HALF-YEARLY FINANCIAL REPORT 2017

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HALF-YEARLY FINANCIAL REPORT

from the board of directors
for the period 01.01.2017 to 30.06.2017

Régulated information -
embargo till 20/7/2017, 6 pm

INTERVEST
OFFICES & WAREHOUSES

Antwerp, 20 July 2017

Half-yearly financial report from the board of directors for the period 01.01.2017 to 30.06.2017

- Growth in the portfolio in line with the **strategic growth plan** based on the reorientation of the office portfolio and the expansion of logistics real estate in Belgium, the Netherlands and Germany.
- Allocation to **'Genk Green Logistics'** (a joint venture of Intervest and Group Machiels) of the **redevelopment of the Ford site** in Genk, which represents an expanded new-build potential for logistics real estate by approximately 250.000 m².
- **Expansion** of the **logistics portfolio** by 4% with the acquisition of two logistics sites located in Oevel and Aarschot, totalling approximately 25.500 m²; first step in the Netherlands with the acquisition of a logistics site of 13.300 m² in Tilburg, and the delivery of a new-build distribution centre of 12.200 m² at Herentals Logistics 3.
- Reorientation of the **offices portfolio** continued with the redevelopment of **Greenhouse BXL with third RE:flex**. Construction works according to plan and commercialisation of Greenhouse BXL fully under way; interest from several parties. 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.
- **Ratio** of 52% of logistics real estate and 48% office buildings as at 30 June 2017
- **Rental transactions** primarily in the logistics portfolio: prolongations for 7% of the annual rental income of the logistics segment.
- **Occupancy rate** 85% as at 30 June 2017 (91% as at 31 December 2016), 97% for the logistics portfolio, 75% for the office portfolio.
- **Occupancy rate** without taking into account the **redevelopment project of Greenhouse BXL:** 90% as at 30 June 2017 (90% as at 31 December 2016); 97% for the logistics portfolio, 83% for the offices portfolio.
- Decrease in **fair value** of the real estate portfolio in the first quarter of 2017[1] by 0,8%.
- **EPRA earnings per share[2]:** € 0,74 in the first semester of 2017 (€ 0,88 in the first semester of 2016).
- Drop in the **financing cost:** average interest rate of the financing 2,6% in the first semester of 2017 (3,1% in the first semester of 2016).
- **Strengthening of the shareholders' equity** in the first semester of 2017 by €22 million through the optional dividend, with 55% of shareholders opting for shares and through the contribution in kind of the logistics site in Oevel and Aarschot
- **Debt ratio:** 46,5% as at 30 June 2017 (45,7 % as at 31 December 2016).

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

2 Based on the number of dividend-entitled shares.

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.
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1. Interim half-yearly report for the first semester of 2017

In the first semester of 2017, Intervest Offices & Warehouses (referred to hereafter as 'Intervest'), took a few **important steps** forward toward achieving its strategic growth plan, which is based on reorienting the office portfolio and expanding the logistics real estate portfolio in Belgium, the Netherlands and Germany.

The allocation by the Flemish government for the **redevelopment of the Ford site** in Genk is a major contributing factor to achieving this plan in future. 'Genk Green Logistics', a joint venture with Group Machiels in collaboration with MG Real Estate and DEME Environmental Contractors, has an important complementary expertise regarding the development of large-scale industrial sites.

The **acquisition** of a logistics complex in Oevel, a distribution hub in Aarschot and the expansion by a logistics site in Tilburg, the Netherlands, also substantially contribute to achieving the announced growth plan.

With the logistics **development project** in Herentals, Intervest shows that, as real estate company and in keeping with its position on the market, it does more than simply let square metres, going *beyond real estate*.

The reorientation of the **office portfolio** is continuing with the commercialisation of Greenhouse BXL, a campus with a third RE:flex and expanded service provision as well as the purchase of a vacant building as an extension of Greenhouse BXL, with additional parking facility.

Intervest experienced an increase of € 22 million in its **shareholders' equity**, on the one hand because of the result of the optional dividend whereby 55% of the shareholders opt for shares representing € 9,1 million and on the other hand the contribution in kind of the logistics sites in Oevel and Aarschot to the value of € 12,75 million

With a **debt ratio** of 46,5%, Intervest maintains its proposed objective of staying between 45% and 50%.

The expected **EPRA earnings** for 2017 are between € 1,50 and €1,58 per share[1] with an expected gross dividend of € 1,40.

1 Based on the current number of the dividend-entitled shares.

▲ Greenhouse BXL, artist impression

1.1. Investments in the first semester of 2017

1.1.1. Allocation to 'Genk Green Logistics' of the redevelopment of the Ford site in Genk

As at 30 June 2017, the Flemish Government selected Genk Green Logistics as preferred bidder for the redevelopment of the Ford site in Genk. **Genk Green Logistics**, the joint venture between Intervest, on the one hand, and Group Machiels, on the other hand, that is to be set up, in cooperation with developer MG Real Estate and DEME Environmental Contractors, will be responsible for the redevelopment of one of the most large-scale trimodal logistics hubs in Flanders. The Flemish government chose with Genk Green Logistics to bundle complementary expertise regarding development of large-scale company premises, for the redevelopment of the Ford site in Genk into a logistics hotspot.

Genk Green Logistics will be the ultimate investor. This means that Intervest has a development potential of 250.000 m², which indicates a tremendous step forward in achieving its growth plan.

The site is **strategically located** in the important logistics corridor Antwerp-Limburg-Liège. The total Ford site has a surface area of 133 hectares of which 42 hectares for zone B. The site has trimodal access via the Albert Canal, rail and the proximity of the E314 and E313. The large scale of the site and the trimodal access of the site are unique trump cards to put Genk Green Logistics on the map as a logistics hotspot. The allocation to Genk Green Logistics comprises only Zone B of the Ford site. Zone A is intended as public domain and for common purposes. De Vlaamse Waterweg is the owner of Zone C.

Genk Green Logistics plans a full **new development project** at zone B, which will consist of a state of the art logistics complex of approximately **250.000 m²** after full development. The aim is to develop this surface in phases, distributed among various buildings, over a period of five years according to estimations. Detailed information regarding financing of the project, yields and other boundary conditions will systematically be communicated according to the progress of the different phases of the project.

The finalisation in the contractual agreement with the Flemish Government can start as from now. Initially it will be necessary to proceed to demolition and remediation works. The remediation of the soil and infrastructure will be coordinated by De Vlaamse Waterweg as an assignment for the Flemish Government. Meanwhile the development of substantial parts of the site can be started.

Genk Green Logistics stands for a **development plan** with a clear commercial focus on e-commerce. Genk Green Logistics expects to attract herewith a broad range of users to the site, from e-commerce retail activities, e-fulfilment service providers to classic 3PL organisations. However, Genk Green Logistics will also be open to other logistics requirements or the smart manufacturing industry.

Genk Green Logistics will as **reference project** related to sustainability and spatial quality be realised as a logistics building complex, with high sustainable principles. The buildings will be certified BREAAM and equipped, among others, with advanced isolation, a water recycling system, economic led lighting, solar panels and will be CO_2 neutral.

1.1.2. Acquisition of two logistics sites, located in Oevel and in Aarschot

The site in **Oevel** provides an expansion in the logistics corridor along the E313-E314 motorway on the Antwerp-Limburg-Liège axis. It benefits from an excellent location along the E313-E314 and forms a cluster with Intervest's current properties in Oevel and Herentals. Through this investment, Intervest is strengthening its market position on this important logistics axis. The site in Oevel includes 10.840 m² of storage space, 410 m² of mezzanine and 410 m² of offices and is being leased until 2022 by Vos Logistics, a European logistics services provider. The company provides transport services for packaged and bulk goods and offers logistics and distribution solutions. The entire building is equipped with photovoltaic installations.

With the acquisition of the distribution hub in **Aarschot**, Intervest is planning ahead to take advantage of the increasing importance of rapid urban distribution. Thanks to its location near Leuven, just 4 km from the exit to the E314, it is ideally located for last-mile distribution activities. With this investment Intervest is responding to the increasing importance of distribution hubs, which are essential for the rapid growth of e-commerce. The site in Aarschot consists of 2 logistics buildings together accounting for 11.570 m² of warehouse space, 600 m² of office space and 2 smaller storage spaces of 800 m² each. Since 1 January 2017 80% of the site is under a long-term lease to BPost, which is now in the process of setting up an up-to-date regional distribution centre that will soon be operational. The average weighted duration of the lease agreements at the site is 5,9 years to the first possibility of termination.

The expansion of the real estate portfolio with the sites in Oevel and Aarschot in May 2017, representing an investment of € 12,75 million is in line wiht the valuation of the independent property expert of the comapny.

The surface area of both sites together amounts to approximately **25.500 m²** and the occupancy rate is 100%. Together, both sites together generate rental income of over € 0,96 million annually. This acquisition provides Intervest with a gross initial yield of 7,5%. The transaction included a capital increase through a contribution in kind.

▲ Oevel, Vos Logistics

▲ Aarschot, BPost

1.1.3. First step in the Netherlands with purchase of a logistics site in Tilburg

The acquisition of a **modern logistic complex** in Tilburg, the **Netherlands**, in May 2017 was Intervest's first step in the Netherlands. Through this acquisition, it is pursuing its strategy of expanding its sphere of operations in a region of 150 km around Antwerp.

The site is located at **Industriezone Vossenberg II** in Tilburg, with a direct connection to the A58 Eindhoven-Breda motorway, and which is part of the Tilburg-Waalwijk logistics hotspot. This is the largest industrial park in Tilburg with more than 200 enterprises and it is characterised by a large diversity with not only logistics and distribution companies located there but also a large number of production and assembly plants in all kinds of industrial branches.

The building has a surface area of **13.300 m²** and consists of 11.400 m² of warehouse space, 1.200 m² of offices and 700 m² of mezzanine. The building has a free height of 8 metres and has 6 loading bays and 72 parking spaces. The industrial premises and the production facility are air-conditioned and have been furnished in full accordance with the HACCP guidelines for the food industry.

The **tenant** of the site is Dutch Bakery, a modern and innovative industrial manufacturer of bake-off bread products sold under private labels of supermarkets. At this location, Dutch Bakery combines its industrial bakery activities with transport and logistics activities and employs a workforce of over 400.

The **lease agreement** started as at 1 January 2017 with a fixed term of 15 years, based on a triple net agreement in line with market conditions. The transaction generates a rental income flow of € 0,64 million annually.

The **purchase price** amounted to € 9,4 million (including registration fees and costs), which is in line with the valuation by the company's independent property expert. This acquisition provides Intervest with a gross initial return of 6,8%. The acquisition is structured through the company Intervest Tilburg 1, a subsidiary of Intervest in the Netherlands.

▲ Tilburg, Dutch Bakery

1.1.4. Redevelopment of Greenhouse BXL with a third RE:flex

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 third 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.

1.1.5. Delivery logistics development 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 important logistics corridors in Belgium, next to the slip road to the E313, from which the site can be seen. Furthermore, the site offers further expansion possibilities for an additional warehouse of approximately 8.000 m².

This **investment** of approximately € 4 million falls within the scope of the growth strategy of Intervest. This consists of further developing its portfolio in logistics real estate in a customer-driven manner through, for example, developments in locations offering multi-modal access. With this, Intervest shows that, also in logistics real estate, it is more than just a provider of square metres.

A long-term lease agreement for 15 years was signed with the **tenant**, Schrauwen Sanitair en Verwarming, with the first possibility of termination after 9 years. The delivery occurred, entirely according to plan, in the second quarter of 2017.

▲ Herentals Logistics 3, development project for Schrauwen Sanitair en Verwarming.

1.2. Rental activities

During the first half of 2017, in the total real estate portfolio 9 rental transactions were concluded with new or existing tenants for approximately 43.000 m², as compared to 124.000 m² in 22 transactions in the first semester of 2016. In 2016, the agreement with Nike Europe, among others, which amounts to 50.912 m², was renewed.

In the **office market**, leases to new tenants and expansions for current tenants remained rather limited in the first semester of 2017. In the first half of 2017, 3 new lease agreements for a total surface area of 1.336 m² were prolonged for a total area of 991 m². A total area of 5.745 m² in 13 rental transactions was concluded or renegotiated with new or existing tenants for the same period in 2016.

In the first semester of 2017, in the **logistics portfolio**, lease agreements for an area of 41.171 m² were prolonged or extended in 3 transactions. During the same period in 2016, 9 transactions were concluded for 118.026 m², among others the prolongation of the agreement with Nike Europe for 50.912 m².

The main transactions in the first half of 2017 were:

- prolongation of Feeder One België (previously PGZ Retail Concept) in Wommelgem for 24.180 m²
- prolongation of Covidien AG in Opglabbeek for 13.101 m²
- extension of Toyota Material Handling Europe Logistics in Wilrijk for 3.890 m².

1.3. EPRA earnings

The EPRA earnings per share amounted to € 13,1 million in the first semester of 2017, compared to € 14,8 million in the first semester of 2016. Taking into account 17.740.407 dividend-entitled shares, this means that there are EPRA earnings per share of € 0,74 (€ 0,88) for the first semester of 2017. The decrease in EPRA earnings compared to the first semester of 2016 was mainly the result of lower rental income 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, as well as the increase in general and property costs, partly compensated by the decrease in financing costs obtained through new interest rate swaps at lower interest rates.

▲ Wilrijk, Toyota Material Handling Europe

▲ Opglabbeek, Covidien

1.4. Real estate portfolio as at 30 June 2017

1.4.1. Composition of the portfolio

INVESTMENT PROPERTIES	30.06.2017	31.12.2016	30.06.2016
Fair value of investment properties (€ 000)	632.382	610.944	597.804
Occupancy rate entire portfolio (%)	85%	91%	91%
• Occupancy rate office portfolio (%)	75%	86%	87%
• Occupancy rate logistics portfolio (%)	97%	96%	96%
Occupancy rate entire portfolio, excluding redevelopment project Greenhouse BXL (%)	90%	90%*	90%*
• Occupancy rate entire portfolio, excluding redevelopment project Greenhouse BXL (%)	83%	85%*	85%*
Total leasable space (m²)	742.999	705.068	677.700
Yield on fair value (%)	7,1%	7,6%	7,6%
Yield on fair value if fully let (%)	8,3%	8,3%	8,3%
Yield on fair value excluding redevelopment project Greenhouse BXL (%)	7,4%	7,5%	7,3%
Yield on fair value if fully let excluding redevelopment project Greenhouse BXL (%)	8,2%	8,2%	8,1%

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

The **fair value of the investment properties** amounted to € 632 million as at 30 June 2017 (€ 611 million as at 31 December 2016). The € 21 million increase in the first semester of 2017 was primarily the result of the acquisition of three logistics sites in Oevel, Aarschot and Tilburg (the Netherlands).

In the first semester of 2017 there were no significant changes in the **occupancy rate** of the Intervest buildings compared to 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 30 June 2017. The occupancy rate without taking into account the Greenhouse BXL redevelopment project was 90% as at 30 June 2017.

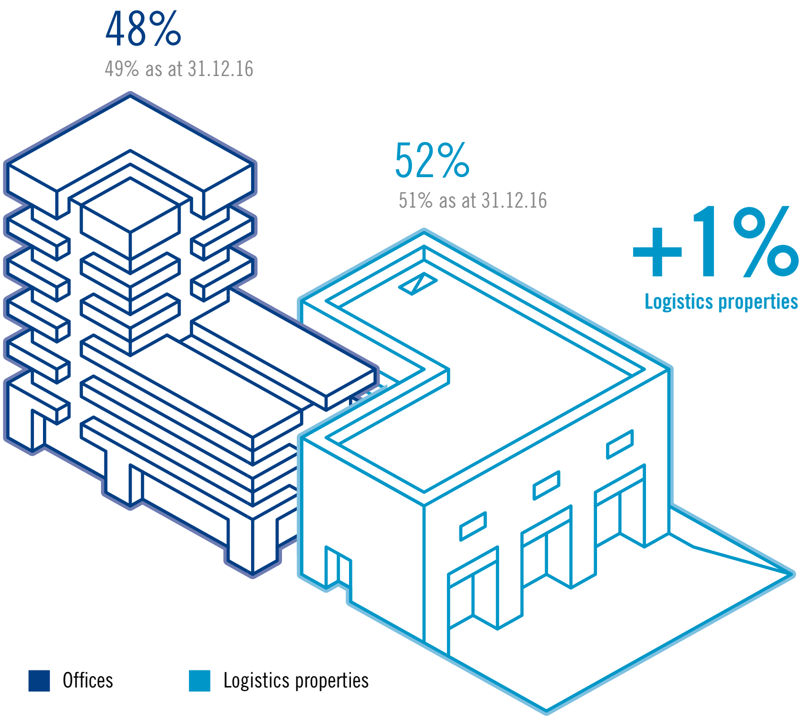
For the **office portfolio**, the occupancy rate was 75% as at 30 June 2017 and 83% without taking into account the Greenhouse BXL redevelopment project.

For the **logistics portfolio**, the occupancy rate increased by 1% compared to 31 December 2016 and amounted to 97% as at 30 June 2017 and this as a result of the acquisition of three logistics sites which are fully let.

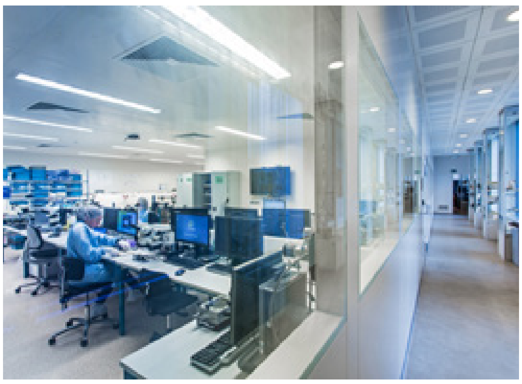
Risk spread in the portfolio

Intervest's investment strategy respects the criteria of risk diversification in the real estate portfolio based on building type as well as geographic spread.

Nature of the portfolio



As at 30 June 2017, the Intervest **real estate portfolio** consisted of 48% offices and 52% logistics properties. Through the acquisition of three logistics sites in Oevel, Aarschot and Tilburg (the Netherlands) the composition changed compared to 31 December 2016. The share of logistics properties in the entire real estate portfolio increased by 1% compared to 31 December 2016.



▲ Mechelen Campus, Cochlear

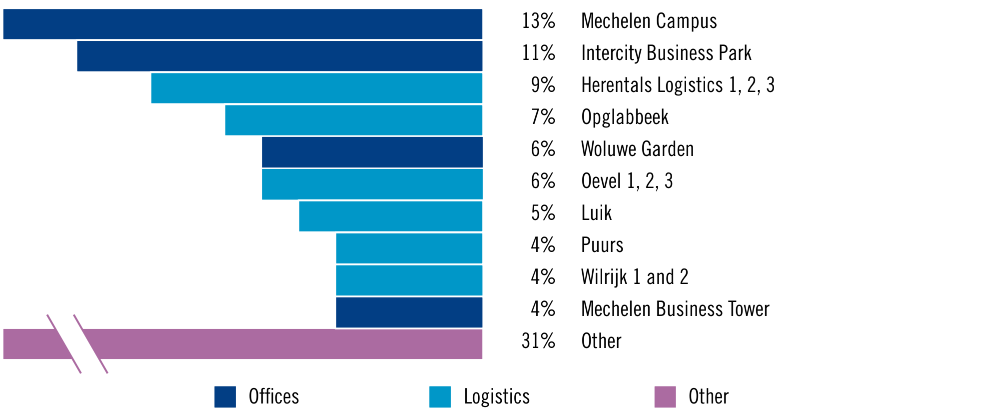
▲ Intercity Business Park, Biocartis

Geographical spread

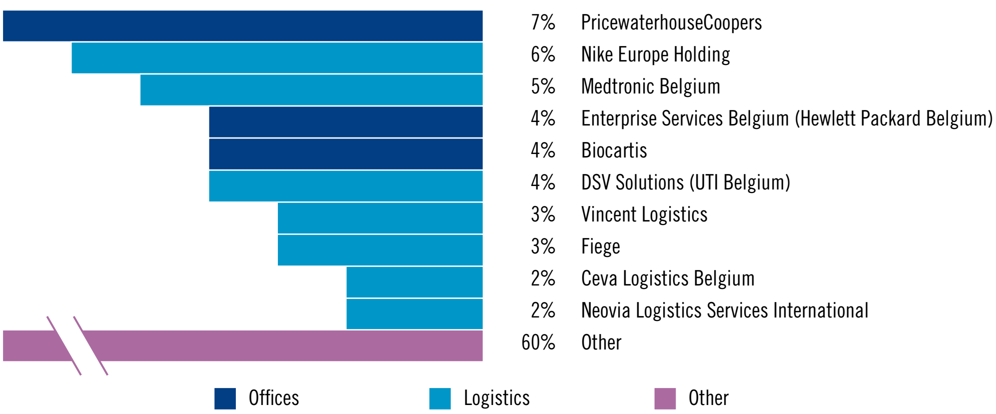
Offices
The strategic focus for the office portfolio is on the Antwerp-Mechelen-Brussels axis, which is still the most significant and most liquid office region of Belgium. The entire office portfolio of Intervest was located in this region as at 30 June 2017.

Logistics properties
Some 97% of the logistics portfolio is located on the Antwerp-Brussels-Nivelles (E19 and A12) and Antwerp-Limburg-Liège (E313) axes, which are the most significant logistics axes in Belgium. 3% of the logistics portfolio is located in the Netherlands.

Risk spread of buildings by size[1]



Risk spread by tenants[2]

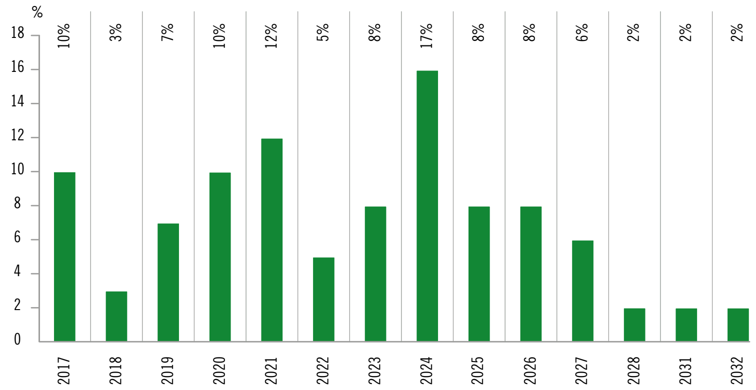


The rental income of Intervest was spread out over 184 different tenants as at 30 June 2017, which reduces the debtor's risk and promotes income stability. The ten most important tenants represent 40% of the rental income and are all prominent companies in their sector forming part of international groups.

1 Percentages calculated on the basis of fair value of the investment properties as at 30 June 2017
2 Percentages based on contractual leases.

Evolution of the portfolio

Final expiry date of the lease agreements in the entire portfolio



The final expiry dates are well spread out over the coming years. Based on the annual rental income, 10% of the agreements have a final expiry date during the second half of 2017 (22% as at 31 December 2016), of which 3% are due to the end of Fiege in Puurs and 2% due to the end of Ceva Logistics Belgium in Boom.

Only 3% of the agreements will reach the final expiry date in 2018.

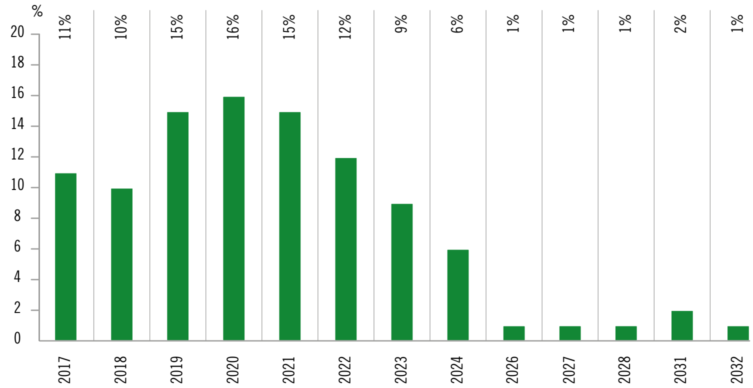
Of the total number of agreements, 70% have a final expiry date after 2020.

▲ Greenhouse Antwerp, RE:flex Berchem

First expiry date of lease agreements in the entire portfolio

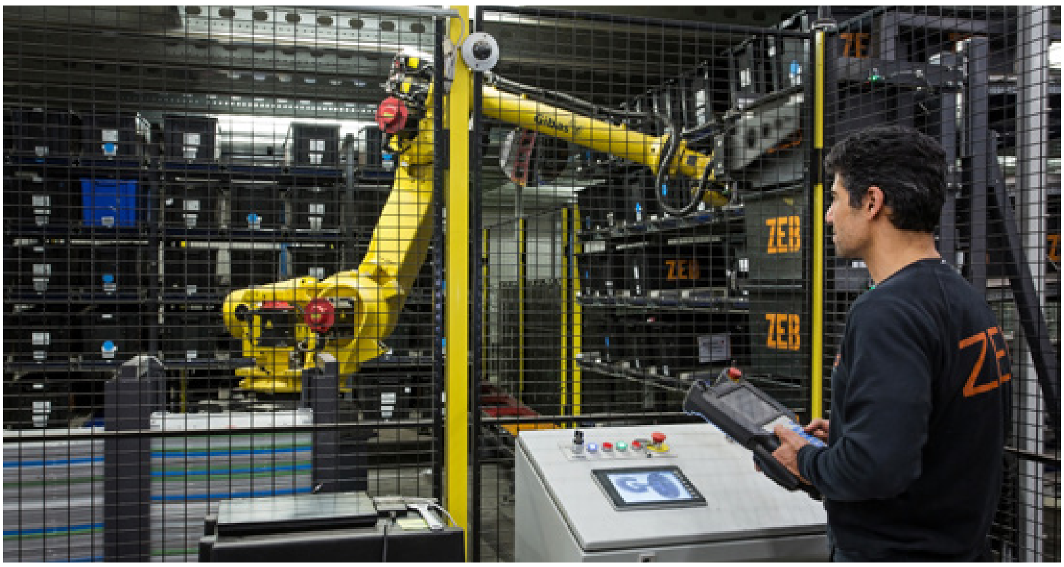
As most agreements are of the 3/6/9 type, tenants have the option of ending their lease agreements every three years. The graph gives the first expiry dates of all lease agreements (this can be the final expiry date or an interim expiry date). Because Intervest has several long-term agreements, the average first interim expiry date is after a period of more than 3 years. Within the framework of concluding new lease agreements to extend existing lease agreements, efforts are being made to also conclude agreements for a longer period (6/9 type or 9 years without a termination option).

The graph shows the hypothetical scenario as at 30 June 2017 in which every tenant terminates its lease agreement on the next interim expiry date. This is a worst-case scenario that is analysed and explained further in the following graphs.



In the second semester of 2017, 11% of the agreements, on the basis of the annual rental, will have a next expiry date. 2% of the remaining 11% falls under the office portfolio and 9% under logistics real estate. The logistics real estate consists mainly of Fiege in Puurs (3%) and Ceva Logistics Belgium in Boom (2%), which will reach their end date at the end of 2017.

For the agreements reaching the next expiry date in 2018 (10%) discussions with almost all tenants are being conducted for prolongation, or to relet the empty spaces.



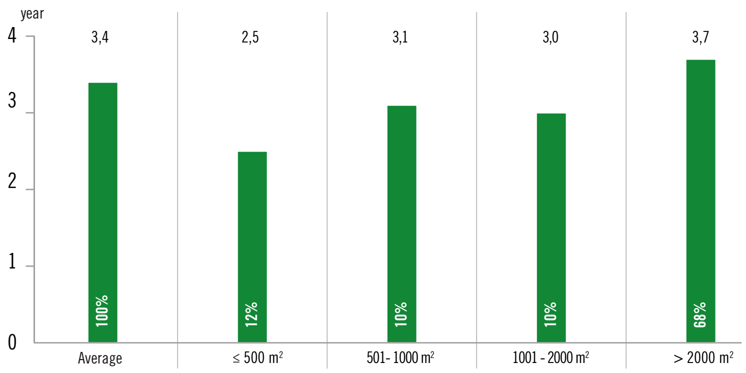
▲ Merchtem, ZEB Logistics

Average remaining duration of the office lease agreements until the next expiry date

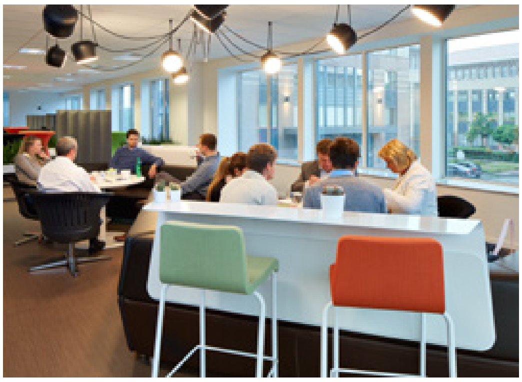
For offices, the average rental period (as from 1 July 2017) until the next expiry date slightly decreased to 3,4 years compared to 31 December 2016 (3,6 years), due to lease agreements that are nearing their interim or expiry date.

For larger office tenants (those above 2.000 m²), which comprise 69% of the office portfolio and thus have a major influence on the overall recurring rental income flow, the next expiry date (as at 1 July 2017) is, on average, only after 3,7 years (4,1 years as at 31 December 2016).

As at 30 June 2017, the average remaining duration of lease agreements in the office portfolio was 3,4 years (3,6 years as at 31 December 2016). For surface areas above 2.000 m², it was 3,7 years (4,1 years as at 31 December 2016).



▲ Mechelen Campus, RE:flex Mechelen

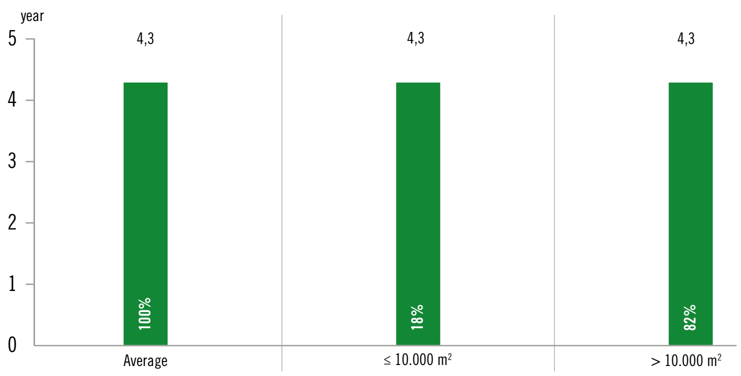


▲ Mechelen Campus, RE:flex Mechelen

Average remaining duration of the logistics lease agreements until the next expiry date

For the logistics properties the average lease duration until the next expiry date was 4,3 years as at 30 June 2017. Despite the fact that the interim or expiry date of the lease agreements is nearing, it increased compared to 4,1 years at at 31 December 2016, and this mainly due to the recent acquisitions in Oevel, Aarschot and Tilburg (the Netherlands).

For the logistics portfolio, the average remaining duration of the agreements as at 30 June 2017 was 4,3 years (4,1 years as at 31 December 2016).



Valuation of the portfolio

Valuation of the portfolio by property experts as at 30 June 2017.

Property expert	Fair value (€ 000)	Investment value (€ 000)
Cushman & Wakefield	303.998	311.598
CBRE	328.384	337.003
TOTAL	**632.382**	**648.601**

1.5. Market situation of professional real estate in 2017

The market reports published by specialised market research agencies[1] describe the situation of the real estate markets in which Intervest is active in the first semester of 2017 as follows.

1.5.1. The office market

Trends

The office market is experiencing considerable changes. The supply of more service-oriented offices, co-working lounges and fully-furnished offices is on a significant increase. In Brussels and in the periphery the opening of several such centres is in the pipeline for an area of over 10.000 m². Similar trends are also noticeable in Mechelen and Antwerp.

Previously, this was a segment in which only specialised companies operated with a supply of fully-furnished offices having additional service provision and flexible rental periods. The supply that is becoming increasingly popular links up with the concept of a services-oriented business centre that in addition to its provision of small, fully-furnished offices, is also geared towards offering individual workplaces.

Suppliers of traditional offices are in the meantime also offering co-working places and lounges, in this way offering a solution to market demand for more flexibility when it comes to space and rental terms. This is new to most players on the market. Intervest is a pioneer among the suppliers of traditional offices. The first flexible business hub of Intervest, RE:flex, was opened at Mechelen Campus in 2011 and, in the meantime, a second RE:flex has been established in Berchem and a third RE:flex is being completed in Diegem in Greenhouse BXL.

Rental market

The rental market performed considerably. Approximately 214.600 m² was taken up in the Brussels market, which is in line with the average taken up in the last five years. The overall office availability for the Brussels market fell to 8,7%. This is the lowest level since 2007. The supply of so-called Grade A buildings is restricted to an area of less than 30.000 m². This means that so-called Grade B buildings (not new but of good quality) are becoming more competitive.

However, the office rental market is very diverse regarding market dynamics and depending on the type of building and the specific sub-market.

Prime rents for approximately € 185/m² are currently being listed in the periphery. This is in line with previous years. The supply of large areas of high-quality buildings is relatively limited. Approximately 29.500 m² of offices has been taken up.

Five major transactions and a take-up of over 35.000 m² were recorded in the Antwerp rental market.

Investment market

Prime yields are under further pressure and amount to approximately 4,4% for recent, long-term rented buildings in the CBD area. The top yield is approximately 7,25% in the periphery, where short-term agreements previously applied.

1 Cushman & Wakefield – Offices market snapshot Second Quarter 2017, JLL Logistics Property Quarterly Market Update June 2017, CBRE Marketview Belgium Logistics Q2, 2017.

1.5.2. The market of logistics real estate

Trends

The demand for logistics platforms continues to grow and increasingly targets advanced complexes. Consolidation and e-commerce are important factors motivating market activity. The market is also more focussed on multi-modal sites.

During the first semester of 2017, a substantial part of the market activity lied among logistics companies building for own use.

Rental market

The rate of availability in the rental market is limited and amounts to approximately 5,8%. However, more area than usual will become temporarily available on the Antwerp-Brussels axis.

The availability of up-to-date logistics real estate is limited. A substantial part of the rental market targets build-to-suit solutions for relatively large areas. Availability of affordable logistics real estate sites near the major cities (Brussels and Antwerp) is limited.

Generally speaking, the rental rates are stable. A certain pressure is noticeable on the rental rates when it comes to sites that are not so good or on slightly less recent buildings. After all, candidate tenants compare the rental rates of existing buildings with new-build projects, which are put on the market at competitive prices.

Investment market

The yields on the investment market are under pressure. The demand for high-quality logistics investments and the low interest rate also result in high prices being paid in this segment. This is an international fact, which means that remarkably large volumes are being achieved. Yields for the best products find themselves at approximately 6%.

▲ Puurs, Delhaize Group

▲ Herentals Logistics, Yusen Logistics

1.6. Analysis of the results[1]

The **rental income** of Intervest in the first semester of 2017 amounted to € 21,0 million (€ 23,1 million). The decrease was mainly due to the divestment of five non-strategic buildings in the Brussels periphery in June 2016 and the already previously announced end of the leases with Deloitte in Diegem as at 31 January 2017.

The **property charges** amounted to € 3,3 million for the first semester of 2017 (€ 2,9 million). The rise was caused primarily by higher technical costs and an increase in the property management costs through a larger workforce.

The **general costs** and other operating income and costs amounted to € 1,6 million (€ 1,0 million). The increase is mainly due to the application of IFRIC 21, once in the first semester of 2017, to the annual tax on investment vehicles for € 0,2 million and by increased staff expenses as a result of a larger management committee and workforce.

The decrease in rental income and the increase in general costs and property charges meant that the **operating result before result on portfolio** fell by € 2,8 million to € 16,6 million (€ 19,4 million).

The **changes in the fair value of investment properties** amounted in the first semester of 2017 to € -5,4 million (€ -1,0 million). The decrease in the fair value (without taking investment and divestment into account) was primarily attributable to the logistics portfolio for the amount of € -8,2 million mainly due to the changes in appraisal of the future expected vacancy periods in Puurs and Boom, the change of the rental situation in Wommelgem and the write-down of the registration rights when purchasing the site in Tilburg. The fair value of the offices portfolio increased by € 2,8 million in the first semester of 2017 and is mainly attributed to Greenhouse BXL.

The **financial result (excl. changes in fair value)** for the first semester of 2017 amounted to € -3,5 million, which constituted a € 1,1 million decrease compared with the first semester of 2016 (€ -4,6 million). The decrease in financial costs was mainly the result of the entry into force of interest rate swaps at lower interest rates. The average interest rate of the company's financing for the first semester of 2017 was 2,6%, including bank margins, compared to 3,1% in the first semester of 2016.

The **changes in fair value of financial assets and liabilities (ineffective hedges)** 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 € 0,7 million (€ -0,4 million).

The **net result** of Intervest for the first semester of 2017 amounted to € 8,7 million (€ 0,6 million) and can be divided into:

- EPRA earnings of € 13,1 million (€ 14,8 million), or a drop of € 1,7 million, mainly as a result of the decrease in rental income and the increase in general costs and property charges, partly compensated by the decrease in financing costs obtained through new interest rate swaps at lower interest rates
- the result on portfolio of € -5,1 million (€ -13,8 million)
- the changes in fair value of financial assets and liabilities (ineffective hedges) in the amount of € 0,7 million (€ -0,4 million).

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

EPRA earnings amounted to € 13,1 million for the first semester of 2017. Taking into account 17.740.407 dividend-entitled shares, this means that there were **EPRA earnings per share** of € 0,74 (€ 0,88) for the first semester of 2017.

KEY FIGURES PER SHARE	30.06.2017	31.12.2016	30.06.2016
Dividend-entitled number of shares	17.740.407	16.784.521	16.784.521
Weighted average number of shares	17.040.738	16.567.048	16.347.186
Net result* (6 months/1 year/6 months) (€)	0,51	1,23	0,04
EPRA result** (6 months/1 year/6 months) (€)	0,74	1,73	0,88
Net value (fair value) (€)	18,78	19,43	18,24
Net value (investment value) (€)	19,64	20,37	19,18
Debt ratio (max. 65%) (%)	46,5%	45,7%	47,4%

* Based on the weighted average number of shares
** Based on the number of dividend-entitled shares

As at 30 June 2017, the **net value (fair value)** of a share was € 18,78 (€ 19,43 as at 31 December 2016). As the share price of an Intervest share (INTO) was € 22,40 as at 30 June 2017, the share was listed at a premium of 19% on the closing date, compared to the net value (fair value).

In the first semester of 2017 there was a strengthening of the **shareholders' equity** by € 22 million due to capital increases whereby the total number of Intervest shares amounted to 17.740.407 as at 30 June 2017 (16.784.521 units as at 31 December 2016):

- For the dividend distribution for financial year 2016, the shareholders of Intervest chose for 55% of the shares for a contribution of the dividend rights in return for new shares instead of payment of the dividend in cash. This led as at 22 May 2017 to a strengthening of the shareholders' equity of Intervest of € 9 million (capital increase and share premium) through the creation of 420.847 new shares.
- The acquisition of the logistics sites in Oevel and Aarschot as at 5 May 2017 was realised through a capital increase through a contribution in kind with the issue of new shares for an amount of € 13 million. The 535.039 new shares are dividend-entitled as from 1 January 2017.

Non-current liabilities mainly consisted of non-current financial liabilities for an amount of € 199 million (€ 220 million as at 31 December 2016). These comprised mainly € 139 million in long-term bank financing of which the expiry date is situated after 30 June 2018 and the bond loans issued in March 2014 with a net revenue of € 60 million. On the other hand the non-current liabilities also comprised the other long-term financial liabilities, representing the negative market value of € 2 million of the cash flow hedges concluded by the company to hedge the variable interest rate on the non-current financial debts.

Current liabilities amounted to € 115 million (€ 75 million as at 31 December 2016) and consisted of € 97 million in current financial debts (bank loans with an expiry date before 30 June 2018), of € 5 million in trade debts and other current debts and of € 13 million in accrued accounts.

The **debt ratio** of the company amounted to 46,5% as at 30 June 2017 (45,7% as at 31 December 2016). The increase of 0,8% compared to 31 December 2016 is mainly the combined effect of the payment of the dividend for financial year 2016 and the optional dividend.

EPRA - KEY FIGURES	30.06.2017	31.12.2016	30.06.2016
EPRA earnings per share (€) based on the number of dividend-entitled shares	0,74	1,73	0,88
EPRA earnings per share (€) based on the weighted average number of shares	0,77	1,75	0,91
EPRA NAV per share (€)	18,90	19,60	18,53
EPRA NNNAV per share (€)	18,50	19,08	17,86
EPRA Net Initial Yield (NIY) (%)	6,0%	6,4%	6,6%
EPRA Topped-up NIY (%)	6,1%	6,6%	6,8%
EPRA vacancy rate (%)	14,7%	9,4%	9,3%
EPRA cost ratio (including direct vacancy costs) (%)	23,2%	16,8%	17,0%
EPRA cost ratio (excluding direct vacancy costs) (%)	21,6%	15,8%	15,5%

The EPRA NIY and the EPRA topped-up NIY fell as at 30 June 2017 as compared to 31 December 2016, mainly as a result of the previously announced end of lease agreements with Deloitte in Diegem as at 31 January 2017. The EPRA vacancy rate increased as a result.

The EPRA cost ratio as at 30 June 2017 increased as compared to 31 December 2016, principally as a result of general costs, property charges and the decrease in rental income.

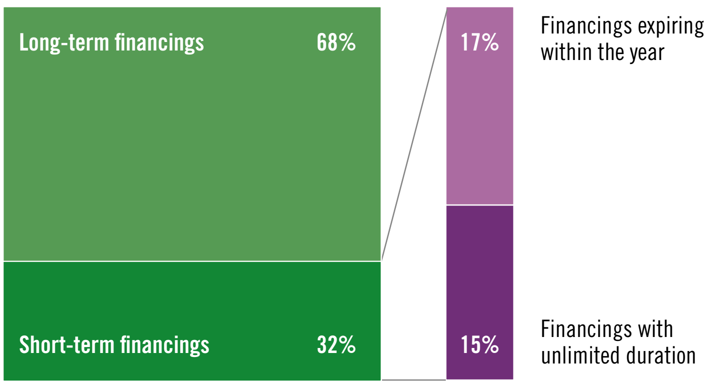
▲ Greenhouse Antwerp

1.7. Financial structure

The financial policy of Intervest is aimed at optimally financing the company's growth strategy. For this purpose, there is an attempt to achieve an equilibrium in the debt-shareholders' equity ratio, where the intention is to keep the debt ratio between 45% and 50%. Intervest ensures that there are enough resources available to finance current projects and to be able to follow up growth opportunities. Sound diversification of various financing sources is pursued, as is an adequate spread of the expiry dates of the financing agreements. Intervest continues to pay attention to actively managing the financial risks, including risk of interest, of liquidity and of financing.

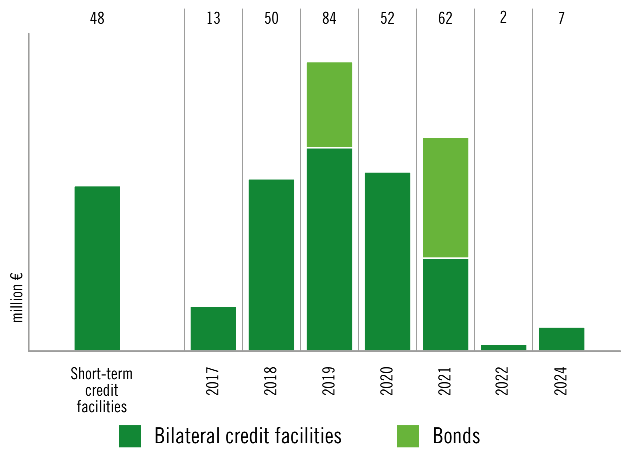
The most important characteristics of the financial structure as 30 June 2017 are the following.

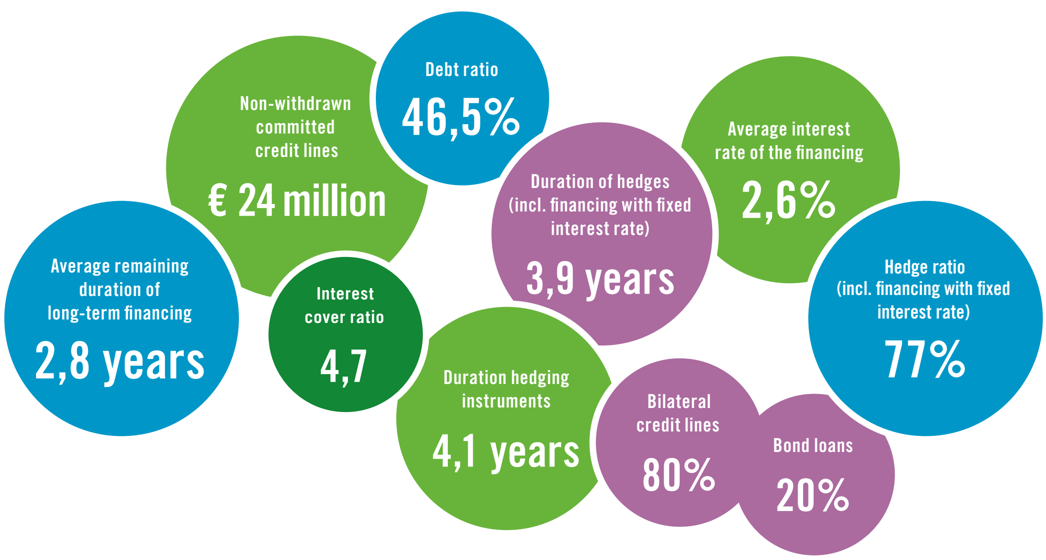
- Amount of financial debts: € 296 million (excluding the market value of financial derivatives).
- 68% of the credit lines are long-term financing agreements with an average remaining duration of 2,8 years.
- 32% of the credit lines are short-term financing agreements, consisting of 15% of financing with an unlimited duration (€ 48 million), and for 17% consisting of four credit facilities for a total amount of € 53 million expiring within the year (mainly in the first quarter of 2018), which will be refinanced.



- 80% of the credit facilities are bilateral credit, 20% are bond loans.
- As at 30 June there were € 24 million non-withdrawn committed credit lines for the growth of the real portfolio and to absorb fluctuations in liquidity requirements.
- Spread of the expiry dates of credit facilities between 2017 and 2024.
- Spread of credit facilities over 6 European financial institutions and bondholders.
- Cover ratio: 71% of the credit lines had a fixed interest rate or were fixed by interest rate swaps, 29% have a variable interest rate. As at 30 June 2017, 77% of the withdrawn financing had a fixed interest rate or was fixed by interest rate swaps and 23% had a variable interest rate.
- In January 2017, interest swaps expired for a notional amount of € 60 million and an average interest rate of 2,3%. In the first semester of 2017 interest rate 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%. As at 30 June 2017 the weighted average interest rate of the interest rate swap amounted to 0,7%.
- Average remaining duration of hedging instruments amounted to 4,1 years at 30 June 2017.
- Cover ratio including financing with fixed interest rate: average remaining duration of 3,9 years.
- Market value of financial derivatives: € 2 million negative.
- Average interest rate for financing for the first semester of 2017: 2,6% including bank margins (3,1% for financial year 2016).

- Interest cover ratio of 4,7 for the first semester of 2017 (4,2 for financial year 2016).
- The debt ratio of the company amounted to of 46,5% as at 30 June 2017 and increased herewith compared to 45,7% as at 31 December 2016 (statutory maximum: 65%) mainly as a result of the dividend distribution for financial year 2016.
- In the first semester of 2017 there were no changes in the current contracted covenants.
- The RREC fulfilled its contracted covenants as at 30 June 2016.





1.8. Intervest share

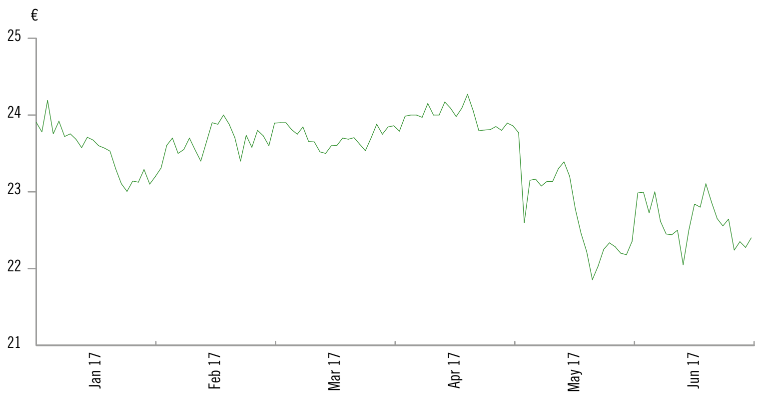
Intervest, a public regulated real estate company, has been listed on Euronext Brussels since 1999.

The Intervest share (INTO) closed as at 30 June 2017 the first half of 2017 at € 22,40, compared to € 23,90 as at 31 December 2016. The share price of the RREC decreased by € 1,50 in the first semester of 2017. As at 23 May 2017 a gross dividend of € 1,40 was distributed to the shareholders. The share quoted with a premium of 19% as at 30 June 2017.

KEY FIGURES	30.06.2017	31.12.2016	30.06.2016
Dividend-entitled number of shares	17.740.407	16.784.521	16.784.521
Weighted average number of shares	17.040.738	16.567.048	16.347.186
Free float (%)	83%	82%	82%
Net value per share (fair value) (€)	18,78	19,43	18,24
Share price on closing date (€)	22,40	23,90	25,50
Premium to net value (fair value) (%)	19%	23%	40%
Market capitalisation (million €)	397	401	428
Number of shares traded (6 months/ 1 year/ 6 months)	1.570.040	4.675.888	2.953.462
Average number of shares traded per day	12.363	18.194	23.256
Share turnover velocity* (%)	17,7%	27,9%	35,2%

* The turnover rate of an Intervest share is calculated as the ratio of the number of shares traded per year to the total number of shares at the end of the period.

Evolution of the share price first half-year 2017



Shareholder structure

The expanded shareholder base, supported by multiple institutional shareholders, ensures better access to capital markets and debt financing and increases the liquidity of the share. This enables the company to further develop its growth plans for the next years and to restructure the office portfolio, combined with expanding the share of logistics properties.

As at 30 June 2017, the following shareholders were known to the company.

Name	Number of shares	Date transparancy notifications	%
FPIM/SFPI (including Belfius Group)	1.788.821	24 August 2016	10,08%
Allianz	1.258.474	19 February 2016	7,09%
Foyer Finance S.A.	678.235	16 August 2016	3,82%
BlackRock	493.742	30 June 2015	2,78%
Patronale Life	623.584	11 May 2017	3,52%
Other shareholders under the statutory threshold	12.897.451		72,70%
TOTAL	**17.740.407**		**100,00%**

▲ Mechelen Campus, Apereau

1.9. Risks for the remaining months of 2017

Intervest estimates the main risk factors and uncertainties for the remaining months of financial year 2017 as follows.

Rental risks

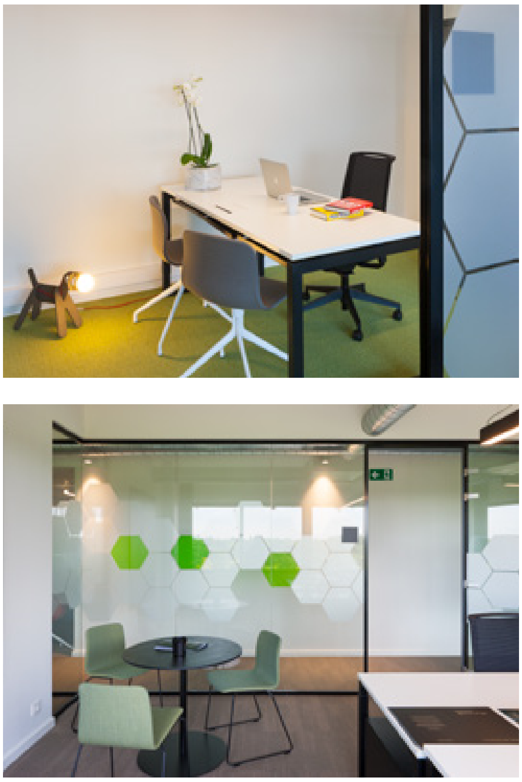
Given the nature of the buildings which are mainly let to national and international companies, the real estate portfolio is to a certain degree sensitive to the economic situation. However, in the short term no direct risks are recognised that could fundamentally influence the results of financial year 2017. Furthermore, there are clear and efficient internal control procedures within the company to limit this risk of default.

Evolution of the value of the portfolio

Given the evolution of the value of buildings that largely depends on the rental situation of the buildings (occupancy rate, rental income) the persisting difficult economic circumstances could have a possible negative influence on the valuation of buildings on the Belgian real estate market.

Evolution of interest rates

Due to the financing with borrowed capital, the return of the RREC depends on the evolution of interest rates. To limit this risk an appropriate ratio between borrowed capital with a variable interest rate and borrowed capital with a fixed interest rate is pursued during the composition of the credit facilities portfolio. As at 30 June 2017, 77% of the withdrawn credit facilities consisted of financing with a fixed interest rate or a rate fixed through interest rate swaps. Only 23% of the credit facilities portfolio had a variable interest rate which is subject to unforeseen rises of the currently low interest rates.



▲ Greenhouse Antwerp, Managed offices

▲ Gateway House, Q8

1.10. Outlook

In the second half of 2017 Intervest will continue to work on its strategic growth plan regarding the reorientation of its office portfolio and expansion of the logistics real estate portfolio.

In the **office portfolio**, the redevelopment of **Greenhouse BXL** into an innovative, inspiring and service-oriented multi-tenant campus with a third RE:flex enjoys priority. The building works are expected to be finished in the second quarter of 2018. The commercialisation of the site is fully under way. Intervest aims to attract the first tenants to this location in 2017.

Intervest has a promising set of potential acquisitions for **logistics real estate** in the pipeline, including in **the Netherlands**. The Flemish Government's allocation to **'Genk Green Logistics'** of the redevelopment of the Ford site in Genk contributes substantially to the future achievement of the growth plan. With this, Intervest has a development potential of approximately 250.000 m² for the years to come. A contractual agreement with the Flemish Government will be negotiated in the second half of 2017. A start will be made to market the new construction development on the Ford site.

Since the growth plan was announced in March 2016, Intervest has already invested € 41 million in new acquisitions or developments in the current portfolio. The logistics real estate share of the portfolio increased to 52% as at 30 June 2017.

Intervest's strategy is to maintain its **debt ratio** at between 45% and 50%. On the basis of the current debt ratio of 46,5% as at 30 June 2017, Intervest still has an investment capacity of approximately € 45 million, to the upper-limit the pre-set range.

Increasing tenant retention by extending lease terms continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the **occupancy rate**. In the second half of 2017, 10% of the agreements will reach final expiry date. Intervest is having discussions and negociations with potential tenant in order to relet the empty spaces in Puurs and Boom. Based on the information currently available and on the present rental market situation, Intervest expects a minimum occupation rate of 86% by the end of 2017.

Intervest expects the **EPRA earnings** for the financial year of 2017 to decrease because of the divestment of five non-strategic sites in June 2016 and because there will no longer be any rental income from Deloitte in Diegem as from the end of January 2017. This decrease will be partly compensated by new investments and leases and by the decrease of the average interest rate of the financing[1]. Based on the half-yearly results and forecasts as per 30 June 2017, Intervest expects the EPRA earnings for financial year 2017 to be between € 1,50 and € 1,58 per share (€ 1,73 for financial year 2016), on condition that there are no unforeseen fluctuations in the interest rate.

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 share[2] for financial years 2016, 2017 and 2018. This represents a gross dividend yield of approximately 6,25%, based on the closing share price as at 30 June 2017 (€ 22,40).

1 In the assumption that the expected interest rates remain unchanged.

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

2. Condensed consolidated half-yearly figures

2.1. Condensed consolidated income statement

in thousands €	30.06.2017	30.06.2016
Rental income	20.999	23.140
Rental-related expenses	43	-17
NET RENTAL INCOME	**21.042**	**23.123**
Recovery of property charges	561	379
Recovery of rental charges and taxes normally payable by tenants on let properties	6.596	6.620
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-100	-255
Rental charges and taxes normally payable by tenants on let properties	-6.596	-6.620
Other rental-related income and expenses	59	73
PROPERTY RESULT	**21.562**	**23.320**
Technical costs	-794	-504
Commercial costs	-113	-237
Charges and taxes on unlet properties	-321	-350
Property management costs	-1.841	-1.538
Other property	-262	-276
Property charges	**-3.331**	**-2.905**
OPERATING PROPERTY RESULT	**18.231**	**20.415**
General costs	-1.585	-1.018
Other operating income and costs	-2	43
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**16.644**	**19.440**
Result on disposals of investment properties	0	-12.796
Changes in fair value of investment properties	-5.417	-993
Other result on portfolio	260	14
OPERATING RESULT	**11.487**	**5.665**
Financial income	130	109
Net interest charges	-3.665	-4.705
Other financial charges	-2	-11
Changes in fair value of financial assets and liabilities (ineffective hedges)	744	-449
Financial result	**-2.793**	**-5.056**
RESULT BEFORE TAXES	**8.694**	**609**
Taxes	-20	0
NET RESULT	**8.674**	**609**

in thousands €	30.06.2017	30.06.2016
NET RESULT	**8.674**	**609**
Note:		
EPRA earnings	13.087	14.833
Result on portfolio	-5.157	-13.775
Changes in fair value of financial assets and liabilities (ineffective hedges)	744	-449
Attributable to:		
Shareholders of the parent company	8.674	610
Minority interests	0	-1

RESULT PER SHARE	30.06.2017	30.06.2016
Number of dividend-entitled shares	17.740.407	16.784.521
Net result (€)	0,49	0,04
Diluted net result (€)	0,49	0,04
EPRA earnings (€)	0,74	0,88

2.2. Condensed consolidated statement of comprehensive income

in thousands €	30.06.2017	30.06.2016
NET RESULT	**8.674**	**609**
Other components of comprehensive income (recyclable through income statement)	0	0
COMPREHENSIVE INCOME	**8.674**	**609**
Attributable to:		
Shareholders of the parent company	8.674	610
Minority interests	0	-1

2.3. Condensed consolidated balance sheet

ASSETS in thousands €	30.06.2017	31.12.2016
NON-CURRENT ASSETS	**633.790**	**612.373**
Intangible assets	476	331
Investment properties	632.382	610.944
Other tangible assets	686	702
Non-current financial assets	233	383
Trade receivables and other non-current assets	13	13
CURRENT ASSETS	**16.524**	**12.790**
Trade receivables	5.475	6.601
Tax receivables and other current assets	3.530	3.913
Cash and cash equivalents	1.793	412
Deferred charges and accrued income	5.726	1.864
TOTAL ASSETS	**650.314**	**625.163**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.06.2017	31.12.2016
SHAREHOLDERS' EQUITY	**333.084**	**326.085**
Shareholders' equity attributable to shareholders of the parent company	**333.084**	**326.085**
Share capital	161.658	152.948
Share premium	103.934	90.821
Reserves	58.818	61.734
Net result of the financial year	8.674	20.582
Minority interests	**0**	**0**
LIABILITIES	**317.230**	**299.078**
Non-current liabilities	**201.914**	**223.953**
Non-current financial debts	198.579	219.703
Credit institutions	*138.950*	*160.142*
Bond loan	*59.629*	*59.561*
Other non-current financial liabilities	2.449	3.330
Other non-current liabilities	886	920
Current liabilities	**115.316**	**75.125**
Current financial debts	97.612	62.012
Credit institutions	*97.612*	*62.012*
Other current financial liabilities	0	13
Trade debts and other current debts	4.723	2.655
Other current liabilities	232	232
Accrued charges and deferred income	12.749	10.213
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**650.314**	**625.163**

2.4. Condensed consolidated cash flow statement

in thousands €	30.06.2017	30.06.2016
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**412**	**598**
1. **Cash flow from operating activities**	**14.008**	**13.900**
Operating result	**11.487**	**5.665**
Interest paid	**-5.212**	**-5.813**
Other non-operating elements	**110**	**-351**
Adjustment of result for non-cash flow transactions	**5.588**	**14.332**
• Depreciations on intangible and other tangible assets	171	134
• Result on disposals of investment properties	0	12.796
• Changes in fair value of investment properties	5.417	993
• Spread of rental discounts and rental benefits granted to tenants	260	-26
• Other result on portfolio	-260	-14
Change in working capital	**2.035**	**67**
Movement of assets	1.393	-709
Movement of liabilities	642	776
2. **Cash flow from investment activities**	**-12.576**	**21.159**
Investments in existing investment properties	-2.594	-2.307
Income from disposal of investment properties	0	26.985
Exit tax paid for merger with real estate companies	0	-3.173
Acquisition of investments properties	-9.683	0
Acquisitions of intangible and other tangible assets	-299	-346
3. **Cash flow from financing activities**	**-51**	**-35.224**
Repayment of loans	-267	-51.617
Draw-down of loans	14.675	32.568
Repayment of financial lease liabilities	0	-3
Receipts non-current liabilities as guarantee	-34	29
Dividend paid	-14.425	-16.201
CASH AND CASH EQUIVALENTS AT THE END OF THE SEMESTER	**1.793**	**433**

2.5. Condensed statement of changes in consolidated equity

in thousands €	Capital	Share premium	Reserves	Net result of financial year	Minority interests	Total share-holders' equity
Balance as at 31 December 2015	**147.980**	**84.220**	**63.549**	**25.954**	**33**	**321.736**
Comprehensive income of first semester 2016				610	-1	609
Transfers through result allocation 2015:						
Transfer to the reserves for the balance of changes in investment value of real estate properties			-4.839	4.839		0
Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties			-625	625		0
Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting			558	-558		0
Transfer to results carried forward from previous years			3.091	-3.091		0
Issue of shares for optional dividend financial year 2015	4.968	6.601				11.569
Dividend for financial year 2015				-27.769		-27.769
Balance as at 30 June 2016	**152.948**	**90.821**	**61.734**	**610**	**32**	**306.145**
Balance as at 31 December 2016	**152.948**	**90.821**	**61.734**	**20.582**	**0**	**326.085**
Comprehensive income of first semester 2017				8.674	0	8.674
Transfers through result allocation 2016:						
Transfer to the reserves for the balance of changes in investment value of real estate properties			-15.980	15.980		0
Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties			587	-587		0
Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting			1.547	-1.547		0
Transfer to results carried forward from previous years			5.546	-5.546		0
Transfer to other reserves			5.384	-5.384		0
Issue of shares for optional dividend financial year 2016	3.835	5.238				9.073
Issue of shares as a result of acquisition Aarschot*	1.969	3.181				5.150
Issue of shares as a result of acquisition Oevel*	2.906	4.694				7.600
Dividend for financial year 2016				-23.498		-23.498
Balance as at 30 June 2017	**161.658**	**103.934**	**58.818**	**8.674**	**0**	**333.084**

* The acquisition of the logistics sites in Oevel and Aarschot as at 5 May 2017 was realised through a capital increase through a contribution in kind with the issue of new shares for an amount of € 13 million. The 535.039 new shares are dividend-entitled as from 1 January 2017

2.6. Notes to the condensed consolidated half-yearly figures

2.6.1. Condensed consolidated income statement by segment

BUSINESS SEGMENT in thousands €	Offices		Logistics properties		Corporate		TOTAL	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Rental income	9.899	12.459	11.100	10.681			20.999	23.140
Rental-related expenses	32	-16	11	-1			43	-17
Property management costs and income	491	175	29	22			520	197
PROPERTY RESULT	**10.422**	**12.618**	**11.140**	**10.702**			**21.562**	**23.320**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**8.554**	**10.822**	**9.677**	**9.584**	**-1.587**	**-966**	**16.644**	**19.440**
Result on disposals of investment properties	0	-11.295	0	-1.501			0	-12.796
Changes in fair value of investment properties	2.795	-2.474	-8.212	1.481			-5.417	-993
Other result on portfolio	167	34	93	-20			260	14
OPERATING RESULT OF THE SEGMENT	**11.516**	**-2.913**	**1.558**	**9.544**	**-1.587**	**-966**	**11.487**	**5.665**
Financial result					-2.793	-5.056	-2.793	-5.056
Taxes					-20	0	-20	0
NET RESULT	**11.516**	**-2.913**	**1.558**	**9.544**	**-4.400**	**-6.022**	**8.674**	**609**

BUSINESS SEGMENT: KEY FIGURES in thousands €	Offices		Logistics properties		TOTAL	
in thousands €	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Fair value of investment properties	303.998	301.926	328.384	309.018	632.382	610.944
Investment value of investment properties	311.598	309.474	337.003	316.743	648.601	626.217
Total leasable space (m^2)	207.225	208.716	535.774	496.352	742.999	705.068
Occupancy rate (%)	75%	86%	97%	96%	85%	91%

GEOGRAPHICAL SEGMENT in thousands €	Investment properties Belgium		Investment properties the Netherlands		Corporate		TOTAL	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Rental income	20.911	23.140	88	0	0	0	20.999	23.140
Rental-related expenses	43	-17	0	0	0	0	43	-17
Property management costs and income	520	197	0	0	0		520	197
PROPERTY RESULT	**21.474**	**23. 320**	**88**	**0**	**0**	**0**	**21.562**	**23.320**
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**18.169**	**20.406**	**62**	**0**	**-1.587**	**-966**	**16.644**	**19.440**
Result on disposals of investment properties	0	-12.796	0	0	0	0	0	-12.796
Changes in fair value of investment properties	-5.030	-993	-387	0	0	0	-5.417	-993
Other result on portfolio	260	14	0	0	0	0	260	14
OPERATING RESULT OF THE SEGMENT	**13.399**	**6.631**	**-325**	**0**	**-1.587**	**-966**	**11.487**	**5.665**

GEOGRAPHICAL SEGMENT: KEY FIGURES in thousands €	Investment properties Belgium		Investment properties the Netherlands		TOTAL	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016	30.06.2017	31.12.2016
Fair value of investment properties	623.267	610.944	9.115	0	632.382	610.944
Investment value of investment properties	638.848	626.217	9.753	0	648.601	626.217
Total leasable space (m^2)	729.690	705.068	13.309	0	742.999	705.068
Occupancy rate (%)	85%	91%	100%	0%	85%	91%

2.6.2. Principles for preparation of half-yearly figures

The condensed consolidated half-yearly figures are prepared on the basis of the principles of financial reporting in accordance with IAS 34 "Interim financial reporting". In these condensed half-yearly figures the same principles of financial information and calculation methods are used as those used for the consolidated annual accounts as at 31 December 2016.

New or amended standards and interpretations effective for the financial year as from 1 January 2017

The following amended standards by the IASB and published standards and interpretations by the IFRIC are effective for the current period, but do not affect the disclosure, notes or financial results of the company: IAS 7 Statement of cash flows - Amendments as result of the Disclosure initiative (1/1/2017); IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (1/1/2017).

New disclosed standards and interpretations not yet effective in 2017

Intervest has not applied the following new standards, interpretations and amendments, that have been issued but are not yet effective: IFRS 9 Financial Instruments and subsequent amendments (1/1/2018); IFRS 15 Revenue from Contracts with Customers (1/1/2018); IFRS 16 Leases (1/1/2019); Amendments resulting from Annual Improvements 2014–2016 Cycle (1/1/2018); IFRS 17 Insurance contracts (1/1/2021).

IFRS 9 – Financial instruments

IFRS 9 was finalised and published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 will replace most parts of IAS 39 – Financial Instruments: Recognition and Measurement.

Based on an analysis of the Intervest's situation as at 30 June 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade receivables combined with the low associated credit risk Intervest does however not anticipate a material impact on the consolidated financial statements.

IFRS 15 – Revenue from contracts with customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.

IFRS 15 is not expected to have a material impact on the consolidated financial statements of Intervest as lease contracts are excluded from the scope of the standard and represent the main source of income for Intervest. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, Intervest does not anticipate a material impact in that respect.

IFRS 16 – Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level.

Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As Intervest is almost exclusively acting as lessor and has chosen not to reassess whether a contract is or contains a lease compared to IAS 17, IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where Intervest is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions, a right-of-use asset and related liability will be recognised on the consolidated balance sheet.

▲ Puurs

2.6.3. Evolution of investment properties

in thousands €	30.06.2017			31.12.2016		
	Offices	Logistics properties	Total	Offices	Logistics properties	Total
Balance sheet as at 1 January	**301.926**	**309.018**	**610.944**	**326.371**	**308.045**	**634.416**
• Investments in existing investment properties	-723	5.145	4.422	3.824	1.519	5.343
• Extensions in existing investment properties	0	0	0	0	1.159	1.159
• Acquisition of investment properties	0	22.433	22.433	7.319	0	7.319
• Disposals of investment properties	0	0	0	-34.234	-5.484	-39.718
• Changes in fair value of investment properties	2.795	-8.212	-5.417	-1.354	3.779	2.425
Balance sheet as at 30 June	**303.998**	**328.384**	**632.382**	**301.926**	**309.018**	**610.944**
OTHER INFORMATION						
Investment value of real estate properties	311.598	337.003	648.601	309.474	316.743	626.217

In the first semester of 2017 the investments in existing investment properties mainly related to the development project at Herentals Logistics 3 and the redevelopment of Greenhouse BXL.

The acquisitions of investment properties comprised the logistics sites in Oevel, Aarschot and Tilburg (the Netherlands).

The changes in the fair value of investment properties amounted in the first semester of 2017 to € -5,4 million. The decrease in the fair value (without taking investment and divestment into account) was primarily attributable to the logistics portfolio for the amount of € -8,2 million mainly due to the changes in appraisal of the future expected vacancy periods in Puurs and Boom, the change of the rental situation in Wommelgem and the write-down of the registration rights when purchasing the site in Tilburg. The fair value of the office portfolio increased by € 2,8 million in the first semester of 2017 and was mainly attributed to Greenhouse BXL.

Investment properties are recognised at fair value. The fair value is determined on the basis of one of the following levels of the hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: measurement is based either fully or partially on information that is not (externally) observable.

IFRS 13 classifies investment properties as level 3.

2.6.4. Overview of future minimum rental income

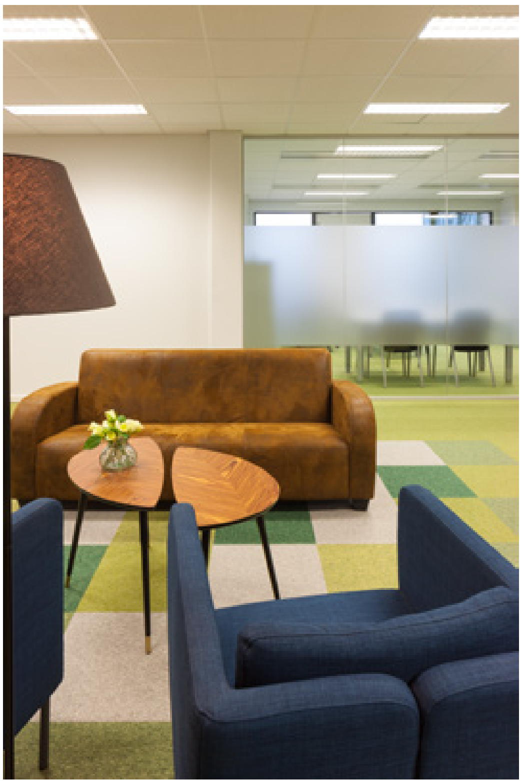
For an update of the future minimum rental income as at 30 June 2017 it is referred to the description of the rental activities and the evolution of the portfolio in paragraphs 1.2. and 1.4. (supra) of the interim management report.

2.6.5. Non-current and current liabilities

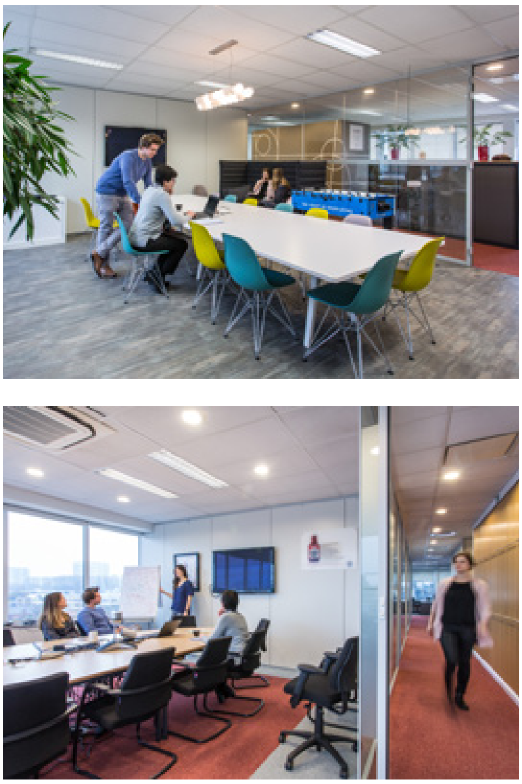
An update of the financial structure of Intervest as at 30 June 2017 is provided in paragraph 1.7. (supra) of the interim management report.

There were no conclusions or prolongations of credit agreements in the first semester of 2017.

In January 2017, interest swaps expired for a notional amount of € 60 million and an average interest rate of 2,3%. In the first semester of 2017 interest rate 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%. As at 30 June 2017 the weighted average interest rate of the interest rate swap amounted to 0,7% (see infra overview fair value of financial derivatives as at 30 June 2017).



▲ Gateway House, Sundio



▲ Inter Access Park, Edwards

2.6.6. Financial instruments

The main financial instruments of Intervest consist of financial and commercial receivables and debts, cash and cash equivalents as well as interest rate swaps (IRS).

SUMMARY OF FINANCIAL INSTRUMENTS			30.06.2017		31.12. 2016	
in thousands €	Categories	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL INSTRUMENTS ON ASSETS						
Non-current assets						
Non-current financial assets	C	2	233	233	383	383
Trade receivables and other non-current assets	A	2	13	13	13	13
Current assets						
Trade receivables	A	2	5.475	5.475	6.601	6.601
Tax receivables and other current assets	A	2	3.530	3.530	3.913	3.913
Cash and cash equivalents	B	2	1.793	1.793	412	412
FINANCIAL INSTRUMENTS ON LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest bearing)	A	2	198.579	203.499	219.703	225.542
Other non-current financial liabilities	C	2	2.449	2.449	3.330	3.330
Other non-current liabilities	A	2	886	886	920	920
Current liabilities						
Current financial debts (interest bearing)	A	2	97.612	97.612	62.012	62.012
Other current financial liabilities	C	2	0	0	13	13
Trade debts and other current debts	A	2	4.723	4.723	2.655	2.655
Other current liabilities	A	2	232	232	232	232

The categories correspond to the following financial instruments:

A. financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost
B. cash investments held to maturity and measured at amortised cost
C. assets and liabilities held at fair value through profit and loss, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recognised at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: measurement is based either fully or partially on information that is not (externally) observable.

The financial instruments of Intervest correspond to level 2 of the fair value hierarchy. The valuation techniques relating to the fair value of level 2 financial instruments are mentioned in the Annual report 2016 in Note 18 Financial instruments.

As at 30 June 2017, these interest rate swaps had a negative market value of € -2,2 million (contractual notional amount of € 160 million), which is determined by the issuing financial institution on a quarterly basis.

		Start date	End date	Interest rate	Contractual notional amount	Hedge account-ing	Fair value	
in thousands €						Yes/No	30.06.2017	31.12.2016
1	IRS	02.01.2012	02.01.2017	2,3350%	50.000	No	0	-11
2	IRS	02.01.2012	01.01.2017	2,1400%	10.000	No	0	-2
Authorised hedging instruments							*0*	*-13*
Other non-current financial liabilities							**0**	**-13**
1	IRS	02.01.2012	01.01.2018	2,3775%	10.000	No	-140	-274
2	IRS	02.01.2012	01.01.2018	2,3425%	10.000	No	0	-271
3	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-278	-362
4	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-278	-362
5	IRS	18.06.2015	18.06.2022	0,7800%	15.000	No	-471	-661
6	IRS	30.06.2015	30.06.2020	0,4960%	15.000	No	-269	-368
7	IRS	18.06.2015	18.06.2021	0,6300%	15.000	No	-363	-506
8	IRS	26.06.2015	26.06.2019	0,3300%	15.000	No	-162	-219
9	IRS	01.12.2016	01.12.2021	0,1200%	15.000	No	-23	-143
10	IRS	01.12.2016	01.12.2022	0,2200%	15.000	No	-5	-164
11	IRS	22.03.2017	22.03.2024	0,4675%	10.000	No	-56	0
12	IRS	22.03.2017	22.03.2023	0,3300%	10.000	No	-44	0
13	IRS	22.03.2017	22.03.2024	0,4500%	10.000	No	-44	0
14	IRS	22.03.2017	22.03.2024	0,8500%	10.000	No	-316	0
Authorised hedging instruments							*-2.449*	*-3.330*
Other non-current financial liabilities							**-2.449**	**-3.330**
1	Floor	01.12.2016	01.02.2021	0,0%	27.500	No	233	383
Non-current financial assets							**233**	**383**
Total fair value of the financial derivatives							**-2.216**	**-2.960**

Intervest did not classify any interest rate swaps as a cash flow hedge as at 30 June 2017. The value fluctuations of all existing interest rate swaps are directly included in the income statement.

2.6.7. Related parties

No modifications have occurred during the first semester of 2017 regarding the type of transactions with related parties as described in Note 20 of the Financial report of the Annual report 2016.

As far as the prevention of conflicts of interest is concerned, the company is subject to statutory rules (articles 523 and 524 of the Belgian Companies Code and articles 36 to 38 of the RREC Act) and to the rules set out in its articles of association and its Corporate Governance Charter

2.6.8. Off-balance sheet obligations

In the first semester of 2017, there have been no changes in the off-balance sheet obligations of the company as described in Note 23 of the Financial report of the 2016 Annual report, with exception of the fact that, in the second quarter of 2017, the Court of First Instance ruled against Intervest in the first case of disputed tax assessments. Intervest, together with the other parties involved, is currently studying the possibilities of submitting an application for cassation.

2.6.9. Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 30 June 2017.

▲ Liège

▲ Liège, CooperVision

2.7. Statutory auditor's report

INTERVEST OFFICES & WAREHOUSES SA,
PUBLIC REGULATED REAL ESTATE COMPANY UNDER BELGIAN LAW

REPORT ON THE REVIEW OF THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2016, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Intervest Offices & Warehouses SA, public regulated real estate company under Belgian law ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 650.314 (000) EUR and the consolidated condensed income statement shows a consolidated profit for the period then ended of 8.674 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

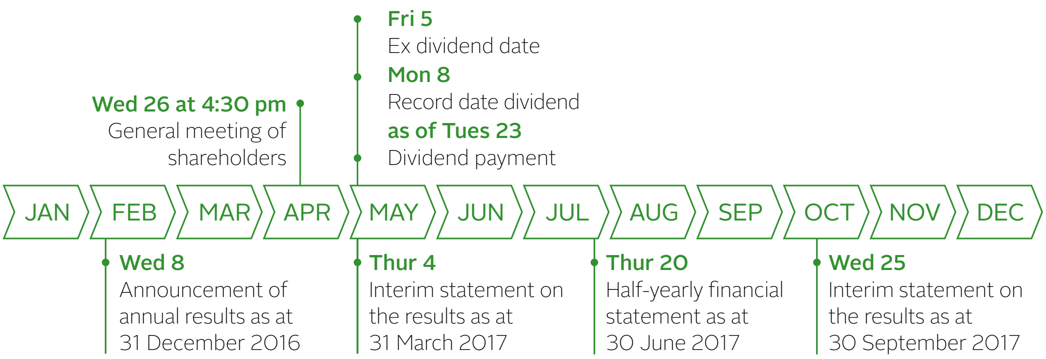
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Intervest Offices & Warehouses SA, public regulated real estate company under Belgian law has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 20 July 2017

The statutory auditor
DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Rik Neckebroeck

2.8. Financial calendar



3. Statement regarding the half-yearly financial report

In accordance with article 13, §2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), Marleen Willekens, Chris Peeters, Jacqueline de Rijk-Heeren, Johan Buijs and Gunther Gielen, declares that after taking all reasonable measures and according to its knowledge:

a. the condensed half-yearly figures, prepared in accordance with the principles of financial information in accordance with IFRS and in accordance with IAS 34 'Interim Financial Information' as accepted by the European Union, give a true and fair view of the equity, the financial position and the results of Intervest Offices & Warehouses nv and the companies included in the consolidation
b. the interim management report gives a true statement of the main events which occurred during the first six months of the current financial year, their influence on the condensed half-yearly figures, the main risk factors and uncertainties regarding the remaining months of the financial year, as well as the main transactions between related parties and their possible effect on the condensed half-yearly figures if these transactions should have a significant importance and were not concluded at normal market conditions
c. the information in the half-yearly report coincides with the reality and no information has been omitted whereby the statement could modify the purpose of the half-yearly report.

These condensed half-yearly figures were approved for publication by the board of directors as at 20 July 2017.

BEYOND
REAL
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HALF-YEARLY FINANCIAL REPORT

from the board of directors
for the period 01.01.2017 to 30.06.2017

Intervest Offices & Warehouses nv, (hereinafter 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 with further extensions in Belgium, the Netherlands and towards Germany. 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.

For more information, please contact:
INTERVEST OFFICES & WAREHOUSES nv,
public regulated real estate company under Belgian law,
Jean-Paul SOLS - ceo or Inge TAS - cfo, T. + 32 3 287 67 87.
http://corporate.intervest.be/en/offices