



INTERVEST OFFICES

ANNUAL REPORT 31 December 2003





INTERVEST OFFICES

Property Investment Fund
with Fixed Capital under Belgian Law

ANNUAL REPORT 31 December 2003







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Letter to the shareholders

Dear shareholder,

2003 was a difficult year for our company. As the economy remained weak, there was little demand from companies for new office space, especially in the periphery of the large cities where Intervest Offices is active. Furthermore, many companies are subletting their surplus space to third parties at dumping prices. The supply of offices therefore exceeds current demand. These factors are generating fierce competition between owners and property developers, with heavy concessions having to be made to new and existing tenants.

The logical result of the lower occupancy rate (84.53% at the end of 2003) will be a fall in income. The value of the property portfolio is € 591.1 million, compared to € 603.7 million at the end of 2002, a decline that can be attributed to the lower market rents, the lower occupancy rate, and weaker demand among investors for premises in peripheral areas.

The operating profit rose from € 27 million to € 28.6 million. This means that we are able to offer you the same dividend as in 2002, i.e. € 2.17 per share.

The debt ratio at the year end was 47.06%. This implies that there is only limited scope for further growth of the property portfolio on the basis of additional borrowing.

Over the short term, we will be trying, above all, to optimise the occupancy rate and the quality of the portfolio. The latter can be achieved not only by carrying out renovation work to make the properties more attractive to tenants, but also by selling those that are performing poorly, and replacing them with more competitive properties.

Over the medium term, we would like to further develop the position of Intervest Offices as an important property company in peripheral office markets. With a larger portfolio, higher market capitalisation and an increased free float, the share will become more attractive to shareholders and its liquidity will be improved.

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

The Board of Directors

Key figures¹

PROPERTY ASSETS	31.12.2003	31.12.2002	31.12.2001
Total lettable area (m ²)	534,157	534,157	225,658
Occupancy rate (%)	84.53	90.01	96.82
Value deed in hand (€ 000)	591,147	603,722	396,727
Value costs-to-buyer (€ 000)	537,208	547,702	352,897

BALANCE SHEET INFORMATION

Adjusted shareholders' equity after profit appropriation (€ 000)	306,945	320,199	217,333
Debt ratio after profit appropriation (%)	47.06	46.31	46.28

RESULTS (€ 000)

Operating result

Turnover	44,836	42,698	16,623
Not recovered charges	-1,363	-816	-699
Other operating income	965	865	770
Net turnover	44,438	42,747	16,694
Operating costs	-5,166	-4,747	-1,228
Operating result	39,272	38,000	15,466
Financial result	-10,717	-11,029	-5,006
Operating result before taxes	28,555	26,971	10,460
Taxes	38	0	0
Operating result	28,593	26,971	10,460

Result on the portfolio

Realised added value or loss of value on portfolio items	0	0	0
Unrealised added value or loss of value on the portfolio			
- Valuation of the property in the portfolio	-13,154	-29,075	-3,094
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	0	0	0
Result on the portfolio	-13,154	-29,075	-3,094
Exceptional result	49	0	0
Result of the period	15,488	-2,104	7,366

INFORMATION PER SHARE

Number of shares	13,224,061	13,224,061	7,992,252
Number of shares entitled to dividend			
- 12 months	13,224,061	11,708,037	4,376,163
- 6 months	-	1,516,024	-
Number of shares not entitled to dividend	-	-	3,616,089
Net asset value (incl. dividend) (€)	25.38	26.26	28.28
Gross dividend (€)	2.17	2.17	1.98
Net dividend ² (€)	1.84	1.84	1.68
Share price on closing date (€)	24.55	24.00	24.60
Over- / undervaluation on net asset value (%)	-3.27	-8.61	-13.01

¹ These are consolidated figures.

² On the assumption that the withholding tax of 15% applies.





■ Report of the Board of Directors



Report of the Board of Directors

1. Profile

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

The current portfolio consists of 75% offices and 25% semi-industrial premises. The total value as at 31 December 2003 amounts to € 591,147,000 (investment value deed in hand).

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

2. Investment policy

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

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

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

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

2.1. Increased liquidity of the share

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

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

To improve its liquidity, Intervest Offices has concluded a liquidity agreement with Vermeulen-Raemdonck (ING group). The liquidity of most Belgian property investment funds is fairly low. One important reason for this is that these funds are often too small -in terms of both market capitalisation and free float³- to gain the attention of professional investors.

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

2.2. Expansion of the property portfolio

A large portfolio clearly offers a number of benefits:

- It helps to **spread the risk** for the shareholders. After all, possible geographic fluctuations in the market can be absorbed by investing in real estate throughout Belgium. This also means that the company is not dependent on one or a small number of major tenants or projects.
- The **scale advantages** achieved allow the portfolio to be managed more efficiently, with the result



that a greater amount of operating profit can be distributed. We are thinking here in terms of the costs of maintenance and repair, the (long term) renovation costs, consultancy fees, publicity costs, etc.

- If the size of the total portfolio increases, this strengthens the **management's negotiating position** in discussing new terms of lease and offering new services, alternative locations, etc.
- It allows a specialised management team to use its far-reaching knowledge of the market to pursue an innovative and creative policy, resulting in **an increase of shareholder value**. This makes it possible to realise growth, not only in terms of the number of properties let, but also in the value of the portfolio. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new terms of lease, an improvement in the quality of the tenants, the offering of new services, etc.

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

Every acquisition must be checked against the following criteria:

Property-related criteria:

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

Financial criteria:

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

2.3. Improvement of risk spread

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

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

3. Prospects

The situation as at the end of 2003 did not differ substantially from the situation one year earlier: due to the weak economic climate, many companies are deferring their investments and important decisions in the area of accommodation until the situation improves.

This has serious consequences for the take-up of office space. The vacancy ratio in peripheral areas, for example, amounts to 18 to 21% ($\pm 300,000 \text{ m}^2$). In 2003, only 90,000 m^2 of this was taken up, which means that (if conditions remain the same) the current vacancy ratio will not be eliminated for another three years.

It will take some time for the gradual economic recovery that has been visible in recent months to have a positive impact on the property market. Due to this delayed effect, we do not anticipate any improvements before 2005.

The heavy blows that have been dealt to peripheral areas in the recent years means that these regions will also have the greatest growth potential, once demand starts to pick up again.



On the semi-industrial market, the situation has not changed a great deal: here, too, companies are adopting a wait-and-see attitude. As semi-industrial companies react more quickly to movements in the economy, this property market is expected to improve in 2004.

It is our intention to further expand the portfolio of Intervest Offices. This is important, in order to improve the free float and liquidity of the shares and to enjoy cost benefits.

The weak demand on the tenant market, however, is prompting Intervest Offices to defer new investments for the short term, and to focus on the existing portfolio. The chances of leasing these properties need to be optimised by carrying out work to renovate them and freshen them up, and by keeping our efforts in the commercial area at a high level.

A long-term schedule to raise the quality of the portfolio still further is also being drawn up. This will see weaker properties disposed of and replaced with buildings offering a stronger competitive position.

Growth through borrowing is limited for the time being, in view of the high debt ratio (47.06%). A public capital increase would also appear to be extremely difficult at the moment, due to the uncertainty on the letting market. This means it is impossible to make precise predictions.

At present, further growth is therefore only possible through mergers, takeovers, non-cash contributions etc., which would make it possible to issue new shares.

4. Corporate governance

4.1. General guidelines

Intervest Offices applies the principles of corporate governance to ensure that shareholder value can be achieved in the best possible way.

Intervest Offices is a “limited liability company”. This means that its shareholders, within the General Meeting of Shareholders, have very broad decision making powers.

Up to 31 December 2003, the company was managed by Intervest Management NV/SA, a subsidiary of VastNed Retail NV/SA, with which Intervest Offices had concluded a contract on market terms. However, in view of the international trend towards greater transparency of investment funds and increased continuity of management, in November 2003 the decision was taken to transfer all the activities of Intervest Management NV/SA that related to the management of Intervest Offices NV/SA to the latter with effect from 1 January 2004.

This means that the investment fund became a so-called ‘self managed fund’ as of 1 January, and currently employs 11 of the former employees of Intervest Management NV/SA. Since 1 January, the investment fund has also its own Executive Committee (see also point 4.4. below), and all day-to-day tasks are being carried out by the investment fund itself.

Technically, this change took place by means of a transfer for valuable consideration (i.e. sale), with legal continuity (in accordance with article 770 in conjunction with article 760 of the Belgian Company Code), of the ‘Offices’ business segment from Intervest Management NV/SA to Intervest Offices NV/SA. This means that all assets and liabilities, all rights and obligations (including all contracts) and all personnel that could be assigned to the relevant business segment were transferred automatically and with legal continuity to Intervest Offices NV/SA.



The main benefits of this change are that:

- the investment fund controls its own operating costs;
- the investment fund has a fully dedicated management team, which helps with the continuity;
- there is greater independence regarding to the majority shareholder (Interinvest Management NV/SA was, after all, a 100% subsidiary of VastNed Retail NV/SA).

4.2. Board of Directors

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

The Board consists of the following members:

- **Walter E. Hens (56), Director,**
Osylei 9, 2640 Mortsel
Managing Director Slough Properties NV/SA
- **Jean-Pierre Blumberg (47), Director,**
Plataandreef 7, 2900 Schoten
Managing Director De Bandt, Linklaters & Alliance
- **Joost Rijnboult (64), Managing Director,**
Leopold de Waelplaats 28/42, 2000 Antwerp
Managing Director Interinvest Retail NV/SA
- **Hubert Roovers (60), Managing Director,**
Franklin Rooseveltlaan 38,
The Netherlands - 4835 AB Breda
Chief Investment Officer, VastNed Management
Closed Limited Liability Company under Dutch
Law.
- **Reinier van Gerrevink (55), Chairman,**
Bankastraat 123,
The Netherlands - 2585 EL 's-Gravenhage
Chief Executive Officer, VastNed Management
Closed Limited Liability Company under Dutch
Law.

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

The Board meets at least four times a year. During the 2003 financial year the Board met on seven occasions.

Certain directors exercise directors' mandates in other companies, which could give rise to a conflict of interests with their mandates in Interinvest Offices. In cases where this situation arises, the director in question is asked not to participate in the discussions and decisions, in accordance with article 523 of the Belgian Company Code. The above also applies, where article 524 of the Belgian Company Code applies, in the event that the Board of Directors is required to take a decision that may involve a conflict of interests with a majority shareholder of the company. To date, such a situation, in which the procedure provided for in article 524 of the Belgian Company Code has to be observed, has two times occurred in 2003. The first occasion was when Interinvest Management's management fee was increased, and the second when the "Offices" business segment was transferred from Interinvest Management to the investment fund. For more details, please see the consolidated annual report on page 83.

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

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



The Board also has a number of statutory responsibilities:

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

Each independent director currently receives € 12,395 a year as a director's fee. The directors who represent the majority shareholder do not receive a fee.

4.3. Audit Committee

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

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

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

The Audit Committee is composed of the following members:

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

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

4.4. Executive Committee

In October 2003, the decision was taken to set up an Executive Committee with effect from 1 January

2004. In accordance with article 524b of the Belgian Company Code and article 15 of the company's articles of association, the Board of Directors decided to transfer all managerial powers to this Executive Committee, with the exception of:

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

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

The Executive Committee is composed as follows (from 1 January 2004):

- **Closed Limited Liability Company under Belgian Law Gert Cowé**, represented by Gert Cowé, Chairman, Chief Executive Officer
- **Closed Limited Liability Company under Belgian Law Nicolas Mathieu**, represented by Nicolaas Mathieu, Chief Financial Officer
- **Closed Limited Liability Company under Belgian Law Jean-Paul Sols**, represented by Jean-Paul Sols, Chief Operational Officer





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

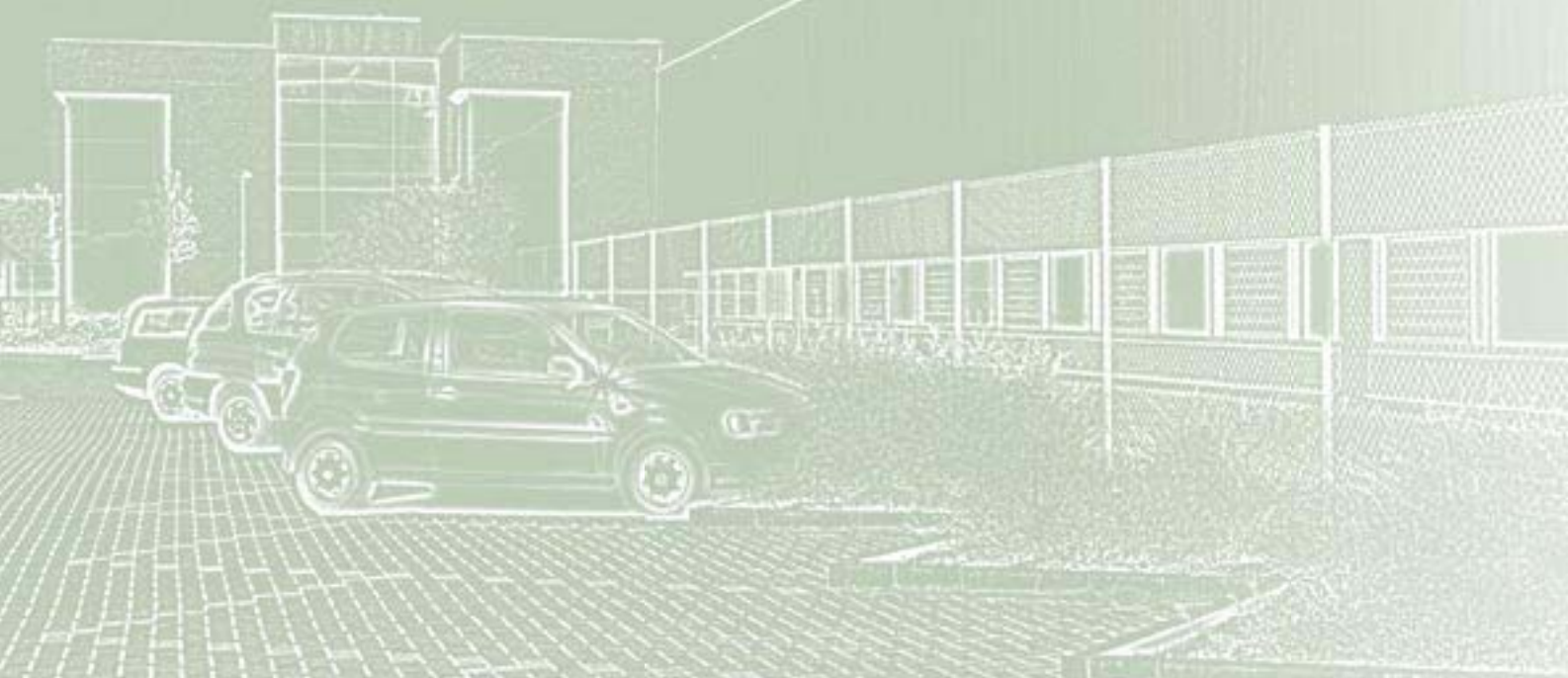
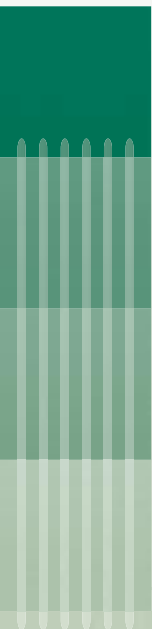
4.5. Statutory Auditor

The Statutory Auditor, who is appointed by the General Meeting of Shareholders, certifies the annual accounts. As Intervest Offices NV/SA is a property investment fund, the Statutory Auditor must also prepare a special report on the annual figures for the Banking, Finance and Insurance Commission.

4.6. Property experts

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







II Report of the Executive Committee



Report of the Executive Committee

1. Market report

1.1. The office market⁴

In general, the European office markets posted a moderate to poor performance in 2003. The fact that the economic climate continues to be unfavourable means that companies are adopting a wait-and-see attitude, are even more cost-conscious, and are deferring important decisions (including those on accommodation).

At present, there are few signs of a positive turnaround in this situation in the short term. The initial indications that the economy is recovering need to be reinforced in 2004.

The situation in the Belgian office market varies from region to region.

1.1.1. The Brussels office market in general and the periphery

The Brussels office market performed well in 2003. Around 700,000 m² of new office space was taken up. This is almost 50% more than in the previous year. This high level of take-up can be attributed solely to the Belgian and European institutions, which together accounted for a figure of around 65%.

Private companies, however, took up little new office space in the past year (250,000 m²). This is a clear sign that the economic situation is still extremely weak.

More than ever before, Brussels is an office market running at two different speeds. The “Central Business District” (CBD), for example, has hardly been affected: the vacancy ratio remains very low, rents are still increasing, and the demand from national and international investors for quality



Source: Catella Codemer “The Brussels Office Market”, 26.01.2004.

⁴ This text was partly based on data from DTZ Winsinger Tie Leung, Catella Codemer and Cushman & Wakefield Healey & Baker.



properties exceeds supply. The periphery (and in particular the zone around Zaventem airport), on the other hand, offers a higher yield but also a higher risk profile. The economic slump is making itself felt more here. The activities of its traditional tenants (private companies) have declined markedly, reducing the need for office space.

• Supply

In the past ten years, the periphery of Brussels has seen fast growth because of its ease of access and attractive setting with a recent number of buildings, and the favourable tax situation compared to the city centre. Users are mainly new technology companies. The total supply of offices on the outskirts of Brussels is currently estimated at more than 1.5 million m², more than half of it close to the airport (Zaventem, Diegem and Machelen).

Availability in the Brussels market overall has risen in the past 12 months to ± 9.7% (± 1,200,000 m²). This is by far the highest in the periphery: 18 to 21% (depending on the source).

At present, mainly the old offices in the peripheral areas are suffering badly from these problems. An important example is the old phase of the Keiberg, where many tenants have already moved out.

• Demand

Although the definitive figures for 2003 are not yet known at the time of writing, the take-up for 2003 is estimated to be in the region of 700,000 m² (compared to 475,000 m² in 2002).

Of this, the CBD accounted for 72% (500,000 m²), and the periphery for 13% (90,000 m²).

As mentioned above, the European Union and various Belgian authorities were the largest customers in the CBD last year. This important sub-market is therefore increasingly becoming a “government market”, with fewer and fewer private companies.

In the periphery, take-up was weak in 2003.

This market lets almost exclusively to private companies, which have been hardest hit by the weak economic climate.

• Rents and yields

Demand from the various national and local authorities and from the European Union remains very high in the CBD. This is driving up rents further. Last year, top rents of € 275/m²/year were realised, and this figure is expected to rise further.

The periphery is more sensitive to fluctuations in the economy, which means that it is a more cyclical market. Consequently, it is hardly surprising that rents have dropped here under the influence of the increasing vacancies. Owners are often being obliged to make major commercial concessions to existing or new tenants.

Rents in the periphery stabilised at around € 130 to € 145/m²/year.

The price difference between the CBD and the periphery has increased considerably: top rents in the centre are as much as 85% higher than in the periphery, without taking into account tax expenses (such as withholding tax), which can also be up to € 25/m²/year higher in the centre.

In future, these significant price differences may increasingly prompt companies in the centre and the 19 districts around Brussels to settle in the periphery. This will presumably lead to a further increase in the polarisation between a “government market” (the Belgian government and European Union in the CBD and the 19 districts), and a “company market” (the periphery).

Thanks to its stable office market, Brussels is proving extremely attractive to foreign investors. This has led to lower yields, since the demand for quality premises far outstrips the supply. Prime yields are around the 6.5% mark.



The estimated investment volume (apart from exceptional transactions and purchases by users) is approximately € 1.5 billion. The bulk of this was invested by German funds (36%) and Belgian property investment funds (33%).

1.1.2. Market report for Antwerp and the surrounding area

• Supply

At the end of 2003, the total base of office property in Antwerp was around 1.724 million m². This figure is virtually the same as that for 2002.

The status quo can be attributed to property developers taking a cautious approach to new projects.

Immediately available office space came to 100,000 m² during the last quarter of 2002 corresponding to an availability of around 5.94%. An increase in the vacancy ratio is expected in the coming months, due to the decline in the activities of a number of major companies.

Most of this office space is more than 5 years old, while the “new” office space (less than 5 years old) represents only 12%. The empty office space is mainly in the city centre and to a lesser degree in the port area. In the area of the Singel, in contrast, the number of available offices is somewhat lower. At present, it seems that companies prefer this zone to the city centre, which is having problems with a lack of high-quality premises and parking spaces due to the numerous infrastructure projects currently being carried out.

A number of ambitious office projects are still in the preparation phase or are currently being realised, both in the city centre and in the periphery. Due to the weaker demand on the Antwerp office market, these will probably not be started in 2004.

• Demand

In 2003, the take-up of office space, at 50,000 m², was around 35% below the figure for 2002. It was

also the poorest result in the last ten years. The reason behind this is the weak economy, which is prompting companies to rationalise the space they are renting. The limited supply of high-quality properties is possibly another reason why companies are turning to other locations (such as Mechelen).

• Rents and yields

A review of the various districts of Antwerp reveals stabilisation in the city centre. Rents fluctuate between ± 74 €/m² and 112 €/m².

Rents in the port area are also pretty stable, at around 85 €/m² for modern buildings. It should be noted that the «t Eilandje» district has seen several interesting renovation projects, with rents reaching around 112 €/m² as a result.

The Singel, however, remains by far the most desirable location. The weak economic climate puts the prices under pressure, fluctuating at present between ± 120 €/m² and 130 €/m².

The southern periphery is seeing sustained demand, but rents there are stable. Rental fluctuations in this area are between ± 100 €/m² and 125 €/m².

There were only a small number of sale transactions in Antwerp last year. The most important of these was the sale of the “Rubens Building” (22,000 m²), on the Singel.

The yield for modern buildings located in the southern periphery and on the Singel is currently fluctuating between 7.25% and 7.75%. For those located in the city centre and port area, the yield varies between 8% and 10%.

1.1.3. Market report for Ghent and the surrounding area

• Supply

The most important office buildings larger than 1,000 m² occupy a total space of around



348,000 m². These offices are mainly situated in the central areas, Binnenring-E17 and Buitenring-E40. In addition, there are plenty of old buildings (15 years old) in the centre and on the outskirts. The office buildings in the area of the E40 motorway are much more recent.

As the third largest city in terms of population, Ghent has a fairly limited office premises market. The growing demand on the Ghent market and the scarce supply of high-quality office space have naturally attracted the attention of property developers. In total, there is more than 515,000 m² of office space under construction, of which only 65,000 m² will be completed in the course of 2004 and 2005.

The supply of offices available at the end of 2003 was only 23,000 m², representing a vacancy ratio of 7%. These empty buildings are mainly of bad quality.

- **Demand**

During 2000 and 2001, around 40,000 m² of new office space was put into use a year in Ghent and surrounding areas. In the preceding years, this figure generally fluctuated between 10,000 m² and 15,000 m². In 2002 and 2003, too, the take-up was only 10,000 m². This was chiefly due to the fact that virtually no new developments came onto the market last year.

- **Rents and yields**

Naturally enough, the scarcity of office space in Ghent has led to pressure on prices, with a substantial increase in rents over the last five years as a consequence.

For conventional office buildings, rents in Ghent are between 85 €/m²/a year and 100 €/m²/a year. For prime buildings, i.e. modern or new buildings of high quality, normal rents vary from around 115 €/m² to around 128 €/m².

There were no notable sales in 2003. The returns on average office premises in the Ghent region are from 7.65% to 8.5%.

1.1.4. Market report for Mechelen and the surrounding area

- **Supply**

Mechelen has developed rapidly in the past decade. Although this region did not formerly have a proper office market, very ambitious projects have been built in the past few years.

The entire Mechelen market consists of around 450,000 m² of offices, storage space and laboratories, spread mainly over two zones: the Mechelen Noord (North Mechelen) zone, chiefly containing new economy and biotechnology businesses, and Mechelen Zuid (South Mechelen), geared more towards industry and logistics. Supply in the centre is fairly limited. It is mainly office parks that direct their attention to potential tenants, while the remaining buildings are often aimed at owner-users. If only offices are considered, Mechelen has a total supply of around 220,000 m².

The immediately available supply of offices is around 30,000 m². That means a rate of over 15% of free letting space.

The major increase in available letting space in 2002 was due to the arrival of a large number of speculative projects on the property market, such as the Office Park Mechelen at over 14,000 m² as well as some Mechelen Campus buildings.

A substantial number of projects may be realised in the coming years. The total number of projects under construction or at the study stage is around 150,000 m² for the next five years. This figure includes, among other things, the Mechelen Campus and the Mechelen Business Tower II beside the E19.

- **Demand**

Around 24,000 m² of new offices came on stream in the Mechelen region in the year 2002. In 2003, a slightly lower take-up was recorded.



There are more and more people from Antwerp and the outskirts of Brussels who decide to relocate to Mechelen. Demand in the coming years may depend on the number of projects coming on the market.

- **Rents and yields**

Rents in Mechelen are lower than those on the outskirts of Brussels, making Mechelen more and more of a competitor. Conventional offices are let at around 100 €/m², while high-tech offices fluctuate around 125 €/m², with prime office buildings fetching prices of 130 €/m².

Yields vary between 7.5% for the best projects, 8% for high-tech buildings and 8.5% for conventional offices. There were hardly any transactions during the last year.

Increased rents in combination with lower yields have ensured a substantial increase in the capital value.

1.1.5. Market report for Leuven and the surrounding area

- **Supply**

Leuven and the surrounding area have a number of advantages that make it an attractive location for national and international companies.

The university and other higher education establishments give the city a special atmosphere and ensure the local availability of a highly-trained workforce. The building of the high speed train, the connection to Brussels' GEN network and a direct train connection between Leuven and Zaventem will improve the city's accessibility.

Leuven's current office premises market can be estimated at around 500,000 m². The biggest users are KBC (130,000 m²), Interbrew (130,000 m²), the Catholic University of Leuven (90,000 m²) and the municipality of Leuven. The vacancy ratio is estimated at 4.25%.

- **Demand**

A significant part of the demand for office space in Leuven derives from university spin-offs and other research-related companies. Five to ten spin-offs are set up every year. Together with those companies that are attracted from outside Leuven, that means an additional 15 to 20 new companies a year associated with the university. The space required by these companies is estimated at 30,000 m² a year.

In the first instance, these spin-offs set up their businesses in the science parks envisaged for the purpose. Once they attain a certain production capacity, however, the science parks are no longer the right place for them, and they have to move to other industrial zones or office parks.

The crisis in the technology sector led to a sharp drop in the demand from its companies in the past years. The take-up in 2003 came to around 10.000 m².

- **Rents and yields**

At the moment, rents for conventional and renovated offices in the centre and for offices in general in the suburban municipalities vary between 90 €/m² and 112 €/m². For a modern office complex, the rent is 110 €/m² to 135 €/m².

Because of the limited supply, few transactions have taken place in the past few years. Yields, however, are around the 8% mark, and may go lower for the best projects.



1.2. The semi-industrial property market⁵

1.2.1. The rental market

The take-up in 2003, at 970,000 m², was significantly higher than in the previous year. The average vacancy ratio at the end of 2003 was around 8%, although substantial differences could be seen between the regional vacancy ratios: 6% in the Brussels Metropolitan Area and its outskirts, 10.5% in Antwerp, 8.6% in Limburg and 6.7% in Liège.

Demand for large premises (>10,000 m²) remained limited. There was greater demand for smaller premises, which meant that the average size of semi-industrial transactions fell (-15% compared to 2002). In other words, tenants and users are continuing to exercise extreme caution when it comes to renting buildings.

SMEs, too, seem to be more interested in purchasing than in renting buildings. This can be explained partly by the reasonably low interest rate, which means that becoming an owner is fairly cheap, but also by the different strategy that these companies pursue.

Despite the slowdown in activity, rents have not fallen. Brussels and Antwerp are still the most expensive locations. For semi-industrial buildings, the top rents are 68 €/m²/year (Brussels) and 45 €/m²/year (Antwerp). For logistics and distribution centres along the Antwerp-Brussels axis, top rents have remained stable at 48 €/m²/year. There are, however, signs that these rents are being placed under pressure, in particular those for older buildings.

The golden triangle (Brussels - Antwerp - Ghent) is still very popular. This location is in demand by companies seeking offices for their national distribution centres and consequently looking for centrally positioned properties.

The European distribution centres, in contrast, follow a different strategy and locate in areas with far greater options for access to the infrastructure but lower rents, such as Henegouwen, Limburg and Liège.

1.2.2. The investment market

The defensive characteristics of this market, and the higher yields from the semi-industrial sector, when compared with those from the office and retail property markets, are prompting investors to focus on the industrial market. Demand for good-quality, well-let products is increasing. Competition between investors has intensified since 2002.

The top yield for semi-industrial properties with several tenants is 8% in Brussels, 8.25% in Antwerp, Mechelen and Flemish Brabant, and 8.50% in Ghent and Liège, and along the E313 (Kempen).

The top prices for land also remained stable at 248 €/m² in the 19 Brussels districts, in Zaventem and in Diegem. In other parts of Belgium, prices are considerably lower. They fluctuate between 100 €/m² in Antwerp and Ghent, and 30 €/m² in the provinces of Liège and Henegouwen.

In view of the major interest being shown by investors, numerous projects have been planned by property developers: in the golden triangle, the development of an area of 300,000 m² is planned for the next few years, and outside this region a further 750,000 m² are due to be developed.

⁵ This text was based on data from King Sturge, Cushman & Wakefield Healey & Baker and Jones Lang LaSalle.



2. Important developments that have taken place in 2003

There were no purchases or sales last year. As mentioned above, we focused on work on renovating and freshening up existing properties, so that we could optimise the letting of these buildings.

For example, work was therefore carried out on the following properties:

- **Airway Park – Zaventem:**
 - partial renovation of buildings C and E
 - new air conditioning, floors, ceilings, sanitary facilities, freshening up of entrance halls with new lighting, new signposting system
 - cost: € 350,000
- **Atlas Park – Zaventem:**
 - cleaning of façades, freshening up of car park and green areas, new signposting system, freshening up of units
 - cost: € 40,000
- **Sky Building – Berchem:**
 - installation of new sun protection on façade, freshening up of entrance hall
 - cost: € 50,000
- **Gateway House – Antwerp:**
 - renovation of entire building (not yet completed)
 - installation of air conditioning with cooling boxes, new floors, ceilings and lighting, more modern entrance and lift halls
 - cost: € 1,092,000

Efforts in the commercial area were also intensified significantly:

- regular meetings with brokers to discuss the portfolio and market trends
- open days in the buildings for brokers and potential tenants
- keeping overviews of available properties up to date
- responding quickly and efficiently to questions from the market
- supporting potential tenants with interior work and removals
- high flexibility when negotiating terms of lease

- proactively approaching tenants whose rent contract is coming to an end
- publications in various media

These efforts have clearly borne fruit. Not only are brokers much more aware of the possibilities offered by Intervest Offices, but our efforts also resulted in some excellent lettings in the last few months of 2003:

- Greenhill Campus - Leuven: Cabot (2,606 m²), Regie der Gebouwen (1,000 m²) and Osram (280 m²)
- Intercity Business Park and Mechelen Campus: various lettings amounting to ± 2,800 m²
- Inter Access Park - Dilbeek: U2U (451 m²) and Comm. Fin. Group (418 m²)
- Park Rozendal - Hoeilaart: Quality Business (432 m²)

Finally, all management activities were transferred from Intervest Management to Intervest Offices, and an own Executive Committee was appointed. Intervest Offices has therefore become a 'self managed fund' in order to increase its transparency to the outside world, following the common international practice. In this context, we refer you to the section 'Corporate Governance' on page 14.



3. Post balance sheet events

On 14 January 2004, the property located at Kapelleveld 2 (Sint-Jansveld 14), Wommelgem was sold.

The user (FPT Verboven) had a tenancy agreement which ran until 2014, but the property had been empty for some time, and had been offered for subletting.

The decision was therefore taken to consider an enquiry from a purchaser, as the property had a number of negative points. For example, the ratio of office to storage space was too high (21%), and a large mezzanine, built at the tenant's request, would probably not suit other users.

No profit or loss was recorded on the sale in relation to the appraised value (deed in hand).

In February, an agreement was reached on the sale of the property in Putte, Klein Boom. The Board of Directors agreed to a selling value of € 4,342,500. The property's most recent appraised value was € 4,810,000 (investment value deed in hand)/ € 4,370,000 (value costs-to-buyer).

This property meets the needs of the current users (Staalbouw Verelst NV/SA and Industriebouw Verelst NV/SA) perfectly in terms of location and equipment, but would be less suitable for letting on the market if it became available. The users expressed an interest in purchasing the property, and both parties came to an agreement on the price.



4. Summary of the figures⁶

BALANCE SHEET (€ 000)

ASSETS	31.12.2003	31.12.2002	31.12.2001
Formation expenses	0	0	0
Intangible fixed assets	4	0	0
Tangible fixed assets	591,211	603,722	396,727
Financial fixed assets	15	78	0
Amounts receivable after one year	1,663	1,832	133
Amounts receivable within one year	1,864	3,131	2,825
Cash investments	0	600	223
Liquid assets	824	1,975	5,879
Transitory accounts	35	93	33
Total assets	595,616	611,431	405,820

LIABILITIES

Shareholders' equity	306,945	320,199	217,333
Minority interests	49	49	50
Provisions for risks and charges	4,840	4,640	19
Amounts payable after one year	175,347	124,178	87,666
<i>Financial debts</i>	174,968	124,103	87,615
<i>Other debts</i>	379	75	51
Amounts payable within one year	104,884	159,009	100,149
<i>Financial debts</i>	73,370	127,757	89,590
<i>Other debts</i>	31,514	31,252	10,559
Transitory accounts	3,551	3,356	603
Total liabilities	595,616	611,431	405,820

RESULTS (€ 000)

	31.12.2003	31.12.2002	31.02.2001
Operating result			
Turnover	44,836	42,698	16,623
Not recovered charges	-1,363	-816	-699
Other operating income	965	865	770
Net turnover	44,438	42,747	16,694
Operating costs	-5,166	-4,747	-1,228
Operating result	39,272	38,000	15,466
Financial result	-10,717	-11,029	-5,006
Operating result before taxes	28,555	26,971	10,460
Taxes	38	0	0
Operating result	28,593	26,971	10,460

Result on the portfolio

Realised added value or loss of value on portfolio items	0	0	0
Unrealised added value or loss of value on the portfolio:			
- Valuation of the property in the portfolio	-13,154	-29,075	-3,094
- Changes in market value previously recorded on the portfolio items disposed of during the financial year	0	0	0
Result on the portfolio	-13,154	-29,075	-3,094
Exceptional result	49	0	0
Result of the period	15,488	-2,104	7,366

Group share	15,488	-2,103	7,316
Third-party share	0	-1	50

⁶ These are consolidated figures.



5. Comments on the figures

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

On 12.03.2003, Intervest Offices NV/SA, as a property investment fund, obtained approval from the Minister for Economic Affairs to present its annual accounts in accordance with a modified scheme. In accordance with the legislation governing property investment funds, the property is valued four times a year by independent property experts at market value (deed in hand, i.e. the investment value produced by a certain rental yield in relation to the risk typical of the property and location, and from which any registration fees and notarial charges may need to be deducted in the event of a sale). This modified scheme mainly involves splitting up the profit and loss account into the operating result and the result on the portfolio.

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

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

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

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

5.2. Assets

Tangible fixed assets decreased from € 603.72 million to € 591.21 million. On 31 December 2003, the property was valued by the independent property experts at € 591.15 million (deed in hand), compared to € 603.72 million the previous year. The costs-to-buyer valuation (i.e. the estimated selling value, or the investment value excluding registration fees and notarial charges) amounts to € 537.21 million. The decline of 2.1% over the year was caused by the problems in the letting market, which can be attributed to the continued weak economic climate in 2003. The crisis, which has had repercussions on demand for offices, especially those located in the peripheral areas of Brussels, has resulted in a downward trend in the property experts' estimations of the value of the property. No property was acquired or sold in 2003.

The other tangible fixed assets consist, at a level of € 0.64 million, of furniture, rolling stock, equipment and other tangible fixed assets that were taken over at the end of the year at approximately book value from Intervest Management NV/SA, within the context of the internalisation of management.

Of the financial fixed assets, € 0.02 million is made up of security payments. The unconsolidated figures also contain a majority holding of € 0.31 million and receivables of € 3.21 million from the following subsidiaries: Aartselaar Business Center NV/SA, Mechelen Business Center NV/SA, Mechelen Research Park NV/SA, Duffel Real Estate NV/SA and Wommelgem Logistic Center NV/SA. These companies are included in full in the consolidated figures, and are the owners of land on which Intervest Offices NV/SA owns, by means of a buildings contract, premises that are, in most cases, leased to third parties on long-term contracts.

Current assets amount to € 4.39 million and are made up of trade accounts receivable (€ 2.75 million), other receivables - mainly from the tax authorities (€ 0.78 million), liquid assets in bank accounts (€ 0.82 million), and deferred charges and accrued income (€ 0.35). Bad debts are included, at a level of € 0.092



million. A downward value adjustment is posted for receivables for which the possibility of collection is estimated to be less than 50%.

5.3. Liabilities

The investment fund's shareholders' equity comes to € 306.95 million. The nominal capital and issue premiums are, as in the previous year, € 123.13 million and € 60.8 million respectively. The reserves amount to € 123 million, and consist mainly of unrealised added value resulting from the valuation of the property portfolio at market value. These reserves, which are not available for distribution, fell by € 13.15 million compared to the previous year, due to the downward valuation of the portfolio by the property experts. The total number of shares is unchanged at 13,224,061, so the net asset value, excluding dividend, amounts to € 23.21 per share. Including dividend, the net asset value is € 25.38 per share. In relation to the share price on the closing date of € 24.55 per share, shares are therefore listed with a slight undervaluation of 3.39%.

The provisions amount to € 4.84 million, and are made up of provisions for major maintenance and repairs, taken over following the merger with SIREF (Semi Industrial Real Estate Fund NV/SA, an investment fund specialising in storage locations and logistics property which was taken over by Intervest Offices NV/SA in 2001) (€ 3.72 million), provisions for tax disputes in connection with the non-deductibility of provisions and the retro-activeness of mergers (€ 0.92 million), and provisions for specific property repair costs (€ 0.2 million). This last provision is made up of four letters of objection, one of which is currently the subject of a legal case in the court of first instance in Antwerp.

Amounts payable have fallen, compared to the previous year, by € 2.76 million to € 283.78 million. Amounts payable after one year come to € 175.35 million. These are made up of long-term bank loans with a fixed rate of interest (€ 174.97 million), and bank guarantees received from tenants and various debts (€ 0.38 million). Amounts payable within one year come to € 104.88 million and are made up of

bank loans for which the portion included falls due within the year and must be repaid or extended (€ 73.37 million), trade debts and invoices to be received (€ 1.35 million), the holiday allowance provision (€ 0.07), and various debts (€ 30.10 million). This last amount also includes the dividend for the financial year of € 28.70 million, which has been posted as a debt regarding to the shareholders. Finally, the amounts payable include deferred charges and accrued income in the amount of € 3.55 million. The average interest paid over 2003 was 4.35%.

In mid-2003, but with effect from the end of December, Intervest Offices NV/SA had the interest on a substantial portion of its loans fixed for the long term. The company has therefore enjoyed for 2003 the full benefits of the lower short-term interest rates, whilst, with the economic upturn and a possible rise in interest rates in mind, fixing these rates at a historically low level for the years to come. As at 31 December 2003, more than 70% of the bank debt is financed with fixed interest rates, guaranteeing security of a large portion of the future financial costs.

As at 31 December 2003, the debt ratio is 47.06%.

5.4. Operating result

In 2003, turnover rose from € 42.70 million to € 44.84 million. Operating charges, including costs charged on, also increased, from € 8.19 million to € 10.08 million. This was mainly due to the increase in costs connected with vacant properties, and to additional downward value adjustments applied, for the sake of prudence, on doubtful debtors. A very cautious approach was employed in this area. Operating profit rose from € 38 million the previous year to € 39.27 million. The operating margin, i.e. the operating profit on turnover or rents, was 87.59%, compared to 89% the previous year. The financial result, however, improved from - € 11.03 million to - € 10.72 million.

The comparability of the results is made considerably more difficult by the fact that the mergers of 28.06.2002 had an influence as of 01.01.2002, and the mergers of 23.12.2002 took effect retro-actively



from 01.07.2002. Furthermore, all shares are now entitled to dividend for a full year, which did not apply in all cases in 2002. In general, however, it can be stated that the good financial results have partially compensated for the relatively lower operating margin attributable to the increased vacancy ratio caused by the economic crisis. The former are the result of the historically low interest rates and the active management that has been pursued in this area.

The consolidated operating results rose by € 1.62 million to € 28.59 million. The unconsolidated operating result is € 28.75 million. The gross distributable result per share, in the case of full distribution of the operating result, therefore comes to € 2.17 per share. In spite of a difficult market, it was therefore possible to achieve an operating result per share at the same level as the previous year.

5.5. Result on the portfolio

The loss on the portfolio, on the basis of the estimate by the property experts, amounts to € 13.15 million. This is € 0.99 per share. These losses of value were deducted from the reserves not available for distribution (which consist of previously posted upward value adjustments), with the result that these reserves fell from € 136.24 million to € 123 million. Unrealised losses of value of € 14.81 million and unrealised added value of € 1.66 million were posted. The reason for this loss on the portfolio is the deterioration of the general economic climate, which set in in 2001 and persisted in 2002 and 2003. As the property market is slow to respond to changes in the economic cycle, the recent upturn in the economy will only become tangible at a later date.

The exceptional results are nil, so the overall consolidated profit for the financial year, i.e. the sum of the operating result, the result on the portfolio and the exceptional result, comes to € 15.49 million. The unconsolidated overall profit is € 15.59 million.



6. Profit appropriation

The Board of Directors proposes that the annual accounts as at 31.12.2003 be approved and that the profit for the financial year be appropriated as follows⁷:

In € 000

• profit for the financial year	15,594
• profit carried forward from the previous financial year	0
• withdrawal from the reserves not available for distribution	13,154
• profit balance to be appropriated	28,748
• profit to be carried forward	52
• indemnification of the capital	28,696

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

Taking into account 13,224,061 shares that will share in the full profit for the financial year the proposal that a gross dividend of € 2.17 per share be distributed will be put before the General Meeting of Shareholders on 12 May 2004. This is € 1.84 net after the deduction of 15% withholding tax. This means a dividend payable of € 28,696,212.

It is Intervest Offices' policy to pay out its entire profit. In the 2003 financial year, for example, the dividend represents 99.82% of the unconsolidated operating profit. The remaining share was transferred to the profit to be carried forward for reasons of rounding.

The dividend is payable as from Friday 28 May 2004. Holders of bearer shares must present coupon number 5.

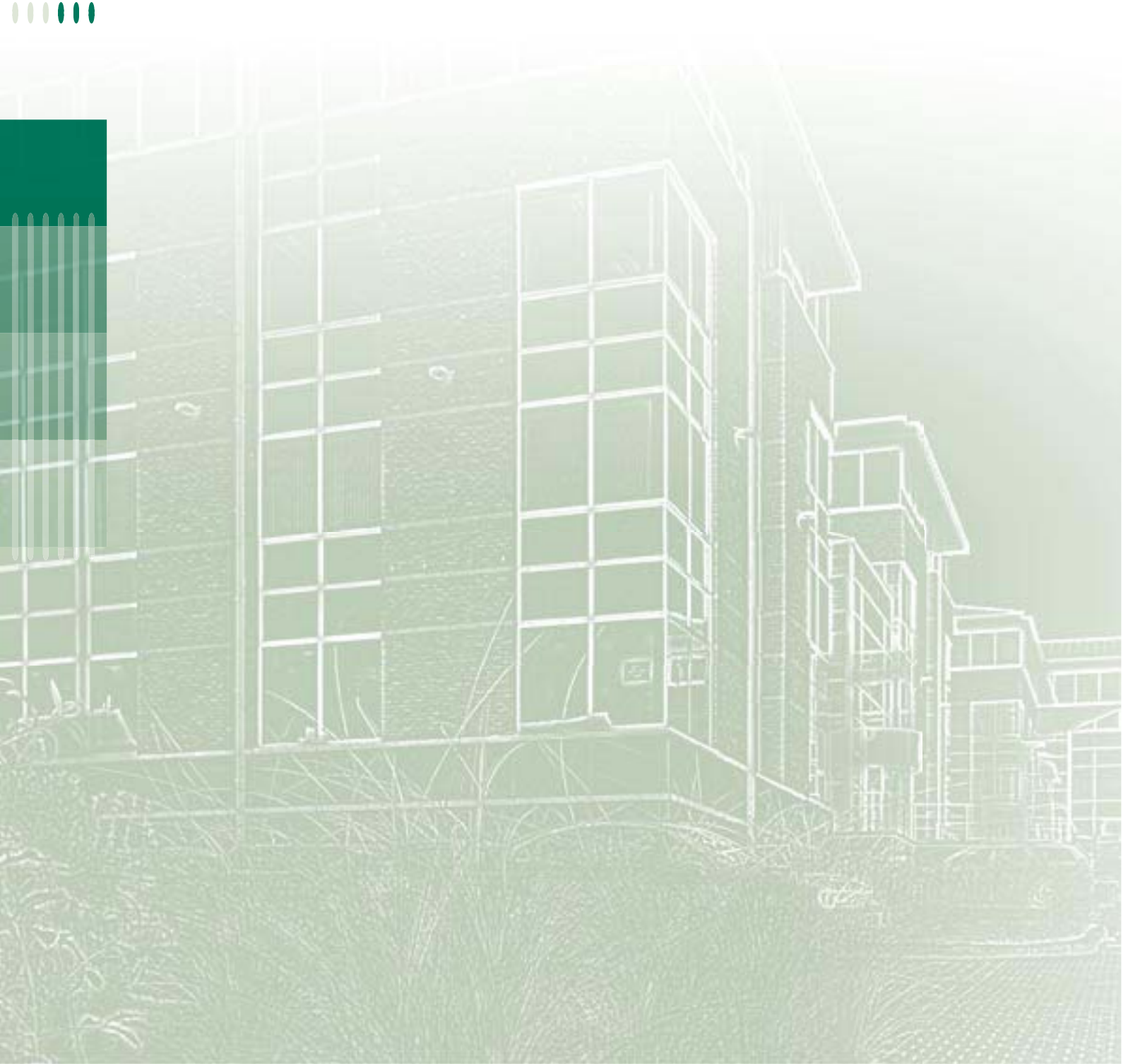
7. Forecast

The forecast for 2004 depends to a great extent on the speed with which the economic upturn will become tangible in rental incomes. For the first half of 2004, we anticipate a difficult letting market, and a fall in rental incomes and the valuation of the property. As it is very difficult to predict when and to what extent the economic upturn will be reflected in rental incomes, we are at present unable to provide a reliable forecast for the results in 2004.

⁷ As legally speaking only the profit of the unconsolidated annual accounts can be distributed and not the consolidated profit, the present profit distribution has been based on the unconsolidated profit figures.









Report on the share



Report on the share

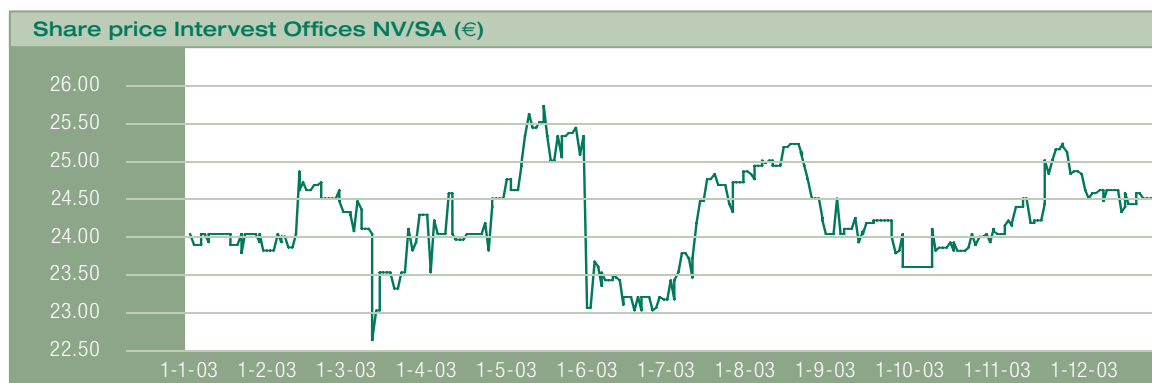
1. Stock market information

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

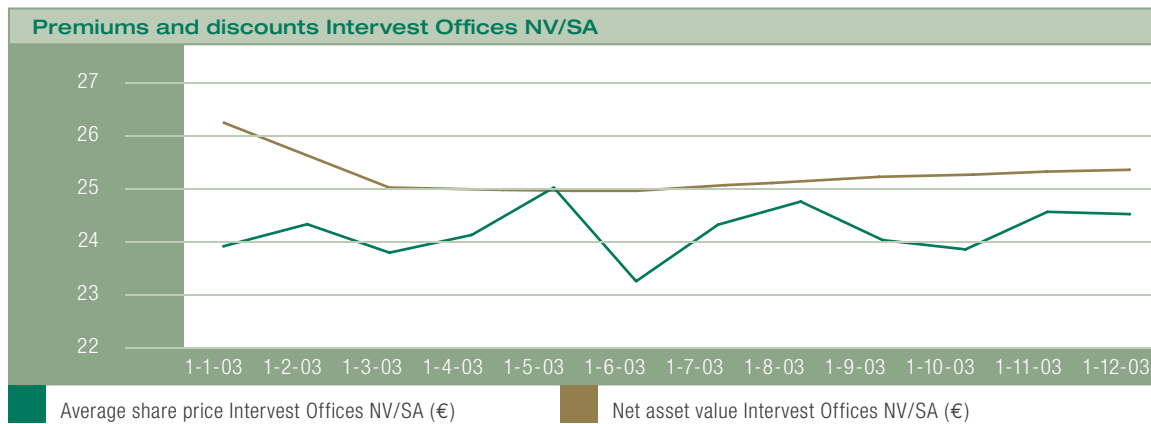
- publishing quarterly figures
- preparing a number of analyst's reports every year
- maintaining a professional website
- complying with the International Financial Reporting Standards (IFRS)

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

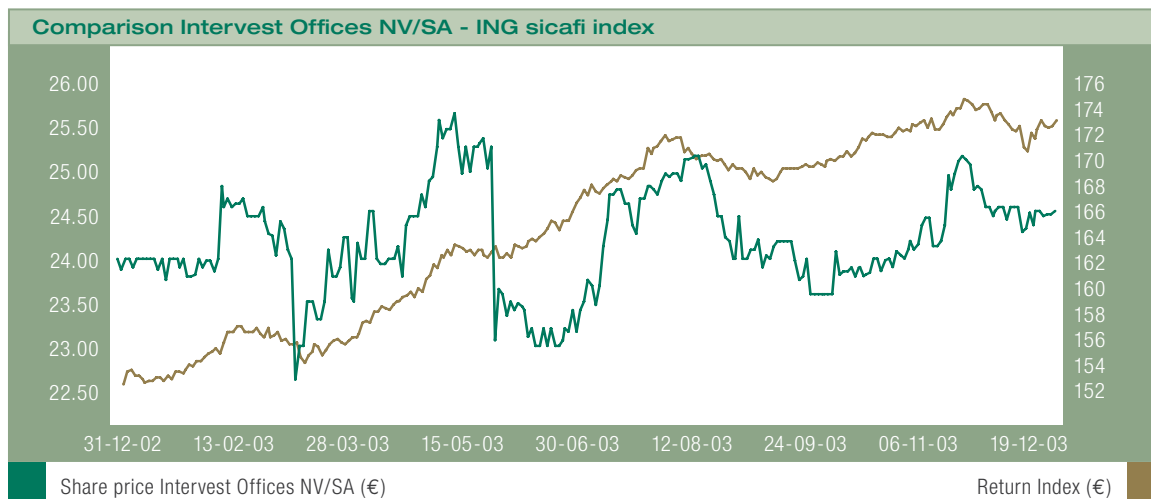
Within this Next Prime segment, indices will be prepared for each sector, making it easier to compare one property company with another. This will generate greater interest among institutional investors.



In 2003, the share price was subject to some fluctuations. At its lowest point it dropped to € 22.60 (11 March), and the highest price was € 25.70 (14 May).

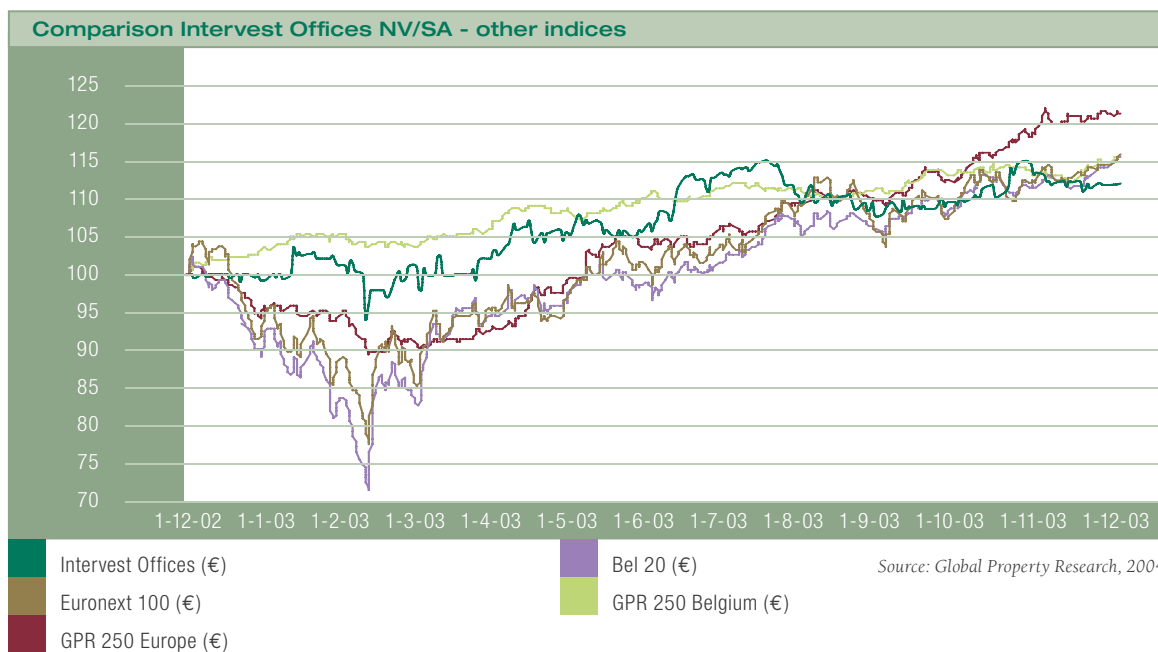


The net asset value of Interest Offices (on a consolidated basis) includes the 2002 dividend up to the payment date at the end of May.

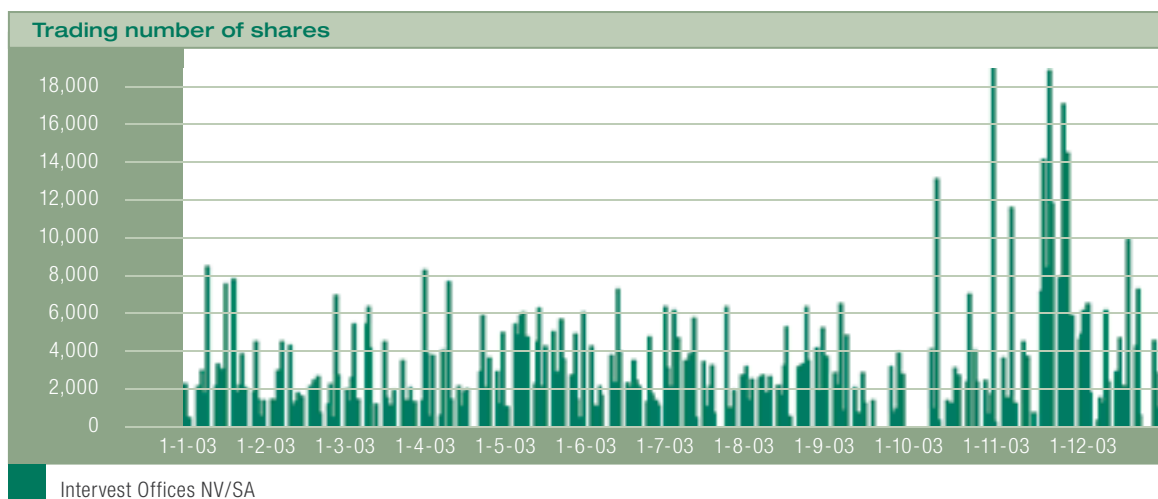


The ING sicafi return index is calculated on the basis of the market capitalisation of the various investment funds, the traded volumes and the yield on the distributed dividends.





The share price of Interest Offices followed the same trend as the international property indices.



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

A liquidity contract was concluded with ING Bank with a view to promoting the negociability of the shares. In practice this takes place through the regular submission of buy and sell orders within certain margins.

At the year end, the free float amounted to 41.21%. Efforts will be ongoing to further increase this free float figure and thereby improve negociability.



2. Dividend and number of shares

	31.12.2003
Number of shares at the end of the period	13,224,061
Number of shares entitled to dividend	13,224,061

Share price (€)

Highest	25.70
Lowest	22.60
Share price on closing date	24.55
Over-/undervaluation on net asset value (%)	-3.27

Data per share (€)

	31.12.2003	31.12.2002	31.12.2001
Net asset value (incl. dividend)	25.38	26.26	28.28
Gross dividend	2.17	2.17	1.98
Net dividend	1.84	1.84	1.68

3. Shareholders

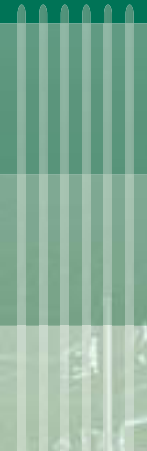
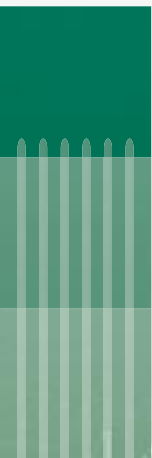
As at 31.12.2003 the following shareholders were known to the company:

VastNed group	7,774,382 shares	(58.79%)
VastNed Offices/Industrial NV/SA		
Max Euwelaan 1		
3062 MA Rotterdam - The Netherlands	7,601,407 shares	(57.48%)
VastNed Industrial Closed Limited Liability Company under Dutch Law		
Max Euwelaan 1		
3062 MA Rotterdam - The Netherlands	172,975 shares	(1.31%)
Public	5,449,679 shares	(41.21%)
Total	13,224,061 shares	(100%)

4. Financial calendar

- General Meeting of Shareholders: Wednesday 12 May 2004 at 16h30 at the company's offices, Uitbreidingstraat 18, 2600 Antwerp-Berchem
- Announcement results as at 31 March 2004: Tuesday 18 May 2004
- Dividend payable: from Friday 28 May 2004
- Announcement of half year results as at 30 June 2004: Wednesday 11 August 2004
- Announcement of results as at 30 September 2004: Tuesday 9 November 2004







IV Property report



1. Composition of the portfolio

1.1. Overview of the portfolio incl. vacancies as at 31.12.2003

OFFICES

Project	Surface area offices (m ²)	Other surface area (m ²)	Value of portfolio deed in hand (€ 000)	Rent/year in € 000		Occupancy-rate ⁸ (%)
				Effective rental income	Effective rental income + vacancies	
Aartselaar - Kontichsesteenweg 54	3,000	1,000	5,610	467	467	100.00
Antwerpen - Brusselstraat 59 (Gateway House)	11,318	0	16,990	800	1,516	52.74
Berchem - Uitbreidingstraat 66 (Sky Building)	5,698	2	8,280	638	686	93.10
Diegem - Berkenlaan 6 (Airport Business Park)	3,664	0	5,190	584	584	100.00 ⁹
Diegem - Berkenlaan 8a (Pegasus Park Fase II)	7,787	0	16,290	1,210	1,210	100.00
Diegem - Berkenlaan 8b	8,268	461	17,920	1,350	1,350	100.00
Diegem - Woluwelaan 148-150 (Park Station)	8,619	284	12,020	185	1,113	16.60
Dilbeek (Groot-Bijgaarden) - Pontbeekstraat 2&4 (Inter Access Park)	6,869	0	10,960	807	988	81.67
Edegem - Prins Boudewijnlaan 45-49 (De Arend)	7,273	151	11,560	997	997	100.00 ¹⁰
Gent - Xavier De Cocklaan 68-72 (Latem Business Park)	5,350	0	6,320	463	506	91.54
Hoeilaart - Terhulpesteenweg 6a	2,694	107	5,230	0	454	0.00
Kortenberg - Arthur De Coninckstraat 3	3,117	0	3,920	0	369	0.00
Leuven - Interleuvenlaan 15 (Greenhill Campus)	19,028	2,912	29,960	1,673	2,871	58.27 ¹¹
Mechelen - Blarenberglaan 2c (Mechelen Business Tower)	11,701	1,216	27,960	2,108	2,108	100.00
Mechelen - Generaal De Wittelaan 9-21 (Intercity Business Park)	38,718	3,394	59,282	4,948	5,171	95.67
Mechelen - Schaliënhoevedreef 20 A, B, C, D, I, J (Mechelen Campus)	25,443	3,673	45,310	3,501	3,902	89.73
Strombeek-Bever - Nijverheidslaan 3 (Orion Bedrijvenpark)	4,724	165	7,790	482	690	69.90
Vilvoorde - Luchthavenlaan 25 (3T Estate)	8,757	0	13,750	1,082	1,156	93.62
Woluwe - Woluwedal 18-22 (Woluwe Garden)	24,081	993	65,380	4,752	4,752	100.00
Zaventem - Imperiastraat 12	3,024	864	4,850	436	436	100.00
Zaventem - Lozenberg 15/18-23 (Airway Park)	28,899	219	51,795	3,059	4,526	67.58
Zaventem - Weiveldlaan 41 (Atlas Park)	9,157	3,990	18,320	1,262	1,676	75.32
TOTAL OFFICES	247,189	19,431	444,687	30,804	37,528	82.08

⁸ The occupancy rate is calculated as the ratio of the actual rental incomes to the same rental incomes plus the estimated rental value of the unoccupied locations to be let.

⁹ 3,664 m² vacancy as from 01.02.2004.

¹⁰ 2,672 m² vacancy as from 01.01.2004.

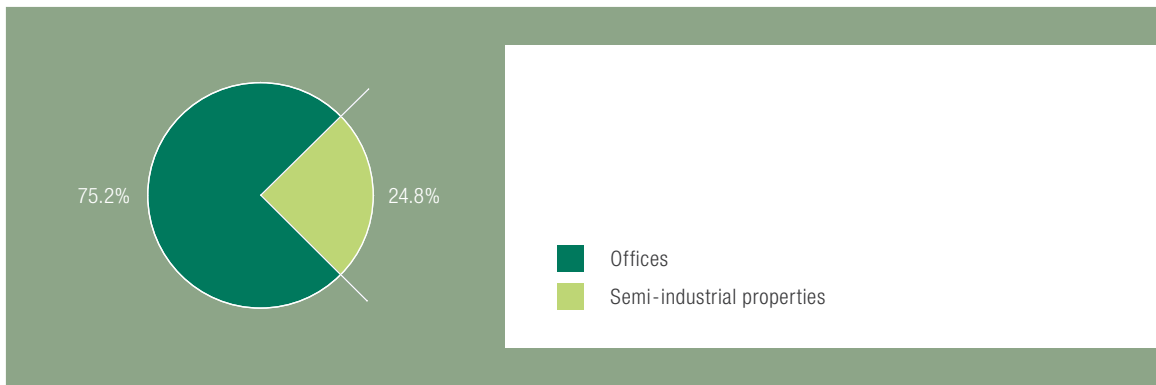
¹¹ 2,606 m² let as from 01.01.2004.



SEMI-INDUSTRIAL PROPERTIES

Project	Surface area offices (m ²)	Surface area warehouse (m ²)	Value of portfolio deed in hand (€ 000)	Rent/year in € 000		Occupancy-rate (%)
				Effective rental income	Effective rental income + vacancies	
A-12 (Brussels - Antwerp)						
Aartselaar – Dijkstraat	793	7,269	3,790	363	363	100
Boom – Krekelenberg	700	23,663	11,950	1,000	1,000	100
Merchtem – Cargo Center	1,210	6,075	4,850	447	447	100
Puurs – Logistic Center	1,600	41,890	25,550	2,147	2,147	100
Schelle – Molenberglei	1,600	6,400	3,910	186	278	66.89
Wilrijk – Neerland 1	0	12,584	6,320	569	569	100
Wilrijk – Neerland 2	632	15,952	8,340	708	708	100
Total	6,535	113,833	64,710	5,420	5,512	98.33
E-19 (Brussels - Antwerp)						
Duffel – Notmeir	250	8,861	4,580	455	455	100
Duffel – Stocletlaan	240	23,435	10,840	915	915	100
Mechelen – Intercity Industrial Park	252	15,000	7,430	0	669	0
Mechelen – Ragheno	612	4,002	3,420	316	316	100
Total	1,354	51,298	26,270	1,686	2,355	71.61
Ring Antwerp						
Antwerp – Kaaien 218-220	0	5,500	1,450	141	141	100
Merksem – Oostkaai	3,287	11,969	6,560	385	661	58.26
Wommelgem – Kapelleveld 1	1,770	22,949	15,280	1,349	1,349	100
Wommelgem – Kapelleveld 2	1,094	3,767	3,570	345	345	100
Total	6,151	44,185	26,860	2,220	2,496	88.95
Others						
Kortenbergh – Guldendelle	780	10,172	11,040	910	910	100
Meer – Transportzone	271	7,348	2,260	285	285	100
Putte – Klein Boom	2,080	9,204	4,810	477	477	100
Sint-Agatha Berchem – Berchem Technology Center	2,760	3,703	7,130	555	602	92.13
Sint-Niklaas – Eigenlo	1,328	6,535	3,380	318	318	100
Total	7,219	36,962	28,620	2,545	2,592	98.17
TOTAL SEMI-INDUSTRIAL PROPERTIES	21,259	246,278	146,460	11,871	12,955	91.63
TOTAL OFFICES + SEMI-INDUSTRIAL PROPERTIES	268,448	265,709	591,147	42,675	50,483	84.53

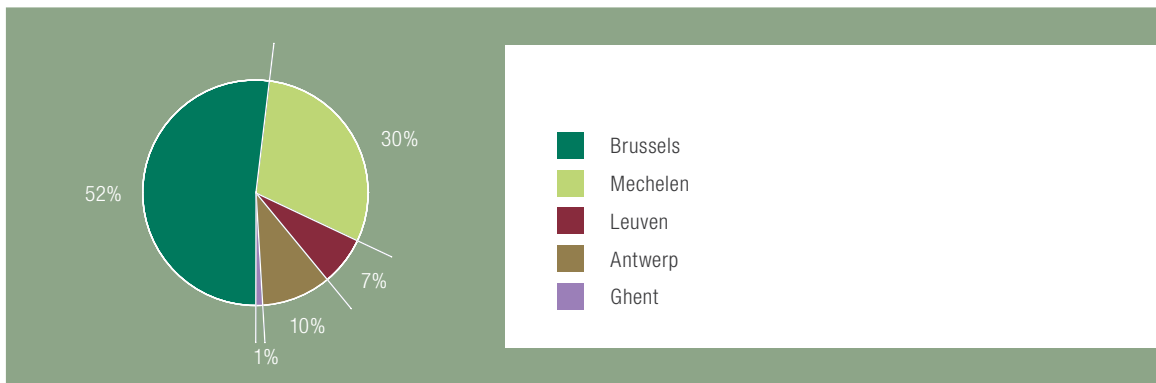
1.2. Nature of the portfolio



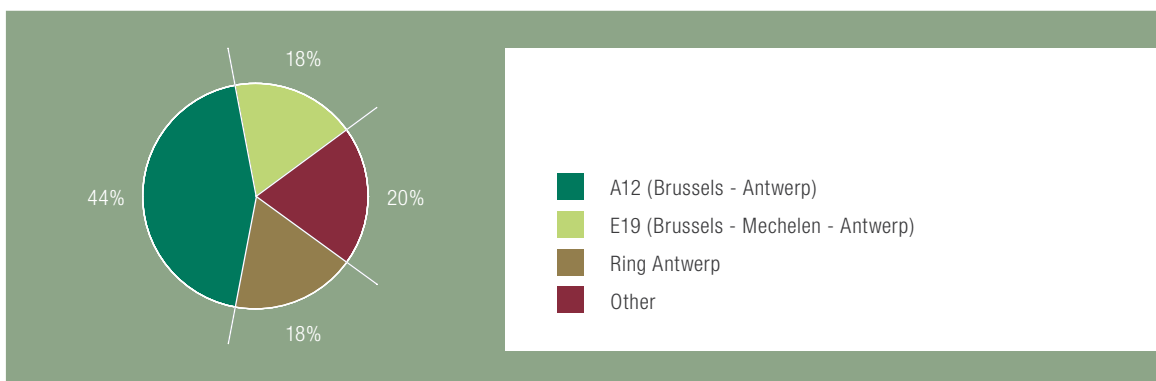
As at 31.12.2003, the portfolio consists of 75.2% of offices and 24.8% of semi-industrial properties.

1.3. Geographic spread of the portfolio

• Offices



• Semi-industrial properties

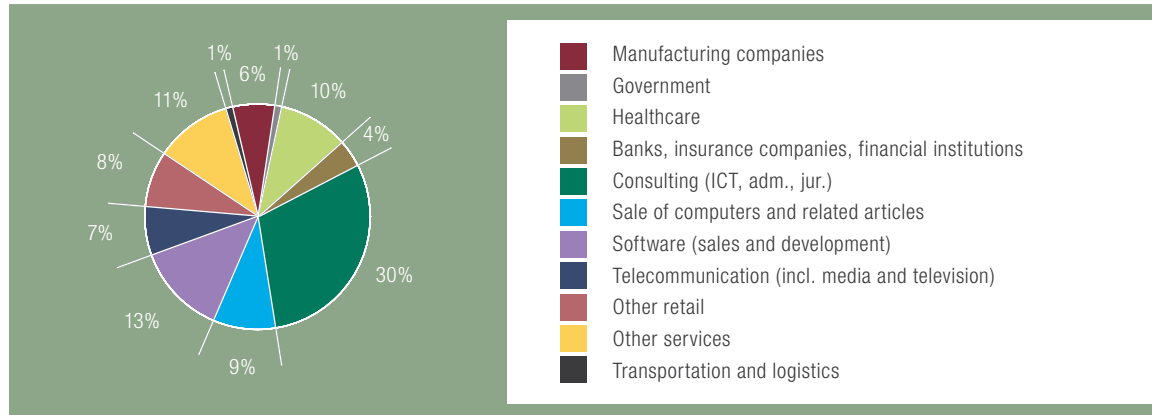




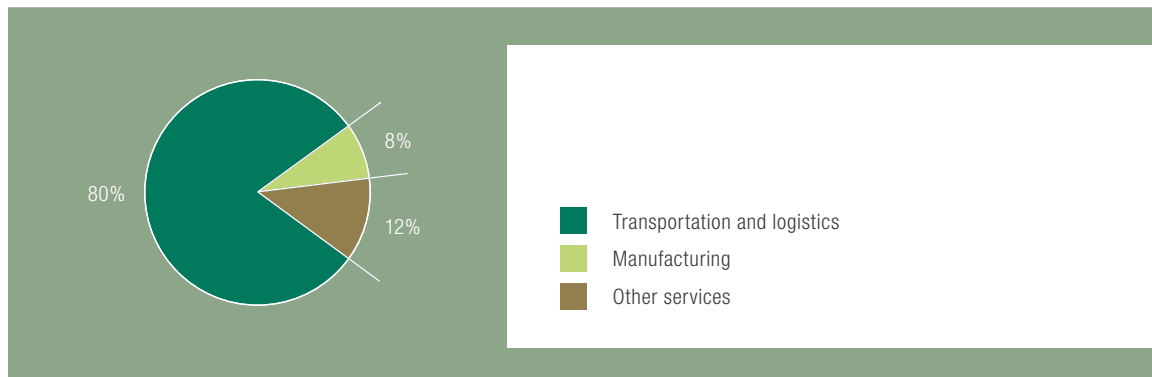
1.4. Sectorial spread of the portfolio

• Offices

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



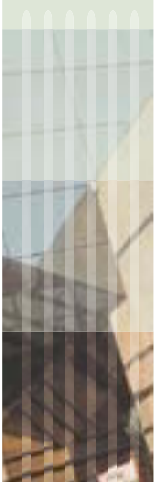
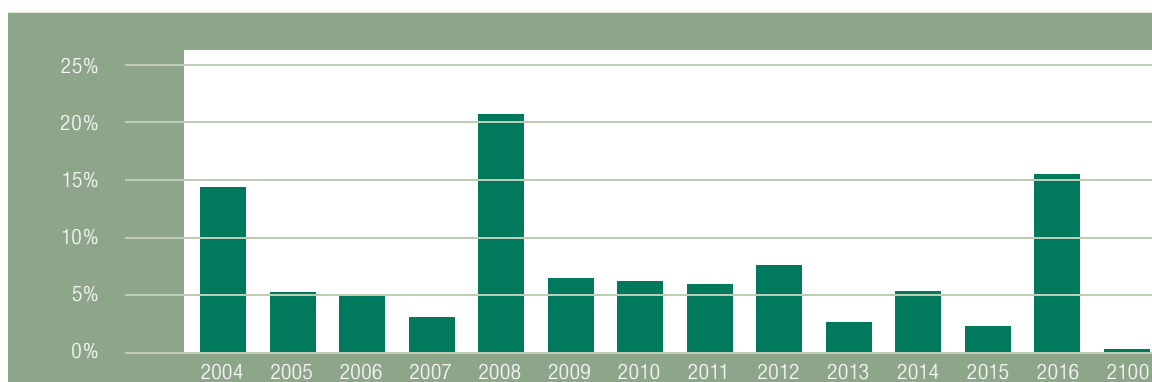
• Semi-industrial properties



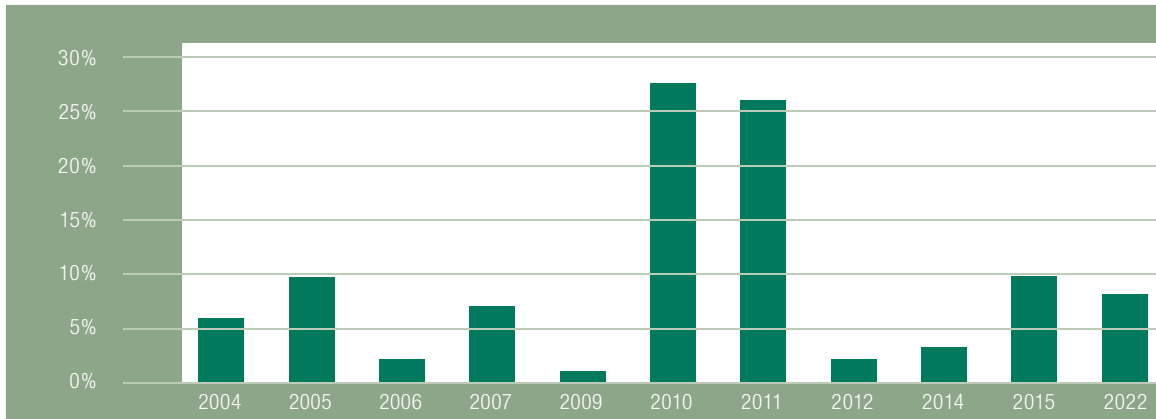
1.5. Expiry date of portfolio contracts

• Offices

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



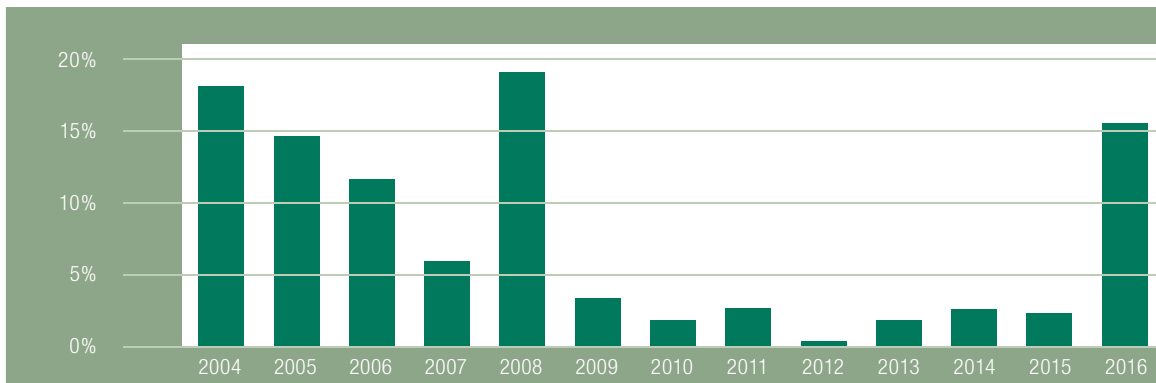
• **Semi-industrial properties**



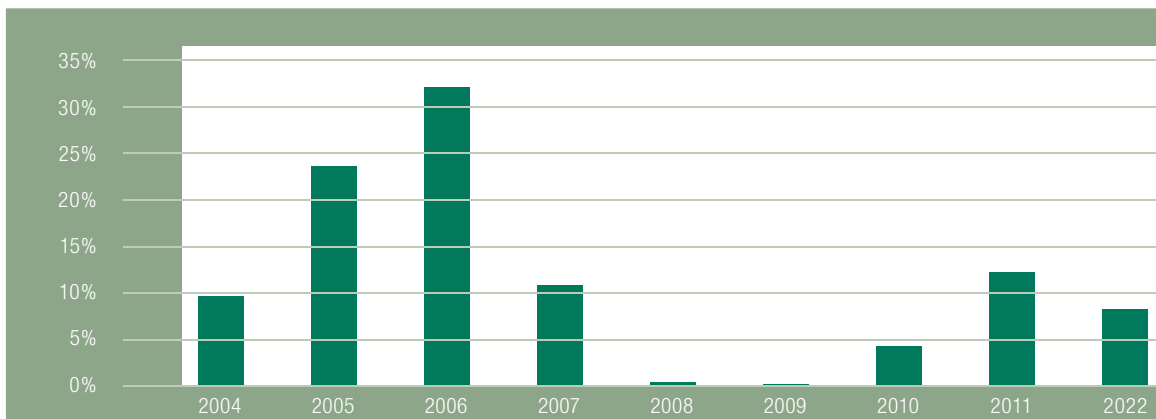
1.6. First interim expiry date of portfolio contracts

• **Offices**

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



• **Semi-industrial properties**

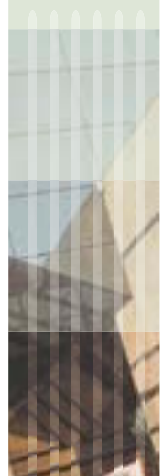




2. Description of the portfolio

2.1. Offices

1 AARTSELAAR - KONTICHSESTEENWEG 54	
<i>Year of construction</i>	2000
<i>Location</i>	The building is easily accessible thanks to its position between the A12 Antwerp-Brussels and E19 Antwerp-Brussels motorways. It is situated in a mixed area (residential and industrial). The centres of Wilrijk, Edegem, Kontich and Aartselaar are a few kilometres away.
<i>Description</i>	This is a recent office building linked to a warehouse. The office building consists of the ground floor and one other floor and is linked to the warehouse by a covered passage. Part of the warehouse is also used as an office. The office has façades in facing brick combined with curtain walls. The windows are of painted aluminium with semi-reflecting double glazing with sun protection. The offices are air conditioned and there is a lift. The warehouse area consists of a metal frame with sandwich panel walls. There is a floor in polyconcrete, a roof in steel deck with strip lighting and 2 sectional, electrically operated gates.
<i>Property leasing</i>	The lessee, APV Benelux NV/SA, part of the Invensys Group, obtained a purchase option on the property, to be exercised in the sixth month before the end of the property tenancy agreement on 30.11.2015, for a price equivalent to 80% of the market value at that time but for no less than € 5,453,657.54 (to be indexed). If the purchase option is not exercised, the tenant has an option to extend the lease by three years.
2 ANTWERP - BRUSSELSTRAAT 59 (GATEWAY HOUSE)	
<i>Year of construction</i>	1993-1994
<i>Location</i>	Gateway House is on the same level as the Singel in Antwerp. The Amerikalei is a few hundred metres away. It connects directly with the Singel in Antwerp and the A12 Antwerp-Brussels, E19 Antwerp-Brussels-Breda and E17 Antwerp-Ghent motorways. The city centre of Antwerp is easily reached by the Leien.
<i>Description</i>	The new court building is going up in the immediate vicinity, which also means very extensive infrastructural works. This will ensure an even better position and visibility in the future. The office complex consists of two five-storey wings which are linked by a central core with stairs and lifts. One wing is on Montignystraat and the other on Brusselstraat. The ground floor covers the entire area of the premises. The two storeys of underground parking are accessible via two automatic gates on Montignystraat. The building has a traditional concrete structure with architectural façade cladding and aluminium window sections. The suspended ceilings consist of mineral fibreboard. The technical installations



are on the roof, which also accommodates the cooling towers and the central heating fuelling area. Major renovations and improvements were carried out on the building in the spring of 2003. The most important of these were: the renovation and modernisation of the ground floor entrance hall, equipping of the offices with an air conditioning system using cooling boxes and complete renewal of the carpet and the entrance doors to the individual rooms. In addition, the building was fitted with a video-parlophone access system. These works are executed in phases according to the commercialisation of the building.

Main tenant Kuwait Petroleum

3 BERCHEM - UITBREIDINGSTRAAT 66 (SKY BUILDING)

Year of construction 1988

Location The Sky Building is situated in Berchem, Uitbreidingstraat 66 in Berchem and has an annexe suitable for use as a records room on Jan Breydelstraat (previously number 42). This location is between Generaal Lemanstraat and Grote Steenweg. Uitbreidingstraat runs parallel to Binnensingel and enjoys excellent visibility



from the Antwerp ring road. The entire property is very easily accessible by car, with easy connections to the Netherlands, Ghent and Hasselt via the ring road and to Brussels via the Craeybeckx tunnel (E19).

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

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

4 DIEGEM - BERKENLAAN 6

Year of construction 1990

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



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

Tenant Deloitte Consulting (The contract ran until 31.01.2004. No new tenant has yet been found.)



5 DIEGEM - BERKENLAAN 8A	
<i>Year of construction</i>	2000
<i>Location</i>	The building is known as Building 1 of Pegasus Park Phase II, and also forms part of the Airport Business Park. The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège and E19 Brussels-Antwerp motorways. The centre of Brussels can be reached easily via the Leopold III-laan.
<i>Description</i>	The property is built in a “V” shape, which creates a pleasant working environment with adaptable individual units. The façade is a combination of glass sections and red brick. The windows are of enamelled aluminium with sound-proofing double glazing. The offices are forseen of raised floors covered with fitted carpets. The ceilings are finished in mineral fibre and fitted with fire grids. Lighting with built-in light fittings. The building is fitted with air conditioning (cooling boxes).
<i>Property leasing</i>	ending on 01.01.2016, with Deloitte & Touche having a purchase option at a price equal to the market value of the land and buildings, estimated one year before the purchase date, but at a minimum of € 14,526,560 (to be indexed).



6 DIEGEM - BERKENLAAN 8B	
<i>Year of construction</i>	2001-2002
<i>Location</i>	The building adjoins the building at Berkenlaan 8a and therefore enjoys the same easy access.
<i>Description</i>	The building has seven storeys above ground. There is a spacious and high-quality entrance hall on the ground floor, with reception and waiting areas. In addition to the central core with two fast lifts, a staircase and well-kept sanitary facilities, meeting and training rooms and the canteen are also situated here. We find the central core again in each of the first to fifth floors (open-plan and individual offices), meeting rooms and coffee areas. The offices are equipped with raised floors covered with fitted carpets. The ceilings are finished in mineral fibre and fitted with fire grids. Lighting with built-in light fittings. The sixth storey is a technical floor (lift engine room, central heating room and air conditioning). The technical floor is reached by a stairway. The building is equipped with air conditioning (cooling boxes). The first floor below ground levels contains, in addition to 35 individual and 8 double parking spaces, around 294 m ² of cellar space which is used as a storage area for files and a photocopying centre. The next two floors down (-2 and -3) contain 82 individual and 48 double parking spaces over the two floors, as well as approximately 167 m ² of cellar space. The façade is a combination of glass sections and yellow brick. The windows are of enamelled aluminium with double glazing.
<i>Property leasing</i>	to Deloitte & Touche, starting on 02.01.2000 for a period of fifteen years. Deloitte & Touche holds a purchase option at the end of the contract at the market value of the land and buildings, but with a minimum price of € 17,724,387.02 (to be indexed).



7 DIEGEM - WOLUWELAAN 148-150 (PARK STATION)

Year of construction 2000

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



Description A recent office building with a ground floor and four upper storeys, which can be split into two equal parts, and two underground storeys with parking spaces and records rooms. The building has facing brickwork façades combined with strips of blue brick and granite. The windows are in aluminium, partly with sun-protection double glazing and partly with clear glass. The roof consists of patined zinc. There is a footbridge at first-floor level, with an empty space on either side, in the entrance hall between the two wings of the building. There are false ceilings and air conditioning in all offices.

Main tenant Thomas Cook (759 m²)

8 ZDILBEEK (GROOT-BIJGAARDEN) - PONTBEEKSTRAAT 2 & 4 (INTER ACCESS PARK)

Year of construction 2000

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



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

Main tenants Advalvas, Vacature, Edward Lifesciences

9 EDEGEM - PRINS BOUDEWIJNLAAN 45-49 (DE AREND)

Year of construction 1997

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





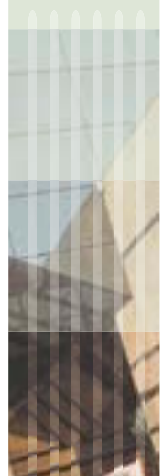
<i>Description</i>	A recent office complex consisting of three two-storey office buildings, a technical floor, an underground car park for two of the units, and further parking facilities in front of the buildings. The three buildings are all finished in the same way. The outside façades consist of facing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

10 GHENT - XAVIER DE COCKLAAN 68-72 (LATEM BUSINESS PARK)

<i>Year of construction</i>	1992-1993	
<i>Location</i>	Between the E40 Ghent-Bruges and the E17 Ghent-Kortrijk motorways, on the busy main Ghent-Kortrijk road, in a primarily residential area where there are also a number of retail warehouses.	
<i>Description</i>	The office complex comprises four separate buildings, each of two storeys. The façades are of architectural concrete and coloured glass. The buildings have flat roofs. The entrance halls are of granite. There are no raised floors.	
<i>Main tenants</i>	IBS, Westimex	

11 HOEILAART - TERHULPSESTEENWEG 6A (PARK ROZENDAL)

<i>Year of construction</i>	1994	
<i>Location</i>	Situated in a wooded environment, primarily residential. Easily reached, because it is close to the E411 Brussels-Namen-Luxembourg motorway and Hoeilaart station.	
<i>Description</i>	A modern office building forming part of a larger whole, consisting of a ground floor, two other storeys (and 2 lifts) and an underground parking and record storage facilities. The building has a façade in facing brickwork combined with vertical elements in architectural concrete and curtain walls with windows of semi-reflecting glass. It has a marble entrance hall. The stairways are of granito. The windows are of aluminium with double glazing and formica sills. Top cooling is installed everywhere.	
<i>Tenant</i>	The last tenant (KPN Qwest) was declared bankrupt in 2002. A rent guarantee ran until 31.12.2003. In January 2004, an area of 432 m ² was let to Quality Business NV/SA.	



12

KORTENBERG - ARTHUR DE CONINCKSTRAAT 3

Year of construction 2001-2002

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

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



Tenant –

13

LEUVEN - INTERLEUVENLAAN 15 (GREENHILL CAMPUS)

Year of construction 1999


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


Description The office complex comprises nine separate buildings with large underground parking facilities. The buildings are put up in three to four storeys. The façades are of brick (traditional brickwork with concrete) with granite decorative elements. The windows consist of reflecting double glazing and coated aluminium frames. The sloping roofs are of zinc, and the entrance halls, stairways and window surrounds are of granite. There are generally no raised floors. All buildings have lifts and air conditioning.



Main tenants Regus, Evisor, IT Masters, Metris



14	MECHELEN - BLARENBERGLAAN 2C (MECHELEN BUSINESS TOWER)	
<i>Year of construction</i>	2001	
<i>Location</i>	The tower block is on the E19 Antwerp-Brussels motorway, on the level of the Mechelen-Noord exit. The building benefits from perfect visibility and accessibility because of its position on the motorway. This location is highly desirable in view of its central position between Antwerp and Brussels and its easy accessibility. The centre of Mechelen is a few kilometres away.	
<i>Description</i>	The complex consists of the tower block and a lower extension consisting of three blocks. The complex as a whole is linked by an impressive atrium which serves as a reception area and refectory. It has a three-level underground car park and outside parking with an area specifically assigned to visitors. The tower block is conceived as a steel structure around a concrete core which serves as a vertical circulation area. There are five lifts, including a service lift and a panoramic lift.	
<i>Property leasing</i>	The lessee, Electronic Data Systems-Belgium NV/SA (E.D.S.), obtained a purchase option on the building and planting rights, to be exercised no later than six months before the end of the property tenancy agreement on 31.03.2016, at a price equivalent to the market value of the leased property at that time, but at no less than € 6,197,338.11 (to be indexed).	

15	MECHELEN - GENERAAL DE WITTELAAN 9-21 (INTERCITY BUSINESS PARK)	
<i>Year of construction</i>	between 1993 and 2000	
<i>Location</i>	In the industrial zone of Mechelen North, on the E19 Brussels-Antwerp motorway. Easily visible from the motorway, with excellent accessibility. The centre of Mechelen is a few kilometres away. This area has become a real office environment in the past few years, due among other things to the construction of the Mechelen Business Tower and Mechelen Campus, a project of over 65,000 m ² .	
<i>Description</i>	The office complex comprises nine buildings which, together with three buildings from the same development which do not belong to the present owner, were constructed between 1993 and 2000. Certain parts are used as storage space, showrooms or laboratories. The buildings each consist of two or three storeys. The façades are of traditional brickwork. The windows are double glazed with coated aluminium frames. The roofs are flat; most of them are covered with Trocal (PVC) and roll roofing. The entrance halls, stairways and window surrounds are of granite. There are generally no raised floors	
<i>Main tenants</i>	Virco-Tibotec, LabCorp, Galapagos, Medisearch	

16 MECHELEN - SCHALIËNHOEVEDREEF 20 (MECHELEN CAMPUS)

Year of construction 2000-2001

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

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

The façades are of traditional brick, in yellow and red layers. The windows and doors are of aluminium with a thermal barrier, enamelled in grey. A spacious underground car park gives direct access to all buildings. The offices are fitted with soundproofing suspended ceilings. Each building has two lifts. The presence of a fitness suite and a restaurant emphasises the Campus concept and the unity of the site.

Tenants Borealis, Regie der Gebouwen, DHL-Express Line



17 STROMBEEK-BEVER - NIJVERHEIDSLAAN 3 (ORION BEDRIJVENPARK)

Year of construction 1999

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

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

Main tenant Whirlpool



18 VILVOORDE - LUCHTHAVENLAAN 25 (3T ESTATE)

Year of construction 1998


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






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

19 WOLUWE - WOLUWEDAL 18-22 (WOLUWE GARDEN)

<i>Year of construction</i>	2000	
<i>Location</i>	Excellent position a few kilometres from Brussels, with easy access because of location close to the E40 Brussels-Leuven-Liège motorway and the Ring of Brussels. This prestigious complex has a visible location on Woluwedal and is situated in a high-quality office area.	
<i>Description</i>	The building complex is conceived as one single prestigious architectural whole, built around a huge atrium in structural glazing. The building is equipped with 3 underground storeys with 923 parking spaces. The ground floor contains a branch of a bank, a travel agency and extensive restaurant facilities, among other things. The façade is finished in marble panels, combined with aluminium structural elements. All offices are equipped with air conditioning, false ceilings and raised floors.	
<i>Tenants</i>	PriceWaterhouseCoopers, Lawfort	

20 ZAVENTEM - IMPERIASTRAAT 12

<i>Year of construction</i>	1990	
<i>Location</i>	This office district is known as the Keiberg Business Park. The building is easily accessible and is situated very close by the E40 Brussels-Leuven-Liège motorway, connecting to the E19 Brussels-Antwerp and Diegem station.	
<i>Description</i>	The building forms part of a larger office park (Keiberg Business Park). The unit consists of a ground floor, three other storeys and two underground levels. The façades of the building are of facing brickwork with strips of architectural concrete. It has a carrara marble entrance hall. The building is air conditioned.	
<i>Ownership</i>	The Zaventem O.C.M.W. (a public social welfare organisation) owns the land. The ground lease was granted to Rebus NV/SA (now Interest Offices NV/SA) on 23.05.1989 for 35 years, ending in 2024, but all or part of it can be extended to the full period of 99 years (i.e. until 2088).	
<i>Tenant</i>	Atos Origin	

21

ZAVENTEM - LOZENBERG 15/18-23 (AIRWAY PARK)

Year of construction 1989-1990

Location Branch of Leuvensesteenweg beside the E40 Brussels-Leuven motorway. The complex is easily visible from the motorway because of its position on an important approach road to the capital. The complex is close to the airport and is easily to reach by public transport.

Description The office complex consists of six buildings which, together with a seventh building from the same development, were built around a roundabout with a fountain. The buildings have four or five storeys, plus a technical floor and an underground parking level. The complex also has additional covered and external parking, giving it 1 parking space for each 41 m² of office space. The façade has architectural concrete cladding and aluminium curtain wall structures with reflecting double glazing. The entrance halls are finished in unpolished granite. The suspended ceilings are of mineral plate with integrated strip lighting. There are lifts. There is running a phased renovation program for this complex of buildings. The buildings are systematically renovated depending on letting in order to meet the contemporary expectations of the tenant market. Buildings that aren't yet equipped with air conditioning will be foreseen of it. Beside, the available spaces will also be renovated.

Main tenants Sybase, Sun Microsystems, Oetker, Tieto Enator



22

ZAVENTEM - WEIVELDLAAN 41 (ATLAS PARK)

Year of construction 1988-1994

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

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

Main tenants VT4, T-Systems Belgium, EES





2.2. Semi-industrial properties

1. REGION A-12 (Brussels - Antwerp)

1		DIJKSTRAAT - AARTSELAAR
Situating on Dijkstraat 1A at B-2630 Aartselaar on the Brussels-Antwerp axis. Accessible via the A12 or the E19.		
<i>User</i>		New Wave Enterprise NV/SA
<i>Year of construction</i>		1994
<i>Offices</i>		793 m ²
<i>Storage hall</i>		7,269 m ²
<i>Free height</i>		9 m
<i>Free span</i>		24 m
<i>Fittings</i>		2 ground-floor gates, 8 loading bays, smoke hatches and smoke guards
<i>Annual rental income on 31.12.2003</i>		€ 363,172
<i>Estimated value on 31.12.2003</i>		€ 3,790,000



2		NEERLAND 1 - WILRIJK
Situating on the A12 motorway at Boomsesteenweg 801-803, 2610 Wilrijk.		
<i>Tenant</i>		Brico Belgium NV/SA (Distrilog)
<i>Year of construction</i>		1986
<i>Offices</i>		-
<i>Opslaghal</i>		12,584 m ²
<i>Free height</i>		8 m
<i>Free span</i>		25 m
<i>Fittings</i>		8 ground-floor gates, 12 loading bays, smoke domes and fire reels
<i>Annual rental income on 31.12.2003</i>		€ 569,211
<i>Estimated value on 31.12.2003</i>		€ 6,320,000



3		NEERLAND 2 - WILRIJK
Situating on the A12 motorway at Kernenergiestraat 70 and Geleegweg 1-7, 2610 Wilrijk.		
<i>Tenants</i>		Brico Belgium NV/SA, Dembitzer
<i>Year of construction</i>		1989
<i>Offices</i>		632 m ²
<i>Storage hall</i>		15,952 m ²
<i>Free height</i>		10 m
<i>Free span</i>		25 m
<i>Fittings</i>		4 ground-floor gates, 17 loading bays, smoke domes and fire reels
<i>Annual rental income on 31.12.2003</i>		€ 708,152
<i>Estimated value on 31.12.2003</i>		€ 8,340,000



4

MOLENBERGLEI - SCHELLE

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

<i>Tenant</i>	Studio 100 (only storage)
<i>Year of construction</i>	1993
<i>Offices</i>	1,600 m ²
<i>Storage hall</i>	6,400 m ²
<i>Free height</i>	10 m
<i>Free span</i>	25 m
<i>Fittings</i>	2 ground-floor gates, 11 loading bays, smoke domes, fire walls and fire reels.
<i>Annual rental income on 31.12.2003</i>	€ 277,900
<i>Estimated value on 31.12.2003</i>	€ 3,910,000



5

KREKELENBERG - BOOM

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

<i>User</i>	JVC Logistics Europe NV/SA
<i>Year of construction</i>	2000
<i>Offices</i>	700 m ²
<i>Storage hall</i>	23,663 m ²
<i>Free height</i>	10 m
<i>Free span</i>	34.2 m
<i>Fittings</i>	21 loading bays with gate and 4 ground-floor gates, fire walls, fire domes, hydrants and fire alarm system, smoke hatches, sprinkler system
<i>Annual rental income on 31.12.2003</i>	€ 1,000,136
<i>Estimated value on 31.12.2003</i>	€ 11,950,000



6

PUURS LOGISTIC CENTER - PUURS

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

<i>User</i>	Fiege Kalf Trans
<i>Year of construction</i>	2001
<i>Offices</i>	1,600 m ²
<i>Storage hall</i>	41,890 m ²
<i>Free height</i>	10 m
<i>Free span</i>	34.5 m
<i>Fittings</i>	38 loading bays, including 36 with levellers and shelters, 2 ordinary entry gates, fire detectors, sprinkler system and wall reels, sectional gates with electric motor
<i>Annual rental income on 31.12.2003</i>	€ 2,147,040
<i>Estimated value on 31.12.2003</i>	€ 25,550,000





7

MERCHTEM CARGO CENTER - MERCHTEM

Situated at Preenakker, 1785 Merchtem.

Tenant	Transfer
Year of construction	1992
Offices	1,210 m ²
Storage hall	6,075 m ²
Free height	9.7 m
Free span	15.80 m
Fittings	10 loading bays of which 9 with control appliances and 1 ordinary entry gate, sectional gate with electric motor, fire detectors
Annual rental income on 31.12.2003	€ 447,393
Estimated value on 31.12.2003	€ 4,850,000



2. REGION E-19 (Brussels - Antwerp)

1

STOCLETLAAN - DUFFEL

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

Users	BLITS Belgium NV/SA, Belgacom Mobile NV/SA
Year of construction	1998
Offices	240 m ²
Storage hall	23,435 m ²
Free height	9.6 m
Free span	30/40 m
Fittings	17 loading bays with leveller and shelter, fire walls, fire domes and hydrants, fire alarm system
Annual rental income on 31.12.2003	€ 915,247
Estimated value on 31.12.2003	€ 10,840,000



2

NOTMEIR - DUFFEL

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

Lessees	Corus Building Systems NV/SA, Corus Aluminium Service Center NV/SA
Year of construction	1995
Offices	250 m ²
Storage hall	8,861 m ²
Free height	7.9 m
Free span	27/30 m
Fittings	5 access gates, rolling bridges, fire walls and fire reels
Annual rental income on 31.12.2003	€ 455,140
Estimated value on 31.12.2003	€ 4,580,000



3

INTERCITY INDUSTRIAL PARK - MECHELEN

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

User	-
Year of construction	1999
Offices	252 m ²
Storage hall	15,000 m ²
Free height	10 m
Free span	30 m
Fittings	8 ground-floor access gates, 16 loading bays, fire walls, fire reels and hydrants, sprinkler system
Annual rental income on 31.12.2003	€ 668,688
Estimated value on 31.12.2003	€ 7,430,000



4

RAGHENO - MECHELEN

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

User	Otto Wolf Benelux NV/SA
Year of construction	1998
Offices	612 m ²
Storage hall	4,002 m ²
Free height	6 m
Free span	20 m
Fittings	4 ground-floor access gates, fire alarm system, smoke domes
Annual rental income on 31.12.2003	€ 315,899
Estimated value on 31.12.2003	€ 3,420,000



3. REGION ANTWERP RING

1

KAPELLEVELD 1 - WOMMELGEM

Situated on the Kapelleveld industrial zone, Koralenhoeve 25, 2160 Wommelgem. Accessible via the E34/E313 Antwerp-Hasselt motorway, 3 km from the Wommelgem exit, 10 km from the port of Antwerp.

Lessee	EXEL (Wommelgem) NV/SA
Year of construction	1998
Offices	1,770 m ²
Storage hall	22,949 m ²
Free height	10 m
Free span	30 m
Fittings	3 ground-floor gates and 20 loading bays with leveller and shelter, sprinkler system, fire walls, fire reels and hydrants
Annual rental income on 31.12.2003	€ 1,349,237
Estimated value on 31.12.2003	€ 15,280,000





2

KAPELLEVELD 2 - WOMMELGEM¹²

Situated on the Kapelleveld industrial zone, Sint-Jansveld 14, 2160 Wommelgem. Accessible via the E34/E313 Antwerp-Hasselt motorway.

<i>Lessee</i>	FPT Verboven NV/SA
<i>Year of construction</i>	1999
<i>Offices</i>	1,094 m ²
<i>Storage hall</i>	2,665 m ² + 2,559 m ²
<i>Free height</i>	11 m
<i>Fittings</i>	3 ground-floor gates, 2 loading bays, fire walls, fire reels and hydrants
<i>Annual rental income on 31.12.2003</i>	€ 345,300
<i>Estimated value on 31.12.2003</i>	€ 3,570,000



3

KAAIEN 218-220 - ANTWERP

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

<i>User</i>	Völlers Belgium NV/SA
<i>Year of construction</i>	1997
<i>Offices</i>	-
<i>Storage hall</i>	5,500 m ²
<i>Free height</i>	7 m
<i>Free span</i>	50 m
<i>Fittings</i>	2 ground-floor gates and 4 loading bays with leveller and shelter, fire walls, fire reels and hydrants
<i>Annual rental income on 31.12.2003</i>	€ 140,612
<i>Estimated value on 31.12.2003</i>	€ 1,450,000



4

OOSTKAAI - MERKSEM

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

<i>Tenants/Users</i>	AACT, Auximeca, High Tech & Performance, De Bruin, Sigga, Rauwers, Distri Team, Love Wood, Fegaco, Euroweld, Van Gool, Van de Castele, Saval, Montawest
<i>Year of construction</i>	1989
<i>Offices</i>	3,287 m ²
<i>Storage hall</i>	11,969 m ² + 910 m ²
<i>Free height</i>	5, 7 or 8 m
<i>Free span</i>	between 12.5 and 20.5 m
<i>Fittings</i>	22 gates, dry chemical fire extinguishers, fire reels and smoke domes
<i>Annual rental income on 31.12.2003</i>	€ 660,713
<i>Estimated value on 31.12.2003</i>	€ 6,560,000



¹² This premise has been sold in January 2004.

4. OTHER REGIONS

1

TRANSPORTATION ZONE - MEER

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

<i>User</i>	Danzas Consumer Solutions NV/SA
<i>Year of construction</i>	1990
<i>Offices</i>	271 m ²
<i>Storage hall</i>	7,348 m ²
<i>Free height</i>	6 m
<i>Free span</i>	28 m
<i>Fittings</i>	10 ground-floor gates, fire-resistant walls and fire reels
<i>Annual rental income on 31.12.2003</i>	€ 285,351
<i>Estimated value on 31.12.2003</i>	€ 2,260,000



2

BERCHEM TECHNOLOGY CENTER - ST. AGATHA BERCHEM

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

<i>Tenants</i>	Various (ISS, Proxima, Vlaamse Gemeenschapscommissie, Rexel Belgium)
<i>Year of construction</i>	1992
<i>Offices</i>	2,760 m ²
<i>Storage hall</i>	4,183 m ²
<i>Free height</i>	6 m
<i>Free span</i>	24 m
<i>Fittings</i>	6 ground-floor gates, fire reels and smoke detection
<i>Annual rental income on 31.12.2003</i>	€ 601,497
<i>Estimated value on 31.12.2003</i>	€ 7,130,000



3

KLEIN BOOM - PUTTE

Situated on the Klein Boom SME zone at 2580 Putte, on the N15 Mechelen-Heist op den Berg, around 10 km from Mechelen.

<i>Tenants</i>	Industriebouw Verelst NV/SA, Staalbouw Verelst NV/SA
<i>Year of construction</i>	1989
<i>Offices</i>	2,080 m ²
<i>Storage hall</i>	9,204 m ²
<i>Free height</i>	6 m
<i>Free span</i>	20 m
<i>Fittings</i>	5 ground-floor gates, fire walls, rolling bridges
<i>Annual rental income on 31.12.2003</i>	€ 476,529
<i>Estimated value on 31.12.2003</i>	€ 4,810,000





4

EIGENLO - SINT-NIKLAAS

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

<i>Tenants/Users</i>	Various (Vanoekel, Edor Benelux, Sarens, Nicky-D, Hunt Imaging LLC)
<i>Year of construction</i>	1992 and 1994
<i>Offices</i>	1,328 m ²
<i>Storage hall</i>	6,535 m ²
<i>Free height</i>	5.5 m
<i>Free span</i>	20 m
<i>Fittings</i>	8 ground-floor gates and 2 loading bays, fire reels and rolling bridges
<i>Annual rental income on 31.12.2003</i>	€ 317,850
<i>Estimated value on 31.12.2003</i>	€ 3,380,000

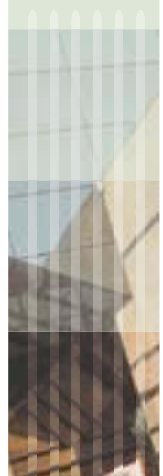


5

GULDENDELLE - KORTENBERG

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

<i>User</i>	European Commission
<i>Year of construction</i>	2001-2002
<i>Offices</i>	780 m ²
<i>Storage hall</i>	10,172 m ²
<i>Free height</i>	10 m
<i>Free span</i>	22 m
<i>Fittings</i>	2 ground-floor gates, gas heating, 42 ventilo-convecotrs, air conditioning. On a technical basis, the building is specifically equipped for the archives of the European Commission.
<i>Annual rental income on 31.12.2003</i>	€ 909,882
<i>Estimated value on 31.12.2003</i>	€ 11,040,000



3. Evolution of the portfolio

	31.12.2003	31.12.2002	31.12.2001
Value of the portfolio (deed in hand) (€ 000)	591,147	603,722	396,727
Current rents (€ 000)	42,675	45,464	30,927
Yield (%) ¹³	7.22	7.53	7.80
Current rents, including estimated rental value of vacant properties (€ 000)	50,483	50,511	31,727
Yield if fully let (%)	8.54	8.37	8.00
Total lettable area (m ²)	534,157	534,157	225,658
Occupancy rate (%)	84.53	90.01	96.82

4. Valuation of the portfolio by the property experts

Property valuations

Intervest Offices' current property portfolio was valued by DTZ Winssinger Tie Leung, represented by Mr Philippe Winssinger, de Crombrughe & Partners, represented by Mr Guibert de Crombrughe and Cushman & Wakefield Healey & Baker, represented by Mr Kris Peetermans and Mr Yves De Koster.

DTZ Winssinger Tie Leung

Property expert DTZ Winssinger Tie Leung analyses leases, sale and purchase transactions on a permanent basis. This makes it possible to estimate property trends correctly on the basis of the real prices realised and to put together market statistics (with, among other things, a database of rents and selling prices and the associated returns) in accordance with the following parameters:

- location (visibility, ease of access by private and public transport, parking facilities, building density, etc.);
- age and type of building;
- state of repair (façades, roofs, sanitary facilities, heating, etc.) and comfort (raised floors, air conditioning, sun protection, lighting, etc.);
- architectural and architectural aspects (appearance, modulation, load-bearing capacity of floors, free heights, etc.).

On the basis of this knowledge, every building is estimated by one or more of the following valuation methods:

1. First method: discounting of the estimated rental income

The investment value is the result of the applied yield or capitalization rate (representing the gross return demanded by a buyer) on the estimated rental value (ERV) adjusted for the net present value (NPV) of the difference between the present actual rent and the estimated rental value on the date of the valuation, for the period up to the next date on which the current rent contracts can be terminated.

For buildings that are partly or entirely unoccupied, the valuation is made on the basis of the estimated rental value, deducting the vacant properties and the costs (cost of letting, advertising costs, etc.) of the vacant parts.

Buildings to be renovated, buildings undergoing renovation or planned projects are valued on the basis of the value after renovation or after the completion of the works, less the amount of remaining works, architects' and engineers' fees, interim interest, estimated vacancies and a risk premium.

2. Second method: unit prices

The investment value is determined on the basis of

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



unit prices for the property per m² for office space, storage space, records rooms, number of parking spaces, etc., on the basis of the analysis of the market and of buildings described above.

3. Third method: discounted cash flow analysis

This method is mainly used in valuing properties that are subject to lease or long-term contracts. The investment value is determined on the basis of the conditions laid down in the contract. This value is equivalent to the sum of the NPV of the various cash flows over the period of the contract.

The cash flows consist of annual payments (discounting by a financial interest rate) together with the value at which the property could be sold at the end of the contract (based on the open market value at that time, discounted by the cost of capital) if the tenant has a purchase option at the end of the contract.

The open market value at the end of the lease contract is calculated using the first method above (discounting of the estimated rental income).

4. Terminal value

The terminal selling value is one of or the average of the valuation methods above.

The investment value is equivalent to the open market value, whereby the transaction costs (registration, civil-law notary, etc.) also have to be counted.

de Crombrughe & Partners

In valuing an investment property, de Crombrughe & Partners follows the various lines of reasoning that players in the market would follow in order to compare certain sales results. The rental value capitalisation method appears to be decisive for the valuations used by de Crombrughe & Partners.

Therefore, in this case the market value taking the existing tenancy agreements into account is determined on the basis of the economic market rental value of the lettable areas of the buildings, capitalised on the basis of a rate of return that is

considered realistic under current market conditions. This rate of return is based on the assessment of the market, the location and the property, and is based on the factors below, among others.

4.1. Market:

- supply and demand of tenants and purchasers of comparable properties
- development of yields
- expected inflation
- current returns and expectations of trends in returns

4.2. Location:

- environmental factors
- parking facilities
- infrastructure
- accessibility by private and public transport
- facilities such as public buildings, shops, restaurants, banks, schools, etc.
- (construction) developments of comparable properties

4.3. Properties:

- usage and other expenses
- type and quality of building
- state of repair
- age
- location and prestige
- current and possible alternative uses

The net present value of the difference between the current rental income and the estimated market rental value is discounted over the remaining period of the tenancy agreements.

Possible costs of vacancies, including forgone rent, service costs borne by the owner, cost of letting, promotional, advertising and marketing costs relating to letting and the costs of supervision, maintenance and adaptation and/or renovation are taken into account.

Cushman & Wakefield Healey & Baker

The property expert Healey & Baker compares the valued property with similar ones and consequently



applies a method comparable to the valuers mentioned above. First, the rental value is estimated, taking the current market situation into account. A distinction is made between buildings fully equipped with air conditioning, buildings with top cooling, and buildings with a conventional ventilation system.

The total estimated rental value is obtained by applying the different unit rental values to the areas concerned. A yield, or the gross rate of return demanded by a buyer, is then assumed, and the total estimated rental value is divided by this figure to obtain a value, deed in hand, before adjustments.

When adjustments are made, the actual rental income and vacancies have to be taken into account. The

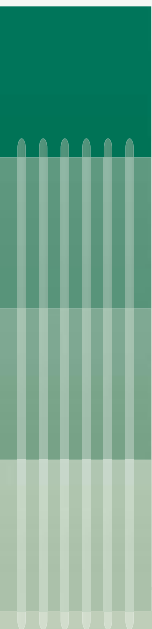
difference between the actual and estimated rental incomes is discounted over a period ending on the next date when the lease can be terminated. This calculation is therefore carried out for each tenancy agreement. The vacancies are also regarded as negative cash flow and deducted from the value of the building. The total adjustments may be positive or negative, depending on the actual status of rental income compared to the estimated market rental value.

The investment value which is ultimately considered, is the result of the two methods, i.e. the rental value capitalisation method and the unit rental value method. This is a value "deed in hand".

Value of the Intervest Offices portfolio as at 31 December 2003:

Valuer	Valued property	Market value, deed in hand (€)
Cushman & Wakefield Healey & Baker	semi-industrial properties except for Merchtem, Puurs and Kortenberg + Atlas Park	123,340,000
de Crombrughe & Partners	Airway Park, Merchtem and Puurs	82,195,000
DTZ Winssinger Tie Leung	other offices + semi-industrial part of the premise in Kortenberg	385,612,000
TOTAL		591,147,000







▼ Financial report



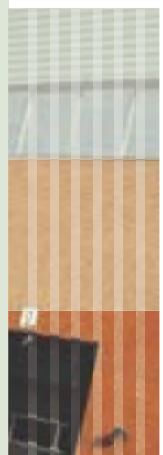
1. Consolidated annual accounts

1.1. Balance sheet after profit distribution¹⁴

ASSETS	Financial year	Previous financial year
FIXED ASSETS	591,230	603,800
II. Intangible fixed assets	4	0
IV. Tangible fixed assets	591,211	603,722
A. Land and buildings	591,147	603,722
B. Plant, machinery and equipment	6	0
C. Furniture and vehicles	33	0
D. Leasing and other similar rights	8	0
E. Other tangible fixed assets	17	0
V. Financial fixed assets	15	78
B. Other companies	15	78
1. Participations, shares and participating certificates	0	63
2. Amounts receivable	15	15
CURRENT ASSETS	4,386	7,631
VI. Amounts receivable after one year	1,663	1,832
A. Trade debtors	1,663	1,832
VIII. Amounts receivable within one year	1,864	3,131
A. Trade debtors	1,086	1,924
B. Other amounts receivable	778	1,207
IX. Investments	0	600
B. Other investments	0	600
X. Liquid assets	824	1,975
XI. Transitory accounts	35	93
TOTAL ASSETS	595,616	611,431



LIABILITIES	Financial year	Previous financial year
SHAREHOLDERS' EQUITY	306,945	320,199
I. Capital	123,127	123,127
A. Issued capital	123,127	123,127
II. Issue premiums	60,833	60,833
IV. Consolidated reserves (+) (-)	122,985	136,239
THIRD-PARTY INTERESTS	49	49
VIII. Third-party interests	49	49
PROVISIONS, DELAYED TAXATION AND TAX LATENCIES	4,840	4,640
IX. A. Provisions for risks and charges	4,840	4,640
2. Taxation	920	920
3. Major repair and maintenance works	3,920	3,720
DEBTS	283,782	286,543
X. Amounts payable after more than one year	175,347	124,178
A. Financial debts	174,968	124,103
3. Leasing and other similar obligations	7	0
4. Credit institutions	174,961	124,103
D. Other amounts payable	379	75
XI. Amounts payable within one year	104,884	159,009
A. Amounts payable after one year that fall due within the year	1,172	1,194
B. Financial debts	72,198	126,564
1. Credit institutions	72,198	126,564
C. Trade debts	1,351	3,540
1. Suppliers	1,351	3,540
E. Debts relating to taxation, remuneration and social security	67	285
1. Taxation	0	285
2. Remuneration and social security	67	0
F. Other amounts payable	30,096	27,426
XII. Transitory accounts	3,551	3,356
TOTAL LIABILITIES	595,616	611,431



1.2. Profit and loss account

	Financial year	Previous financial year
A. OPERATING RESULT		
I. Operating income	49,351	46,192
A. Turnover	44,836	42,698
C. Other operating income	4,515	3,494
II. Operating charges	-10,079	-8,192
A. Services and other goods	5,350	4,778
D. Depreciations and decrease in amounts written off trade debtors	844	0
E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	200	554
F. Other operating charges	3,685	2,860
III. Gross operating profit (Gross operating loss) (+) (-)	39,272	38,000
IV. Financial income	379	299
B. Income from current assets	32	153
C. Other financial income	347	146
V. Financial charges	-11,096	-11,328
A. Charges of debts	11,003	11,151
C. Other financial charges	93	177
VI. Taxation (-) (+)	38	0
B. Regularisation of taxes and withdrawals from tax provisions	38	0
VII. Net operating profit (Net operating loss) (+) (-)	28,593	26,971
B. RESULT ON THE PORTFOLIO		
IX. Changes in the unrealised added value or loss of value on the portfolio	-13,154	-29,075
A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	-13,154	-29,075
- Added value	1,656	650
- Loss of value	-14,810	-29,725
XI. Profit (Loss) on the portfolio (+) (-)	-13,154	-29,075
C. EXCEPTIONAL RESULT		
XII. Extraordinary income	49	0
B. Other exceptional results	49	0
XIV. Exceptional profit (Exceptional loss) (+) (-)	49	0
XV. Consolidated profit (Consolidated loss) (+) (-)	15,488	-2,104
A. Third-party interest	0	-1
B. Group share	15,488	-2,103



1.3. Consolidation criteria

Indication of the criteria employed for the purposes of the full consolidation, the pro-rata consolidation and the net asset value method, and of the situations in which these criteria are not applied, including the reasons for such deviation (in application of article 69 I. of the R.D. of 06.03.1990).

The consolidated annual accounts were prepared in accordance with the R.D. of 06.03.1990 on the basis of the consolidated annual accounts of the companies and internationally accepted accounting principles.

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

Full consolidation:

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

1.4. Valuation rules¹⁵

1.4.1. General principles

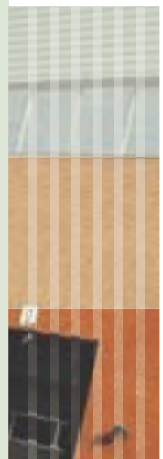
The valuation rules are established in line with the general accounting principles applicable in Belgium, and more specifically on the basis of the provisions of Book II of the R.D. in execution of the Belgian Company Code of 30.01.2001, the R.D. of 12.09.1983 in execution of the act of 17.07.1975 on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

The valuation basis used for the valuation of the company's assets, and in particular its property assets, is the market value of the assets on a mark-to-market basis. The market value of the property assets is the value assigned by the property expert for the drawing up of the inventory or a planned transaction in mind. The valuation rules have been drawn up in anticipation of the company's continued operation (going concern).

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

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

¹⁵ All the amounts mentioned below are in euro.



1.4.2. Special principles

ASSETS

- **Formation expenses**

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

- **Tangible fixed assets**

Immovable property (including leased assets)

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

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

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

Without prejudice to the obligations contained in article 7 of the act of 17.07.1975 relating to the

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

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

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

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

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

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



R.D. The loss of value and added values recorded are included in the result for the financial year.

The added values on the realization of fixed assets are considered as not available for distribution to the extent that there are reinvested within a term of four years starting from the first day in which the added values have been realised. These realised added values are registered in the result for the financial year under the caption “results on the portfolio” and are added to the non-disposable reserves.

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

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

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

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

The following percentages apply:

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

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

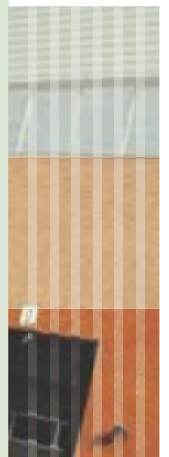
When tangible fixed assets other than immovable property are sold or decommissioned, the acquisition costs and depreciation that relate to them are removed from the accounts and added values or losses of value are included in the profit and loss account.

- **Entry of work on building**

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

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

1. Expenditures relating to maintenance and repair works that do not add any additional functions or increase the level of comfort of the building is recorded as costs resulting from ordinary operations in the financial year, and is therefore deducted from the operating profit. E.g.: replacement of window frames (glass).
2. Costs connected with major renovations and alterations, on the other hand, are entered on the assets side of the balance sheet: renovations are normally undertaken every 10 to 15 years and consist of the virtually complete renewal of parts of the building, in most cases with reuse of the existing basic structure and the application of the most up-to-date building techniques. After such a major renovation, the building can be partially considered as new, and is also included as such in the representation of the assets. E.g.: modernisation of roof and car park. Alterations are occasional works that add a function to the building or significantly improve its comfort,



thereby leading to an increase in the rent and the rental value, or without which the current level of rent could not be sustained. E.g.: the installation of an air conditioning system. The costs eligible for capitalisation relate to the materials, contract work, technical studies and architects' fees, excluding internal costs.

- **Financial fixed assets**

Financial fixed assets are valued on the basis of their market value.

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

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

Articles 10 and 14 §1 of the R.D. of 08.03.1994 relating to the accounting and annual accounts of certain institutions for group collective with a variable number of units apply to the valuation of the financial fixed assets held in affiliated property companies and property investment institutions.

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

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

- **Receivables**

Receivables payable in more than one year and receivables payable within one year are valued at their nominal value on the year-end date.

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

- **Investments**

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

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

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

- **Deferred charges and accrued income**

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

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

The damages paid by tenants for the cancellation of their rent contracts are apportioned over time, over the number of months' rent paid by the tenant as damages if the property in question is not let during this period. If the property in question is re-let, the damages payable due to the cancellation



of the rent contract are recorded in the profit or loss of the period in which they are incurred or, if they have not been fully apportioned by the time the property is re-let at a later period, the remaining balance at the time of re-letting is recorded. These payments are only apportioned over time if they exceed € 50,000. The damages paid are only included in the profit and loss account when all renovations have been carried out on the leased property; until then, the damages paid and the costs of renovation are recorded under deferred charges and accrued income.

LIABILITIES

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

• Provisions for risks and charges

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

For semi-industrial buildings, provisions are created for the renovation of roofs, gates and parking facilities. It is assumed that a roof will be replaced every 15 to 20 years, depending on whether it is made of roll roofing or PVC. It is further assumed that parking facilities will have to be re-laid every 10 to 30 years, depending on whether they are made of asphalt or concrete. Gates will probably need to be replaced every 20 years, and a wharf will have to be replaced every 15 years.

• Obligations and recourses

The Board of Directors will value obligations and recourses at the nominal value of the legal commitment as stated in the contract; if there is no nominal value, or in borderline cases, they will be stated as pro memorie.

• Debts

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

1.4.3. Off-balance sheet rights and obligations

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

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

1.5. Scheme of the annual accounts

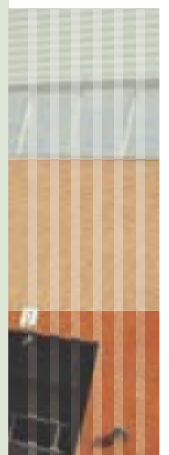
As Intervest Offices NV/SA is of the opinion that the legal scheme for the presentation of annual accounts, applicable to property investment funds, is not adapted to the specific characteristics of this sector, on 12.03.2003 it received approval from the Minister for Economic Affairs to deviate from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

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

• The section on the operating results

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

The structure of operating income and costs has been simplified in such a way that the sections that are not applicable have been omitted (movements in work in progress; purchases and movement in stocks). The depreciation section has been retained, in view of the special situation that applies to the company, which requires that office equipment for the company's own use that was already present



before the company was recognised as a property investment fund continues to be depreciated as planned.

- **The section on the results on the portfolio**

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

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

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

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

Since the amount of realised added values has to be calculated in relation to the acquisition cost of the immovable property concerned, a reversal of changes must be made for the portion of the realised added value already included in the profit and loss account (at that time still a deferred added value), as otherwise it would be included in the profit and loss account twice. This reversal

of charges is entered in section IX. "Changes in market value previously recorded on portfolio items disposed of during the financial year".

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

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



1.6. Additional notes

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

NAME, full address of registered OFFICE and, in the case of a company under Belgian law, the VAT or NATIONAL NUMBER	Method applied for inclusion in the accounts (F) ^{16 17}	Portion held in capital ¹⁸ (in %)	Change in the percentage of the portion held in the capital (in relation to the previous financial year) ¹⁹
Aartselaar Business Center NV/SA Uitbreidingstraat 18 B-2600 Berchem-Antwerp Nat no. 466.516.748	F	99.00	
Mechelen Business Center NV/SA Uitbreidingstraat 18 B-2600 Berchem-Antwerp Nat no. 467.009.765	F	99.00	
Mechelen Research Park NV/SA Uitbreidingstraat 18 B-2600 Berchem-Antwerp Nat no. 465.087.680	F	99.99	
Duffel Real Estate NV/SA Uitbreidingstraat 18 B-2600 Berchem-Antwerp Nat no. 464.415.115	F	99.90	
Wommelgem Logistics Center NV/SA Uitbreidingstraat 18 B-2600 Berchem-Antwerp Nat no. 464.420.954	F	99.90	

VIII. STATEMENT OF INTANGIBLE ASSETS

2. Concessions, patents, licences, etc.

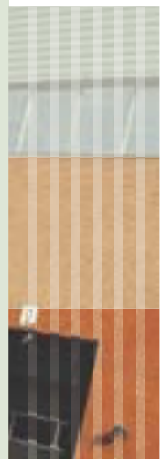
a) ACQUISITION COST	
Movements during the financial year	
- Acquisitions, including fixed assets	4
At the end of the financial year	4
d) NET BOOK VALUE AT THE END OF THE FINANCIAL YEAR (a)-(c)	4

¹⁶ F : Full consolidation.

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

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

¹⁹ If the composition of the consolidated entity is influenced significantly by the changes in this percentage, additional information is provided in statement V (art. 18).



IX. STATEMENT OF TANGIBLE FIXED ASSETS

	1. Land and buildings	2. Plant, machinery and equipment	3. Furniture and vehicles	4. Leasing and other similar rights	5. Other tangible fixed assets
a) ACQUISITION COST					
As at the end of the previous financial year	609,787	0	0	0	0
Movements during the financial year					
- Acquisitions, including produced fixed assets	579	6	33	8	17
As at the end of the financial year	610,366	6	33	8	17
b) ADDED VALUES					
As at the end of the previous financial year	-3,216	0	0	0	0
Movements during the financial year					
- Recorded	1,656	0	0	0	0
- Written down (-)	-14,810	0	0	0	0
As at the end of the financial year	-16,370	0	0	0	0
c) DEPRECIATIONS AND DOWNWARD VALUE ADJUSTMENTS					
As at the end of the previous financial year	2,849	0	0	0	0
As at the end of the financial year	2,849	0	0	0	0
d) NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR (a)+(b)-(c)					
- Plant, machinery and equipment	-	-	-	8	-

X. STATEMENT OF FINANCIAL FIXED ASSETS

	3. Other companies
1. Participating interests	
a) ACQUISITION COST	
As at the end of the previous financial year	63
Movements during the financial year	
- Sales and disposals (-)	-63
As at the end of the financial year	0
2. Receivables	
NET BOOK VALUE AS AT THE END OF THE PREVIOUS FINANCIAL YEAR	15
NET BOOK VALUE AS AT THE END OF THE FINANCIAL YEAR	15



XI. STATEMENT OF CONSOLIDATED RESERVES	Amounts
Consolidated reserves as at the end of the previous financial year (+) (-)	136,239
Movements during the financial year	
- Group share in consolidated result (+) (-)	15,488
- Other movements: (+) (-)	
(To breakdown for the significant amounts that aren't assigned to the group share in the consolidated result)	
Dividends	-28,696
Others	-46
Consolidated reserves as at the end of the financial year (+) (-)	122,985

XIII. STATEMENT OF DEBTS	Debts with a remaining term of		
A. BREAKDOWN OF DEBTS ORIGINALLY PAYABLE AFTER ONE YEAR BY THE REMAINING TERM OF THE DEBT	1. No more than one year	2. More than one year but no more than 5 years	3. More than 5 years
Financial debts	1,171	143,982	30,987
3. Leasing and other similar obligations	2	7	0
4. Credit institutions	1,169	143,975	30,987
Other amounts payable	0	379	0
TOTAL	1,171	144,361	30,987

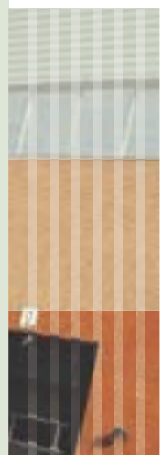
B. DEBTS (OR PART OF DEBTS) GUARANTEED BY REAL SECURITIES FIXED OR IRREVOCABLY PROMISED ON THE ASSETS OF THE COMPANIES TAKEN INTO CONSOLIDATION	Financial year
Taxation, remuneration and social security	
2. Remuneration and social security	67
TOTAL	67

XV. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS	Financial year
4. a) Important obligations to purchase fixed assets	1,558

C. Important pending differences and other important obligations

The acquisition price of Mechelen Campus consisted in part of a variable price for parking spaces not yet let. On 31.12.2003 that variable price was estimated at a value of 1,558 K EUR. This sum is only payable once a suspensive condition, namely letting out the parking spaces, has been fulfilled.

XVII. FINANCIAL RELATIONS WITH THE DIRECTORS OR BUSINESS MANAGERS OF THE CONSOLIDATING COMPANY	Financial year
A. Total amount of remunerations arising from their activities in the consolidating company, its subsidiaries and associated companies, including the amount of the retirement pensions allocated to the former directors or business managers in connection with the above.	38



1.6.1. Contested tax assessments

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

- Disputes amounting to € 919,796 that were taken over upon the merger with Siref. These disputes mainly relate to the deductibility or otherwise of commissions/fees, retro-active effect of mergers and the taxability of transactions involving building and planting rights. One of the four appeals is currently the subject of a lawsuit being heard by the court of first instance in Antwerp. Provision was made for these disputes in the annual accounts, as there is a reasonable chance that these assessments will have to be paid;
- Disputes in connection with the so-called exit tax in the amount of € 13,833,480.

For the most part, these disputes relate to the determination of the assessment base of the exit tax due when an organisation is recognised as a property investment fund or when another company merges with a property investment fund. The dispute relates more particularly to the interpretation of the term “actual value of the nominal capital” as specified in article 210 §2 of the Income Tax Code. According to Intervest Offices NV/SA and the vast majority of other Belgian property investment funds, which are facing the same problem, this term should be interpreted pursuant to the Court of Cassation ruling in its normal and usual meaning, i.e. the liquidation or selling value of shareholders’ equity. This should be determined using the market value or “costs-to-buyer” value (of the property) on the assets side, as estimated by the property expert, less the selling value of the debts. The authorities, however, maintain that the actual value of the nominal capital must be determined using the value of the shares, the acquisition cost (deed in hand) of the property, or some other higher value.

Intervest Offices NV/SA and its advisers believe that it has a considerable chance of ultimately winning

these exit tax disputes. In addition, the potential assessment notices for exit tax are guaranteed for the sum of at least € 11,261,819 by the previous owners of the companies that were purchased or taken over by Intervest Offices NV/SA. No provisions have therefore been formed for these disputes about exit tax in the annual accounts (attached).

It can also be mentioned here that these disputes might have to be settled in court, if no political or fiscal solutions are found. This may result in costs. If the assessment notices prove to be payable, default interest will also have to be paid. The default interest currently stands at 7 % per annum and will be suspended 6 months after the appeal is lodged, provided that no ruling has yet been received, and will start to decrease on the first day after a ruling is issued, or upon receipt of a petition to the courts. The default interest can be estimated at approximately € 400,000. It may be possible to recover part of this amount from the previous owners.

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

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

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

1.6.3. Soil decontamination

Forty-one parcels of land, distributed over 17 sites, were transferred upon the merger between Siref NV/SA and Intervest Offices NV/SA, which



took place on 28 June 2002. One of the sites was situated in the Brussels Metropolitan Area, and on two sites no soil decontamination activities had ever been carried out on the basis of the Flemish Regulations on Soil Decontamination (Vlarebo). Intervest Offices NV/SA carried out exploratory and, where necessary, descriptive soil surveys at 14 of the sites, in consultation with Ovam, the Public Waste Agency of Flanders, and provided a bank guarantee of € 650,000. For 12 of the sites, Ovam has now decided that no decontamination is needed. A soil decontamination project was initiated by Ovam at the Putte and Wilrijk sites, at costs of € 109,000 and € 176,000 respectively, and provision was made for this in the corresponding annual accounts.

1.7. Consolidated annual report by the Board of Directors

INTERVEST OFFICES

**Property investment fund under Belgian Law
Limited liability company
Uitbreidingstraat 18
2600 Berchem - Antwerp**

**Entreprise identification number (0)458.623.918
VAT Number: BE 458.623.918**

Annual report for the financial year ended on 31.12.2003

In accordance with the statutory provisions, we have pleasure in presenting you our report on the position of your company for the financial year that started on 01.01.2003 and ended on 31.12.2003. As a reminder, the board of Directors refers to the company's half-year report as at 30.06.2003.

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

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

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

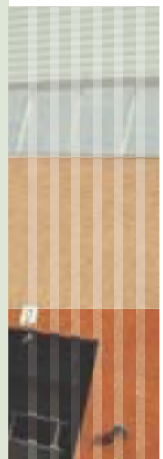
This annual report, which constitutes both the unconsolidated and the consolidated annual report, and the annual accounts (both unconsolidated and consolidated) are being made available to you.

1. Comments on the unconsolidated and consolidated annual accounts

1. As far as necessary, the Board of Directors would like to remind you once again that the company was recognised as a property investment fund in March 1999, as a result of which its tangible fixed assets have to be valued at market value, as determined by the property experts at the end of each financial year (see article 55 et seq of the R.D. relating to property investment funds dated 10.04.1995).

2. The nominal capital of the company as at 31.12.2003 is € 123,127,112.79.
The nominal capital did not change during the financial year ending 31.12.2003.

3. *Guarantee of € 650,000 for possible soil decontamination, as reported in the notes.*
The merger of Siref NV/SA and Intervest Offices NV/SA on 28.06.2002 (see above) was accompanied by the transfer of 41 plots of land distributed over 17 sites. Of the 17 sites, one was in the Brussels metropolitan area. The transfer of the 16 sites in Flanders was subject to the terms of the Soil Decontamination Decree of 22.02.1995. Two of these sites did not contain any plant or equipment subject to "Vlarebo", the Flemish Regulations



on Soil Decontamination, and these sites could therefore be transferred subject only to a simple application for a soil certificate.

Against the background of the merger, exploratory soil surveys were carried out for the remaining 14 sites in accordance with the provisions of the Soil Decontamination Decree, which were all declared compliant by Ovam. At seven of the sites, Ovam decided that no further steps (in terms of soil decontamination) needed to be taken, as the soil pollution ascertained on these sites was not of a type to require such action.

For the other seven sites, OVAM considered that the information provided in the preliminary studies indicated a need to perform descriptive soil examinations to determine the scope of the soil contamination identified in more detail.

The findings of these descriptive soil surveys revealed that the sites (i) in Putte, Klein Boom, parcel number 600/d and (ii) in Wilrijk, Boomssesteenweg 801-803, Planetariumlaan, Kernenergiestraat, Geleegweg 1-7, parcel number 420/t, required decontamination. The other sites do not, in principle, need such action.

As legal successor of Siref NV/SA, Intervest Offices NV/SA took on a unilateral commitment towards Ovam in respect of soil decontamination, for which a bank guarantee of € 650,000 was provided. Since this sum was based on the hypothesis that more sites than Putte and Wilrijk might have to be cleaned up, the Board of Directors is looking at the possibility of requesting Ovam to reduce this bank guarantee to the decontamination cost for the sites at Wilrijk (€ 176,000) and Putte (€ 109,000), plus VAT.

4. Tax system

a. As mentioned above, Intervest Offices NV/SA acquired Siref NV/SA, also a property investment fund under Belgian law, by means of a merger on 28.06.2002. Siref NV/SA (at that time still known as La Forestière 80 NV/SA) had, in turn, acquired

the limited liability companies Eigenlo, Immo Semi-Indus, B.M.S., Oceanic Real Estate (O.R.E.), The Charmos Company, Beheer Onroerend Goed, Logiconsult, Wommelgem Development Center (W.D.C.) and Neerland Onroerende Goederen by way of mergers on 11.02.1999, and the limited liability company European Cornelis Plastics (E.C.P.) on 24.10.2000.

Until 29.06.2002, Intervest Offices NV/SA had the legal form of a limited partnership with share capital, with the name PeriFund Comm. VA. PeriFund Comm. VA (i.e. now Intervest Offices NV/SA) was awarded the status of a property investment fund under Belgian law on 15.03.1999.

On 29.06.2001, Intervest Offices NV/SA took over Innotech NV/SA, Mechelen Pand NV/SA, Catian NV/SA and Greenhill Campus NV/SA by means of a merger. On 21.12.2001, Aartselaar Lease Company NV/SA, Airport Parc Invest NV/SA, Belgian General Development NV/SA, Country Homes NV/SA, Diegem Airway Park NV/SA, International Development Corporation NV/SA, Immo Woluwe Garden E-F-G, Örnskoldinvest NV/SA, Patriegem NV/SA, Mechelen Business Tower NV/SA, Rebux NV/SA and Perion NV/SA were also taken over by means of a merger.

When a company is recognised as a property investment fund or merges with such a fund, corporation tax (i.e. “exit tax”) becomes payable. This tax is calculated in accordance with the Belgian Income Tax Code on the “actual value of the nominal capital” less the paid capital and reserves that have already been taxed. As the term “actual value of the nominal capital” is interpreted differently by Intervest Offices NV/SA and the tax authorities, disputes have arisen to the value of € 13,833.480. According to the Intervest Offices NV/SA and the vast majority of other Belgian property investment funds, which are facing the same problem, this term should be interpreted pursuant to the Court of Cassation ruling in its normal and usual meaning, i.e. the



liquidation or market value of shareholders' equity. This should be determined using the market value or "costs-to-buyer" value (of the property) on the assets side, as estimated by the property expert, less the market value of the debts. The authorities, however, maintain that the actual value of the nominal capital must be determined using the value of the shares, the acquisition cost (deed in hand) of the property, or some other higher value.

Based on the recommendations of its advisers, Interest Offices NV/SA has adopted the view that it has a considerable chance of winning the disputes on exit tax, and that the position of the tax authorities ultimately has too little basis in law to be upheld. In addition, the potential assessment notices for exit tax are guaranteed for a sum of at least € 11,261,819 by the previous owners of the companies that were purchased or absorbed by Interest Offices NV/SA. No provisions have therefore been created for these disputes about exit tax in the attached annual accounts.

It can also be mentioned here that these disputes, provided no political or fiscal solutions are found, might have to be settled in court. This can lead to costs. If the assessment notices prove to be payable, default interest will also have to be paid. The default interest currently stands at 7% per annum. It will be suspended 6 months after the appeal is lodged, provided that no ruling has yet been received, and will start to decrease on the first day after a ruling is issued, or upon receipt of a petition to the courts. The default interest can be estimated at approximately € 400,000. It may be possible to recover part of this amount from the previous owners.

In view of the appeal lodged, the amounts of these additional assessment notices have been entered as a debt and a receivable within the same liability statement on the company's balance sheet.

b. For the record, the Board of Directors would also like to point out the existence of tax disputes in the amount of € 919,795.96, in connection with the non-deductibility of provisions, retro-activeness of mergers and the handling of building and planting rights in respect of the 1999 tax year arising from the additional assessment notices for Siref NV/SA itself, of which Interest Offices NV/SA is the successor by universal title, and for Beheer Onroerend Goed NV/SA, Neerland NV/SA and Immo Semi-Indus NV/SA, of which Siref NV/SA (and now therefore Interest Offices NV/SA) is the successor by universal title.

Appeals against these additional assessment notices were lodged on 15.03.2002. For these additional assessment notices, provision has been made in the same amount in the annual accounts, as there is a real chance that this tax will have to be paid. (See also the Siref NV/SA annual report as at 31.12.2001, pages 50 and 61)

On 06.06.2003, the appeal lodged for Siref NV/SA for the 1999 tax year (tax amounting to € 137,718.51) was declared unfounded in a decision by Regional Management. This decision is being contested by a petition to the Court of First Instance.

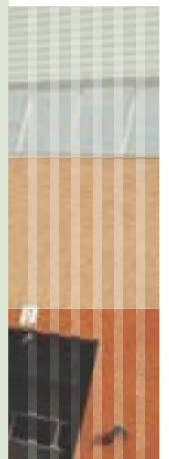
5. Deviation from the statutory form for the presentation of the annual accounts

The Board of Directors would like to point out that the deviation obtained to the statutory form of the annual accounts for the 2002 and 2003 financial years, which was permitted on the basis of article 125 of the Belgian Company Code on 12.03.2003, still applies, up until the financial year ending 31.12.2004.

6. Further comments on the consolidated and unconsolidated annual accounts

a. The consolidated annual accounts

The Board of Directors can comment on the consolidated annual accounts for the year ended 31.12.2003 as follows:



Operating income for the financial year ended on 31.12.2003 amounts to € 49,350,965, whilst operating costs for the same financial year come to € 10,079,430. For the financial year ended on 31.12.2003, an operating profit of € 39,271,535 has therefore been realised.

Financial income for the financial year ended on 31.12.2003 amounts to € 379,238, whilst financial costs for the same financial year come to € 11,095,284.

The taxes taken into account of the financial year as at 31.12.2003 are positive amounting to € 37,811. For the financial year ended on 31.12.2003 an operating profit of € 28,593,301 has therefore been realised.

However, primarily as a result of a decline in the market value of the property portfolio, a loss of € 13,153,959 was realised on the portfolio for the financial year ended on 31.12.2003.

The profit for the financial year amounts to € 15,488,386.

b. The unconsolidated annual accounts

The Board of Directors can comment on the unconsolidated annual accounts for the year ended 31.12.2003 as follows:

Operating income for the financial year ended on 31.12.2003 amounts to € 49,350,965, whilst operating costs for the same financial year come to € 10,078,538. For the financial year ended on 31.12.2003, an operating profit of € 39,272,427 has therefore been realised.

Financial income for the financial year ended on 31.12.2003 amounts to € 532,818, whilst financial costs for the same financial year come to € 11,094,862.

For the financial year ended on 31.12.2003 an operating profit of € 28,748,194 has therefore been realised.

However, primarily as a result of a decline in the market value of the property portfolio, a loss of € 13,153,959 was realised on the portfolio for the financial year ended on 31.12.2003.

The loss for the financial year amounts to € 15,594,235.

2. Appropriation of profit

As mentioned above, the financial year ended 31.12.2003 closed with an operating result of € 28,748,194.

The Board of Directors is proposing a dividend per share of € 2.17. Since 13,224,061 shares will participate in the results for the total financial year ended on 31.12.2003 (€ 2.17 dividend per share) this amounts to a total dividend payment of € 28,696,212.

Thus, the Board of Directors proposes the following appropriation of the operating result of the company as at 31.12.2003:

- operating profit to be appropriated of the financial year:	€ 28,748,194
- profit to be distributed as a dividend payment to the shareholders:	€ 28,696,212
- operating profit to be carried forward to the next financial year:	€ 51,982

The loss on the portfolio, amounting to € 13,153,959, will be drawn from the shareholders' equity, in particular from the reserves not available for distribution.

3. Information on important events after the closure of the financial year

No events worthy of mention occurred after the close of the financial year on 31.12.2003 except for the sale on 14.01.2004 of the land and building at Wommelgem, Sint-Jansveld 14 (Kapelleveld 2). Intervest Offices NV/SA was the owner of the building on the basis of building and planting rights assigned by its subsidiary Wommelgem Logistic Center NV/SA, which owned the land until this sale.



4. Research & development activities - branches

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

The company has no branch offices.

5. Holding of own shares

As at the end of the previous financial year ending 31.12.2002, Intervest Offices NV/SA owned 2,565 of its own shares via its subsidiary Duffel Real Estate NV/SA. The unit-of-account value of these shares amounts to one 13,224,061th of the nominal capital of the company, currently € 123,127,112.79. These 2,565 own shares therefore represent 0.01940% of the issued capital.

However, on 14.05.2003, Duffel Real Estate NV/SA transferred these 2,565 shares to VastNed Offices/Industrial, a limited liability company and fiscal investment institution under Dutch law.

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

6. Special payments to the statutory auditor

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

- (i) an amount totalling € 81,500 for statutory engagements;
- (ii) an amount of € 3.950 for extraordinary duties to Deloitte & Partners Tax Advisors.

7. Autonomous management / corporate governance - sound management

1. First of all, the Board of Directors would like to confirm that the company recognises that the corporate governance of the investment institution is the most effective structural guarantee of compliance with the statutory requirement that an investment institution must be managed in the exclusive interest of investors. A framework for the

expansion of this kind of corporate governance is also provided in the regulations relating to sound management which have been approved by the Belgian Banking, Finance and Insurance Commission and Euronext Brussels.

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

The composition of the Board of Directors remained unchanged during the financial year ending 31.12.2003.

2. The Board of Directors would next like to inform you that it was decided to increase the fee to Intervest Management NV/SA, which was equal to 4% of the rental income received by Intervest Offices NV/SA up to 01.04.2003, to 0.5% of the market value of the investment fund's property, as valued at costs-to-buyer (i.e. excluding registration fees and transaction costs) by the company's property experts, after the deduction of the management fee which, if applicable, is paid by the tenants directly (to Intervest Management or external managers) on an annual basis. This increase took effect retroactively from 01.04.2003.

Intervest Management NV/SA has to invoice this management fee directly to the tenants of the Intervest Offices NV/SA properties in accordance with their respective tenancy agreements, as was already the case in the past. Intervest Offices NV/SA will only be responsible itself for the payment of Intervest Management NV/SA's fee if and to the extent that the payment of this



management fee of 0.5% of the market value of the property of the investment fund, valued at costs-to-buyer, cannot be obtained directly from these tenants under the tenancy agreements.

The sole shareholder of Intervest Management NV/SA is, however, the company incorporated under Dutch law VastNed Retail NV/SA. VastNed Retail NV/SA, a “fiscal investment institution” under Dutch law, has as its managing director (to be equated with a Director under Belgian Law) the company under Dutch Law VastNed Management, closed limited liability company under Dutch Law, of which Mr Gerrevink and Mr Roovers are, in turn, directors.

This last point also applies, however, to VastNed Offices/Industrial NV/SA and VastNed Industrial Closed limited liability company under Dutch Law, major shareholders of Intervest Offices NV/SA; i.e. shareholders exercising a decisive or significant influence on the appointment of the directors of Intervest Offices NV/SA.

Given the ownership structure of Intervest Management NV/SA as outlined above, it could be argued that an indirect financial advantage was being granted to an Intervest Offices NV/SA shareholder capable of exercising a decisive or significant influence on the appointment of the company’s directors, so that the application criteria imposed by article 524, §1 of the Belgian Company Code were satisfied.

The Board of Directors has therefore charged three of its members, Mr Hens, Mr Blumberg and Mr Rijnbout, selected due to their independence in respect of the possible decision to increase the Intervest Management NV/SA management fee, and also an expert, BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, selected for the same reason, with describing the financial consequences of the intended transaction for Intervest Offices NV/SA and providing a reasoned assessment of it. This description and assessment had to demonstrate that

the decision was in the interests of the company and all its shareholders and did not involve any advantage in the form of a preferential payment that would be granted directly or indirectly to a major shareholder of Intervest Offices.

Both Mr Rijnbout, Mr Hens and Mr Blumberg and the expert BDO Company Auditors, represented by Mr Hans Wilmots, accordingly drew up reports describing and assessing these issues.

The decision of the report by Mr Rijnbout, Hens and Mr Blumberg read as follows:

“The undersigned directors are of the opinion that the described transaction, in particular the increase in the management fee due to Intervest Management NV/SA to 0.5% of the value of the company’s property, valued costs-to-buyer, as valued by the company’s property experts, after the deduction of the management fee which, if applicable, is paid by the tenants directly (to Intervest Management or external managers) on an annual basis, which increase is to take effect retroactively from 01.04.2003, is in the interests of Intervest Offices NV/SA and all its shareholders. They are also of the opinion that there is no reason to fear that through the increase of the management fee, the major shareholder of Intervest Offices NV/SA would receive any advantage, either directly or indirectly, in the form of a preferential payment.”

The decision in the report from BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, then read as follows:

“Taking into account all of the aforementioned considerations and after studying the information that was made available, the independent expert is of the opinion that the transaction presented fits in with the interest of the company and all its shareholders. The transaction that will be presented to the Board of Directors, furthermore, does not contain any unusual or privileged advantage for a specific shareholder.”

Therefore, it appeared to the Board of Directors that there was not a single objection to Intervest Offices



NV/SA permitting the proposed increase in the management fee for Intervest Management NV/SA.

The procedure imposed by article 24 of the R.D. of 10.04.1995 in relation to property investment funds was also duly observed, for example by reporting the planned increase in the management fee for Intervest Management NV/SA to the Belgian Banking, Finance and Insurance Commission in advance.

3. This increase in the management fee for Intervest Management NV/SA, however, was only temporary in nature from the outset. A solution was being sought simultaneously which would allow the investment fund to manage its own property itself. This means that the management expenses would be borne by the investment fund itself and not a third party.

To this end, the Board of Directors decided on 07.10.2003, to draw up and file a proposal with the court registry, involving the transfer of the “Offices” business segment of Intervest Management NV/SA to Intervest Offices NV/SA for valuable consideration. The transfer of the “Offices” business segment, which includes the management of the Intervest Offices NV/SA property under the charge of Intervest Management NV/SA, occurred in accordance with article 760 in conjunction with article 770 of the Belgian Company Code, i.e. on a continuous basis, and implies that from the transfer date, i.e. 31.12.2003, Intervest Offices NV/SA will take care of this management itself.

The “Offices” business segment is comprised of all assets and liabilities, as well as all rights and obligations, directly or indirectly linked to the activity of the management, in the broadest sense, i.e. including the property management, administrative, financial, and company law-related management, marketing, etc., of (the properties of) the property investment fund Intervest Offices NV/SA and all associated activities. This business includes (though not exhaustively) the contracts concluded with suppliers and (sub-)contractors

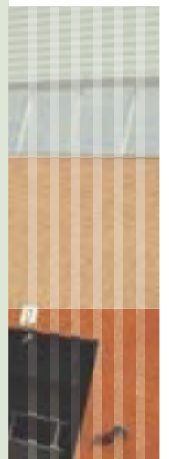
of the properties of Intervest Offices NV/SA, the tenancy agreement for the offices of the “Offices” business segment of Intervest Management NV/SA on Uitbreidingstraat 18 in B-2600 Berchem, the employment contracts with the personnel of the “Offices” business segment and all associated agreements and commitments.

However, it should be noted again that the sole shareholder of Intervest Management NV/SA is the company incorporated under Dutch law VastNed Retail NV/SA. VastNed Retail NV/SA, a “fiscal investment institution” under Dutch law, has as its managing director (to be equated with Director under Belgian Law) VastNed Management, closed limited liability company under Dutch Law, of which Mr Gerrevink and Mr Roovers are, in turn, directors.

As stated, the latter also applies, however, to VastNed Offices/Industrial NV/SA and VastNed Industrial Closed limited liability company under Dutch Law, major shareholders of Intervest Offices NV/SA, i.e. shareholders exercising a decisive or significant influence on the appointment of the directors of Intervest Offices NV/SA.

Given the ownership structure of Intervest Management NV/SA as outlined above, it could be argued that an indirect financial advantage was being granted to an Intervest Management NV/SA shareholder capable of exercising a decisive or significant influence on the appointment of the company’s directors, so that the application criteria imposed by article 524, §1 of the Belgian Company Code were satisfied.

The Board of Directors therefore once more decided to charge three of its members, Mr Hens, Mr Blumberg and Mr Rijnboutt, selected due to their independence in respect of the decision to transfer the “Offices” business segment, and also an expert, BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, selected for the same reason, with describing the financial consequences of the intended transaction for



Intervest Offices NV/SA and providing a reasoned assessment of it. This description and assessment had to demonstrate that the decision was in the interests of the company and all its shareholders and did not involve any advantage in the form of a preferential payment that would be granted directly or indirectly to a major shareholder of Intervest Offices.

Both Mr Rijnbout, Mr Hens and Mr Blumberg and the expert BDO Company Auditors, represented by Mr Hans Wilmots, accordingly drew up reports describing and assessing these issues.

The decision of the report by Mr Rijnbout, Hens and Mr Blumberg read as follows:

“The undersigned directors are of the opinion that the described transaction, in particular the conclusion of an agreement with Intervest Management NV/SA, for the transfer of the company’s “Offices” business segment to Intervest Offices NV/SA, is in the interest of Intervest Offices NV/SA and all its shareholders. They are also of the opinion that there is no reason to fear that through the transfer of the “Offices” business segment a major shareholder of Intervest Offices NV/SA would receive any advantage, either directly or indirectly, in the form of a preferential payment.

Although in the determination of the price for the “Offices” business segment the company liabilities of the latter were not taken into account, in view of the transfer of this business as a going concern, it should be pointed out that VastNed Retail NV/SA (i.e. the sole shareholder of Intervest Management NV/SA, and, as a result, having unlimited liability for current commitments of the latter) bears responsibility for company liabilities as they arise linked to any redundancies for the period between 2004 and 2006 of members of staff connected with the “Offices” business segment up to a maximum of € 60,000. If this amount has not yet been reached on 01.01.2005, this maximum obligation will be reduced to € 40,000 - and if this amount has not yet been reached on 01.01.2006, this maximum obligation will be € 20,000 - until 31.12.2006 at the latest. Furthermore, VastNed Retail NV/SA has

undertaken to bear the expense of a portion of the cost of the members of the Board of Intervest Offices NV/SA yet to be appointed who are currently directors of Intervest Management NV/SA.

Finally, they should like to point out that any corporation tax for the 2004 tax year and before that is not listed in the statement of assets and liabilities as at 30.12.2003, to be drawn up by BDO Company Auditors, in the context of the determination of the Definitive Price, will in any event be borne by Intervest Management NV/SA, which will consequently indemnify Intervest Offices NV/SA.”

The decision in the report from BDO Company Auditors, represented by Mr Hans Wilmots, Company Auditor, then read as follows:

“Taking into account all of the aforementioned considerations and after studying the information that was made available, the independent expert is of the opinion that the transaction presented fits in with the interest of the company and all its shareholders. The transaction that will be presented to the Board of Directors, furthermore, does not contain any unusual or privileged advantage for a specific shareholder.”

Therefore, it appeared to the Board of Directors once again that there was not a single objection to the transfer by Intervest Management NV/SA of the “Offices” business segment to Intervest Offices NV/SA, on payment by the latter of the agreed price as stated in the transfer proposal of 13.11.2003.

The procedure imposed by article 24 of the R.D. of 10.04.1995 in relation to property investment funds was also duly observed, for example by reporting the transfer of the “Offices” business segment to the Belgian Banking, Finance and Insurance Commission in advance.

On 13.11.2003, this proposal for the transfer for valuable consideration of the “Offices” business segment from Intervest Management NV/SA to Intervest Offices NV/SA was signed, and on 17.11.2003 the proposal was filed with the court



registry. After six weeks, i.e. on 30.12.2003, it was subsequently decided to actually proceed with the transfer of the “Offices” business segment, as at 31.12.2003. From this date onwards, the properties of Interest Offices NV/SA are, therefore, being managed by the company and its own personnel.

4. The Board of Directors also decided on 07.10.2003 to set up an Executive Committee as specified in article 524/b of the Belgian Company Code with effect from 01.01.2004.

The following legal entities were appointed indefinitely as members of this Executive Committee:

- Gert Cowé Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Gert Cowé. Gert Cowé Closed Limited Liability Company under Belgian Law was appointed CEO (Chief Executive Officer) of Interest Offices NV/SA;
- Jean-Paul Sols Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Jean-Paul Sols; Jean-Paul Sols Closed Limited Liability Company under Belgian Law was appointed as Offices Director or COO (Chief Operational Officer) of Interest Offices NV/SA;
- Nicolas Mathieu Closed Limited Liability Company under Belgian Law, represented by its permanent representative, Mr Nicolaas Mathieu; Nicolas Mathieu Closed Limited Liability Company under Belgian Law was appointed as CFO (Chief Financial Officer) of Interest Offices NV/SA;

Gert Cowé Closed limited liability company under Belgian Law was also appointed as chairman of this Executive Committee.

On 16.12.2003, it was also decided to set up an Audit Committee within the company’s Board of Directors, comprising Mr Blumberg, Mr Hens

and Mr van Gerrevink. The main task of the audit committee is to assist the Board of Directors in its supervision of the Executive Committee.

8. Obligation to disclose information periodically

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

We propose that you discharge the directors and the Statutory Auditor (i.e. Mr Ludo De Keulenaer), likewise, from all liability arising from the exercise of their mandates during the past financial year.

Drawn up in Berchem-Antwerp, on 24.02.2004.

The Board of Directors,

Mr Jean-Pierre Blumberg

Mr Walter Hens

Mr Joost Rijnboutt

Mr Hubert Roovers

Mr Reinier van Gerrevink



1.8. Report of the Statutory Auditor
Statutory auditor's report on the consolidated annual accounts as at 31.12.2003 to the Shareholders' Meeting of the company Invest Offices NV/SA, Belgian property investment fund

To the shareholders,

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

We have audited the consolidated balance sheet and the related consolidated statement of income, the notes and the directors' report for the year ended 31.12.2003, which have been prepared under the responsibility of the Board of Directors of the company and which show a balance sheet total of € 595,616 (000) and an income statement resulting in a profit of the year of € 15,488 (000).

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

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

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

In accordance with article 125 of the Company Law, the Minister of Economic Affairs has agreed on 12.03.2003 to a deviation of the presentation-scheme of the annual accounts. This deviation has been granted for the years 2002, 2003 and 2004. The consolidated annual accounts for the year ended 31.12.2003 have been prepared in conformity with this scheme.

In our opinion, the accompanying consolidated annual accounts present fairly the financial position of Invest Offices NV/SA and subsidiaries as of 31.12.2003 and the results of their operations for the year then ended, in conformity with the applicable Belgian law and regulations, and the notes to the consolidated annual accounts are adequate.

• **Additional statements**

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

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

Brussels, 25.02.2004

The Statutory Auditor,

Ludo De Keulenaer

Partner of Deloitte & Partners Company Auditors



2. Unconsolidated annual accounts

In accordance with article 105 of the Belgian Company Code, this annual report contains an abbreviated version of the annual accounts of Intervest Offices NV/SA that are required under the articles of association. The annual report and the annual accounts of Intervest Offices NV/SA and the report of the Statutory Auditor are filed at and also available from the company's registered office. The Statutory Auditor has issued an unqualified opinion on the annual accounts as at 31.12.2003 of Intervest Offices NV/SA.

2.1. Balance sheet after profit distribution

ASSETS	Financial year	Previous financial year
FIXED ASSETS	584,877	594,179
II. Intangible fixed assets	4	0
III. Tangible fixed assets	581,338	593,849
A. Land and buildings	581,274	593,849
B. Plant, machinery and equipment	6	0
C. Furniture and vehicles	33	0
D. Leasing and other similar rights	8	0
E. Other tangible fixed assets	17	0
IV. Financial fixed assets	3,535	330
A. Affiliated companies	3,520	315
1. Participating interests	315	315
2. Amounts receivable	3,205	0
C. Other financial fixed assets	15	15
2. Amounts receivable and cash guarantees	15	15
CURRENT ASSETS	4,382	10,733
V. Amounts receivable after more than one year	1,663	1,832
B. Other amounts receivable	1,663	1,832
VII. Amounts receivable within one year	1,863	6,234
A. Trade debtors	1,086	1,924
B. Other amounts receivable	777	4,310
VIII. Investments	0	600
B. Other investments	0	600
IX. Liquid assets	821	1,974
X. Transitory accounts	35	93
TOTAL ASSETS	589,259	604,912

LIABILITIES	Financial year	Previous financial year
SHAREHOLDERS' EQUITY	300,658	313,760
I. Capital	123,127	123,127
A. Issued capital	123,127	123,127
II. Issue premiums	60,833	60,833
IV. Reserves	116,646	129,800
A. Legal reserve	77	77
B. Reserves not available for distribution	115,143	128,297
2. Other	115,143	128,297
D. Reserves available for distribution	1,426	1,426
V. Profit carried forward	52	0
PROVISIONS AND DEFERRED TAXATION	4,840	4,640
VII. A. Provisions for risks and charges	4,840	4,640
2. Taxation	920	920
3. Major repair and maintenance works	3,920	3,720
DEBTS	283,761	286,512
VIII. Amounts payable after more than one year	175,347	124,178
A. Financial debts	174,968	124,103
3. Leasing and other similar obligations	7	0
4. Credit institutions	174,961	124,103
D. Other amounts payable	379	75
IX. Amounts payable within one year	104,863	158,979
A. Amounts payable after one year that fall due within the year	1,172	1,194
B. Financial debts	72,198	126,563
1. Credit institutions	72,198	126,563
C. Trade debts	1,351	3,532
1. Suppliers	1,351	3,532
E. Debts relating to taxation, remuneration and social security	67	285
1. Taxation	0	285
2. Remuneration and social security	67	0
F. Other amounts payable	30,075	27,405
X. Transitory accounts	3,551	3,355
TOTAL LIABILITIES	589,259	604,912

2.2. Profit and loss account

	Financial year	Previous financial year
A. OPERATING RESULT		
I. Operating income	49,351	46,172
A. Turnover	44,836	42,698
C. Other operating income	4,515	3,474
II. Operating charges (-)	-10,079	-8,175
A. Services and other goods	5,350	4,763
D. Increase (+); decrease (-) in amounts written off trade debtors	844	0
E. Provisions for risks and charges (additions + / expenditure and withdrawals -)	200	553
F. Other operating charges	3,685	2,859
III. Gross operating profit (Gross operating loss) (+) (-)	39,272	37,997
IV. Financial income	533	445
B. Income from current assets	186	307
C. Other financial income	347	138
V. Financial charges (-)	-11,095	-11,329
A. Charges of debts	11,004	11,152
C. Other financial charges	91	177
VI. Taxation (-) (+)	38	0
B. Regularisation of taxes and withdrawals from tax provisions	38	0
VII. Net operating profit (Net operating loss) (+) (-)	28,748	27,113
B. RESULT ON THE PORTFOLIO		
IX. Changes in the unrealised added value or loss of value on the portfolio (+) (-)	-13,154	-29,075
A. Property assets at the end of the financial year (within the meaning of the R.D. of 10.04.95)	-13,154	-29,075
- Added value	1,656	650
- Loss of value	-14,810	-29,725
XI. Profit (Loss) on the portfolio (+) (-)	-13,154	-29,075
XV. Profit (Loss) for the financial year (+) (-)	15,594	-1,962



	Financial year	Previous financial year
D. RESULT FOR APPROPRIATION		
XV. Profit (Loss) for the financial year (+) (-)	15,594	-1,962
XVI. Appropriation of the added value or loss of value on sales of portfolio items (+) (-)	13,154	29,075
B. Withdrawal from the non-disposable reserves (+)	13,154	29,075
XVII. Profit balance for appropriation (Net deficit for absorption) for the financial year (+) (-)	28,748	27,113
TREATMENT OF RESULT		
A. Profit balance for appropriation	28,748	28,933
1. Profit for appropriation for the financial year	28,748	27,113
2. Profit carried forward from the previous financial year	0	1,820
D. Result to be carried forward	-52	-1,882
1. Profit to be carried forward (-)	-52	-1,882
F. Profit to be distributed (-)	-28,696	-27,051
1. Indemnification of the capital	-28,696	-27,051

3. Debts and securities

The average interest paid in 2003 was 4.35%.

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

Total amount: 174,960

Credit institution	Amount	Term	Type of credit
KBC Bank	13,634	10 years	Fixed advance
ING Bank	125,980	23.12.2006	Fixed advance
NIB	17,994	21.04.2008	Fixed advance
Fortis Bank	17,352	10 year	Fixed advance

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

Total amount: 73,367

Credit institution	Amount	Type of credit
Fortis Bank	7,479	Advance instalments
ING Bank	57,019	Fixed advance
ING Bank	7,700	Advance instalment
NIB ²⁰	1,169	Fixed advance

No guarantees were provided for these credit facilities.

²⁰ This is the portion of the NIB loan that falls due within the year.

3.3. Structure of the financing

The split of the company's financing between short-term and long-term liabilities has been incorporated in the annual accounts, in accordance with the law and R. D. relating to annual accounts, based on the due dates counting from the times when these loans were taken up, i.e. split into those due within one year or in more than one year. On the basis of this accounting split, the structure of the financing can be presented as follows:

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

short-term:	€ 73,367	(29.54%)
long-term:	€ 174,960	(70.46%)
total:	€ 248,327	(100%)

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

Split according to expiry date of credit lines:

short-term:	€ 15,179	(6.11%)
long-term:	€ 233,148	(93.89%)
total:	€ 248,327	(100%)







VI General information



1. Identification

1.1. Name

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

1.2. Registered office

Uitbreidingstraat 18, 2600 Antwerp-Berchem.

In accordance with article 3 of the articles of association, the company’s registered office can be relocated within Belgium by resolution of the Board of Directors, provided this relocation is within the Dutch-speaking part of the country or the bilingual metropolitan area of Brussels.

1.3. Enterprise identification number and VAT number

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

Its VAT-number is (BE) 458.623.918.

1.4. Legal form, formation, publication

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

By deed executed before Eric Spruyt, civil-law notary in Brussels, and Max Bleecx, civil-law notary in Sint-Gillis-Brussels, executed on 05.02.1999 and published in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees of 24.02.1999 under number BBS 990224-79, the company’s legal form

was converted from a limited liability company to a limited partnership with a share capital and its name was changed to “PeriFund”.

By deed executed before Eric De Bie, civil-law notary in Antwerp-Ekeren, with the intervention of Carl Ockerman, civil-law notary in Brussels, executed on 29.06.2001 and published in the Appendices to the Belgian Bulletin of Acts, Orders and Decrees of 24.07.2001 under number BBS 20010724-935, the company’s legal form was converted from a limited partnership with a share capital to a limited liability company and its name was changed to “Intervest Offices”.

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

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

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

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

The articles of association were last amended on 23.12.2002, as published in the Appendices to the



Belgian Bulletin of Acts, Orders and Decrees of 15.01.2003 under number 20030115-03006567.

1.5. Duration

The company was founded for an indefinite period.

1.6. Object of company

Article 4 of the articles of association:

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

Property is understood to mean:

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

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

- purchasing, converting, furnishing, letting, subletting, managing, exchanging, selling or subdividing the property as described above, or placing it under the system of joint ownership;
- acquiring and lending securities in accordance with article 51 of the R.D. of 10.04.1995 relating to property investment funds;
- taking immovable property under a leasing arrangement, with or without an option to purchase, in accordance with article 46 of the R.D. of 10.04.1995 relating to property investment funds; and
- as an additional activity, placing immovable property under a leasing arrangement, with or without an option to purchase, in accordance with article 47 of the R.D. of 10.04.1995 relating to property investment funds;
- the company may only occasionally act as a property developer, as defined in article 2 of the R.D. of 10.04.1995.

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

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



investment institution as referred to in article 49 of the R.D. of 10.04.1995 relating to property investment funds.

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

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

1.7. Financial year

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

1.8. Inspection of documents

- The articles of association of Intervest Offices NV/SA are available for inspection at the Office of the Commercial Court in Antwerp, and at the company's registered office.
- The annual accounts are filed with the balance sheet centre of the "Nationale Bank van België".
- The annual accounts and associated reports are sent annually to holders of registered shares and any other person who requests them.
- The resolutions relating to the appointment and dismissal of the members of the company's bodies are published in the appendices to the Belgian Bulletin of Acts, Orders and Decrees.
- Financial announcements and notices convening the General Meetings are published in the financial press.

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



2. Nominal capital

2.1. Issued capital

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

2.2. Evolution of the capital

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



2.3. Permitted capital

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

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

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

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

In 2003, the Board of Directors made no use of the authorisation granted to it to utilise the following amounts of the permitted capital.

2.4. Repurchase of own shares

In accordance with article 9 of the articles of association, the Board of Directors can proceed to repurchase fully paid-up company shares by means

of purchase or conversion within the limits permitted by law, if such a purchase is necessary to save the company from serious and imminent harm.

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

2.5. Capital increase

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

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

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



3. Extract from the articles of association²¹

3.1. Shares

Article 8 – Nature of the shares

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

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

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

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

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

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

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

3.2. Ownership

Article 11 – Transparency regulations

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

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

3.3. Administration and supervision

Article 12 – Composition of the Board of Directors

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

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

Where a legal entity is elected as director or member of the management board, that legal entity shall designate from among his partners, business managers, directors or employees a permanent representative to be charged with the performance of that mandate on behalf of and for the account of the legal entity in question. That representative must satisfy the same conditions and is liable under civil law and responsible under criminal law as if he himself were performing the mandate in question

²¹ These articles aren't the complete, nor the litteral reproduction of the articles of association. The complete articles of association can be consulted at the company's registered office.



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

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

Article 15 – Delegation of authority

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

The Board of Directors determines the conditions for the appointment of the members of the Executive Committee, their dismissal, their remuneration, any severance pay, the term of their assignment and way of working. If an Executive Committee is appointed, it can only delegate day-to-day management of the company to a minimum of two persons, who must be directors. If no Executive Committee is appointed, the Board of Directors can only delegate day-to-day management of the company to a minimum of two persons, who must be directors.

The Board of Directors, the Executive Committee and the Managing Directors charged with the day-to-day management may also, within the context of this day-

to-day management, assign specific powers to one or more persons of their choice, within their respective powers.

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

Article 17 – Conflicts of interests

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by the R.D. of 10.04.1995 relating to property investment funds, by the Belgian Company Code as where appropriate they may be amended.

Article 18 – Auditing

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

The Statutory Auditor(s) also audit(s) and certify (certifies) the accounting information contained in the company's annual accounts. At the request of the Banking, Finance and Insurance Commission, he (she) also confirms the accuracy of the information that the company has presented to the aforementioned Commission in application of article 133 of the act of 04.12.1990.

3.4. General Meetings

Article 19 – Meeting

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

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





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

Article 22 – Depositing shares

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

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

Article 26 – Voting rights

Each share gives the holder the right to one vote.

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

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

3.5. Treatment of result

Article 29 – Appropriation of profit

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

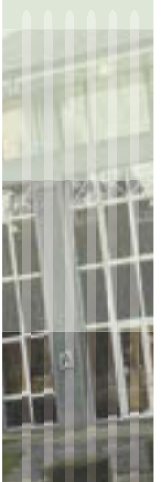
For the purposes of this article, net income is defined as the profit for the financial year, excluding downward value adjustments, reversals of downward value adjustments and added values realised on fixed

assets, in so far as these are recorded in the profit and loss account.

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

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

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



4. Statutory Auditor

Mr Ludo De Keulenaer, partner in the professional partnership in the form of a co-operative partnership with limited liability, Deloitte & Partners Company Auditors, with offices at Berkenlaan 8b, B-1831 Diegem.

The mandate of the Statutory Auditor will end immediately after the annual meeting to be held in 2004.

The remuneration of the Statutory Auditor amounts to € 76,125 (excl. VAT, incl. costs) a year for the auditing of the annual accounts.

5. Custodian bank

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

The annual fee will be calculated as follows:

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

6. Property experts

The property experts of the investment fund are:

- de Crombrugghe & Partners
- Cushman & Wakefield Healey & Baker
- DTZ Winssinger Tie Leung

In accordance with the R.D. of 10.04.1995, they value the portfolio four times a year.

7. Liquidity Provider

In October 2001, a liquidity contract was concluded with Vermeulen-Raemdonck (ING Group), Handelsstraat 10, B-1000 Brussels, to promote the liquidity of the shares.

In practice this takes place through the regular submission of buy and sell orders within certain margins.

The remuneration has been set at a fixed amount of € 10,000 a year.



8. Property management

The management was carried out by Interest Management until 30.12.2003. Since 31.12.2003, Interest Offices has been responsible for its own management. (see also the chapter 'Corporate Governance' on page 14).

The following buildings are still being managed by external managers:

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

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

9. Property investment fund - legal framework

The Investment Fund system was regulated in the R.D. of 10.04.1995 to stimulate joint investments in property. The concept is very similar to that of the Real Estate Investment Trusts (REIT USA) and the Fiscal Investment Institutions (FBI Netherlands).

It is the legislator's intention that Investment Funds will guarantee optimum transparency with regard to the property investment and ensure the pay-out of maximum cash flow, while the investor enjoys a whole range of benefits.

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

- the form of a limited liability company or a limited partnership with a share capital with minimum capital of € 1,239,467.62
- a debt ratio limited to 50% of total assets
- strict rules relating to conflicts of interests
- recording of the portfolio at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent experts
- spreading of the risk: a maximum of 20% of capital in one building, with certain exceptions
- exemption from corporation tax on the condition that at least 80% of the profits are distributed
- withholding tax (which is the final tax) of 15%, deducted as the dividend is made payable

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

Companies that merge are subject to a tax (exit tax) of 20.085% on deferred added values and tax-free reserves.

Interest Offices NV/SA received recognition as a property investment fund on 15.03.1999.





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