

Interim statement by the board of directors for the first quarter of 2016

- Announcement of solid growth over the next three years, based on reorientation in the offices portfolio and the further expansion of logistics properties
- Portfolio reshuffle started through divestment of 5 buildings in the Brussels periphery
- Ratio of 51% of logistics properties and 49% office buildings as at 31 March 2016
- Occupancy rate rose to 91% as at 31 March 2016; 96% for the logistics portfolio, 86% for the offices portfolio
- New leases and extensions in the logistics portfolio for 7% of the annual rental income of this segment
- The fair value of the real estate portfolio was almost stable in the first quarter of 2016¹
- Operating distributable result per share: € 0,46 in the first quarter of 2016 (€ 0,56 in the first quarter of 2015)
- Without taking into account the 2015 one-time refurbishment fee, the operating distributable result rose from € 0,41 for the first quarter of 2015 to € 0,46 for the first quarter of 2016 (€ 0,05 per share or approximately 12%)
- Average interest rate of the financing: 3,1% in the first quarter of 2016 (4,0% in the first quarter of 2015)
- Debt ratio: 48,0% as at 31 March 2016
- Renewed shareholder structure and management entities

¹ 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 first quarter of 2016

1.1. Growth strategy announcement²

Interinvest Offices & Warehouses announced a strong growth plan in March 2016. The company wants to expand its real estate portfolio to approximately **€ 800 million** over the next 3 years, to represent approximately **€ 500 million in logistics real estate and approximately € 300 million in offices** by the end of 2018. In so doing, the strategic shift to a ratio of approximately 60% in logistics real estate and 40% in office buildings will continue to be maintained.

The strategy of Interinvest Offices & Warehouses for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multi-modal accessibility, so that the synergy benefits are maximised for both the clients and Interinvest Offices & Warehouses alike. This is broadly oriented, i.e. within a radius of 150 km around Antwerp.

The strategy of Interinvest Offices & Warehouses in the offices market is targeted at investing in inspiring multi-tenant offices in easily accessible

locations in the greater metropolitan areas of Flanders where working and living go hand in hand with a service-targeted and flexible approach to the tenants.

There will be additional investments in logistics properties at strategic locations, which will parallel reorientation of the office portfolio by divesting non-strategic buildings and reinvesting in buildings of distinctive character, with multi-functional, architectural, sustainable and qualitative features.

Interinvest Offices & Warehouses will prioritise redeveloping the Diegem Campus into an innovative, inspiring and service-targeted concept where working is a pleasant experience.

All of this, combined with the active asset management already in existence, will improve the foundations of the real estate portfolio with regard to the occupancy rate, return, average lease duration, tenants' risk spread and stability of rental income.

▼ Diegem Campus



² For a full outline of the strategy announced, the press release on 25 March 2016 can be consulted.

1.2. Brussels periphery divestment³

In line with this growth strategy, Intervest Offices & Warehouses has concluded a sales agreement for 4 office buildings and a semi-industrial building in the Brussels periphery.

The sales transaction causes the offices share to fall by 2% to 49%. The logistics properties constituted 51% of the portfolio as at 31 March 2016 (51% and 49% as at 31 December 2015, respectively).

The divestment concerns the office buildings "Brussels 7" in Strombeek-Bever, "Park Station" and "Hermes Hills" in Diegem and "3T Estate" in Vilvoorde. The semi-industrial building "Berchem Technology Center" is located in Sint-Agatha-Berchem.

The occupancy rate for these 5 divested properties is currently 67%. The divested office buildings have an average occupancy rate of 65%, which will decrease to 60% as of 1 January 2017 after tenant Deloitte leaves Hermes Hills. The occupancy rate for the semi-industrial building in Sint-Agatha-Berchem is currently 84%.

The average occupancy rate for the other office buildings located in the Brussels periphery and remaining in the Intervest Offices & Warehouses portfolio after this divestment is currently 96%.

The total surface area of the divested buildings consists of approximately 32.900 m² of offices, 4.000 m² of storage space, 2.500 m² of archiving space and 770 parking spaces.

The buildings are between 15 and 25 years old and will need renovation work in the future. However, these renovations are not expected to give rise to higher rental prices in the future due to the significant vacancy rate in these parts of the Brussels periphery. In addition, the buildings are labour-intensive for Intervest Offices & Warehouses as regards asset management because of the number of tenants and the low occupancy rate.

The sale price amounts to € 27 million (excluding taxes and purchase costs), some 32% below the fair value of these properties as at 31 December 2015, i.e. € 40 million. Intervest Offices & Warehouses is divesting these buildings with a significant capital loss compared to the estimated value because they present an exceptional risk profile compared to other buildings in the portfolio.

As at 31 March 2016, the properties were booked as assets held for sale, and the capital loss was processed in the income statement as at 31 March 2016.

The impact of this transaction on the estimated value of the offices remaining in the Intervest Offices & Warehouses portfolio is limited to a value decrease of € 1,2 million, which was processed in the quarterly figures of 31 March 2016.

“The sale of these 5 buildings in the Brussels periphery fits in perfectly with the growth strategy based on a reorientation of the office portfolio and an expansion in logistics real estate.

The resources freed up by this transaction will be invested in long-term strategic projects, and the time freed up in asset management activities will be used to unburden current clients even more.”

³ For a full description of the divestments the press release on 25 April 2016 can be consulted.

1.3. Evolution of investment properties

INVESTMENT PROPERTIES	31.03.2016	31.12.2015
Fair value of investment properties (€ 000)	594.853	634.416
Occupancy rate ⁴ entire portfolio (%)	91%	89%
Occupancy rate office portfolio (%)	86%	84%
Occupancy rate logistics portfolio (%)	96%	95%
Total leasable space (m ²)	677.700	717.073

The **fair value of the real estate portfolio** as at 31 March 2016 amounted to € 595 million (€ 634 million as at 31 December 2015). The € 39 million decrease in the first quarter of 2016 was primarily the result of the divestment of 5 buildings in the Brussels periphery. These buildings had a total carrying amount of € 40 million as at 31 December 2015.

The **occupancy rate** for the Intervest Offices & Warehouses real estate portfolio rose to 91% in the first quarter of 2016. The occupancy rate for the logistics portfolio increased by 1% to 96%, while that of the office portfolio rose by 2% to 86%. The increase in the occupancy rate is the result, on the one hand, of the divestment in the first quarter 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 quarter of 2016.

▼ Schelle



▼ Puurs



4 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 the occupancy rate was calculated as the ratio of the commercial rental income to the same rental income plus the estimated rental value of the vacant locations for rent.

1.4. Leases and operating results

During the first quarter of 2016, the **rental activity** focused especially on the logistics segment. In total approximately 35.000 m² in leases with new tenants and expansion of current tenants were achieved in the logistics properties in the first quarter of 2016. These transactions represent roughly 7% of the annual rental income of Intervest Offices & Warehouses in this segment. The most important new leases concerned Delhaize Group in Puurs (16.536 m²) and Rogue Benelux in Schelle (5.035 m²). The most important expansions were achieved in Wilrijk (8.767 m²) and Oplabbek (4.020 m²).

The **operating distributable result** of Intervest Offices & Warehouses decreased to € 7,4 million in the first quarter of 2016 (€ 9,1 million in the first quarter of 2015). This result is primarily due to the one-time refurbishment fee from departing

tenants in 2015, which was partly compensated for by a decrease in the interest costs arising from refinancing the bond loan of € 75 million at a lower interest rate, which reached its due date in June 2015 and which was repaid.

This means that there is a operating distributable result of € 0,46 per share for the first quarter of 2016, compared to € 0,56 in the first quarter of 2015. Without taking into account the one-off refurbishment fee in 2015, the operating distributable result per share for the first quarter of 2015 amounted to € 0,41.

As a consequence the operating distributable result of € 0,46 for the first quarter of 2016 means an increase of € 0,05 per share of approximately 12% in respect of the comparable operating distributable result of the first quarter of 2015.

▼ Wilrijk 2



▼ Oplabbek



2. Financial results for the first quarter of 2016

2.1. Consolidated income statement

in thousands €	31.03.2016	31.03.2015
Rental income	11.701	11.500
Rental-related expenses	-5	4
Property management costs and income	84	2.528
Property result	11.780	14.032
Property charges	-1.525	-1.410
General costs and other operating income and costs	-490	-403
Operating result before result on portfolio	9.765	12.219
Result on disposals of investment properties	-12.768	0
Changes in fair value of investment properties	-846	-832
Other result on portfolio	-208	189
Operating result	-4.057	11.576
Financial result (excl. changes in fair value - IAS 39)	-2.362	-3.032
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-557	313
Taxes	10	-99
NET RESULT	-6.966	8.758
Note:		
Operating distributable result	7.413	9.088
Result on portfolio	-13.822	-643
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-557	313
DATA PER SHARE	31.03.2016	31.03.2015
Number of dividend-entitled shares	16.239.350	16.143.906
Net result (€)	-0,43	0,54
Operating distributable result (€)	0,46	0,56

2.2. Analysis of the results⁵

The **rental income** of Intervest Offices & Warehouses increased by 2% or approximately € 0,2 million to € 11,7 million (€ 11,5 million) in the first quarter of 2016, mainly as a result of the acquisition of the logistics site in Liège in February 2015 and by the indexation and leases.

The **property management costs and income** in the first quarter of 2016 amounted to € 0,1 million (€ 2,5 million). The decrease of € 2,4 million related to the profit taken from the allocated refurbishment fee from departing tenant Deloitte in the offices portfolio in 2015.

The **property charges** amounted to € 1,5 million for the first quarter of 2016 (€ 1,4 million).

General costs and other operating income and costs amounted to € 0,5 million, which is a slight increase compared to the first quarter of last year (€ 0,4 million), mainly due to a larger workforce.

The decrease in the allocated refurbishment fees from departing tenants caused the **operating result before result on portfolio** to decrease by € 2,4 million or approximately 20% to € 9,8 million (€ 12,2 million).

The **result on disposal of investment properties** in the first quarter of 2016 amounted to € -12,7 million and contained the capital loss realised on the sale of 5 buildings in the Brussels periphery.

During the first quarter of 2016 **the changes in the fair value of the investment properties** reflected an amount of € -0,8 million (€ -0,8 million). The decrease in the fair value was primarily attributable to the amount of € -1,8 million for the offices portfolio. The impact of the divestment on the fair value of the remaining offices in the portfolio of Intervest Offices & Warehouses amounted to € -1,2 million in the first quarter of 2016. The rental transactions caused the fair value of the logistics portfolio to increase by € 1,0 million in the first quarter of 2016.

The **financial result (excl. changes in fair value - IAS 39)** for the first quarter of 2016 amounted to € -2,4 million, which constitutes a € 0,6 million decrease compared to the first quarter of 2015 (€ -3,0 million). The decrease in the financing costs was mainly the result of the repayment of the bond loan of € 75 million in June 2015. The average interest rate for the company's financing for the first quarter of 2016 amounted to 3,1%, including bank margins (4,0%).

As at 31 March 2016:

- 72% of the credit lines are long-term financing, with an average remaining term of 3,4 years
- 28% of the credit lines are short-term financing, 14% of which consists of financing having an unlimited duration and 14% of which consists of three credit facilities for a total amount of € 47 million falling due within one year (end of 2016 and start of 2017), which will be refinanced
- 75% of the withdrawn credit lines have a fixed interest rate or a rate fixed by interest rate swaps, with an average remaining duration of 3,2 years
- there are €40 million of non-withdrawn available credit lines for the growth of the real estate portfolio and for the payment of the dividend for the 2015 financial year.

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** included the increase 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 € -0,6 million (€ 0,3 million).

The **net result** of Intervest Offices & Warehouses for the first quarter of 2016 amounted to € -7,0 million (€ 8,8 million) and can be divided into:

- the **operating distributable result** of € 7,4 million (€ 9,1 million) or a decrease of € 1,7 million or 18%, primarily due to the one-time refurbishment fee from departing tenants in 2015, partly compensated for by a decrease in interest charges because the bond loan of € 75 million was refinanced at a lower interest rate in June 2015
- the **result on portfolio** of € -13,8 million (€ -0,6 million), primarily attributable to the sale of investment properties
- the **changes in the fair value of financial assets and liabilities (ineffective hedges - IAS 39)** in the amount of € -0,6 million (€ 0,3 million).

⁵ The figures between brackets are the comparable figures of the first quarter of 2015.

The operating distributable result amounted to € 7,4 million for the first quarter of 2016. Taking into account 16.239.350 dividend-entitled shares, this means that there was a **operating distributable result per share** of € 0,46 (€ 0,56) for the first quarter of 2016. Without taking into account the one-off refurbishment fee in 2015, the operating

distributable result per share for the first quarter of 2015 amounted to € 0,41. As a consequence the operating distributable result of € 0,46 for the first quarter of 2016 means an increase of € 0,05 per share of approximately 12% in respect of the comparable operating distributable result of the first quarter of 2015.

BALANCE SHEET INFORMATION PER SHARE	31.03.2016	31.12.2015
Number of shares at end of period	16.239.350	16.239.350
Number of dividend-entitled shares	16.239.350	16.239.350
Net value (fair value) (€)	19,38	19,81
Net value (investment value) (€)	20,32	20,75
Net asset value EPRA (€)	19,69	20,09
Share price on closing date (€)	25,08	24,37
Debt ratio (max. 65%) (%)	48,0%	48,2%

As at 31 March 2016, the **net value (fair value)** of a share was € 19,38 (€ 19,81 as at 31 December 2015).

The **debt ratio** of the company was 48,0% as at 31 March 2016, a decrease of 0,2% compared to 31 December 2015 (48,2%).

3. Renewed shareholder structure and management bodies

The **shareholder structure** of Intervest Offices & Warehouses underwent significant changes during the course of 2015 and at the start of 2016. The free float of the company rose from 45% at the start of 2015 to 82% as at 31 March 2016, pursuant to the systematic sale of the shareholding held by NSI (previously majority shareholder with 55%). The shares were placed among a broad basis of institutional investors. These changes increased the liquidity of the share and provide the company with better access to the capital markets and debt financing.

As a result of the changed shareholder structure, Intervest Offices & Warehouses implemented a reshuffling of its **board of directors**, with Jean-Pierre Blumberg as Chairman. The directors are selected according to the necessary gender diversity and requirements of complementarity relating

to competence, experience and knowledge. In particular, the search was for directors who are familiar with running the type of real estate in which Intervest Offices & Warehouses invests and directors who are experienced in the commercial, financial and legal aspects of investing and managing real estate properties. This renewed board of directors was formally appointed by the general meeting of shareholders as at 27 April 2016.

With regard to the **management committee**, the current ceo, Jean-Paul Sols and the cfo, Inge Tas, will terminate their cooperation with the regulated real estate company Vastned Retail Belgium and be at the full disposal of Intervest Offices & Warehouses as from the third quarter of 2016. The management committee was also expanded by a chief investment officer, Marco Hengst.

4. Optional dividend

As at 2 May 2016 the board of directors of Intervest Offices & Warehouses decided to offer shareholders an optional dividend. They can choose to receive the dividend for 2015 in the form of new ordinary shares, cash, or a combination of these two payment methods.

The conditions for the dividend in cash or shares have been published in the separate press release dated 3 May 2016 and can be found on the company's website in the section "Investor Relations" at <http://corporate.intervest.be/en/offices>.

5. Outlook

In 2016 - 2018 Intervest Offices & Warehouses will continue to pursue real estate portfolio growth and it will continue to further develop in the segments in which the company is already active at this stage, namely offices and logistics real estate.

Intervest Offices & Warehouses focuses on **logistics properties** situated in strategic locations in a radius of 150 km around Antwerp and it aims to expand its logistics real estate portfolio by approximately 50%, to reach approximately € 500 million by the end of 2018.

The growth of Intervest Offices & Warehouses in this area will be achieved by acquiring high-quality real estate properties, developments of land positions on multi-modal accessible locations and by developing its own portfolio. In this way the company also has at its disposal development possibilities on its own grounds in Herentals and Liège, and there are still possibilities of extending its options of collaborating with third parties on various logistics sites, including Opglabbeek and Liège. After all, such extensions offer both Intervest Offices & Warehouses and the current tenants important synergy benefits, which means that added value can be realised.

With regard to reorientation of the **office portfolio**, Intervest Offices & Warehouses will in future focus on strategic locations, both in the inner city and on the campuses on the outskirts of cities, mainly on the Antwerp-Mechelen-Brussels axis. New investments in the offices market will target buildings of a distinctive character, for their multi-functional, architectural, sustainable and qualitative properties.

In this high-yield office segment, Intervest Offices & Warehouses wants to keep a minimum critical mass of € 300 million, which it will further expand over the long term. The first step was already taken during the first quarter of 2016 to reorganise the current offices portfolio, according to which the company divests offices that do not adequately meet expectations for the future.

The announced growth strategy of Intervest Offices & Warehouses is underpinned by a few financial policy choices. From a strategic point of view, Intervest Offices & Warehouses will keep sufficient liquidity from operational activities available in the company.

That is why Intervest Offices & Warehouses has decided to provide a **gross dividend** of a minimum of € 1,40 per share for financial years 2016, 2017 and 2018⁶. This amounts to an average pay-out ratio of between 80% and 90%⁷ of the expected operating distributable result for the combined 3 years.

Furthermore, with regard to its financing sources, Intervest Offices & Warehouses has opted for a **debt ratio** that will fluctuate during the following 3 years within a range between 45% and 50%.

As regards corporate social responsibility, the main focus will be on a sustainable energy policy.

⁶ Subject to approval by the Annual General Meetings to be held in 2017, 2018 and 2019.

⁷ Intervest Offices & Warehouses is a regulated real estate company with a statutory pay-out obligation of at least 80% of the operational distributable result, adjusted to non-cash flow elements. The gross dividend will always amount to a minimum of 80% of this sum so that the RREC will always fulfil its legal obligations.

▼ Mechelen Campus



▼ RE:flex, Mechelen Campus



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 Offices & Warehouses 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 Offices & Warehouses distinguishes itself by offering 'turn-key solutions', a global solution going from plans, design, coordination of works to budget monitoring.

For more information, please contact:
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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands €	31.03.2016	31.03.2015
Rental income	11.701	11.500
Rental-related expenses	-5	4
NET RENTAL INCOME	11.696	11.504
Recovery of property charges	166	2.664
Recovery of rental charges and taxes normally payable by tenants on let properties	4.803	5.921
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-132	-163
Rental charges and taxes normally payable by tenants on let properties	-4.803	-5.921
Other rental-related income and expenses	50	27
PROPERTY RESULT	11.780	14.032
Technical costs	-205	-430
Commercial costs	-175	-82
Charges and taxes on unlet properties	-150	-219
Property management costs	-769	-640
Other property charges	-226	-39
Property charges	-1.525	-1.410
OPERATING PROPERTY RESULT	10.255	12.622
General costs	-508	-431
Other operating income and costs	18	28
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	9.765	12.219
Result on disposals of investment properties	-12.768	0
Changes in fair value of investment properties	-846	-832
Other result on portfolio	-208	189
OPERATING RESULT	-4.057	11.576
Financial income	4	2
Net interest charges	-2.356	-3.031
Other financial charges	-10	-3
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-557	313
Financial result	-2.919	-2.719
RESULT BEFORE TAXES	-6.976	8.857
Taxes	10	-99
NET RESULT	-6.966	8.758

in thousands €	31.03.2016	31.03.2015
NET RESULT	-6.966	8.758
Attributable to:		
Shareholders of the parent company	-6.965	8.758
Minority interests	-1	0
Note:		
Operating distributable result	7.413	9.088
Result on portfolio	-13.822	-643
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-557	313
RESULT PER SHARE	31.03.2016	31.03.2015
Number of dividend-entitled shares	16.239.350	16.143.906
Net result (€)	-0,43	0,54
Diluted net result (€)	-0,43	0,54
Operating distributable result (€)	0,46	0,56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands €	31.03.2016	31.03.2015
NET RESULT	-6.966	8.758
Other components of comprehensive income (recyclable through income statement)	0	0
COMPREHENSIVE INCOME	-6.966	8.758
Attributable to:		
Shareholders of the parent company	-6.965	8.758
Minority interests	-1	0

CONSOLIDATED BALANCE SHEET

in thousands €	31.03.2016	31.12.2015
NON-CURRENT ASSETS	595.795	635.218
Intangible assets	201	3
Investment properties	594.853	634.416
Other tangible assets	734	792
Trade receivables and other non-current assets	7	7
CURRENT ASSETS	46.617	13.181
Assets held for sale	27.000	0
Trade receivables	6.168	6.957
Tax receivables and other current assets	3.595	3.593
Cash and cash equivalents	3.343	598
Deferred charges and accrued income	6.511	2.033
TOTAL ASSETS	642.412	648.399
SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.03.2016	31.12.2015
SHAREHOLDERS' EQUITY	314.769	321.736
Shareholders' equity attributable to shareholders of the parent company	314.737	321.703
Share capital	147.980	147.980
Share premium	84.220	84.220
Reserves	63.549	63.549
Net result of the financial year 2015	25.954	25.954
Net result of the financial year - first quarter of 2016	-6.966	0
Minority interests	32	33
LIABILITIES	327.643	326.663
Non-current liabilities	208.350	231.467
Non-current financial debts	203.577	226.054
<i>Credit institutions</i>	144.117	166.625
<i>Bond loan</i>	59.460	59.426
<i>Financial leases</i>	0	3
Other non-current financial liabilities	3.880	4.507
Other non-current liabilities	893	906
Current liabilities	119.293	95.196
Current financial debts	96.618	79.158
<i>Credit institutions</i>	96.618	79.157
<i>Financial leases</i>	0	1
Other current financial liabilities	1.184	0
Trade debt and other current debts	6.815	6.335
Other current liabilities	185	186
Deferred charges and accrued income	14.491	9.517
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	642.412	648.399