

## INTERIM STATEMENT FROM THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2015

- Acquisition of a modern logistics site of approximately 52.000 m<sup>2</sup> in a prime location in Liège for € 28,6 million with an initial net return of 8,2%
- Growth of the logistics real estate share in the portfolio to 48%
- Occupancy rate stable at 87%: 92% for the logistics portfolio, 83% for the offices
- The fair value of the real estate portfolio is basically stable in the first quarter of 2015<sup>1</sup>
- Refinancing for the 2015 financial year fully completed
- Operating distributable result per share increases by approximately 37% to € 0,56 in the first quarter of 2015, compared to € 0,41 in the first quarter of 2014, mainly as a result of new acquisitions and refurbishment fees.

<sup>1</sup> Compared to the fair value of the investment properties at 31 December 2014, based on an unchanged composition of the portfolio.

## 1. Operational activities for the first quarter of 2015

### Liège logistics site investment

Within the scope of its strategy to invest in logistics real estate, on 4 February 2015 Intervest Offices & Warehouses concluded an agreement for the acquisition of a logistics site of approximately 52.000 m<sup>2</sup> in Herstal (Liège) for € 28,6 million.

This transaction following the transaction with Machiels Real Estate in December 2014 further implements the company's strategy to continue to increase the logistics real estate share within the total real estate portfolio to approximately 60%. This transaction also contributes to the increase in size of the logistics real estate portfolio of Intervest Offices & Warehouses to € 306 million, which means that the logistics real estate constitutes 48% of the total real estate portfolio, an increase of 3% compared to the end of 2014.

The site is a modern logistics complex of warehouses with accompanying limited office facilities and vast grounds in the logistics hotspot of Liège, which lies at

the intersection of the Antwerp-Limburg-Liège logistics corridor and the Walloon axis of Mons-Charleroi-Liège. The total size of the site includes 47.579 m<sup>2</sup> of storage space, 4.389 m<sup>2</sup> of offices, technical and social space, 17.651 m<sup>2</sup> of outdoor storage and a large car park. Furthermore, there is a PV installation on the roof of one of the buildings with a peak capacity of 250 kW, which also forms part of the transaction.

The site is fully leased on 31 March 2015. Specifically, 83% is leased to Vincent Logistics and CooperVision Belgium on a long-term basis and 17% to Parker Legris on a shorter-term basis. For Vincent Logistics, the most important tenant, this site is the central location from which it directs all of its operations.

This transaction generates a rental income flow of roughly € 2,6 million annually for Intervest Offices & Warehouses and provides an initial net yield of roughly 8,2%.

### Rental activity

The rental activity in the first quarter of 2015 focuses primarily on extending existing lease agreements, both for the office market and logistics real estate.

A new lease worth mentioning is the lease of 3.653 m<sup>2</sup> to the Facilitair Agentschap at the logistics site Neerland 1 in Wilrijk.

After the close of the first quarter of 2015, an expansion and extension has been carried out with CooperVision Belgium for the logistics site in Herstal. After all, the surface area of CooperVision in Herstal needed to be

expanded significantly as a result of the company's strong growth and the centralisation of continental European distribution operations. The new agreement already entered into force on 1 April 2015, is set to end in 2024, and generates annual rental income of € 0.8 million.

The **occupancy rate** of the Intervest Offices & Warehouses real estate portfolio remains stable at 87% in the first quarter of 2015. The occupancy rate of the logistics portfolio increases by 1% to 92%, while that of the office portfolio remains the same at 83%.

Wilrijk Neerland 1



### Evolution of investment properties

Real estate portfolio	31.03.2015	31.12.2014	31.03.2014
Fair value of investment properties (in thousands €)	638.482	609.476	579.196
Investment value of investment properties (in thousands €)	654.444	624.713	593.676
Occupancy rate (%) <sup>2</sup>	87%	87%	85%
Total leasable space (m <sup>2</sup> )	726.127	674.156	596.714

The **fair value of the real estate portfolio** as at 31 March 2015 amounts to € 638 million (€ 609 million on 31 December 2014). The € 29 million increase in the first

quarter of 2015 is primarily the result of the acquisition of the logistics site in Liège in February 2015.

### Operating result

The **operating distributable result** of Intervest Offices & Warehouses increases to € 9,1 million in the first quarter of 2015 (€ 5,9 million in the first quarter of 2014). This result is primarily attributable to the increase in rental income from the acquisition of the logistics sites in Opglabbeek in December 2014 and in Liège in February 2015, and the increase in entitled refurbishment fees from departing tenants.

This means that there is an operating distributable result of € 0,56 per share for the first quarter of 2015, compared to € 0,41 in the first quarter of 2014, or an increase of approximately 37%. Without taking into account the entitled refurbishment fees, the operating distributable result per share amounts to € 0,41, whereby

the level remains the same as for the first quarter of 2014.

In the current competitive environment, it is essential that Intervest Offices & Warehouses be able to continue to pursue the implementation of its strategy. Investments in the quality, and, thereby, the leasability, of its buildings are crucial to be able to take advantage of the company's long-term value potential. Intervest Offices & Warehouses has already concluded in the past that it is necessary to bring the distribution percentage of the gross dividend to 90% of the distributable operating result in order to be able to maintain enough liquid assets from operational activities to continue investing in the portfolio.

Herstal



<sup>2</sup> The occupancy rate is calculated as the ratio between the commercial rental income and the sum of this income and the estimated rental value of unoccupied rental premises. Commercial rental income is the contractual rental income from already signed contracts with regard to premises that are contractually unoccupied on the balance sheet date.

## 2. Financial results for the first quarter of 2015

### Consolidated income statement

in thousands €	31.03.2015	31.03.2014
Rental income	11.500	9.912
Rental-related expenses	4	-1
Property management costs and income	2.528	200
<b>Property result</b>	<b>14.032</b>	<b>10.111</b>
Property charges	-1.410	-1.147
General costs and other operating income and costs	-403	-336
<b>Operating result before result on portfolio</b>	<b>12.219</b>	<b>8.628</b>
Result on disposals of investment properties	0	-580
Changes in fair value of investment properties	-832	-19
Other result on portfolio	189	104
<b>Operating result</b>	<b>11.576</b>	<b>8.133</b>
Financial result (excl. changes in fair value - IAS 39)	-3.032	-2.673
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	313	-309
Taxes	-99	-9
<b>NET RESULT</b>	<b>8.758</b>	<b>5.142</b>
<b>Notes:</b>		
Operating distributable result	9.088	5.946
Result on portfolio	-643	-495
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	313	-309
Information per share	31.03.2015	31.03.2014
Number of dividend-entitled shares	16.143.906	14.424.982
Net result (€)	0,54	0,36
Operating distributable result (€)	0,56	0,41

### Results analysis<sup>3</sup>

The **rental income** of Intervest Offices & Warehouses increases by 16% or approximately € 1,6 million to € 11,5 million (€ 9,9 million) in the first quarter of 2015, mainly as a result of the acquisition of the logistics sites in Opglabbeek in December 2014 and in Liège in February 2015. Both sites generate a combined annual rental income of approximately € 5,3 million. The rental income for the office portfolio in the first quarter of 2015 increases slightly compared to the first quarter of 2014 as a result of indexation and new leases.

**Property management costs and income** include income in the amount of € 2,5 million (€ 0,2 million) in the first quarter of 2015, which relates to the profit taken from entitled refurbishment fees of departing tenants in the office portfolio.

At the beginning of 2015 Intervest Offices & Warehouses has reached an agreement with tenant Deloitte to have the departure dates for the 3 buildings in question (Diegem Campuses 1 and 2 and Hermes Hills, a total of approximately 20,000 m<sup>2</sup>), which originally ran until 2016 and 2017, coincide and fixed on 31 December 2016. Within this scope the refurbishment fee paid by the tenant as determined in the lease agreements, is fixed at € 2,5 million and it has been agreed that Deloitte will settle this amount in 2016. This fee will be used to refurbish and renovate the buildings.

The **property charges** amount to € 1,4 million for the first quarter of 2015 (€ 1,1 million). The increase is a consequence of the acquisition of the two logistics sites and the rebranding of the entrances to the Intercity Business Park in Mechelen.

**General costs and other operating income and costs** amount to € 0,4 million, which is a slight increase compared to the first quarter of last year (€ 0,3 million), mainly due to a larger work force.

The increase in rental income and the entitled refurbishment fees from departing tenants, partly compensated for by the increase in property charges and general costs, cause the **operating result before result on portfolio** to increase by € 3,6 million or approximately 42% to € 12,2 million (€ 8,6 million).

No important **changes in fair value of investment properties** occurred in the first quarter of 2015. The decrease in fair value by - € 0,8 million is attributable to the office portfolio. The fair value of the logistics portfolio remains unchanged.

The **financial result (excl. changes in fair value - IAS 39)** for the first quarter of 2015 amounts to - € 3,0 million,

which constitutes a € 0,3 million increase compared to the first quarter of 2014 (- € 2,7 million). The increase in financing costs results mainly from the acquisition of the two logistics sites and the issuance of the bond loan in March 2014 of € 60 million for the refinancing of the existing bond loan of € 75 million, which expires in June 2015 and will be repaid. The average interest rate for the company's financing for the first quarter of 2015 amounts to 4,0%, including bank margins (3,9%).

As at 31 March 2015:

- 61% of the credit lines are long-term financing, with an average remaining term of 3,9 years
- 39% of the credit lines are short-term financing, consisting of the bond loan of € 75 million, which expires and will be repaid in June 2015, open-ended financing and three credit facilities of a total amount of € 32,5 million, which expire within one year, namely in the first quarter of 2016, and which need to be refinanced
- 79% of the utilised credit lines have a fixed interest rate or a rate fixed by means of interest rate swaps, with an average remaining term of 2,6 years
- there are € 100 million of non-withdrawn available credit lines for the repayment of the bond loan of € 75 million falling due in June 2015 and for the payment of the dividend for the 2014 financial year.

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

The **net result** of Intervest Offices & Warehouses for the first quarter of 2015 amounts to € 8,8 million (€ 5,1 million) and can be divided into:

- the **operating distributable result** of € 9,1 million (€ 5,9 million), or an increase of € 3,1 million or 53%, primarily as a result of the increase in the rental income and the increase in entitled refurbishment fees from departing tenants
- the **portfolio result** of - € 0,6 million (- € 0,5 million)
- the **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** in the amount of € 0,3 million (- € 0,3 million).

The operating distributable result amounts to € 9,1 million for the first quarter of 2015. Taking into account 16.143.906 dividend-entitled shares, this means that there is an **operating distributable result per share** of € 0,56 (€ 0,41) for the first quarter of 2015.

Balance sheet information - per share	31.03.2015	31.12.2014
Number of shares at end of period	16.143.906	16.143.906
Number of dividend-entitled shares	16.143.906	14.777.342
Net value (fair value) (€)	20,00	19,46
Net value (investment value) (€)	20,90	20,36
Net asset value EPRA (€)	20,30	19,77
Share price on closing date (€)	27,00	22,50
Debt ratio (max. 65%) (%)	47,8%	46,6%

On 31 March 2015, the **net value** (fair value) of a share is € 20,00 (€ 19,46 on 31 December 2014).

The company's **debt ratio** as at 31 March 2015 is 47,8%, which constitutes a 1,2% increase compared to 31 December 2014 (46,6%), primarily as a result of the acquisition of the logistics site in Liège.

Herstal



### 3. Dividend in cash or shares

On 4 May 2015 the board of directors of Intervest Offices & Warehouses has decided to offer shareholders a dividend in cash or shares. They can choose to receive the dividend for 2014 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 are published in the separate press release dated 5 May 2015 and can be found on the company's website in the section "Investor Relations" at <http://corporate.intervest.be/en/offices>.

### 4. Forecast

Given the challenging Belgian office market and Belgium's role as a European logistics hub, as far as investments and divestments are concerned emphasis in 2015 will continue to be on shifting the proportion in the real estate portfolio to move, in time, from a roughly equal distribution between offices and logistics towards a 40%-60% ratio respectively. In making this shift, the priority will be on investing in high-quality, up-to-date buildings and leasing to first-rate tenants. The office segment is concentrated on the Antwerp-Mechelen-Brussels axis, and the logistic segment is concentrated on the Antwerp-Brussels and Antwerp-Liège axes.

Increasing tenant retention by extending lease terms continue to be the prime challenge in the area of asset management, as does further stabilising the occupancy rate.

No refinancing is needed in 2015, and the operating distributable result per share is expected to continue to evolve positively due to lower financing costs after the repayment of the bond loan of € 75 million, which matures in June 2015.

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

**About Intervest Offices & Warehouses.** Intervest Offices & Warehouses is a public regulated real estate company (RREC) founded in 1996, of which the shares have been listed on Euronext Brussels (INTO) since 1999.

Intervest Offices & Warehouses invests in high-quality Belgian office buildings and logistics properties that are leased to first-rate tenants. The properties in which the company invests consist primarily of up-to-date buildings that are strategically located outside city centres. The office segment of the real estate portfolio focuses on the Antwerp-Mechelen-Brussels axis, and the logistic segment is concentrated on the Antwerp-Brussels and Antwerp-Liège axes. Intervest Offices & Warehouses distinguishes itself in leasing office space by offering "turn-key solutions", a global solution ranging from planning, designing and works coordination to budget monitoring.

**For more information, please contact:**

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## FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

in thousands €	31.03.2015	31.03.2014
Rental income	11.500	9.912
Rental-related expenses	4	-1
<b>NET RENTAL INCOME</b>	<b>11.504</b>	<b>9.911</b>
Recovery of property charges	2.664	211
Recovery of rental charges and taxes normally payable by tenants on let properties	1.665	1.982
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-163	-35
Rental charges and taxes normally payable by tenants on let properties	-1.665	-1.982
Other rental-related income and expenses	27	24
<b>PROPERTY RESULT</b>	<b>14.032</b>	<b>10.111</b>
Technical costs	-430	-242
Commercial costs	-82	-26
Charges and taxes on unlet properties	-219	-247
Property management costs	-640	-603
Other property charges	-39	-29
<b>Property charges</b>	<b>-1.410</b>	<b>-1.147</b>
<b>OPERATING PROPERTY RESULT</b>	<b>12.622</b>	<b>8.964</b>
General costs	-431	-352
Other operating income and costs	28	16
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>12.219</b>	<b>8.628</b>
Result on disposals of investment properties	0	-580
Changes in fair value of investment properties	-832	-19
Other result on portfolio	189	104
<b>OPERATING RESULT</b>	<b>11.576</b>	<b>8.133</b>
Financial income	2	11
Net interest charges	-3.031	-2.682
Other financial charges	-3	-2
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	313	-309
<b>Financial result</b>	<b>-2.719</b>	<b>-2.982</b>
<b>RESULT BEFORE TAXES</b>	<b>8.857</b>	<b>5.151</b>
Taxes	-99	-9
<b>NET RESULT</b>	<b>8.758</b>	<b>5.142</b>



## CONSOLIDATED INCOME STATEMENT (CONTINUED)

in thousands €	31.03.2015	31.03.2014
<b>NET RESULT</b>	<b>8.758</b>	<b>5.142</b>
Attributable to:		
Shareholders of the parent company	8.758	5.142
Minority interests	0	0
<b>Notes:</b>		
Operating distributable result	9.088	5.946
Result on portfolio	-643	-495
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	313	-309

RESULT PER SHARE	31.03.2015	31.03.2014
Number of shares entitled to dividend	16.143.906	14.424.982
Net result (€)	0,54	0,36
Diluted net result (€)	0,54	0,36
Operating distributable result (€)	0,56	0,41

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands €	31.03.2015	31.03.2014
<b>NET RESULT</b>	<b>8.758</b>	<b>5.142</b>
<b>Other components of comprehensive income (recyclable through income statement)</b>		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	65
<b>COMPREHENSIVE INCOME</b>	<b>8.758</b>	<b>5.207</b>
Attributable to:		
Shareholders of the parent company	8.758	5.207
Minority interests	0	0

## CONSOLIDATED BALANCE SHEET

<b>ASSETS</b> in thousands €	31.03.2015	31.12.2014
<b>Fixed assets</b>	<b>640.593</b>	<b>609.722</b>
Intangible fixed assets	12	16
Investment properties	638.482	609.476
Other tangible fixed assets	224	215
Trade receivables and other fixed assets	1.875	15
<b>Current assets</b>	<b>13.604</b>	<b>8.868</b>
Trade receivables	5.514	3.861
Tax receivables and other current assets	2.448	1.655
Cash and cash equivalents	3.296	1.259
Deferred charges and accrued income	2.346	2.093
<b>TOTAL ASSETS</b>	<b>654.197</b>	<b>618.590</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> in thousands €	31.03.2015	31.12.2014
<b>SHAREHOLDERS' EQUITY</b>	<b>322.925</b>	<b>314.167</b>
<b>Shareholders' equity attributable to shareholders of the parent company</b>	<b>322.890</b>	<b>314.132</b>
Share capital	147.110	147.110
Share premium	82.785	82.785
Reserves	67.945	67.945
Net result of the financial year 2014	16.292	16.292
Net result of the financial year - first quarter of 2015	8.758	0
<b>Minority interests</b>	<b>35</b>	<b>35</b>
<b>LIABILITIES</b>	<b>331.272</b>	<b>304.423</b>
<b>Non-current liabilities</b>	<b>192.572</b>	<b>177.162</b>
Non-current financial debts	187.209	171.478
<i>Credit institutions</i>	127.881	112.184
<i>Bond loan</i>	59.325	59.291
<i>Financial leases</i>	3	3
Other non-current financial liabilities	4.753	5.066
Other non-current liabilities	610	618
<b>Current liabilities</b>	<b>138.700</b>	<b>127.261</b>
Provisions	172	172
Current financial debts	119.091	112.465
<i>Credit institutions</i>	44.125	37.533
<i>Bond loan</i>	74.962	74.925
<i>Financial leases</i>	4	7
Trade debt and other current debts	5.767	3.656
Other current liabilities	180	187
Deferred charges and accrued income	13.490	10.781
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>654.197</b>	<b>618.590</b>