicycles, have already been installed in a number of buildings in the portfolio.

4. Finally, with respect to the **welfare** of its tenants, Intervest Offices & Warehouses manages its buildings so as to continually ensure maximum safety and tenant satisfaction. In addition to the legal inspections of all multi-tenant buildings, an evacuation procedure was developed to guarantee the safety and welfare of users, under which joint evacuation exercises are organised annually. Furthermore, tenant satisfaction is measured regularly.

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

Puurs Logistic Center
Storage hall: 41.890 m²
Offices: 1.600 m²
Puurs

As early as in 2009, Intervest Offices & Warehouses started with the assessment and certification of the buildings in its portfolio based on 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.

Currently, the BIU methodology is solely based on the British situation and regulations, but an international version will become available in the course of 2012. This international version will better reflect the European continental situation because to date, certain energy-related issues are only relevant in a UK-based situation. In addition to this international version, specific BIU versions are also being developed for each country, as is currently the case in the Netherlands. In developing this country-specific version, the principles of the EPC (Energy Performance Certificate) for organisations will be complied with as much as possible.

Meanwhile, Intervest Offices & Warehouses has already certified five buildings, including both office and logistic buildings. Two more building assessments are currently being completed. Since the BIU methodology is presently based solely on the British situation, the scores remain provisional and indicative. Only after the international version is available, will these be converted into a final score.

Despite the fact that the BIU scores are still based solely on the British situation, the results from the various building audits seem to agree with expectations. In particular, buildings, such as the buildings belonging to Deloitte, PWC and Fiege, in which the tenant also pays a great deal of attention to sustainability, appear to score above average in terms 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 & Warehouses to continue focusing on tenant accountability and further pursuing its well-considered, sustainable purchasing policy in the multi-tenant buildings managed by it.

{ After a thorough study of the market and the requirements, Intervest Offices & Warehouses has decided to continue the contract with Electrabel for the supply of electricity for the period 2012-2013. For this, Electrabel has tried, as much as possible, to respond to the needs of both Intervest Offices & Warehouses and its customers/tenants, taking into account the pricing, flexibility and the green aspect. The direct purchase of 100 % green electricity from the market for 2012 and 2013 offers significant added value for all parties.

Jan Van Limbergen - Account Manager
Marketing & Multisite Business - Electrabel

Appropriate legal framework for property investment funds

On 7 January 2011, the Royal Decree of 7 December 2010 relating to property investment funds came into effect and the Royal Decree of 10 April 1995 was repealed. 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 property investment funds retain their attractive character and to ensure the protection of investors, the current legal framework needed to be adjusted.

The main changes introduced by the Royal Decree of 7 December 2010 are as follows:

1. **Institutional property investment fund**

The Royal Decree of 7 December 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 7 December 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 7 December 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 Financial Services and Markets Authority (FSMA). 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 7 December 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 7 December 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 7 December 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 7 December 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 7 December 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.

Woluwe Garden
25.074 m²
Sint-Stevens-Woluwe

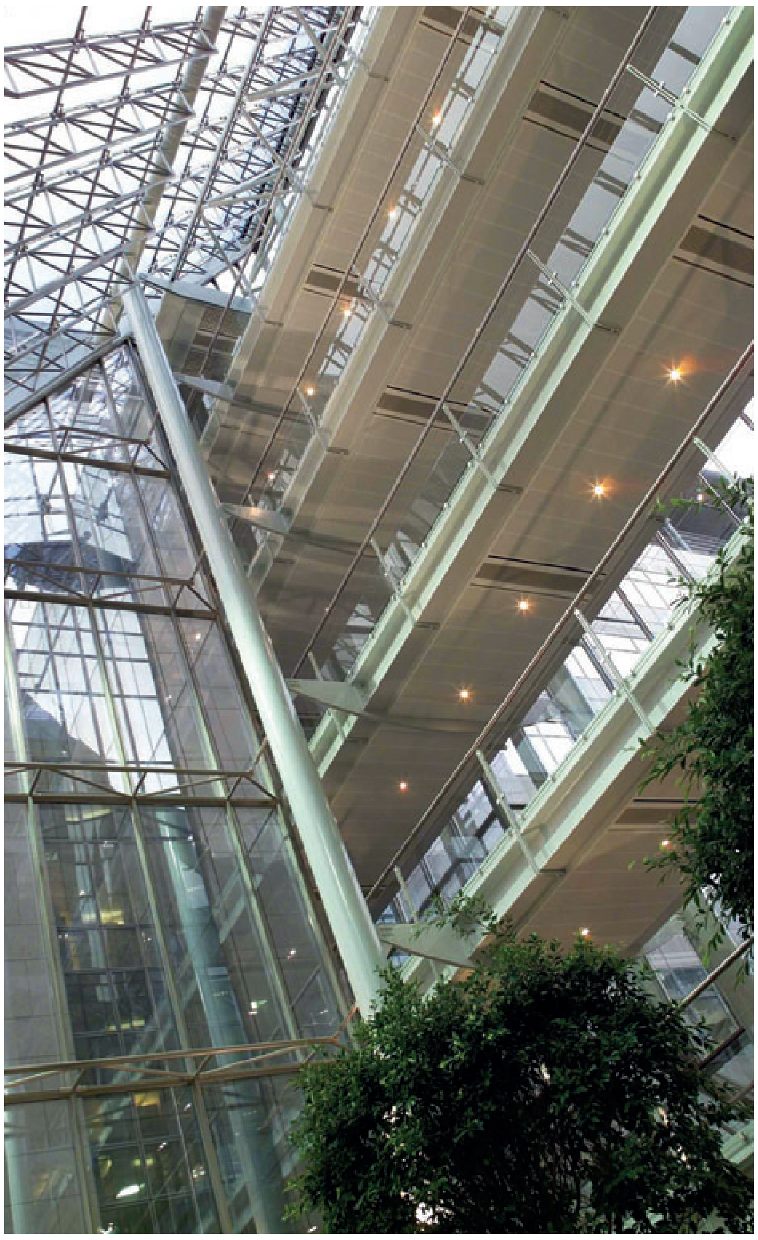
7. Other

- 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 7 December 2010 no longer requires fees, commissions and expenses incurred by the property investment fund to be approved in advance by the Financial Services and Markets Authority (FSMA). 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 7 December 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 7 December 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 relating to the accounting, annual accounts and consolidated annual accounts of public property investment funds. However, the Royal Decree of 7 December 2010 contains a number of specific transitional provisions and grandfathering clauses.

The articles of association of Intervest Offices & Warehouses are updated on 6 April 2011, pursuant to the Royal Decree of 7 December 2010.



The property investment fund changed its name in 2011 to "Intervest Offices & Warehouses" to emphasise the importance of its logistic portfolio.

(PAGE 7)

Oevel - Storage hall: 27.548 m² - Offices: 1.711 m²


UTi
BERRY

Market of offices and logistic real estate

Round-table discussion with property experts of Intervest Offices & Warehouses on evolutions in the investment and rental market for offices and logistic real estate in 2011.

On 20 December 2011, Intervest Offices & Warehouses brought its two property experts together around the table to discuss the current investment and rental market.

Discussion partners:

- Frank Weyers, Rod Scrivener, Patricia Lannoije (Jones Lang Lasalle)
- Kris Peetermans, Jef Van Doorslaer (Cushman & Wakefield)
- Jean-Paul Sols, Inge Tas, Luc Feyaerts, Marco Hengst (Intervest Offices & Warehouses)

The statutory auditor of Intervest Offices & Warehouses, Deloitte also assisted the meeting.

Opinion of Intervest Offices & Warehouses' property experts on evolutions in the investment and rental market for offices and logistic real estate in 2011:

"In the office rental market, take-up of space in 2011 is the lowest it's been in the past 10 years and rents are under pressure.

In the rental market for logistic real estate, take-up of space in 2011 is higher than the five-year average. Rents in this market are stable.

The investment market for offices is mainly interested in buildings with long-term lease contracts of more than 15 years. For logistic real estate, there is a strong interest among investors, but the offer is very limited."

Rental market for offices

General trend in 2011

In 2011, the total take-up in the Brussels office market, at approximately 300.000 m² of office space, has been extremely modest. This is the lowest level of the past 10 years and even lower than the previous low point of 400.000 m² in 2009.

The reason for this extremely modest take-up is that there have been no major transactions in the public sector (except one with the European Commission), nor have there been any corporate transactions of more than 10.000 m². Since such larger transactions are necessary to achieve a normal take-up level, the total take-up of office space has remained very low. However, the number of transactions has remained at a more or less normal level.

But considering that hardly any new office spaces have been added to the existing stock, this has not had any negative effect on the average vacancy rate in the Brussels office market. Moreover, since a number of obsolete office buildings have been withdrawn from the stock of office space (either through demolition or conversion into residential or nursing homes), the overall vacancy rate has decreased slightly in 2011.

Major transactions in 2011 in the CBD market, the Brussels periphery and regional markets

In 2011, only one large office space in Brussels has been rented out. This rental is at the expense of the European Commission and involves 45.900 m² in the "The Capital" building in the Quartier Léopold in Brussels. All other rentals are for areas of less than 10.000 m². The principal transactions in this category are the rental of 7.600 m²

Intercity Business Park
42.112 m²
Malines

Gateway House
11.318 m²
Antwerp

to the Department of Justice in the Waterside building, 7.000 m² to SNCB Logistics in the Zenith Building and 6.100 m² to the representation of the German State of Hessen in rue Montoyer.

Once again, the number of transactions in the Brussels periphery is very limited in 2011. The only new rental transactions of some size are the rentals of 6.400 m² to Business Solution Builders in Louvain-La-Neuve and 5.400 m² to Yara Belgium in the Corporate Village in Zaventem. There are also a number of smaller transactions involving Emerson and Stanley Black & Decker (2.900 m² and 1.900 m², respectively, in Pegasus Park), Toyota Tsusho (2.800 m² in Astra Gardens) and Staples (2.600 m² in Brussels 7).

In the regional markets in which Intervest Offices & Warehouses is active, the most important transactions in 2011 in Antwerp have been the rental of 2.100 m² of office space to Dela Insurances in the Avenue Building, 1.800 m² to Amadeus in the Veldekens building and 1.600 m² to DLA Piper in the Gateway House. In Malines, the most important transactions have been the new rentals to Biocartis and Galapagos, both in the Intercity Business Park, of 3.970 m² and 1.560 m², respectively.

Evolution of the rate of availability of the office market in 2011

The availability of space within the Brussels office market as a whole in 2011 amounts to approximately 10 %. This varies per market segment from a low availability of 4 to 7 % at the gare du Midi, the gare centrale and the gare du Nord, to an average availability rate of 8 to 12 % in the CBD and Quartier Louise and a high availability rate of 16 % in the decentralised area. Particularly in the decentralised area, the availability rate has increased further in 2011.

In the northern periphery of Brussels, the availability rate remains very high at 19 %, although this has decreased slightly compared to 2010. This decrease is due to the absence of new speculative developments in 2011 and the withdrawal of a number of Class C buildings that no longer meet current office requirements.

Evolution of rents

Rents for offices in 2011 have decreased slightly or remained stable, as compared with the 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 9 %, 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 9 % paves the way to a shrinkage in rent prices. Since the availability in the periphery, CBD and decentralised area is higher than the abovementioned rate of 9 %, this has a negative effect on the evolution of rent prices.

Rents are expected to remain stable in 2012.

Effect on new developments

Due to the high rate of availability of 10 % 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 amounted to only 20.000 m² and no speculative developments are planned for 2012, while an average of approximately 330.000 m² of new offices are being 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 sustainability of buildings is becoming an increasingly important factor for new developments. However, there is a noticeable shift from new-build to renovations and "greening" of existing buildings. It is indeed often possible to realise a few quick wins in the existing property, by which the energy performance of a building can be greatly improved. This may include the replacement of the original lighting by modern efficient lighting, the installation of a building management system or the replacement of existing air conditioning installations for cooling and heating with modern energy-efficient solutions.

Both new developments and major renovations are always certified (BREEAM or HQE) to demonstrate the sustainable nature of the building. However, the Energy Performance Certificate of the building is expected to have a greater influence on the building chosen by the user. Such certification is already mandatory in the Brussels Region and will probably be implemented in Flanders as well during 2012.

Mechelen Campus 60.768 m² Malines

Rental market for semi-industrial and logistic buildings

General trend in 2011

2011 has been a good year for the market segment for semi-industrial and logistic buildings, particularly in the first half of the year. The occupancy of these buildings has reached a historically high level (comparable to the boom years of 2007 and 2008) and investments in this sub-segment have also remained popular.

The total take-up amounts to 1.650.000 m², which is clearly more than the limited take-up of the previous year 2010. In that year, the take-up had decreased to a level of 925.000 m², which was mainly due to the occupation of vacant spaces at the premises of various logistic players.

In 2011, the rental market for **logistic buildings** has been driven by various mergers and acquisitions of the end customers of the logistic players. This has led to further efficiency and centralisation in the logistic process of these end customers, resulting in the rental of additional buildings and expansion of several existing logistic sites. The take-up of logistic buildings can again be seen primarily along the four major logistic axes (Antwerp-Brussels, Antwerp-Limburg-Liège, Antwerp-Ghent and the Walloon axis) and amounts to a total of approximately 780.000 m² compared to 240.000 m² in the previous year.

The sub-segment of **semi-industrial buildings** has also performed well in 2011 as far as take-up is concerned. The take-up again mainly consists of purchases for own use in the Golden Triangle (Antwerp-Brussels-Ghent) and only a limited number of rentals. The total take-up of semi-industrial space is approximately 750.000 m² in 2011, which is slightly higher than the 690.000 m² of the previous year.

Herentals Logistics 2
Storage hall: 40.540 m² + 8.248 m² (mezzanine)
Offices: 2.206 m²
Herentals

Major market transactions

The take-up of the market segment for logistic and semi-industrial buildings includes both purchases for own use as well as rentals. However, a large difference can be seen between these two sub-segments.

The sub-segment for **logistic buildings** has once again reached the same level as in the boom years of 2007 and 2008 and has scored well above the average of the past five years. It is also notable that transactions involving large spaces again increased substantially, whereas these had lagged behind in the previous year.

Without taking into account the port-related transactions, the main owner-occupier transactions are 64.500 m² in Tessenderlo for Stanley Black & Decker, 49.500 m² in Malines Sud for Colim and 25.500 m² in Puurs for Duvel-Moortgat. For rentals of logistic spaces, the main transactions are 51.000 m² in Herentals for Nike Europe, 34.000 m² in Willebroek for Brico and 31.000 m² in Sint-Niklaas for VF Europe. Therefore, the most significant logistic rental transaction in 2011 has taken place within the portfolio of Intervest Offices & Warehouses (Nike Europe).

The volume of transactions in the sub-segment for **semi-industrial buildings** in 2011 has remained at the same level as in previous years, of which the majority have been purchases for own use. The most notable transactions are the purchase of 23.000 m² by Lock'o & Jost in Herstal (Liège) and the purchase of a building of 14.600 m² by De Schacht Plastics in Geel. For the rentals of semi-industrial buildings in regions where Intervest Offices & Warehouses is active, the main transactions include the rental of 9.000 m² by Van Pamel in Willebroek, 9.000 m² by Femstaal in Puurs and 6.300 m² by Vloeren Van Calster in Herentals.

Evolution of the rental market

The rents of **logistic spaces** have remained stable in 2011 compared to previous years. Along the most important axis of Antwerp-Brussels, rents amount to approximately € 42 to 43/m²/year and for both the axes of Antwerp-Limburg-Liège and Antwerp-Ghent, this is approximately € 40 to 42/m²/year.

Given the uncertainty regarding the economic situation, no speculative developments have been started in 2011. Developments have only been initiated in the case of direct occupancies (e.g. in Tessenderlo for Stanley Black & Decker and in Herentals for Nike Europe). The market regulated itself in 2011, due to which no additional vacancies are added, which might have exerted pressure on the rental level.

However, in 2012, the (global) economic recession may be expected to have a slightly negative effect on the logistic rental market, since this is strongly correlated to the worldwide flow of goods and of Belgian exports. In view of the fact that no speculative developments of logistic buildings will take place in the market in 2012, this should have no effect on the vacancy rate in the short to medium term. As a result of this, rents along the major logistic axes are also expected to remain stable in 2012, but may decrease slightly outside of these axes.

The rents for **semi-industrial space** have also remained stable in 2011 at approximately € 50/m²/year in the Brussels and Walloon-Brabant regions, approximately € 45/m²/year in the Antwerp and Malines regions and approximately € 40/m²/year in the Ghent and E313 regions. Since there is a less direct correlation between the semi-industrial market and the economic situation, it is expected that rents for semi-industrial real estate will continue to remain stable in 2012.

Investment market

Overall figures for the investment market in 2011

The investment market in 2011 has declined slightly compared to the last two years. The total investment volume amounts to only € 1,8 billion (as compared with € 1,5 billion in 2009 and 2010), while the long-term average amounts to € 3,0 billion. This total investment volume is divided among the various sectors as follows: 50 % offices, 20 % retail, 15 % logistic and semi-industrial real estate and 15 % residential and others. However, there are large differences within and between the various sectors.

The volume of investments in the **office segment** has remained more or less unchanged compared to 2010. But the relative share of this segment in the real estate investment total has decreased, although the offices remain by far the most important segment.

The largest office investment transactions of 2011 have been the sale of the KAM building at the Bruges railway station for € 125 million to Dexia Insurance, the sale of The Pavilion in Quartier Léopold for € 80 million to a German fund and the sale of Espace Orban for € 78 million to Befimmo. All these properties are rented out for long periods of time (27, 15 and 15 years, respectively) and have been sold for very low yields of approximately 5 %.

Within the office market segments in which Intervest Offices & Warehouses is active, there have only been a very limited number of transactions by investors. The main transactions are the sale of the Antwerp business park City-Link for € 63 million to Mercator Insurances, the sale of the Malines business park Stephenson Plaza for € 27 million also to Mercator Insurances and the sale of Alpha Campus in Zwijndrecht for € 8 million to Integral. These properties are all multi-tenant buildings with lease contracts for a shorter average term and which have been sold for initial yields of below 7 %.

In the **retail real estate** segment, the main transactions are the transfer of Galeries Saint-Lambert in Liège for € 105 million to CBRE Investors and the sale of a retail park project in Tongres to Retail Estates for an amount of € 32 million.

Within the **logistic and semi-industrial real estate** segment, the share of owner-occupiers in 2011 is remarkably high. For semi-industrial real estate, these are primarily smaller transactions, but in the logistic real estate segment, a number of large transactions can also be seen. The largest transactions for owner-occupiers are the sale of the project in Tessenderlo for € 36 million to Stanley Black & Decker and the sale of the FM Logistics site in Malines Sud for € 25 million to Colim. The largest transactions with investors are the sale of the Carrefour Distribution Centre in Nivelles for € 49 million to AG Real Estate and the sale of West-Logistics in Oevel for € 22 million to Intervest Offices & Warehouses.

Although the total volume of **office investments** has remained the same, large differences can still be seen within this segment. The absolute core products (offices rented out for long periods at central locations) remain very popular, both for Belgian institutional investors as well as institutional investors from Germany and the United Kingdom. Due to the limited supply of such products, the initial yields remain highly competitive at about 5 %. For non-core products, there is a lot of interest from opportunistic investors, but at much higher yields. The difference between the initial yields of core and non-core buildings is expected to increase further.

Investments in **logistic real estate** have mainly been made by Belgian players and hardly by any foreign players. The initial yields for modern logistic complexes on the primary logistic axes have remained constant at about 7,0 to 7,25 %, while yields for **semi-industrial real estate** have remained constant at 8,0 to 8,5 %.

Future evolution of the investment market in 2012-2013

The volume of the investment market is expected to remain stable or even increase slightly during the coming years. This is because the share of real estate in the total investment mix of institutional investors will have to increase further to meet Basel III standards. In addition, private investors will also remain very active in the real estate market due to the lack of other investment opportunities. But, just as in 2011, the focus of both groups is very different from one another.

Institutional investors, and especially 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, will continue to focus on core products. This is because of the decreased confidence, the new economic recession and the prevailing uncertainty in the Eurozone. Private investors are more likely to focus on retail and logistic real estate and opportunistic deals. As a result, initial yields for core products will remain under pressure, while those for other real estate are more likely to increase.

Park Station
8.903 m²
Diegem

Important developments in 2011

Rentals in 2011

General

Take-up of office space on the Belgian office market is still very low. In Brussels, for instance, the estimated total take-up is even lower than in 2009 and 2010, but in those years figures were improved by some exceptional large transactions at the end of the year[2].

Prime rents remain quite stable. Real rents are still under pressure, but to a lesser extent than in 2010, in the centre of Brussels as well as in the other important Belgian office markets (Brussels periphery, Antwerp, Ghent and Malines), because of the important advantages and incentives that owners must grant. Moving decisions still take a lot of time, which is in itself not unfavourable to keep existing tenants.

The general expectation of 2010, namely that rents had reached their lowest point, has been confirmed in 2011. Further improvement is expected in 2012, but will depend largely on the macro-economic evolution within the European Union.

In the logistic and semi-industrial market another trend has been observed in 2011. Take-up, which has reached in 2011 approximately 1.650.000 m², can be compared to the historically high levels of 2007 and 2008. Especially for logistic buildings the estimated take-up has more than tripled in 2011 compared to 2010[3].

Currently, prime rents remain stable, but due to the strong demand and limited qualitative offer it is expected that in the coming years rents will increase also for qualitative buildings.

Occupany rate - overview of rentals

Regarding new lettings for offices as well as for logistic real estate, Intervest Offices & Warehouses managed to perform better in 2011 compared to 2010, while also in 2010 an increase was realized in comparison to 2009.

On 31 December 2011, the total occupancy rate of the real estate portfolio of Intervest Offices & Warehouses amounts to 86 % (85 % on 31 December 2010):

- compared to 31 December 2010, the occupancy rate of the office portfolio has slightly decreased to 84 % (85 % on 31 December 2010), mainly because of the adapted processing of the rental income of Tibotec-Virco, partly compensated by the lettings to Biocartis and Galapagos in Intercity Business Park in Malines
- for the logistic portfolio the occupancy rate has increased by 7 % compared to 31 December 2010, to 91 %. This increase comes mainly from the acquisition of three logistic sites, each having an occupancy rate of 100 % (Huizingen, Houthalen and Oevel) and from the extension of Herentals Logistics 2 resulting from the letting to Nike Europe.

2 Source: Cushman & Wakefield.
3 Source: Jones Lang LaSalle.

The ideal location of the offices and the commitment of Intervest Offices & Warehouses in helping achieve the complete renovation of the 5.000 m² of office space within a period of four months were crucial factors in making Ingram Micro Europe decide to sign again a rental contract.

YVES DE WAEGENEER - FACILITY MANAGER
INGRAM MICRO EUROPE

Biocartis courtyard
Intercity Business Park
Malines

Rental activity in the office portfolio

New tenants

In the office portfolio new lease contracts have been signed in 2011 for a total space of 9.755 m², attracting 13 new tenants (on a total office portfolio of approximately 244.000 m²). This is an important decrease of the number of tenants compared to the new lettings of 2010, when 21 new tenants were attracted. On the other hand, the total space let has slightly increased (9.529 m² in 2010).

In 2011, the most important transactions are:

- Intercity Business Park in Malines: 3.970 m² to Biocartis and 539 m² to E-Spot
- Gateway House in Antwerp: 1.630 m² to DLA Piper
- Mechelen Campus: 717 m² to MC Square and 511 m² to AFAS Belgium
- 3T Estate in Vilvorde: 636 m² to B-Bridge (Excelsia)

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

In the office portfolio in 2011, current lease contracts have been renegotiated or prolonged for a space of 26.306 m² in 36 transactions. This is more than the renegotiations in 2010 when in 30 transactions a total space of 20.004 m² was renegotiated.

In 2011, the most important transactions are:

- prolongation of Ingram Micro in 3T Estate in Vilvorde for 5.072 m²
- prolongations and extensions of Galapagos in Intercity Business Park in Malines for 4.148 m²
- temporary prolongation of Hello Agency in Park Station in Diegem for 2.472 m²
- temporary prolongation of BDO in Sky Building in Berchem for 2.905 m²
- prolongation of Endemol in Mechelen Campus for 1.774 m²
- prolongation of Mylan in Park Rozendal in Hoeilaart for 1.430 m²
- extension of SGS Belgium in Intercity Business Park in Malines for 1.298 m²
- prolongation and extension of Electro Rent in Intercity Business Park in Malines for 1.029 m²
- prolongation and extension of PAB Benelux and Trilux in Intercity Business Park in Malines for respectively 827 m² and 819 m²
- prolongation and extension of Keyrus in Brussels 7 in Strombeek for 772 m²

{ When choosing the location of our offices and also during our last expansion, we have selected the site at the Mechelen Intercity Business Park because of its easy accessibility, the competitive price/quality ratio, and the adequate services in the area of the daily management of the buildings provided by the landlord, Intervest Offices & Warehouses.

Luc Braeken - Business Unit Manager, Director Biometrics - SGS Belgium

With our recent need for expansion, we have been able to call upon the services of our landlord at Mechelen Campus to make certain arrangements with the sitting tenants, so that we were able to rent additional space within the same building. The support provided by Intervest Offices & Warehouses and the efficient interventions of the property department have ensured that our expansion at the Campus has proceeded very smoothly, so that we can now work on building our future further, in a very comfortable office environment, at a convenient and easily accessible location in Malines-Noord.

Martine Michielsen - Group Manager Compensation & Benefits - LBC Belgium Holding sa

Mechelen Campus
60.768 m²
Malines

Rental activity in the logistic portfolio

At the end of December 2011, the occupancy rate of the logistic real estate portfolio amounts to 91 % which is a substantial increase compared to the end of 2010 (84 % on 31 December 2010). On the one hand there is the transaction concluded with Nike Europe in Herentals Logistics 2 for approximately 51.000 m² and on the other hand there are 3 entirely let buildings acquired in Huizingen, Houthalen and Oevel for a total space of more than 74.000 m² (see hereafter "Investments in 2011").

New tenants

In the logistic portfolio, new lease contracts have been concluded in 2011 for a total space of 89.323 m² in 4 transactions (including the sale-and-rent back transaction with Pharma Logistics (DHL) in Huizingen). This is twice as much compared to 2010 (46.881 m² in 2010).

In 2011, the most important transactions are:

- letting in Herentals Logistics 2 to Nike Europe for 50.994 m²
- temporary letting to Distri-Log in Stocletlaan in Duffel for 19.395 m² (till 31 December 2011)
- letting to Pharma Logistics (DHL) in Huizingen for 17.801 m²
- letting to Van Marcke in Sint-Niklaas for 1.133 m²

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

In the logistic portfolio, lease contracts for a space of 26.385 m² have been renewed or prolonged in 2011 in 6 transactions. This is noticeably less than in 2010. However, it must be observed that the most important prolongation in 2010, being the one of Fiege in Puurs Logistic Center, represented approximately 80 % of the total surface area.

In 2011, the most important transactions are:

- temporary extension of Ikea in Wilrijk for 7.070 m²
- extension of Ceva Logistics in Boom for 6.277 m²
- extension of Yusen Logistics Benelux in Herentals Logistics 1 for 4.809 m²
- 2 extensions of Pharma Logistics (DHL) in Intercity Industrial Park in Malines for a total of 4.151 m²
- prolongation of Iron Mountain in Duffel Stocletlaan for 4.078 m²

On 31 December 2011, the occupancy rate of the total portfolio is 86 %.

After a thorough analysis of different options and according to the needs of the company, Malines has been chosen due to the high quality, the appropriate infrastructure and the very active collaboration of Intervest Offices & Warehouses, so that Biocartis could nearly immediately start its activities.

Rudi Pauwels - Executive Chairman - Biocartis

Given the good service, delivered by the administration department of the lessor, and interesting rental conditions, besides an excellent location and the reliability of the let property, we decided to continue our collaboration with Intervest Offices & Warehouses for a long period. Besides an additional extension of 1.560 m², the existing lease contracts are thus prolonged till 2024.

Guillaume Jetten - CFO - Galapagos

Partial re-letting of ex-Tibotec-Virco spaces in Malines to Biocartis and Galapagos

Intervest Offices & Warehouses has concluded with Biocartis on the one hand a lease contract and on the other hand an operational leasing contract for 3.970 m² laboratories, offices and production space in Intercity Business Park in Malines. The lease contract has a fixed duration of 15 years, with a possibility of termination after 9 years and has started on 15 May 2011. The operational leasing contract starts on 15 May 2012 (after the necessary renovation works) and has a fixed duration of 15 years.

These contracts represent in a first phase a net annual rent of approximately € 445.000. For the period from May 2011 till November 2013 half of the net rental income from this contract is shared with Tibotec-Virco in the framework of an agreement from 2010 regarding the retrocession of rental income[4]. As a result of this re-letting transaction the property investment fund has taken into result a part of the indemnities received from Tibotec-Virco in 2010 in the first semester of 2011.

Furthermore, Intervest Offices & Warehouses has concluded in September 2011 a lease contract with the biotechnological company Galapagos for approximately 1.560 m² of laboratories in a building formerly used by Tibotec-Virco as R&D centre in Intercity Business Park in Malines. This lease contract runs to 2024, with a possibility of termination in 2020. This lease contract represents a rental income of approximately € 270.000 on an annual basis. For the period from September 2011 till October 2014 half of the net rental income is shared with Tibotec-Virco, in the framework of the agreement from 2010 related to the retrocession of rental income. Simultaneously the existing lease contract with Galapagos for approximately 2.600 m² office space and laboratories, which would normally end in 2015, is prolonged for 9 years to 2024, with a possibility of termination in 2020.

These contracts with Galapagos are globally concluded at market conditions and confirm once again the attraction of Malines for companies in high technological sectors such as biotechnology.

On 31 December 2011, approximately 13.600 m² or about 70 % of the 19.526 m² spaces liberated after the departure of Tibotec-Virco are re-let (including laboratories).

Intercity
Business Park
42.112 m²
Malines

[4] See press release dated 3 June 2010: "Intervest Offices concludes an agreement with Tibotec-Virco and starts the re-letting".

Investments in 2011

As the logistic real estate market performs much better than the office market which still encounters difficulties, Intervest Offices & Warehouses has focused on investments in the logistic segment. The aim to expand the portfolio by approximately 5 % in 2011 has been largely realized through the acquisition of 3 logistic buildings during 2011 and through the construction of the extension of Herentals Logistics 2. As the share of logistic real estate in the portfolio has increased to 36 %, the property investment fund has chosen to add "Warehouses" to its company name.

1. Acquisition of the logistic site in Huizingen through a sale-and-rent-back transaction with Pharma Logistics (DHL)[5]

Intervest Offices & Warehouses has acquired on 16 February 2011 a logistic site in Huizingen through a sale-and-rent-back transaction with Pharma Logistics (DHL). The logistic site is located on the industrial area 'De Gijzeleer' in the southern periphery of Brussels and is easily accessible via the E19 Brussels-Mons-Paris.

The site consists mainly of 3 buildings, built in 1987 and 1993. Since then, several modifications and renovations have been carried out to the buildings in order to use them as storage for pharmaceutical products. As a consequence, the entire warehouse is equipped with air conditioning. The total surface area of these buildings amounts to 15.902 m² warehouses, 1.899 m² office space and 85 parking spaces.

The site is integrally re-let by Pharma Logistics (DHL) on the basis of a lease contract of 9 years with the possibility of termination after 6 years. The rental income amounts to € 605.000 on an annual basis. The acquisition was 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 investment value determined by the independent property expert of the property investment fund amounts at the moment of acquisition also to € 7,7 million.

Huizingen
Storage hall: 15.902 m²
Offices: 1.899 m²

[5] See press release dated 16 February 2011: Intervest Offices acquires a logistic site in Huizingen.

Oevel
Storage hall: 27.548 m²
Offices: 1.711 m²

2. Acquisition of the logistic site in Oevel[6]

On 1 July 2011, the property investment fund acquired the control of West Logistics sa, owner of a logistic site along the E313 motorway in Oevel (Westerlo).

The site, built in 2007, is a modern state-of-the-art complex of warehouses with office facilities and external parking spaces. The site comprises 27.548 m² warehouses, 1.711 m² offices and 65 external parking spaces. Besides, it is possible to realize on the long run an additional unit of approximately 2.000 m² on the site.

The building is entirely let to UTI Belgium (87 %) till 2017 and to Berry Plastics (13 %) till 2013. Part of the site, let to UTI Belgium, is used as European distribution centre for Northern Europe for the cosmetic concern Estée Lauder. This acquisition generates a rental income for the property investment fund of approximately € 1,5 million on an annual basis.

The acquisition value of this logistic site amounts to approximately € 21,5 million (fair value € 21,0 million). This acquisition value is in line with the valuation made by the independent property expert of the property investment fund at the moment of the acquisition. This acquisition provides Intervest Offices & Warehouses a direct gross initial yield of 7 %.

The purchase price of the shares of the company West Logistics sa amounts to € 12,9 million.

The transaction is funded from the existing credit lines of the property investment fund and from the transfer of the credit facilities of the company West Logistics sa for approximately € 8 million (with maturity in 2017 and 2022).

[6] See press release dated 1 July 2011: Intervest Offices & Warehouses acquires approximately 58.000 m² distribution centres in Oevel and Houthalen.

3. Acquisition of the logistic site in Houthalen[7]

The property investment fund acquired on 1 July 2011 the shares of MGMF Limburg sa, owner of a logistic site in the industrial zone Europark in Houthalen, easy accessible via the E314.

The site, built in 2001, is a modern complex of 26.255 m² warehouses, with 740 m² offices and 123 parking spaces.

The buildings are let to Caterpillar Logistics. The lease agreement runs to 2016. This acquisition generates a rental income for the property investment fund of approximately € 1,1 million on an annual basis.

The acquisition value of this real estate property amounts to approximately € 14,2 million (fair value of € 13,9 million) and provides Intervest Offices & Warehouses an attractive gross initial yield of 7,7 %. The acquisition value is in line with the valuation carried out by the independent property expert of the property investment fund at the moment of acquisition.

The purchase price of the shares of the company MGMF Limburg sa amounts to € 12,8 million. This transaction is funded from the existing credit lines of the property investment fund.

Houthalen
Storage hall: 26.255 m²
Offices: 740 m²

The sites in Oevel and Houthalen are a long-term strategic complement to the real estate portfolio of the property investment fund. Logistic real estate in important logistic corridors remains an interesting investment as the offer of easy accessible real estate properties is relatively limited.

Jean-Paul Sols - CEO -
Intervest Offices & Warehouses

7 See press release dated 1 July 2011: Intervest Offices & Warehouses acquires approximately 58.000 m² distribution centres in Oevel and Houthalen.

4. Letting on the site Herentals Logistics 2 of 50.994 m² logistic space to Nike Europe[8] and extension of the complex

In June 2011, the property investment fund concluded a new lease agreement with Nike Europe at its site Herentals Logistics 2. It concerns the entire already existing new building of 20.270 m² warehouse space, 4.124 m² mezzanine and 1.276 m² offices, as well as the second phase, being an extension of 20.270 m² warehouse space, 4.124 m² mezzanine (both already delivered in 2011) and 930 m² offices (which will be delivered in the first quarter of 2012). Nike Europe occupies to a large extent the existing building since the last quarter of 2011. Nike Europe will on term employ approximately 300 people on this site.

After full occupation of the building (the existing part as well as the second phase which was largely built in 2011), expected in the first quarter of 2012, this agreement will generate approximately € 2 million net rental income on an annual basis.

The construction cost of the extension amounts to approximately € 10,3 million (excluding the purchase of the land parcel which has already been acquired in 2008). After the temporary delivery of the warehouse space on 22 December 2011, € 8,6 million were already paid to the building contractor. After the full development, the fair value of the entire site will amount to approximately € 28,7 million and the yield of the site will reach approximately 7,5 %. The available credit lines of the property investment fund are used to finance the investment.

Herentals Logistics 2
Storage hall: 40.540 m² + 8.248 m² (mezzanine)
Offices: 2.206 m²
Herentals

We have chosen the site of Herentals Logistics of Intervest Offices & Warehouse because of the location, the high quality and sustainable character of the buildings. This site which is a perfect complement to the European Distribution Center of Nike in Laakdal offers the necessary flexibility for growth.

Mike van der Zanden - R.o.E. Distribution Manager - Nike Logistics Europe

[8] See press release dated 24 June 2011: Letting Herentals Logistics 2 to Nike Europe.

Herentals Logistics 2

▼

1

2

5

6

9

10

Photos evolution of works

1. First columns
2. Vertical structure
3. Installation roof structure
4. Progress structure new construction
5. Mezzanine and fire-resisting wall
6. Installation wall units
7. Structure office building
8. Concreting floors
9. Sealing external walls
10. Progress office building
11. Sealing external wall
12. Asphalt works

3

4

7

8

11

12

Disinvestment in 2011

In December 2011, Intervest Offices & Warehouses obtained an agreement in principle for the sale of a non-strategic semi-industrial complex (built in 1992) with partial vacancy, located in Sint-Niklaas, Eigenlostraat 25, known as "Eigenlo".

The total surface area of the building comprises 1.328 m² offices and 6.535 m² warehouse space/production space, which is only 0,3 % of the total leasable space of the property investment fund.

The sales price amounts to € 4,1 million and the buyer is a Belgian private investor. The sales price is approximately 2 % above the book value on 31 December 2011 which amounts to € 4,0 million (fair value as determined by the independent property expert of the property investment fund).

In January 2012 the deed was signed before notary and the sales price paid by the buyer.

Merger of 27 October 2011

On 27 October 2011, the extraordinary general meeting of shareholders decided to carry out a merger through acquisition, by uniting all shares held by Intervest Offices & Warehouses, of the limited liability company West-Logistics sa, owner of a logistic site in Oevel and of MGMF Limburg sa, owner of a logistic site in Houthalen, both being companies of which the shares had already been acquired by Intervest Offices & Warehouses on 1 July 2011.

This merger may be seen as a formal and logical step in the context of the further expansion of Intervest Offices & Warehouses' real estate portfolio.

Houthalen
Storage hall: 26.255 m²
Offices: 740 m²

Change in valuation rule for compensation received for early termination of lease contracts

In August 2011, the EECS (European Enforcers Coordination Sessions), a forum organised by the ESMA (European Securities and Markets Authority), has provided more detailed information on the application of IFRS with regard to compensations received for the early termination of lease contracts (to compensate for loss of rent). The EECS has determined that, according to IFRS, compensations received for the early termination of lease contracts must be fully incorporated in the financial statements as income in the year in which the compensation is received and may not be included in the result spread over the remaining term of the original rental contract.

On this basis, the Financial Services and Markets Authority (FSMA) has advised Intervest Offices & Warehouses to change its valuation rules in this regard. Pursuant to IAS 8, this change in valuation rules must be applied with retroactive effect, which means that the comparative figures of 2010 must be adjusted. Therefore, the compensation received in September 2010 from Tibotec-Virco[9] (excluding the retrocession obligation to repay 50 % of all future rental incomes in the event of a rental prior to the expiry of the term of the original rental contract) is incorporated as profit in 2010 in the comparative figures, which results in the following picture:

	31.12.2010		
in thousands €	Published figures	After change in valuation rule	Difference
Rental income	38.523	41.068	2.545
Net result	17.431	19.976	2.545
Operating distributable result	25.451	27.996	2.545
Shareholders' equity	286.324	288.869	2.545
Accrued charges and deferred income	12.603	10.058	-2.545
Per share (in €)			
Net result	1,25	1,44	0,18
Operating distributable result	1,83	2,01	0,18
Net asset value (fair value)	20,59	20,77	0,18
Net asset value (investment value)	21,57	21,75	0,18

The additional operating distributable result appearing in 2010 due to the change in the valuation rule will, in accordance with the original accounting method, be allocated for dividend payment to the period 2011-2013/2014. By re-renting spaces that became vacant to Biocartis and Galapagos in 2011, the property investment fund already has an additional dividend of € 2,4 million to be distributed in financial year 2011. In total, this means that on 31 December 2011, a dividend amount of € 0,1 million, resulting from the change in the valuation rule, remains available for distribution for the years 2012/2014.

To improve the readability of this annual report, it was decided to place the symbol π next to all comparative figures of the financial year 2010 that have been adjusted with respect to the published annual report of 2010, as a result of the changed valuation rule.

[9] See press release dated 3 June 2010: Intervest Offices concludes an agreement with Tibotec-Virco and starts the re-letting.

Financial results[10]

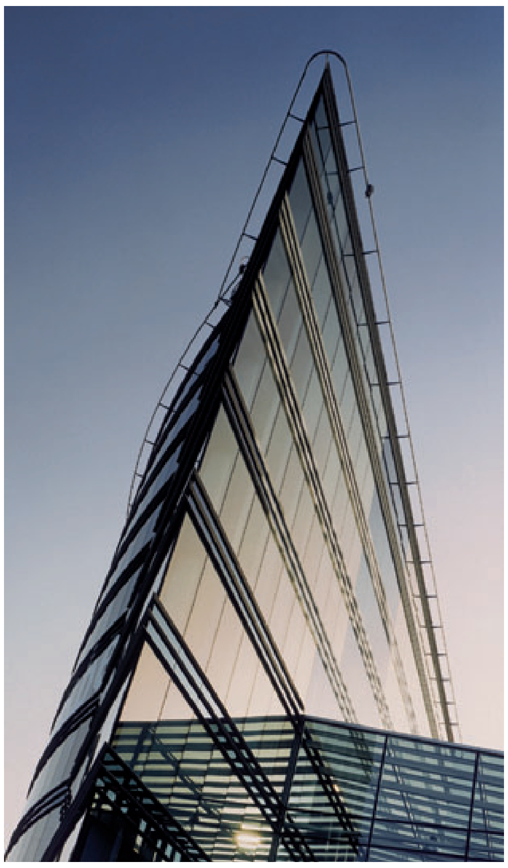
Income statement

in thousands €	2011	2010[π]
Rental income	38.587	41.068
Rental related expenses	-76	-94
Property management costs and income	2.435	821
Property result	**40.946**	**41.795**
Property charges	-5.145	-3.224
General costs and other operating income and costs	-1.244	-1.049
Operating result before result on portfolio	**34.557**	**37.522**
Result on disposals of investment properties	64	464
Changes in fair value of investment properties	2.294	-8.525
Other result on portfolio	-2.478	-614
Operating result	**34.437**	**28.847**
Financial result (excl. change in fair value - IAS 39)	-12.018	-9.509
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Taxes	-227	-17
NET RESULT	**18.017**	**19.976**
Note:		
Operating distributable result[11]	21.707	27.996
Result on portfolio	-120	-8.675
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Other non-distributable elements (subsidiaries)	605	0

[10] Between brackets the comparable figures of financial year 2010, adapted to the change of the valuation rule for the indemnities for early terminated lease contracts, as described above under "Important developments in 2011".
[11] For the calculation of the operating distributable result: please see note 13 of the financial report.

RESULT PER SHARE	2011	2010π
Number of shares entitled to dividend	13.907.267	13.907.267
Net result (€)	1,30	1,44
Operating distributable result (€)	1,56	2,01
Adaptation dividend through change of valuation ruleπ (€)	0,17	-0,18
Gross dividend (€)	1,73	1,83
Net dividend[12] (€)	1,37	1,56

Mechelen
Business
Tower
12.917 m²
Malines



[12] Pursuant to the Act of 28 December 2011 containing miscellaneous provisions (Belgian Official Gazette 30 December 2011, with effect from 1 January 2012), the withholding tax on dividends of public property investments funds is increased from 15 % to 21 % (except certain exemptions or increases).

> In 2011, the fair value of the investment properties increased by approximately 1%[13] compared to a decrease of 1,6 % in 2010.

Analysis of results

For financial year 2011, **rental income** of Intervest Offices & Warehouses amounts to € 38,6 million. This decrease of € 2,5 million or 6 % compared to financial year 2010 (€ 41,1 million) is mainly the combined effect of:

- the non-recurring profit taken in 2010 of a part of the indemnity received from Tibotec-Virco for € 2,5 million. Through the change of the valuation rules this indemnity has been attributed to the third quarter of 2010, moment of receipt of the indemnity
- the decrease in rental income of the office portfolio of € 1,5 million, mainly from the leave of Tibotec-Virco in Malines as per 30 September 2010
- investments in three logistic sites (in Huizingen, Houthalen and Oevel) generating rental income for an amount of € 1,9 million in 2011
- stable rental income in the existing logistic portfolio
- the sale of the office park Latem Business Park in 2010, resulting in a decrease in rental income of € 0,3 million.

In 2011, **property management costs and income** amount to € 2,4 million (€ 0,8 million) and comprise the indemnities for rental charges (received from Tibotec-Virco) taken into result after the letting to Biocartis and Galapagos in Intercity Business Park, as well as received refurbishment indemnities taken into result.

During financial year 2011, **property charges** of the property investment fund increase to € 5,1 million (€ 3,2 million). This rise of € 1,9 million comes from an increase:

- of € 0,4 million maintenance and repair works due to a more extensive maintenance program
- of € 0,7 million vacancy costs resulting mainly from increasing vacancy in Herentals Logistics 1 and on Mechelen Campus
- of € 0,5 million management costs of the property investment fund due to an enhanced number of employees
- of € 0,3 million other property charges as a result of commercial interventions in favour of tenants.

General costs and other operating income and costs amount to € 1,2 million and have increased by € 0,2 million compared to previous year (€ 1,0 million) mainly as a result of the marketing campaign implemented to improve the brand recognition of Intervest Offices & Warehouses.

The decrease of rental income and the rise of property charges lead to a decrease of **operating result before result on portfolio** of approximately 8 % or € 2,9 million, to € 34,6 million (€ 37,5 million).

In 2011, **changes in fair value of investment properties** are positive and amount to € 2,3 million compared to negative changes of € 8,5 million in 2010. The positive changes in 2011 result mainly from the lettings to Biocartis and Galapagos in Intercity Business Park in Malines of a part of the office space and laboratories that were left by Tibotec-Virco in 2010 and from the letting in Herentals Logistics 2 to Nike Europe, partly compensated by renovation costs for Herentals Logistics 1.

The **other result on portfolio** comprises mainly the immediate write off of the price difference of - € 2,0 million on the acquisition of the shares of the companies MGMF Limburg sa (owner of the logistic site in Houthalen) and West-Logistics sa (owner of the logistic site in Oevel) on 1 July 2011. IFRS 3 is not applied on these acquisitions.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** amounts in 2011 to - € 12,0 million (- € 9,5 million). The increase of the net interest charges of € 2,5 million comes from the issuance of the bond loan in June 2010 at an interest rate of 5,1 % and from the acquisition of three logistic sites in 2011 for a total investment amount of € 43 million.

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, according to IAS 39 cannot be classified as cash flow hedging instrument, for an amount of - € 4,2 million (€ 0,7 million).

[13] Based on an unchanged composition of the real estate portfolio (excluding investments in financial year 2011).

For financial year 2011, the average interest rate of the credit facilities of the property investment fund amounts to 4,6 % (4,0 %) including bank margins.

For financial year 2011, the net result of Intervest Offices & Warehouses amounts to € 18,0 million (€ 20,0 million) and can be divided in:

- the **operating distributable result** of € 21,7 million (€ 28,0 million). This decrease comes mainly from the decrease in rental income through the one-time income in 2010 of a part of the indemnity received from Tibotec-Virco, from the rise of property charges and from the increase of financing costs of the property investment fund
- the **result on portfolio** of - € 0,1 million (- € 8,7 million) resulting mainly on the one hand from the positive changes in fair value of investment properties of € 2,3 million and, on the other hand, from the immediate write off of the price difference of - € 2,0 million on the acquisitions of the shares of the companies MGMF Limburg sa and West-Logistics sa
- **changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)** for an amount of - € 4,2 million (€ 0,7 million)
- **other non-distributable elements** for € 0,6 million (€ 0 million) related to the operating result of the subsidiaries MGMF Limburg sa and West-Logistics sa for the period as from 1 July 2011 to 27 October 2011. Through the merger by absorption with the property investment fund, which took place on 27 October 2011, the operating results can be distributed from this date.

In 2011, the **operating distributable result** of Intervest Offices & Warehouses amounts to € 21,7 million (€ 28,0 million). Given the 13.907.267 shares and after the adjustment of the dividend for the change of the valuation rule, this represents for financial year 2011 a **gross dividend** of € 1,73 per share compared to € 1,83 in 2010. This is a decrease of the dividend of 5 % per share. This gross dividend offers the shareholders of the property investment fund a gross dividend yield of 9,5 % based on the closing price of the share on 31 December 2011.

The gross dividend of Intervest Offices & Warehouses has decreased in 2011 to € 1,73 per share (€ 1,83 in 2010).

Balance sheet

in thousands €	31.12.2011	31.12.2010[1]
Assets		
Non-current assets	581.672	526.959
Current assets	12.462	5.644
TOTAL ASSETS	**594.134**	**532.603**
Shareholders' equity and liabilities		
Shareholders' equity	**284.018**	**288.869**
Share capital	126.729	126.729
Share premium	60.833	60.833
Reserves	78.398	81.289
Net result of the financial year	18.018	19.977
Minority interests	40	41
Non-current liabilities	**264.426**	**177.239**
Current liabilities	**45.690**	**66.495**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**594.134**	**532.603**

Data per share	31.12.2011	31.12.2010[1]
Number of shares entitled to dividend	13.907.267	13.907.267
Net asset value (fair value) (€)	20,42	20,77
Net asset value (investment value) (€)	21,37	21,75
Share price on closing date (€)	18,15	23,49
Premium (+) /discount (-) to net asset value (fair value) (%)	-11 %	13 %
Debt ratio (max. 65 %)	49,9 %	43,0 %

Assets

Non-current assets consist mainly of the investment properties of Intervest Offices & Warehouses. In 2011, the fair value of the real estate portfolio increases by € 55 million and amounts to € 581 million on 31 December 2011 (€ 527 million on 31 December 2010). This increase is the combined effect of:

- the acquisition of three logistic sites, with a total fair value of € 43 million (Huizingen, Houthalen and Oevel)
- the extension of the logistic site Herentals Logistics 2 through the construction of warehouse space, offices and a mezzanine, for already € 9 million
- investments in the existing real estate portfolio for € 5 million, mainly for € 4 million in Herentals Logistics 1 for renovation works and for € 1 million in 3T Estate in Vilvorde
- the increase in fair value of the existing real estate portfolio of € 2 million or approximately 1 % (excluding investments of financial year 2011) compared to the total fair value on 31 December 2010 due the letting of the logistic site Herentals Logistics 2 to Nike Europe and the letting of office spaces and laboratories in Intercity Business Park to Biocartis and Galapagos
- the sale of a non-strategic semi-industrial complex located in Sint-Niklaas, known as "Eigenlo", with a book value of € 4 million.

Current assets amount to € 12 million and consist mainly of € 4 million in assets held for sale, being the semi-industrial building Eigenlo in Sint-Niklaas, of € 2 million in trade receivables, of € 4 million in tax receivables and other current assets and of € 2 million in deferred charges and accrued income.

As a result of strict credit control, the number of days of outstanding customers' credit at 31 December 2011 is only 12 days.

On 31 December 2011, the fair value of the real estate portfolio amounts to € 581 million.

Liabilities

The **shareholders' equity** of the property investment fund amounts to € 284 million. The **share capital** (€ 127 million) and the **share premium** (€ 61 million) are unchanged to previous year. The total number of shares entitled to dividend amounts to 13.907.267 units on 31 December 2011.

The **reserves** of the company amount to € 78 million (€ 81 million) and consist mainly of:

- the reserve for the balance of the changes in fair value of real estate properties for € 73 million (€ 82 million) composed of the reserve for the balance of the changes in the investment value of real estate properties for € 86 million (€ 95 million), and the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties. Indeed, 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 2011, this difference amounts to - € 13 million (- € 13 million)
- a reserve for the balance of the changes in fair value of authorised hedging instruments that are subject to hedge accounting for an amount of - € 1 million (- € 3 million)
- results carried forward from previous financial years for € 6 million (€ 3 million) subject to distribution (see note 13 of the financial report). The increase comes mainly from the change of the valuation rule (see Important developments of 2011)

On 31 December 2011, the **net asset value** (fair value) of the share is € 20,42. As the share price on 31 December 2011 of the Interest Offices & Warehouses' share is € 18,15, the share is quoted on closing date with a discount of 11 % compared to the net asset value (fair value).

Non-current liabilities comprise mainly non-current financial liabilities for an amount of € 259 million (€ 175 million). These consist of € 185 million long-term bank financings of which the expiry date falls after 31 December 2012 and of the bond loan issued in June 2010 for an amount of € 74 million. Non-current liabilities also comprise the other non-current financial liabilities representing the negative market value of € 5 million of the cash flow hedges which the property investment fund has concluded to hedge the variable interest rates of the non-current financial debts.

Current liabilities amount to € 46 million (€ 66 million) and consist mainly of € 34 million current financial debts (short-term financings progressing each time), of € 3 million trade debts and of € 8 million accrued charges and deferred income.

The **debt ratio** of the property investment fund increases on 31 December 2011 by 7 % compared to 31 December 2010 mainly as a result of the acquisition of three logistic sites (Huizingen, Houthalen and Oevel) and the extension of the logistic site Herentals Logistics 2 for a total amount of € 52 million, financed with borrowed capital. The debt ratio amounts to 49,9 % (calculated in accordance with the Royal Decree of 7 December 2010).

Intervest Offices & Warehouses does not need to carry out any major refinancing of its credit facilities in 2012 and 2013.

Financial structure

Characteristics financial structure

On 31 December 2011, Intervest Offices & Warehouses has a thorough financial structure allowing it to continue to carry out its activities in 2012 and to meet its commitments.

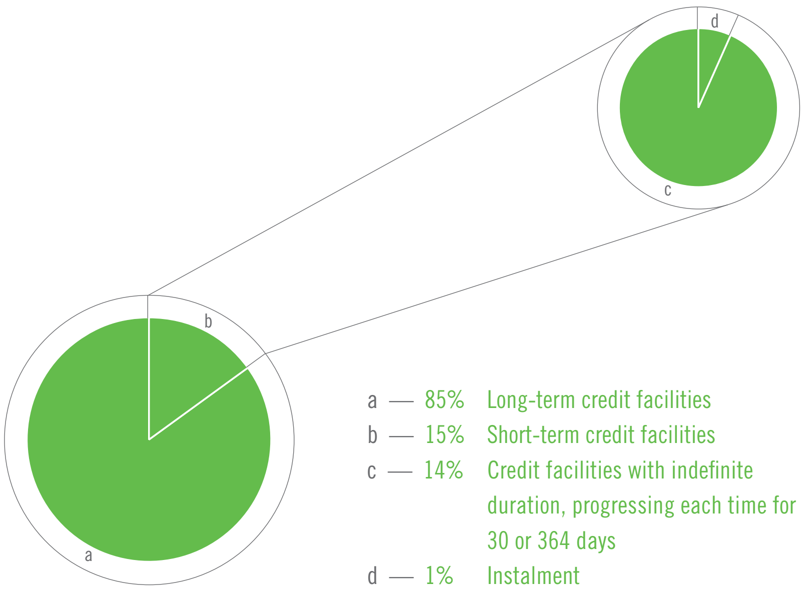
The most important characteristics of the financial structure at the end of 2011 are:

- amount of financial debts: € 293 million (excluding the market value of financial derivatives)
- 85 % long-term financings with an average remaining duration of 3,7 years
- spread of maturity dates of credit facilities between 2012 and 2022
- spread of credit facilities over 5 European financial institutions and bondholders
- € 31 million available non-withdrawn credit lines
- 60 % of the credit lines have a fixed interest rate, 40 % have a variable interest rate. 66 % of the withdrawn credit facilities have a fixed interest rate and 34 % a variable interest rate (situation on 2 January 2012)
- interest rates are fixed for a remaining average period of 4,0 years
- market value of financial derivatives: € 5 million negative
- average interest rate for 2011: 4,6 % including bank margins (4,0 % in 2010)
- debt ratio of 49,9 % (legal maximum: 65 %) (43,0 % on 31 December 2010)

Balance between long-term and short-term financing

On 31 December 2011, 85 % of the credit lines of Intervest Offices & Warehouses are long-term financings. 15 % of the credit lines are short-term financings, with 14 % consisting of financings with an unlimited duration progressing each time for 30 or 364 days (€ 47,5 million) and 1 % being an instalment on an investment credit facility.

Duration of credit facilities



a — 85% Long-term credit facilities
b — 15% Short-term credit facilities
c — 14% Credit facilities with indefinite duration, progressing each time for 30 or 364 days
d — 1% Instalment

85 % of the credit lines are long-term financings.

The weighted average remaining duration of the long-term credit facilities amounts to 3,7 years on 31 December 2011.

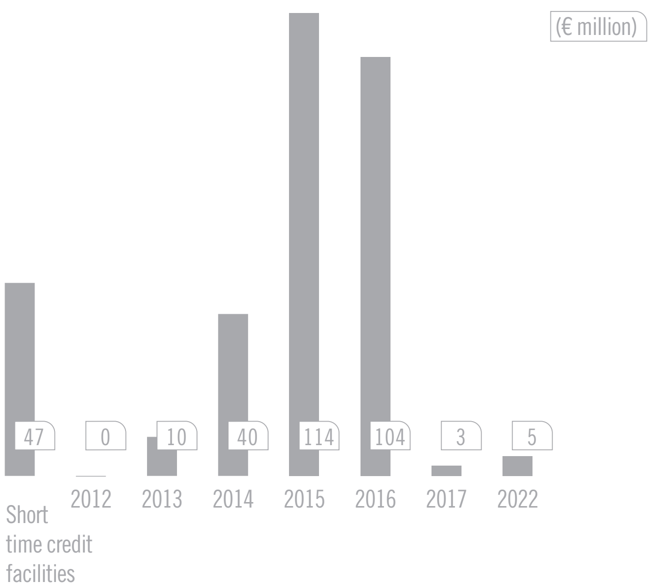
Duration and spread of the expiry dates of long-term credit facilities

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

In concrete terms, the property investment fund has renegotiated in the financial year 2011 with its bankers four long-term credit facilities for a total amount of € 130 million, which expired in 2011 or at the beginning of 2012. The new credit facilities, with existing and new bankers, have durations between 3 and 5 years and are concluded at conditions and covenants conform the market. The weighted average remaining duration of the long-term credit facilities is herewith 3,7 years on 31 December 2011.

On 31 December 2011, the expiry calendar of the credit facilities, including the bond loan of € 75 million expiring on 29 June 2015, gives the below image. The first expiring credit facility of the property investment fund is only in December 2013 (€ 10 million) as a result of which Intervest Offices & Warehouses does not need to carry out any major refinancing of its credit facilities in the next two years.

Expiry calendar of credit facilities



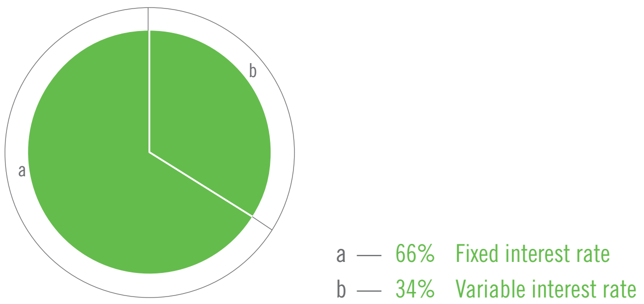
The credit facility portfolio of Intervest Offices & Warehouses is spread over 5 European financial institutions and bondholders.

Percentage credit facilities with fixed and variable interest rate

When composing the loan portfolio, the strategy of Intervest Offices & Warehouses 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 2011, only 35 % of the credit lines of the property investment fund consist of financing with a fixed interest rate or fixed by interest rate swaps, 65 % have a variable interest rate. Indeed, on 18 December 2011 and on 30 December 2011, 2 interest rate swaps for a total amount of € 120 million expired. However, on 2 January 2012 new interest rate swaps have taken effect for an amount of € 80 million, so that 60 % of the credit lines of the property investment fund have a fixed interest rate or are fixed by interest rate swaps and 34 % a variable interest rate.

Percentage credit facilities



66 % 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 & Warehouses consists in concluding always one-third of its credit facilities with a variable interest rate.

To protect its operating distributable results against fluctuations of interest rates, Intervest Offices & Warehouses has concluded in 2011 three forward interest rate swaps to hedge a credit amount of € 30 million at an average of 2,29 % with durations of 5 and 6 years, starting on 2 January 2012 (see note 20 of the financial report). Herewith the interest rates on the credit facilities of the property investment fund are fixed for an average remaining duration of 4,0 years.

Average interest rates

The total average interest rate of the financial debts of the property investment fund increases in 2011 to 4,6 % including bank margins (2010: 4,0 %).

For 2011, the average interest rate for the non-current financial debts amounts to 4,8 % (2010: 4,6 %).
For 2011, the average interest rate for the current financial debts amounts to 2,5 % (2010: 3,0 %).

Available credit lines

On 31 December 2011, the property investment fund still has € 31 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 2011.

Interest rate sensitivity

For financial year 2011, the effect on the operating result of a (hypothetical) increase in interest rate by 1 % gives a negative result of approximately € 1 million (2010: € 0,4 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 & Warehouses, this ratio amounts to 2,88 for financial year 2011 (3,95 for the financial year 2010), which is significantly better than the required 2 to 2,5, which is agreed as a covenant in the financing agreements of the property investment fund.

Debt ratio

On 31 December 2011, the debt ratio of the property investment fund amounts to 49,9 % (43,0 % on 31 December 2010). The increase of the debt ratio is mainly due to the financing with borrowed capital of the growth of the real estate portfolio of the property investment fund.

At the general meeting of shareholders on 25 April 2012, it shall be proposed that a gross dividend of € 1,73 per share be distributed.

Profit distribution 2011

The board of directors proposes to distribute the result for financial year 2011 of Intervest Offices & Warehouses as follows:

in thousands €	
Net result for financial year 2011[14]	**17.794**
ALLOCATION TO/TRANSFER FROM RESERVES	
Allocation to/transfer from the reserves for the balance of changes in fair value[15] of real estate:	
- Financial year	-1.882
- Disposal of investment properties	34
Transfer from the reserve of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties	1.363
Transfer from the reserve for the balance of changes in fair value of authorised hedging instruments that are not subject to hedge accounting	4.175
Transfer from other reserves	223
Transfer from results carried forward from previous years	2.353
Remuneration of capital	**24.060**

The remuneration of capital equals to a net dividend of € 1,37 after deduction of 21 % withholding tax. Taking into account the 13.907.267 shares that will participate in the full result of the financial year, this means that a dividend of € 24.059.572 is available for distribution.

Pursuant to the Act of 28 December 2011 containing miscellaneous provisions (Belgian Official Gazette 30 December 2011, taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds is increased from 15 % to 21 % (except certain exemptions or increases).

The dividend is higher than the required minimum of 80 % of the operating distributable result since, pursuant to its policy, Intervest Offices & Warehouses will distribute 100 % of the operating distributable result in 2011. Furthermore, Intervest Offices & Warehouses will also distribute the additional operating distributable result allocated to the dividend pay-out of the financial year 2011 due to the change in the valuation rule.

The dividend is payable from 25 May 2012. As far as bearer shares are concerned, payments may be collected by presenting dividend coupon no. 13.

[14] As legally speaking only the operating distributable profit 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 13 of the financial report).
[15] Based on the changes in the investment value of investment properties.

Puurs Logistic Center
Storage hall: 41.890 m²
Offices: 1.600 m²
Puurs

Forecast for 2012

Despite the current economic uncertainties, Intervest Offices & Warehouses is confident regarding 2012.

On the one hand, the available spaces in the real estate portfolio of the property investment fund form a competitive position in their market segment and offer therefore an important capacity for new lettings. Also in these difficult market circumstances, Intervest Offices & Warehouses remains a competitive partner in the market, having its own commercial team which has a thorough knowledge of the local market situation.

On the other hand, the property investment fund is optimistic regarding the termination of its lease contracts. The expiring lease contracts, which are most of the time linked to negotiations of rental conditions, are relatively limited (approximately 5 % of rental income). Intervest Offices & Warehouses expects that the majority of these contracts will be prolonged. In some cases rental incentives will be granted in order to extend the lease contracts. Where possible, the term of the contract will be prolonged to a six-year minimum duration. The property investment fund estimates to keep the current occupancy rate during 2012.

In 2012, Intervest Offices & Warehouses will further profile itself as provider of turn-key housing solutions. This will be combined with purposeful initiatives regarding marketing and publicity. In the field of sustainability, the "greening" will continuously be pursued and priority will be given to a program to optimize refrigerating systems.

Thanks to an active asset management and to the necessary flexibility, the operating management of Intervest Offices & Warehouses achieves to respond to the expectations regarding the housing solutions of tenants and to guarantee herewith the continuity of the lease contracts.

On the level of financing Intervest Offices & Warehouses is in a comfortable position. On short term there are hardly any refinancing obligations. The next credit facility of the property investment only expires in December 2013 (€ 10 million), so that the property investment fund does not need to carry out any major refinancing of its credit facilities within the coming two years.

In 2012, Intervest Offices & Warehouses will be on the buyer's side in the investment market. When acquiring new properties the property investment fund might focus by preference on logistic real estate. Some of less strategic buildings might also be sold if the market circumstances allow so.

As a result of the change of the valuation rules of the property investment fund and because of the current economic climate, Intervest Offices & Warehouses has decided to modify the distribution policy of the dividend as from financial year 2012 (dividend to be paid in 2013). The distribution percentage will lie between 80 % and 100 % of the operating distributable result, in function of received indemnities for early termination of lease contracts and other compensations for rental damage.

03

Report on the share

On 31 December 2011, the share price of the Intervest Offices & Warehouses' share is € 18,15, offering its shareholders a gross dividend yield of 9,5 %.

(PAGE 73)


Mechelen Business Tower - Malines - 12.917 m²


TTC641

Stock market information

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

In 2011 the share price of Intervest Offices & Warehouses closed the financial year at € 18,15 compared to € 23,49 on 31 December 2010. The share price of the property investment fund has been subject to a downward evolution of approximately 23 %. The lowest closing share price reaches € 17,42 (21 December 2011) and the highest closing share price € 25,75 (6 April 2011).

During financial year 2011, the share of Intervest Offices & Warehouses has quoted with a premium till the fourth quarter, whereupon through the further decrease of the share price, it has quoted with a discount. On 31 December 2011 the discount of the share is 11 % compared to the net asset value (fair value).

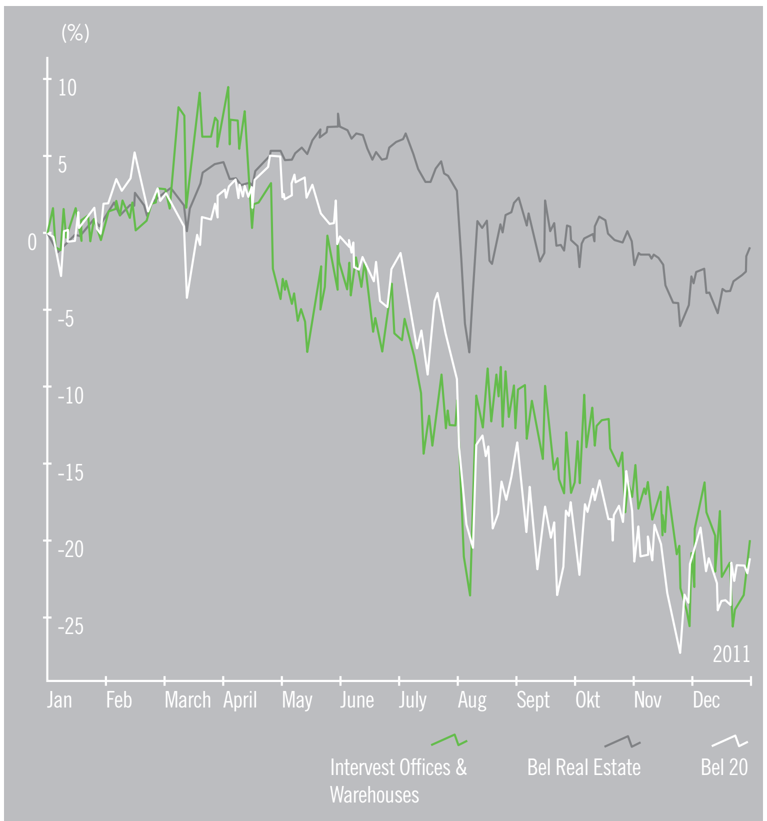
The net asset value of Intervest Offices & Warehouses includes the 2010 dividend up to the payment date on 21 April 2011.

Evolution of share price
Intervest Offices & Warehouses

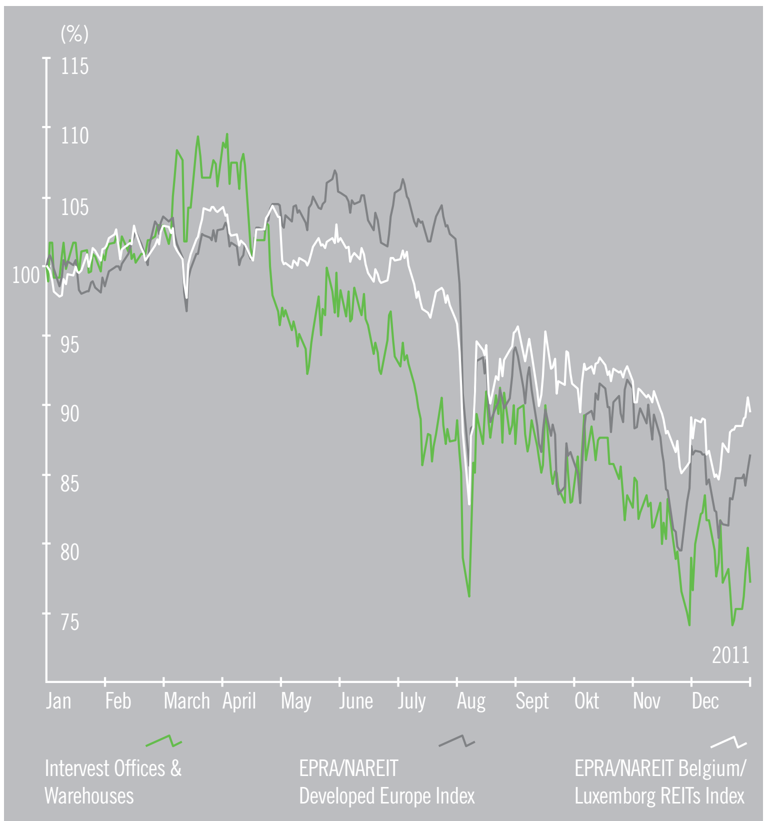
Premium/discount
Intervest Offices & Warehouses

The share of Intervest Offices & Warehouses has fluctuated during 2011 along with the BEL 20 but has performed lesser than the BEL Real Estate.

During 2011, the share of Intervest Offices & Warehouses has fluctuated along with EPRA/NAREIT Developed Europe-index and with the EPRA/NAREIT Belgium/ Luxembourg REITs index.



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



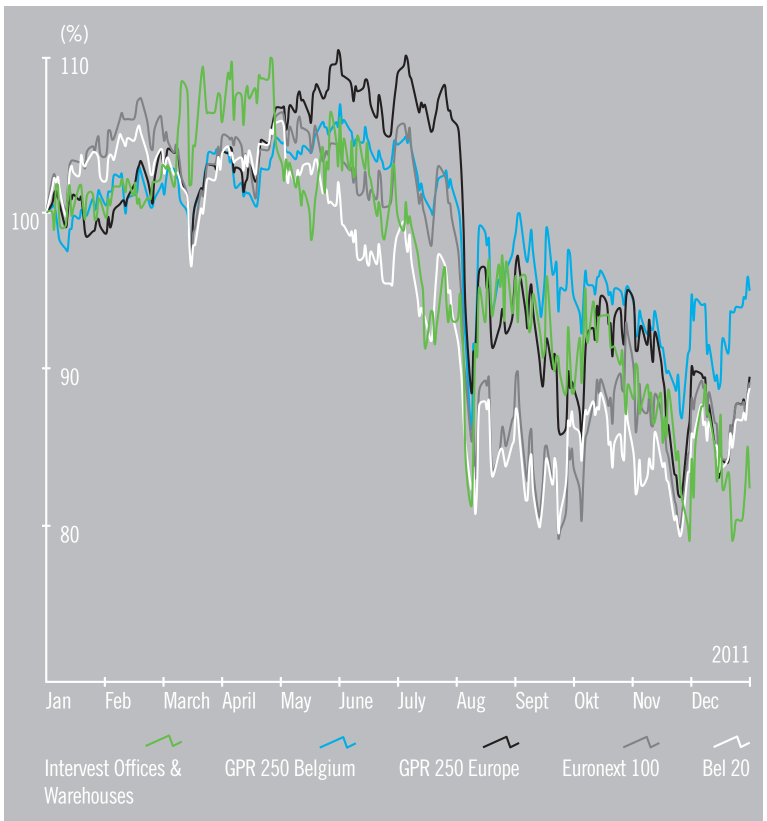
Comparison of Intervest Offices & Warehouses with Epra/Nareit index

This graph shows that in 2011 Intervest Offices & Warehouses has fluctuated along with the GPR 250 Europe index, the GPR 250 Belgium index and the Euronext 100 index.

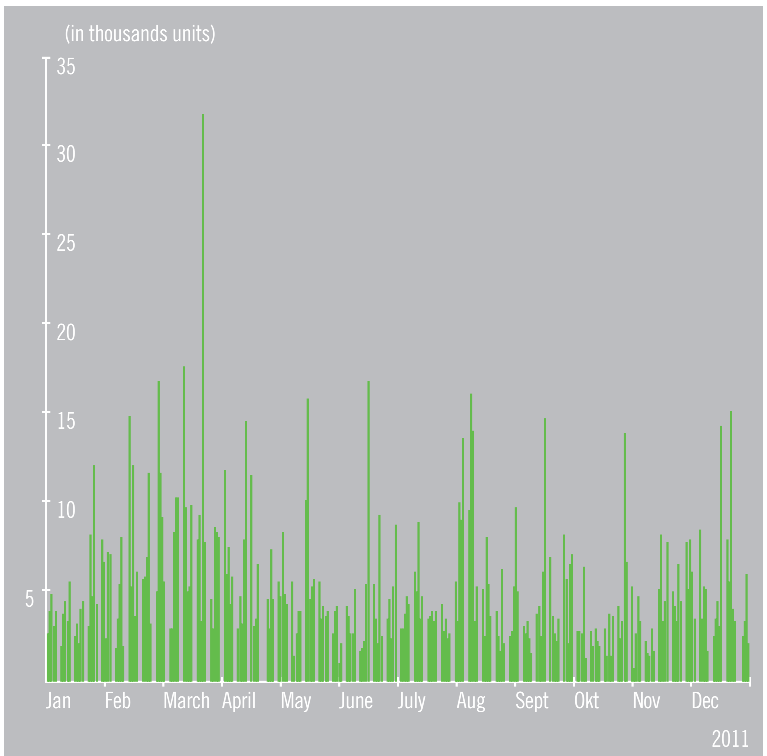
Additional information over the indexes can be obtained from Euronext Brussels for the Euronext 100 and Bel 20 and from Global Property Research (www.propertyshares.com) regarding the GPR 250 Europe and GPR 250 Belgium.

In 2011, the traded volumes, with an average of 5.206 shares per day, are slightly higher than in 2010 (an average of 4.963 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.



Comparison of Intervest Offices & Warehouses with GPR indices



Traded volumes Intervest Offices & Warehouses

On 31 December 2011, the share price of the Intervest Offices & Warehouses' share is € 18,15, offering its shareholders a gross dividend yield of 9,5 %.

Dividend and number of shares

	31.12.2011	31.12.2010	31.12.2009
Number of shares at the end of the period	13.907.267	13.907.267	13.907.267
Number of shares entitled to dividend	13.907.267	13.907.267	13.907.267

Share price (in €)	31.12.2011	31.12.2010	31.12.2009
Highest closing share price	23,49	24,49	26,00
Lowest closing share price	17,42	19,80	16,66
Share price on closing date	18,15	23,49	21,90
Premium (+) / discount (-) to net asset value (fair value) (%)	-11%	14%	2%
Average share price	21,75	22,46	20,54

Data per share (in €)	31.12.2011	31.12.2010	31.12.2009
Net asset value (fair value)	20,42	20,77	21,39
Net asset value (investment value)	21,37	21,75	22,37
Gross dividend	1,73	1,83	2,15
Net dividend[16]	1,37	1,56	1,83
Gross dividend yield (%)	9,5 %	7,8 %	9,8 %
Net dividend yield (%)	7,5 %	6,6 %	8,4 %

[16] Pursuant to the Act of 28 December 2011 containing miscellaneous provisions (Belgian Official Gazette 30 December 2011, with effect from 1 January 2012), the withholding tax on dividends of public property investments funds is increased from 15 % to 21 % (except certain exemptions or increases).

Shareholders

On 31 December 2011, the following shareholders are known to the company:

Name	Voting rights directly held	% voting rights directly held
NSI Group	**7.612.260 shares**	**54,7 %**
NSI sa, Kruisweg 661-665, NL - 2132 NC Hoofddorp - The Netherlands (parent company of NSI Beheer II bv which in its turn controls VastNed Offices Benelux Holding bv - VastNed Offices Benelux Holding bv also controls in its turn VastNed Offices Belgium Holdings bv which controls in its turn Belle Etoile sa)	0 shares	0 %
VastNed Offices Benelux Holding bv, Kruisweg 661-665, NL - 2132 NC Hoofddorp	7.587.654 shares	54,5 %
Belle Etoile sa, Uitbreidingstraat 18, 2600 Berchem-Antwerp, Belgium	24.606 shares	0,2 %
Public	**6.295.007 shares**	**45,3 %**
Total	**13.907.267 shares**	**100 %**

In application of articles 14 and 29 of the Law of 2 May 2007 on the Disclosure of Important Shareholdings in Listed Companies, VastNed Offices Benelux Holding bv and Belle Etoile sa (both companies are finally controlled by NSI sa) sent a notice to Intervest Offices & Warehouses sa. These "NSI sa" notification forms are published on the website, www.intervestoffices.be.

In application of article 74 of the Law on Public Takeover Bids of 1 April 2007, VastNed Offices Benelux Holding bv and Belle Etoile sa will also still communicate to the FSMA on 1 September 2012 that they trade mutually and jointly hold more than 30% of the shares of Intervest Offices & Warehouses.

Puurs Logistic Center ▶
Storage hall: 41.890 m²
Offices: 1.600 m²
Puurs

Financial calendar

Announcement of annual results as at 31 December 2011:	Tuesday 14 February 2012
General meeting of shareholders:	Wednesday 25 April 2012 at 4.30 pm
Dividend payable:	
- Ex-date dividend 2011	Monday 30 April 2012
- Record date dividend 2011	Thursday 3 May 2012
- Payment dividend 2011	as from Friday 25 May 2012
Interim statement on the results as to 31 March 2012:	Monday 7 May 2012
Half-yearly financial statement as at 30 June 2012:	Tuesday 31 July 2012
Interim statement on the results as at 30 September 2012:	Friday 26 October 2012

Intervest Offices & Warehouses
has 17 office locations
and 20 logistic properties
in portfolio.

(PAGE 82)

Huizingen - Storage hall: 15.902 m²
Offices: 1.899 m²

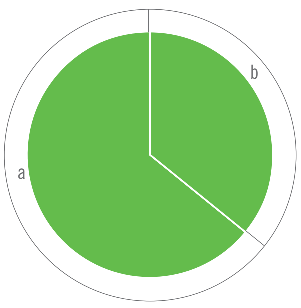
On 31 December 2011 the real estate portfolio has a surface area of 627.096 m².

Composition of the portfolio

31 December 2011

Regions	Office 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	163.093	167.170	11.857	13.393	89 %
E 19 (incl. Malines)	104.281	11.516	165.580	169.720	11.722	15.465	76 %
Antwerp	27.289	1.153	41.737	42.780	3.871	3.947	98 %
Total offices	**215.958**	**15.151**	**370.410**	**379.670**	**27.450**	**32.805**	**84 %**
Logistic properties							
Antwerp (incl. Malines) (A12, E19)	6.670	165.962	91.982	94.363	6.818	7.924	86 %
Antwerp-Liège (E313)	15.198	165.656	87.861	90.058	6.997	7.204	97 %
Brussels	6.649	35.852	31.052	31.828	2.386	2.643	90 %
Total logistic properties	**28.517**	**367.470**	**210.895**	**216.249**	**16.201**	**17.771**	**91 %**
TOTAL INVESTMENT PROPERTIES	**244.475**	**382.621**	**581.305**	**595.919**	**43.651**	**50.576**	**86 %**

Nature of the portfolio

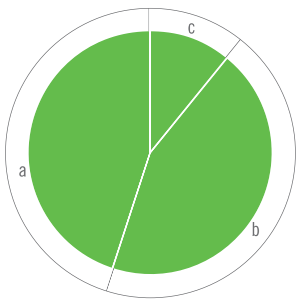


a — 64% Office buildings
b — 36% Logistic buildings

On 31 December 2011, the portfolio consists of 64 % in offices and 36 % in logistic properties, which is a change compared to the situation on 31 December 2010 (69 % offices and 31 % logistic properties) through the acquisition of the logistic sites in Houthalen, Oevel and Huizingen on the one hand and the construction of Herentals Logistics 2 and on the other hand the sale of a semi-industrial property in Sint-Niklaas.

Geographic spread of the portfolio

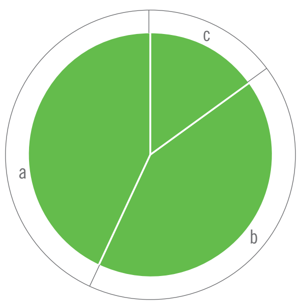
Offices



a — 45% E19 (incl. Malines)
b — 44% Brussels
c — 11% Antwerp

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

Logistic properties

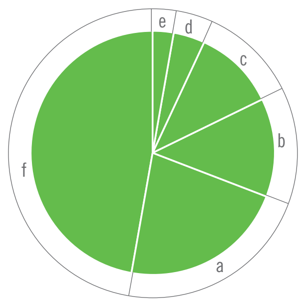


a — 43% Antwerp - Malines (A12, E19)
b — 42% Antwerp - Liège (E313, E34, E314)
c — 15% Brussels

85 % of the logistic 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 the properties are in the centre of the country, in the area of Brussels.

Sector spread of the portfolio

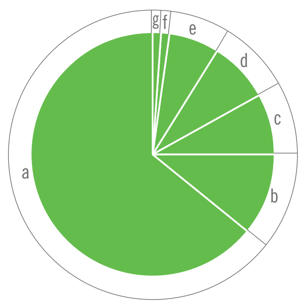
Offices



a — 22% Technology, research and development
b — 13% Healthcare
c — 11% Trade
d — 4% Automobile industry
e — 3% Financial services
f — 47% Other services

The tenants are well spread over different economic sectors which reduces the risk of vacancy in case of fluctuations of the economy which could hit some sectors more than others.

Logistic properties



a — 64% Logistics
b — 11% Trade
c — 8% Production
d — 8% Other services
e — 7% Government
f — 1% Mail and Telecommunication
g — 1% Healthcare

Approximately 36 % of the logistic 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

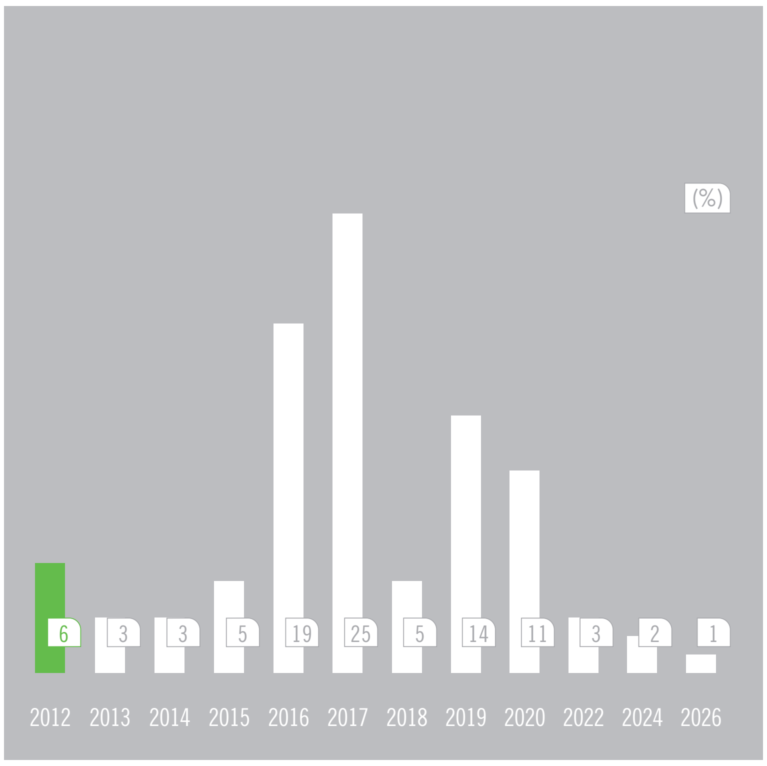
The expiry dates are well spread over the coming years. Only 12 % of the lease contracts have an expiry date in the coming 3 years, while it was nearly twice as much on 31 December 2010 when it reached 22 %.

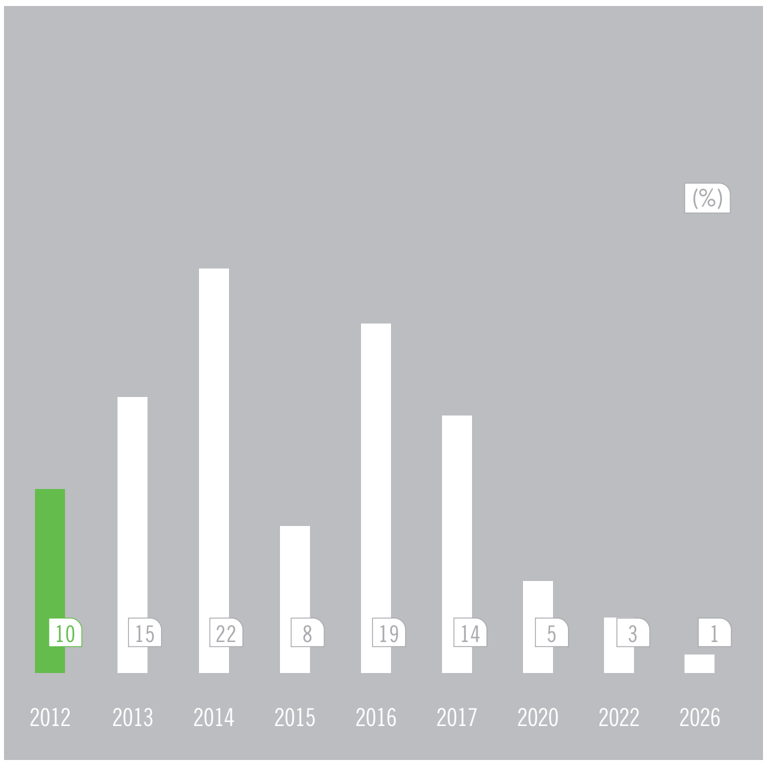
First interim expiry date of the lease contracts of the entire portfolio

As most contracts are of the type 3/6/9, the tenants have the possibility to end 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 graph below shows the worst case scenario which is further analysed and explained in the following graphs.

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



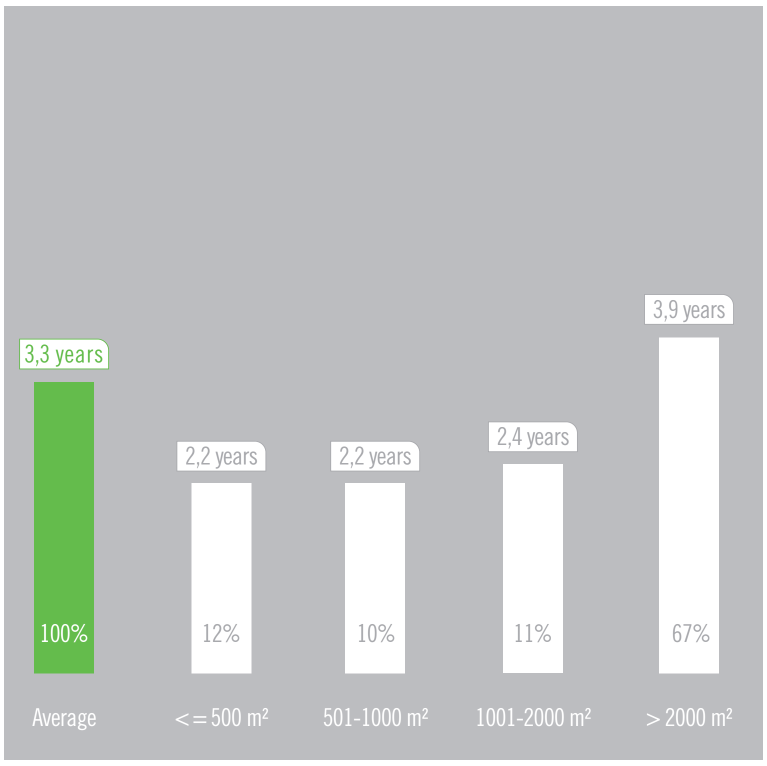


On 31 December 2011, the average remaining duration of the lease contracts in the office portfolio is 3,3 years, a slight decrease compared to the situation on 31 December 2010. For spaces above 2.000 m², it is 3,9 years.

For the logistic portfolio, the average remaining duration of the lease contracts with a surface above 10.000 m² is 4,9 years.

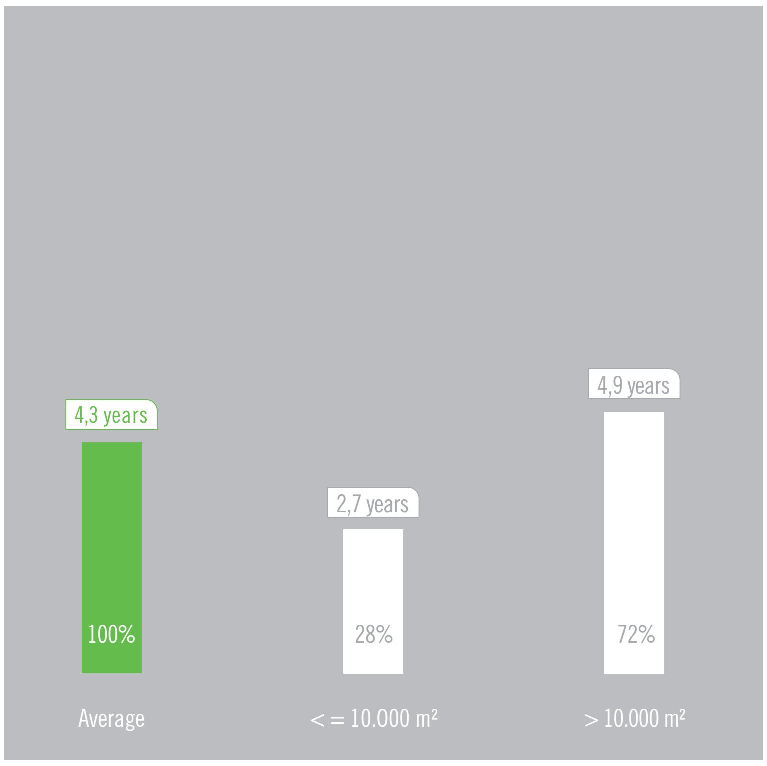
Average duration of the office lease contracts until the next expiry date

For offices, the average rental period (starting from 1 January 2012) until the next expiry date is 3,3 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 2012) is only about 3,9 years. The lease contracts, expiring in the period 2012 - 2014, are thus mainly smaller spaces, representing a more limited risk to the total rental income of Intervest Offices & Warehouses.



Average duration of the logistic lease contracts until the next expiry date

For the logistic properties the average duration of the lease contract until the next expiry date is 4,3 years on 31 December 2011, which is an important increase compared to 31 December 2010 when it reached 3,6 years. For important tenants (above 10.000 m² in storage halls) the next expiry date is only within 4,9 years, while it still reached 4,5 years on 31 December 2010. Moreover, the share of these tenants (above 10.000 m²) increases from 60 % on 31 December 2010 to 72 % on 31 December 2011.



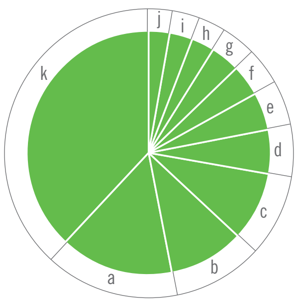
Intervest Offices & Warehouses has 17 office locations and 20 logistic properties in portfolio.

Risk spread of buildings by size[17]

Intervest Offices & Warehouses 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.

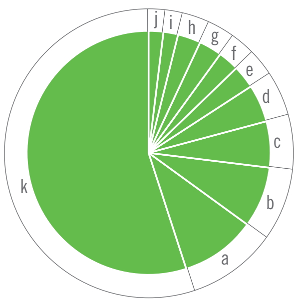
Mechelen Business Tower, which represents approximately 5 % of the total portfolio, is the most important entity of the property investment fund.



a — 15% Mechelen Campus
b — 10% Woluwe Garden
c — 9% Intercity Business Park
d — 6% Herentals Logistics 1 and 2
e — 5% Mechelen Business Tower
f — 4% Puurs Logistic Center
g — 4% Deloitte Campus 1
h — 3% Deloitte Campus 2
i — 3% Gateway House
j — 3% Wilrijk Neerland 1 and 2
k — 38% Other

Risk spread by tenants[18]

The rental income of Intervest Offices & Warehouses is spread over almost 200 different tenants, limiting the debtor's risk of Intervest Offices & Warehouses and improving the stability of the rental income. The ten most important tenants represent 45 % of the rental income, and are, with the exception of the European Commission, all prominent companies in their sector and part of international groups.



a — 10% PricewaterhouseCoopers
b — 8% Deloitte
c — 6% Hewlett-Packard Belgium (EDS Belgium)
d — 5% Fiege
e — 3% UTI Belgium
f — 3% PGZ Retail Concept
g — 3% Pharma Logistics
h — 3% Nike Europe
i — 2% European Commission
j — 2% Ceva Logistics
k — 55% Other

[17] Classification according to the value of the buildings.

[18] Classification according to the annual rental income.

Woluwe Garden
25.074 m²
Sint-Stevens-Woluwe

Average duration in the office portfolio - risk management

Although most contracts are of the 3/6/9 type, it should be noted that a number of large contracts have a longer effective term.

Specifically for 2011, 27 contracts reached their first date of maturity (usually after three years). Of these, only 22 % have been terminated (i.e. six tenants out of a total of 27 tenants). In 2010, this figure was slightly lower, when 4 out of 22 tenants terminated their contracts. For tenants with an annual rent above € 50.000 (11 in total), only 3 tenants have terminated their contracts in 2011.

For tenants whose rental contract officially ended in 2011, 9 of the 17 lease contracts have been extended (53 %), which is slightly better than in 2010 (50 %).

In 2011, 82 contracts in total reached their date of maturity (end of contract or interim date of maturity). Of these, 62 contracts have been prolonged (76 %), which is a slight increase compared to 2010 (72 %).

The above figures indicate that the market has behaved in a more or less stable manner in 2011 as compared to 2010, though it should be noted that the figures are not yet at the same level as before the start of the financial crisis in 2008.

Under the present circumstances, a number of tenants continue to make use of opportunities currently available on the market, by which some owners are willing to rent out their property at any price whatsoever and in some cases, even at prices economically disproportionate to the construction costs. Intervest Offices & Warehouses wants to offer competitive rent levels and adapts its rental policy according to market conditions.

But Intervest Offices & Warehouses notes that, as in previous years and due to the continuing economic uncertainty, a number of companies are often reluctant to move, unless the high (both direct and indirect) relocation costs are offset by a significantly lower rental price, as mentioned above. Considering that rents in the periphery have been constantly under pressure since 2001 and properties are being rented out at very competitive terms for several years now, the earlier rent levels have remained reasonably stable in most cases.

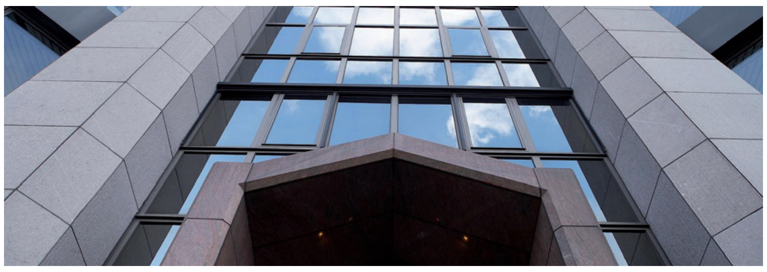
In addition, in 2011, Intervest Offices & Warehouses has further developed its plans to be more responsive to the needs of existing or new tenants, by assisting them in setting up their offices and delivering turnkey investment projects. With this, Intervest Offices & Warehouses visualises its role as one that is considerably broader than merely that of an owner-lessor of office buildings or logistic spaces. For this, not just renting space, but offering a housing solution and providing an overall service with the help of its specialised team of twelve people, are of central importance.

Hence, it may be concluded that, through its active asset management practices and by building in the necessary flexibility in its operations, Intervest Offices & Warehouses has succeeded in responding to the housing expectations of sitting tenants, therefore ensuring the continuity of the lease contracts.

On 31 December 2011
the rental yield of the portfolio
amounts to 7,3 %.

Overview of the real estate portfolio

	31.12.2011	31.12.2010	31.12.2009	31.12.2008	31.12.2007
Investment value of investment properties (€ 000)	595.919	539.929	554.423	586.492	579.475
Current rents (€ 000)	43.651	39.453	42.043	45.983	42.842
Yield (%)	7,3 %	7,3 %	7,6 %	7,8 %	7,4 %
Current rents, including estimated rental value of vacant properties (€ 000)	50.576	46.586	47.835	48.962	46.677
Yield if fully let (%)	8,5 %	8,6 %	8,6 %	8,3 %	8,1 %
Total leasable space (m²)	627.096	535.420	540.770	539.373	505.363
Occupancy rate (%)	86 %	85 %	88 %	94 %	92 %



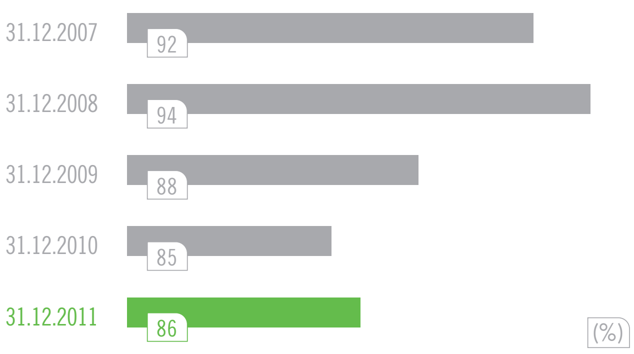
Sky Building
5.700 m²
Berchem

Sensitivity analysis

In case of a hypothetical negative adjustment of the yield used by property experts for valuing the real estate portfolio of the property investment fund (yield or capitalisation rate) with 1 % (from 7,3 % to 8,3 % on average), the fair value of the real estate portfolio would decrease by € 70 million or 12 %. That would increase the debt ratio of the property investment fund by 7 % to 57 %.

In the opposite case of a hypothetical positive adjustment of this yield by 1 % (from 7,3 % to 6,3 % on average), the fair value of the real estate would increase by € 92 million or 16 %. That would reduce the debt ratio of the property investment fund by 7 % to 43 %.

Occupancy rate



Valuation of the portfolio by property experts

On 31 December 2011, the valuation of the current real estate portfolio of Intervest Offices & Warehouses has been carried out by the following property experts:

- Cushman & Wakefield, represented by Matthias Gerits
- Jones Lang LaSalle, represented by Frank Weyers

Valuer	Valued properties	Fair value (€ 000)	Investment value (€ 000)
Cushman & Wakefield	Office buildings	370.410	379.670
Jones Lang LaSalle	Logistic properties	210.895	216.249
TOTAL		**581.305**	**595.919**

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, 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

Woluwe Garden
25.074 m²
Sint-Stevens-Woluwe

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[19]

Office locations in Belgium

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

Office locations in the Brussels periphery

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		

Mechelen Campus

Schaliënhoevedreef 20 A - J and T
2800 Malines

1

Space	60.768 m²
Year of construction	2000 - 2007

Main tenants

Borealis Polymers, Cochlear, ON Semiconductor Image Sensor, Sungard Benelux, Passage Fitness, Clear2Pay, Imperial Tobacco, Endemol, Haskoning Belgium, LBC Belgium Holding, Arkelis, Planon, MC-Square, Telenet, Mundipharma Pharmaceuticals Belgium, Quares, Prosource

1

Intercity Business Park

Generaal De Wittelaan 9 - 21
2800 Malines

2

Space	42.112 m²
Year of construction	1993 - 2000

Main tenants

Galapagos, SGS Belgium, Biocartis, Esoterix, Fanuc Robotics, Electro Rent, PAB Benelux, Niscayah, Info Support, LXE Belgium, Logins, Manpower, KBC Bank, Teugels Technologies, SMA Benelux, Xtenso, Trisoft, E-Spot, Intersafe Groeneveld Belgium, Oldelft Benelux, Trilux, DéLonghi Benelux, Van Gansewinkel, MC Beuchemie, CEWE Color, Maars Jansen Partitioning Systems, Batavus

Woluwe Garden

Woluwedal 18 - 22
1932 Sint-Stevens-Woluwe

3

Space	25.074 m²
Year of construction	2000

Tenant

PricewaterhouseCoopers

2

3

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.


4

Gateway House

Brusselsestraat 59
2018 Antwerp

5

Space	11.318 m²
Year of construction	1993 - 1994
Year of renovation	2003

Tenants
Kuwait Petroleum, Elegis, Apcoa Belgium, Thenergo, CRH Construction Accessories Europe, HTC Advocaten, DLA Piper (as from 1/4/2012)


5

Brussels 7

Nijverheidslaan 1 - 3
1853 Strombeek - Bever

6

Space	10.343 m²
Year of construction	1999 - 2002

Tenants
Whirlpool, Keyrus, Exertum, Thalia Retail Management, Staples

Park Station

Woluwelaan 148 - 150
1831 Diegem

7

Space	8.903 m²
Year of construction	2000

Tenants
Belgische Krijgsmacht F16, EURid, CED International, Hello Agency (till 31/12/2011), RAM Mobile Data

6

7

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, Health Connect

8

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.


9A

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, Technicolor, Nedelko Belgium

Inter Access Park

Pontbeekstraat 2 en 4
1700 Dilbeek (Groot- Bijgaarden)

11

Space	6.869 m²
Year of construction	2000

Tenants
Edwards Lifesciences, Mitiska Ventures, Commercial Finance Group, Sharp Electronics Belgium, Ingersoll Rand Security Technologies, Systech, KBC Bank, Phadia, Rooryck & Co, Vendis Management

11

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

12

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

13

14

Hermes Hills

Berkenlaan 6
1831 Diegem

15

Space	3.664 m²
Year of construction	1990

Tenant
Deloitte

Park Rozendal

Terhulpsesteenweg 6A
1560 Hoeilaart

16

Space	2.801 m²
Year of construction	1994
Year of renovation	2006

Tenants
Quality Business, Sysmex, Mylan

15

16

Description of the logistic properties[20]

Location of the logistic properties in Belgium

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

Location of the logistic properties on the axe Antwerp - Brussels

1A	Herentals Logistics 1	10	Intercity Industrial Park
1B	Herentals Logistics 2	11	Guldendelle
2	Puurs Logistic Center	12	Duffel Notmeir
3	Oevel	13	Aartselaar
4	Wilrijk Neerland 1 and 2	14	Schelle
5	Houthalen	15	Transportzone Meer
6	Koralenhoeve	16	Merchtem Cargo Center
7	Krekelenberg	17	Berchem-Sainte-Agathe Technology Center
8	Duffel Stocletlaan	18	Antwerpen Kaaien
9	Huizingen	19	Ragheno

Herentals Logistics 1

Atealaan 34
2200 Herentals

1A

Storage hall	32.768 m²
Offices	8.500 m²
Year of construction	1977
Year of renovation	2011

Tenants
Devoteam, Kreate, Promatic-B (Actemium), Yusen Logistics, Jamin, PBMS

Herentals Logistics 2

Atealaan 34
2200 Herentals

1B

Storage hall	40.540 m² + 8.248 m² (mezzanine)
Offices	2.206 m²
Year of construction	2008 and 2011

Tenant
Nike Europe

Puurs Logistic Center

Veurtstraat 91
2870 Puurs

2

Storage hall	41.890 m²
Offices	1.600 m²
Year of construction	2001

Tenant
Fiege

Oevel

Nijverheidsstraat 11
2260 Oevel

3

Storage hall	27.548 m²
Offices	1.711 m²
Year of construction	2007

Tenants
UTI Belgium, Berry Plastics

1A

1B

2

3

Wilrijk Neerland 1 and 2

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

4

Storage hall	28.536 m²
Offices	632 m²
Year of construction	1986 - 1989

Tenants
Ikea Belgium, VPD Transport, Transport Cordier

Houthalen

Europark 1026
3530 Houthalen

5

Storage hall	26.255 m²
Offices	740 m²
Year of construction	2001

Tenant
Caterpillar Logistic Services International

Koralenhoeve

Koralenhoeve 25
2160 Wommelgem

6

Storage hall	22.949 m²
Offices	1.770 m²
Year of construction	1998

Tenant
PGZ Retail Concept

Krekelenberg

Industrieweg 18
2850 Boom

7

Storage hall	23.663 m²
Offices	700 m²
Year of construction	2000

Tenant
CEVA Logistics

4

5

6

7

Duffel Stocletlaan

Stocletlaan 23
2570 Duffel

8

Storage hall	23.435 m²
Offices	240 m²
Year of construction	1998

Tenants
Distri-Log (till 31 December 2011), Iron Mountain Belgium

Huizingen

Gustave Demeurslaan 69 - 71
1654 Huizingen

9

Storage hall	15.902 m²
Offices	1.899 m²
Year of construction	1987 - 1993 (renovations afterwards)

Tenant
Pharma Logistics (DHL)

Intercity Industrial Park

Oude Baan 14
2800 Malines

10

Storage hall	15.000 m²
Offices	252 m²
Year of construction	1999

Tenant
Pharma Logistics (DHL)

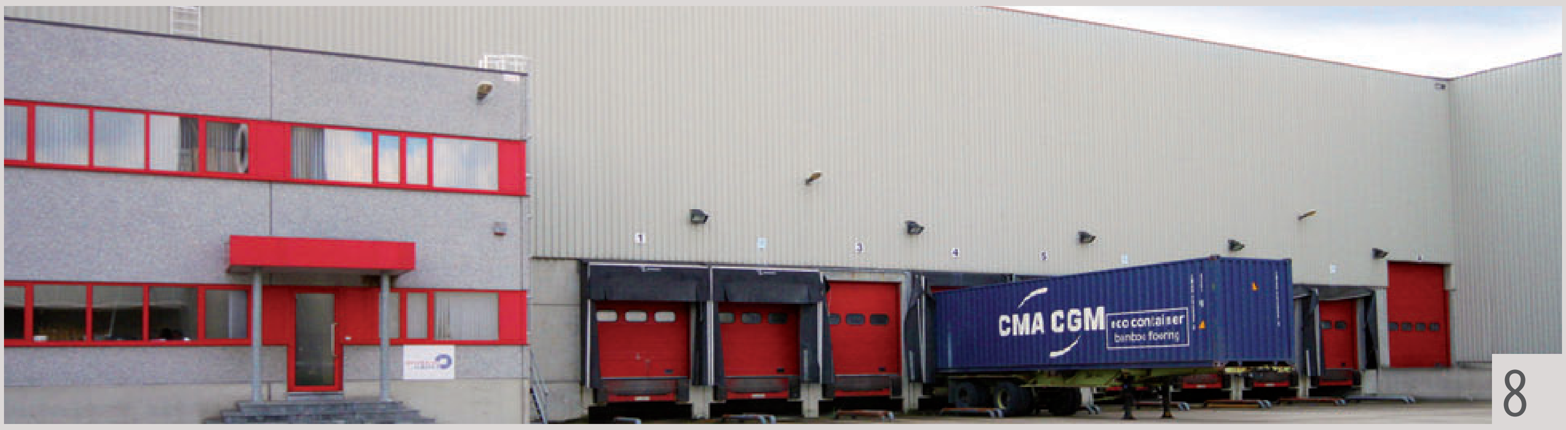
Guldendelle

Jan-Baptist Vinkstraat 2
3070 Kortenberg

11

Storage hall	10.172 m²
Offices	780 m²
Year of construction	2001 - 2002

Tenant
European Commission



8

9

10

11

Duffel Notmeir

Walemstraat 94
2570 Duffel

12

Storage hall	8.861 m²
Offices	250 m²
Year of construction	1995

Aartselaar

Dijkstraat 1A
2630 Aartselaar

13

Storage hall	7.269 m²
Offices	793 m²
Year of construction	1994

Tenant
Party Rent

Schelle

Molenberglei 8
2627 Schelle

14

Storage hall	6.400 m²
Offices	1.600 m²
Year of construction	1993

Tenants
Meiko, Trafuco, Vereniging voor Verkeersveiligheid, SD Worx, Digi-Max, Kalsbeek

Transportzone Meer

Riyadhstraat
2321 Meer

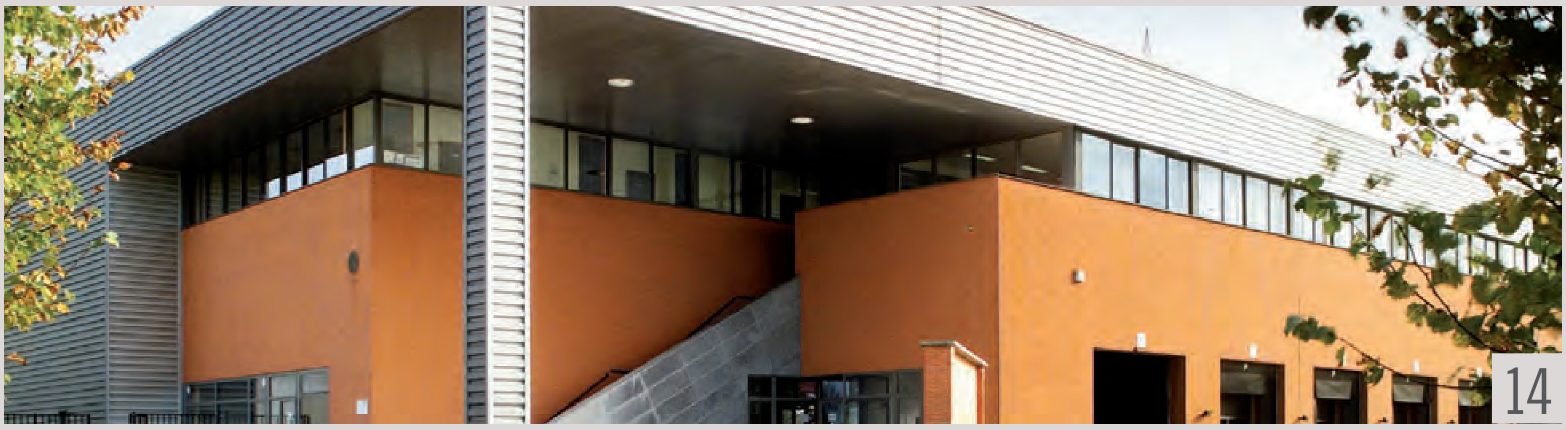
15

Storage hall	7.348 m²
Offices	271 m²
Year of construction	1990

Tenant
VPK Packaging

12

13



14

15

Merchtem Cargo Center

Preenakker 20
1785 Merchtem

16

Storage hall	6.075 m²
Offices	1.210 m²
Year of construction	1992

Tenant
MSF Supply

Berchem-Sainte-Agathe Technology Center

Rue de la Technologie 11, 15, 51, 55, 61 en 65
1082 Berchem-Sainte-Agathe

17

Storage hall	3.703 m²
Offices	2.760 m²
Year of construction	1992

Tenants
Brico Belgium, Vlaamse Gemeenschapscommissie, Amplifon Belgium

Antwerpen Kaaien

Kaaien 218 - 220
2030 Antwerp

18

Storage hall	5.500 m²
Year of construction	1997

Tenant
Waagnatie

Ragheno

Dellingstraat 57
2800 Malines

19

Storage hall	5.408 m²
Offices	603 m²
Year of construction	1998

Tenant
ThyssenKrupp Otto Wolff

16


17


18


19

05 Financial report

On 31 December 2011, the fair value of the real estate portfolio amounts to € 581 million.

(PAGE 61)

Deloitte Campus 1&2 - Diegem - 16.516 m²

Index

Consolidated income statement

in thousands €	Note	2011	2010[π]
Rental income	4	38.587	41.068
Rental-related expenses	4	-76	-94
NET RENTAL INCOME		**38.511**	**40.974**
Recovery of property charges	4	1.261	761
Recovery of rental charges and taxes normally payable by tenants on let properties	4	6.700	9.763
Costs payable by tenants and borne by the landlord for rental damage and refurbishment		-142	-72
Rental charges and taxes normally payable by tenants on let properties	4	-6.680	-9.760
Other rental-related income and expenses	4	1.296	129
PROPERTY RESULT		**40.946**	**41.795**
Technical costs	5	-940	-514
Commercial costs	5	-263	-274
Charges and taxes on unlet properties	5	-1.404	-674
Property management costs	5	-2.184	-1.738
Other property charges	5	-354	-24
PROPERTY CHARGES		**-5.145**	**-3.224**
OPERATING PROPERTY RESULT		**35.801**	**38.571**
General costs	6	-1.274	-1.054
Other operating income and costs		30	5
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**34.557**	**37.522**
Result on disposals of investment properties	8	64	464
Changes in fair value of investment properties	9	2.294	-8.525
Other result on portfolio	10	-2.478	-614
OPERATING RESULT		**34.437**	**28.847**
Financial income		72	45
Net interest charges	11	-12.070	-9.543
Other financial charges		-20	-11
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	20	-4.175	655
FINANCIAL RESULT		**-16.193**	**-8.854**
RESULT BEFORE TAXES		**18.244**	**19.993**
Taxes	12	**-227**	**-17**
NET RESULT		**18.017**	**19.976**

(continued) in thousands €	Note	2011	2010[π]
NET RESULT		**18.017**	**19.976**
Note:			
Operating distributable result	13	21.707	27.996
Result on portfolio	8-10	-120	-8.675
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	20	-4.175	655
Other non-distributable elements (subsidiaries)		605	0
Attributable to:			
Equity holders of the parent company		18.018	19.977
Minority interests		-1	-1

RESULT PER SHARE	Note	2011	2010[π]
Number of shares entitled to dividend	13	13.907.267	13.907.267
Net result (€)	13	1,30	1,44
Diluted net result (€)	13	1,30	1,44
Operating distributable result (€)	13	1,56	2,01

Consolidated statement of comprehensive income

in thousands €	Note	2011	2010[π]
NET RESULT		**18.017**	**19.976**
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	20	2.561	1.260
COMPREHENSIVE INCOME		**20.578**	**21.236**
Attributable to:			
Equity holders of the parent company		20.579	21.237
Minority interests		-1	-1

Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2011	31.12.2010[1]
Non-current assets		**581.672**	**526.959**
Intangible assets		37	47
Investment properties	14	581.305	526.680
Other tangible assets		316	218
Trade receivables and other non-current assets		14	14
Current assets		**12.462**	**5.644**
Assets held for sale	15	4.005	0
Trade receivables	15	1.687	1.726
Tax receivables and other current assets	15	4.520	1.943
Cash and cash equivalents		407	816
Deferred charges and accrued income	15	1.843	1.159
TOTAL ASSETS		**594.134**	**532.603**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2011	31.12.2010[π]
Shareholders' equity		**284.018**	**288.869**
Shareholders' equity attributable to the shareholders of the parent company		**283.978**	**288.828**
Share capital	16	126.729	126.729
Share premium	16	60.833	60.833
Reserves		78.398	81.289
Net result of the financial year		18.018	19.977
Minority interests	23	**40**	**41**
Liabilities		**310.116**	**243.734**
Non-current liabilities		**264.426**	**177.239**
Provisions	17	0	990
Non-current financial debts	19	259.143	175.407
Credit institutions		*184.650*	*101.070*
Bond loan		*74.475*	*74.325*
Financial lease		*18*	*12*
Other non-current financial liabilities	20	4.685	252
Other non-current liabilities		598	590
Current liabilities		**45.690**	**66.495**
Provisions	17	172	426
Current financial debts	19	34.018	50.606
Credit institutions		*34.012*	*50.600*
Financial lease		*6*	*6*
Other current financial liablities	20	0	2.819
Trade debts and other current debts	18	2.641	2.110
Other current liabilities	18	399	476
Accrued charges and deferred income	18	8.460	10.058
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**594.134**	**532.603**

DEBT RATIO	Note	31.12.2011	31.12.2010
Debt ratio (max. 65 %)	21	49,9 %	43,0 %

NET ASSET VALUE PER SHARE (in €)	31.12.2011	31.12.2010[π]
Net asset value per share (fair value)	20,42	20,77
Net asset value per share (investment value)	21,37	21,75

Statement of changes in consolidated equity

in thousands €	Share capital	Share premium	Legal reserves	Reserve for the balance of the change in fair value of real estate: Reserve for the balance of the changes of the investment value of real estate	Reserve for the balance of the change in fair value of real estate: Reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.
Balance at 31 December 2009	**126.729**	**60.833**	**90**	**126.864**	**-13.606**
Comprehensive income of 2010					
Transfer through result allocation 2009:					
- Transfer from result on portfolio to reserves				-32.270	
- Transfer of changes in fair value of financial assets and liabilities					
Other mutations					
Dividend financial year 2009					
Balance at 31 December 2010	**126.729**	**60.833**	**90**	**94.594**	**-13.606**
Change valuation rule[π]					
Balance at 31 December 2010[π]	**126.729**	**60.833**	**90**	**94.594**	**-13.606**
Comprehensive income of 2011					
Transfer through result allocation 2010:					
- Transfer from result on portfolio to reserves				-8.675	
- Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties				-193	193
- Transfer of changes in fair value of financial assets and liabilities					
Other mutations				-142	165
Allocation of additional result 2010 due to change in valuation rules to carried forward results					
Dividend financial year 2010					
Balance at 31 December 2011	**126.729**	**60.833**	**90**	**85.584**	**-13.248**

Reserves							
Reserve for the balance of the changes in fair value of authorized hedging instruments subject to hedge accounting	Reserve for the balance of the changes in fair value of authorized hedging instruments which are not subject to hedge accounting	Other Reserves	Results carried forward from financial years	Total reserves	Net result of the financial year[π]	Minority interests	Total shareholders' equity
-4.746	**0**	**650**	**3.271**	**112.523**	**-2.597**	**45**	**297.533**
1.260				1.260	17.432	-1	18.691
				-32.270	32.270		0
	-240			-240	240		0
			16	16	-13	-3	0
					-29.900		-29.900
-3.486	**-240**	**650**	**3.287**	**81.289**	**17.432**	**41**	**286.324**
					2.545		2.545
-3.486	**-240**	**650**	**3.287**	**81.289**	**19.977**	**41**	**288.869**
2.561				2.561	18.018	-1	20.578
				-8.675	8.675		0
				0			0
	655			655	-655		0
				23	-2		21
			2.545	2.545	-2.545		0
					-25.450		-25.450
-925	**415**	**650**	**5.832**	**78.398**	**18.018**	**40**	**284.018**

Consolidated cash flow statement

in thousands €	Note	2011	2010[π]
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**816**	**733**
1. Cash flow from operating activities		**16.913**	**33.822**
Operating result		**34.437**	**28.847**
Interests paid		**-12.079**	**-7.547**
Other non-operating elements		**-4.349**	**675**
Adjustment of the result for non-cash flow transactions		**1.814**	**5.003**
Depreciations on intangible and other tangible assets		170	144
Result on disposals of investment properties	8	-64	-464
Changes in fair value of investment properties	9	-2.294	8.525
Spread of rental discounts and rental benefits granted to tenants	10	-476	-614
Other result on portfolio	10	2.478	614
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	20	4.175	-655
Other non-cash flow transactions		-2.175	-2.547
Changes in working capital		**-2.910**	**6.843**
Movement of assets			
Trade receivables		448	-323
Tax receivables and other current assets		-2.180	51
Deferred charges and accrued income		-468	-616
Movement of liabilities			
Trade debts and other current debts		421	164
Other current liabilities		-239	-180
Accrued charges and deferred income		-892	7.747
2. Cash flow from investment activities		**-51.648**	**5.935**
Acquisitions of shares of real estate companies		-26.775	0
Exit tax paid for merger with real estate companies		-3.219	0
Acquisition of investment properties		-16.346	0
Investments in existing investments properties	14	-5.038	-944
Income/costs from the disposal of investment properties	8	-12	7.021
Acquisition of intangible and other tangible assets		-258	-142
3. Cash flow from financing activities		**34.326**	**-39.673**
Repayment of loans	19	-57.992	-84.159
Drawdown of loans	19	117.917	0
Issuance bond loan	19	0	74.325
Repayment/recognition of financial lease liabilities	19	6	-6
Receipts from non-current liabilities as guarantee		-155	67
Dividend paid	13	-25.450	-29.900
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**407**	**816**

Notes on the consolidated annual accounts

Note 1. Scheme for annual accounts of property investment funds

As a listed property investment fund, Intervest Offices & Warehouses 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 7 December 2010.

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 & Warehouses is a property investment fund having its registered offices in Belgium. The consolidated annual accounts of the company as per 31 December 2011 include the company and its subsidiaries (the "Group"). The annual accounts of Intervest Offices & Warehouses have been prepared and were released for publication by the board of directors on 13 February 2012 and will be submitted for approval to the general meeting of shareholders on 25 April 2012.

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 7 December 2010. 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 2011.

New and amended standards and interpretations effective in 2011

The following amended standards by the IASB and published standards and interpretations by the IFRIC became effective for the current financial year, but do not affect the disclosure, notes or financial results of the Group:

- Amendment to IAS 32 - Classification of Rights Issues
- Amendment of IAS 24 - Related Party Disclosures
- Amendment to IAS 19 and IFRIC 14 - Prepayments of a Minimum Funding Requirement
- Amendment to IFRS 1 - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13 due to the annual improvements project (May 2010)
- IFRIC 19 - Extinguishing Liabilities with Equity Instruments

New or amended standards and interpretations not yet effective in 2011

The amendments to IFRS 7 Financial instruments: Disclosures - Transfers of Financial Assets that are applicable as of next year are not expected to have an impact on the presentation, notes or financial results of the Group.

All other publications of the IASB are not yet endorsed for application in the European Union: Amendment IFRS 1 - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (1/7/2011); Amendment to IAS 12 - Recovery of Underlying Assets (1/1/2012); IAS 1 - Presentation of Items of Other Comprehensive Income (1/7/2012); IFRS 10 - Consolidated Financial Statements (1/1/2013); IFRS 11 - Joint Arrangements (1/1/2013); IFRS 12 - Disclosures of Involvement with Other Entities (1/1/2013); IAS 27 - Separate Financial Statements (1/1/2013); IAS 28 - Investments in Associates and Joint Ventures (1/1/2013); IFRS 13 - Fair Value Measurement (1/1/2013); Amendment IAS 19 - Employee Benefits (1/1/2013); IFRIC 20 - Stripping costs in the production phase of a surface mine (1/1/2013 - not endorsed); Amendment to IFRS 7 - Disclosures - Offsetting financial assets and financial liabilities (1/1/2013); Amendment IAS 32 - Offsetting financial assets and financial liabilities (1/1/2014 - not endorsed); IFRS 9 - Financial instruments (1/1/2015).

Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded to the nearest thousand. The consolidated annual accounts are presented before profit distribution.
The accounting principles are applied consistently with the exception of the valuation rules for the compensation received for early termination of lease contracts.

In August 2011, the EECS (European Enforcers Coordination Sessions), a forum organised by the ESMA (European Securities and Markets Authority), has provided more detailed information on the application of IFRS with regard to compensations received for the early termination of lease contracts (to compensate for loss of rent). The EECS has determined that, according to IFRS, compensations received for the early termination of lease contracts must be fully incorporated in the financial statements as income in the year in which the compensation is received and may not be included in the result spread over the remaining term of the original rental contract.

On this basis, the Financial Services and Markets Authority (FSMA) has advised Intervest Offices & Warehouses to change its valuation rules in this regard. Pursuant to IAS 8, this change in valuation rules must be applied with retroactive effect, which means that the comparative figures of 2010 must be adjusted. Therefore, the compensation received in September 2010 from Tibotec-Virco (excluding the retrocession obligation to repay 50 % of all future rental incomes in the event of a rental prior to the expiry of the term of the original rental contract) is incorporated as profit in 2010 in the comparative figures, which results in the following picture:

	31.12.2010		
in thousands €	Published figures	After change in valuation rule	Difference
Rental income	38.523	41.068	2.545
Net result	17.431	19.976	2.545
Operating distributable result	25.451	27.996	2.545
Shareholders' equity	286.324	288.869	2.545
Accrued charges and deferred income	12.603	10.058	-2.545
Per share (in €)			
Net result	1,25	1,44	0,18
Operating distributable result	1,83	2,01	0,18
Net asset value (fair value)	20,59	20,77	0,18
Net asset value (investment value)	21,57	21,75	0,18

The additional operating distributable result appearing in 2010 due to the change in the valuation rule will, in accordance with the original accounting method, be allocated for dividend payment to the period 2011-2013/2014. By re-renting spaces that became vacant to Biocartis and Galapagos in 2011, the property investment fund already has an additional dividend of € 2,4 million to be distributed in financial year 2011. In total, this means that on 31 December 2011, a dividend amount of € 0,1 million, resulting from the change in the valuation rule, remains available for distribution for the years 2012/2014.

To improve the readability of this annual report, it was decided to place the symbol π next to all comparative figures of financial year 2010 that have been adjusted with respect to the published annual report of 2010, as a result of the changed valuation rule.

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 transactions 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 23.

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[π]

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 early termination of lease contracts is immediately taken into result for the period in which it is definitively obtained.

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 change 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 often have paid a fee to restore the property (partly) to its original condition.
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 vehicles	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 "logistic 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		Logistic properties		Corporate		TOTAL	
in thousands €	2011	2010[π]	2011	2010	2011	2010	2011	2010[π]
Rental income	26.132	30.424	12.455	10.644			38.587	41.068
Rental-related expenses	11	-17	-87	-77			-76	-94
Net rental result	**26.143**	**30.407**	**12.368**	**10.567**			**38.511**	**40.974**
Property management costs and income	2.342	802	93	19			2.435	821
Property result	**28.485**	**31.209**	**12.461**	**10.586**			**40.946**	**41.795**
Operating result before result on portfolio	**26.829**	**30.263**	**11.316**	**10.151**	**-3.588**	**-2.892**	**34.557**	**37.522**
Result on disposals of investment properties	0	464	64	0			64	464
Changes in fair value of investment properties	6.000	-9.059	-3.706	534			2.294	-8.525
Other result on portfolio	-89	-110	-2.389	-504			-2.478	-614
Operating result of the segment	**32.740**	**21.558**	**5.285**	**10.181**	**-3.588**	**-2.892**	**34.437**	**28.847**
Financial result					-16.193	-8.854	-16.193	-8.854
Taxes					-227	-17	-227	-17
NET RESULT	**32.740**	**21.558**	**5.285**	**10.181**	**-20.008**	**-11.763**	**18.017**	**19.976**

Key figures by segment

BUSINESS SEGMENT	Offices		Logistic properties		TOTAL	
in thousands €	2011	2010	2011	2010	2011	2010
Fair value of real estate properties	370.410	363.356	210.895	163.324	581.305	526.680
Disinvestments during the financial year (fair value)	0	6.557	3.929	0	3.929	6.557
Investment value of real estate properties	379.670	372.440	216.249	167.489	595.919	539.929
Total leasable space (m²)	231.109	231.109	395.987	304.311	627.096	535.420
Occupancy rate (%)	84 %	85 %	91 %	84 %	86 %	85 %

Note 4. Property result

Rental income

in thousands €	2011	2010[π]
Rental income	39.271	38.996
Guaranteed income	-74	565
Rental discounts	-2.042	-1.573
Rental benefits ('incentives')	-194	-174
Compensation for early termination of lease contracts	1.626	3.254
Total rental income	**38.587**	**41.068**

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 & Warehouses is spread over almost 200 different tenants, limiting the debtor's risk of Intervest Offices & Warehouses and improving the stability of the rental income. The ten most important tenants represent 45 % (48 % in 2010) 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 10 % of the rental income (11 % in 2010). In 2011, there are 4 tenants whose lease payments on an individual basis represent more than 5 % of the total rental income of Intervest Offices & Warehouses (4 tenants in 2010).

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 €	2011	2010[π]
Receivables with a remaining duration of:		
Less than one year	36.023	29.964
Between one and five years	70.552	60.566
More than five years	7.595	9.785
Total of future minimum rental income	**114.170**	**100.315**

Rental-related expenses

in thousands €	2011	2010
Rent for leased assets and ground rents	-33	-33
Write-downs on trade receivables	-76	-108
Reversal of write-downs on trade receivables	33	47
Total rental-related expenses	**-76**	**-94**

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 €	2011	2010
Compensations on rental damage	705	162
Management fee received from tenants	556	599
Total recovery of property charges	**1.261**	**761**

In 2011, the recovery of property charges is mainly related to the profit taking of the compensation received from tenants for rental damage when leaving the let spaces (mainly from Tibotec-Virco) and also 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 €	2011	2010
Rebilling of rental charges borne by the landlord	3.412	4.555
Rebilling of advance levies and taxes on let properties	3.288	5.208
Total recovery of rental charges and taxes normally payable by tenants on let properties	**6.700**	**9.763**

Rental charges and taxes normally payable by tenants on let properties

in thousands €	2011	2010
Rental charges borne by the landlord	-3.391	-4.555
Advance levies and taxes on let properties	-3.289	-5.205
Total rental charges and taxes normally payable by tenants on let properties	**-6.680**	**-9.760**
Total net amount of recovered rental charges and taxes	**20**	**3**

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, etc. The owner is responsible for the management of the buildings (office buildings) or has it contracted out to external property managers (logistic 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 a semi 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 was higher than in 2011, as in 2010 the tax assessments for the property taxes regarding financial year 2009 for a total amount of € 2,1 million were only received in 2010, thus with a one-year delay, from Flanders Tax Administration.

Other rental-related income and expenses

in thousands €	2011	2010
Indemnities for rental charges and other costs received from tenants	943	0
Other various income	353	129
Total other rental-related income and expenses	**1.296**	**129**

The other rental related income and expenses comprise in 2011 an income of € 0,9 million through the taking into result of the indemnities for rental charges (received from Tibotec-Virco) after the letting to Biocartis and Galapagos in Intercity Business Park.

Note 5. Property charges

Technical costs

in thousands €	2011	2010
Recurrent technical costs	**-920**	**-498**
Maintenance	-891	-474
Insurance premiums	-29	-24
Non-recurrent technical costs	**-20**	**-16**
Claims	-45	-18
Compensation of claims by the insurers	25	2
Total technical costs	**-940**	**-514**

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.

The increase of the costs for maintenance and repair works by € 0,4 million is due to a more extensive maintenance program in 2011.

Commercial costs

in thousands €	2011	2010
Brokers' fees	-6	-38
Publicity	-85	-126
Lawyers' fees and legal costs	-172	-110
Total commercial costs	**-263**	**-274**

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 €	2011	2010
Vacancy charges of the financial year	-1.246	-714
Vacancy charges of previous financial year	-14	87
Property tax on vacant properties	-770	-622
Recuperation of property tax on vacant properties	626	575
Total charges and taxes on unlet properties	**-1.404**	**-674**

Intervest Offices & Warehouses largely recovers the property tax that is charged by advanced levy on the vacant parts of buildings through objections submitted to the Flanders Tax Administration.

Compared to financial year 2010, the increase by € 0,7 million of charges and taxes on unlet properties results mainly from increasing vacancy in Herentals Logistics 1 and on Mechelen Campus.

Property management costs

in thousands €	2011	2010
External property management fees	-75	-69
Internal property management fees	-2.109	-1.669
Employee benefits	*-1.262*	*-1.039*
Property experts	*-142*	*-149*
Other costs	*-705*	*-481*
Total property management costs	**-2.184**	**-1.738**

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.

In 2011, the increase of the management costs by € 0,5 million is due to an enhanced number of employees.

Other property charges

in thousands €	2011	2010
Charges borne by the landlord	-318	-3
Other property charges	-36	-21
Total other property charges	**-354**	**-24**

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

In 2011, the increase of the charges borne by the landlord by € 0,3 million is due to the commercial interventions in favour of tenants.

Note 6. General costs

in thousands €	2011	2010
ICB tax	-229	-238
Custodian bank	0	-11
Auditor’s fee	-87	-85
Directors’ remunerations	-25	-37
Liquidity provider	-15	-14
Financial services	-33	-35
Employee benefits	-558	-426
Other costs	-327	-208
Total general costs	**-1.274**	**-1.054**

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 €	2011			2010		
	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	**1.171**	**356**	**1.527**	**951**	**234**	**1.185**
Salary and other benefits paid within 12 months	821	254	**1.075**	686	166	**852**
Pensions and post-employment benefits	26	7	**33**	22	6	**28**
Social security	172	50	**222**	152	41	**193**
Variable remunerations	55	16	**71**	55	11	**66**
Other charges	97	29	**126**	36	10	**46**
Remuneration of the management committee	**91**	**202**	**293**	**87**	**193**	**280**
Chairman of the management committee	91	92	**183**	87	87	**174**
Fixed remuneration	*85*	*86*	***171***	*82*	*83*	***165***
Variable remuneration	*6*	*6*	***12***	*5*	*4*	***9***
Other member of the management committee	0	110	**110**	0	105	**105**
Fixed remuneration	*0*	*87*	***87***	*0*	*85*	***85***
Variable remuneration	*0*	*10*	***10***	*0*	*8*	***8***
Retirement obligations	*0*	*13*	***13***	*0*	*12*	***12***
Total employees benefits	**1.262**	**558**	**1.820**	**1.039**	**426**	**1.465**

The number of employees and self-employed personnel at year-end 2011, expressed in FTE is 14 staff members for the internal management of the patrimony (2010: 11) and 6 staff members for the management of the fund (2010: 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 & Warehouses 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 €	2011	2010
Acquisition value	3.278	5.986
Accumulated gains and special impairment losses	651	571
Carrying amount (fair value)	**3.929**	**6.557**
Sales price	4.100	7.200
Sales costs	-107	-179
Net result of the sale	**3.993**	**7.021**
Total result on disposals of investment properties	**64**	**464**

In December 2011, Intervest Offices & Warehouses obtained an agreement in principle for the sale of a non-strategic semi-industrial complex located in Sint-Niklaas, Eigenlostraat 25, known as “Eigenlo”. The result on disposals of investment properties comprises in 2011 an added value realized for this transaction. On 31 December 2011 this transaction is recorded as asset held for sale. In January 2012 the deed was signed before notary and the sales price paid by the buyer.

Note 9. Changes in fair value of investment properties

in thousands €	2011	2010
Positive changes of investment properties	14.787	3.523
Negative changes of investment properties	-12.493	-12.048
Total changes in fair value of investment properties	**2.294**	**-8.525**

In 2011, changes in fair value of investment properties are positive and amount to € 2,3 million compared to negative changes of € 8,5 million in 2010. The positive changes in 2011 result mainly from the lettings to Biocartis and Galapagos in Intercity Business Park in Malines of a part of the office space and laboratories that were left by Tibotec-Virco in 2010 and from the letting in Herentals Logistics 2 to Nike Europe, partly compensated by renovation costs for Herentals Logistics 1.

Note 10. Other result on portfolio

in thousands €	2011	2010
Changes spread rental discounts and benefits granted to tenants	-476	-614
Price difference on acquisition of shares of real estate companies	-2.002	0
Total other result on portfolio	**-2.478**	**-614**

The other result on portfolio comprises mainly the immediate profit taking of the price difference of - € 2,0 million on the acquisition of the shares of the companies MGMF Limburg sa (owner of the logistic site in Houthalen) and West-Logistics sa (owner of the logistic site in Oevel) on 1 july 2011. IFRS 3 is not applied on these acquisitions.

Note 11. Net interest charges

in thousands €	2011	2010
Net interest charges with fixed interest rate	-9.203	-8.771
Net interest charges with variable interest rate	-2.867	-772
Total net interest charges	**-12.070**	**-9.543**

Interest charges classified by the expiry date of the credit line

in thousands €	2011	2010
Net interest charges on non-current financial debts	-11.488	-6.815
Net interest charges on current financial debts	-582	-2.728
Total net interest charges	**-12.070**	**-9.543**

The average interest rate for the non-current financial debts for 2011 amounts to 4,8 % including bank margins (2010: 4,6 %). The average interest rate for the current financial debts for 2011 amounts to 2,5 % including bank margins (2010: 3,0 %). For 2011, the total average interest rate amounts to 4,6 % including bank margins, compared to 4,0 % in 2010.

The (hypothetical) future cash outflow for 2012 of the interest charges from the loans drawn on at 31 December 2011 at a fixed interest rate or a variable interest rate of 31 December 2011 amounts to € 9,2 million (2010: € 10,7 million).

For financial year 2011, the effect on the operating distributable result of a (hypothetical) increase in interest rate by 1 % gives a negative result of approximately € 1 million (2010: € 0,4 million).

Note 12. Taxes

in thousands €	2011	2010
Corporate income tax	-227	-17
Total taxes	**-227**	**-17**

With the Royal Decree of 7 December 2010 (previously 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.

The taxes for financial year 2011 concern the corporate income tax regarding the financial result of the subsidiaries MGMF Limburg sa and West-Logistics sa for the period from 1 July 2011 till 27 October 2011.

As a result of the Law of 28 December 2011 containing various provisions (Belgian Official Gazette 30 December 2011 - taking effect as from 1 January 2012), the withholding tax on dividends of public property investments funds goes from 15 % to 21 % (except certain exemptions or increases).

Note 13. Number of shares and result per share

Movement of the number of shares

	2011	2010
Number of shares at the beginning of the financial year	13.907.267	13.907.267
Number of shares issued	0	0
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 calculation of 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 distrubution

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 €	2011	2010[π]
Net result according to the statutory annual accounts	**17.794**	**19.976**
Adjustment for non-cash flow transactions included in the net result:		
Depreciations and withdrawals of depreciations	170	144
Impairment losses and withdrawals on trade receivables	43	61
Changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)	4.175	-655
Result on portfolio	-485	8.675
Corrected result for mandatory distribution	**21.697**	**28.201**
Mandatory distribution: 80 %	**17.358**	**22.561**
Operating distributable result (statutory annual accounts)	21.707	27.996
Operating distributable result (consolidated annual accounts)	21.707	27.996

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 & Warehouses chooses to distribute 100 % of the statutory operating distributable result to its shareholders.

Calculation of the result per share

in €	2011	2010[π]
Ordinary net result per share	1,30	1,44
Diluted net result per share	1,30	1,44
Operating distributable result per share	1,56	2,01

Proposed dividend per share

The additional operating distributable result appearing in 2010 due to the change in the valuation rule will, in accordance with the original accounting method, be allocated for dividend payment for the period 2011-2013/2014. By re-renting spaces that became vacant in 2011, the property investment fund already has an additional dividend of € 2,4 million to be distributed in financial year 2011 or € 0,17 per share.

Following the close of the financial year, the board of directors proposed the following dividend distribution. This will be submitted to the general shareholders meeting of 25 April 2012 for approval. In accordance with IAS 10, the dividend distribution is not recorded as a liability and will have no effect on the corporate income tax.

	2011	2010[π]
Operating distributable result per share (€)	1,56	2,01
Adaptation of dividend because of changed valuation rule (€)	0,17	-0,18
Dividend per share (€)	**1,73**	**1,83**
Remuneration of the share capital (€ 000)	24.060	25.450
Dividend as a percentage of the consolidated operating distributable result (%)	111 %	91 %

Determination of the amount pursuant to article 617 of the Belgian Companies Code

The amount, as referred to in article 617 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, the called-up capital, plus all reserves which, pursuant to the law or the articles of association, may not be distributed, is determined in Chapter 4 of annex C of the Royal Decree of 7 December 2010.

in thousands €	2011	2010^π
Non-distributable elements of shareholders' equity for profit distribution		
Paid-up capital	126.729	126.729
Share premium, unavailable according to the articles of association	60.833	60.833
Reserve for the positive balance of changes in investment value of real estate properties	84.329	93.360
Reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-13.026	-13.383
Reserve for the balance of changes in fair value of authorised hedging instruments that are subject to hedge accounting	-925	-3.486
Reserve for the balance of changes in fair value of authorised hedging instruments that are not subject to hedge accounting	415	-240
Legal reserves	90	90
Result of the financial year which, pursuant to Chapter I of annex C of the Royal Decree of 7 December 2010, is to be allocated to non-distributable reserves		
Result on portfolio	485	-8.675
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Total non-distributable shareholders' equity	**254.755**	**255.883**
Statutory shareholders' equity	**284.018**	**289.113**
Planned dividend distribution	24.060	25.450
Number of shares	13.907.267	13.907.267
Operating distributable result per share	1,73	1,83
Shareholders' equity after dividend distribution	**259.958**	**263.663**
REMAINING RESERVES AFTER DISTRIBUTION	**5.203**	**7.780**

Note 14. Non-current assets: investment properties

Investment and revaluation table

in thousands €	2011	2010
Amount at the end of the preceding financial year	**526.680**	**540.817**
Investments in existing investment properties	5.038	944
Acquisitions of investment properties	42.612	0
Extension of existing investment properties	8.610	0
Disposals of investment properties	-3.929	-6.556
Changes in fair value of investment properties	2.294	-8.525
Amount at the end of the financial year	**581.305**	**526.680**
OTHER INFORMATION		
Investment value of real estate	595.919	539.929

In 2011, the fair value of the real estate portfolio of the property investment fund has increased by € 55 million and amounts on 31 December 2011 to € 581 million (€ 527 million on 31 December 2010). This increase in fair value is the combined effect of:

- the acquisition of 3 logistic sites, with a total fair value of € 43 million (Huizingen, Houthalen and Oevel)
- the extension of the logistic site Herentals Logistics 2 through the construction of warehouse space, offices and a mezzanine, for already € 9 million
- investments in the existing real estate portfolio for € 5 million, mainly for € 4 million in Herentals Logistics 1 for renovation works and for € 1 million in 3T Estate in Vilvorde
- the increase in fair value of the existing real estate portfolio of € 2 million or approximately 1 % (excluding investments of financial year 2011) compared to the total fair value on 31 December 2010 due the letting of the logistic site Herentals Logistics 2 to Nike Europe and the letting of office spaces and laboratories in Intercity Business Park to Biocartis and Galapagos
- the sale of a non-strategic semi-industrial complex located in Sint-Niklaas, known as “Eigenlo”, with a book value of € 4 million.

For the explanation of the positive 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 15. Current assets

Assets held for sale

in thousands €	2011	2010
Eigenlo, semi-industrial complex in Sint-Niklaas	4.005	0
Total assets held for sale	**4.005**	**0**

Trade receivables

in thousands €	2011	2010
Trade receivables	1.320	812
Invoices to issue	359	783
Credit notes to be received	0	115
Doubtful debtors	388	360
Provision doubtful debtors	-388	-360
Other trade receivables	8	16
Total trade receivables	**1.687**	**1.726**

As a result of strict credit controls, the number of days of outstanding customers' credit is only 12 days.

Aging analysis of trade accounts receivables

in thousands €	2011	2010
Receivables < 30 days	700	388
Receivables 30-90 days	226	62
Receivables > 90 days	394	362
Total outstanding trade receivables	**1.320**	**812**

For the follow-up of the debtor's risk used by Intervest Offices & Warehouses, 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 €	2011	2010
Recoverable corporate tax	215	217
Recoverable exit tax	248	217
Recoverable withholding tax on liquidation boni from mergers	2.652	1.348
Other receivables	1.405	161
Total tax receivables and other current assets	**4.520**	**1.943**

For the description of the Group's tax situation, please see note 26.

Deferred charges and accrued income

in thousands €	2011	2010
Recoverable property tax	1.109	736
Other deferred charges	635	421
Charges related to loans	*534*	*326*
Other charges to defer	*101*	*95*
Accrued income	99	2
Total deferred charges and accrued income	**1.843**	**1.159**

Intervest Offices & Warehouses largely recovers the property tax that is charged on vacant parts of buildings through objections submitted to Flanders Tax Administration.

Note 16. Shareholders' equity

Capital

Evolution of the capital		Share capital movement	Total outstanding share capital after transaction	Number of share issued	Total number of shares
Date	Transaction	in thousands €	in thousands €	in units	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 and Mechelen Campus	5.016	123.127	1.516.024	13.224.061
17.01.2005	Merger by absorption of the limited liability companies of Mechelen Campus 2, Mechelen Campus 4, Mechelen Campus 5 and Perion 2	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 2011, the share capital amounts to € 126.728.781 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 € 126.728.870,79 by contribution in cash or contribution in kind, if applicable, by incorporation of reserves or issue premiums, under regulations provided for by the Belgian Companies Code, article 7 of the 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.

For every 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 should decide otherwise. 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 2011, 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	Contribu-tion in cash	Contribu-tion 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**

Reserves

Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2011	2010
Amount at the end of the preceding financial year	-13.606	-13.606
Changes in investment value of investment properties	193	0
Disposal of investment properties	165	0
Total reserves for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-13.248**	**-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 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.

For the movement of the reserves during financial year 2011, please see the statement of changes in equity.

Note 17. Provisions

in thousands €	2011	2010
Non-current provisions	**0**	**990**
Provisions for income tax dispute	0	920
Provision for rental guarantees from the disposal of investment properties	0	70
Current provisions	**172**	**426**
Provision rental guarantees from the disposal of investment properties	172	426
Total provisions	**172**	**1.416**

In financial year 2011, disputed taxes are settled for an amount of € 0,9 million in connection with the non-deductibility of provisions, the retroactivity of mergers and the use of building rights with respect to the 1999 assessment year, in accordance with the supplementary assessment notices for Siref sa, Beheer Onroerend Goed sa, Neerland sa and Immo Semi-Indus sa. Intervest Offices & Warehouses sa is the legal successor under universal title for each of these companies. Appeals were filed against these supplementary assessment notices on 15 March 2002. On 6 June 2003, the appeal that was filed for Siref sa (for the amount of € 137.718,51) was declared as unfounded in a ruling by the Regional Tax Authority. This ruling was contested by way of a petition to the Court of First Instance. On 4 January 2006, the Court ruled against Intervest Offices & Warehouses sa. This decision was then appealed. Intervest Offices & Warehouses lost this appeal before the Court of Appeal on 22 May 2007, and subsequently initiated proceedings before the Court of Cassation. In its judgment on 15 April 2010, the Court of Cassation rejected this appeal. In 2011, the total amount of the disputed taxes (€ 0,9 million) is in part paid directly by Intervest Offices & Warehouses, and the remainder is reimbursed by way of previously deducted tax assets.

Residual rent guarantees arising from the sale of investment properties in 2006 are included in the short-term provisions.

Note 18. Current liabilities

Trade debts and other current debts

in thousands €	2011	2010
Trade debts	197	108
Advances received from tenants	490	679
Invoices to be received	1.225	1.101
VAT payable	349	0
Other current debts	380	222
Total trade debts and other current debts	**2.641**	**2.110**

Other current liabilities

in thousands €	2011	2010
Dividends payable	399	476
Total other current liabilities	**399**	**476**

Accrued charges and deferred income

in thousands €	2011	2010 [π]
Received indemnities for refurbishment	2.471	3.251
Deferred compensations for early termination of lease contracts	1.807	2.629
Other accrued charges	2.629	2.422
Other deferred income	1.553	1.756
Total accrued charges and deferred income	**8.460**	**10.058**

Indemnities received for refurbishment decrease by € 0,8 million in 2011 through works executed for the re-letting of specific office space.

The other accrued charges comprise mainly the interest on the bond loan due on 29 June 2012.

On 31 December 2011, the accrued charges and deferred income include for an amount of € 1,8 million liabilities related to compensations received due to the early termination of lease contracts.

In 2011, the decrease of these liabilities results from the rental to Biocartis and Galapagos in Intercity Business Parc in Malines of a part of the office space and laboratories that were left by Tibotec-Virco in 2010.

Note 19. 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 withdrawn credit facilities

in thousands €	2011					2010				
	Debts with a remaining duration of					Debts with a remaining duration of				
	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage
Credit institutions: withdrawn credits	34.012	176.450	8.200	**218.662**	**75 %**	50.600	72.420	28.650	**151.670**	**67 %**
Bond loan	0	74.475	0	**74.475**	**25 %**	0	74.325	0	**74.325**	**33 %**
Financial lease	6	18	0	**24**	**0 %**	6	12	0	**18**	**0 %**
TOTAL	**34.018**	**250.943**	**8.200**	**293.161**	**100 %**	**50.606**	**146.757**	**28.650**	**226.013**	**100 %**
Percentage	**12 %**	**85 %**	**3 %**	**100 %**		**22 %**	**65 %**	**13 %**	**100 %**	

Classification by expiry date of credit lines

in thousands €	2011					2010				
	Debts with a remaining duration of					Debts with a remaining duration of				
	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage	< 1 year	> 1 year and < 5 years	> 5 years	Total	Percentage
Credit institutions: withdrawn credits	34.012	176.450	8.200	**218.662**	**67 %**	50.600	72.420	28.650	151.670	46 %
Not-withdrawn credit lines	14.000	17.200	0	**31.200**	**10 %**	17.479	82.580	0	100.059	31 %
Bond loan	0	74.475	0	**74.475**	**23 %**	0	74.325	0	74.325	23 %
TOTAL	**48.012**	**268.125**	**8.200**	**324.337**	**100 %**	**68.079**	**229.325**	**28.650**	**326.054**	**100 %**
Percentage	**15 %**	**83 %**	**2 %**	**100 %**		**21 %**	**70 %**	**9 %**	**100 %**	

The above table "Classification by expiry date of credit lines" comprises an amount of € 31 million of not-withdrawn credit lines (€ 100 million on 31 December 2010). 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 withdrawn credit facilities at financial institutions and the bond loan

in thousands €	2011		2010	
	Total	Percentage	Total	Percentage
Credit facilities with variable interest rate	98.662	34 %	41.670	18 %
Credit facilities with fixed rate or covered by interest rate swaps	194.475	66 %	184.325	82 %
TOTAL	**293.137**	**100 %**	**225.995**	**100 %**

Due to 4 interest rate swaps that take effect on 2 January 2012 (see note 20) for a notional amount of € 80 million, the above table is set up with consideration of these new interest rate swaps. Without taking into account these interest rate swaps the division between variable/fixed interest rates would be 65/35.

In the above table “Classification by the variable or fixed character of withdrawn credit facilities at 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 leasings.

Characteristics of the bond loan

In June 2010, Intervest Offices & Warehouses 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 in June 2015 at the nominal value of € 75 million.

ISIN BE0002175413 (INTOFFI5,1%29JUN15)	2011	2010
Share price (%)		
Share price on closing date	100,00	102,50
Average share price	100,03	101,19
Interest rate coupon (%)		
Gross (per tranche of € 1.000)	5,10 %	5,10 %
Net (per tranche of € 1.000)	4,34 %	4,34 %
Effective yield at emission (%)	4,90 %	4,90 %
Number of stocks	75.000	75.000

Note 20. Financial derivatives

Intervest Offices & Warehouses 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 & Warehouses classifies the interest rate swaps as cash flow hedges, whereby it is determined 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 statement of comprehensive income in the line "Changes in the effective part of fair value of authorized hedging instruments that are subject to Hedge accounting. 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

On 31 December 2011, the company has following financial derivatives:

in thousands €		Start date	Expiry date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
						Yes/No	2011	2010
1.	IRS	11.09.2009	11.09.2014	2,8150 %	10.000	Yes	-462	-333
2.	IRS	11.09.2009	11.09.2014	2,8150 %	10.000	Yes	-462	-333
3.	IRS	30.04.2009	30.04.2014	2,6300 %	10.000	No	-366	-275
4.	IRS	30.04.2009	30.04.2014	2,6300 %	10.000	No	-366	-275
5.	IRS	02.01.2012	02.01.2017	2,3350 %	50.000	No	-1.985	965
6.	IRS	02.01.2012	01.01.2017	2,1400 %	10.000	No	-302	0
7.	IRS	02.01.2012	01.01.2018	2,3775 %	10.000	No	-383	0
8.	IRS	02.01.2012	02.01.2018	2,3425 %	10.000	No	-357	0
Other non-current financial liabilities							**-4.685**	**-252**
	IRS	27.12.2006	30.12.2011	3,4725 %	60.000	No	0	-1.429
	IRS	18.12.2006	18.12.2011	3,4700 %	60.000	No	0	-1.390
Other current financial liabilities							**0**	**-2.819**
Total fair value financial derivatives							**-4.685**	**-3.071**
Accounting process on 31 December:								
- In shareholders' equity: Reserve for the balance of changes in fair value of authorized hedging instruments that are subject to a hedge accounting							-925	-3.486
- In shareholders' equity: Reserve for the balance of changes in fair value of authorized hedging instruments that are not subject to a hedge accounting							415	-240
- In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)							-4.175	655
Total fair value financial derivatives							**-4.685**	**-3.071**

On 31 December 2011, these interest rate swaps have a negative market value of - € 4,7 million (contractual notional amount € 120 million), which is determined on a quarterly basis by the issuing financial institute. The interest rate swaps 6,7 and 8 are purchased in the third quarter of 2011.

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.

On 31 December 2011, Intervest Offices & Warehouses classifies the interest rate swaps 1 and 2 as cash flow hedges, determining that the interest rate swaps are effective. The fluctuations in value of the interest rate swaps 3 to 8 are recognised directly in the income statement.

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 financial debts

in thousands €	2011		2010	
	Nominal value	Fair value	Nominal value	Fair value
Financial debts	293.137	297.858	225.995	236.655

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 21. Calculation of the consolidated debt ratio

in thousands €	Note	2011	2010
Non-current financial debts	19	259.143	175.407
Other non-current liabilities		598	590
Current financial debts	19	34.018	50.606
Trade debt and other current debts	18	2.641	2.110
Other current liabilities	18	399	476
Total liabilities for the caculation of the debt ratio		**296.799**	**229.189**
Total assets		**594.134**	**532.603**
Debt ratio		**49,9 %**	**43,0 %**

Note 22. Related parties

The company's related parties are its shareholders NSI sa, and the affiliated companies as well as its subsidiaries (see note 23), and its directors and members of the management committee.

Relation with the related companies of NSI sa

in thousands €	2011	2010
Interests paid on current account	5	7

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 €	2011	2010
Directors	49	74
Members of the management committee	293	280
Total	**342**	**354**

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

Note 23. 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 € 2011	2010
ABC sa	Uitbreidingstraat 18, 2600 Berchem	BE 0466.516.748	99,00 %	1	2
MBC sa	Uitbreidingstraat 18, 2600 Berchem	BE 0467.009.765	99,00 %	38	38
MRP sa	Uitbreidingstraat 18, 2600 Berchem	BE 0465.087.680	99,90 %	1	1
DRE sa	Uitbreidingstraat 18, 2600 Berchem	BE 0464.415.115	99,90 %	0	0
Total minority interests				**40**	**41**

Note 24. Mergers

Name of the merged company	Company number	Type	Date	Percentage of acquired shares	Number of new shares	Fair value issued shares
West-Logistics	0882.812.935	Fusion	27.10.2011	100 %	0	0
MGMF Limburg	0440.304.972	Fusion	27.10.2011	100 %	0	0
TOTAL					**0**	**0**

Note 25. Fee of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2011	2010
Including non-deductible VAT		
Fee statutory auditor for audit mandate	87	76
Fee for exceptional activities or special assignments within the company by the statutory auditor regarding other control assignments	24	17
Fee for exceptional activities or special assignments within the company by persons affiliated with statutory auditor regarding other tax advice	24	0
Total fee of the statutory auditor and the entities affiliated with the statutory auditor	**135**	**93**

Note 26. Off-balance sheet obligations

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 & Warehouses granted every bondholder a "put option" on all or part of the bonds held by the bondholder if a change of control takes place. This put option in case of a change of control has been approved by the general meeting of shareholders of Intervest Offices & Warehouses sa during the general meeting of 6 April 2011 and the approval decision has been filed at the court registry, pursuant to article 556 of the Belgian Companies Code.

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 & Warehouses 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 Financial Services and Markets Authority (FSMA) could not be lower than the price of the shares offered to the public". Intervest Offices & Warehouses is waiting for further treatment of its open appeals by the tax administration.

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 2011. Most financial institutions demand, however, that the investment fund continue to comply with the financial ratios as laid down by the Royal Decree of 7 December 2010 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

On 31 December 2011 Intervest Offices & Warehouses has no obligations regarding soil remediation.

Intervest Offices & Warehouses has by means of the merger with Herentals Logistic Center sa in 2007 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. Meanwhile, the remediation which has been executed is a phase of monitoring.

Note 27. Post-balance sheets events

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2011.

Statutory auditor's report

INTERVEST OFFICES & WAREHOUSES SA,
PUBLIC PROPERTY INVESTMENT FUND UNDER BELGIAN LAW

STATUTORY AUDITOR'S REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
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 & Warehouses SA, Public real estate 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 2011, 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 594.134 (000) EUR and the consolidated income statement shows a consolidated profit (group share) for the year then ended of 18.018 (000) EUR.

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 2011, 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.

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of 31 December 2011, 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, 14 February 2012

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 & Warehouses sa

The statutory annual accounts of Intervest Offices & Warehouses sa are prepared according to the IRFS-standards and in accordance with the Royal Decree of 7 December 2010. The entire version of the statutory annual accounts of Intervest Offices & Warehouses, 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.intervest-offices.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 & Warehouses sa.

Income statement

in thousands €	2011	2010[π]
Rental income	37.747	41.068
Rental-related expenses	-76	-94
NET RENTAL INCOME	**37.671**	**40.974**
Recovery of property charges	1.261	761
Recovery of rental charges and taxes normally payable by tenants on let properties	6.667	9.763
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-142	-72
Rental charges and taxes normally payable by tenants on let properties	-6.656	-9.760
Other rent-related income and expenses	1.296	129
PROPERTY RESULT	**40.097**	**41.795**
Technical costs	-934	-514
Commercial costs	-262	-274
Charges and taxes on unlet properties	-1.404	-674
Property management costs	-2.179	-1.738
Other property charges	-352	-24
PROPERTY CHARGES	**-5.131**	**-3.224**
OPERATING PROPERTY RESULT	**-34.966**	**38.571**
General costs	-1.268	-1.049
Other operating income and costs	30	5
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**33.728**	**37.527**
Result on disposals of investment properties	64	464
Changes in fair value of investment properties	2.216	-8.525
Other result on portfolio	-1.795	-614
OPERATING RESULT	**34.213**	**28.852**

(continued) in thousands €	2011	2010[π]
OPERATING RESULT	**34.213**	**28.852**
Financial income	232	200
Net interest charges	-12.006	-9.543
Other financial charges	-19	-10
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-4.175	655
Changes in fair value of financial fixed assets	-393	-161
FINANCIAL RESULT	**-16.361**	**-8.859**
RESULT BEFORE TAXES	**17.852**	**19.993**
Taxes	**-58**	**-17**
NET RESULT	**17.794**	**19.976**
Operating distributable result	21.707	27.996
Result on portfolio	485	-8.675
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39) and other elements	-4.398	655

RESULT PER SHARE	2011	2010[π]
Number of shares entitled to dividend	13.907.267	13.907.267
Net result (€)	1,28	1,44
Diluted net result (€)	1,28	1,44
Operating distributable result (€)	1,56	2,01

Statement of comprehensive income

in thousands €	2011	2010[π]
NET RESULT	**17.794**	**19.976**
Changes in the effective part of the fair value of authorized hedging instruments that are subject to hedge accounting	2.561	1.260
COMPREHENSIVE INCOME	**20.355**	**21.236**

Processing of the result (according to the scheme of the Royal Decree of 7 December 2010)

in thousands €	2011	2010[π]
A. NET RESULT	**17.794**	**19.976**
B. ALLOCATION TO/TRANSFER FROM RESERVES		
Allocation to/transfer from the reserves for the balance of changes in fair value[21] of real estate properties:		
- Financial year	-1.882	9.332
- Value realised from real estate properties	34	-464
Allocation to/transfer from the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	1.363	-193
Allocation to the reserve for the balance of changes in the fair value of authorized hedging instruments that are not subject to a hedge accounting	0	-655
Transfer from the reserve for the balance of changes in the fair value of authorized hedging instruments that are not subject to a hedge accounting	4.175	0
Transfer from other reserves	223	0
Allocation to/transfer from results carried over from previous financial years	2.353	-2.546
C. REMUNERATION OF THE CAPITAL PURSUANT TO ARTICLE 27, § 1, PARAGRAPH 1	**24.060**	**25.450**

Balance sheet

ASSETS in thousands €	31.12.2011	31.12.2010[π]
Non-current assets	**581.674**	**527.185**
Intangible assets	37	47
Investment properties	572.378	517.753
Other tangible assets	316	218
Financial fixed assets	8.929	9.153
Trade receivables and other non-current assets	14	14
Current assets	**12.460**	**5.641**
Assets held for sale	4.005	0
Trade receivables	1.687	1.726
Tax receivables and other current assets	4.520	1.943
Cash and cash equivalents	405	813
Deferred charges and accrued income	1.843	1.159
TOTAL ASSETS	**594.134**	**532.826**

[21] Based on the changes in the investment value of the investment properties.

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2011	31.12.2010[π]
Shareholders' equity	**284.018**	**289.113**
Share capital	126.729	126.729
Share premium	60.833	60.833
Reserves	78.662	81.575
Net result of the financial year	17.794	19.976
Liabilities	**310.116**	**243.713**
Non-current liabilities	**264.426**	**177.239**
Provisions	0	990
Non-current financial debts	259.143	175.407
Credit institutions	*184.650*	*101.070*
Bond loan	*74.475*	*74.325*
Financial lease	*18*	*12*
Other non-current financial liabilities	4.685	252
Other non-current liabilities	598	590
Current liabilities	**45.690**	**66.474**
Provisions	172	426
Current financial debts	34.018	50.606
Credit institutions	*34.012*	*50.600*
Financial lease	*6*	*6*
Other current financial liabilities	0	2.819
Trade debts and other current debts	2.640	2.110
Other current liabilities	399	455
Accrued charges and deferred income	8.461	10.058
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**594.134**	**532.826**

DEBT RATIO	31.12.2011	31.12.2010
Debt ratio (max. 65%)	49,9%	43,0 %

NET ASSET VALUE PER SHARE in €	31.12.2011	31.12.2010[π]
Net asset value per share (fair value)	20,42	20,79
Net asset value per share (investment value)	21,36	21,75

06 General information

The articles of association of Intervest Offices & Warehouses were updated on 6 April 2011, pursuant to the Royal Decree of 7 December 2010.

(PAGE 174)

Wilrijk Neerland 1 and 2 - Wilrijk
Storage hall: 28.536 m² - Offices: 632 m²

Identification

Name

Intervest Offices & Warehouses sa, public property investment fund with fixed capital under Belgian law, or “property investment fund” / “sicafi” under Belgian law. On 27 October 2011 the name of the company changed from “Intervest Offices” into “Intervest Offices & Warehouses".

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.

Legal form, formation, publication

Intervest Offices & Warehouses 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 1999 under number BBS 990224-79, the company’s legal form was converted from a limited liability company to a limited partnership with a share capital and its name was changed to “PeriFund”.

By deed executed before Eric De Bie, civil-law notary in Antwerp-Ekeren, with the intervention of Carl Ockerman, civil-law notary in Brussels, executed on 29 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 Financial Services and Markets Authority (FSMA).

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 ICB Act of 20 July 2004.

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

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

The articles of association were last amended (and the name of the company changed into “Intervest Offices & Warehouses) by deed executed before Eric De Bie, civil-law notary in Antwerp-Ekeren on 27 October 2011, as published in the Appendices to the Belgian Official Gazette of 21 November 2011 under number 2011-11-21/0174565.

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 & Warehouses 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.

Exiten
3.943 m²
Zellik

Purpose of the company

Article 4 of the articles of association

The sole purpose of the company is the 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 on certain forms of collective management of investment portfolios.

Property is understood to mean:

1. immovable property as defined in articles 517 et seq. of the Belgian Civil Code and the real rights to immovable property
2. voting shares issued by real estate companies managed exclusively or jointly by the company
3. option rights to property
4. shares of public or institutional property investment funds, provided that the latter are jointly or exclusively managed
5. units in foreign institutions for collective property investment registered on the list referred to in article 129 of the Act of 20 July 2004 on certain forms of collective management of investment portfolios
6. units in institutions for collective property investment located in another Member State of the European Economic Area and which are not registered on the list referred to in article 129 of the Act of 20 July 2004 on certain forms of collective management of investment portfolios, insofar as they are subject to a similar control as public property investment funds
7. property certificates as defined in article 5(4) of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market
8. rights arising from contracts under which one or more properties have been placed under an immovable rental arrangement with the company or any other similar rights of usufruct have been granted
9. all other properties, shares or rights defined as immovable property by the Royal Decrees enacted in implementation of the Act 20 July 2004 on certain forms of collective management of investment portfolios and applicable to collective investment institutions investing in immovable property.

Within the constraints of the investment policy, as defined in article 4-5 of the articles of association and pursuant to legislation applicable to property investment funds, the company may be involved in:

- purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership as described above
- acquiring and lending financial instruments pursuant to article 52 of the Royal Decree of 7 December 2010 on property investment funds
- renting immovable property, with or without an option to buy, pursuant to article 36 of the Royal Decree of 7 December 2010 on property investment funds
- renting out immovable property on an incidental basis, with or without an option to buy, pursuant to article 37 of the Royal Decree of 7 December 2010 on property investment funds
- pursuant to article 51 of the Royal Decree of 7 December 2010 on property investment funds, the company may only act as a property developer for occasional transactions.

Pursuant to legislation applicable to property investment funds, the company may also:

- on an incidental or provisional basis, invest in securities that are not considered as property and hold non-allocated liquid assets pursuant to article 34 § 2, and article 35 of the Royal Decree of 7 December 2010 on property investment funds. Ownership of securities must be compatible with the short- or medium-term goal of the investment policy as defined in article 5 of the articles of association; The liquid assets may be held in any currency in the form of deposits payable on demand or term deposits or any money market instrument, the funds of which are readily available
- grant mortgages or other securities or guarantees only in the context of the financing of its real estate activities, pursuant to article 57 of the Royal Decree of 7 December 2010 on property investment funds
- buy or sell hedging instruments, with the exception of speculative transactions, pursuant to article 34 § 3 of the Royal Decree of 7 December 2010 on property investment funds
- grant credits and provide securities or guarantees in favour of a subsidiary of the company pursuant to article 56 of the Royal Decree of 7 December 2010 on property investment funds.

The company may acquire, rent or rent out, carry over or exchange all movable or immovable property, materials and accessories and generally perform all commercial or financial actions that are directly or indirectly related to its purpose and the exploitation of all intellectual rights and commercial properties related to it.

Insofar as it is compatible with the articles of association of property investment funds, the company may, through contribution in cash or in kind, mergers, subscriptions, participations, financial interventions or other means, participate in all existing companies or enterprises, or those yet to be formed, in Belgium or abroad, the purpose of which is identical to its own or the nature of which is such that it promotes its purpose.

The articles of association of Intervest Offices & Warehouses were updated on 6 April 2011, pursuant to the Royal Decree of 7 December 2010.

Extract from the articles of association[22]

Capital - Shares

Article 7 - Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of € 126.728.870,79 for a period of 5 years starting from the publication in the Appendices to the Belgian Official Gazette of the relevant power of authorisation of the general meeting. This authorisation is renewable.

The board of directors is authorised to increase the nominal capital by contribution in cash or contribution in kind, if applicable through incorporation of the reserves or issue premiums, or by issuing convertible bonds or warrants, under regulations provided for by the Belgian Companies Code, these articles of association and article 13 of the Royal Decree of 7 December 2010 on property investment funds. This authorisation is only related to the amount of the nominal capital and not to the issue premiums.

For every 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 should decide otherwise.

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 Financial Services and Markets Authority 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.

[22] 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.

Besides the legal threshold mentioned in the previous paragraph, the company also provides for a statutory threshold of 3 %.

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.

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.

In application of what is determined by article 9, § 1, of the Royal Decree of 7 December 2010 relating to property investment funds, the board of directors is composed in such way that the company can be managed autonomously and in the sole interest of the shareholders.

Three independent directors within the meaning of article 526ter of the Belgian Companies Code have to sit on the board of directors.

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, 6° and article 11 of the Royal Decree of 7 December 2010 relating to property investment funds. 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 524bis 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 7 December 2010 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 Financial Services and Markets Authority, he (she) also confirms the accuracy of the information that the company has presented to the Financial Services and Markets Authority 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 last 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 - Participation to the general meeting

To be admitted to general meeting and to express a vote, depends on the accounting registration of bearer shares of the shareholder on the fourteenth day prior to the general meeting at midnight (Belgium time) (name hereinafter "registration date"), either by subscription to the register of bearer shares of the company, either by subscription by an authorized account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the amount of shares held by the shareholder on the day of the general meeting.

Owners of dematerialized shares or bearer shares informing the company of their wish to attend, must provide a certificate that has been filed with a financial intermediary or authorized account holder, attesting the number of dematerialized shares that have been registered in their accounts on the registration date in the name of the shareholder or the number of bearer shares that have been registered, attesting that the shareholder wish to attend the general meeting. This filing have to be done at latest the sixth day prior to the general meeting date at the registered office or at the institutions mentioned in the invitation.

Owners of nominative shares communicate their wish to participate to the company, by ordinary mail, fax or e-mail at least the sixth day before the date of the general meeting.

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 distributes annually as share capital at least 80 % of the in Chapter III of annex C of the Royal Decree of 7 December 2010 relating to property investment funds fixed amount as remuneration of the share capital. This obligation is not detrimental to article 617 of the Belgian Companies Code. Besides, the clauses recorded in article 27 of the Royal Decree of 7 December 2010 relating to property investment funds have to be respected.

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 & Warehouses. 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 € 67.150 (excl. VAT, incl. costs) as from the financial year started on 1 January 2011 for the survey of the statutory and consolidated annual accounts.

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 2011, the property experts of the property investment fund are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Matthias Gerits.
- Jones Lang LaSalle Belgium, 1000 Brussels, rue Montoyer 10. The company is represented by Frank Weyers.

In accordance with 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 2011, the logistic buildings and Mechelen Campus has been managed by the external manager Quares Asset Management.

Property investment fund - legal framework

The investment fund system is formalised in the Royal Decree of 7 December 2010 relating to property investment funds 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 property 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 Financial Services and Markets Authority 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 € 1.200.000
- 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

- annual financial interest charges resulting from borrowings may under no circumstances exceed the threshold of 80 % of the operating distributable result before result on portfolio increased with the 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 21 % when paying out dividends (except certain exemptions or increases (except certain exemtions or increases)

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 13 § 2 of the Royal Decree of 14 November 2007, the board of directors, composed of Paul Christiaens (chairman), Jean-Pierre Blumberg, Nick van Ommen, Johan Buijs and Daniel van Dongen, declares that according to its 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 7 December 2010, give a true and fair view of the equity, the financial position and the results of Intervest Offices & Warehouses and the companies included in the consolidation

b) the annual report gives a true statement of the development and results of Intervest Offices & Warehouses 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 & Warehouses 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 plus 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 relation of all 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 21 % (as from 31 December 2011).

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 & Warehouses sa.

Ordinary earnings (loss) per share

The ordinary earnings (loss) 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 ratio 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 &
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