

Interim statement by the board of directors on the first quarter of 2017

- **Growth plan** based on the reorientation of the offices portfolio and the expansion of logistics real estate in Belgium, the Netherlands and Germany being implemented.
- **Construction works** for the redevelopment of **Greenhouse BXL** with 3rd RE:flex according to plan.
- **Commercialisation of Greenhouse BXL** fully under way; interest from several parties.
- Reorientation of the offices portfolio continued with **purchase of a vacant building** adjacent to Greenhouse BXL, for demolition and redevelopment into park and relaxing area, as **extension to Greenhouse BXL**, with extra parking.
- **Commissioning of the newly-built distribution centre** of 12.200 m² at Herentals Logistics 3 **on schedule**.
- **Occupancy rate** 85% as at 31 March 2017; 96% in the logistics portfolio, 77% for the offices portfolio.
- **Occupancy rate without taking into account the redevelopment project of Greenhouse BXL:** 90% as at 31 March 2017; 96% in the logistics portfolio, 85% for the offices portfolio.
- Quasi-stable **fair value** of the real estate portfolio in the first quarter of 2017¹.
- **Drop** in the **financing cost**; average interest rate of the financing: 2,5% in the first quarter of 2017 (3,1% in the first quarter of 2016).
- **Debt ratio:** 44,9% as at 31 March 2017.
- **EPRA earnings per share:** € 0,36 in the first quarter of 2017 (€ 0,46 in the first quarter of 2016).

¹ Compared with the fair value of the investment properties as at 31 December 2016, with unchanged composition of the portfolio.

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Alternative performance measures and the term EPRA earnings

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. The measures are used in this press release, but they are not defined by an act or in the generally accepted accounting principles (GAAP). The European Securities and Markets Authority (ESMA) issued guidelines which, as of 3 July 2016, apply on the use and explanation of the alternative performance measures. The concepts that Intervest considers to be alternative performance measures are included in a lexicon on the www.intervest.be website, called "Terminology and alternative performance measures". The alternative performance measures are provided with a definition, objective and reconciliation as required by the ESMA guidelines, and can also be found on the Intervest website. A consequence of these guidelines is that the term used prior to this, "operating distributable result", is no longer usable. For that reason, the label has been changed to "EPRA earnings". However, with regard to content there is no difference from "operating distributable result", the term used previously.

EPRA (European Public Real Estate Association) is an organisation that promotes, helps develop and represents the European listed real estate sector, both in order to boost confidence in the sector and increase investments in Europe's listed real estate. For more details, please visit www.epra.com.

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1. Operational activities for the first quarter of 2017

Intervest Offices & Warehouses (hereafter 'Intervest') is implementing its growth plan, which is based on the reorientation of the offices portfolio and the expansion of the logistics real estate portfolio in Belgium, the Netherlands and Germany. Testimony to this are, in the offices portfolio, the redevelopment of Greenhouse BXL with a 3rd RE:flex and the purchase of the adjacent vacant building for demolition and redevelopment into a park and recreational area, with extra parking, as an extension to Greenhouse BXL. In the logistics portfolio the new build project at Herentals Logistics 3, for Schrauwen Sanitair en Verwarming, is going according to plan.

1.1. Redevelopment of Greenhouse BXL with 3rd RE:flex and purchase of adjacent vacant building

At the end of January 2017, after the departure of tenant Deloitte, the office buildings of Diegem Campus at Berkenlaan 8a and 8b became vacant. Given the location and the quality of the buildings, both these buildings offer an excellent opportunity for repositioning and a multi-tenant approach, to create an inspiring office building where work and experiencing go hand in hand with a service-oriented and flexible approach to the tenants.

The construction works for the redevelopment of the site into Greenhouse BXL with a 3rd RE:flex began in the first quarter of 2017 and are going according to plan.

The adjacent vacant building at Berkenlaan 7 was purchased at its land value of € 1,7 million in the first quarter of 2017. The intention is to demolish the existing building and convert the site into an extra open space with a park, a relaxing area and an underground car park adjacent to Greenhouse BXL.

Meanwhile, the work on the patio yet to be built between the two buildings and the redevelopment of the adjoining space will not hinder their letting potential. Commercialisation is therefore fully under way, and several parties have already shown an interest.



▲ Greenhouse BXL - artist impression

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1.2. Logistics redevelopment project at Herentals Logistics 3

At the beginning of 2017 works began at the Herentals Logistics 3 logistics site with the new construction of a distribution centre of approximately 12.200 m² for Schrauwen Sanitair en Verwarming.

The site is located on one of the most critical logistics corridors in Belgium, next to the slip road to the E313, from which one can see the site.

A long-term lease agreement for 15 years has been signed with the lessee, Schrauwen Sanitair en Verwarming, with the first possibility of termination after 9 years.

The project is scheduled for commissioning in the second quarter of 2017, entirely according to plan, and will generate rental income from that point.



▲ Herentals Logistics 3 - artist impression



▲ Herentals Logistics 3 - construction works on schedule

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1.3. Evolution investment properties

INVESTMENT PROPERTIES	31.03.2017	31.12.2016
Fair value of investment properties (€ 000)	614.194	610.944
Occupancy rate entire portfolio (%)	85%	91%
• Occupancy rate office portfolio (%)	77%	86%
• Occupancy rate logistics portfolio (%)	96%	96%
Occupancy rate entire portfolio, excluding redevelopment project Greenhouse BXL (%)	90%	90%*
• Occupancy rate office portfolio, excluding redevelopment project Greenhouse BXL (%)	85%	85%*
Total leasable space (m ²)	705.068	705.068

* Recalculated occupancy rate as at 31 December 2016, excluding Greenhouse BXL.

The **fair value of the investment properties** amounted to € 614 million as at 31 March 2017 (€ 611 million as at 31 December 2016). The € 3 million increase in the first quarter of 2017 is primarily the result of the redevelopment and expansion of Greenhouse BXL and the new construction at the logistics site at Herentals Logistics 3.

In the first quarter of 2017 there were no significant changes in the **occupancy rate** of Intervest's buildings compared with 31 December 2016, except in the Greenhouse BXL redevelopment project, with the long-announced departure of tenant Deloitte.

The occupancy rate of the Intervest real estate portfolio was 85% as at 31 March 2017. Occupancy rate without taking into account the Greenhouse BXL redevelopment project: 90% as at 31 March 2017.

For the offices portfolio, the occupancy rate was 77% as at 31 March 2017 and 85% without taking into account the Greenhouse BXL redevelopment project. For the logistics portfolio, the occupancy rate remained unchanged in relation to 31 December 2016, at 96%.



2. Financial results for the first quarter of 2017

2.1. Consolidated income statement

in thousands €	31.03.2017	31.03.2016
Rental income	10.446	11.701
Rental-related expenses	34	-5
Property management costs and income	123	84
Property result	10.603	11.780
Property charges	-1.820	-1.525
General costs and other operating income and costs	-960	-490
Operating result before result on portfolio	7.823	9.765
Result on disposals of investment properties	0	-12.768
Changes in fair value of investment properties	-354	-846
Other result on portfolio	104	-208
Operating result	7.573	-4.057
Financial result (excl. changes in fair value)	-1.778	-2.362
Changes in fair value of financial assets and liabilities (ineffective hedges)	122	-557
Taxes	-10	10
NET RESULT	5.907	-6.966
Note:		
EPRA earnings	6.035	7.413
Result on portfolio	-250	-13.822
Changes in fair value of financial assets and liabilities (ineffective hedges)	122	-557
DATA PER SHARE	31.03.2017	31.03.2016
Number of dividend-entitled shares	16.784.521	16.239.350
Net result (€)	0,35	-0,43
EPRA earnings (€)	0,36	0,46

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2.2. Analysis of results¹

The **rental income** of Interinvest in the first quarter of 2017 amounted to € 10,4 million (€ 11,7 million). The reduction was mainly due to the divestment of five non-strategic buildings in the Brussels periphery in June 2016 and the previously announced end of the leases with Deloitte in Diegem as at 31 January 2017.

The **property charges** amounted to € 1,8 million for the first quarter of 2017 (€ 1,5 million). The rise was caused primarily by higher technical costs and an increase in the management costs of the real estate.

The **general costs and other operating income and costs** amounted to € 1,0 million (€ 0,5 million). The increase is mainly due to the application of IFRIC 21, once in the first quarter of 2017, to the annual tax on investment vehicles for € 0,2 million and by increased staff expenses as a result of a more extensive management committee and workforce.

The decrease in rental income and the increase in general and property costs meant that the **operating result before result on portfolio** fell by € 2,0 million to € 7,8 million (€ 9,8 million).

Without taking into account the investments in the portfolio, the fair value of the investment properties remained almost stable in the first quarter of 2017. The **changes in the fair value of investment properties** amounted to € -0,4 million (€ -0,8 million).

The **financial result (excl. changes in fair value)** for the first quarter of 2017 amounted to € -1,8 million, which constitutes a € 0,6 million decrease compared with the first quarter of 2016 (€ -2,4 million). The decrease in financial costs was chiefly the result of the entry into force of interest rate swaps at lower interest rates and the lower credit uptake as a result of the divestments in June 2016. The average interest rate of the company's financing for the first quarter of 2017 was 2,5%, including bank margins, compared with 3,1% in the first quarter of 2016.

The **changes in fair value of financial assets and liabilities (ineffective hedges)** 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 € 0,1 million (€ -0,6 million).

¹ The figures between brackets are the comparable figures for the first quarter of 2016.

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The **net result** of Intervest for the first quarter of 2017 amounted to € 5,9 million (€ -7,0 million) and can be divided into:

- EPRA earnings of € 6,0 million (€ 7,4 million), or a drop of € 1,4 million, mainly as a result of the reduction in rental income and the increase in general and property costs, partly offset by the decrease in financing costs obtained through new interest rate swaps at lower interest rates.
- the result on portfolio of € -0,3 million (€ -13,8 million)
- the changes in the fair value of financial assets and liabilities (ineffective hedges) in the amount of € 0,1 million (€ 0,6 million).

EPRA earnings amounted to € 6,0 million for the first quarter of 2017. Taking into account 16.784.521 dividend-entitled shares, this means that there are **EPRA earnings per share** of € 0,36 (€ 0,46) for the first quarter of 2017.

BALANCE SHEET INFORMATION PER SHARE	31.03.2017	31.12.2016
Number of shares at end of period	16.784.521	16.239.350
Number of dividend-entitled shares	16.784.521	16.239.350
Net value (fair value) (€)	19,78	19,43
Net value (investment value) (€)	20,72	20,37
Net asset value EPRA (€)	19,95	19,60
Share price on closing date (€)	23,79	23,90
Premium to net value (fair value) (%)	20%	23%

As at 31 March 2017, the **net value (fair value)** of a share was € 19,78 (€ 19,43 as at 31 December 2016). As the share price of an Intervest share (INTO) was € 23,79 as at 31 March 2017, the share was listed at a premium of 20% on the closing date compared with the net value (fair value).

2.3. Financial structure

As at 2 January 2017, **interest rate swaps** for a notional amount of € 60 million came to expiry, having an average interest rate of 2,3%.

In the first quarter of 2017, interest swaps for a notional amount of € 30 million were purchased, with an average interest rate of 0,4% (maturity at 6 and 7 years). In addition, an existing interest rate swap with a notional amount of € 10 million and an interest rate of 2,3% was converted to an interest rate swap with a maturity of 7 years at 0,85%.

These transactions caused that the **average interest rate of the financing** of Intervest fell to 2,5% for the first quarter of 2017, compared with 3,1% for the 2016 financial year.

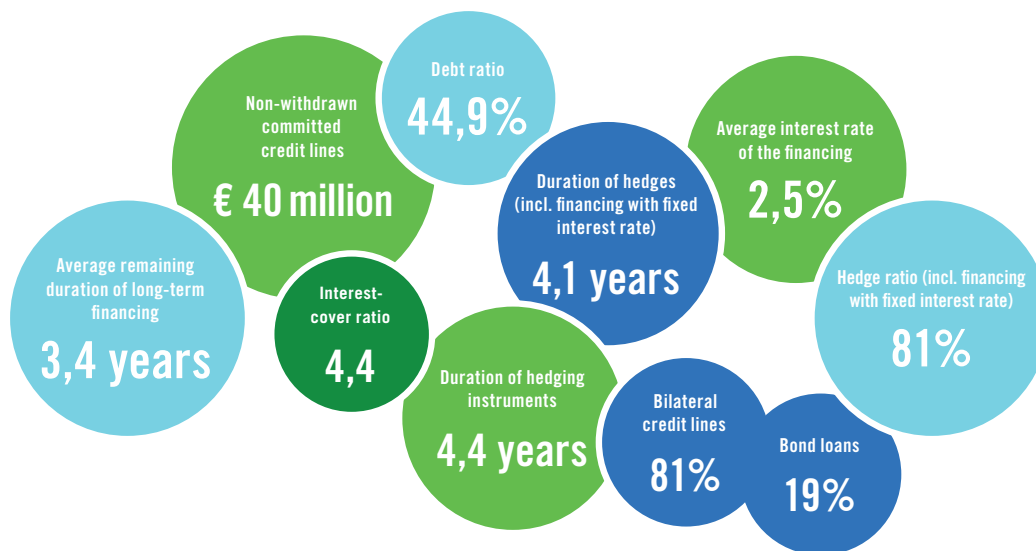
As at 31 March 2017, the average remaining **duration of hedging instruments** had risen to 4,4 years, compared with 2,5 years as at 31 December 2016. As at 31 March 2017, 81% of the utilised credit lines had a fixed interest rate, or the rate was fixed by means of interest rate swaps.

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As at 31 March 2017, 68% of the **credit lines** were long-term financing, with an average remaining term of 3,4 years, and 32% of the credit lines were short-term financing, 15% consisting of financing with an unlimited duration and 17% of four loans for a total amount of € 53 million that become due within the year (mainly in the first quarter of 2018) and will be refinanced.

As at 31 March 2017 there was still € 40 million in **non-withdrawn committed credit lines** for the growth of the real estate portfolio and the payment of the dividend for the 2016 financial year.

The **debt ratio** of the company was 44,9% as at 31 March 2017, a decrease of 0,8% compared with 31 December 2016 (45,7%).



3. Dividend in cash or shares

As at 4 May 2017 the board of directors of Intervest decided to offer shareholders a dividend in cash or shares. They can choose to receive the dividend for 2016 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 4 May 2017 and can be found on the company's website in the section "Investor Relations"
<http://corporate.intervest.be/en/offices>

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4. Outlook

Intervest will continue to pursue its announced **growth plan and investment strategy**. The intention in doing so is to have the real estate portfolio grow to € 800 million by the end of 2018. The **strategic emphasis shift** that was started a few years ago to a proportion of 60% of logistics real estate and 40% of office buildings will continue to be maintained.

The **logistics real estate** will be further extended in the most significant logistics axes where Intervest already operates, i.e. the Antwerp-Brussels-Nivelles axis and the Antwerp-Limburg-Liège axis. Other locations in Belgium, the Netherlands and Germany within a 150 km around Antwerp will also be considered. Preference goes to locations that have future potential and benefit from trimodal access, although this is not always possible or necessary. In view of investors' great interest for the logistics investment market and the relatively high prices as a result, Intervest aims to combine build-to-suit projects (such as the current development in Herentals Logistics 3 for Schrauwen Sanitair en Verwarming), sale and lease-back operations and traditional investments so that it can achieve a sufficiently attractive yield.

Investments in the **office market** will be made more opportunistically. This was the case in 2016, when Intervest purchased two buildings in Mechelen to plan ahead for possible customer growth and, in this way, create the possibility of providing its existing customers with appropriate facilities in the longer term. Investments in the office market where the buildings and locations are coordinated with an inspiring and unique working environment, and which have a special character with regard to multi-functionality, architecture, sustainability and quality, will definitely be examined.



▲ Liège, CooperVision



▲ Intercity Business Park - Biocartis

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Divestments in the office market in the short term are less probable after a major reorientation was already implemented in this segment in 2016. At the end of January 2017 the office buildings of Diegem Campus became vacant. The redevelopment of the site into an innovative, inspiring and service-oriented concept, **Greenhouse BXL**, has begun. The construction works began during the first quarter of 2017 and will be completed towards the end of the year. Intervest aims to attract the first tenants to this location in 2017.

Besides these leases in Diegem, Intervest aims to keep the number of **new leases, renewals and expansions** in the offices portfolio minimally at a stable level.

Intervest expects the **EPRA earnings** to decrease due to rental income from Deloitte in Diegem ceasing as from the end of January 2017. This decrease will be partly offset by new investments, additional leases and by the drop in the average interest rate of financing¹ because interest rate swaps for a notional amount of € 60 million with an average interest rate of 2,3% matured on 2 January 2017 and were replaced by € 30 million in interest rate swaps with an average interest rate of 0,4%.

Within the scope of its announced growth strategy, Intervest decided in March 2016 to plan a **gross dividend** of a minimum of € 1,40 per share² for the 2016, 2017 and 2018 financial years.

1 Provided that interest rate expectations remain unchanged.

2 Subject to approval by the annual general meetings to be held in, 2018 and 2019.

Intervest Offices & Warehouses nv, (hereafter Intervest), 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 Intervest invests, consist primarily of up-to-date buildings that are strategically located in the city centre and 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 when leasing space by offering more than square metres only. The company goes *beyond real estate* by offering 'turnkey solutions': a tailor-made global solution with the customer going from plans, design, coordination of works to budget monitoring.

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CONSOLIDATED INCOME STATEMENT

in thousands €	31.03.2017	31.03.2016
Rental income	10.446	11.701
Rental-related expenses	34	-5
NET RENTAL INCOME	10.480	11.696
Recovery of property charges	118	166
Recovery of rental charges and taxes normally payable by tenants on let properties	5.140	4.803
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-39	-132
Rental charges and taxes normally payable by tenants on let properties	-5.140	-4.803
Other rental-related income and expenses	44	50
PROPERTY RESULT	10.603	11.780
Technical costs	-405	-205
Commercial costs	-54	-175
Charges and taxes on unlet properties	-277	-150
Property management costs	-937	-769
Other property charges	-147	-226
Property charges	-1.820	-1.525
OPERATING PROPERTY RESULT	8.783	10.255
General costs	-955	-508
Other operating income and costs	-5	18
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	7.823	9.765
Result on disposals of investment properties	0	-12.768
Changes in fair value of investment properties	-354	-846
Other result on portfolio	104	-208
OPERATING RESULT	7.573	-4.057
Financial income	1	4
Net interest charges	-1.777	-2.356
Other financial charges	-2	-10
Changes in fair value of financial assets and liabilities (ineffective hedges)	122	-557
Financial result	-1.656	-2.919
RESULT BEFORE TAXES	5.917	-6.976
Taxes	-10	10
NET RESULT	5.907	-6.966

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in thousands €	31.03.2017	31.03.2016
NET RESULT	5.907	-6.966
Note:		
EPRA earnings	6.035	7.413
Result on portfolio	-250	-13.822
Changes in fair value of financial assets and liabilities (ineffective hedges)	122	-557
Attributable to:		
Shareholders of the parent company	5.907	-6.965
Minority interests	0	-1
RESULT PER SHARE	31.03.2017	31.03.2016
Number of dividend-entitled shares	16.784.521	16.239.350
Net result (€)	0,35	-0,43
Diluted net result (€)	0,35	-0,43
EPRA earnings (€)	0,36	0,46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in thousands €	31.03.2017	31.03.2016
NET RESULT	5.907	-6.966
Other components of comprehensive income (recyclable through income statement)	0	0
COMPREHENSIVE INCOME	5.907	-6.966
Attributable to:		
Shareholders of the parent company	5.907	-6.965
Minority interests	0	-1

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CONSOLIDATED BALANCE SHEET

ASSETS in thousands €	31.03.2017	31.12.2016
NON-CURRENT ASSETS	615.633	612.373
Intangible assets	400	331
Investment properties	614.194	610.944
Other tangible assets	722	702
Non-current financial assets	304	383
Trade receivables and other non-current assets	13	13
CURRENT ASSETS	18.670	12.790
Trade receivables	6.188	6.601
Tax receivables and other current assets	3.502	3.913
Cash and cash equivalents	2.869	412
Deferred charges and accrued income	6.111	1.864
TOTAL ASSETS	634.303	625.163
SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.03.2017	31.12.2016
SHAREHOLDERS' EQUITY	331.992	326.085
Shareholders' equity attributable to shareholders of the parent company	331.992	326.085
Share capital	152.948	152.948
Share premium	90.821	90.821
Reserves	61.734	61.734
Net result of the financial year 2016	20.582	20.582
Net result of the financial year - first quarter of 2017	5.907	0
Minority interests	0	0
LIABILITIES	302.311	299.078
Non-current liabilities	202.707	223.953
Non-current financial debts	198.678	219.703
<i>Credit institutions</i>	139.083	160.142
<i>Bond loan</i>	59.595	59.561
Other non-current financial liabilities	3.143	3.330
Other non-current liabilities	886	920
Current liabilities	99.604	75.125
Current financial debts	81.512	62.012
<i>Credit institutions</i>	81.512	62.012
Other current financial liabilities	0	13
Trade debt and other current debts	3.267	2.655
Other current liabilities	232	232
Accrued charges and deferred income	14.593	10.213
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	634.303	625.163