

## Interim statement of the board of directors for the third quarter of 2016

- Development of the growth strategy with solid growth over the next three years, based on a reorientation in the offices portfolio and further expansion in logistics real estate
- Expansion at Intercity Business Park in Mechelen with the acquisition of a building at Generaal de Wittelaan 11C of approximately 8.300 m<sup>2</sup>
- Official inauguration of Greenhouse Antwerp with 2nd RE:flex, a fully-renovated office building with a green façade geared to the new way of working
- Proportion of 51% of logistics real estate and 49% office buildings as at 30 September 2016
- In both the logistics portfolio and the offices segment, occupancy rate rose with 1% during the first nine months of 2016 to 91% as at 30 September 2016; 96% for the logistics portfolio, 86% for the offices portfolio
- Rental transactions mainly in the logistics portfolio: 33% of the net annual rental income for the logistics segment was extended, expanded or renewed in the first nine months of 2016
- Almost stable fair value of the real estate portfolio<sup>1</sup>
- Rise in the underlying operating distributable result (without taking into account the one-off allocated refurbishment fee for 2015) from € 1,28 per share for the first nine months of 2015 to € 1,30 for the first nine months of 2016 (€ 0,02 per share or approximately 2%)
- Average interest rate of the financing for the first nine months: 3,1% in 2016 (3,7% in 2015)
- Debt ratio: 46,5% as at 30 September 2016 (48,2% as at 31 December 2015)
- Expected operating distributable result for 2016 between € 1,70 and € 1,75 per share with a gross dividend of a minimum of € 1,40 (dividend pay-out ratio: 80-82%)

<sup>1</sup> Compared to the fair value of the investment properties as at 31 December 2015, with unchanged composition of the portfolio.

## 1. Operational activities for the third quarter of 2016

### Growth strategy on course<sup>1</sup>

In the third quarter of 2016, Intervest Offices & Warehouses (hereafter Intervest) continued to work on realising the **strategic emphasis shift** in the real estate portfolio to a proportion of approximately 60% logistics real estate and 40% office buildings.

A solid growth plan founded on further investments in logistics real estate combined with a reorientation in the offices portfolio forms the basis for the next 3 years. In this context a first step was taken in the first nine months of 2016 with the **divestment** of 4 office buildings and a semi-industrial property in the Brussels periphery, the **acquisition** of an additional building at Intercity Business Park in Mechelen and the official inauguration of **Greenhouse Antwerp**,

a fully renovated office building with a living green façade.

For the first nine months of 2016, Intervest had a very active period in the logistics real estate when it comes to **rental activity**. In the third quarter of 2016, 8% of the net annual rental income for the logistics segment was extended, expanded or renewed, totalling to 33% for the first nine months of 2016.

In October 2016 Intervest concluded an agreement with Schrauwen, a sanitary and heating equipment specialist, for the construction of a **distribution centre** of 12.200 m<sup>2</sup> at the Herentals Logistics 3 site<sup>2</sup>.

### Investments

Intervest acquired in August 2016, **Generaal de Wittelaan 11C in Mechelen** to expand its existing investment properties at Intercity Business Park. The property is adjacent to the office buildings already owned by Intervest at this location.

At the moment of acquisition, Intervest already owned at Intercity Business Park approximately 42.500 m<sup>2</sup> of business premises rented out to around 40 firms, among which major companies in the biomedical sector such as Biocartis, Galapagos, SGS Belgium and LabCorp. The occupancy

rate at Intercity Business Park amounted as at 30 September 2016 to approximately 95%.

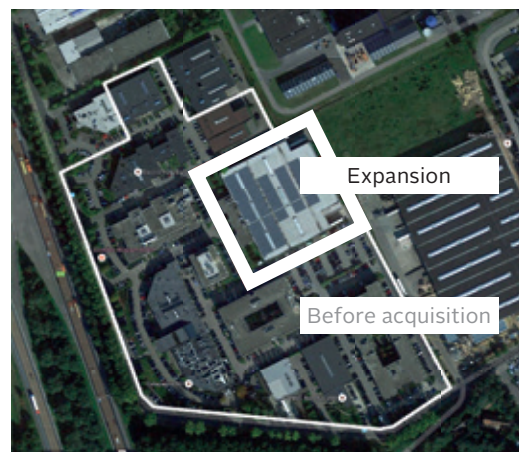
The acquired building at Generaal de Wittelaan 11C in Mechelen consists of 6.990 m<sup>2</sup> of storage space, 1.358 m<sup>2</sup> of offices and social spaces and 135 parking spaces. The ground surface area is 13.578 m<sup>2</sup>. Including purchase costs, the investment amounted to € 5,9 million.

The entire building is rented out to Spring Global Mail and generates € 448.000 in annual rental income.

▼ Expansion Intercity Business Park



▼ Expansion Intercity Business Park



<sup>1</sup> For the full description of the growth strategy, it is referred to the press release of 25 March 2016.

<sup>2</sup> For the full description of the redevelopment, it is referred to the press release of 21 October 2016.

*“The acquisition is especially of strategic importance as it makes it possible to continue offering our existing clients at Intercity Business Park suitable facilities in the longer term. Moreover, it also gives opportunities to upgrade this location further.”*

- JEAN-PAUL SOLS, CEO INTERVEST

### Inauguration Greenhouse Antwerp with 2<sup>nd</sup> RE:flex

A further step in the realisation of the reorientation in the offices portfolio was put on the map with the festive inauguration of **Greenhouse Antwerp** and the **2nd RE:flex**.

Greenhouse Antwerp is tailored to the current, new way of working. RE:flex at the first two floors provides space for start-ups and co-working, along with overflow space for clients and collective meeting rooms.

Besides the renovation of the technical systems and the interior, the outside of the building was given a completely renewed and unique appearance. The entire front façade has now been provided with a so-called 'green wall' or vertical garden with 50.000 living plants, one of the largest such façades on any office building in Belgium.

The green façade helps reduce the amount of substances that cause air pollution, for example fine particulate matter and carbon dioxide. In addition to this, the vegetation reduces wind speeds along the façades. Research has moreover shown that green walls have a positive impact on the insulation performance of buildings. Finally, these benefits provide in the combination with substrate, plants and air trapped in the green façade system a good sound proofing.

The interior redesign was handled by Intervest's own team of interior architects. Within the offices market Intervest positions itself not just as a lessor of square metres; it also provides a wide range of services and facilities, including turn-key solutions.

Intervest has also set up a restaurant in the building, the Greenhouse Café, which is completely styled to match the renovation and exploited by Cook & Style.

#### ▼ Greenhouse Antwerp



#### ▼ Greenhouse Café



#### ▼ RE:flex Berchem



#### ▼ RE:flex Berchem, flexible meeting spaces



## Diegem Campus becomes Greenhouse BXL

Following the successful and innovative reorientation of Greenhouse Antwerp, Intervest also anticipates a reorientation of the Diegem Campus whereby it will clearly distinguish itself from the traditional offices offer as **Greenhouse BXL**.

At the beginning of 2017, after the departure of tenant Deloitte, the office buildings at **Diegem Campus** at Berkenlaan 6, 8a and 8b, will be vacant. The building at Berkenlaan 6 was divested in the first semester of 2016. Given the location of this site and the quality of the buildings, the office buildings at Berkenlaan 8a and 8b offer an excellent opportunity for repositioning and a multi-tenant approach.

The building permit for this redevelopment has been submitted in the third quarter of 2016. It is expected that works can start during the first quarter of 2017.

The elaborated concept is aimed at stimulating meeting and interaction. It has a professional aura, stimulates cross-fertilisation, allows for a high level of flexibility, provides an air of tranquillity, focuses on service, is energy-efficient and aims for accessibility.

A patio, still to be constructed, will serve as a lively meeting place with the potential for organising events. The 'new way of working' will be integrated in the complex by combining a co-working lounge and places fostering inspiration. The interior fittings are also aimed at mutually encouraging interaction between visitors and users. For example, a Grand Café, a restaurant, larger meetings rooms and an auditorium have been provided. Users can also call on a service desk, which ensures a personalised approach within the scope of the customer's needs.

▼ ► ▼ Greenhouse BXL - Artist impressions



## Evolution investment properties

INVESTMENT PROPERTIES	30.09.2016	31.12.2015	30.09.2015
Fair value of investment properties (€ 000)	604.599	634.416	636.091
Occupancy rate* entire portfolio (%)	91%	90%	89%
Occupancy rate offices portfolio (%)	86%	85%	84%
Occupancy rate logistics portfolio (%)	96%	95%	96%
Total leasable space (m <sup>2</sup> )	689.648	717.073	716.913

\* The occupancy rate is calculated as the ratio between the estimated rental value and such estimated rental value increased by the estimated rental value of unoccupied leasable space. Until 31 December 2015, inclusive, the occupancy rate was calculated as the ratio between the commercial rental income and the sum of this commercial rental income and the estimated rental value of unoccupied rental premises.

As at 30 September 2016, the **fair value of the real estate portfolio** amounted to € 605 million (€ 634 million as at 31 December 2015). The decrease of € 29 million was, on the one hand, primarily the result of the divestment of 5 buildings in the Brussels periphery which had as at 31 December 2015 a total carrying amount of € 40 million and, on the other hand, of the acquisition of the building at Intercity Business Park in Mechelen for € 6 million. In addition, investments are being made in the current portfolio for approximately € 5 million, amongst others in Greenhouse Antwerp.

The **occupancy rate** for the Intervest real estate portfolio rose by 1% to 91% in the first nine months of 2016. For both the logistics portfolio and the offices, the occupancy rate rose by 1% to 96% and 86%, respectively. The increase in the occupancy rate is the result, on the one hand, of the divestment in the first semester of 2016 of 4 office buildings and a semi-industrial building in the Brussels periphery and, on the other hand, of the rental transactions during the first nine months of 2016.

## Rental activities

**Rental activity** also primarily involved the logistics segment during the third quarter of 2016. During the third quarter, a total of 4 transactions for a total surface area of approximately 55.000 m<sup>2</sup> were carried out in this segment. The most important of these is the extension in Liège covering a surface area of approximately 46.000 m<sup>2</sup>, representing 6% of the net annual rental income in the logistics segment.

Approximately 172.500 m<sup>2</sup> in leases with new tenants and extensions and expansions for current tenants took place in the logistics real estate segment during the first nine months of 2016. These transactions represent roughly 33% of the annual rental income for this segment.

## EPRA gold again

Intervest has received a 'Gold award' from EPRA also for its 2015 annual report.

EPRA is the European Public Real Estate Association, and it issues recommendations to increase the transparency and consistency of financial reporting, the so-called BPR (Best Practices Recommendations). For the past year, EPRA scrutinised about a 117 annual reports from listed real estate funds everywhere in Europe, and it granted an award to 65%. 46 companies managed to obtain a Gold award.

It is an acknowledgement of the continuous effort that Intervest makes to ensure consistent and transparent financial reporting.



## 2. Financial results of the first three quarters of 2016

### Analysis of the results<sup>1</sup>

**Rental income** of Intervest decreased in the first nine months of 2016 by approximately € 0,5 million to € 34,1 million (€ 34,6 million) compared to the first nine months of 2015, mainly as a result of the divestment in the Brussels periphery in June 2016, partly compensated by investments and indexations.

The **recovery of property charges** amounted in the first nine months of 2016 to € 0,5 million (€ 2,9 million). The decrease of € 2,4 is related to the profit taken from the allocated refurbishment fees of departing tenant Deloitte in the offices portfolio in 2015.

For the first nine months of 2016, **property charges** amounted to € 4,0 million (€ 4,2 million).

**General costs** amounted to € 1,6 million, which is a slight increase compared to the first nine months of previous year (€ 1,3 million), mainly due to a larger management committee and workforce.

The decrease of the allocated refurbishment fees from departing tenants and the decrease in rental income as a result of the divestment in the Brussels periphery, caused the **operating result before result on portfolio** to decrease by € 3,2 million or about 10% to € 28,8 million (€ 32,0 million).

The **result on the disposals of investment properties** in the first nine months of 2016 amounted to € -12,8 million and contained the capital loss realised on the sale of 5 buildings in the Brussels periphery.

The **changes in fair value of investment properties** amounted to € - 0,7 million (€ - 2,2 million) in the first nine months of 2016. The decrease in fair value is primarily attributable for the amount of € -2,9 million to the offices portfolio. The fair

value of the logistics portfolio increased by € 2,2 million in the first nine months of 2016 as a result of rental transactions.

The **financial result (excl. changes in fair value - IAS 39)** for the first nine months of 2016 amounted to € - 6,9 million (€ - 8,5 million). The decrease in the financing costs by € 1,6 million is mainly the result of the repayment of the bond loan of € 75 million in June 2015. The average interest rate for the company for the first nine months of 2016 was 3,1%, including bank margins (3,7%).

As at 30 September 2016:

- 69% of the credit lines were long-term financing, with an average remaining term of 3,0 years
- 31% of the credit lines were short-term financing, 14% of which consisted of financing having an unlimited term and 17% of which consisted of three loans for a total amount of € 58 million expiring within one year and which will be refinanced
- 80% of the withdrawn credit lines had a fixed interest rate or a rate fixed by means of interest rate swaps, with an average remaining term of 2,7 years
- there were € 56 million in non-withdrawn available credit lines for the growth of the real estate portfolio and for the payment of the dividend for the 2016 financial year.

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** included the decrease in the negative market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of € 0,2 million (€ 0,4 million).

<sup>1</sup> Figures between brackets are comparable figures for the first nine months of 2015.

The **net result** of Intervest for the first nine months of 2016 amounted to € 8,8 million (€ 21,3 million) and may be divided into:

- the **operating distributable result** of € 21,9 million (€ 23,3 million) or a decrease of € 1,4 million or 6%, primarily attributable to the one-off refurbishment fee from departing tenants in 2015 and the decrease in rental income of € 0,5 million through the divestments, partly compensated for by a fall in the interest charges as the bond loan of € 75 million was refinanced at a lower interest rate in June 2015
- the **result on portfolio** for an amount of € -13,3 million (€ -2,3 million), mainly due the disposals of investment properties
- the **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)** in the amount of € 0,2 million (€ 0,4 million).

The operating distributable result amounted to € 21,9 million in the first nine months of 2016. Taking into account 16.784.521 dividend-entitled shares, this means that there is an **operating distributable result per share** of € 1,30 (€ 1,43) for the first nine months of 2016. Without taking into account the one-off refurbishment fee in 2015, the operating distributable result per share for the first nine months of 2015 amounted to € 1,28. The operating distributable result of € 1,30 for the first nine months of 2016 therefore means that there is a rise of € 0,02 per share, or approximately 2%, in respect of the comparable operating distributable result for the first nine months of 2015.

BALANCE SHEET INFORMATION PER SHARE	30.09.2016	31.12.2015	30.09.2015
Number of dividend-entitled shares	16.784.521	16.239.350	16.239.350
Weighted average number of shares	16.494.028	16.200.911	16.187.957
Net value (fair value) (€)	18,73	19,81	19,53
Net value (investment value) (€)	19,67	20,75	20,46
Net asset value EPRA (€)	18,98	20,09	19,81
Share price on closing date (€)	24,50	24,37	20,69
Debt ratio (max. 65%) (%)	46,5%	48,2%	49,3%

As at 30 September 2016, the **net value (fair value)** of the share amounted to € 18,73 (€ 19,81 as at 31 December 2015). The share price as at 30 September 2016 of Intervest (INTO) was € 24,50. Herewith the share was quoted with a premium of 31% compared to the net value (fair value).

The **debt ratio** of the company amounted to 46,5% as at 30 September 2016 and thus decreased by 1,7% compared to 31 December 2015 (48,2%). This decrease is mainly the combined effect of the disposals of investment properties, the payment of the dividend for financial year 2015 and the optional dividend.

### 3. Outlook

Within the scope of its growth strategy, Intervest decided in March 2016 to plan for financial years 2016, 2017 and 2018 a gross dividend of a minimum of € 1,40 per share<sup>1</sup>. It is expected that the gross dividend for the 2016 financial year will amount to € 1,40 (€ 1,71 for the 2015 financial year). This amounts to a pay-out ratio of between 80% and 82%<sup>2</sup>. This represents a gross dividend

yield of approximately 5,7%, based on the closing share price as at 30 September 2016 (€ 24,50).

In the logistics segment, Intervest continues to strongly focus on identifying potential opportunities for further expansion. In the offices segment much attention continues to be paid to redeveloping and re-commercialising Greenhouse BXL.

#### ▼ Puurs



**Intervest Offices & Warehouses nv**, is a public regulated real estate company (RREC) founded in 1996 of which the shares are listed on Euronext Brussels (INTO) as from 1999. Intervest invests in high-quality Belgian office buildings and logistics properties that are leased to first-class tenants. The properties in which the company invests, consist primarily of up-to-date buildings that are strategically located outside municipal centres. The offices of the real estate portfolio are situated on the Antwerp - Mechelen - Brussels axis; the logistics properties on the Antwerp - Brussels - Nivelles and Antwerp - Limburg - Liège axis. Intervest distinguishes itself by offering 'turn-key solutions', a global solution going from plans, design, coordination of works to budget monitoring.

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- 1 Subject to approval by the annual general meetings to be held in 2017, 2018 and 2019.
- 2 Intervest Offices & Warehouses is a regulated real estate company with a legal pay-out obligation according to the calculation method determined by article 13 §1 of the RREC Royal Decree. The RREC will fulfil its legal obligations.



## FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT (9 months)

in thousands €	30.09.2016	30.09.2015
Rental income	34.091	34.608
Rental-related expenses	-72	22
<b>NET RENTAL INCOME</b>	<b>34.019</b>	<b>34.630</b>
Recovery of property charges	540	2.968
Recovery of rental charges and taxes normally payable by tenants on let properties	7.464	8.349
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-362	-253
Rental charges and taxes normally payable by tenants on let properties	-7.464	-8.349
Other rental-related income and expenses	113	61
<b>PROPERTY RESULT</b>	<b>34.310</b>	<b>37.406</b>
Technical costs	-703	-1.114
Commercial costs	-281	-224
Charges and taxes on unlet properties	-447	-652
Property management costs	-2.250	-2.021
Other property charges	-328	-185
<b>Property charges</b>	<b>-4.009</b>	<b>-4.196</b>
<b>OPERATING PROPERTY RESULT</b>	<b>30.301</b>	<b>33.210</b>
General costs	-1.607	-1.349
Other operating income and costs	67	128
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>28.761</b>	<b>31.989</b>
Result on disposals of investment properties	-12.797	125
Changes in fair value of investment properties	-689	-2.205
Other result on portfolio	185	-217
<b>OPERATING RESULT</b>	<b>15.460</b>	<b>29.692</b>
Financial income	170	76
Net interest charges	-7.035	-8.594
Other financial charges	-13	-5
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	214	363
<b>Financial result</b>	<b>-6.664</b>	<b>-8.160</b>
<b>RESULT BEFORE TAXES</b>	<b>8.796</b>	<b>21.532</b>
Taxes	-10	-205
<b>NET RESULT</b>	<b>8.786</b>	<b>21.327</b>

in thousands €	30.09.2016	30.09.2015
<b>NET RESULT</b>	<b>8.786</b>	<b>21.327</b>
<b>Attributable to:</b>		
Shareholders of the parent company	8.787	21.328
Minority interests	-1	-1
<b>Note:</b>		
Operating distributable result	21.873	23.261
Result on portfolio	-13.301	-2.297
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	214	363
<b>RESULT PER SHARE</b>	<b>30.09.2016</b>	<b>30.09.2015</b>
Number of shares entitled to dividend	16.784.521	16.239.350
Weighted average number of shares	16.494.028	16.187.957
Net result (€)	0,53	1,32
Diluted net result (€)	0,53	1,32
Operating distributable result (€)	1,30	1,43

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (9 months)

in thousands €	30.09.2016	30.09.2015
<b>NET RESULT</b>	<b>8.786</b>	<b>21.327</b>
<b>Other components of comprehensive income (recyclable through income statement)</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME</b>	<b>8.786</b>	<b>21.327</b>
<b>Attributable to:</b>		
Shareholders of the parent company	8.787	21.328
Minority interests	-1	-1

## CONSOLIDATED BALANCE SHEET

ASSETS in thousands €	30.09.2016	31.12.2015
<b>NON-CURRENT ASSETS</b>	<b>605.636</b>	<b>635.218</b>
Intangible assets	268	3
Investment properties	604.599	634.416
Other tangible assets	752	792
Trade receivables and other non-current assets	17	7
<b>CURRENT ASSETS</b>	<b>16.036</b>	<b>13.181</b>
Trade receivables	5.545	6.957
Tax receivables and other current assets	3.486	3.593
Cash and cash equivalents	819	598
Deferred charges and accrued income	6.186	2.033
<b>TOTAL ASSETS</b>	<b>621.672</b>	<b>648.399</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>314.321</b>	<b>321.736</b>
<b>Shareholders' equity attributable to shareholders of the parent company</b>	<b>314.289</b>	<b>321.703</b>
Share capital	152.948	147.980
Share premium	90.821	84.220
Reserves	61.733	63.549
Net result of the financial year	8.787	25.954
<b>Minority interests</b>	<b>32</b>	<b>33</b>
<b>LIABILITIES</b>	<b>307.351</b>	<b>326.663</b>
<b>Non-current liabilities</b>	<b>188.965</b>	<b>231.467</b>
Non-current financial debts	184.153	226.054
<i>Credit institutions</i>	124.625	166.625
<i>Bond loan</i>	59.528	59.426
<i>Financial leases</i>	0	3
Other non-current financial liabilities	3.885	4.507
Other non-current liabilities	927	906
<b>Current liabilities</b>	<b>118.386</b>	<b>95.196</b>
Current financial debts	99.597	79.158
<i>Credit institutions</i>	99.597	79.157
<i>Financial leases</i>	0	1
Other current financial liabilities	408	0
Trade debts and other current debts	4.132	6.335
Other current liabilities	184	186
Deferred charges and accrued income	14.065	9.517
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>621.672</b>	<b>648.399</b>