BEYOND
REAL
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# ANNUAL REPORT 2019

INTERVEST
OFFICES & WAREHOUSES

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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. This Annual Report 2019 uses the measures, 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 which Intervest considers to be alternative performance measures are included in the last chapter of this Annual Report 2019, called “Terminology and alternative performance measures”. The alternative measures are indicated with a ✪ and include a definition, objective and reconciliation as required by the ESMA guidelines.


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# Risk factors

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Turn-key solutions project - Greenhouse BXL - Essity

# 1. Most important risk factors and internal control and risk management systems

In 2019, the board of directors of Intervest Offices & Warehouses nv (referred to hereafter as "Intervest") as always focused attention on the risk factors with which Intervest Offices & Warehouses must contend: market risks, operational, financial and regulatory risks.

*Permanent changes in the real estate and financial markets require continuous monitoring of the market, operational, financial and regulatory risks in order to safeguard the results and financial situation of Intervest.*

This chapter describes the most important risks that the company faces. On the following pages, the first column states the risk. The second column describes its possible influence on the activities of Intervest, which can arise if the risk materialises. The third column provides an overview of the measures that Intervest takes in order to limit and control any potential negative impact of these risks to the highest extent possible[1].

The measures taken and the impact on the figures of these risks are described in detail in separate chapters of this annual report.

Readers are reminded that these risks are continuously evaluated and that new risks can be identified.
This list is therefore non-exhaustive and based on the information that was available at the time this report was published.

In addition, it should be noted that risk management is not an exercise that takes place with a certain frequency, but that it is integral to how the company is managed. This comprises daily financial and operational management, analysis of new investment files, formulating the strategy and objectives, but also establishing strict procedures for decision-making. Understanding of and defending against risks that arise from internal as well as external factors are essential for achieving a total return in the long term.

1. The numbering under *Limiting factors and control* refers to the *Potential impact* in the adjacent column.

# 2. Market risks

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Economic climate**<br><br>Material deterioration of economic climate (including inflation). | 1. Decreased demand for offices, storage and distribution space.<br>2. Increased vacancy rate and/or lower rental prices when re-renting.<br>3. Decrease in fair value of the property and as a result also a decrease of the net value.<br>4. Possible bankruptcies of tenants.<br>5. Negative impact on the operating result and cash flow by additional financial costs (caused by a rise in the interest rates), which is higher or faster than the increase in rental income. | • Excellent location of the properties, and focus on strategic logistical hubs or on secondary locations having growth potential. (2/3)<br>• Diversified tenant base with limited exposure to a sole tenant, good sectoral spread of tenants, and a market-compliant average contractual rental. (4)<br>• Quality of tenant base with mainly big national and international companies and a limited annual provision for doubtful debtors. (1/4)<br>• Standard clause included in the lease agreements in terms of which the indexation is linked to the heath index. (5) | Property report » 1.Composition of the portfolio |
| **Type of property**<br><br>Decreased attractiveness of the investment properties due to matters such as deteriorating economic conditions, oversupply of certain real estate segments or changing standards for the sustainability standards of the buildings or in society. | 1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental.<br>2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.<br>3. Not achieving the yield objectives of the investment properties. | • Adequate sectoral and regional spread. Strategic choice for investments in the offices sector and the logistics sector. When making investment decisions, adequate sectoral spread is the aim, with a sufficient percentage of investments in liquid real estate markets, as well as a limitation of the exposure of investments in a certain place/region. (1/2/3) | Property report » 1.Composition of the portfolio |
| | | • Proactive follow-up and years of experience. The investment properties are valued on a quarterly basis by independent property experts. In this way, trends in the real estate market become visible quickly and measures can be taken proactively. In addition, Intervest is deeply anchored in the market and possesses strong knowledge of the market stemming from years of experience and its own commercial teams. (1/2/3) | Property report » 3.Valuation of the portfolio by the property experts |
| **Moment of investment and divestment**<br><br>Making a transaction (investing/divesting in real estate properties) entails the inherent risk that, if the transaction takes place at the wrong juncture within the economic cycle, a property could be purchased for a price that is higher than its fair value, or conversely, that it could be sold for a price that is lower than its fair value. | 1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental.<br>2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.<br>3. Not achieving the yield objectives of the investment properties. | • Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to negative adjustments. During this period of economic boom, a more moderate policy will be applied regarding investments. During periods of economic recession, the fair value and occupancy rate of investment properties usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing fair value of investment properties and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the company from rising above the legally permitted levels. (1/2/3) | Report of the board of directors » 1.Investment strategy |
| | | • Adequate sectoral and regional spread. (1/2/3)<br>• Real estate that is to be purchased and sold must be valued before acquisition or sale by an independent property expert. (1/2/3) | Property report » 1.Composition of the portfolio |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Deflation**<br><br>A decrease in economic activity leading to a general decrease in prices. | 1. Decrease of rental income, among other things due to downward pressure on market lease levels and a decreased or negative indexation. | • Clause in most lease agreements that stipulates a minimum for the basic rent or states that negative indexation cannot take place. (1) | / |
| **Volatility on the financial markets**<br><br>External volatility and insecurity on the international markets. | 1. More difficult access to the equity markets to raise new capital/shareholders' equity and reduction of the options that concern debt financing.<br>2. Fluctuations in the share price.<br>3. Less liquidity available in the debt capital markets in relation to refinancing outstanding bond loans. | • Frequent dialogue with capital markets and financial counterparties as well as transparent communication with clear targets. (1/2/3)<br>• Follow-up and management of all risks that could have a negative impact on the perception of investors and financiers of the company. (1/3)<br>• Working towards building up long-term relationships with financial partners and investors. (1/3) | Report of the management committee » 4.Financial structure |

# 3. Operational risks

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Investment risk**<br><br>Risk of erroneous investment decisions and inappropriate policy choices. | 1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental.<br>2. Decrease in fair value of investment properties, mainly caused by increasing vacancy rate, unpaid rents, decrease of the rental prices when concluding new lease agreements or when extending existing lease agreements, along with technical characteristics relating to real estate such as soil contamination and energy performance.<br>3. Decrease of the net value and increase of the debt ratio. | • Internal checking measures: careful assessment of the risk profile based on market research, estimate of future yields, screening of existing tenants, study of environmental and permit requirements, analysis of tax risks, etc. (1/2/3)<br>• Constant monitoring of changes in economic, real-estate specific and regulatory trends, for example, regarding tax legislation, regulations regarding RRECs, etc. (1/2/3)<br>• In accordance with article 49, §1 of the RREC Act, an independent property expert values each acquisition or sale of real estate. (2)<br>• Close supervision of the safeguards put in place during the transaction, regarding both duration and value. (1)<br>• Technical, administrative, legal, accounting and tax due diligence for each acquisition based on continuous analysis procedures, usually with support from external specialised consultants. (1/2/3)<br>• Experience of the management and supervision by the board of directors, during which a clear investment strategy is defined with a long-term vision and consistent management of the capital structure. (1/2/3) | Report of the management committee » 2.Important developments in 2019 » 2.2 Investments in 2019 |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Repurchase risk**<br><br>Risk that, when certain conditions for economic development are not (no longer) met, a right of repurchase granted to the government will be exercised while an industrial site is being developed (within the framework of the Economic Exercise Act of 30 December 1970 (economische expansiewet) and the Decree on Spatial Economy dated 13 July 2012 (Decreet Ruimtelijke Economie)). | 1. Decrease in fair value of investment properties when a real estate project disappears from the Intervest real estate portfolio at a predetermined price (formula) because a right of repurchase is exercised. | • Internal checking measures: careful assessment of the risk profile based on market research, estimate of future yields, screening of existing tenants, study of environmental and permit requirements, analysis of tax risks, etc. (1)<br>• In accordance with article 49, §1 of the RREC Act, an independent property expert values each acquisition or disposal of real estate. (1) | / |
| **Construction and development risk**<br><br>Risks specifically related to development and reconversion projects, such as solvency of the contractors, obtaining the necessary permits, etc. | 1. Inability to obtain the necessary permits.<br>2. Significant delays leading to loss of potential income.<br>3. Material overrun of investment budgets.<br>4. In the case of developments at risk: prolonged periods of vacancy.<br>5. Not achieving the intended yields on developments. | • During legal and administrative due diligence, all permits and possibilities are analysed with each acquisition, usually with the support of external, specialised consultants. (1)<br>• Prior consultation with the relevant municipal and/or city services. (1)<br>• Strict follow-up of projects in progress with implementation of penalty clauses in case third parties do not comply with contracts. (2/3/5)<br>• Engage reputable adequately solvent contractors and provide the necessary guarantees. (3/5)<br>• Only limited developments at risk are started. In other words, subject to exceptions, a project is only launched if it is pre-leased and fully financed and the necessary permits are simultaneously available or if a rental guarantee is obtained from the developer. (4/5) | Report of the management committee » 2.Important developments in 2019 » 2.2 Investments in 2019<br>2.4 Development potential<br>7.Outlook for 2020 |
| **Negative changes in fair value of the buildings**<br><br>Negative revaluation of the real estate portfolio. | 1. Negative influence of the net result and the net value.<br>2. Negative evolution of the debt ratio.<br>3. Impact on the ability to pay out a dividend if the cumulative variations exceed the distributable reserves. | • The real estate portfolio is assessed every quarter by independent experts, so that trends become visible quickly and measures can be taken proactively. (1/2)<br>• Investment policy that is aimed at high-quality real estate at strategic logistical hubs and at locations with growth potential. (1)<br>• Well diversified portfolio. (1)<br>• Clearly defined and careful management of the capital structure. (2/3)<br>• The fluctuations in fair value of the investment properties relate to a non-materialised and non-cash item. (3) | Report of the board of directors » 1.Investment strategy<br><br>Property report » 3. Valution of the portfolio by the property experts |

<table>
<tr><th>Description of the risks</th><th>Potential impact</th><th>Limiting factors and control</th><th>Note</th></tr>
<tr><td rowspan="3">Rental risk<br>The risk that a building will not be able to be rented for the previously calculated rent (which may or may not result in vacancy). This risk is influenced by the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target group and users, the quality of the real estate, the quality of the tenant and the lease agreement.</td><td rowspan="3">1. Operating result and cash flow damaged by downward amendments to rental prices, increase of vacancy rate and commercial costs or re-rental, increase of property charges that are at the expense of the owner, such as service charges that cannot be passed on and property tax.<br>2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.<br>3. Not achieving the intended yields.</td><td>• Mitigating the impact of the economic situation on the results by:<br>◦ Spreading the duration of lease agreements and conducting a periodic analysis of the vacancy risk by using a calendar of lease agreements’ expiry dates. The company strives to maintain a balanced distribution of the duration of the lease agreements and timely anticipation of future lease terminations and agreement revisions. (1/3)<br>◦ Spreading the risk according to tenants and quality of the tenants, in order to limit the risk of bad debts and improve income stability. (1/3)<br>◦ Sectoral spreading of investment properties in which tenants are well spread across a large number of different economic sectors. (1/2/3)<br>◦ Location and quality of investment properties, with offices located on the Antwerp-Brussels axis, which is the most important and most liquid office region in Belgium, and a logistics portfolio at strategic logistical hubs in Belgium and the Netherlands. (1/2/3)</td><td>Property report » 1.Composition of the portfolio</td></tr>
<tr><td>• Allocation of a risk profile to each investment property, which is regularly evaluated (based on the company's own local knowledge and data from external parties and/or property valuers). Depending on the risk profile, a certain yield must be realised over a certain period, which is compared with the expected yield based on the internal yield model. On the basis of this, an analysis is made of which objects require additional investment, where the tenant mix must be adapted and which premises are eligible for sale. (1/2/3)</td><td></td></tr>
<tr><td>• Lease agreements contain protective elements such as rental deposits and/or bank guarantees of the tenants, clauses for automatic annual indexation of the rental prices in conformance with the health index and often a mandatory compensation payment from the tenant in case of early termination of the agreement. (1/3)</td><td>Financial report » Note 4 Property result » Recovery of property charges</td></tr>
</table>

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Risk related to the deteriorated state of the buildings and the risk of large works**<br><br>Risk of constructional and technical deterioration in the life cycle of buildings: the state of the buildings deteriorates due to wear and tear of various parts because of normal ageing and constructional and technical ageing. | 1. Operating result and cash flow damaged by downward amendments to rental prices, increase of vacancy rate and commercial costs or re-rental, increase of property charges that are at the expense of the owner, such as service charges that cannot be passed on and property tax.<br>2. Maintenance and renovation costs and investments are necessary to achieve the rental price estimated beforehand.<br>3. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. | • Proactive policy regarding maintenance of the buildings. (1)<br>• Constant monitoring of the investment plan in order to guarantee the quality of the portfolio. (1/2/3)<br>• Ad hoc redevelopment and renovation of outdated buildings alongside regular investments in quality and sustainability. (1/2/3)<br>• At the time of the termination of the lease agreement, the tenant (in accordance with the contractual agreements made in the lease agreement) must pay the company a refurbishment fee for rental damage. Rental damage is determined by an independent expert, who compares the incoming inventory of fixtures with the outgoing inventory of fixtures. This compensation for damages can be used to prepare the newly vacant space for occupation by the next tenant. (1)<br>• Sale of outdated buildings. (1/2/3) | Report of the management committee » 2.Important developments in 2019 » 2.2 Investments in 2019 |
| **Cost control risk**<br><br>Risk of unexpected volatility and an increase in operating costs and maintenance investments. | 1. Operating result and cash flow impacted, unexpected fluctuations in the property charges. | • Periodic comparison of maintenance budgets with the current situation. (1)<br>• Approval procedures when entering into maintenance and investment obligations, in which one or multiple quotations are requested from various contractors based on the amount. The technical department then conducts a comparison of the price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the company. (1)<br>• Proactive policy regarding maintenance of the buildings and constant screening of the buildings by the technical managers and the commercial teams in their daily discussions with the tenants. (1)<br>• Timely drawing up and close monitoring of investment budgets over the long term for comprehensive renovations and upgrades. (1) | Financial report » Note 5 Property charges |
| **Insurance risk (destruction risk)**<br><br>The risk of inadequate insurance cover when buildings are destroyed by fire or other disasters. | 1. Operating result and cash flow affected by loss of rental income and possible tenant loss.<br>2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. | • The real estate portfolio is insured for reconstruction value (which is the cost price for rebuilding to new state of the building, excluding the premises on which the buildings are located. (2)<br>• The insurance policies also mostly include additional guarantees for the real estate becoming unfit for use, such as loss of rental income, costs for maintenance and cleaning up the property, claims of tenants and users and third-party claims. The lost rental income is reimbursed as long as the building has not been rebuilt. (1)<br>• Close supervision of the coverage and timely renewal of the insurance contracts. (1/2) | Property report » 2.Overview of the portfolio » 2.3 Insured value |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Debtor's risk**<br><br>The risk that the rent cannot be collected (any longer) due to solvency problems. | 1. Operating result and cash flow impacted by loss of rental income and write-off of uncollected trade receivables, as well as by an increase of the costs that cannot be passed on to the tenant due to vacancy and legal costs.<br>2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. | • Clear procedures for screening tenants when new lease agreements are concluded. (1/2)<br>• Deposits or bank guarantees are always insisted upon when entering into lease agreements. In the standard lease agreement for offices, a rental deposit or bank guarantee is mostly applied that equals 6 months of rent in value, and one that equals 4 months of rent in value for logistics buildings. (1)<br>• Strict debtor management in order to safeguard timely collection of lease receivables and adequate follow-up of rent arrears. (1)<br>• Rents are payable in advance on a monthly or quarterly basis. For rental charges and taxes which may be contractually passed on to the tenants, a monthly (or quarterly) provision is requested. (1) | Financial report » Note 14 Current assets » Trade receivables<br>Note 4 Property result » Rental-related expenses |
| **Legal and tax risks: contracts and company-law reorganisations**<br><br>Inadequate contracts concluded with third parties. | 1. Negative impact on operating result, cash flow and net value.<br>2. Not achieving the yield objectives of the investment properties.<br>3. Reputational damage. | • If the complexity so requires, contracts to be concluded with third parties are checked by external consultants. (1/2/3)<br>• Insurance against liability arising from the activities or investments by means of a third-party liability insurance that covers physical injury and material damage. Furthermore, the directors and members of the management committee are insured for directors' liability. (1/2)<br>• Corporate reorganisations (merger, demerger, partial demerger, contribution in kind, etc.) are always subject to a due diligence exercise, guided by external consultants to minimise the risk of legal and financial errors. (1/2/3) | Property report » 2. Overview of the portfolio » 2.3 Insured value |
| **Turnover of key staff**<br><br>Risk of key staff leaving the company. | 1. Negative influence on existing professional relationships.<br>2. Loss of decisiveness and efficiency levels in the management decision-making process. | • Remuneration in line with the market. (1/2)<br>• Working in teams, avoiding individuals being responsible for important and strategic tasks. (1/2)<br>• Clear and consistent procedures and communication. (1/2) | Financial report » Note 7 Employee benefits |
| **Risk of concentration**<br><br>Risk of concentration of (the activities of) the tenants or concentration of investments in one or several buildings. | 1. Operating result and cash flow affected by the departure of a tenant or if a specific sector is hit by economic decline.<br>2. Decrease in fair value of the real estate investments, resulting in a decrease in the net value. | • Diversified tenant base with a restriction on the maximum exposure to one tenant and good sectoral spread of tenants. (1/2)<br>• Adequate sectoral and regional spread of the investment properties. (1/2)<br>• In accordance with the RREC Act, a maximum of 20% of the assets may be invested in real estate that forms one single property entity, with certain exceptions. (1/2) | Property report » 1.Composition of the portfolio |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **IT risk**<br><br>Risk related to information technology, such as break-in on the IT network, cyber criminality, phishing, etc. | 1. Negative impact on the functioning of the organisation.<br>2. Reputational damage caused by the loss of business-sensitive information.<br>3. Negative impact on the result caused by the loss of operational and strategic data. | • Daily back-ups to limit data loss in time. (1/2/3)<br>• Preventive training on cyber criminality for the employees. (1/2/3)<br>• Investing in a secured IT environment. (1/2/3)<br>• Support from externally specialised IT-service related consultants. (1/2/3) | / |
| **Risk associated with internationalising the Group**<br><br>Risk that the investments abroad will lead to an increase in the operational and regulatory risks because of insufficient knowledge of the international context. | 1. Increasing complexity of managing the daily activities (knowledge of the foreign market, physical, cultural and language barriers, etc.).<br>2. Increase in the regulatory risks in the various countries. | • Relying on local consultants who provide assistance in international development relating to knowledge of the market and regulations. (1/2)<br>• Implementing the necessary structures and procedures to guarantee fluent international development (e.g. specialised acquisition team). (1/2) | / |
| **Risk related to external communication**<br><br>Risk that Intervest is put in a negative light due to incorrect communication (including road shows and the press). | 1. Reputational damage caused by the provision of incorrect information.<br>2. Negative impact on the share price of the Intervest share. | • All external communication (e.g. annual report, press, road shows, etc.) is duly prepared and follows the internal approval flow before it is communicated. (1/2)<br>• The dissemination of transparent internal communication. (1) | / |

# 4. Financial risks

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Financing risk**<br><br>A relative increase in borrowed capital compared to shareholders' equity can result in a higher yield (known as "leverage"), but simultaneously brings increased risk. | 1. Being unable to meet interest and repayment obligations of borrowed capital and other payment obligations when yields from real estate are disappointing and when the fair value of investment properties decreases.<br>2. Not obtaining financing with new borrowed capital or only against very unfavourable terms.<br>3. The forced sale of investment properties against less favourable conditions in order to be able to meet payment obligations, with a negative impact on the results and net value. | • Balanced ratio of shareholders' equity and borrowed capital for financing real estate while keeping the debt ratio between 45% and 50%. This may be temporarily derogated from should specific market conditions require it. (1/2/3)<br>• A balanced spread of refinancing dates of the long-term financing with a weighted average duration ranging between 3,5 and 5 years. This may be temporarily derogated from should specific market conditions require it. (1/2)<br>• Aiming at safeguarding access to the capital market through transparent provision of information, regular contacts with financiers and shareholders (and potential shareholders) and increasing the liquidity of the share. (1/2/3) | Report of the management committee » 4.Financial structure |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Banking covenant risks**<br><br>Risk of failure to comply with certain financial parameters within the framework of the credit facility agreements and to observe the legal requirements that apply to the company: the bank credit facility agreements are subject to compliance with financial ratios that mainly concern the consolidated financial debt level or the financial interest charges. These ratios limit the amount that might still be borrowed. In addition, there is a restriction on borrowing capacity due to the maximum debt ratio that the regulations on RRECs allow. | 1. Cancellation, renegotiation, termination or financing agreements which become due and payable at an accelerated rate by financial institutions when ratios imposed are no longer observed. | • Careful financial policy with continuous monitoring in order to fulfil financial parameters. (1)<br>• Follow-up of the changes in the debt ratio at regular intervals and prior analysis of the influence of every intended investment operation on the debt ratio. (1)<br>• Drawing up a financial plan with an implementation scheme as soon as the consolidated debt ratio as defined in the RREC Royal Decree amounts to over 50%, pursuant to Article 24 of the RREC Royal Decree. (1) | Report of the management committee » 4.Financial structure |
| **Liquidity risk**<br><br>Risk of insufficient cash flows not being able to meet daily payment obligations. | 1. EPRA earnings and cash flow influenced by increase of the cost of debts due to higher bank margins.<br>2. Financing for interest payments, capital or operational costs being unavailable.<br>3. Impossibility to finance acquisitions or developments. | • Limiting this risk by means of the measures mentioned under operational risks, which reduces the risk of loss of cash flows due to e.g., vacancy or tenant bankruptcy. (1)<br>• Sufficient credit margin with financiers to absorb fluctuations in liquidity requirements. In order for the company to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. (1/2/3)<br>• Constant dialogue with financing partners in order to build up a sustainable relationship with them. (2)<br>• Conservative and careful financing strategy with balanced distribution of due dates, diversification of the financing sources and financing partners. (1/2) | Report of the management committee » 4.Financial structure |
| **Interest rate volatility**<br><br>Future fluctuations in the leading short and/or long-term interest rates on the international financial markets. | 1. EPRA earnings and cash flow influenced by increase of the costs of debts.<br>2. Fluctuations in the value of the financial instruments that serve to cover the debts.<br>3. Potential negative influence on the net value. | • High level of hedging against fluctuations in interest rates by means of derivative financial instruments (such as Interest Rate Swaps). (1)<br>• Follow-up of the evolution of interest rates and monitoring its impact on the effectiveness of hedging those risks. (1)<br>• Aiming at a balanced distribution of interest reviewing dates and a duration of at least 3 years for long-term financing. This may be temporarily derogated from should specific market conditions require it. (1)<br>• The fluctuations in fair value of the hedging instruments concern a non-realised and non-cash item (if the products are held until due date and are not settled prematurely). (2/3) | Report of the management committee » 4.Financial structure »<br><br>Financial report » Note 19 Financial instruments |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Risk associated with the use of financial derivatives**<br><br>In case of unfavourable market developments (for example a sharp decline in interest rates), derivatives receive a negative value in order to hedge the interest rate risk. | 1. Complexity and volatility of the fair value of the hedging instruments and therefore also of the net result and net value.<br>2. Counterparty risk towards the party with whom the financial derivatives have been concluded (see also "Risk associated with banking counterparties"). | • Fluctuations in fair value of the hedging instruments allowed have no impact on the cash flow since these financial derivatives are kept until the due date of these contracts. Only settlement before the due date would result in extra charges. (1)<br>• All financial derivatives are only used for hedging purposes. No speculative instruments are used. (1) | Report of the management committee » 4.Financial structure<br><br>Financial report » Note 19 Financial instruments |
| **Risk associated with the banking counterparties / Credit risk**<br><br>The conclusion of financing contracts or the use of a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default. | 1. EPRA earnings and cash flow impacted by additional financial costs and in some extreme circumstances termination of the refinancing contract or the hedging instrument.<br>2. Loss of deposits. | • Relying on various reference banks in the market to ensure a certain diversification of sources of financing and interest rate hedges, with particular attention for the price-quality ratio of the services provided. (1/2)<br>• Regular revision of the banking relations and exposure to each of them. (1/2)<br>• Tight control of cash position so that the cash position at financial institutions is in principle limited and the cash surplus is used to reduce financial debts, unless it has already been designated for new investments. (2) | Report of the management committee » 4.Financial structure<br><br>Financial report » Note 18 Non-current and current financial debts |
| **Risk associated with the debt capital markets**<br><br>The risk of being shut out of the international debt capital market should investors fear that the company's credit standing is too low to comply with the annual interest payment obligation and the repayment obligation on the expiry date of the financial instrument to be applied.<br><br>Risk that the debt capital market will be too volatile to convince investors to purchase the company's bonds. | 1. Financing of the day-to-day operations and further growth of the company being unavailable. | • Proactively maintaining good relations with current and potential bondholders and shareholders as well as with current and potential bankers by means of transparent disclosure of information, regular contacts with financiers and shareholders (and potential shareholders) and by increasing the liquidity of the share. (1)<br>• Policy to keep the debt ratio between 45% and 50% (regardless of the legal stipulation for RRECs allowing a debt ratio of 65%). (1) | Report of the management committee » 4.Financial structure |

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Financial reporting risk**<br><br>Risk that the financial reporting of the company contains material inaccuracies that would lead to stakeholders being informed incorrectly regarding the operational and financial results of the company.<br><br>Risk that the timing of financial reporting stipulated by regulations is not respected. | 1. Reputational damage.<br>2. Stakeholders making investment decisions that are not based on the right information, which in turn can result in claims being filed against the company. | • Each quarter, a complete closing and consolidation of the accounts is prepared and published. These quarterly figures are always analysed in detail and checked internally. (1/2)<br>• Discussion of these figures within the management committee and checking their correctness and completeness by, among others, analyses of rental incomes, operational costs, vacancy rate, leasing activities, change of the value of the buildings, outstanding debts, etc. Comparisons with forecasts and budgets are discussed. (1/2)<br>• The management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. (1/2)<br>• Checking of the half-yearly figures and the annual figures by the statutory auditor. (1/2) | Financial report » 7.Statutory auditor's report |
| **Risk of financial budgeting and planning**<br><br>Risk that the forecast and intended growth will not be achieved due to incorrect assumptions. | 1. Negative influence when making strategic decisions.<br>2. Negative influence of the financial and operational management.<br>3. Reputational damage. | • Quarterly updates on the budgeting model, including a comparison of the closing and consolidation of the accounts. (1/2/3)<br>• Testing the hypotheses in the budgeting model every quarter with any new circumstances and making adjustments where necessary. (1/2/3)<br>• Checking the budgeting model every quarter to detect any programming or human errors in good time. (1/2/3)<br>• Continuously monitoring the parameters that might influence the result and the budget. (1/2/3) | / |

# 5. Regulatory risks

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Status of public and institutional RRECs**<br><br>Status subject to the stipulations of the Act of 12 May 2014 on regulated real estate companies and the Royal Decree of 13 July 2014 on regulated real estate companies amended from time to time.<br><br>Risk of loss of recognition of the public and institutional RREC status. | 1. Loss of the benefit of the transparent tax system for RRECs.<br>2. Loss of recognition is viewed as an event that causes credit to become due before their due date.<br>3. Negative impact on the share price of the Intervest share. | • Continuous attention of the board of directors and the management committee for regulations surrounding RRECs and retention of the public RREC status. As such, among other things the distribution requirement and funding limits are calculated or determined periodically and on an ad hoc basis when refinancing, investing and preparing the dividend proposal. (1/2/3) | General information » 7.RREC - legal framework<br><br>Report of the management committee » 2.Important developments in 2019 » 2.4 Development potential » 7.Outlook for 2020 |
| **New and adjustments to different types of legislation**<br><br>New legislation and regulations could enter into force or possible changes in the existing legislation and regulations or their interpretation and application by agencies (including tax administration) or courts could occur[1]. | 1. Negative influence on the activities, the result and profitability, the net value, the financial situation and the outlook. | • Continuous monitoring of existing, any changes to or new future legislation, regulations and requirements and their compliance, with the support of specialised external consultants. (1) | / |
| **Dividend risk**<br><br>Article 617 of the Belgian Companies Code stipulates that no payout may be made if, as a result of the payout, the net assets of the company drop or would drop to below the amount of the paid-up capital or, if this is higher, of the called capital, increased by all the reserves which, according to the law or the articles of association, may not be paid out. | 1. Partial or total incapacity to pay out a dividend if the cumulative negative changes in the fair value of investment properties exceed the available reserves. This leads to a lower dividend (yield) than expected for the shareholder or none at all.<br>2. Volatility in the share price.<br>3. Overall weakening of confidence in the share or in the company in general. | • Intervest has sufficient distributable reserves to ensure dividend distribution. (1)<br>• At least 80% of the adjusted positive net result, reduced by the net decrease in the debt burden during the course of the financial year must be paid out as return on capital. (2/3)<br>• Development of solid long-term relationships with investors and financial institutions that facilitates dialogue on a regular basis. (2/3) | Financial report » 8.Statutory annual accounts » 8.6 Attachments to the statutory annual accounts |

1 As with existing practices within tax administration, in particular those mentioned in circular Ci.RH.423/567.729 of 23 December 2004 of the Belgian Ministry of Finances on calculating the exit tax, which, among others, specifies that the actual value of the real estate properties upon which the exit tax is calculated is determined by taking into account the registration fees or VAT that would be applied upon a sale of the real estate in question, which can differ from (which includes being lower than) the fair value of these assets as determined for IFRS purposes in the financial statements.

| Description of the risks | Potential impact | Limiting factors and control | Note |
|---|---|---|---|
| **Compliance risk**<br><br>The risk of an inadequate level of compliance with relevant legislation and regulations and the risk of employees not acting with integrity. | 1. Negative influencing of the entire business and operations, the result, the profitability, the financial position and forecast.<br>2. Reputational damage. | • Extra attention is paid to screening integrity when recruiting new staff. Awareness is created around this risk among staff, ensuring that they have sufficient knowledge about changes in the relevant legislation and regulations, supported by external legal advisers. To ensure a corporate culture of integrity, an internal code of conduct and whistle-blowing rules have been defined. (1/2)<br>• Adequate internal control mechanisms based on the “four eyes” principle. These mechanisms are intended to limit the risk of behaviour without integrity. (1/2)<br>• Presence of an independent compliance function (pursuant to article 17, §4 of the RREC Act) focused on examining and promoting compliance with the rules relating to the integrity of its business activities. The rules concern those resulting from the company’s policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner. (1/2) | Report of the board of directors » 2.Corporate Governance statement » 2.4 Other parties involved » Independent control functions |
| **Risk of expropriation**<br><br>Expropriation within the framework of public expropriations by competent government authorities. | 1. Loss in value of the investments and forced sale at a loss.<br>2. Loss of income due to lack of reinvestment opportunities. | • Continuous dialogue with the government in order to come to constructive solutions in the interest of all shareholders. (1/2) | / |

# History and milestones


ACQUISITION OF OFFICE BUILDINGS
MECHELEN BUSINESS TOWER


ACQUISITION OF LOGISTICS SITE
HERENTALS LOGISTICS 2

## 1996

Foundation

## 1999

Listing on Euronext Brussels (INTO)

Recognition as a property investment fund under Belgian law

Acquisition of office buildings in the Brussels periphery.

## 2001

Acquisition of office buildings in Antwerp, Mechelen and Brussels periphery

## 2002

First investments in logistics real estate: 20 properties

Expansion of office portfolio in the Brussels periphery and at Mechelen Campus (phase 1)

## 2005

Acquisition of office buildings at Mechelen Campus (phase 2)

## 2007

Acquisition of office buildings at Mechelen Campus (phase 3) and Exiten in the Brussels periphery.

Expansion of logistics portfolio with site Herentals Logistics 1

## 2008

Further expansion of logistics portfolio with acquisition of Herentals Logistics 2

## 2010

Successful first private placement of bond loan

## 2011

Further development of logistics portfolio with acquisitions in Huizingen, Oevel and Houthalen and extension of Herentals Logistics 2 (development project)

Name change, addition: "& Warehouses" confirming the important market position in logistics real estate

Start of turn-key solutions approach

## 2012

Position extension in logistics real estate with acquisition of second logistics site in Oevel

Further profiling with turn-key solutions approach

Opening of first Greenhouse co-working in Mechelen


ACQUISITION OF OFFICE BUILDINGS
MECHELEN CAMPUS (PHASE 1)

LOGISTICS SITE
OEVEL


PEUGEOT SHOWROOM WILRIJK 1

## 2013

First EPRA Award

Delivery of projects in Oevel (connection between existing logistics sites) and Wilrijk (Peugeot showroom)

## 2014

Successful private placement of bonds

Transformation into the status of regulated real estate company (RREC)

Contribution in kind from the logistics site in Oudsbergen

## 2015

Strategic emphasis shift to logistics real estate: acquisition of a logistics site in Liège

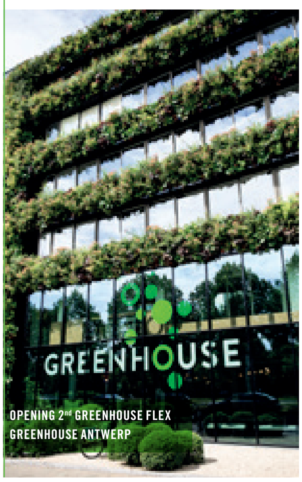
Broader shareholder base and support from several reference shareholders pursuant to the sale by majority shareholder NSI nv of 35% of its shares in Intervest Offices & Warehouses

## 2016

Reorganisation of the real estate portfolio pursuant to the divestment of five non-strategic properties in the Brussels periphery

Opening of second Greenhouse co-working space in Greenhouse Antwerp

Expansion of offices portfolio with Intercity Business Park in Mechelen



OPENING 2nd GREENHOUSE FLEX GREENHOUSE ANTWERP

## 2017

First step in the Netherlands with the acquisition of two logistics sites (Raamsdonksveer and Tilburg)

Achievement of a solid capital structure pursuant to three contributions in kind (logistics sites in Oevel, Aarschot and Zellik) and the optional dividend

Delivering of the newly-built distribution centre at Herentals Logistics

## 2018

Successful capital increase with irreducible allocation right of € 99.9 million

Real estate segments ratio: 60% logistics real estate and 40% office buildings

Real estate portfolio growth of 31% (€ 204 million) pursuant to acquisitions (six logistics sites in the Netherlands, one in Belgium and one office building in Belgium) and the redevelopment of the Diegem office building (opening of third Greenhouse Flex in Greenhouse BXL)

Acquisition of substantial development potential by the purchase of zone B of the former Ford site of Genk: 250.000 m² and incorporation of perimeter company Genk Green Logistics nv, as iRREC.


FRI-JADO ROOSENDAAL (NL) BUILT-TO-SUIT CENTRE


GOLD FORUM EINDHOVEN NEW-BUILD

## 2019

Further development of the logistics portfolio in the Netherlands: Nijmegen, Roosendaal and Den Bosch (land reserve)

Intervest 20 years on the Brussels stock exchange

Opening of an office in the Netherlands

Divestment of non-strategic logistics properties in Aartselaar, Houthalen and Oudsbergen

Active commitment to future value creation and sustainability

Commitment to VALUE CREATION and SUSTAINABILITY

# Intervest in brief




Greenhouse BXL - Entrance Hall/Event Space

# Highlights in 2019

| | | |
|---|---|---|
| 1 | Unique combination of 2 segments: 61% logistics and 39% offices | Strong risk spread |
| 2 | Acquisitions and investments in logistics development projects: € 54 million in 2019 | Solid growth plan |
| 3 | Future developments: in Roosendaal, Eindhoven & potential of 250.000 m² in Genk | Growth potential |
| 4 | Beyond real estate: reorientation of offices and flexibility in logistics segment | Internally dynamic property management |
| 5 | 6,0% dividend yield + 39% debt ratio | Attractive yield & balanced financing |

| | | |
|---|---|---|
| Listed RREC since 1999 | € 893 million investment properties | € 631 million market capitalisation |

# Strategic vision

Intervest at trade fair - Transport & Logistics in 2019

## Real estate portfolio

In order to achieve well balanced growth, Intervest keeps a close eye on the balance between growth and yield. Asset rotation is an integral part of the investment strategy.

The Netherlands - Roosendaal - Fri-Jado

## Logistics real estate

In logistics real estate, the focus is on investing in modern clustered logistics sites on locations with multimodal accessibility, with a geographical orientation that maximises synergy benefits.

Turn-key solutions project - Greenhouse BXL - Essity

## Offices

In the offices market, the priority lies with investing in inspiring multi-tenant offices in easily accessible locations in the greater metropolitan areas of Flanders. Buildings where working and experience go hand in hand with a service-oriented and flexible approach to tenants.

Greenhouse Antwerp - Co-working

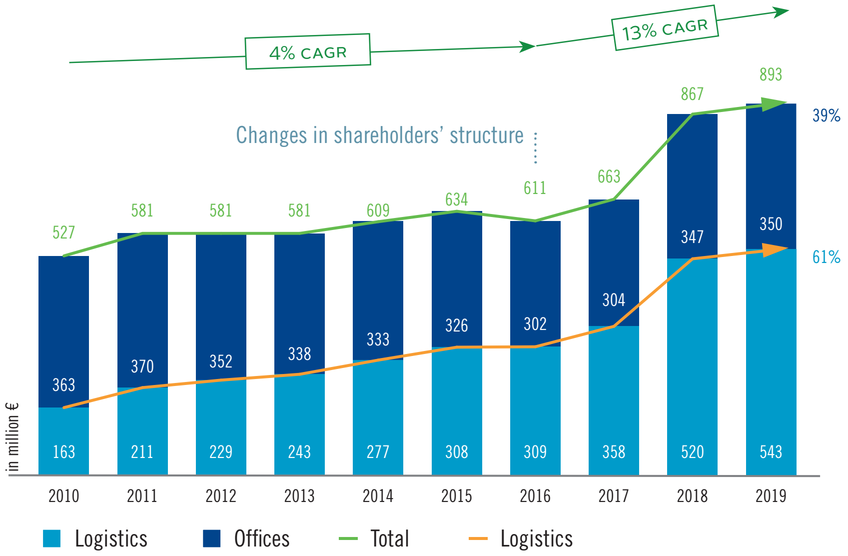
## Beyond real estate

In the strategic move away from the mere letting of m² towards the provision of flexible solutions and extensive service provision, Intervest continues along that pursued path with the concepts of Greenhouse hubs and turn-key solutions: *beyond real estate*.

Intervest "unburdens" its customers and offers them added value by listening to what they want, by thinking along with them and by thinking ahead.

# Key figures for 2019

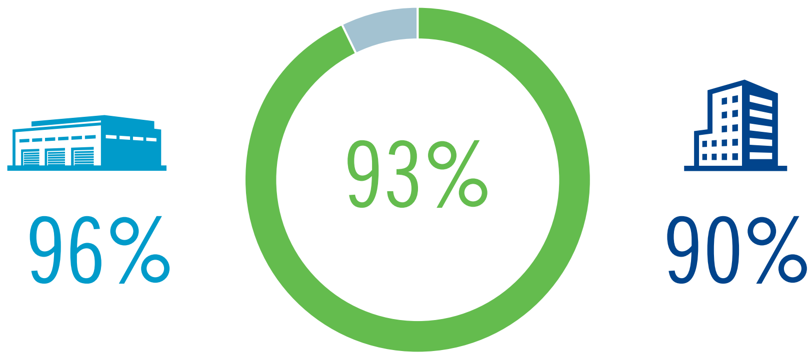
## Real estate portfolio




*Growth of 3% or € 26 million in real estate portfolio.*

***€ 893*** *million fair value*

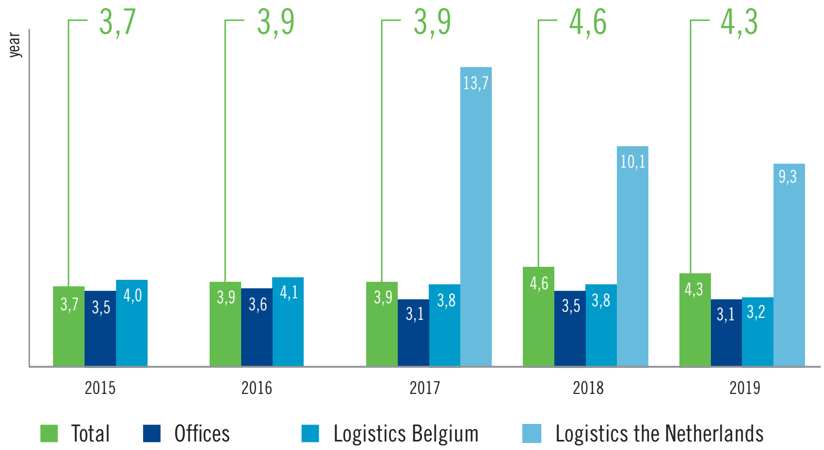
## Occupancy rate




*Stable occupancy rate of*

***93%***

## Average remaining duration of lease agreements (WALL)[1]




***Sufficient rental security:***

*WALL entire portfolio 4,3 years*
*WALL offices 3,1 years*
*WALL logistics 5,3 years*

## Results in 2019

| RESULTS (€ 000) | 2019 | 2018 |
|---|---|---|
| EPRA earnings | 46.820 | 31.168 |
| Result on portfolio | 22.010 | 4.561 |
| Changes in fair value of financial assets and liabilities (ineffective hedges) | -3.065 | -1.615 |
| **Net result (share of the Group)** | **65.765** | **34.114** |

*17% increase in EPRA result per share up to*

***€ 1,91***

| RESULTS PER SHARE | 2019 | 2018 |
|---|---|---|
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| EPRA earnings per share based on weighted average number of shares (€) | 1,91 | 1,63 |

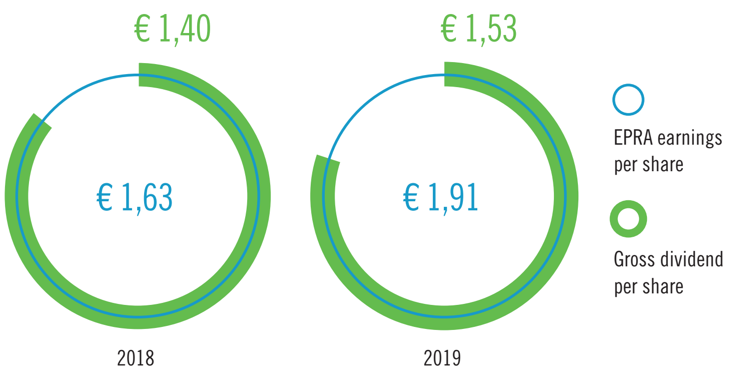
*3% increase in underlying EPRA earnings per share up to*

***€ 1,68*** *(excl. termination indemnity received from tenant Medtronic)*

1 Average remaining duration of the agreements until the next expiry date

# Key figures for 2019

## Dividend:

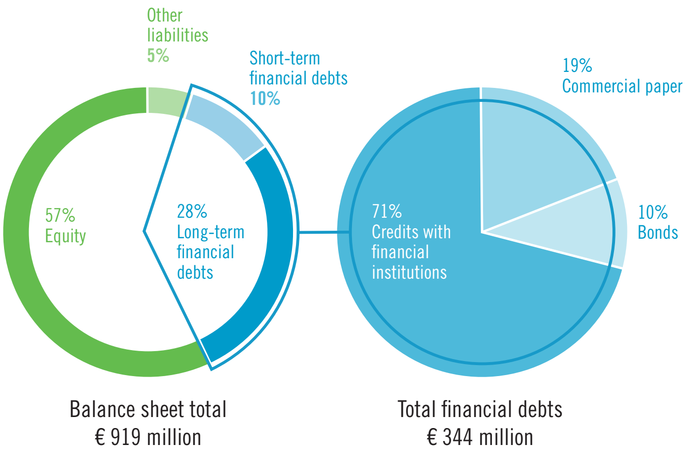



*Gross dividend for 2019 increased to*
*€ 1,53 per share*

*Gross dividend yield of*
*6,0%*

| RESULTS PER SHARE | 2019 | 2018 |
|---|---|---|
| Total number of shares entitled to dividend | 24.657.003 | 24.288.997 |
| Pay-out ratio (%) | 80% | 86% |
| Gross dividend (€) | 1,53 | 1,40 |
| Net dividend (€) | 1,0710 | 0,9800 |

## Financing structure




*Optimisation and reinforcement financing portfolio with expansion and further diversification of sources of financing*

*Debt ratio drops by 4,5% points to*
*39%*

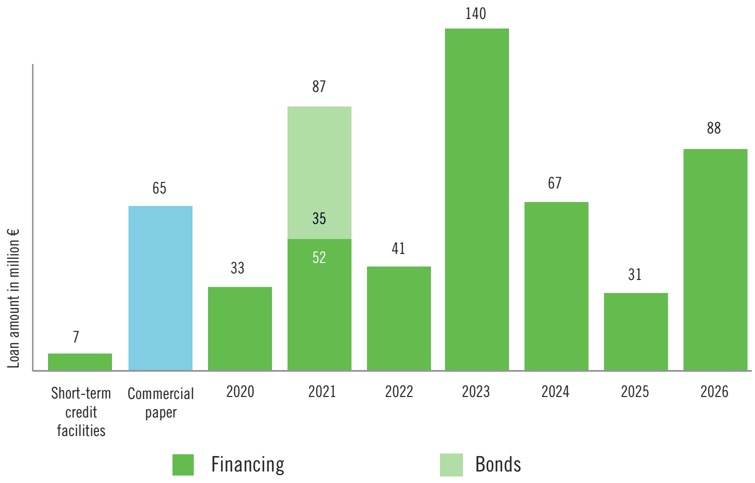
*€ 186 million*
*of non-withdrawn credit lines*

*Average interest rate 2,1%*

*Market capitalistion € 631 million*

| KEY FIGURES PER SHARE | 2019 | 2018 |
|---|---|---|
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| Net value (fair value) (€) | 21,25 | 19,62 |
| Net asset value EPRA (€) | 21,79 | 19,88 |
| Share price on closing date (€) | 25,60 | 20,60 |
| Premium with regard to net value (fair value) (%) | 20% | 5% |

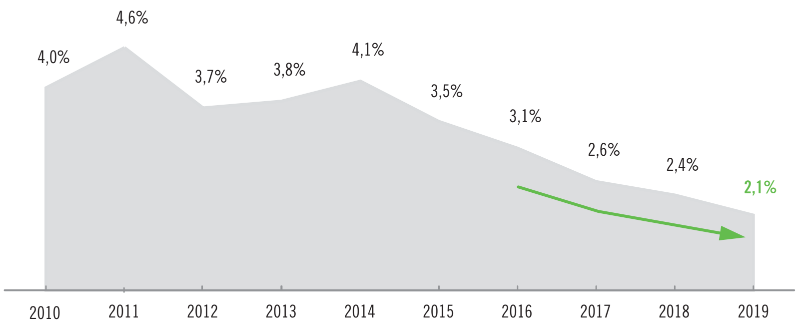
## Expiry dates calendar credit lines




*Duration of the long-term credit lines:*

*4,0 years*

## Interest rate




*Consistent decrease in the average interest rate of the financing to*

*2,1%*

## EPRA key figures

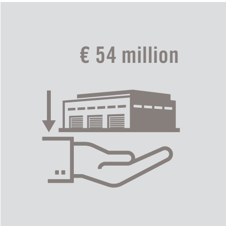
| EPRA KEY FIGURES PER SHARE | 2019 | 2018 |
|---|---|---|
| EPRA earnings (in € per share) (Group share) | 1,91 | 1,63 |
| EPRA NAV (in € per share) | 21,79 | 19,88 |
| EPRA NNNAV (in € per share) | 21,14 | 19,49 |
| EPRA Net Initial Yield (NIY) (in %) | 5,9% | 6,2% |
| EPRA Topped-up NIY (in %) | 6,1% | 6,4% |
| EPRA Vacancy rate (in %) | 6,8% | 6,7% |
| EPRA cost ratio (including direct vacancy costs) (in %) | 15,5% | 17,4% |
| EPRA cost ratio (excluding direct vacancy costs) (in %) | 14,5% | 16,2% |

*EPRA NAV increased by 10%*

*€ 21,79 per share*

# Activities in 2019

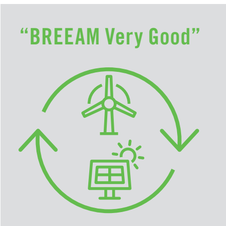
Rental income:
9% extended or renewed in 2019 via long-term lease agreements
4% extended or renewed via short-term lease agreements




Acquisitions and investments of € 54 million in development projects in the logistics portfolio


Divestment of three logistics sites in Belgium with a fair value of € 58 million

# Future value creation




Active commitment to sustainability in 2019

21% of buildings will be certified at least as "BREEAM Very Good" in 2020


Substantial development potential for logistics real estate in Belgium

# Financial calendar 2020[1]

**2020**

JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC

**Wed 12**
Announcement of annual results as at 31 December 2019

**Wed 29 at 4:30 pm**
General meeting of shareholders

**Wed 6**
Interim statement on the results as at 31 March 2020

**Thu 7**
Ex dividend date coupon 23

**Fri 8**
Record date dividend coupon 23

**As of Wed 27**
Dividend payment

**Wed 29**
Half-yearly financial statement as at 30 June 2020

**Mon 9**
Interim statement on the results as at 30 September 2020

1 Any changes to the financial calendar that might be required will be disclosed in a press release that can be consulted on the company website, www.intervest.be.

Sustainable energy by means of photovoltaic panels

# Letter to shareholders

The Netherlands - Roosendaal - Fri-Jado

## *Dear Shareholders*

After successfully achieving its growth objectives in 2018, Intervest took further steps in 2019 in its **investment strategy** to have the portfolio grow. The strategic growth plan is based on the reorientation of the office portfolio and the further roll-out of the Greenhouse concept, as well as on the expansion of the logistics real estate portfolio. The main aim here is to achieve a balanced ratio between return and growth, whereby non-strategic properties that do not sufficiently fit in optimally with the current and future characteristics of the portfolio, are divested. Investments will be made in high-quality and sustainable logistics buildings and offices, where for the offices attention will be paid to the special character, the architecture and multi-functionality, appropriate to the Greenhouse experience.

Given the current situation on the investment market, where buildings are offered for sale at sharp yields, Intervest also paid increased attention to asset rotation in 2019 and, in addition to traditional acquisitions, has invested in land reserves for future expansions and in development projects where higher yields can be achieved.

As a result of these choices and with a real estate portfolio of € 893 million as at 31 December 2019, Intervest did not achieve the pre-set objective of a portfolio of € 1 billion at the end of 2019, but invested in the quality and the development potential of the portfolio with higher yields. Intervest continues to pursue its growth plan with the prospect of ongoing development projects in the Netherlands, Genk Green Logistics and the expansion of existing logistics buildings in Belgium.

*Fair value of real estate portfolio*

*€ 893 million*

In 2019 the real estate portfolio experienced a **growth** of 3% or € 26 million from € 867 million as at 31 December 2018 to € 893 million as at the end of 2019. This increase is mainly the result of the increase in fair value (€ 22 million) of the existing buildings and those purchased in 2019, as well as of investments in the existing portfolio (€ 8 million). In addition, asset rotation was used to work on the quality and potential of the portfolio through a mix of acquisitions and investments in investment properties, land reserves and development projects in the logistics portfolio (€ 54 million) and the divestments of a few non-strategic logistics sites (€ 58 million).
Intervest had two committed developments in the Netherlands as at 31 December 2019. These are projects in Roosendaal and Eindhoven, respectively, where Eindhoven was already delivered in January 2020[1] and Roosendaal will be delivered in the course of 2020. In addition, Intervest still had a committed development in Belgium (first building in Genk) as at 31 December 2019, which will be delivered in the course of 2020.

The **fair value of the existing real estate portfolio** (excluding acquisitions) increased in 2019 by almost € 19 million or 2%[2], mainly due to the sharpening of the yields in the logistics portfolio, both in Belgium and in the Netherlands.

*40%*

*of logistics real estate portfolio in the Netherlands*

The ratio of the real estate segments in the portfolio as at the end of 2019 amounted to 61% logistics real estate and 39% office buildings. 40% of the logistics real estate portfolio is now located in the Netherlands. Intervest opened an **office** in **Eindhoven** in 2019 to support and further develop its activities in **the Netherlands**. The Dutch logistics portfolio, consisting of ten logistics objects, is managed from the new branch in Eindhoven. Intervest works together with Storms International Property Services for the property and asset management of the Dutch portfolio.

1 See press release dated 30 January 2020: “Intervest acquires the prominent logistics building Gold Forum in Eindhoven”.
2 Compared to the fair value of the investment properties as at 31 December 2018, with unchanged portfolio.

As at 31 December 2019, the total real estate portfolio had a total leasable surface area of 945.595 m².

The acquisitions in the logistics portfolio are a strategically aimed mix of more expensive investments in finished buildings having long-term lease agreements, developments and built-to-suit projects where a better yield can be achieved and the creation of land reserves where market opportunities such as last-mile urban distribution may present themselves, for example. Naturally, this is done with due regard for and limitation of the risks associated with this approach. Logistics real estate is, after all, becoming increasingly more expensive in the current market. Therefore, it is advisable to be careful regarding the acquisition route, and investment yields are closely monitored.

In 2019, Intervest continued its investment strategy and strengthened its position as logistics owner in the south of the Netherlands along the main logistics axes by expanding in the Netherlands with two acquisitions, in Roosendaal and Nijmegen, having long-term lease agreements. In addition, as part of the creation of a reserve of land in Den Bosch, a building was purchased that will in the long term be demolished and redeveloped for last-mile urban distribution. In total, Intervest realised **new acquisitions** in the Netherlands (Roosendaal and Nijmegen) for € 24 million in 2019. Furthermore, Intervest already invested € 30 million in logistics **development projects** in the Netherlands and Belgium (Eindhoven, Roosendaal and Genk) in 2019. The project development was delivered in Eindhoven, the Netherlands as at 30 January 2020. The delivery of Roosendaal is planned in the course of 2020.

*Acquisitions and investments in project developments*

*€ 54 million*

In 2019, Intervest **divested** three logistics sites in Belgium with a fair value of € 58 million, thereby realising an attractive gain on disposal of € 5 million. As a result of this divestment, Intervest is responding to the boom in the logistics real estate market and divesting buildings that are not sufficiently aligned with the characteristics of the portfolio.

*Divestment with attractive gain on disposal*

*€ 5 million*

Intervest sees possibilities of investing in more attractive yields in the office market, on condition that the office buildings are suited to adjust to the Greenhouse concept where traditional office space is combined with the extensive service provision, serviced offices, co-working, shared meeting rooms and event spaces.

The further **realisation** of the **Greenhouse concept** was also well received on the office market in 2019. Office buildings arranged as pioneering inspirational meeting places providing co-working and extensive services are also popular with traditional tenants, as can be seen from the rentals that have been concluded and the average higher annual rent for the Greenhouse buildings. The occupancy rate for office buildings with a Greenhouse concept averaged 93% as at 31 December 2019. An expansion of the co-working community is also fully under way, with interchangeability of workplaces with other providers at locations where Intervest does not offer co-working.

*Further putting into practice of Greenhouse concept*

In 2019, **investments and expansions in the existing portfolio** were carried out for € 8 million, of which approximately € 6 million was spent on the further realisation of the Greenhouse concept. For example, additional meeting rooms have been created on the first floor in Greenhouse BXL and work has been done on the further finishing of the co-working spaces, a green zone and parking facilities.

In Belgium, Intervest worked on further developing **Genk Green Logistics** in 2019. This project has a future development potential of approximately 250.000 m² state-of-the-art logistics real estate on zone B on the former Ford site, spanned over a period of five years. The site is an exceptional investment opportunity because of its location, size and multi-modal accessibility.

*Genk Green Logistics development potential of*

*250.000 m²*

The marketing of the planned new-build development in zone B is fully under way. Although De Vlaamse Waterweg will still be carrying out demolition, remediation and infrastructure works in zone A in 2020 and 2021, new developments in large parts of zone B can already be started at the same time that the remediation works are going on. The new construction for the first logistics building of approximately 25.000 m² was started in early 2020 and is expected to be ready by mid-2020.

*'BREEAM Very Good'*

*21%*

Intervest actively focused on sustainability in 2019, which will result in 21% of the buildings being certified at least as 'BREEAM Very Good' in the first half of 2020. In addition, in 2019 Intervest ensured the rental of roof surface area on seven Dutch logistics sites to be equipped with photovoltaic installations, four of which were already installed at the end of 2019, measuring 58.000 m².

Intervest will also actively pursue its sustainability strategy in 2020 by renewing or requesting 'BREEAM In-Use' certificates for its properties, by making every effort to attain a 'BREEAM' classification of 'Excellent' to 'Outstanding' in new-build projects and, if possible, by fitting photovoltaic installations on the roofs of logistics properties. Intervest also continues to take actions to maintain its sustainable business operations with the 17 United Nations Sustainable Development Goals (SDGs) as a guideline and will report about this in a separate Sustainability Report.

*Occupancy rate*

*93%*

The **occupancy rate** of the total Intervest real estate portfolio remained stable at 93% as at 31 December 2019. For the office portfolio, the occupancy rate increased by 2% points to 90% as at 31 December 2019, mainly as a result of new leases and expansions in Mechelen. The occupancy rate of the logistics portfolio fell to 96% as at 31 December 2019 (98% at the end of 2018), mainly due to the departure of tenant Fiege in Puurs. Given the strategic high visibility location of this site and the interest that logistics players have in this region, various discussions with potential tenants are ongoing and Intervest is considering the future possibilities of this building.

*9% long-term lease agreements*

In 2019, **9% of rental income** was entered into or renewed in **34 long-term lease agreements**, representing 88.000 m². This involves a mix of lease agreements for offices (7% of the total annual rental for offices) and lease agreements for logistics buildings (10% of the total annual rent for logistics). The most important leases were recorded in Oevel in the logistics portfolio and in Mechelen for the office segment. The lease activity in 2019 focused mainly on agreements with current tenants, which confirms the customers' confidence in Intervest.

*4% short-term lease agreements*

In addition to long-term leases and extensions, **4% of rental income** has been renewed or extended in **short-term lease agreements** that are either open-ended or have a duration of less than one year.

Moreover, in the office segment, **72 flexible contracts** were entered into for co-working and serviced offices in Greenhouse BXL, Mechelen and Antwerp.

The achievement of the strategic growth plan at the end of 2018 is clearly shown in the results for 2019 and led to an increase in EPRA earnings in 2019.

*Increase in EPRA earnings*

*50%*

The **EPRA earnings** for financial year 2019 rose by 50% compared to financial year 2018. Rental income increased by 38% as a result of the growth of the real estate portfolio and the one-off termination indemnity received from tenant Medtronic as a result of its early departure. This increase in rental income is partly compensated by higher property charges, general costs and financing costs related to the growth of Intervest and its real estate portfolio. Excluding the one-off indemnity received from tenant Medtronic, the EPRA earnings increased by 32% compared to 2018.

The **operating margin** improved by 2 % points and increased from 83% in 2018 to 85% in 2019. Excluding the one-off indemnity received from tenant Medtronic, the operating margin remained stable.

*Operating margin*

*+2% points*

The **EPRA earnings per share** amounted to € 1,91 for 2019 compared to € 1,63 for 2018. Excluding the indemnity received from tenant Medtronic, the EPRA earnings per share for 2019 would amount to € 1,68, an increase of 3% compared to 2018. This was despite a rise by 28% of the weighted average number of shares caused by the capital increase of November 2018 and the optional dividend in May 2018.

*EPRA earnings per share*

*€ 1,91*

The **gross dividend** for financial year 2019 will amount to € 1,53[1] per share (€ 1,40 for 2018), which means that there is a gross dividend yield of 6,0% based on the closing rate for the Intervest share as at 31 December 2019, which amounted to € 25,60. The net asset value (fair value) amounted to € 21,25 per share as at 31 December 2019, compared to € 19,62 as at 31 December 2018, which means that the share was listed at a premium of 20% as at 31 December 2019.

*Gross dividend €1,53*

*Premium 20%*

As at 31 December 2019, the **net value (fair value)** per share was € 21,25 compared to € 19,62 as at 31 December 2018. The **EPRA NAV** per share amounted to € 21,79 as at 31 December 2019. This means an increase of € 1,91 per share or 10% compared to an EPRA NAV per share of € 19,88 as at 31 December 2018. The increase is mainly a result of the combination of the EPRA earnings generation, the value increase of the real estate portfolio and the dividend payment for the 2018 financial year.

*+10% EPRA NAV*

*€ 21,79*

Due to the optional dividend whereby 45,2% of the shareholders opted for shares, **equity** was increased by € 8,6 million in May 2019.

The **market capitalisation** of Intervest as at 31 December 2019 amounted to € 631 million.

*Market capitalisation*

*€ 631 million*

The **debt ratio** of Intervest amounted to 39% as at 31 December 2019 (43,5% as at 31 December 2018). The decrease of 4,5% points is mainly the result of the increase in value in the logistics portfolio and the divestment of three logistics sites in Belgium at the end of 2019.

Within the context of the financing of its growth plan, Intervest further strengthened and optimised the total **financing portfolio** in 2019, including the expansion and further diversification of various financing sources for a total amount of € 68 million and the expansion of the commercial paper programme to € 65 million (€ 30 million as at 31 December 2018). Furthermore, existing financing of € 30 million was extended and a bond loan of € 25 million, which matured, was repaid. The average remaining duration of the long-term credits is 4,0 years as at the end of 2019.

*Optimization and reinforcement financing portfolio*

In line with the optimisation of the financing portfolio, an additional interest rate swap was concluded for a notional amount of € 15 million to hedge the interest rate risk and a number of existing hedging instruments for a notional amount of € 60 million were renegotiated and extended at a lower interest rate and with duration periods of between of 5 and 7 years. This caused the average duration of the interest rate swaps to be extended from 4,2 years to 4,4 years as at 31 December 2019. The **hedging ratio** amounted to 97% at year-end 2019 and is higher than Intervest's strategic objective of maintaining a hedging ratio of at least 80% as a result of the divestments at year-end 2019.

1 Subject to approval by the annual general meeting to be held in 2020.

*Average financing cost*

*2,1%*

*€ 186 million*
*of non-withdrawn credit lines available*

*Debt ratio*

*39%*

This financing, interest rate hedging and optimisation have caused the average **financing cost** of Intervest to decrease from 2,4% in 2018 to 2,1% in 2019.

At the end of 2019, a buffer of € 186 million of **non-withdrawn credit lines** was available to finance ongoing development projects, future acquisitions and the dividend payment in May 2020. In addition, € 33 million in credit lines will mature in the first quarter of 2020.

Because of the limited **debt ratio** of 39% as at 31 December 2019, Intervest can still invest approximately € 200 million with borrowed capital before reaching the top of the strategic range of 45%-50%.

In June 2019, Jean-Paul Sols announced his departure as ceo and chairman of the Intervest management committee. Over the past 13 years, he and the Intervest team have enabled the real estate portfolio to increase to approximately € 900 million. The board of directors thanks him for his many years of dedication and his important contributions to the development of Intervest. As of February 2020, Gunther Gielen has taken over as ceo and chairman of the management committee.

Together with him, you can count on us to facilitate the company's continued growth according to the roadmap set out. In this context, the trust that you and the clients continue to put in us is exceptionally important, as is the sustained commitment of our staff. We would like to take this opportunity to express our sincere gratitude and thank everyone for this.

Jean-Pierre Blumberg

Chairman of the board of directors

# Report of the board of directors




Greenhouse BXL - Auditorium

# 1. Investment strategy

Intervest is a high-quality, specialised player in both the **logistics real estate segment** as in the **office market**. A unique combination on the Belgian market, with sufficient critical mass, which offers the advantage of a strong risk spread and which seeks attractive and long-term returns for shareholders.

Permanent changes in the real estate and financial markets are the reason why Intervest carefully monitors its strategy and approach every year and refines it without affecting the essence in the process.

Intervest continued to implement its investment strategy in 2019 and, in doing so, paid attention to growth in addition to creating land reserves and rotating the assets of logistics sites and office buildings that are not adequately aligned with the future characteristics of the market.

In 2020 and 2021 Intervest will continue to pursue this approach unabated with the reorientation of its office portfolio and the expansion of the logistics real estate portfolio. Intervest will continue to pursue growth, paying attention to **sustainable value creation**, both in the existing real estate portfolio and in new acquisitions and development projects.

There will be additional investments in logistics real estate at strategic locations that have multimodal accessibility and possibilities to tap into the evolving logistics market, and this will parallel the reorientation and further development of the Greenhouse concept in the office portfolio, consisting of divesting non-strategic buildings and reinvesting in buildings having a distinctive character attributable to their multifunctional, architectural, sustainable and qualitative properties.

The rental markets and investment markets of office buildings and logistics real estate are subject to different dynamics. The office rental market is late-cyclical, whereas logistics real estate reacts more rapidly to **economic trends**. This means that the evolutions in value of offices and logistics real estate experience different movements, which are also based on structural societal changes.

It has been proven in the past that combining the two segments generates **high dividend yield**. In future this will also continue to be one of the areas on which Intervest will focus, in addition to creating long-term value, both in the office segment and in logistics real estate.

In this regard, as a real estate partner, Intervest goes beyond investing in and merely letting square metres. The company focuses on **providing service and supplying flexible solutions** so that customers can focus on their core activities. Intervest can unburden its customers and offer them added value, go *beyond real estate*, by listening to what they want, by thinking along with them and by thinking ahead.

By providing **turn-key solutions,** Intervest gives its customers the option of furnishing their space while taking into account the evolving ways of working, technological developments and the changing dynamics of their approach to the market. An in-house innovation team is responsible for providing total tailored solutions, ranging from planning, organisation and the coordination of work to budget monitoring. Besides providing a pleasant and accessible working environment, delivering the necessary support **service provision** in both the business and private sectors is also key to "unburdening" the customer.

*Intervest goes beyond real estate, beyond the square metres of office or logistics space.*

A proactive **customer-oriented service** is reflected throughout the organisation. All critical functions required for the management of real estate customers and real estate are available in-house: rental, finance and administration, operational services and facility management. A helpdesk is available to customers 24/7 for day-to-day real estate management.

## Logistics real estate portfolio: growth in logistics corridors.

Geographically, Belgium and its neighbouring countries are optimally located as a **logistical hub in Europe**, because of the major European main ports in the Rhine Delta and the proximity of a service area with strong purchasing power within a radius of 500 km. This has also led to serious development of the logistics real estate market. Demand for logistics real estate will continue to increase as a result of overall growth in the European economy and e-commerce growth. Increasingly more sites are also being (re-)developed based on "smart" logistics, responding to so-called last-mile urban distribution and caring for the climate.

In terms of new acquisitions or developments, Intervest has made **the three most important logistics axes in Belgium**its priority focus: Antwerp - Brussels - Nivelles, Antwerp - Limburg - Liège and Antwerp - Ghent - Lille. The company already has a distinct, strong presence on these axes, making it an important discussion partner for its customers in these market segments. By further developing the positions on these axes, it is possible to anticipate the changing needs of current and new customers as regards surface area or location.

Other locations in **Belgium and the Netherlands** connecting to these axes are also being considered.

Intervest aims to establish **building clusters**, i.e. various locations in close proximity to one another, in order to be able to offer customers efficient and optimal service provision. Not only does such clustering apply to existing locations, it will also play a role in the geographic growth of the portfolio as a logical complement to the current core areas.

The growth of Intervest in this segment will be achieved by acquiring **high-quality real estate, developments of land positions preferably on multimodal accessible locations and by developing its own portfolio.** In order to bring about these developments, Intervest establishes **land reserves** in the vicinity of its already existing clusters in Belgium and the Netherlands, keeping in mind the proximity of the urban environment, given the evolutions in terms of last-mile urban distribution and care for the climate.

*To maximise synergy benefits, Intervest's strategy for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multimodal accessibility, with a clear geographical focus, attention for market developments and care for the climate.*

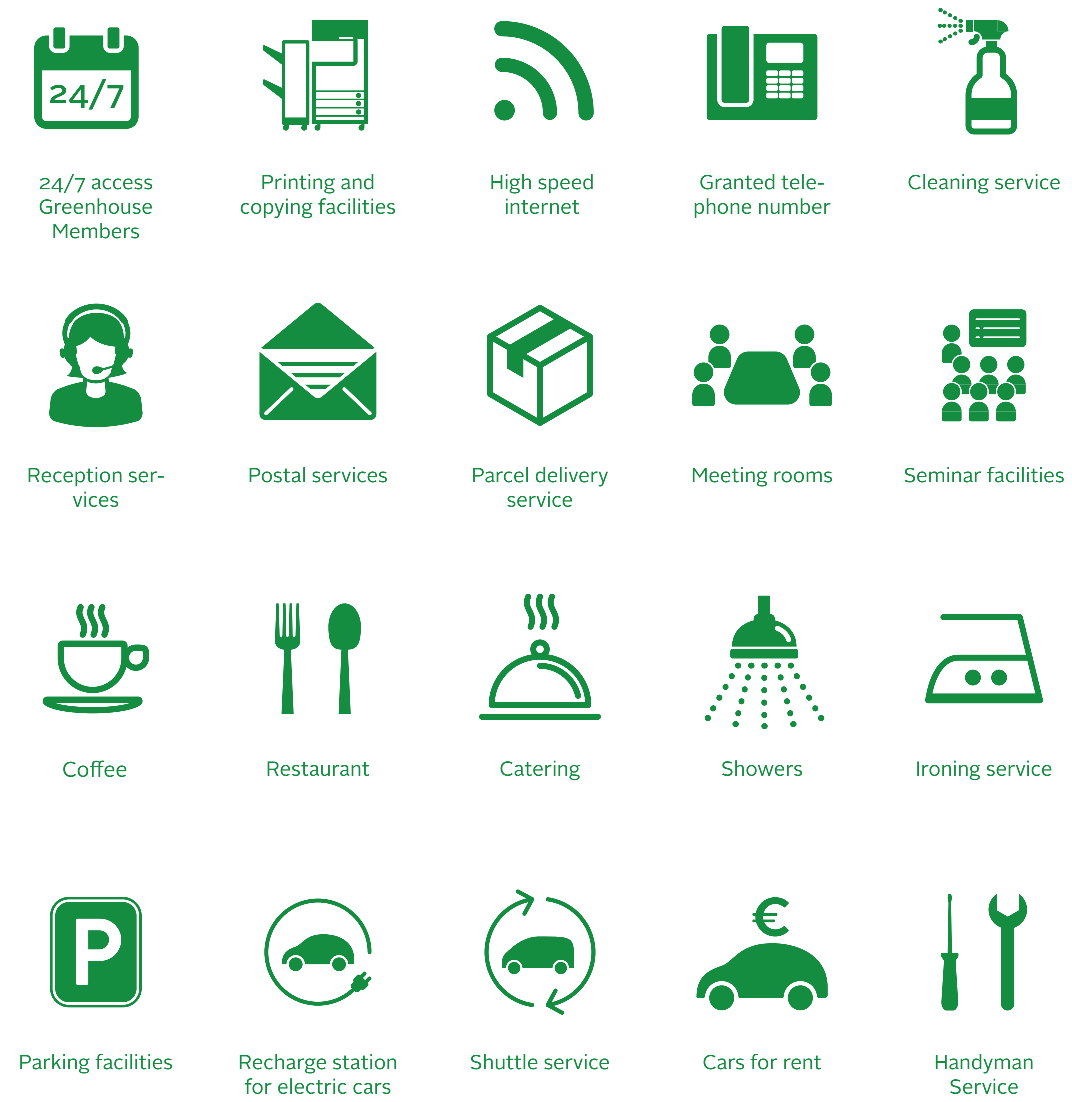
## Office portfolio: efficiently tapping into a changing rental market and reorientation of types of buildings while further developing the Greenhouse formula

In the highly competitive environment of the office market, Intervest distinguishes itself by focusing on the constantly evolving needs of customers. They are no longer just looking for space. What they want is an **all-in-one solution** where **service provision** and **additional functionalities** make all the difference: shared meeting rooms, facilities to hold events, restaurant, gym, a general environment for experience and the like. Offering these facilities links up logically with the changing way of working and technology and the accompanying increasing need for flexibility and mobility to work anywhere and anytime.

Intervest actively taps into this by redeveloping existing office buildings with the **Greenhouse concept. Greenhouse** is a concept that is aimed at encouraging people to meet and interact, in a professional atmosphere, with a high level of flexibility and extensive service provision while still paying due attention to well-being and energy efficiency.

With regard to the re-orientation relating to the office portfolio, Intervest will in future continue to focus on strategic locations, both in the **city centre** and on **campuses outside the city** mainly on the Antwerp - Mechelen - Brussels axis. New investments in the office market will target buildings of a distinctive character, where working is an experience.

*The strategy of Intervest in the office market is aimed at reorienting the office buildings towards multi-tenant buildings with service-oriented, inspiring work environments, in easily accessible places in and around central cities in Flanders.*




*Beyond real estate* - a wide range of facilities and services

## Rotation in the portfolio

Intervest will continue to pursue growth, paying attention to value creation, both in the existing real estate portfolio and in new acquisitions and development projects. Rotation in the portfolio is a possible approach.

Asset rotation in the office portfolio according to which smaller, single, non-optimal or outdated buildings where no Greenhouse concept is possible will be divested if sufficiently interesting opportunities to do so arise. However, Intervest always wishes to retain an essential share in the office segment.

Intervest also keeps the options open to divest logistics properties that are not adequately suited for the current or future logistics market requirements of logistics players. Divestments on a regular basis are after all necessary to continuously improve and rejuvenate the portfolio quality.

## Portfolio characteristics

Intervest has a mixed real estate portfolio of € 893 million, which consists of 61% logistics real estate and 39% office buildings (as at 31 December 2019).

A large portfolio clearly offers a number of benefits.

- It helps to spread the risk for the shareholders. After all, potential geographic fluctuations in the market can be absorbed by investing in real estate in different areas.
- The company is less dependent on one or a small number of major tenant(s) or project(s) and the risk is spread over a large number of tenants and properties. The tenants also operate in widely divergent sectors of the economy, such as the pharmaceutical and computer industries, media, consultancy, telecommunications, the travel and food industries.
- The achieved economies of scale make it possible to manage the real estate portfolio more cost-efficiently. This relates, for instance, to costs of maintenance and repair, (long-term) renovation costs, consultancy fees, publicity costs, etc.
- The increase in the size of the total portfolio puts Intervest in a stronger negotiating position when discussing new lease terms and offering new services, alternative locations, etc.
- It makes it possible for a specialised management committee to use its knowledge of the market to pursue an innovative and creative strategy, resulting in an increase in shareholder value. It doesn't just generate growth in rental income, but also boosts the value of the portfolio itself. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new lease terms, an improvement in tenant quality, being able to offer new services, etc.

Every acquisition must be checked against real estate and financial criteria.

Real estate criteria:

- quality of the buildings (construction, finishing and number of parking spaces)
- location, accessibility, visibility and mobility
- quality of the tenants
- compliance with the statutory and regulatory provisions (permits, soil contamination, etc.)
- re-letting potential.

Financial criteria:

- sustainable contribution to the result per share
- exchange ratio based on investment value in equity transactions.

*The free float of the Intervest share was 85% as at 31 December 2019.*

## Share liquidity

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract large investors, which improves growth opportunities.

High liquidity makes it easier to issue new shares (for increasing capital, for contributions or mergers), which is also tremendously important for growth. To improve its liquidity, Intervest has concluded a liquidity agreement with KBC Securities and Bank Degroof Petercam.

# 2. Corporate governance statement

## 2.1. General

This corporate governance statement is in line with the provisions of the Belgian 2009 Corporate Governance Code ("2009 Code") and the Act of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 stipulated the 2009 Code as the sole applicable code. This Code can be found on the Belgian Official Gazette website and at www.corporate-governancecommittee.be.

The new Code 2020 will apply from 1 January 2020. Intervest will apply this as reference code as from 1 January 2020, as prescribed. For 2019, Intervest treats the Belgian Corporate Governance Code 2009 as a reference code.

Intervest's board of directors has laid down corporate governance principles in a number of guidelines:

- the Corporate Governance Charter
- the code of conduct
- the procedure for reporting irregularities
- the trading regulations for the prevention of abuse of insider knowledge and prevention of market abuse.

The complete Corporate Governance Charter, reviewed for the last time in July 2016, sets out the important internal procedures for the management entities of Intervest. The Corporate Governance Charter, as well as the other directives, are available at www.intervest.be.

The terms of the Belgian Corporate Governance Code 2009 may only be deviated from when specific circumstances require it. If such an event occurs, the deviation is explained, in accordance with the "comply or explain" principle, in the annual report. The board of directors of the company has deemed that it is sometimes justified for the company not to follow certain terms of the Corporate Governance Code 2009.

According to the "comply or explain" principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to RRECs.

In 2019, the company deviated from the following stipulations of the Belgian Corporate Governance Code 2009 (explain):

### Provisions 5.3 and 5.4 on the operation of committees (including Appendices D and E)

The board of directors has not established an appointment committee or remuneration committee for the financial year 2019. It is the opinion of the board that tasks of these committees are tasks of the full board of directors and this in derogation of clause 5.4/1 as recorded in Annex E of the Code 2009 which stipulates that the remuneration committee consists exclusively of non-executive directors. Consequently, the remuneration committee of the board of directors consists of all members of the board of directors. The limited size of the board makes an efficient debate on these subjects possible.

In 2020, the board of directors will decide to set up an appointment committee and a remuneration committee as the company no longer met two of the three criteria determined by Article 526quater of the Belgian Companies Code in the course of 2019.

### Clause 2.9 Company secretary

The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communications within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors made such a position unnecessary until now. Due to the growth of the company and its increasing complexity, the board of directors decided in January 2020 to appoint Kevin De Greef as company secretary.

# 2.2. Management entities

## Board of directors

| | Address | Mandate | Renewal | End | Attendance |
|---|---|---|---|---|---|
| **Jean-Pierre Blumberg**<br>Chairman,<br>independent director | Plataandreef 7<br>2900 Schoten<br>Belgium | Second mandate | April 2019 | April 2022 | 3/11* |
| **Marleen Willekens**<br>Independent director | Edouard Remyvest 46 b1<br>3000 Leuven Belgium | Second mandate | April 2019 | April 2022 | 10/11 |
| **Chris Peeters****<br>Independent director | August Van Landeghemstraat 72<br>2830 Willebroek<br>Belgium | Third mandate | April 2019 | April 2022 | 11/11 |
| **Jacqueline Heeren - de Rijk**<br>Independent director | Stationsstraat 33<br>2910 Essen<br>Belgium | Second mandate | April 2019 | April 2022 | 10/11 |
| **Johan Buijs**<br>Director | IJsseldijk 438<br>2921 BD Krimpen a/d Ijssel<br>The Netherlands | Third mandate | April 2018 | April 2021 | 10/11 |
| **Gunther Gielen**<br>Director | Korte Welvaart 57<br>3140 Keerbergen<br>Belgium | Second mandate | April 2019 | April 2022 | 9/11 |

* Jean-Pierre Blumberg was not present at a number of meetings of the board of directors for medical reasons.
** Chris Peeters has tendered his resignation for his mandate as director as from 23 January 2020. The board of directors accepted such resignation as at 24 January 2020

As at 31 December 2019, the board of directors comprised six members, four of whom are independent directors, all four fulfilling the conditions of Article 526ter of the Belgian Companies Code.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

The directors are non-executive directors.

## JEAN-PIERRE BLUMBERG

Chairperson, independent director

Jean-Pierre Blumberg has been an independent director and chairperson of the board of directors of Intervest since 2016.

### Employment history

Jean-Pierre Blumberg, born in 1957, attained a licentiate in law at the KU Leuven and a Master of Laws, LLM at Cambridge University. He started his career in 1982 as employee at De Bandt, van Hecke, Lagae (currently Linklaters LLP), where he became partner in 1990. He was then National Managing Partner at Linklaters LLP from 2001 to 2008. He was a member of the Executive Committee Linklaters LLP and Managing Partner Europe from 2008 to 2012. He was a member of the International Board of Linklaters LLP until 2016. In addition, he was Senior Partner in the Corporate and M&A Practice Group in Belgium and co-head of global M&A, lecturer at the University of Antwerp, guest lecturer at the KU Leuven, ad hoc lecturer at the AMS Management School and member of the High Level Expert Group on the Future of the Belgian Financial Sector. Jean-Pierre Blumberg is an author and co-author of various articles in national and international legal and tax journals and has attained various distinctions.

### Current mandates

Chairperson of the board of directors and member of the audit committee of Intervest (listed), chairperson of the board of directors of TINC nv (listed), chairperson of the board of directors of Genk Green Logistics nv, independent director of Bank Delen nv, co-chairperson Pulse Foundation, director of Antwerp Symphony Orchestra.

### Previous mandates during the past 5 years

Independent director of CMB (Compagnie Maritime Belge).

## MARLEEN WILLEKENS

Independent director

Marleen Willekens has been an independent director of Intervest and chairperson of the audit committee since 2016.

### Employment history

Prof. Dr Marleen Willekens, born in 1965, attained an M.A. in Business Economics at Ghent University (1987) and then started her career in the financial sector, as an intern at Bank Brussels Lambert. She decided to start working in the academic world in 1989, where she attained a Ph.D. in Industrial and Business Studies at the University of Warwick. After having attained her doctorate, she was appointed lecturer in the Accountancy research group of the Faculty of Economics and Business at the KU Leuven in 1995, where she has been a full professor since 2009. She was professor at Tilburg University from 2006 to 2008 and she has also been a part-time professor of Auditing at the BI Norwegian Business School in Oslo since 2012. Marleen Willekens gives lectures on subjects such as Auditing, Financial Accounting and Accounting for Managers at the KU Leuven, and gives guest lectures at numerous universities abroad, in MBA and executive programmes. She is also an author and co-author of various articles and books in the field of auditing and accounting. She has received various awards, both locally and abroad for her research in this field.

### Current mandates

Member of the board of directors and chairperson of the audit committee of Intervest (listed), member of the board of directors and chairperson of the audit committee of Aedifica nv (listed), chairperson of the Dutch jury (NL3) of the examination of suitability for registered auditor.

### Previous mandates during the past 5 years

Does not apply.

## CHRIS PEETERS

Independent director

## JACQUELINE HEEREN - DE RIJK

Independent director

Chris Peeters was an independent director of Intervest until 24 January 2020.

### Employment history

Prof. Dr Chris Peeters was born in 1960. In 1982, he attained the degree of Master in applied economic science and a doctorate in applied economic science in 1990. He is affiliated with the University of Antwerp, where he lectures the courses Maritime and Port Economics, Transport Policy and Logistics, and functions as an adviser for companies and government bodies both within and outside Europe. Prof. Dr Peeters is an author and co-author of more than 30 books and a number of articles on strategy and policy. He is an internationally recognised expert on strategic decision-making and policy advice. He is the founder and senior partner of Policy Research Corporation bv, a strategic consultancy active in the Netherlands and Belgium.

### Current mandates

Chris Peeters tendered his resignation at the end of December as a member of the board of directors and of the audit committee of Intervest (listed). The board of directors of 24 January 2020 accepted this resignation.

Chairperson of Policy Research Corporation bv and Military Talent for Business Solutions bv and managing director of Marvic Corporation bvba, member of the advisory board of Limburgs Energie Fonds bv, chairperson of the board of directors of the vzw Cluster for Innovation in Defence, Safety and Security (Cidss.be).

### Previous mandates during the past 5 years

Member of the board of directors and of the audit committee of Vastned Retail Belgium nv (listed).

For a complete CV, please refer to the Annual Report 2018.

Jacqueline Heeren - de Rijk has been an independent director of Intervest since 2016.

### Employment history

Jacqueline Heeren - de Rijk was born in 1952. She followed a number of training courses related to Logistics and Transport, including training as Specialist in Transport of Dangerous Substances at the Shipping and Transport Education Foundation (Stichting Scheepvaart en Transportonderwijs). From 1994 she held the position of director/manager at Jan de Rijk nv, trading under the name of Jan de Rijk Logistics. She has been a director at Euroute Holding nv since 1995 and has been a director at Europand bv and Euroute Investment bv since 2005.

### Current mandates

Member of the board of directors of Intervest (listed). Vice-chairperson of the sector council of the National and International Road Transport Organisation foundation (ZBO). Board member of thermography Coordination and Advice Centre Brabant (Multimodaal Coördinatie- en Adviescentrum Brabant). Member of Economic Board West Brabant. Smartwayz Program Board Member.

### Previous mandates during the past 5 years

Director of Europand Eindhoven bv.

## JOHAN BUIJS

Director

Johan Buijs has been a non-independent director of Intervest since 2011.

### Employment history

Johan Buijs, born in 1965, studied civil engineering at the Delft University of Technology. He started his career in 1989 as a structural engineer at the D3BN Civil Engineers consultancy. Afterwards, he worked as a structural engineer/project manager at Royal Haskoning and as a project manager and director of D3BN Rotterdam and director of D3BN infrastructure. He continued his career as the head of the building department and, as of January 2005, as statutory director of Wereldhave Management Holding bv. In 2006, Johan Buijs was appointed statutory manager of Wereldhave nv. In 2008, he continued his career at NSI where he led as general manager until August 2016. He is currently active as ceo and co-founder of Spark Real Estate bv, co-founder of Vybes bv and shareholder/director at Easywatersupply (EW Supply bv).

### Current mandates

Member of the board of directors of Intervest (listed), member of the statutory auditors of Stadsherstel Historisch Rotterdam nv, member of the board of statutory auditors of Matrix Innovation Centre.

### Previous mandates during the past 5 years

Director at IVBN, the Vereniging van Institutionele Beleggers in Vastgoed (Association of Institutional Real Estate Investors).

## GUNTHER GIELEN

Director

Gunther Gielen has been a non-independent director of Intervest since 2016.

### Employment history

Gunther Gielen, who was born in 1973, attained a business engineering degree at the KU Leuven, followed by a Master of Finance at the University of Antwerp. From 1997 to 1999 he was an analyst of advanced financial products and derivatives at Bacob. From 1999 to 2002 he was an equity analyst at Artesia Banking Corporation. From 2002 to 2006 he was senior risk manager of equities and real estate at Dexia Bank and from 2006 to 2010 he was principal risk manager of ALM equities and real estate. From 2010 to 2013 he was head of the expertise centre risk management equities and real estate at Dexia conso (later Belfius conso). From 2013 to 2014 he was head of portfolio management at Belfius Insurance Invest nv. Since May 2014 he has held the position of managing director of Belfius Insurance Invest nv. Since June 2018 he has also held the position of chairperson of the management committee and member of the board of directors of Auxipar nv.

### Current mandates

Member of the board of directors of Intervest (listed), chairperson of the management committee and member of the board of directors of Auxipar nv, member of the board of directors of Technical Property Fund 2 SPPICAV, member of the board of directors of Coquelets SA, member of the board of directors of Legros-Renier Les Amarantes Seigneurie de Loverval SA, member of the board of directors of LFB SA, managing director of Immo Malvoz sprl, member of the board of directors of Immo Zeedrift nv, member of the board of directors of L'Economie Populaire scrl, member of the board of directors of ImmoActivity SA, member of the board of directors of Interfinance cvba, manager of Offico Immo bvba, member of the board of directors of De Haan Vakantiehuizen nv and of SunParks De Haan nv and managing director of Immo Trèfles sprl.

### Previous mandates during the past 5 years

Member of the board of directors of Promotion Leopold nv (ended on 25 June 2014), member of the board of directors of AIS Consulting nv (ended on 5 December 2014)

## Operation of the board of directors

To the extent necessary, it is specified that, during the past five years, not one of the directors:

- has been convicted in relation to fraud-related offences
- in his or her capacity as member of a board, management or supervisory body, or, as member of a board, has been involved in a bankruptcy, suspension of payment or liquidations, with the exception of Chris Peeters, who resigned as director as at 24 January 2020
- has been the object of official and publicly voiced accusations and/or sanctions imposed by legal or supervisory authorities, or declared unfit by a legal institution to act as the member of a board, management or supervisory body of an issuing institution or unfit to act in the context of the management or performance of activities of an issuing institution.

There are no family relations extending to the second degree of kinship among the members of the board of directors.

The board of directors held eleven meetings during the year 2019. The most important agenda items that the board of directors deliberated and decided upon in 2019 were:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and statutory reports
- approval of the 2019 budgets
- discussion of the real estate portfolio (including investments and divestments, tenant matters, valuations and the like)
- treatment of conflicts of interest
- capital increase by the issue of an optional dividend within the framework of the authorised capital.

Since the Act of 28 July 2011[1] quotas have been imposed in Belgium in order to ensure that women have a seat on the board of directors of listed companies (Article 518bis of the Belgian Companies Code). As a result, Intervest ensured that at least one third of the members of the board of directors are female. In 2016, the composition of its board of directors was thoroughly analysed as a result of the then modified shareholders' structure. The profiles and competences needed and preferred were established based on this analysis, and suitable board members were selected.

## Audit Committee

Three independent directors had a seat on the audit committee in 2019:

- Marleen Willekens (chairperson) (attendance 5/6)
- Jean-Pierre Blumberg (attendance 1/6)[2]
- Chris Peeters (attendance 6/6)
- Johan Buijs (ad interim) (attendance 4/4)
- Jacqueline Heeren - de Rijk (ad interim) (attendance 4/4).

These independent directors fulfilled all nine of the independence requirements of Article 526ter of the Belgian Companies Code in 2019. The duration of their appointment on the audit committee has not been specified but coincides with the period of the director's mandate.

The audit committee is charged with following assignments:

- monitoring of financial reporting process
- supervision of the internal control
- monitoring of the statutory audit of the annual accounts and the consolidated annual accounts, including the monitoring of questions and recommendations formulated by the statutory auditor
- assessment and monitoring of the independence of the statutory auditor, paying particular attention to the provision of additional services within the company.

The members of the audit committee are qualified. At least one member of the committee is qualified in the area of accountancy and/or auditing (Marleen Willekens). In addition, the audit committee is qualified as a whole. This is the case on two levels: in the field of Intervest's activities and in the field of accounting and audits.

The audit committee met six times in 2019. The most important agenda items of the audit committee in 2019 were:

- discussion of the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion of the budgets
- monitoring the statutory audit of the (consolidated) annual accounts and the analysis of the supervising statutory auditor's recommendations
- analysis of the efficiency of the internal control mechanisms and the company's risk management.

The committee reports its findings and recommendations directly to the board of directors.

1 Act of 28 July 2011 amending the Act of 21 March 1991 on the reform of certain economic public companies, the Belgian Companies Code and the Act of 19 April 2002 rationalising the operation and management of the National Lottery to guarantee the presence of women on the boards of autonomous public enterprises, listed companies and the National Lottery.

2 Jean-Pierre Blumberg was absent for medical reasons. He was temporarily replaced by Johan Buijs and Jacqueline Heeren - de Rijk.

## Management committee

As at 31 December 2019, the management committee comprised:

- Jean-Paul Sols, chief executive officer, chairperson of the management committee (mandate started in 2006)
- Inge Tas, chief financial officer (mandate started in 2006)
- Marco Hengst, chief investment officer (mandate started as at 1 May 2016).

As of 3 February 2020, the management committee consists of:

- Gunther Gielen, chief executive officer, chairperson of the management committee
- Inge Tas, chief financial officer
- Marco Hengst, chief investment officer

Pursuant to Article 524bis of the Belgian Companies Code and Article 15 of the company's articles of association, the board of directors has delegated management authority. The rules pertaining to the composition and operation of the management committee are described in more detail in the company's Corporate Governance Charter that is available at www.intervest.be.

Chapter 6 of the Corporate Governance Charter explains the composition of the management committee, as well as the task allocation, the chairmanship, the manner of meeting, deliberating and voting, the competences, the reporting obligation and the method of assessment.

The members of the management committee are also the effective leaders of the company as referred to in Article 14, §3 of the RREC Act. The members of the management committee are appointed for an indefinite period.

In June 2019, Jean-Paul Sols announced his departure as ceo and chairperson of the management committee of Intervest. Over the past 13 years, he as ceo and the Intervest team have enabled the real estate portfolio to increase to almost € 900 million. As of February 2020, Gunther Gielen has taken over as ceo and chairperson of the management committee.

Management committee from left to right: Marco Hengst, Gunther Gielen, Inge Tas

## Evaluation of management entities

Under the direction of the chairman, the board of directors periodically reviews its size, composition, operation and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- the functioning and leadership of the board of directors is assessed
- whether major subjects are thoroughly prepared and discussed is verified
- the actual contribution and involvement of each director during discussions and decisions is assessed
- the composition of the board of directors with respect to the desired composition of the board is assessed
- the functioning and composition of the audit committee is discussed
- the collaboration and communication with the management committee is evaluated.

Should the aforementioned assessment procedures reveal certain points of weakness, the board of directors will need to offer appropriate measures to address this. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

## Conflicts of interest

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.

In this regard, Article 17 of the articles of association of the company states the following: "*The directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in Articles 36, 37 and 38 of the RREC Act and in the Belgian Companies Code, as these may be amended, where appropriate.*"

### Conflicting interests of a proprietary nature of directors and members of the management committee

The board of directors, management committee and every member strictly undertake to exclude any possible conflict of interest, whether of a property-related, professional or of any other nature, and intend to carefully comply with the legal rule defined in Article 523 of the Belgian Companies Code regarding conflicts of interest between the company and a director.

If, for example, a director of the company, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, Article 523 of the Belgian Companies Code shall be applicable and the director in question shall be requested not to participate in the deliberations on decisions or transactions or in the voting (Article 523, §1 in fine).

If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the member in question must inform the chairperson and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the nature of the decision or transaction is accounted for in the minutes. The minutes also outline the proprietary consequences for the company resulting from this decision. The report of the auditor, to be drawn up in accordance with Article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

### Conflict of interest regarding a major shareholder

In case of a potential conflict of interest with a major shareholder of the company, the procedure defined in Article 524 of the Belgian Companies Code shall be applicable. Article 524 of the Belgian Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

## Conflict of interest regarding certain persons referred to in Article 37 of the RREC Act

Article 37 of the RREC Act also provides that the Financial Services and Markets Authority (FSMA) must be notified beforehand by the RREC of planned transactions by the RREC or one of its perimeter companies if one or more of the following persons, directly or indirectly, acts or act as counterparty at such transactions or draws or draw any proprietary benefit from them: persons who exercise control over the public RREC or own a share of it; the promoter of the public RREC; other shareholders of all perimeter companies of the public RREC; and the directors, business managers, members of the management committee, persons responsible for the day-to-day management, effective leaders or representatives; and the persons affiliated with all these parties.

These planned transactions must hold an interest for the public RREC, be in line with its strategy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to Article 49, §2 of the RREC Act, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the real estate expert.

The provisions of Articles 36 and 37 of the RREC Act do not apply to:

- transactions involving a sum that is less than the lowest amount of either 1% of the consolidated assets of the public RREC or € 2.500.000
- the acquisition of securities by the public RREC or one of its perimeter companies in the context of a public issue by a third-party issuer, for which a promoter or one of the persons referred to in Article 37, §1 acts as intermediary within the meaning of Article 2, 10°, of the Act of 2 August 2002
- the acquisition of or subscription to the shares in the public RREC issued as a result of a decision by the general meeting by the persons referred to in Article 37, §1
- transactions involving the liquid assets of the public RREC or one of its perimeter companies, provided the person acting as counterparty has the capacity of intermediary within the meaning of Article 2, 10°, of the Act of 2 August 2002 and these transactions are executed under normal market conditions.

## Application in 2019

Within this context, the board of directors wishes to mention that the procedure to avoid conflicts of interests was applied twice in 2019:

- in November 2019, regarding the granting of a one-off, exceptional and additional payment to directors Chris Peeters and Johan Buijs, whereby both directors have a property-law interest
- in December 2019, on the decision regarding the agreement of the mandate as member of the management committee between Intervest and Gunther Gielen, pursuant to which Gunther Gielen has a conflict of interest.

A detailed description of the procedures followed in accordance with Article 523 of the Belgian Companies Code can be found in Note 25 of the Financial report.

## 2.3. Remuneration report

### Appointment and remuneration committee

Intervest did not make use of a formal appointment and remuneration committee in 2019. The board of directors of the company is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as a task for the entire board of directors. With this point of view, Intervest currently derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on "Comply or Explain" principle). Indeed, the limited size of the board makes it possible to deliberate efficiently on these topics. Due to the growth of the company, Intervest exceeded two of the three decision-making criteria in financial year 2019, with the result that a remuneration committee is mandatory. Intervest will therefore also set up a formal remuneration committee in the course of financial year 2020 and, in so doing, pay additional attention to the subject matter of appointments at or remuneration in the company.

### Remuneration policy for the board of directors

The board of directors is responsible for implementing the remuneration policy for its members and for the members of management. The remuneration of the directors must be brought before the general meeting for approval.

The policy is based on the following principles:

- the remuneration policy for directors and members of management is in accordance with all the regulations and in particular with those included in the RREC Act; the total remuneration in terms of amount and structure must be such that qualified and competent persons can be attracted and retained
- the remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted over the medium and long term
- the remuneration policy takes into account the responsibilities and time spent by directors and members of management.

Under equal circumstances, the remuneration policy will also apply for the next two financial years, except for a proposal to the annual general meeting as at 29 April 2020 for future adjustment of the remuneration for the board of directors and committees. This adjustment will include, firstly, an annual fixed payment, and, secondly, attendance fees for every physical meeting attended.

### Basic fees 2019

#### Directors

In 2019, the annual fixed remuneration of directors amounts to € 20.000 per year for a member of the board of directors (€ 25.000 per year for the chairperson of the board of directors, VAT excluded).

No additional allowances are paid for serving as a member or as a chairperson of a committee.

No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to Article 35, §1 of the RREC Act, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the company. The directors do not own shares of the company (except Gunther Gielen who owns 1.332 shares of Intervest) nor have any options been granted to the directors on shares of the company.

#### Members of the management committee

The amount of the fixed remuneration granted as remuneration in 2019 to the three members of the management committee amounted to € 856.830, of which € 336.221 is for the chairperson of the management committee, who is also the ceo of Intervest, and a total of € 520.609 for the other two members of the management committee (including reimbursement of expenses and pension plan).

No options have been granted to the management committee on shares of the company.

VAT does not apply to these types of remuneration.

### Variable remuneration paid in 2019 for 2018

For financial year 2018, the members of the management committee were able to be eligible for an annual combined bonus of maximum € 215.000.

In 2018, the bonus criteria were in the area of implementing the growth strategy (10%), monitoring the debt ratio (10%), achieving the figures budgeted for EPRA earnings, operating result before result on portfolio and earnings per share (20%), achieving the figures budgeted for leases (20%) and achieving an occupancy rate objective (10%). Additionally, each management member had individual objectives (30%), which were linked to specific aspects for the deployment of the corporate strategy.

Based on targets achieved in 2018, a total variable remuneration of € 215.000 (excluding VAT) was awarded. An additional exceptional variable remuneration amounting to 8,3% of the annual fixed remuneration was paid for financial year 2018. No reclamation rights are foreseen for the variable remuneration.

# Overview of paid remuneration of the directors and members of the management committee

| **DIRECTORS** in thousands € | 2019 (payable in 2020) | 2018 (paid in 2019) |
|---|---|---|
| Jean-Pierre Blumberg | 25 | 25 |
| Marleen Willekens | 20 | 20 |
| Chris Peeters | 20 | 20 |
| Jacqueline Heeren - de Rijk | 20 | 20 |
| Johan Buijs | 20 | 20 |
| Gunther Gielen | 20 | 20 |
| | | |
| **TOTAL** | 125 | **125** |

| **MEMBERS OF THE MANAGEMENT COMMITTEE** in thousands € | 2019 | 2018 |
|---|---|---|
| **Jean-Paul Sols*, ceo** | **515** | **403** |
| Fixed remuneration | 292 | 334 |
| Variable remuneration (for previous financial year) | 107 | 69 |
| Long-term variable remuneration 2017 – 2019 (to be paid in 2020) | 72 | 0 |
| Pension obligations | 44 | 0 |
| Inge Tas, cfo | **428** | **334** |
| Fixed remuneration | 239 | 232 |
| Variable remuneration (for previous financial year) | 93 | 65 |
| Long-term variable remuneration 2017 – 2019 (to be paid in 2020) | 60 | 0 |
| Pension obligations | 36 | 37 |
| Marco Hengst, cio | **375** | **278** |
| Fixed remuneration | 212 | 206 |
| Variable remuneration (for previous financial year) | 86 | 45 |
| Long-term variable remuneration 2017 – 2019 (to be paid in 2020) | 45 | 0 |
| Pension obligations | 32 | 27 |
| **TOTAL** | **1.318** | **1.015** |

* In 2019 Jean-Paul Sols served as ceo and chairman of the management committee as a natural person. Until 2018, this position was held by Jean-Paul Sols bvba, permanently represented by Jean-Paul Sols.

| **SHARES OWNED** | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Gunther Gielen | 1.332 | 1.279 |
| Jean-Paul Sols | 13.781 | 13.732 |

## Basic remuneration for 2020 and variable remuneration for 2019

The annual fixed remuneration for directors will increase compared to the above-mentioned remuneration for 2019, subject to approval by the annual general meeting to be held in 2020. A proposal will be made to increase the annual fixed remuneration of the chairperson of the board of directors to € 40.000 and the annual fixed remuneration of the other members of the board of directors to € 30.000. It will also be proposed to the general meeting of shareholders that an attendance fee of € 1.000 per director per physical meeting attendance be allocated for the meetings of the board of directors and its committees.

As at 1 January each year, the annual fixed remuneration of the members of the management committee is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index that of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 2,96% as at 1 January 2020.

The three members of the management committee may be eligible for an annual variable remuneration of a joint maximum of € 215.000 for financial year 2019. In 2019, the bonus criteria were in the area of implementing the growth strategy (10%), monitoring the debt ratio (10%), achieving the figures budgeted for EPRA earnings, operating result before result on portfolio and earnings per share (20%), achieving the figures budgeted for leases (20%) and achieving an occupancy rate objective (10%). Additionally, each management member has individual objectives (30%), which are linked to specific aspects for the deployment of the corporate strategy.

Based on targets achieved in 2019, a total bonus of € 185.000 was awarded. No reclamation rights are foreseen for the variable remuneration.

In addition to this regular variable remuneration, a member of management may be eligible for additional variable remuneration, which may be granted for exceptional performance. No additional variable remuneration has been awarded for financial year 2019.

## Variable long-term remuneration plan

In financial year 2017, the board of directors established a variable long-term remuneration plan for all members of the management committee. This plan is for a period of 3 years and concerns the financial years 2017 to 2019, inclusive.

This long-term variable remuneration had the following award criteria:

- (a) 70% based on the total shareholder's return of Intervest for the financial years 2017 to 2019 inclusive, graded, compared to the average total shareholder's return of a group of sectors determined in advance
- (b) 30% to be determined by the board of directors as it deems fit based on the performance of the management committee, the company's particular situation and the market in general.

Based on the award criteria of this long-term remuneration plan, the criterion of “total shareholder’s return” was not achieved at the end of 2019. The part of 30%, to be freely determined by the board of directors, based on the performance of the management committee, was awarded. The maximum remuneration to be obtained in this long-term remuneration plan for the 3 directors jointly amounts to € 590,000 for the 3 financial years. The amount realised is € 177.000. This remuneration will be paid partly in shares and partly in cash in the first quarter of 2020.

During the course of financial year 2020, the board of directors will develop a new long-term remuneration plan for the coming years.

## Duration and conditions for termination

The members of the board of directors are appointed for a period of three years, but their appointment can be revoked at any time by the general shareholders' meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve months' fixed remuneration (except for gross negligence or deliberate error, in which case no compensation is payable).

# 2.4. Other parties involved

## Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA (civil company in the form of a limited liability cooperative) and is represented by Rik Neckebroeck, statutory auditor.

## Property experts

The real estate portfolio is evaluated every quarter by three independent experts, namely: Cushman & Wakefield, CBRE Valuation Services (Belgium) and CBRE Valuation Advisory bv (the Netherlands), each for a part of the real estate portfolio, based on a rotation principle.

## Independent control functions

As part of its internal controls, each public RREC must implement internal audit procedures, a risk management policy and an integrity policy. This is supervised by the person responsible for the internal audit function, the risk management function and the compliance function, respectively, in accordance with Article 17, §§3, 4 and 5 of the RREC Act (known jointly as the "independent control functions").

In the context of the conversion of the status of Intervest to an RREC, as at 27 October 2014 persons were appointed who are responsible for the internal audit function, the risk management function and the compliance function.

### Independent internal audit function

The internal audit can be understood as an independent evaluation function, embedded in the organisation, aimed at examining and evaluating the proper operation, the effectiveness and the efficiency of the processes and procedures applied by the company in the carrying out of its activities. The person responsible for the internal audit can provide the various members of the organisation with analyses, recommendations, advice, evaluations and information concerning the activities examined in connection with the execution of their responsibilities.

This internal audit concerns, among other things, the operation, effectiveness and efficiency of processes, procedures and activities relating to:

- operational matters: quality and suitability of systems and procedures, organisational structures, policies and methods and resources used in relation to objectives
- financial matters: reliability of accounting, the financial statements and the financial reporting process, and compliance with applicable (accounting) regulations
- management matters: quality of the management function and staff services in the context of the company's objectives
- risk management and compliance.

Intervest has appointed the external consultant PwC Bedrijfsrevisoren cvba in early 2018 (represented by its permanent representative, Marc Daelman) as the party responsible for the internal audit, with Johan Buijs, non-executive director of Intervest, being appointed to control the internal audit function as exercised by PwC from within the company. He is therefore to be regarded as having the final responsibility for the internal audit. The mandate of PwC as external consultant is for 3 years and ends as at 31 December 2020.

### Independent risk management function

In the context of the risk management policy, the company will ensure that the above risks to which it is exposed (market risks, operational, financial and regulatory risks) are assessed, controlled and monitored in an effective manner.

With this aim in mind, Intervest has charged a person with the risk management function who is responsible for, among other things, preparing, developing, monitoring, updating and implementing the risk management policy and risk management procedures.

The independent risk management function is taken up by Inge Tas, member of the management committee and cfo. The mandate has an indefinite duration.

## Independent compliance function

Rules regarding compliance and integrity are included in the function of the compliance officer. In accordance with principles 3.7 and 6.8 together with Annex B to the Belgian Corporate Governance Code 2009 of the Corporate Governance Commission, the company has appointed Inge Tas, member of the management committee and cfo, as compliance officer, responsible for supervising compliance with the rules on market abuse as imposed by, among other things, the Act of 2 August 2002 on supervision of the financial sector and financial services and Directive 2003/6/EC on insider dealing and market manipulation. The compliance officer also ensures that the company complies with the laws, regulations and rules of conduct that apply to it. To ensure a corporate culture of integrity, Intervest Offices & Warehouses nv has defined an internal code of conduct and whistleblowing rules.

Article 17, §4 of the RREC Act stipulates that the public RREC "*must take the necessary measures to be able at all times to access an appropriate independent compliance function so as to ensure compliance by the public RREC, its directors, senior management, employees and agents with the laws relating to the integrity of the business of a public RREC*". Article 6 of the Royal Decree on RREC stipulates that the public RREC *"must take the necessary measures to be able to permanently access an appropriate independent compliance function.* The compliance function is appropriate when it ensures with reasonable certainty compliance by the public RREC, its directors, senior managers, employees and agents with the laws relating to the integrity of the business of a public RREC".

The "independent compliance function" can be understood as an independent function within the company. It is focused on examining and promoting compliance by the company with the rules relating to the integrity of its business activities. The rules concern those resulting from the company's policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner.

Inge Tas, member of the management committee and cfo, was appointed head of the independent compliance function. The mandate has an indefinite duration.

# Information pursuant to Article 34 of the Royal Decree of 14 November 2007 [1]

## Capital structure [2]

**Ordinary shares (INTO)**

| Number | Capital (in €) | % |
|---|---|---|
| 24.657.003 | € 224.684.990,05 | 100% |

The share capital amounts to € 224.684.990,05 and is distributed among 24.657.003 shares that have been fully paid up, each of which represents an equal part of the shares. These are 24.657.003 ordinary shares without mention of the nominal value.

There are no legal or statutory restrictions on the transfer of securities, and none for the execution of voting rights either.

There are no securities to which special controlling powers have been attached.

## Share option plan

The company has no share option plan. The company has a variable long-term remuneration plan for the members of the management committee, as outlined in the Corporate Governance Statement in the Report of the board of directors.

## Shareholder agreements

To the company's knowledge, no shareholders act in mutual consultation. The Company has no knowledge of any shareholder agreements that can give rise to a restriction the transfer of securities and/or the execution of the right to vote.

## Authorised capital

As at 13 May 2019, the company's general meeting of shareholders granted the board of directors the authorisation to increase the company's registered capital in one or more times by an amount of:

- (i) fifty percent (50%) of two hundred and twenty-one million three hundred and thirty-one thousand five hundred and sixty-four euros and forty-eight cents (€ 221.331.564,48), rounded off downwards to the euro cent, (a) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their preferential right,

1 With regard to the obligations of issuers of financial instruments who are allowed to trade on the regulated market -see also the Act of 1 April 2007 on public takeover bids.

2 As at the closing date of this annual report.

and (b) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their priority allocation (as referred to in the Act of 12 May 2014 on regulated estate companies); and

- (ii) fifty percent (50%) of two hundred and twenty-one million three hundred and thirty-one thousand five hundred and sixty-four euros and forty-eight cents (€ 221.331.564,48), rounded off downwards to the euro cent if the capital increase to be realised concerns a capital increase within the scope of the payment of an optional dividend; and
- (iii) twenty percent (20%) of two hundred and twenty-one million three hundred and thirty-one thousand five hundred and sixty-four euros and forty-eight cents (€ 221.331.564,48), rounded off downwards to the euro cent for all forms of capital increase other than those intended and approved in points (i) and (ii) above,

up to a maximum of € 221.331.564,48 in total for a period of five years starting from the publication of the authorisation in the Appendices to the Belgian Official Gazette as at 24 May 2019. The authorisation is valid until 24 May 2024.

The authorised capital cannot be used to increase the capital in application of Article 607 of the Belgian Companies Code within the scope of a public bid to purchase the company's shares.

For every capital increase, the board of directors will set the price, any issue premium and the conditions of issuance for the new shares. The capital increases can lead to the issuance of shares with or without voting rights.

If the capital increases decided upon by the board of directors as a result of this authorisation contain an issue premium, the amount of this share premium must be placed on a dedicated unavailable account, called "share premiums", which along with the capital constitutes the guarantee towards third parties and will not be able to be decreased or cancelled unless a meeting convened in accordance with the conditions of attendance and majority decides upon a capital decrease, with the exception of a conversion into capital as provided above.

Until now, the board of directors has made use of the authorisation provisionally given it to use amounts of the authorised capital for the purpose of:

- the capital increase by contribution in kind, (optional dividend) that was decided upon as at 20 May 2019 amounting to € 3.353.425,57 excluding an issue premium of € 5.221.114,23.

The board of directors can thus increase the subscribed capital within the context of the authorised capital by
(i) € 110.665.782,24 (a) if the capital increase to be achieved concerns a capital increase by contribution in cash with the possibility of exercising the preferential right of the company's shareholders, and (b) if the capital increase to be achieved concerns a capital increase by contribution in cash with the possibility of exercising the priority allocation right (as referred to in the Act of 12 May 2014 on regulated real estate companies) of the company's shareholders,
(ii) € 107.312.356,67 if the capital increase to be achieved is in the context of the payment of an optional dividend, or by
(iii) € 44.266.312,90 for all other forms of capital increase;
taking into account a total maximum sum of (i), (ii) and (iii) of another € 217.978.138,91.

## Capital increase

All capital increases will be implemented pursuant to Articles 581 to 607 of the Belgian Companies Code, subject to that which is stated hereafter with respect to the pre-emptive right.

In addition, the company must comply with the stipulations concerning the public issue of shares stipulated in Articles 26 and 27 of the RREC Act.

In case of a capital increase through a contribution in cash and without prejudice to Articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities. This irreducible allocation right satisfies the following conditions:

1. it is related to all newly issued securities
2. it is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction
3. a maximum price per share is announced at the latest on the eve of the opening of the public subscription period
4. in such a case, the public subscription period must be at least three trading days.

Capital increases realised through contributions in kind are subject to the provisions of Articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to Article 26 §2 of the RREC Act, the following conditions must be met:

1. the identity of the contributor must be mentioned in the report referred to in Article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase
2. the issue price may not be less than the lowest value of (a) a net value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date
3. for application of the previous sentence, it is permitted to subtract an amount from the amount in the sense of point (b) of the previous section that corresponds with the part of non-paid out gross dividend to which the new shares might not give a right, on condition that the board of directors specifically justifies the amount of the cumulated dividend that is to be subtracted in its special report and adds an explanation of the financial conditions of the transaction in its annual financial report
4. except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months
5. the report referred to under 1° must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

## Decision-making bodies

The mandates of the directors are revocable ad nutum. If one or multiple mandates are declared void, the remaining directors, convened in a meeting of the board of directors, can provide temporary replacement thereof until the following meeting of the general meeting of shareholders, which will then proceed to undertake final appointment.

For amendment of the articles of association, there is no regulation other than that stipulated by the Belgian Companies Code.

## Purchase of shares

In accordance with Article 9 of the articles of association, the company can acquire its own fully paid-up shares and keep them in pledge by virtue of the decision by the general meeting in accordance with the provisions of the Belgian Companies Code. This same general meeting can establish terms for the disposal of these shares.

In addition, the board of directors may, for a period of three years from the moment that the decision was published in the Appendices to the Belgian Official Gazette, i.e. as from 24 May 2019, acquire own company shares for the company's account where such acquisition is necessary to indemnify the company against serious and imminent harm. "Serious and imminent harm" does not however mean a public takeover bid of equity shares of the company in the sense of Article 607 of the Belgian Companies Code.

Neither Intervest, nor its perimeter companies, owned any of its own shares as at 31 December 2019.

## Agreements in case of changed control after a public takeover bid

There are no important agreements to which Intervest is a party and that enter into force, undergo amendments or end in the event that a change of control takes place over the company after a public takeover bid, with the exception of valid clauses contained in the financing agreements.

# 3. Sustainable business and corporate social responsibility

Intervest attaches a great deal of importance to sustainable value creation and achieves the sustainability of its investment properties based on the 17 sustainable development objectives of the United Nations. These so-called SDGs (Sustainable Development Goals) encourage action in five areas: Planet, Peace, Partnership, Prosperity and People and offer a sustainability framework that is broader than the traditional spearheads in the real estate sector. Intervest entered into a cooperation agreement with VOKA at the beginning of 2018 to decide on the input within the context of this broader framework. Intervest, together with VOKA, will set out at least 10 sustainability objectives on which it will focus that year. In 2019, Intervest won the “VOKA Charter on Sustainable Entrepreneurship” for the objectives that it achieved in 2018. Intervest will continue to achieve the SDGs in 2019, for example by contributing to the LEC project (Local Energy Community) in Mechelen Noord, which will eventually generate, distribute and consume local sustainable energy. In this way and by means of, for example, a training plan, biannual employee evaluations and the establishment of a wellness programme, in 2019 more practical substance was injected into the various UN sustainability objectives.

By the end of 2020, Intervest aims to have achieved all 17 sustainable development goals at least once in its daily operations and, by so doing, to be able to be awarded the internationally recognised UNITAR certificate, associated with the United Nations. In addition, the EPRA performance measures (EPRA sustainability Best Practices Recommendations, (EPRA sBPR)) specifically applicable to the real estate sector have been used since 2019.

The 2019 Sustainability Report covers the broader UN sustainability objectives and the real estate-specific EPRA performance measures in a separate report, which can be found at www.intervest.be.

# Report of the management committee




The Netherlands- Eindhoven - Gold Forum

# 1. The market for logistics real estate and offices

## 1.1. Logistics

### Rental market

#### Belgium

The logistics take-up had a record year for the second consecutive year: 55 transactions and approximately 990.000 m², which represents an increase of 22%. At 18.000 m², the average take-up per transaction was quite high due to a number of large deals representing approximately 25% of all take-up. Of the total number of transactions (55), 78% took place on Flemish territory and 22% in Wallonia.

The Belgian logistics market is concentrated around four axes. The main axis is (1) Antwerp - Brussels - Nivelles, followed by (2) Antwerp - Limburg - Liège, (3) Antwerp - Ghent and (4) Namur - Charleroi - Liège, respectively.

The best locations for traditional logistics service providers are near container and barge terminals, airports, rail network and the main transport corridors from mainland to hinterland. Demand for urban hubs for city distribution is also rising as a result of the growing e-commerce.

Rents remain stable around an average of € 42/m² to € 46/m² along the Antwerp-Brussels-Nivelles axis and up to € 52/m² in and around Brussels. Brokers expect rents to increase due to rising demand for e-commerce, higher construction costs as a result of new sustainability criteria, higher land prices and land scarcity.

Vacancy rate is limited to 2,25% on the logistics corridors and built-to-suit warehouses are being built more often.

#### The Netherlands

In 2019, a take-up of 2,2 million m² was realised on the Dutch logistics real estate market, which is well above the five-year average and is in line with the record year of 2018.

The Dutch logistics real estate market is still one of the most active and best developed in Europe thanks to its central location and well-developed road infrastructure. International freight traffic arrives in the ports of Rotterdam and Amsterdam and is transported to the various logistics hotspots along the most important water, rail and motorways in the South-East Netherlands, to then be transported to the rest of the Netherlands and Europe.

The prime rent around the Venlo logistics hotspot rose from € 48/m² to € 53/m², and the coveted region around Rotterdam recorded growth from € 65/m² to € 68/m². As there is sufficient supply on secondary markets, overall rents will remain stable. It will only be possible to achieve further rent increases at locations with limited availability.

At the end of 2019, the vacancy rate was 3,9%, which is a slight increase compared to 2018. However, this rising trend could continue in 2020 as many new construction projects are built at risk.

The Netherlands- Eindhoven - Silver & Gold Forum

# Investment market

## Belgium

The logistics investment market amounted to € 378 million in 2019, which is considerably lower (-11%) than in 2018. Yet, 2019 was by far the 3rd most active year in a row, which makes sense given the low risk profile of logistics real estate compared to other real estate markets.

The largest transaction was Intervest's sale of two logistics sites located in Houthalen and Oudsbergen, respectively, for a net sales price of € 63 million.

Yields fell in the region around Brussels and along the Antwerp - Brussels - Nivelles corridor. The sharpest yield was 4,75%.

Yields around the other corridors remained stable: 5,5% on the Antwerp - Limburg - Liège corridor, 5,5% on the Antwerp - Ghent corridor and 5,5% on the Namur - Charleroi - Liège corridor. The median remains 5,25%.

Pre-let turn-key solutions are coveted investment products but developments at risk are not shied away from either. Genk Green Logistics - the joint venture of Intervest and Group Machiels - is a development of over 250.000 m² in the multimodal zone B of the Ford site in Genk, the first phase of which will be delivered in the course of 2020.

## The Netherlands

The Dutch logistics real estate market continues to expand and initial yields continue to fall by 0,5 basis points to 4%. No further compression of the yields is expected. Outlook for 2020 is optimistic, partly due to the increasing importance of e-commerce. The supply of suitable investment products remains limited, however.

Developers speculatively build on new logistics locations or redevelop brownfields on existing industrial sites.

The Netherlands continues to be a popular e-commerce country, which increases the demand for smaller hubs near city centres. Consumers may like shopping online, but they are negatively disposed to the "boxing up" of the Netherlands. The nitrogen crisis also has its impact on industrial real estate development. These are challenges that will generate further debate in 2020.

International investors are still particularly active in the Dutch logistics real estate market, which is partly due to the positive enterprise climate, favourable location and excellent infrastructure.

The Netherlands - Raamsdonksveer - Photovoltaic installation

# Tenants' expectations

There will be a further increase in the demand for sustainable buildings on multi-modal locations that are ready for highly automated business operations in 2020. Cost efficiency is key. The focus on city distribution hubs is also growing.

## 'BREEAM-Outstanding'

Tenants are attaching increasingly more importance to the sustainability of their logistics centres for environmental reasons, attention to the well-being of their employees and cost efficiency.

The most achievable sustainability class for buildings, namely 'BREEAM Outstanding', is being achieved more often. The aim is to bring polluting factors such as $CO_2$ emissions, NOx emissions from heating installations and general energy consumption down to below the legally permitted minimum laid down in the Building Code. Sustainable centres have energy-efficient installations, heat pumps, solar panels for their own energy needs, underground heat-cold storage, use of rainwater and water-saving sanitary installations, etc. Sustainable building materials having the lowest possible environmental impact are used during construction.

The well-being, safety and health of employees are also key. The offices of logistics centres must be pleasant workplaces having adequate daylight, clear lighting, pleasant acoustics, heating, ventilation and air quality. Sufficient attention is paid to safety around the building, for example by way of additional lighting, good circulation and camera surveillance.

## Automation and digitisation

The demand for distribution centres enabling omnichannel distribution with the lowest possible cost structure is on the rise. Further automation and digitisation driven by new technologies and developments will influence the concept of logistics buildings. Logistics halls are being made higher and floor area is being lowered because goods can be stacked higher. Floors must have a higher load capacity and the surface area of offices and social spaces are being reduced.

Automation does not affect the location. Multimodal locations near the most important approach roads, rail and water networks also continue to be important for cost-efficient business operational purposes.

## City distribution hubs

Existing properties near the edge of cities, at a half-hour's drive from the delivery address, are being transformed into transshipment hubs. These hubs often focus on a specific target group and are operated by third parties such as DHL or PostNL.

Professional specialists expect that multi-layer distribution hubs will also be developed on the edge of cities in the future, enabling a floor surface area of over 20.000 $m^2$, which may be of interest to several target groups. This will make it possible to combine several types of target groups and functionalities.

Sources: Expertise news 16/01/2020 & 30/01/2020 – The future of property management 2018 CBRE Global Tenant Survey – Cushman & Wakefield's Market Beat Flanders Office Market 2019, Office Market Snapshots – CBRE Real Estate Outlook 2020 The Netherlands – "JLL: Logistics real estate in 2019 and trends for 2020" at logistiek.be - JLL Q4 2019 Logistics The Netherlands -"Why co-working is here to stay on the office market" in Trends 23/10/2019 - CBRE Marketview Belgium Logistics Q4 2019 - talk with real estate experts and professional literature throughout the year.

## 1.2. Offices

### Take-up

The Belgian office property market performed best in 2019 since the economic downturn in 2010. A total of 879.000 m² were marketed in 838 individual transactions, which is approximately 15% higher than in 2018. The number of transactions was 2,5% below the average of the past five years, but a record number of transactions exceeded 10.000 m².

The 11 largest transactions involved large office surface areas for a total of 240.000 m². The average area per transaction remains stable at approximately 1.050 m². Fewer transactions only meant that there was an availability shortage for high-quality offices.

The share of co-working spaces in the take-up is increasing further. These deals also mostly concern areas greater than 10.000 m². The share of co-working spaces currently amounts to approximately 11% of the total national take-up. Co-working spaces are now forming approximately 3,5% of the total available surface area, whereas in the United Kingdom and the Netherlands this figure is already 5%. There is therefore still room for growth, especially bearing in mind the problem of persistent traffic jams and flexible working environments.

### Brussels and periphery

A total of 553.000 m² was commercialised over 365 transactions on the Brussels office market , which is an increase of 34% compared to 2018. With a market share of 63%, Brussels is by far the largest office market in the country. The vacancy rate throughout the entire Brussels office market remains historically low and is even dropping further to approximately 7,5%. The vacancy rate is the highest in the periphery due to a lack of high-quality offices. There is virtually no vacancy in high-quality office properties.

Public authorities accounted for 35% of the take-up because of the (pre-)leases to the Flemish Government and the Brussels-Capital Region (70.000 m²). Private companies accounted for 65% of the total take-up during the past year.

The average rent in Brussels is € 150/m², with prime rents in the Leopold district at around € 320/m².

The average rents for high-quality buildings in the Brussels periphery are approximately € 125/m². The prime rent for new high-quality buildings goes up to € 185/m² in the vicinity of the airport.

The market is expected to remain stable in 2020.

### Regional markets

The Walloon office market performed above average in 2019 due to a very active take-up in the Brussels periphery in Flemish Brabant. Flanders also performed well in 2019, but fell slightly compared to the previous year.

Vacancy in the regional markets remains low and varies from 3,5% in Liège to 6,5% in Antwerp.

The Antwerp office market performed well.

In Mechelen, the take-up was disappointing compared to the record year of 2018, nor did the Antwerp office market have any exceptionally large deals or number of transactions. Yet both markets performed above average. Antwerp remains the second most important office market in Belgium with a total office surface area of 2,3 million m².

The average rent for the second consecutive year rose from € 110/m² in 2018 to € 120/m² in 2019 and the prime rent went from € 160/m² in 2018 to € 165/m² in 2019. In Mechelen, the average rent increased by € 5/m² to € 155/m².

## Investment market

The Belgian investment market once again experienced a record year with a total investment volume of € 2,4 billion in office real estate (46% of total investment volume) and, according to the CBRE Investor Survey, investors have an amount of no less than € 4,5 billion available for 2020 which they wish to invest in office real estate.

The yield for office buildings in Brussels having a 6/9 rental period further decreased in 2019 to 4,10% and to 3,55% where a long-term rental agreement was concluded with a renowned tenant. This is a decrease of 20 basis points compared to 2018. This is remarkable because Brussels continues to be a mature market that is not subject to much fluctuation. This stability, as well as its transparency, liquidity and innovative characteristics, make it attractive among the increasing number of international investors.

Yields of up to 5,5% were achieved in Antwerp. These are likely to remain stable in 2020.

Diegem - Greenhouse BXL

## Tenants' expectations

Offices are no longer a cost item for companies, but a means of attracting new employees and offering all employees a good work-life balance. Companies are looking for pleasant offices in easily accessible locations with an appropriate range of services. This need will ultimately lead to environments where work, living, shopping and life go together.

The report entitled "The future of property management 2018 CBRE Global Tenant Survey" once again proves that property management is crucial to keeping tenants. Good property management is a combination of well-thought-out management of the buildings (including maintenance, safety and sustainability), proper rental and cost administration, adequate facilities (including restaurant, meeting facilities and parking), comprehensive services (including network opportunities and reception) and technological support for the services and facilities.

Intervest has distinguished itself in this respect for several years now by going *beyond real estate* and doing its utmost to 'unburden' customers: turn-key solutions, a 24/7 service with helpdesk and co-working facilities at the three Greenhouse locations in Belgium. A la carte service is also possible. The relationship with the tenant is key here.

Serviced offices and co-working options are becoming more successful and suppliers of such options are taking on an ever greater share of the office market.
But the standard continues to be traditional office layouts – with rental periods of 3/6/9 years, 6/9 or longer periods for large companies.

# 2. Important developments in 2019

## 2.1. Occupancy rate and leases in 2019

The **occupancy rate** of the total portfolio remained stable in 2019 and amounted to 93% as at 31 December 2019 (93% as at the end of 2018).

For the **office portfolio** the occupancy rate increased by 2% points to 90% as at 31 December 2019 (88% as at the end of 2018) mainly as a result of new leases and expansions in Mechelen.

The occupancy rate of the **logistics portfolio** fell by 2% points to 96% as at 31 December 2019 (98% as at the end of 2018) primarily as a result of the departure of tenant Fiege in Puurs in the fourth quarter of 2019. Given the strategic high visibility location of this site and the current interest in this region, various discussions with potential tenants are ongoing and Intervest is considering the future possibilities of this building.

With regard to **leases**, in the past year of 2019, Intervest extended or renewed a total of 9% of the rental income, or a net annual rent of € 5,3 million, for the long term. In 2018, this was 15%, or a net annual rent of € 7,1 million, among other things due to the leases in the renovated Greenhouse BXL. In 2019, 34 rental transactions for 88.000 m² were concluded with new or existing tenants. The lease activity in 2019 focused mainly on agreements with current tenants, which confirms the customers' confidence in Intervest. In particular, 8% of the rental income (6% in 2018), or 76.000 m², was concluded in 22 transactions with existing tenants in the form of extensions or expansions. In 2019, Intervest concluded 12 transactions with new tenants, representing 12.000 m² or 1% of the rental income (8% in 2018).

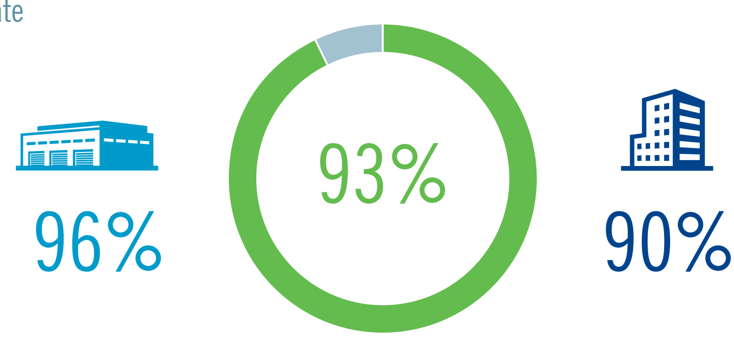
In the **office portfolio**, Intervest leased 15.300 m² in 27 long-term transactions, which represents 7% of the rental income of the office segment. This was 21% in 30 transactions in 2018. In 2019, this involved a mix of smaller new tenants (9 transactions representing almost 2% of the rental income of the office segment), and extensions and expansions with existing tenants (18 transactions representing 5% of the rental income of the office segment) such as Galapagos, LBC and Basic Fit. 87% of the long-term leases concluded in the office portfolio in 2019 relate to leases in Mechelen.

In the **logistics portfolio**, 72.300 m² were leased for the long term in 7 transactions, which represents 10% of the rental income of the logistics segment. This was 10% in 8 transactions in 2018. Here too, agreements were mainly concluded with existing tenants, representing 9% of the rental income for the logistics segment, with the extension and expansion of Estée Lauder in Oevel being one of the most important transactions.

Besides these long-term leases and extension, **temporary agreements** for a net annual rental of € 2,5 million or 4% of the rental income were also concluded or extended by an indefinite period or a period of less than one year. These temporary agreements in the office and logistics segments show that Intervest thinks along with its customers in looking for flexible solutions that closely match the often specific needs of their business.

In the office segment, 72 new **flexible contracts** were concluded for co-working and serviced offices in Greenhouse BXL, Mechelen and Antwerp. The flexibility of the new Greenhouse co-working formula, which allows subscribers to use the co-working lounges at the three Greenhouse locations, has resulted in an increase in the number of co-workers.

### Occupancy rate



## 2.2. Investments in 2019

Intervest continued its investment strategy in 2019 with **acquisitions and investments in development projects** in Belgium and the Netherlands for € 54 million and **expansions of and investments in the existing portfolio** for € 8 million.

In 2019, Intervest achieved in the Netherlands **new acquisitions** for € 24 million in Roosendaal and Nijmegen. The newly acquired sites together have a leasable surface area of approximately 37.000 m² and generate a rental income flow of € 1,7 million annually. The acquisitions have an average gross initial yield of 7,0%.

Furthermore, € 30 million was invested in **development projects** in Belgium and the Netherlands, and a land reserve in Den Bosch. The project development in Eindhoven, the Netherlands, was delivered as at 30 January 2020. The delivery of Roosendaal, also in the Netherlands, is expected in the course of 2020.

The transactions are financed with existing credit lines. The investment value of the transactions achieved is in line with the valuation by the company's independent property expert.

### Acquisitions of logistics real estate in the Netherlands

#### Roosendaal, Borchwerf II: built-to-suit centre for production and distribution activities

In the first semester of 2019, Intervest acquired a new-build built-to-suit centre of 17.800 m² for production and distribution activities at the Borchwerf II logistics hotspot in Roosendaal, which is expansive.

This state-of-the-art building was delivered as at 1 March 2019 and transferred to Intervest for a total investment amount of € 16,5 million. With a triple net lease, the site will generate an annual rental income of € 1,0 million, resulting in a gross initial yield of 5,7%. Solar panels have now also been installed on the site.

The tenant of this new-build logistics project is Fri-Jado, market leader in its sector (equipment and systems for food preparation, storage and presentation), which will lease the property for a non-cancellable period of 15 years.

The new-build project at Borchwerf II was built to suit by the Dutch property developer HVBM Vastgoed. The building is certified 'BREEAM Very Good' and has a striking appearance with an overhang extending out at the front and an expanse of glass spanning the full height. A photovoltaic installation has been fitted on the roof.

With this acquisition, Intervest is expanding its cluster further in one of the most important logistics hubs in West Brabant.


The Netherlands - Roosendaal - Borchwerf II

The Netherlands - Nijmegen


The Netherlands - Roosendaal - Borchwerf I - Braak

### Nijmegen, De Vlotkampweg 67-71: strategic land position

In June 2019, Intervest acquired a logistics site in Nijmegen through a sale-and-lease-back agreement.

The distribution centre of a total of 19.200 m² includes 17.500 m² of warehouse space and 1.700 m² of office space. The site is located in Nijmegen on the Westkanaaldijk industrial site to the west of the centre of Nijmegen. The industrial site is easily accessible via both the A73 and the A50.

The logistics site is leased in its entirety by De Klok Logistics for a non-cancellable period of 10 years under a triple net regime. De Klok Logistics is a rapidly growing Dutch transport company that specialises in freight transport and storage.

The site was purchased for € 7,5 million, representing a gross initial yield of 10,0%.

Given the prime strategic location of the site, after the expiry of the lease agreement, this location lends itself perfectly to redevelopment for (sustainable) urban distribution and, with this, Intervest has acquired a strategic land position for the long term.

## Investments in development projects in the Netherlands

### Roosendaal, Borchwerf I - Braak: logistics development project

Intervest signed a purchase agreement at the beginning of 2018 for the acquisition of a site for the development of a modern and high-quality logistics distribution centre of 28.000 m² on the Borchwerf I industrial site in Roosendaal. After the necessary demolition work, the site was transferred to Intervest clear for construction as at 25 April 2019, after which the construction work started.

The first pile was driven as at 29 May 2019 and delivery of the new building is planned during the course of 2020. With this new construction, the quality of the Dutch portfolio has been further optimised as the building meets the highest sustainability standards and will be 'BREEAM Outstanding' certified. For example, it is extensively insulated, has a photovoltaic installation, LED lighting and separate water drainage systems.

Intervest expects the building to generate approximately € 1,4 million in annual rental income. The gross initial yield on this investment amounts to approximately 7,2% and equals an investment of approximately € 19,5 million.

## Eindhoven, Flight Forum 1890: Gold & Silver Forum form cluster at Eindhoven Airport

Gold Forum, a state-of-the-art, highly sustainable logistics building at the Flight Forum business park near Eindhoven Airport was delivered as at 30 January 2020 and transferred to Intervest for an investment sum of € 18,9 million. This transaction, via the conclusion of a turn-key purchase agreement, was previously[1] announced by Intervest.

The prominent building with its striking gold-coloured curved façade forms a single entity with the Silver Forum business premises acquired by Intervest in 2018, with the result that one logistics complex of almost 50.000 m² in total has been created at a multi-modal location. The location and configuration of the building in the Eindhoven region also make it suitable as a city distribution warehouse.

This new construction further optimises the quality of the Dutch portfolio too, since the building will be granted a 'BREEAM Very Good' certification and will be equipped with a photovoltaic installation on the roof.

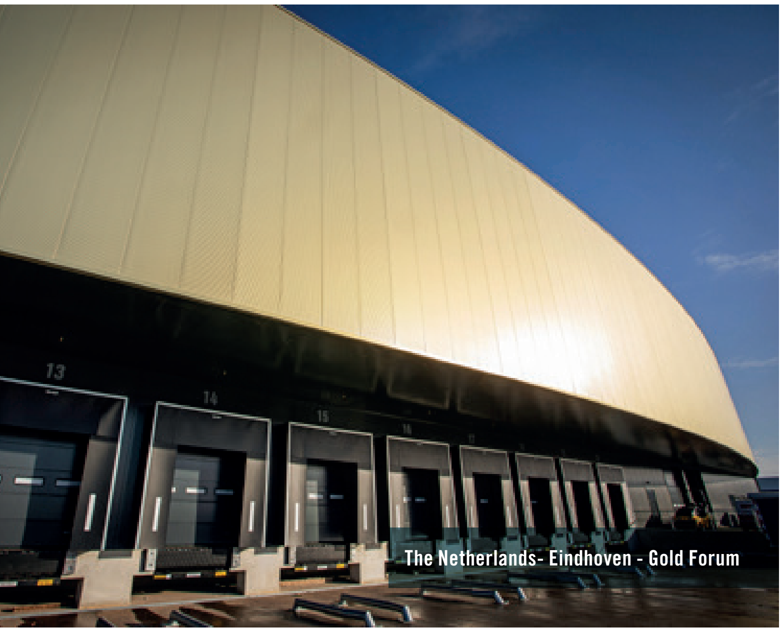
The project is not leased but provides an immediate rental income of € 1,2 million per year for Intervest thanks to the 24-month rental guarantee granted by the seller. Given the limited availability in the Eindhoven region and various contacts with various candidate tenants, it is now expected that the building will be fully let during the course of 2020.

## Den Bosch: land reserve for later redevelopment

In the course of the third quarter of 2019, Intervest purchased a site in Den Bosch (the Netherlands) with a view to creating a land reserve for later redevelopment.

The land was purchased with an outdated building for € 2,3 million and, once the lease expires in mid-2020, will offer possibilities for redevelopment. The site is located very close to the city and is therefore highly suitable for last-mile urban distribution. The idea is to create a built-to-suit project from where businesses and shops in the city can be supplied.

This form of smart urban distribution reduces the volume of heavy transport to and from the city and allows shops to manage their stocks optimally. In this way, Intervest also contributes in a sustainable way to addressing the mobility issue in and around a city.



The Netherlands- Eindhoven - Gold Forum


Netherlands - Den Bosch

1 See press release dated 5 November 2018: Intervest expands its logistics position close to Eindhoven airport to almost 50.000 m² with Gold Forum development project

## 2.3. Divestments in 2019

Given the current situation on the investment market, in which logistics real estate is offered at sharp yields, Intervest is also paying attention to asset rotation for buildings that are not sufficiently aligned with the current and future characteristics of the portfolio.

The divestment of three non-optimal logistics sites in Belgium (Aartselaar, Houthalen and Oudsbergen) with a total fair value of € 58 million, provided an attractive gain on disposal of € 5 million.

## Logistics real estate in Belgium

### Aartselaar

The logistics building in Aartselaar was divested in 2019. This building is a rather outdated building dating from 1993, which no longer fits in with the Intervest portfolio. The building became completely vacant in the summer of 2019 after the tenant went bankrupt. The sale price is € 4,3 million (excluding taxes and purchase costs), which is 7% above the fair value of the property as at 31 December 2018.

### Houthalen - Oudsbergen

At the end of 2019, Intervest divested another two logistics sites in Houthalen and Oudsbergen for a net sales price of € 63 million.

By selling these two sites, Intervest responded to the boom in the economic situation in the logistics real estate market and thereby realised an attractive gain on disposal of € 5 million. Intervest received a one-off termination indemnity of € 5,9 million in the first half of 2019 due to the departure of tenant Medtronic in Oudsbergen.

Intervest acquired the logistics sites in Houthalen and Oudsbergen, which were built in phases between 1999 and 2012 and have a total leasable surface area of approximately 105.000 m², in 2011 and 2014 respectively. At the time of the sale, the occupancy rate for these buildings combined amounted to 61%. Intervest provided the buyer with a rental guarantee of a maximum of 24 months on the existing vacancy rate in Oudsbergen as a result of the departure of tenant Medtronic.

At the time of the sale, the buildings represented 6% of the fair value of Intervest's real estate portfolio and generated an annual rental income of approximately € 2,6 million. The sale was concluded with a company controlled by the South African investor Investec Property Fund and managed by the English fund manager Ares Management Limited.

Houthalen

Oudsbergen

## 2.4. Development potential of Genk Green Logistics

The logistics investment market is in great demand and purchase prices for logistics sites are rising steadily. For this reason, Intervest does not merely look at acquisitions per se for the growth of the logistics portfolio, but also takes into considera-tion the possibilities for developments/redevelop-ments or the creation of land reserves for future expansion or redevelopment. Changes in logistics distribution also help determine the choice of purchasing new sites.

In Belgium, work is continuing on the redevelop-ment of zone B of the former Ford site in Genk.

### 'Genk Green Logistics': redevelopment of zone B of the former Ford site in Genk to start

Genk Green Logistics, an institutional regulated real estate company (IRREC) under Belgian law, is the cooperative company between Intervest, on the one hand, and Group Machiels, on the other, which together with developer MG Real Estate and DEME Environmental Contractors is respon-sible for the redevelopment of one of the most large-scale accessible tri-modal logistics hubs in Flanders.

The site is strategically located in the important logistics corridor Antwerp - Limburg - Liège. The site's surface area of 133 hectares and the tri-modal access via the Albert Canal, the rail-way and the proximity of the E314 and E313 are unique trump cards to put Genk Green Logistics on the map as a logistics hotspot. Genk Green Logistics purchased the site on zone B of the former Ford site, which is 42 hectares, in 2018. Zone A is to become a public domain reserved for community events. Zone C is the property of De Vlaamse Waterweg.

Genk Green Logistics intends to build a full new-build project at zone B, which will consist of a state-of-art logistics complex that will comprise approximately 250.000 m² after full development. This surface area is intended to be developed in phases, spread over different buildings, over an expected period of five years.

Genk Green Logistics stands for a development plan with a clear commercial focus on large scale operation and e-commerce. It expects that this will attract a broad range of users to the site, from e-commerce retail activities, e-fulfilment service providers to classic 3PL organisations. The site will also be open to other logistics needs or the smart manufacturing industry.

The marketing of the planned new-build develop-ment in zone B has already been started. Although De Vlaamse Waterweg will still be carrying out demolition, remediation and infrastructure works in zone A in 2020 and 2021, Genk Green Logistics can simultaneously start the new-build develop-ments in large parts of zone B. The new construc-tion of a first state-of-the-art logistics building of approximately 25.000 m² started at the beginning of 2020. Genk Green Logistics wants this first building to be operational in 2020.

Genk - Genk Green Logistics - Artist impression

## 2.5. Beyond real estate: turn-key solutions

Customers are increasingly calling on Intervest's turn-key solutions team for both new leases and extensions. The turn-key solutions team offers customers fully customised interior solutions. They work out the optimal layout for the office or logistics space, provide interior design advice, coordinate the works and closely follow the pre-determined timing and the allocated budget. Intervest 'unburdens' its tenants and tenants are making use of this to an increasing extent.

In 2019, the turn-key solutions team mainly performed assignments in the office segment for both new and existing tenants. Generally, these were all-encompassing projects in which, in addition to the design, the furniture and the dimensioning of the techniques were also presented to then arrange the tender and coordination until the final delivery and, where appropriate, the removal. This was the case for Essity and the meeting centre in Greenhouse BXL, at Mechelen Campus for Scan Global Logistic, S.W.I.F.T. and Also and at Intercity Business Park for Galapagos.

For customers in the logistics segment, projects were mainly performed to reorganise and optimise existing spaces. In some cases, efforts have also been made to expand and integrate with existing formats and functions. For example, a complete turn-key solutions approach has also been implemented for Care Solutions in Schelle and 11 new gates have been installed for Dyna Logic.

This approach allows the customer to focus on what is important to the company and ensures that (re)organisation is no cause for headaches, quite the contrary. This can be concluded from the sincere satisfaction of the customers for whom turn-key solutions projects were performed in 2019.


Greenhouse BXL - Meeting Centre

Intercity Business Park – Galapagos

# 3. Financial results 2019

## 3.1. Summary

Intervest's EPRA earnings for the financial year 2019 amounted to € 46,8 million. This result signifies an increase of 50% compared to the EPRA earnings of € 31,2 million in 2018. The EPRA earnings per share rose by 17% and amounted to € 1,91 for 2019 compared to € 1,63 for 2018.

This rise in the EPRA earnings is mainly due to the 38% rise in the rental income due to the growth of the real estate portfolio and the one-off termination indemnity received as a result of the early departure of tenant Medtronic, partly compensated by higher property charges, general costs and financing costs as a result of the growth of Intervest and its real estate portfolio.

Without taking into account the one-off indemnity received from tenant Medtronic, the EPRA earnings for 2019 amount to € 41,1 million, which represents an increase of 32% compared to 2018. The underlying EPRA earnings per share amount to € 1,68 or an increase of 3% compared to 2018.

The operating margin of the company improved by 2% points and increased from 83% as at 31 December 2018 to 85% at the end of 2019. Excluding the one-off indemnity received from tenant Medtronic, the operating margin remained stable.

The average interest rate for financing dropped from 2,4% in 2018 to 2,1% in 2019 due to financing/refinancing, negotiating/renegotiating interest rate hedging, the commercial paper programme issued in July 2018 and the repayment of the bond loan that became due as at 1 April 2019.

## 3.2. Key figures

| **Number of shares** | 2019 | 2018 |
|---|---|---|
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| Number of shares entitled to dividend | 24.657.003 | 24.288.997 |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| **Result per share - Group share** | | |
| Net result (€) | 2,68 | 1,78 |
| EPRA earnings (€) | 1,91 | 1,63 |
| Pay-out ratio* (%) | 80% | 86% |
| Gross dividend** (€) | 1,53 | 1,40 |
| Percentage withholding tax (%) | 30% | 30% |
| Net dividend* (€) | 1,0710 | 0,9800 |
| **Balance sheet information per share - Group share** | | |
| Net value (fair value) (€) | 21,25 | 19,62 |
| Net asset value EPRA (€) | 21,79 | 19,88 |
| Share price on closing date (€) | 25,60 | 20,60 |
| Premium with regard to fair net value (%) | 20% | 5% |
| **Debt ratio** | | |
| Debt ratio (max. 65%) | 39,0% | 43,5% |

* Intervest Offices & Warehouses is a public regulated real estate company with a legal distribution obligation of at least 80% of the net result, adjusted to non-cash flow elements, realised capital gains and capital losses on investment properties and debt reductions.

** Subject to approval by the annual general meeting to be held in 2020.

# 3.3. Consolidated income statement

| in thousands € | 2019 | 2018 |
|---|---|---|
| Rental income | 66.143 | 47.920 |
| Rental-related expenses | -166 | -53 |
| Property management costs and income | 1.131 | 806 |
| **Property result** | **67.108** | **48.673** |
| Property charges | -7.529 | -6.394 |
| General costs and other operating income and costs | -3.688 | -2.725 |
| **Operating result before result on portfolio** | **55.891** | **39.554** |
| Result on disposal of investment properties | 5.364 | 0 |
| Changes in fair value of investment properties | 22.307 | 7.033 |
| Other result on portfolio | -5.661 | -2.472 |
| **Operating result** | **77.901** | **44.115** |
| Financial result (excl. changes in fair value of financial assets and liabilities) | -8.501 | -8.005 |
| Changes in fair value of financial assets and liabilities | -3.065 | -1.615 |
| Taxes | -587 | -390 |
| **NET RESULT** | **65.748** | **34.105** |
| Minority interests | -17 | -9 |
| **NET RESULT - Group share** | **65.765** | **34.114** |
| **Note:** | | |
| EPRA earnings | 46.820 | 31.168 |
| Result on portfolio | 22.010 | 4.561 |
| Changes in fair value of financial assets and liabilities | -3.065 | -1.615 |

## Analysis of the results[1]

The achievement of Intervest's strategic growth plan at the end of 2018 is clearly reflected in the results of 2019. Intervest's **rental income** in 2019 amounted to € 66,1 million (€ 47,9 million) and this caused a rise of € 18,2 million or an increase by 38% in respect of 2018. The rental income in 2019 includes a one-off termination indemnity received as a result of the early departure of tenant Medtronic in Oudsbergen. This termination indemnity has a positive effect of € 5,2 million on the rental income. Without taking into account the termination indemnity, the increase in rental income amounted to € 13,0 million or 27%, mainly attributable to the growth of the real estate portfolio and leases in the office segment.

The rental income in the logistics portfolio amounted to € 40,5 million. Without the termination indemnity from Medtronic, rental income in the logistics portfolio amounted to € 35,3 million, which is an increase of € 7,7 million or 28% compared to 2018 (€ 27,6 million) as a result of the expansion of the logistics real estate portfolio.

Rental income in the office segment increasedby € 5,3 million compared to 2018, to € 25,6 million in 2019. This 26% rise is mainly due to the acquisition of the Ubicenter office complex in Leuven in December 2018 and the new leases agreed at Greenhouse BXL, Mechelen Campus and Intercity Business Park in the course of 2018 and 2019.

*Realisation of growth plan in 2018 ensures increases in rental income for 2019 in the logistics real estate portfolio and in the office portfolio.*

The **property charges** amouned to € 7,5 million for 2019 (€ 6,4 million). The increase of € 1,1 million was caused mainly by higher property management costs as a result of an increase in staff numbers due to the growth of the real estate portfolio.

The **general costs and other operating income and costs** amounted to € 3,7 million (€ 2,7 million) for 2019. The rise of approximately € 1,0 million is attributable to higher personnel costs as a result of an increase in staff numbers for the internal organisation and the higher stock exchange tax ('subscription tax') payable as a result of the € 99,9 million capital increase carried out in November 2018.

The increase in rental income and the increase in general costs and property charges meant that the **operating result before result on portfolio** increased by € 16,3 million or 41% to € 55,9 million (€ 39,6 million) in 2019. Without taking into account the one-off effect of the termination indemnity and provisions for vacancy costs received from Medtronic, the operating result before result on portfolio amounted to € 50,2 million, an increase of 27% compared to 2018.

The **operating margin** of the company improved by 2% points and increased from 83% as at 31 December 2018 to 85% at the end of 2019. Without the one-off indemnity received from tenant Medtronic as a result of the early departure, the operating margin remained stable.

The **result on disposal of investment properties** includes the gain on disposal of € 5,4 million (difference between the carrying amount as at 31 December 2018 and the selling price minus all selling costs) realised for the logistics buildings in Aartselaar, Houthalen and Oudsbergen.

The **changes in fair value of investment properties** amounted to € 22,3 million in 2019 (€ 7,0 million). Positive changes in fair value are the result of:

- the increase in fair value of 5% or € 25,8 million of the logistics portfolio as a result of the sharpening of the yields in the Netherlands and Belgium
- the fair value of the office portfolio decreased by € -3,5million, mainly due to the decrease in value of Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.

1 Comparable figures for financial year 2018 between brackets.

In 2019, **the other result on portfolio** amounted to € -5,7 million (€ -2,5 million) and primarily comprised the provision for deferred tax on non-realised increases in value on the investment properties belonging to the perimeter companies of Intervest in the Netherlands and Belgium.

The **financial result (excl. changes in fair value of financial assets and liabilities)** in 2019 amounted to € -8,5 million (€ -8,0 million). The € 0,5 million or 6% increase in the net interest costs is the result of the growth of the real estate portfolio. The financing/refinancing carried out to optimise the financing structure, together with the commercial paper programme that was implemented in July 2018 and the repayment of the bond loan as at 1 April 2019, brought down the average cost of financing. The average interest rate of the financing for 2019 amounted to 2,1%, compared to 2,4% in 2018.

*The average interest rate for financing amounted to 2,1% including bank margins for 2019 (2,4% in 2018).*

**The changes in fair value of financial assets and liabilities** include the change in 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 € -3,1 million (€ -1,6 million).

The **net result** of Intervest for financial year 2019 amounted to € 65,7 million (€ 34,1 million) and can be divided into:

- the **EPRA earnings** of € 46,8 million (€ 31,2 million), or an increase of € 15,6 million or 50%, mainly due to the rise in the rental income resulting from the growth of the real estate portfolio and the one-off indemnity received as a result of the early departure of tenant Medtronic, partly compensated by higher property charges, general costs and financing costs related to the growth of Intervest and its real estate portfolio; excluding the one-off indemnity received from tenant Medtronic, the EPRA earnings amount to € 41,1 million, representing an increase of € 9,9 million or 32% compared to 2018
- the **result on portfolio** of € 22,0 million (€ 4,6 million)
- the **changes in fair value of financial assets and liabilities** for an amount of € -3,1 million (€ -1,1 million).

This means EPRA earnings of € 46,8 million (€ 31,2 million) for Intervest for 2019. Taking into account the 24.516.858 weighted average number of shares, this results in EPRA earnings per share of € 1,91 as compared to € 1,63 per share for 2018.

Excluding the indemnity received from tenant Medtronic as a result of the early departure, the EPRA earnings per share for 2019 would amount to € 1,68 or an increase of 3% compared to the previous year, despite an increase of the weighted average number of shares of 28% as a result of the capital increase of November 2018 and the optional dividend in May 2019.

The shareholders can be offered a **gross dividend** of € 1,53[1] (€ 1,40 for 2018). This equals a pay-out ratio of 80%[2] of the EPRA earnings. This offers the shareholders a **gross dividend yield** of 6,0%, based on the closing share price as at 31 December 2019 (€ 25,60).

1 Subject to approval by the annual general meeting to be held in 2020.

2 Intervest Offices & Warehouses is a regulated real estate company with a legal distribution obligation of at least 80% of the net result, adjusted to non-cash flow elements, realised capital gains and capital losses on investment properties and debt reductions.

# 3.4. Consolidated balance sheet

| in thousands € | 31.12.2019 | 31.12.2018 |
| --- | --- | --- |
| **ASSETS** | | |
| Non-current assets | 894.262 | 867.582 |
| Current assets | 24.601 | 19.582 |
| **Total assets** | **918.863** | **887.164** |
| | | |
| **SHAREHOLDERS' EQUITY AND LIABILITIES** | | |
| **Shareholders' equity** | **524.433** | **477.208** |
| Share capital | 222.958 | 219.605 |
| Share premiums | 173.104 | 167.883 |
| Reserves | 62.032 | 55.015 |
| Net result for the financial year | 65.765 | 34.114 |
| Minority interests | 574 | 591 |
| **Liabilities** | **394.430** | **409.956** |
| Non-current liabilities | 274.065 | 297.951 |
| Current liabilities | 120.365 | 112.005 |
| **Total shareholders' equity and liabilities** | **918.863** | **887.164** |

## Assets [1]

*The fair value of the real estate portfolio as at 31 December 2019 amounted to € 893 million.*

The **non-current assets** consisted mainly of the real estate investments of Intervest. The **fair value of the real estate portfolio** increased by approximately € 26 million in 2019 due to the increase in value of the portfolio (€ 22 million), investments in the existing portfolio (€ 8 million) and asset rotation.

The fair value of the real estate portfolio as at 31 December 2019 amounted to € 893 million (€ 867 million). The underlying fair value of the real estate portfolio underwent the following changes in 2019:

- the increase in fair value of the real estate portfolio by € 22 million, mainly as a result of the sharpening of the yields in the logistics portfolio, both in the Netherlands and in Belgium
- the investments and expansions in the existing real estate portfolio for € 8 million;
- acquisition of two logistics sites (Roosendaal and Nijmegen) for a total investment amount of € 24 million;
- investments in development projects in Genk, Eindhoven and Roosendaal and a land reserve in the Netherlands (Den Bosch) for € 30 million;
- divestment of three logistics site in Belgium for € 58 million.

The **current assets** amounted to € 25 million (€ 20 million) and consisted mainly of trade receivables in the amount of € 12 million, € 10 million of which for advance invoicing for the first quarter of 2020, € 6 million from tax receivables and other current assets, € 2 million from liquid assets and € 5 million from deferred charges and accrued income.

1 Comparable figures for financial year 2018 between brackets.

## Liabilities[1]

*Shareholders' equity in 2019 increased by € 47 million or 10%.*

The company's **shareholders' equity** increased by € 47 million or 10% in 2019, and as at 31 December 2019 and amounted to € 524 million (€ 477 million as at 31 December 2018), represented by 24.657.003 shares (24.288.997 shares as at 31 December 2018). This increase was primarily due to the combination of:

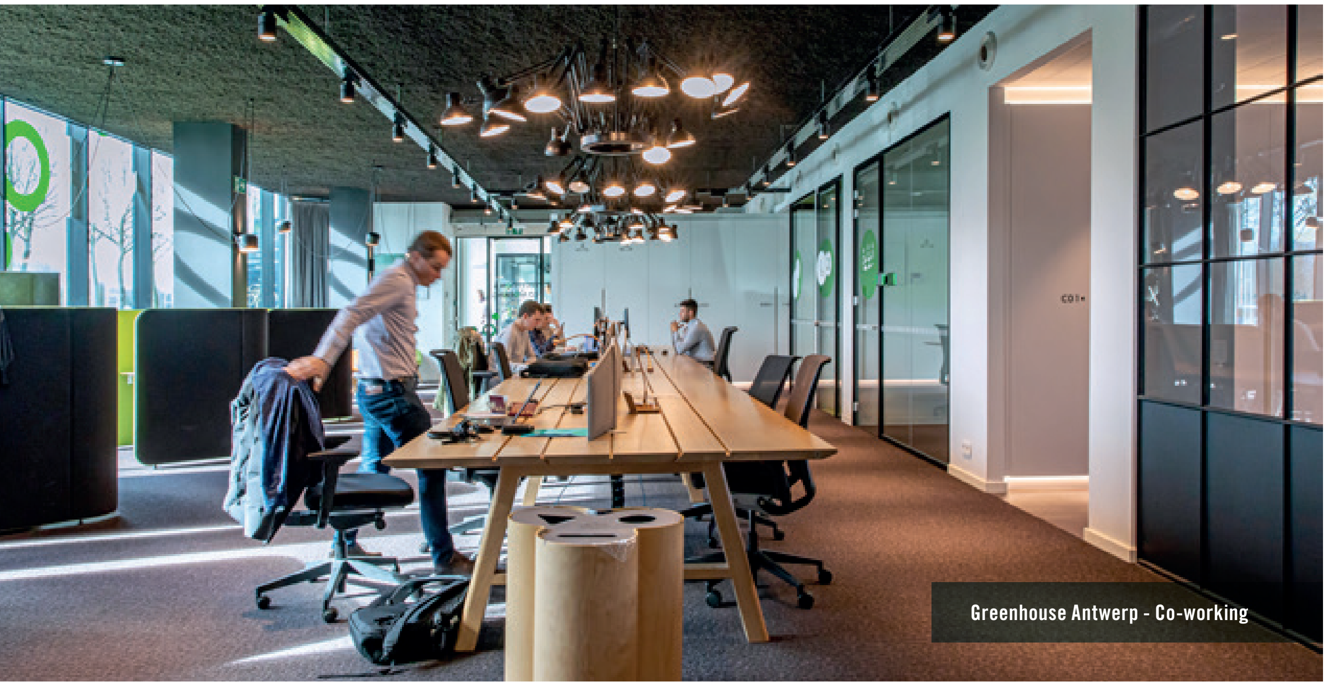
- the optional dividend for € 9 million in May 2019 whereby the shareholders of Intervest opted, for the payment of the dividend for 45,2% of their shares for financial year 2018, for the contribution of their dividend rights in return for new shares instead of receiving payment of the dividend in cash; this has led to the creation of 368.006 new shares entitled to dividend as from 1 January 2019
- the dividend payment for financial year 2018 for an amount of € 27 million in May 2019
- the net result in the amount of € 66 million for the 2019 financial year.

The company's **registered capital** increased by € 4 million to € 225 million (€ 221 million) in 2019 as a result of these capital increases. The **capital** item also includes € 2 million costs for the capital increase of November 2018. The **share premiums** rose by € 5 million to € 173 million (€ 168 million).

The **reserves** of the company amounted to € 62 million (€ 55 million) and consisted mainly of:

- the reserve for the balance of changes in fair value of real estate properties for € 36 million (€ 31 million), composed of the reserve for the balance of changes in the investment value of real estate properties for € 64 million (€ 48 million), and the reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties; indeed, in accordance with the interpretation of the RREC sector of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006 and the updated interpretation of the BE-REIT Association, published on 10 November 2016), the real estate portfolio is valued at fair value; the difference with the investment value is shown separately in shareholders' equity; this difference amounted to € -28 million (€ -17 million) as at 31 December 2019
- a reserve for the balance of changes in fair value of authorised hedging instruments that were not subject to hedge accounting for an amount of € -4 million (€ -2 million)
- results carried forward from previous financial years and the other reserves subject to payment of € 30 million (€ 26 million).

As at 31 December 2019, the **net value (fair value)** of a share was € 21,25 compared to (€ 19,62 as at 31 December 2018). The EPRA NAV per share amounted to € 21,79 as at 31 December 2019. This means that there was an increase of € 1,91 compared to the EPRA NAV per share of € 19,88 as at 31 December 2018, mainly as a result of the generation of the EPRA earnings and the increase in value of the real estate portfolio, and partly compensated by the dividend payment for the 2018 financial year.



Greenhouse Antwerp - Co-working

## *Increase of the EPRA NAV per share by € 1,91 or 10% to € 21,79 as at 31 December 2019.*

As the stock exchange quotation of an Intervest share (INTO) was € 25,60 as at 31 December 2019, the share was listed at a premium of 20% on the closing date, compared to the net value (fair value).

## *Market capitalisation reached € 631 million as at 31 December 2019.*

The **long-term liabilities** amounted to € 274 million (€ 298 million) and included:

- long-term financial debts in the amount of € 255 million (€ 289 million), consisting of:
    - long-term financing for € 220 million, of which the expiry date is after 31 December 2020
    - the bond loan issued in March 2014 with a net income of € 35 million expiring as at 1 April 2021
- the other non-current financial liabilities, representing the negative market value of € 7 million of the cash flow hedges concluded by the company to hedge the variable interest rate on the non-current financial debts, and the liabilities relating to the long-term leases in Oevel and Ghent to the amount of € 2 million (IFRS 16)
- a provision of € 7 million for deferred taxes
- a long-term provision of € 2 million for the rental guarantee that Intervest has provided to the purchaser of the logistics property in Oudsbergen.

The **current liabilities** amounted to € 120 million (€ 112 million) and consisted of € 88 million (€ 87 million) in current financial debts (€ 23 million bank loans and € 65 million commercial paper), of € 12 million in trade debts and other current debts and liabilities, and €19 million in accrued charges and deferred income.

Herentals - Yusen Logistics

# 4. Financial structure

## 4.1. Developments in 2019

The **financing 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 debts and the 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. Good diversification of various financing sources is targeted, as well as an adequate spread of the expiry dates of the financing, which caused Intervest to also close 2019 with a solid capital structure. Intervest continues to pay attention to actively managing the financial risks, including risk of interest, of liquidity and of financing.

In 2019, Intervest expanded its financing portfolio and continued to diversify through the following actions.

- the expansion of the commercial paper by € 35 million to € 65 million
- expanding and extending bank financing by:
    - entering into three additional loans with new credit institutions (Triodos Bank, Banque Internationale à Luxembourg and VDK Bank) for a total amount of € 38 million; the credits were concluded for a period of 7 years
    - entering into additional financing of € 30 million with BNP Paribas Fortis, having duration periods of 3 and 5 years
    - the extension by 6 years of existing financing with Belfius Bank for an amount of € 30 million
- the repayment of the € 25 million bond loan issued in March 2014, which matured as at 1 April 2019
- the closing and renegotiating interest rate hedges by:
    - the conclusion of three new interest rate swaps for a notional amount of € 35 million with duration periods of 6 or 7 years to replace existing interest rate swaps that matured in the first half of 2019
    - the renegotiation and extension of a number of existing hedging instruments, for a notional amount of € 25 million at a lower interest rate via a "blend & extend" transaction
- the conclusion of an interest rate swap for a notional amount of € 15 million with a maturity of 5 years.

These (re-)financing, interest hedging and optimisation actions have caused the average financing cost of Intervest to decrease from 2,4% in 2018 to 2,1% in 2019. As at 31 December 2019, the hedging ratio amounted to 97%.

This (re-)financing shows the confidence that financial institutions have in Intervest and its strategy. It has led to an adequate spread of the expiry calendar of the long-term financing between 2020 and 2026, while duly regarding balance between cost price, duration and diversification of the financing sources.

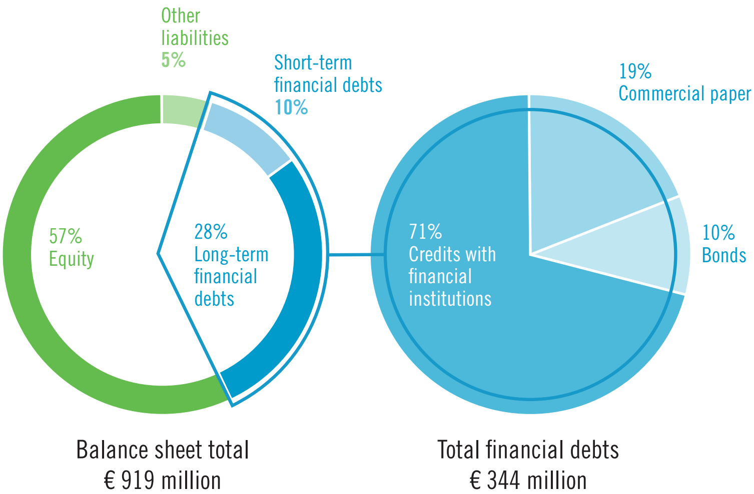
At the end of 2019, Intervest had a buffer of € 186 million of non-withdrawn credit lines available to finance development projects and future acquisitions and dividend payment in May 2020. In addition, € 33 million in credit lines will mature in the first quarter of 2020.

The **debt ratio** of the company amounted to 39,0% as at 31 December 2019 (43,5% as at 31 December 2018). The decrease of 4,5 % points is mainly the result of the increase in value in the logistics portfolio and the divestment of three logistics sites in Belgium at the end of 2019.

*The debt ratio of Intervest amounted 39% as at 31 December 2019.*

Because of this limited debt ratio of 39% as at 31 December 2019, approximately € 200 million can still be invested with borrowed capital before reaching the top of the strategic range of 45%-50%.

## 4.2. Overview as at 31 December 2019




Other **characteristics of the financial structure** as at the end of 2019 are:

**Credit lines**
- 81% long-term credit lines with a weighted average remaining duration of 4,0 years (4,4 years at the end of year 2018) and 19% short-term credit lines
- spread of the expiry dates of credit lines between 2020 and 2026
- spread of the credit facilities over ten European financial institutions, bondholders and a commercial paper programme.

**Interest coverage ratio**
- ratio of 6,6 for 2019 (4,9 for 2018).

**Hedge ratio**
- 97% of the withdrawn credits facilities had a fixed interest rate or were fixed by interest rate swaps and 3% had a variable interest rate
- 59% of the credit lines have a fixed interest rate, or the rate was set by interest rate swaps, 41% have a variable interest rate
- market value of financial derivatives: € 6,5 million negative

**Agreements**
- no change in 2019 in the current contracted agreements
- the RREC fulfilled its agreements as at 31 December 2019.

| 39%<br>Debt ratio | € 186 million<br>Non-withdrawn credit lines | 2,1%<br>Average interest rate | 97%<br>Hedge ratio |
|---|---|---|---|
| 43,5%<br>as at 31 December 2018 | € 113 million<br>as at 31 December 2018 | 2,4%<br>as at 31 December 2018 | 84%<br>as at 31 December 2018 |

# 4.3. Notes on the financial structure

## Short-term credit lines

As at 31 December 2019, 81% of the available credit lines of Intervest were long-term credit lines and 19% were short-term credit lines.

The short-term credit lines (€ 106 million) consisted of:

- 61% (€ 65 million) commercial paper
- 31% (€ 33 million) credits falling due within one year
- 7% (€ 7 million) credits with open-ended duration
- 1% (€ 1 million) repayment credits.

## Long-term credit lines

The strategy of Intervest is to keep the average duration of long-term credit lines between 3,5 and 5 years, but this can be derogated from temporarily if specific market conditions require.

In 2019, Intervest continued the process of optimising the spread of the expiry dates of its credit lines by:

- concluding three additional financing agreements with new credit institutions for a term of 7 years:
    - Triodos Bank: € 25 million
    - Banque Internationale à Luxembourg: € 10 million
    - VDK Bank: € 3 million
- entering into additional financing of € 30 million with BNP Paribas Fortis, having duration periods of 3 and 5 years
- the extension by 6 years of existing financing with Belfius Bank for an amount of € 30 million.

This weighted average remaining duration of the long-term credit lines slightly decreased from 4,4 years as at 31 December 2018 to 4,0 years as at 31 December 2019.

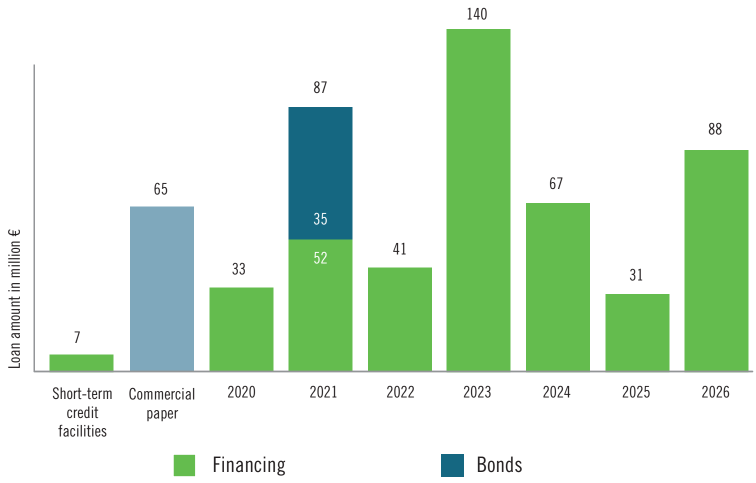
## Available credit lines

As at 31 December 2019, the company had € 186 million in non-withdrawn committed credit lines with its financiers.
These will be used in the course of 2020 to finance ongoing development projects, future acquisitions and the dividend payment in May 2020. In addition, € 33 million in credit lines will mature in the first quarter of 2020.

Intervest maintains a strict cash position so that, in principle, the cash position at financial institutions remains largely restricted and the cash balance can be applied for the reduction of financial debts. As at 31 December 2019, the company's cash position only amounted to € 2,2 million.

## Expiry dates calendar credit lines

The expiry dates calendar of the credit lines as at 31 December 2019 is represented in the chart.




*The weighted average remaining duration of the long-term credit lines is 4,0 years.*

## Hedging

Given the persistent low interest rates on the financial markets Intervest further stepped up its hedging strategy in 2018. When composing the credit portfolio, Intervest aims for a strategy to maintain a hedging ratio of at least 80%.

As at 31 December 2019:

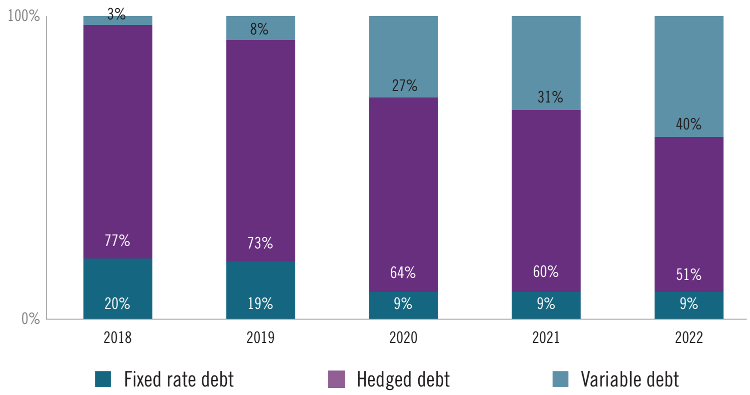
- the company concluded interest rate swaps for a total notional amount of € 265 million
- the bond loans for a total amount of € 35 million have a fixed interest rate
- the company has credit facility agreements with a fixed interest rate for a total amount of € 32 million with an initial duration of 7 and 10 years.

As at 31 December 2019, 97% of the credits withdrawn had a fixed interest rate or were fixed by interest rate swaps and 3% had a variable interest rate.

As at 31 December 2019, 59% of the credit lines of the company consisted of financing with a fixed interest rate or are fixed by interest rate swaps; 41% had a variable interest rate. The percentage difference with the credit lines drawn down resulted from the available credit lines.

As at 31 December 2019, the weighted average interest rate of the interest rate swaps was 0,5% (0,6% in 2018).

The expiry dates calendar of hedging instruments and financing with a fixed interest rate results in the following picture:




## Duration of fixed interest rates

Developments in 2019:

- the conclusion of three new interest rate swaps for a notional amount of € 35 million with duration periods of 6 or 7 years to replace existing interest rate swaps that matured in the first half of 2019
- the renegotiation and extension of a number of existing hedging instruments, for a notional amount of € 25 million at a lower interest rate via a 'blend & extend' transaction
- the conclusion of an interest rate swap for a notional amount of € 15 million with a maturity of 5 years.

As at 31 December 2019, the weighted average remaining duration of the interest rate swaps was 4,4 years (4,2 in 2018).

The interest rates on the credits of the company (interest rate swaps and credits with fixed interest rates) as at 31 December 2019 are fixed for a weighted average remaining duration of 4,2 years (3,7 in 2018).

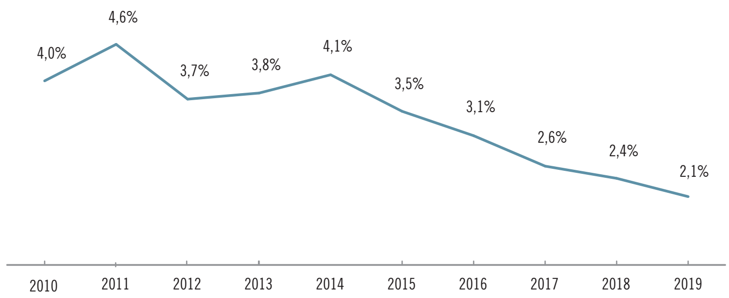
## Interest rate sensitivity

For financial year 2019, the effect on the EPRA earnings of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € 0,6 million (negative € 0,6 million in 2018).

## Average interest rate of the financing*

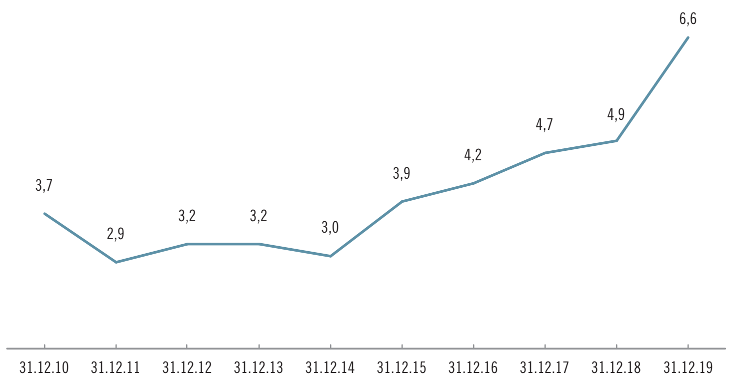
For financial year of 2019, the average interest rate of the financing of Intervest was 2,1% including bank margins (2,4% in 2018). This decrease is mainly the result of the (re-)financing, interest hedging and optimisation.

- The average interest rate for the non-current financial debts amounted to 2,3% in 2019 (2,4% in 2018).
- The average interest rate for the current financial debts amounted to 1,4% in 2019 (2,4% in 2018).

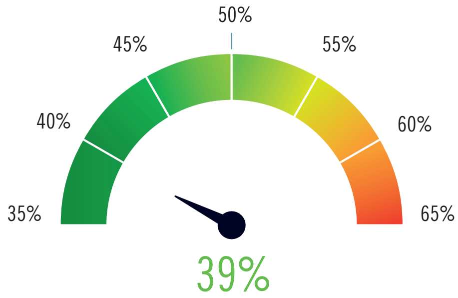



## Interest coverage ratio

The interest coverage ratio is the ratio between the operating result before result on portfolio and the financial result (excluding the changes in fair value of financial assets and liabilities). For Intervest, this ratio amounted to 6,6 for financial year 2019 (4,9 for the financial year 2018), which is higher than the 2 to 2,5 required, a protocol established in the financing agreements of the company.

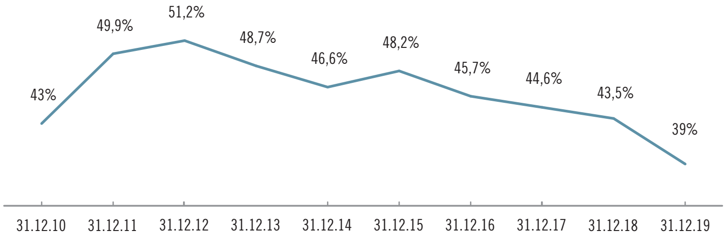


## Debt ratio




The debt ratio of the company amounted to 39% as at 31 December 2019 (43,5% as at 31 December 2018). The decrease by 4,5% points compared to 31 December 2018 was mainly the result of the increase in value in the logistics portfolio and the divestment of three logistics sites in Belgium at the end of 2019.

In order to guarantee a proactive policy for the debt ratio, an RREC having a debt ratio higher than 50% must prepare a financial plan pursuant to Article 24 of the RREC Royal Decree. This plan contains an implementation scheme describing the measures to be taken to avoid the debt ratio exceeding 65% of the consolidated assets.




Intervest's policy consists of trying to maintain a debt ratio of between 45% and 50%, unless a clear overheating of the logistics real estate market would significantly increase in fair value of the real estate portfolio. As a safety precaution, the range will then be adjusted downwards to 40-45%.

On the basis of the current 39% debt ratio as at 31 December 2019, Intervest still has an additional investment capacity of approximately € 680 million, without exceeding the maximum debt ratio of 65%. The capacity for further investments amounts to approximately € 485 million before exceeding the debt ratio of 60% and approximately € 200 million before exceeding the threshold of 50%.

Valuations of the real estate portfolio also have an impact on the debt ratio. Taking into account the current capital structure, the maximum debt ratio of 65% would only be exceeded in case of a possible decrease in value of the investment properties available for lease by approximately € 367 million or 43% compared to the real estate available for lease of € 860 million as at 31 December 2019. In case of unchanged current rents, this means an increase of the yield, used to determine the fair value of the real estate properties available for lease, of 5,3% points on average (from 7,2% on average to 12,5% on average). In case of unchanged yield used to determine the fair value of the real estate properties, this means a decrease of current rents of € 26,3 million or 43%.

Intervest believes that the current debt ratio is at an acceptable level, offering sufficient margin to absorb potential decreases in value of the real estate properties.

This forecast can however be influenced by unforeseen circumstances. In this respect reference is made specifically to the chapter Risk factors.

## Banking counterparties

The credit portfolio of Intervest is spread over ten European financial institutions and bondholders.

Intervest maintains business relations with:

- banks providing financing: KBC Bank nv, ING Belgium nv, Belfius Bank nv, BNP-Paribas Fortis nv, NIBC Bank nv, Bank Degroof Petercam, Argenta Spaarbank nv, Triodos Bank nv, VDK Bank and Banque Internationale à Luxembourg
- banks which are counterparties for the interest rate swap hedges: ING Belgium nv, KBC Bank nv and Belfius Bank nv.

# 5. Profit distribution 2019

The board of directors proposes that the result of the financial year 2019 of Intervest Offices & Warehouses nv be appropriated as follows:

in thousands €

| | |
|---|---|
| **Net result for the 2019 financial year*** | **65.765** |
| **ALLOCATION TO/TRANSFER FROM RESERVES** | |
| Allocation to/transfer from the reserves for the balance of changes in fair value** of real estate properties: | |
| • Financial year | -19.901 |
| • Previous financial years | 10.121 |
| • Realisation real estate properties | -3.923 |
| Allocation to the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties | 1.814 |
| Allocation to the reserve for the balance of changes in fair value of authorised hedging instruments that are not subject to hedge accounting | 3.065 |
| Allocation to other reserves | -10.121 |
| Allocation to results carried forward from previous years | -9.095 |
| **Remuneration of capital** | **37.725** |

* The present profit distribution is based on the statutory figures (see 8.4 Annexes of the statutory annual accounts of the Financial report).
** Based on the changes in investment value of investment properties.

*At the general meeting of shareholders as at 29 April 2020, it will be proposed that a gross dividend of € 1,53 per share be distributed.*

The shareholders are offered a gross dividend of € 1,53 per share for financial year 2019. This is equal to a net dividend of € 1,071 after deduction of the 30% withholding tax.

Taking into account the 24.657.003 shares that will participate in the result of financial year 2019, this means that a dividend of € 37.725.215 is available for distribution.

The pay-out of the EPRA earnings is pursuant to the RREC Act. The dividend is payable as from 27 May 2020.

# 6. EPRA Best Practices[1]

EPRA is the European Public Real Estate Association, and it issues recommendations to increase the transparency and consistency of financial reporting, the so-called BPR (Best Practices Recommendations).

In December 2014 the EPRA's Reporting and Accounting Committee published an update of the report entitled "Best Practices Recommendations ('BPR')[2]. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. Intervest endorses the importance of reporting standardisation of performance indicators from the perspective of improving the comparability and the quality of information for its investors and other users of the annual report. For this reason, Intervest has decided to include the most important performance indicators in a separate chapter of the annual report.

## 6.1. EPRA gold, again

The Intervest Annual Report 2018 again received an EPRA Gold Award at the annual conference of the European Real Estate Association. This is the fifth time in a row that Intervest has received a Gold Award from this leading group, which advocates improved transparency and consistency in financial reporting.

Following the EPRA BPR guidelines provides stakeholders in the real estate sector with transparency and a framework of comparability and is highly valued in the sector as shown by the full report on the EPRA Awards, which can be consulted at www.epra.com.

1 These figures were not audited by the statutory auditor except the EPRA earnings, the EPRA NAV and the EPRA NNNAV.

2 The report can be consulted on the EPRA website: www.epra.com.

## 6.2. EPRA Key performance indicators

The auditor has verified if the “EPRA earnings”, “EPRA NAV” and “EPRA NNNAV” ratios are calculated according to the EPRA BPR definitions of December 2014, and if the financial data used for the calculation of these ratios correspond to the accounting data of the consolidated financial statement.

| Table | EPRA indicators | Definitions EPRA* | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|---|---|
| 1 | EPRA earnings | Result derived from the strategic operational activities.<br><br>Objective: to measure the result of the strategic operational activities, excluding (i) the changes in fair value of financial assets and liabilities (ineffective hedges), and (ii) the portfolio result (the profit or loss on investment properties that may or may not have been realised). | in thousands € | 46.820 | 31.168 |
| | | | €/share | 1,91 | 1,63 |
| 2 | EPRA NAV | Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for investment properties in the long term.<br><br>Objective: after adjusting the net value (fair value), the EPRA NAV provides the shareholder with relevant information about the fair value of the assets and liabilities within a real estate company with a long-term strategy. | in thousands € | 537.261 | 482.981 |
| | | | €/share | 21,79 | 19,88 |
| 3 | EPRA NNNAV | EPRA NAV adjusted to account for the fair value of the financial instruments, the debts and the deferred taxes.<br><br>Objective: after adjusting the EPRA NAV, the EPRA NNNAV provides the shareholder with relevant information about the fair value of the assets and liabilities within a real estate company. | in thousands € | 521.177 | 473.394 |
| | | | €/share | 21,14 | 19,49 |
| 4 | (i) EPRA Net Initial Yield (NIY) | Annualised gross rental income based on the contractual rents passing as at the closing date of the annual accounts, less the property charges, divided by the market value of the portfolio, increased by the estimated transactions rights and costs resulting from of hypothetical disposal of investment properties.<br><br>Objective: an indicator for comparing real estate portfolios based on yield. | | 5,9% | 6,2% |

| Table | EPRA indicators | Definitions EPRA* | 31.12.2019 | 31.12.2018 |
|---|---|---|---|---|
| | (ii) EPRA topped-up NIY | This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).<br><br>Objective: an indicator for comparing real estate portfolios based on yield. | 6,1% | 6,4% |
| 5 | EPRA vacancy percentage | Estimated rental value (ERV) of vacant space divided by ERV of the portfolio in its entirety.<br><br>Objective: to measure the vacancy of the investment properties portfolio based on estimated rental value (ERV). | 6,8% | 6,7% |
| 6 | EPRA Cost Ratio (including direct vacancy costs) | EPRA costs (including direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights.<br><br>Objective: to measure significant changes in the company's general and operational costs. | 15,5% | 17,4% |
| | EPRA cost ratio (excluding direct vacancy costs) | EPRA costs (excluding direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights.<br><br>Objective: to measure significant changes in the company's general and operational costs, without the effect of changes in vacancy costs. | 14,5% | 16,2% |

* Source: EPRA Best Practices (www.epra.com).

# 6.3. Tables EPRA Key performance indicators

## Table 1: EPRA earnings

| in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| **Net result IFRS (Group share)** | **65.765** | **34.114** |
| **Adjustments to calculate EPRA earnings** | | |
| To be excluded: | | |
| I. Changes in fair value of investment properties | -22.307 | -7.033 |
| II. Result on disposal of investment properties | -5.364 | 0 |
| VI. Changes in fair value of financial assets and liabilities | 3.065 | 1.615 |
| Other result on portfolio | 5.661 | 2.472 |
| **EPRA earnings (Group share)** | **46.820** | **31.168** |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| **EPRA earnings (€/per share) (Group share)** | **1,91** | **1,63** |

The EPRA earnings for 2019 amounted to € 46,8 million, which means an increase of 50% compared to 2018. The EPRA earnings per share rose by 17% and amounted to € 1,91 for 2019 compared to € 1,63 for 2018. This rise was mainly due to the rise in the rental income due to the growth of the real estate portfolio and the one-off termination indemnity received as a result of the early departure of tenant Medtronic, partly compensated by higher property charges, general costs and financing costs related to the growth of Intervest and its real estate portfolio.

Excluding the one-off indemnity received from tenant Medtronic, EPRA earnings for 2019 rose by 32% to € 41,1 million. The underlying EPRA earnings per share increased by 3% and amounted to € 1,68 for the 2019 financial year.

## Tables 2 and 3: EPRA NAV and EPRA NNNAV

| in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| **Net asset value (Group share)** | **523.859** | **476.617** |
| Net asset value per share (€) (Group share) | 21,25 | 19,62 |
| **Diluted net value, after the lifting of options, convertible debts and other shareholder equity instruments.** | **523.859** | **476.617** |
| To be excluded: | | |
| IV. Fair value of financial instruments | 6.492 | 3.456 |
| V.a Deferred taxes | 6.910 | 2.908 |
| **EPRA NAV (Group share)** | **537.261** | **482.981** |
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| **EPRA NAV/share (€) (Group share)** | **21,79** | **19,88** |
| To be added: | | |
| I. Fair value of financial instruments | -6.492 | -3.456 |
| II. Revaluations of the fair value of financing with fixed interest rate | -2.682 | -3.223 |
| III. Deferred taxes | -6.910 | -2.908 |
| **EPRA NNNAV (Group share)** | **521.177** | **473.394** |
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| **EPRA NNNAV/share (€) (Group share)** | **21,14** | **19,49** |

The EPRA NAV per share amounted to € 21,79 as at 31 December 2018. This means that there was an increase of € 1,91 compared to € 19,88 as at 31 December 2018, mainly as a result of combining the generation of the EPRA earnings and the increase in value of the real estate portfolio, as well as the dividend payment for the 2018 financial year.

The EPRA NNNAV per share amounted as at 31 December 2019 to € 21,14 compared to € 19,49 as at 31 December 2018.

## Table 4: EPRA Net Initial Yield (NIY) and EPRA topped-up NIY

| in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Investment properties and properties held for sale | 892.813 | 866.504 |
| To be excluded: | | |
| Development projects intended for lease | 33.300 | 5.615 |
| **Real estate properties available for lease** | **859.513** | **860.889** |
| To be added: | | |
| Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties | 30.214 | 28.401 |
| **Investment value of properties available for lease - including real estate held by right of use (B)** | **889.727** | **889.290** |
| Annualised gross rental income | 59.438 | 62.004 |
| To be excluded: | | |
| Property charges* | -7.141 | -7.090 |
| **Annualised net rental income (A)** | **52.297** | **54.914** |
| Adjustments: | | |
| Rent expiration of rent free periods or other lease incentives | 2.075 | 1.631 |
| **Annualised 'topped-up' net rental income (C)** | **54.372** | **56.545** |
| (in %) | | |
| **EPRA NET INITIAL YIELD (A/B)** | **5,9%** | **6,2%** |
| **EPRA 'TOPPED-UP' NET INITIAL YIELD (C/B)** | **6,1%** | **6,4%** |

* The perimeter of the property charges to be excluded for the calculation of the EPRA Net Initial Yield is recorded in the EPRA Best Practices and does not correspond with the 'Property charges' as presented in the consolidated IFRS accounts.

The EPRA Net Initial Yield and the EPRA topped-up Net Initial Yield decreased as at 31 December 2019 compared to 31 December 2018 as a result of the divestments in 2019 and an increase in fair value of the existing logistics portfolio as a result of the sharpening of the yields in the logistics segment.

## Table 5: EPRA vacancy rate

| Segment | Leasable space (in thousands m²) | Estimated rental value (ERV) on vacancy (in thousands €) | Estimated rental value (ERV) (in thousands €) | EPRA vacancy (in %) | EPRA vacancy (in %) |
|---|---|---|---|---|---|
| | | | | 31.12.2019 | 31.12.2018 |
| Offices | 238 | 3.049 | 30.233 | 10% | 12% |
| Logistics real estate Belgium | 474 | 1.199 | 20.405 | 6% | 3% |
| Logistics real estate the Netherlands | 234 | 0 | 11.654 | 0% | 0% |
| **Total real estate properties available for lease** | **946** | **4.248** | **62.292** | **7%** | **7%** |

The EPRA vacancy percentage as at 31 December 2019 remained stable. The EPRA vacancy percentage of the office portfolio decreased by 2% points as a result of the new leases and expansions in Mechelen. In the logistics portfolio, the EPRA vacancy percentage increased by 3% points in Belgium, mainly due to the departure of tenant Fiege in Puurs. There is no vacancy in the logistics portfolio in the Netherlands.

## Table 6: EPRA cost ratios

| in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Administrative and operational expenses (IFRS) | 10.252 | 8.366 |
| *Rental-related expenses* | *166* | *53* |
| *Recovery of property charges* | *-707* | *-729* |
| *Costs payable by tenants and borne by the landlord for rental damage and refurbishment* | *774* | *529* |
| *Other rental-related income and expenses* | *-1.198* | *-606* |
| *Property charges* | *7.529* | *6.394* |
| *General costs* | *3.777* | *2.749* |
| *Other operating income and costs* | *-89* | *-24* |
| To be excluded: | | |
| Compensations for leasehold estate and long-lease rights | -8 | -12 |
| **EPRA costs (including vacancy costs) (A)** | **10.244** | **8.353** |
| Vacancy costs | -672 | -587 |
| **EPRA costs (excluding vacancy costs) (B)** | **9.572** | **7.766** |
| **Rental income less compensations for leasehold estate and long-lease rights (C)** | **66.135** | **47.907** |
| (in %) | | |
| **EPRA cost ratio (including vacancy costs) (A/C)** | **15,5%** | **17,4%** |
| **EPRA cost ratio (excluding vacancy costs) (B/C)** | **16,6%** | **16,2%** |

The EPRA cost ratio as at 31 December 2019 decreased compared to 31 December 2018 as a result of the termination indemnity received from tenant Medtronic. Without taking into account the termination indemnity received from Medtronic, the EPRA cost ratio remains at the same level.

## Table 7: EPRA net rental income on steady comparison base

| in thousands € | 31.12.2019 | | | | 31.12.2018 | | |
|---|---|---|---|---|---|---|---|
| **Segment** | **Unchanged composition of the portfolio over two years** | Acquisitions & developments | Divestments | Total net rental income | **Unchanged composition of the portfolio over two years** | **Evolution in net rental income** | **Evolution in net rental income (in %)** |
| **Offices** | **21.350** | 4.274 | 0 | 25.624 | **20.161** | **1.189** | **6%** |
| Changes pursuant to indexation | | | | | | 355 | 2% |
| Changes in the occupancy rate | | | | | | 536 | 3% |
| Changes pursuant to renegotiation with current tenants or new tenants | | | | | | 58 | 0% |
| Changes to compensation for received indemnities | | | | | | 115 | 1% |
| Greenhouse changes | | | | | | 137 | 1% |
| Other changes | | | | | | -12 | 0% |
| **Logistics** | **21.646** | 10.474 | 8.399 | 40.519 | **21.089** | **557** | **3%** |
| Changes pursuant to indexation | | | | | | 374 | 2% |
| Changes in the occupancy rate | | | | | | 347 | 2% |
| Changes pursuant to renegotiation with current tenants or new tenants | | | | | | -71 | 0% |
| Changes pursuant to reduction on temporary availability agreement | | | | | | 0 | 0% |
| Changes to compensation for damages received | | | | | | 0 | 0% |
| Other changes | | | | | | -93 | 0% |
| **TOTAL RENTAL INCOME for unchanged composition** | **42.996** | 14.748 | 8.399 | 66.143 | **41.250** | **1.746** | **4%** |
| **Reconciliation with consolidated net rental income** | | | | | | | |
| Rental-related expenses | | | | -166 | | | |
| **NET RENTAL INCOME** | | | | 65.977 | | | |

The above table shows the change in the EPRA rental income in an unchanged composition of the portfolio. This means that the additional rental income received as a result of the acquisition of seven logistics buildings and one office building in 2018 and the rental income of the three logistics sites that were divested in 2019 are not included in the comparison basis. Neither has the additional rental income as a result of the acquisition of three logistics buildings or the completion of the project in Greenhouse BXL in 2019 been taken into account.

The like for like of the EPRA rental income shows an increase of 6% in the office portfolio. This is mainly a result of new leases in vacant spaces in, among others, Mechelen Campus and Intercity Business Park during the course of 2018 and 2019 and the indexation of the existing agreements. The like-for-like of the EPRA rental income in the logistics portfolio shows an increase of 3%, as a result of the indexation of the current lease agreements and leases in Boom and Mechelen Oude Baan, partly compensated by additional vacancy in Puurs.

## Table 8: EPRA investment expenses on steady comparison base

| in thousands € | 31.12.2019 | | 31.12.2018 | |
|---|---|---|---|---|
| | Offices | Logistics | Offices | Logistics |
| Acquisition of investment properties | 0 | 23.953 | 33.723 | 111.715 |
| Investments in development projects | 0 | 29.594 | 0 | 3.828 |
| Acquisition of shares in real estate companies | 0 | 0 | 0 | 37.190 |
| Divestments of investment properties | 0 | -57.665 | 0 | 0 |
| Like-for-like portfolio* | 6.803 | 1.317 | 9.158 | 1.089 |
| **Total** | **6.803** | **-2.801** | **42.881** | **153.822** |

* The investment expenses mentioned in the 'Like-for-like portfolio' relate to investments and expansions in buildings owned by the company as at 31 December 2019.

In the logistics portfolio, two logistics sites in the Netherlands were purchased in 2019 for an amount of € 24 million. € 30 million was invested in project developments, mainly in Genk Green Logistics, Gold Forum (NL) and Roosendaal Braak (NL). The logistics sites in Aartselaar, Houthalen and Oudsbergen, with a fair value of € 58 million, were also divested.

The investment expenses of € 6,8 million in the existing office portfolio mainly related to expenses relating to the redevelopment of Greenhouse BXL. In the logistics portfolio, € 1,3 million was invested in the existing portfolio, the majority of which was for the Belgian portfolio.

# 7. Outlook for 2020

Permanent changes in the real estate and financial markets are the reason why Intervest carefully monitors its strategy and approach every year and refines it without affecting its the essence.

Intervest continued to implement its investment strategy in 2019 and, in doing so, paid attention to growth in addition to creating land reserves and rotating the assets of logistics sites and office buildings that are not adequately aligned with the future characteristics of the market.

In 2020 and 2021 Intervest will continue to pursue this approach unabated with the reorientation of its office portfolio and the expansion of the logistics real estate portfolio.

## Investments and development potential

In 2020 Intervest will continue to pursue growth, paying attention to creating value, both in the existing real estate portfolio and in new acquisitions and developmen projects.

In view of the great interest by investors in the logistics investment market and the relatively high prices in consequence of this, acquisitions in the logistics portfolio will consist of a healthy mix of “more expensive” fully completed buildings with high-quality tenants having long-term lease agreements and developments of real estate sites, which may or may not be fully leased in advance, just like in 2019. The latter generate a higher yield in the portfolio, in which case, of course, the accompanying building and development risks will be closely monitored.

To achieve these developments, Intervest will set up land reserves, primarily in the vicinity of its already existing clusters in Belgium and the Netherlands.

Recent developments in the logistics landscape, such as last-mile urban distribution and impact on the climate, offer opportunities for developing logistics sites that take this into account.

The ratio of the two real estate segments in the portfolio as at 31 December 2019 amounted to 61% logistics real estate and 39% office buildings. In future the growth of the real estate portfolio will be realised primarily in the logistics real estate, both in Belgium and in the Netherlands. However, the office buildings will always constitute an essential part of the portfolio.

As at 31 December 2019 Intervest had two development projects in the Netherlands (see 1.3). Gold Forum, the project in Eindhoven, has since been delivered as at 30 January 2020[1]. This involves an extremely sustainable development of 21.000 m², adjacent to Silver Forum, the site that Intervest has had in its portfolio since June 2018. The project development in Roosendaal Borchwerf I, a logistics complex consisting of 24.100 m² of storage space, 3.200 m² of mezzanine and 600 m² of offices, will be delivered in the course of 2020.


The Netherlands- Eindhoven - Gold Forum

1 See press release dated 30 January 2020: "Intervest acquires the prominent logistics building Gold Forum in Eindhoven".

The Genk Green Logistics project, which will contribute significantly to the future realisation of Intervest's growth plan, will be further developed in 2020. Intervest will continue to commercialise the site of a total of 250.000 m² of logistics real estate, which is in full swing. The new construction of a first state-of-the-art logistics building of 25.000 m² started at the beginning of 2020 and will be completed in the course of 2020.

In the course of the first quarter of 2020, Intervest acquired a portfolio of three existing buildings and an option on a land position in Venlo[1], the Netherlands. This land position can be used to develop a logistics site in the future.

With regard to the office portfolio, Intervest will only invest opportunistically in office buildings if the initial yield is attractive enough and the buildings provide the possibility of implementing the Greenhouse concept. Specific existing Intervest office buildings can in future also be converted into multi-tenant buildings with a service-targeted approach. In this way, Intervest continues its strategy of reorienting the office buildings into service-targeted inspiring working environments where working is an experience.

Smaller, single, non-optimal or outdated office buildings where no Greenhouse concept is possible will be divested if sufficiently interesting opportunities to do so arise. Intervest also keeps the options open to divest logistics properties that are not adequately suited for the current and future logistics market requirements of logistics players. After all, regular divestment is necessary to further improve the quality of the assets and to continuously rejuvenate the real estate portfolio. Growth is important, but not at the expense of the yield.

## Rental activity

The occupancy rate of the Intervest real estate portfolio was 93% as at 31 December 2019, 90% for the office buildings and 96% in the logistics portfolio.

Increasing tenant retention by extending the duration of the lease agreem continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the occupancy rate in both segments. In 2019, Intervest learned that its tenant PwC will leave the Woluwe Garden office building by the end of 2021. With the successful repositioning of Greenhouse BXL, Intervest has already proved that any departure of a major tenant does not necessarily need to be negative.

During the course of 2020, Intervest will further examine the future possibilities for this building, regarding both the redevelopment into a Greenhouse hub and divestment.

The evolution in the occupancy rate in the logistics segment will depend on matters such as the changes on the site in Herentals. Tenant Nike Europe Holding has decided not to renew the current provision agreement of 40.000 m², which expires partly in 2020 and partly in 2021. The annual rent for Nike Europe Holding represents 4% of Intervest's total contractual rental income. The marketing of this prime location (along the E313) is fully under way. The property can also be divided into pieces measuring 10.000 m².

## Financing

In accordance with Intervest's financing policy, the further growth of the real estate portfolio will be financed by a balanced combination of borrowed capital and own equity. In this regard, the debt ratio will remain within the strategic range of 45%-50% unless a distinct overheating of the logistics real estate market causes the fair value of the real estate portfolio to rise substantially. As a safety precaution, the range will be adjusted downwards to 40-45%.

At the end of 2019 Intervest had a buffer of € 186 million of non-withdrawn credit lines available. € 33 million in credit lines will mature in the first quarter of 2020. The non-withdrawn credit lines will continue to finance development projects, future acquisitions and dividend payments in May 2020.

To guarantee the company's further growth, issues of debt instruments and share issues for financing purposes will be examined and, where possible, will always be geared towards the real estate investments pipeline.

## EPRA earnings and gross dividend

The gross dividend of € 1,53 per share for the 2019 financial year will be presented to the general meeting of shareholders as at 29 April 2020. Without taking into account the one-off indemnity received from tenant Medtronic, the EPRA earnings per share amounted to € 1,68 in 2019.

Due to the asset rotation of the real estate portfolio, Intervest expects a limited growth of the EPRA earnings per share for financial year 2020. Intervest expects a gross dividend for financial year 2020 at the same level as for financial year

1 See press release dated 4 February 2020: "Intervest acquires logistics site in Venlo with option on land position"

2019, namely € 1,53[1] per share. This means a gross dividend yield of 6,0% based on the closing rate of the share as at 31 December 2019, which amounted to € 25,60 and gives an average pay-out ratio of approximately 91%[2] of the expected EPRA earnings. This planned gross dividend can be increased if the circumstances relating to the planned investments and/or additional leases in the real estate portfolio, which lead to a further increase in the EPRA earnings, make it possible and expedient.

## Sustainability

Also in 2020, Intervest focuses on sustainability in managing its properties and in conducting its own operations and it pays additional attention to the '5 Ps for sustainable enterprise', *Planet, Peace, Partnership, Prosperity & People*: attention for the environment, a care-free society, good understanding, technological progress and a healthy living environment.

Since 2009, Intervest has been systematically certifying the environmental performance of its buildings step by step, based on the internationally recognised 'BREEAM-In-Use' assessment method. In 2019, Intervest checked which existing certificates were to be renewed and what actions needed to be taken to certify buildings not yet certified. Intervest will further implement these actions in 2020, which will cause 21% of the buildings to be certified at least as 'BREEAM Very Good' in the first half of 2020.

Every effort is being made to achieve a 'BREEAM Very Good' classification for new construction building projects in the Netherlands in which Intervest was involved from the start of the construction works already, such as in Braak Roosendaal or Gold Forum Eindhoven. In 2019 Intervest already arranged for the rental of roof surface area on seven Dutch logistics sites to be equipped with photovoltaic installations, four of which were already installed at the end of 2019. In 2020, Intervest will continue to examine which roofs are suitable to accommodate photovoltaic installations and the total surface area of solar panels on Intervest roofs will increase even further.

In 2020, Intervest will also cooperate in Flux50, the joint venture between the Flemish government, the research sector and industry to make Flanders a 'smart energy region'. Together with, among others, Quares, Engie and Continental, Intervest forms part of the business consortium that is setting up a 'testing ground' on the Mechelen Campus office site and its immediate vicinity to analyse whether a smart grid environment can be implemented in the longer term for exchanging power with one another.

With its Greenhouse formula, Intervest focuses on the community events in all Greenhouse locations between co-workers, tenants of serviced offices and traditional offices, as well as employees from the surrounding offices. The community events in the three Greenhouse locations will be further reinforced in 2020 by, for example, referring to the app that announces Greenhouse activities and that also serves as a CRM tool that functions to establish contact with new business relations. There is the further intention of expanding the co-working community, with interchangeability of workplaces with other providers at locations[3] where Intervest does not offer co-working.

Greenhouse Mechelen - Co-working

Netherlands - Raamsdonksveer - Photovoltaic installation

1 Subject to approval by the annual general meeting to be held in 2021.

2 Intervest Offices & Warehouses is a regulated real estate company with a legal distribution obligation of at least 80% of the EPRA earnings, adjusted to non-cash flow elements. The gross dividend will always amount to a minimum of 80% of this sum, meaning that the RREC will always fulfil its legal obligations.

3 Partnership with Bar d'Office co-working network. More information on the various locations throughout Flanders and Brussels can be found at www.bardoffice.eu/locations.

# Report on the share

1. Stock market information
2. Dividend and shares
3. Shareholders
4. Financial calendar 2020

Greenhouse Antwerp

# 1. Stock market information

INTO
LISTED
EURONEXT
ISIN BE0003746600

Intervest Offices & Warehouses (referred to hereafter as ‘Intervest’) has been listed on the continuous market of the Euronext Brussels stock exchange (INTO) since 1999.

The share is included in stock exchange indexes such as EPRA/NAREIT Developed Europe and EPRA/NAREIT Developed Europe REIT’s.

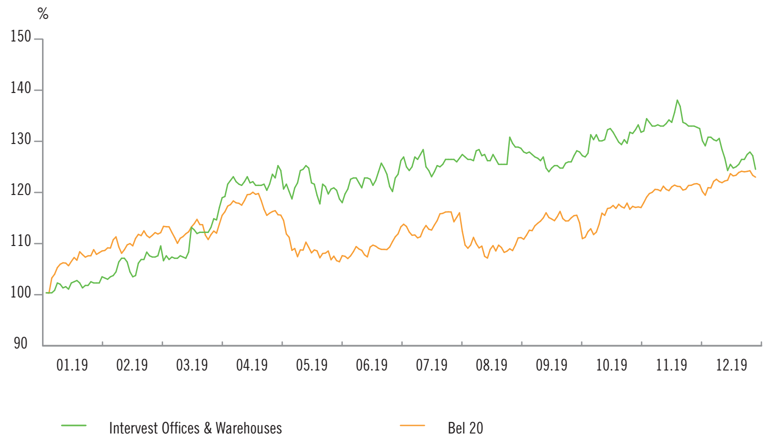
*Intervest has been listed at the Brussels stock exchange for 20 years.*

## 1.1. Evolution of the share price over 3 years


The share of Intervest closed the financial year as at 31 December 2019 at a share price of € 25,60, compared to € 20,60 as at 31 December 2018.

The average share price of financial year 2019 amounted to € 24,93 compared to € 21,69 in the financial year 2018. The share’s lowest closing price was € 20,60 (as at 2 January 2019) and its highest closing price was € 28,40 (as at 19 November 2019).

## 1.2. 2019 stock exchange performance compared to BEL 20




On average, the share of Intervest performed better than the BEL 20 in 2019.

The ex dividend date for the dividend covering financial year 2018 was as at 3 May 2019.

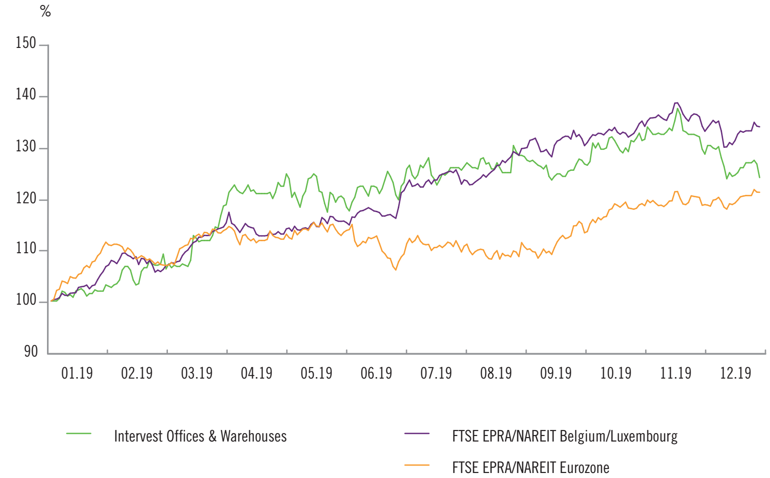
*As at 31 December 2019, the market capitalisation of Intervest amounted to € 631 million.*

## 1.3. Premium of the share price with regard to net value


The share of Intervest recorded an average premium of 24% compared to the net value (fair value) and 21% with regard to the EPRA NAV during financial year 2019.

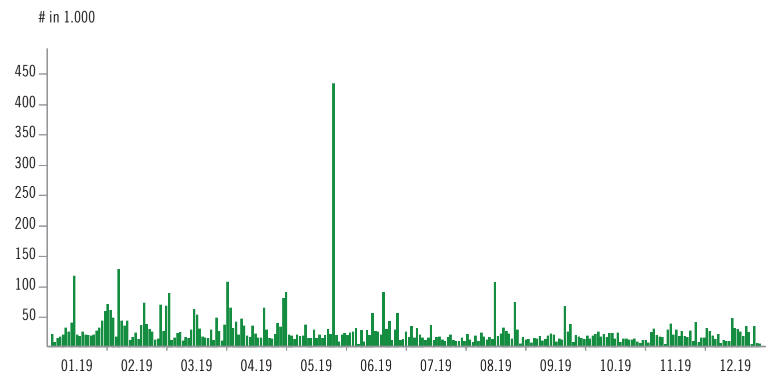
The premium as at year end 31 December 2019 amounted to 20% compared to the net value (fair value) and 17% with regard to the EPRA NAV. The net value includes the dividend for the 2019 financial year.

## 1.4. Comparison of Intervest with EPRA/NAREIT indexes - Total return




During 2019, the performance of the Intervest share was lower than the FTSE EPRA/NAREIT Eurozone and the analogous performance in terms of the FTSE EPRA/NAREIT Belgium/Luxembourg index was average.

## 1.5. Traded volume Intervest




The traded volumes in 2019 were at a higher level than in 2018 with an average of 27.295 shares a day (an average of 18.094 a day). Based on the weighted average number of shares, the turnover rate of the Intervest share is 28% as compared to 19% in 2018.

A liquidity agreement has been concluded with KBC Securities and Bank Degroof Petercam in order to boost the negotiability of the shares. In practice this happens by regularly submitting purchase and sale orders within certain margins.

# 2. Dividend and shares

*The share price of an Intervest share was € 25,60 as at 31 December 2019, which means the shareholders were offered a gross dividend return of 6,0%.*

| **NUMBER OF SHARES** | 31.12.2019 | 31.12.2018 | 31.12.2017 |
|---|---|---|---|
| Number of shares at the end of the period | 24.657.003 | 24.288.997 | 18.405.624 |
| Number of shares entitled to dividend | 24.657.003 | 24.288.997 | 17.740.407 |
| Free float (%) | 85% | 85% | 83% |
| **STOCK MARKET INFORMATION** | 31.12.2019 | 31.12.2018 | 31.12.2017 |
| Highest closing share price (€) | 28,40 | 22,96 | 24,27 |
| Lowest closing share price (€) | 20,60 | 19,74 | 21,86 |
| Share price on closing date (€) | 25,60 | 20,6 | 22,49 |
| Premium to net value fair value (%) | 20% | 5% | 15% |
| Average share price (€) | 24,93 | 21,69 | 22,85 |
| Number of shares traded per year | 6.960.147 | 4.595.938 | 2.898.600 |
| Average number of shares traded per day | 27.295 | 18.094 | 11.323 |
| Share turnover rate (%) | 28,2% | 19,0% | 15,7% |
| **DATA PER SHARE (€)** | 31.12.2019 | 31.12.2018 | 31.12.2017 |
| Net value (fair value)** | 21,25 | 19,62 | 19,52 |
| Net asset value EPRA | 21,79 | 19,88 | 19,62 |
| Market capitalisation (million) | 631 | 500 | 414 |
| Pay-out ratio (%) | 80% | 86% | 91%* |
| Gross dividend | 1,53 | 1,40 | 1,40 |
| Percentage withholding tax (%) | 30% | 30% | 30% |
| Net dividend | 1,0710 | 0,9800 | 0,9800 |
| Gross dividend yield (%) | 6,0% | 6,8% | 6,2% |
| Net dividend yield (%) | 4,2% | 4,8% | 4,3% |

* For financial year 2017 the pay-out ratio was still calculated on the basis of the statutory EPRA earnings per share counting the number of shares entitled to dividend.

** The net value (fair value) corresponds to the net value as determined in Article 2, 23° the RREC Act.

# 3. Shareholders[1]

As at 31 December 2019, the following shareholders' structure was known to the company.

| Surname | Number of shares | Date of transparency notifications | % on transparency notification date |
|---|---|---|---|
| **FPIM/SFPI (including Belfius Group)**<br>Avenue Louise 32-46A, B-1050 Brussels | **2.439.890** | **20 August 2019** | **9,90%** |
| Federale Participatie- en Investeringsmaatschappij nv/ Société Fédérale de Participations et d'Investissement S.A. (FPIM/SFPI) (parent company of Belfius Bank nv) | 0 | | |
| Belfius Verzekeringen nv | 2.382.330 | | |
| Belfius Bank nv | 0 | | |
| Corona nv. | 29.254 | | |
| Auxipar nv | 28.306 | | |
| **Allianz**<br>Koenigingstrasse 28 - 80802 Munich, Germany | **1.563.603** | **4 April 2019** | **6,44%** |
| Allianz SE | 0 | | |
| Allianz Benelux S.A. | 1.563.603 | | |
| **Patronale Group NV**<br>Belliardstraat 3, 1040 Brussels | **826.994** | **6 September 2018** | **4,38%** |
| Patronale Group NV | 309 | | |
| Patronale Life NV | 826.685 | | |
| **Degroof Petercam Asset Management S.A.**<br>Guimardstraat 18, 1040 Brussels | **773.480** | **19 March 2019** | **3,18%** |
| **BlackRock**<br>55 East 52nd Street - New York, NY 10055, U.S.A. | **493.742** | **30 June 2015** | **3,04%** |
| BlackRock Asset Management Canada Ltd | 7.643 | | |
| BlackRock Asset Management Ireland Ltd | 239.651 | | |
| BlackRock Asset Management North Asia Ltd | 321 | | |
| BlackRock Fund Advisors | 134.143 | | |
| BlackRock Fund Managers Ltd | 10.513 | | |
| BlackRock Institutional Trust Company, National Association | 96.868 | | |
| BlackRock International Ltd | 4.603 | | |
| **Other shareholders under the statutory threshold** | **18.559.294** | | |
| | | | |
| **TOTAL** | **24.657.003** | | |

1 Number of shares based on the transparency notifications received until 31 December 2019 inclusive. Notified changes can be consulted at www.intervest.be/nl/shareholders-structure.

*The free float of the share of Intervest was 85% as at 31 December 2019.*

## Transparency notifications in 2019

Intervest received a transparency notification from Degroof Petercam Asset Management nv as at 19 March 2019, in which it stated that the statutory threshold of 3%, the lowest threshold, had been exceeded. At that moment it became apparent that it held 3,18% of the shares as a result of acquisitions or transfers of Intervest voting shares or voting rights.

As at 4 April 2019, Intervest received a transparency notification from Allianz SE showing that it holds 6,44% of the voting rights as a result of the acquisition or transfer of control over a company that holds a participation in an issuer and the acquisition or transfer of voting securities or voting rights, and thus exceeded the notification threshold of 5%.

Intervest received a third and last transparency notification from the Federal Participation and Investment Company (SFPI/FPIM) nv as at 20 August 2019. It appears from this that, through Belfius Group, it holds 9,90% of Intervest's voting rights as a result of (the acquisition or) the transfer of voting securities or voting rights, and thus undermines the notification threshold of 10%.

The complete notifications as well as the shareholders' structure may be consulted on the website of Intervest under the following heading: Shareholding Structure

https://www.intervest.be/en/shareholders-structure

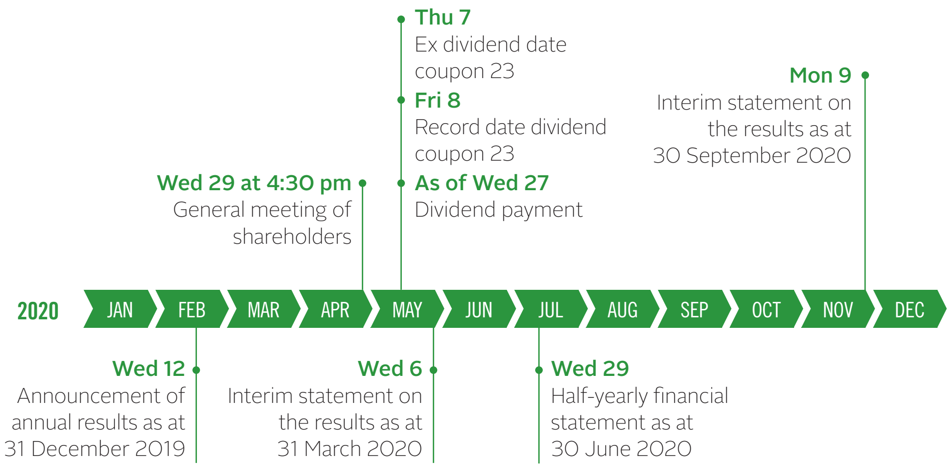
In accordance with the applicable legal prescriptions, every natural or legal person that purchases or sells shares or other financial instruments of a company with a right to vote, be it representing capital or not, is obliged to notify the company as well as the Financial Services and Markets Authority (FSMA) of the number of financial instruments that he, she or it possesses whenever the right to vote connected to these shares reaches five percent (5%) or a multiple of five percent of the total number of voting rights at that moment or at the moment when circumstances occur that give reason for such notification to become obligatory.

Besides the legal threshold mentioned in the previous paragraph, the company also stipulates a statutory threshold of three percent (3%).

Declaration is also obligatory in case of transfer of shares, if the number of voting rights increases above or decreases below the thresholds, stipulated above, as a result of this transfer.

The denominator for these notifications in the context of transparency reporting was last amended as at 20 May 2019 as a result of the capital increase with irreducible priority allocation rights and the accompanying issue of 368.006 new shares.

# 4. Financial calendar 2020




Any changes to the financial calendar that might be required will be disclosed in a press release on the company website, www.intervest.be.

# Property report



Herentals - Schrauwen Sanitair & Verwarming

# 1. Composition of the portfolio

The activities and results of Intervest depend, in part, on the evolution of the general economic climate. This is measured based on the level of growth or decline in the gross domestic product of Belgium and has an indirect impact on the occupation of commercial buildings by the private sector.

The impact of the economic situation on the results of Intervest is, however, mitigated by the composition of the portfolio, the duration of the lease agreements, the risk spread among tenants and the quality of tenants, the sectoral spreading of the portfolio and the location and quality of the buildings.

The operating and property management of all Intervest's buildings takes place on an internal basis[1] in order to insure a consistent and reliable relationship with clients. Thanks to the know-how of its own asset and property management teams, being exclusively at the service of the clients-tenants, the strategy is implemented in all investment segments. The company can rely on internal commercial, accounting, financial, human resources and communications services.

## 1.1. Real estate portfolio as at 31 December 2019

As at 31 December 2019, the investment properties of Intervest consisted of € 860 million real estate properties available for lease. In addition, the investment properties also contain € 33 million of development projects in the form of land reserves or buildings under construction that do not yet generate rental income on the balance sheet date.

### Real estate properties available for lease

The leasable surface area of the real estate portfolio as at 31 December 2019 amounted to 945.595 m². This is a drop of 77.353 m² or 8% compared to year-end 2018 as a result of the divestment of three logistics sites in the second half of 2019 (Aartselaar, Houthalen and Oudsbergen), but is partially compensated by the purchase of two logistics sites in the Netherlands (Nijmegen and Roosendaal).

*As at 31 December 2019 the real estate portfolio has a leasable surface area of 945.595 m² (1.022.948 m² as at 31 December 2018).*

1 With the exception of the property management at Mechelen Campus, which is carried out by Quares Property and Facility Management, and for the Dutch properties, which is carried out by Storms International Property Services.

Buildings

| |
|---|
| **Logistics real estate available for lease in Belgium** |
| **Antwerp - Limburg - Liège** |
| Aarschot - Nieuwlandlaan 321 - 3200 Aarschot |
| Herentals Logistics 1 - Atealaan 34b - 2200 Herentals |
| Herentals Logistics 2 - Atealaan 34c - 2200 Herentals |
| Herentals Logistics 3 - Atealaan 34b - 2200 Herentals |
| Liège - Première Avenue 32 - 4040 Liège |
| Oevel 1 - Nijverheidsstraat 9 - 2260 Oevel |
| Oevel 2 - Nijverheidsstraat 9a-11 - 2260 Oevel |
| Oevel 3 - Nijverheidsstraat 8 - 2260 Oevel |
| Wommelgem - Koralenhoeve 25 - 2160 Wommelgem |
| **Antwerp - Ghent - Lille** |
| Ghent - Eddastraat 21 - 9042 Ghent |
| **Antwerp - Brussels - Nivelles** |
| Boom - Industrieweg 18 - 2850 Boom |
| Duffel - Stocletlaan 23 - 2570 Duffel |
| Mechelen 1 - Oude Baan 12 - 2800 Mechelen |
| Mechelen 2 - Dellingstraat 57 - 2800 Mechelen |
| Puurs - Koning Leopoldlaan 5 - 2870 Puurs |
| Schelle - Molenberglei 8 - 2627 Schelle |
| Wilrijk 1 - Boomsesteenweg 801-803 - 2610 Wilrijk |
| Wilrijk 2 -Geleegweg 1-7 - 2610 Wilrijk |
| Huizingen - Gustave Demeurslaan 69-71 - 1654 Huizingen |
| Merchtem - Preenakker 20 - 1785 Merchtem |
| Zellik - Brusselsesteenweg 464 - 1731 Zellik |
| **Total Logistics real estate available for lease in Belgium** |
| **Logistics real estate available for lease in the Netherlands** |
| Eindhoven Silver Forum - Flight Forum 1800-1950 - 5657 EZ Eindhoven |
| Nijmegen - De Vlotkampweg 67-71 - 6545 AE Nijmegen |
| Raamsdonksveer 1 - Zalmweg 37 - 4941 SH Raamsdonksveer |
| Raamsdonksveer - Zalmweg 41 - 4941 SH Raamsdonksveer |
| Raamsdonksveer - Steurweg 2 - 4941 VR Raamsdonksveer |
| Roosendaal 2 - Leemstraat 15-23 Boerkensleen 23a - 4705 RT Roosendaal |
| Roosendaal 3 - Blauwhekken 2 - 4751 XD Roosendaal |
| Tilburg 1 - Kronosstraat 2 - 5048 CE Tilburg |
| Tilburg 2 - Belle van Zuylenstraat 10-12 - 5032 MA Tilburg |
| Vuren - Hooglandseweg 6 - 4214 KG Vuren |
| **Total Logistics real estate available for lease in the Netherlands** |
| **TOTAL LOGISTICS REAL ESTATE AVAILABLE FOR LEASE** |

| Construction/renovation year and extension | Year of most recent important Intervest investment | Leasable space (m²) | Occupancy rate* (%) A/B |
|---|---|---|---|
| | | | |
| | | **232.406** | 99% |
| 2005 | N/A | 14.602 | 100% |
| 2011 | N/A | 17.346 | 91% |
| 2012 | N/A | 50.912 | 100% |
| 2017 | N/A | 12.123 | 100% |
| 2000-2017 | N/A | 55.468 | 100% |
| 2004 | N/A | 12.159 | 100% |
| 2007-2013 | N/A | 33.955 | 100% |
| 1995 | N/A | 11.660 | 100% |
| 1998-2018 | 2019 | 24.181 | 100% |
| | | **37.944** | **100%** |
| 2018 | N/A | 37.944 | 100% |
| | | **203.834** | **87%** |
| 2015 | N/A | 24.871 | 100% |
| 1998 | N/A | 23.386 | 100% |
| 2004 | 2019 | 15.341 | 100% |
| 1998-2010 | N/A | 7.046 | 100% |
| 2001 | N/A | 43.534 | 40% |
| 1993-2016 | 2019 | 8.317 | 95% |
| 2013 | N/A | 5.364 | 100% |
| 1989-2017 | N/A | 24.521 | 100% |
| 1987-1993 | N/A | 17.548 | 100% |
| 1992-2002 | N/A | 7.269 | 100% |
| 1994-2008 | N/A | 26.637 | 100% |
| | | **474.184** | **94%** |
| | | | |
| 2.002 | N/A | 28.695 | 100% |
| 1988-2002 | N/A | 19.159 | 100% |
| 2.010 | N/A | 20.653 | 100% |
| 2002 | N/A | 38.573 | 100% |
| 1980-2008 | N/A | 14.581 | 100% |
| 1975-2012 | N/A | 38.162 | 100% |
| 2019 | N/A | 18.029 | 100% |
| 2004-2011 | N/A | 13.309 | 100% |
| 1997 - 2019 | N/A | 28.493 | 100% |
| 2018 | N/A | 14.020 | 100% |
| | | **233.674** | **100%** |
| | | **707.858** | **96%** |

* The occupancy rate is calculated as the ratio of the estimated rental value of the leased space and the estimated rental value of the total portfolio.

| Offices available for lease in Belgium |
|---|
| **Antwerp** |
| Aartselaar - Kontichsesteenweg 54 - 2630 Aartselaar |
| Gateway House - Brusselstraat 59/Montignystraat 80 - 2018 Antwerp |
| Greenhouse Antwerp - Uitbreidingstraat 66 - 2600 Berchem |
| De Arend - Prins Boudewijnlaan 45-49 - 2650 Edegem |
| **Brussels** |
| Greenhouse BXL - Berkenlaan 7, 8a and 8b - 1831 Diegem |
| Inter Access Park - Pontbeekstraat 2 & 4 - 1700 Dilbeek (Groot-Bijgaarden) |
| Park Rozendal - Terhulpsesteenweg 6A - 1560 Hoeilaart |
| Woluwe Garden - Woluwedal 18-22 - 1932 Sint-Stevens-Woluwe |
| Exiten - Zuiderlaan 91 - 1731 Zellik |
| **Mechelen** |
| Intercity Business Park - Generaal De Wittelaan 9-21 - 2800 Mechelen |
| Mechelen Business Tower - Blarenberglaan 2C - 2800 Mechelen |
| Mechelen Campus - Schaliënhoevedreef 20 A-J en T - 2800 Mechelen |
| **Leuven** |
| Ubicenter - Philipssite 5 - 3001 Leuven |
| **TOTAL OFFICES AVAILABLE FOR LEASE** |
| **TOTAL REAL ESTATE available for lease** |

| Construction/renovation year and extension | Year of most recent important Intervest investment | Leasable space (m²) | Occupancy rate* (%) A/B |
|---|---|---|---|
| | | | |
| | | **28.006** | **84%** |
| 2000 | 2016 | 4.140 | 100% |
| 2002 | 2016 | 11.172 | 67% |
| 2016 | N/A | 5.763 | 98% |
| 1997 | N/A | 6.931 | 90% |
| | | **56.793** | **94%** |
| 2018 | N/A | 20.262 | 88% |
| 2000 | 2014 | 6.392 | 95% |
| 1994 | 2005 | 2.830 | 86% |
| 2000 | 2014 | 23.681 | 100% |
| 2002 | N/A | 3.628 | 100% |
| | | **125.911** | **87%** |
| 1993 - 1999 / 2016 | 2019 | 54.190 | 86% |
| 2001 | 2014 | 13.574 | 86% |
| 2000 - 2005 | 2012 - 2015 | 58.147 | 89% |
| | | **27.027** | **98%** |
| 2001 | N/A | 27.027 | 98% |
| | | **237.737** | **90%** |
| | | **945.595** | **93%** |

* The occupancy rate is calculated as the ratio of the estimated rental value of the leased space and the estimated rental value of the total portfolio.

## Future development potential

In addition to the real estate available for rental, Intervest has a future development potential, which is recorded at cost price under development projects in the balance sheet. In addition to the ongoing developments under construction in the Netherlands (Roosendaal and Eindhoven) that will be delivered in 2020, the development projects at the end of 2019 also include land reserves held for future developments.

Besides the 250.000 m² of land reserve that the company had on the former Ford site in Genk, it also has a remaining reserve of land of approximately 8.000 m² on its site Herentals Logistics 3, which offers an additional possibility of expansion for an extra warehouse. In the course of the third quarter of 2019, Intervest purchased a site in Den Bosch (the Netherlands) with a view to creating a land reserve for later development.

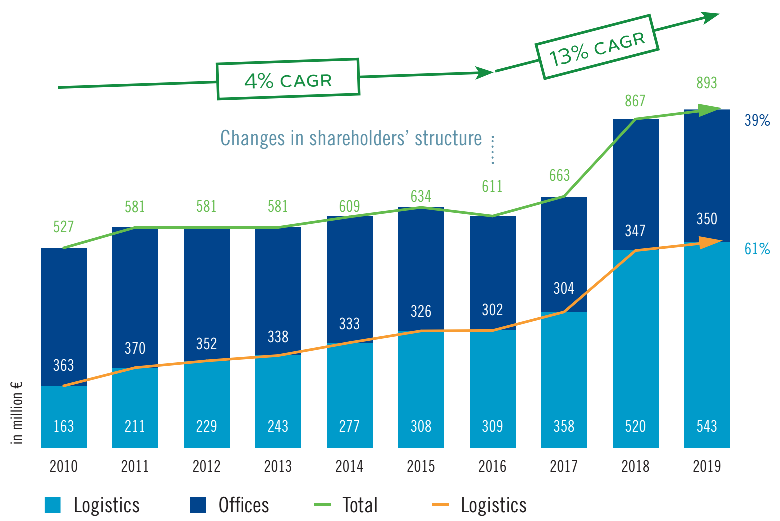
As at 31 December 2019, the company has the following land reserves in the logistics portfolio:

| Location | Surface area site (m²) | Potential leasable surface area (m²) |
|---|---|---|
| **Antwerp - Limburg - Liège** | **431.000** | **258.000** |
| Herentals Logistics 3 | 11.000 | 8.000 |
| Genk Green Logistics (phases 1 through 5) | 420.000 | 250.000 |
| **The Netherlands** | **11.000** | **8.500** |
| Den Bosch | 11.000 | 8.500 |
| **TOTAL** | **442.000** | **266.500** |

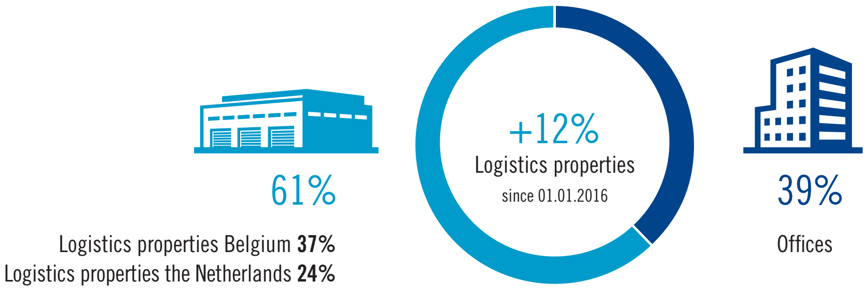
## 1.2. Evolution of fair value of the real estate portfolio

*46% growth in portfolio since 2016, i.e. 13% CAGR.*

As at 31 December 2019, the fair value of the real estate portfolio amounted to € 893 million of which 61% consists of logistics buildings and 39% of offices.



## 1.3. Nature of the portfolio[1]




Since the change in shareholders' structure in 2016, the focus on logistics properties has increased by a shift of 12% points from the office portfolio towards logistics properties as a result. Intervest nevertheless still wishes to retain an essential share in the office segment.

| Segment | Fair value | Contractual rent | Share of portfolio | Acquisition value* | Insured value |
|---|---|---|---|---|---|
| | (€ 000) | (€ 000) | (%) | (€ 000) | (€ 000) |
| Offices available for rent | 350.069 | 28.339 | 39% | 344.500 | 412.275 |
| Logistics properties available for lease in Belgium | 315.099 | 21.665 | 36% | 282.311 | 233.395 |
| Logistics properties available for lease in the Netherlands | 194.345 | 11.509 | 22% | 174.718 | 142.258 |
| **Real estate properties available for lease** | **859.513** | **61.513** | **97%** | **801.528** | **787.928** |
| Logistics reserve of land | 11.781 | N/A | 1% | 11.781 | N/A |
| Projects under construction | 21.518 | N/A | 2% | 21.518 | N/A |
| **TOTAL** | **892.812** | **N/A** | **100%** | **834.827** | **787.928** |

* Including activated investments.

1 Percentages based on the fair value of the investment properties at year-end.

## 1.4. Geographical spread of the portfolio[1]

Intervest invests in high-quality office buildings in Belgium and in logistics properties in Belgium and the Netherlands that are leased to first-rate tenants. The real estate properties in which the company invests consist primarily of modern buildings that are strategically located, often in clusters.

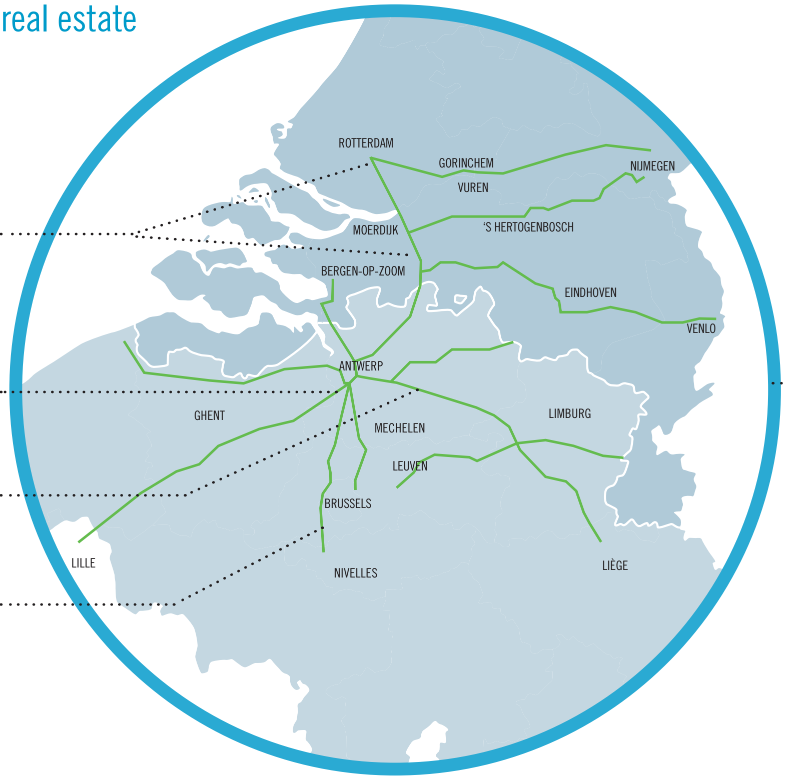
### Logistics real estate

The Netherlands 40%

Antwerp - Ghent - Lille 5%

Antwerp - Limburg - Liège 31%

Antwerp - Brussels - Nivelles 24%



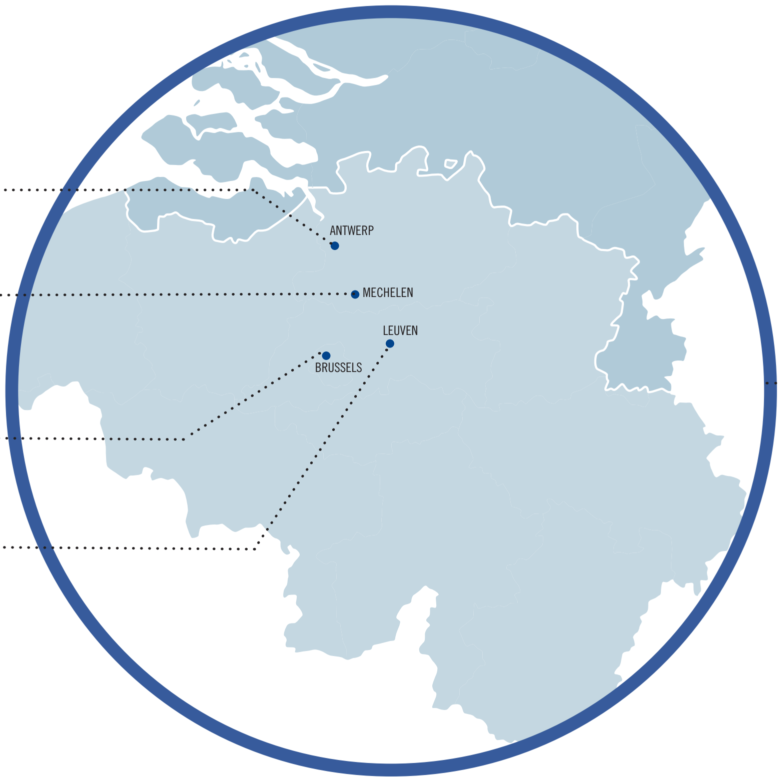

### Offices

Antwerp 12%

Mechelen 51%

Brussels 26%

Leuven 11%




1 Percentages based on the fair value of the investment properties as at 31 December 2019.

## Logistics real estate

The logistics segment of the portfolio in Belgium is located on the Antwerp - Brussels - Nivelles (24%), Antwerp - Limburg - Liège (31%) and Antwerp - Ghent -- Lille (5%) axes. In the Netherlands (40%), the portfolio focuses on the Moerdijk - 's Hertogenbosch - Nijmegen (A59), Bergen-op-Zoom - Eindhoven - Venlo (A58/A67) and Rotterdam - Gorinchem - Nijmegen (A15) axes.

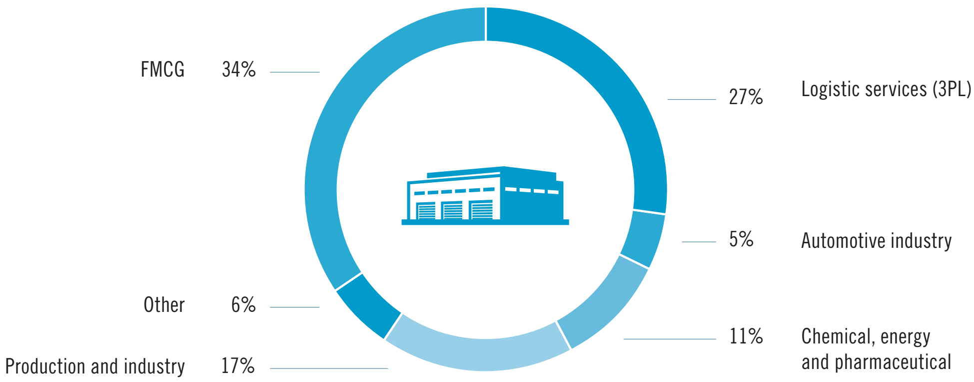
## Offices

The office segment of the portfolio focuses on the central cities of Antwerp (12%), Mechelen (51%), Brussels (26%) and Leuven (11%) and is located both in the city centre and on campuses outside the city.

# 1.5. Sectoral spread of the portfolio[1]

## Logistics real estate

Approximately 39% of the logistics portfolio is let to companies from outside the logistics sector, which improves the stability of the rental income, especially in periods with a less favourable economic situation.



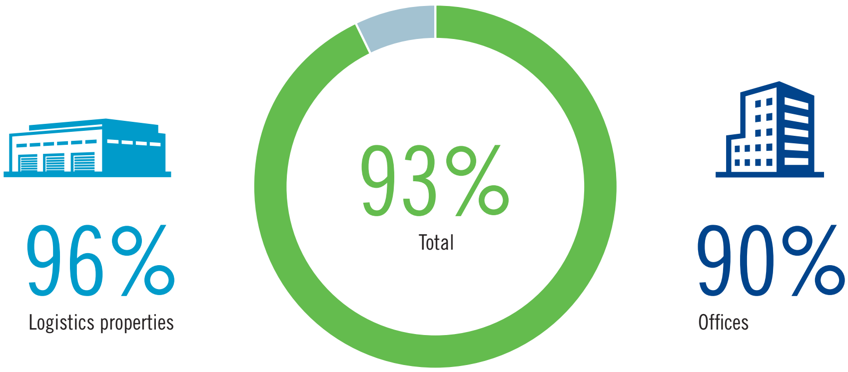

## Offices

The tenants are well spread over different economic sectors, which reduces the risk of vacancy in case of fluctuations of the economy which could hit some sectors more than others.

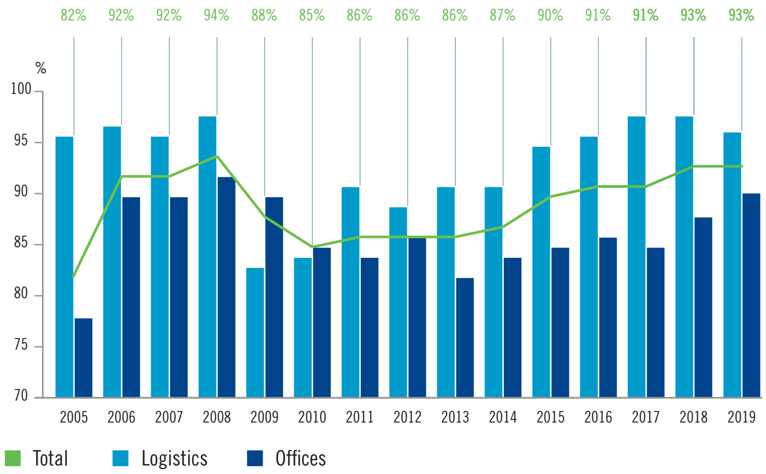

1 Percentages based on the contractual rents.

## 1.6. Occupancy rate

The occupancy rate of the total Intervest real estate portfolio remained stable at 93% as at 31 December 2019.
For the office portfolio, the occupancy rate increased by 2% points to 90% as at 31 December 2019, mainly as a result of new leases and expansions in Mechelen.
The occupancy rate of the logistics portfolio fell by 2% points to 96% as at 31 December 2019 (98% as at the end of 2018), mainly as a result of the departure of tenant Fiege in Puurs in the fourth quarter of 2019. Given the strategic high visibility location of this site and the current interest in this region, various discussions with potential tenants are ongoing and Intervest is considering the future possibilities of this building.




*Stable occupancy rate: 93%*




### Occupancy rate follows the economic cycle

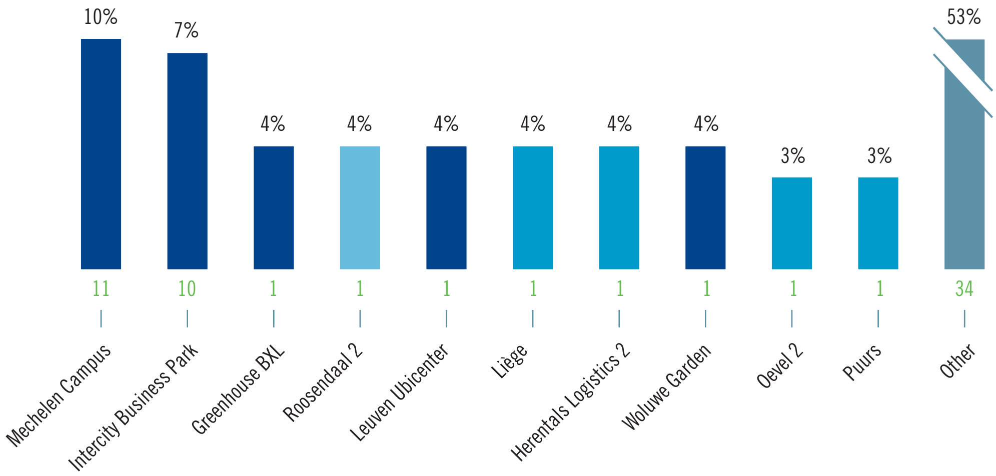
The average occupancy rate of the Intervest real estate portfolio over the 15-year period from 2005 until 2019 was 89% with a maximum of 94% (as at 31 December 2008) and with a minimum of 82% (as at 31 December 2005).

The occupancy rate of both the logistics portfolio and of the office portfolio is currently at the top of the historical range.

## 1.7. Risk spread of buildings[1]

Intervest aims to obtain an optimal risk spread and tries to limit the relative share of the individual buildings and complexes in the overall portfolio.

The largest complex is Mechelen Campus with a surface area of 58.147 m² but it is made up of eleven separate buildings. Woluwe Garden and Intercity Business Park are also complexes consisting of different buildings.



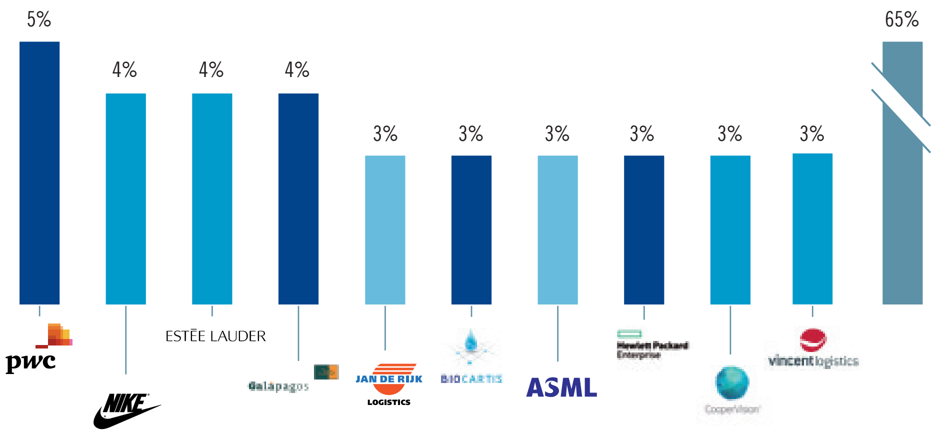

Offices Logistics Belgium Logistics the Netherlands Other

# Number of office buildings / logistics sites

## 1.8. Risk spread by tenants[2]

The ten biggest tenants represent 35% of the rental income. These are all prominent companies in their sector which often form part of international groups. 15% of the top tenants are part of the office segment and 20% fall under the logistics segment.

Without taking into account the flex workers, Intervest rental income is spread across 228 different tenants, which limits the debtor's risk and improves the stability of the income.




Offices Logistics Belgium Logistics the Netherlands Other

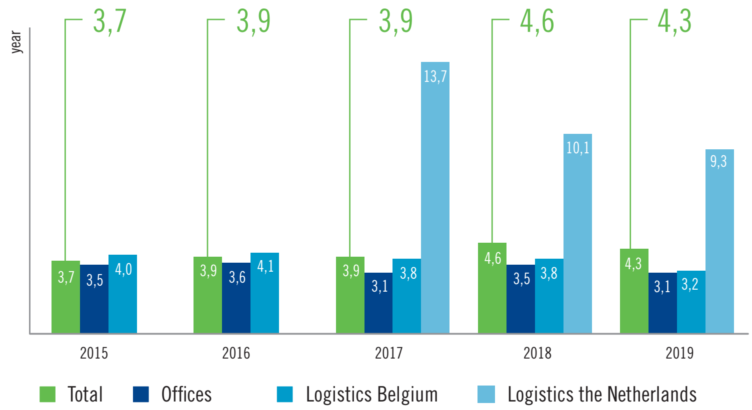
1 Percentages based on the fair value of the investment properties as at 31 December 2019.
2 Percentages based on the contractual rents.

PricewaterhouseCoopers tenant in Woluwe Garden, which represents 5% of the contractual rental income, will leave the site as at 31 December 2021. As previously communicated, the future possibilities for this building, regarding both the redevelopment into a Greenhouse hub and divestment or reconversion, are currently being further examined. With the successful repositioning of Greenhouse BXL, Intervest has already proved that any departure of a major tenant does not necessarily need to be negative.

With regard to Nike Europe Holding, a tenant representing 4% of the contractual rental income and the availability of which is due partly in 2020, partly in 2021, the commercialisation of this state-of-the-art site with a high profile location along the E313 Antwerp-Liège is ongoing. The property can also be divided into pieces measuring 10.000 $m^2$, which will facilitate leasability.

## 1.9. Duration of lease agreements in portfolio[1]

### Average remaining duration of the lease agreements of the entire portfolio until the next expiry date




*As at 31 December 2019, the average remaining duration of agreements in the entire portfolio was 4,3 years, compared to 4,6 years as at 31 December 2018.*

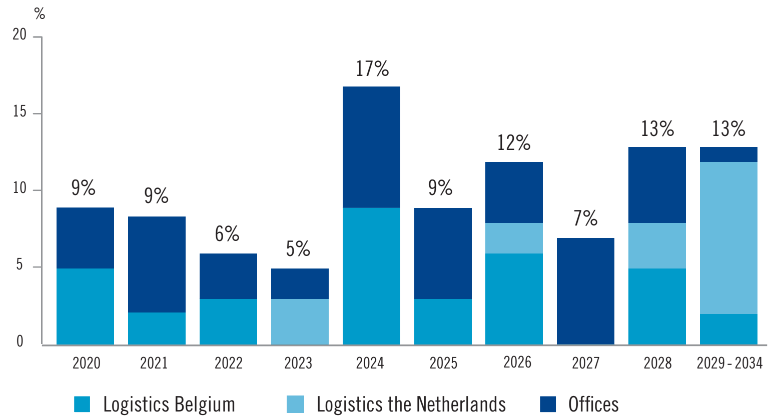
1 Calculated on the basis of contractual rents.

## Final expiry dates of the lease agreements in the entire portfolio

The final expiry dates of Intervest's lease agreements are well-spread out over the coming years. Based on the contractual annual rent, 9% of the agreements have a final expiry date in 2020.

4% of the agreements that reach their final expiry date in 2020 are agreements in the office segment. These are often smaller agreements, mainly in Mechelen, for which a number of agreements are expected to be extended and where any spaces that have become vacant can be filled quickly.

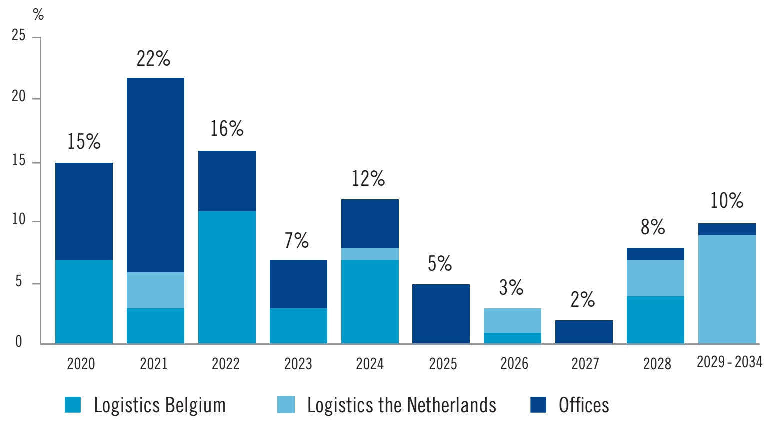
The 5% of agreements that will reach their expiry date in the logistics segment in 2020 are all agreements in the Belgian logistics portfolio. Of these, the end of the first part of Nike Europe Holding (4%) is the largest.



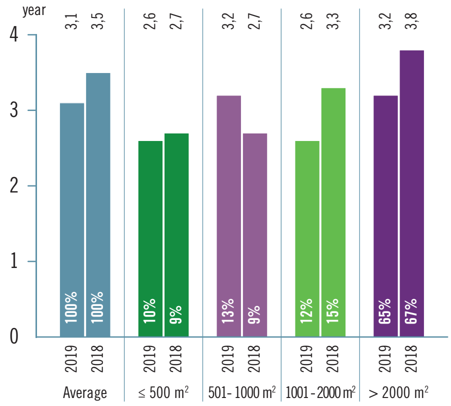

## Next expiry dates of the agreements in the entire portfolio

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, not all lease agreements can be terminated after three years, as is often common practice, however.

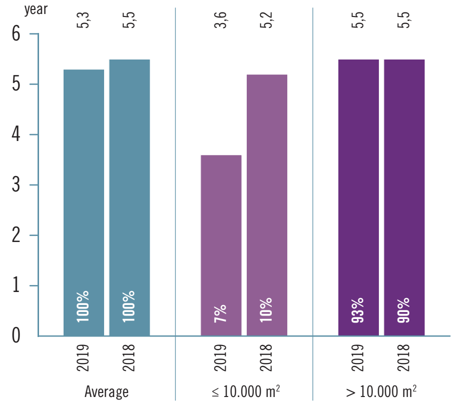
The graph shows the hypothetical scenario as at 31 December 2019 in which every tenant terminates its lease agreement on the next interim expiry date. This is a worst-case scenario; on average, the tenants who vacated in 2019 only gave notice after a lease period of 9 years (8 years for the tenants who vacated in 2018). The tenants in the office segment who vacated in 2019 stayed with Intervest for an average of 12 years.



## Offices




## Logistics real estate




For the offices, the average remaining lease period duration until the next expiry date (WALL) amounted to 3,1 years as at 31 December 2019, as compared to 3,5 years as at 31 December 2018.

For large office tenants (above 2,000 m²), which comprise 65% of the overall remaining rental income flow, and which therefore have a great impact on Intervest's results, the next expiry date (as at 1 January 2020) is, on average, after 3,2 years, compared to 3,8 years at the end of December 2018.

In the office segment, the traditional 3/6/9 contract still remains the norm, but longer durations or penalty clauses are no exception when taking a first termination.

For the logistics properties, the average lease period duration until the next expiry date amounted to 5,3 years as at 31 December 2019, as compared to 5,5 years as at 31 December 2018.

In the logistics portfolio in Belgium, the WALB was 3,2 years, whereas it amounted to 3,8 as at 31 December 2018. In the Dutch logistics portfolio, the WALB decreased from 10,1 years to 9,3 years as at 31 December 2019.

Unlike in the Netherlands, current Belgian market conditions often make it difficult to conclude longer fixed-term agreements with tenants. For example, the large third-party logistics players often want a great deal of flexibility and they ask for agreements having short-term expiry dates or open-ended agreements that can be permanently terminated on condition that a few months' advance notice is duly respected.

*As at 31 December 2019, the average remaining duration of lease agreements in the office portfolio was 3,1 years as compared to 3,5 years as at 31 December 2018.*

*For the logistics portfolio, the average duration of the agreements is 5,3 years as at 31 December 2019 as compared to 5,5 years as at 31 December 2018.*

## Average retention of the portfolio in 2019[1]

In 2019, 10% of the annual rental income in the entire portfolio (49 agreements) reached an expiry date. This could be an interim or a final expiry date. 8% (37 agreements) have not been terminated, have been extended or renewed, 2% (12 agreements) have effectively reached a final expiry date. On average, the tenants who vacated in 2019 only gave notice after a lease period of 9 years (8 years in 2018).

In the office segment, 5% (41 agreements) reached an interim or final expiry date in 2019. Of these, 4% (31 agreements) were not terminated, extended or renewed and 1% (10 agreements) actually reached the final expiry date. These are mainly agreements in Mechelen and Edegem, for which the tenants remained Intervest's tenants for an average of 12 years.

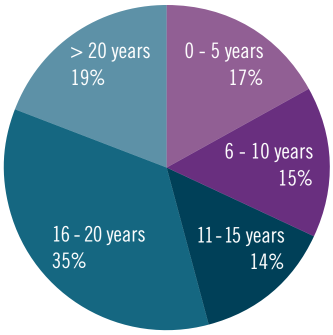
In the logistics segment as well, 5% (8 agreements) reached an interim or final expiry date in 2019. Of these, 3% (6 agreements) were not terminated, extended or renewed. 2% (2 agreements) effectively reached a final expiry date. This mainly concerns the departure of tenant Fiege in Puurs. The tenants that left the logistics segment in 2019 remained tenants with Intervest for an average of 9 years.

Of the agreements that effectively reached their final expiry date in 2019 (2% or 12 agreements), 1% (7 agreements) has (have) in the meantime been replaced by new agreements with existing or new tenants. The percentage that not leased again mainly concerns the vacancy in Puurs after the departure of Fiege.

Increasing tenant retention by extending lease duration continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the occupancy rate in both segments.

Intervest continues to continually tap into and evolve in keeping with changing market conditions. Intervest tries to make a difference and offer added value by combining solid real estate experience and offering extensive services and flexible solutions.

## 1.10. Average age of buildings[2]




Intervest conducts a proactive policy regarding maintenance of the buildings, and the quality of the portfolio is guaranteed by a constant monitoring of the investment plan. In addition to regular investments in quality and sustainability, the sites are redeveloped and renovated to ensure the quality of the office buildings and the logistics sites remains high and to optimise the technical and economic life span of the buildings. For example, more than € 8 million was spent on investments in the existing portfolio in 2019.

1 Calculations were made on the basis of the annual rental income of the total real estate portfolio as at 31 December 2018.
2 Percentages are calculated based on the fair value of the properties available for lease as at 31 December 2019. The age is expressed with reference to the construction year, not taking minor renovation into account. On the other hand, the age is adjusted if a building is fully renovated.

# 2. Overview of the portfolio

| TOTAL PORTFOLIO | 31.12.2019 | 31.12.2018 | 31.12.2017 | 31.12.2016 | 31.12.2015 |
|---|---|---|---|---|---|
| Fair value of investment properties available for lease (€ 000) | 859.513 | 858.653 | 662.539 | 610.944 | 634.416 |
| Contractual rents (€ 000) | 61.513 | 63.636 | 48.588 | 46.337 | 49.849 |
| Yield on fair value (%) | 7,2% | 7,4% | 7,3% | 7,6% | 7,9% |
| Contractual rents increased by the estimated rental value of vacant properties (€ 000) | 65.761 | 68.001 | 55.783 | 50.871 | 55.689 |
| Yield if fully let at fair value (%) | 7,7% | 7,9% | 8,4% | 8,3% | 8,8% |
| Total leasable space ($m^2$) | 945.595 | 1.022.948 | 794.896 | 705.068 | 717.073 |
| Occupancy rate (%) | 93% | 93% | 91% | 91% | 90% |

*As at 31 December 2019 the yield of the entire portfolio amounted to 7,2%.*

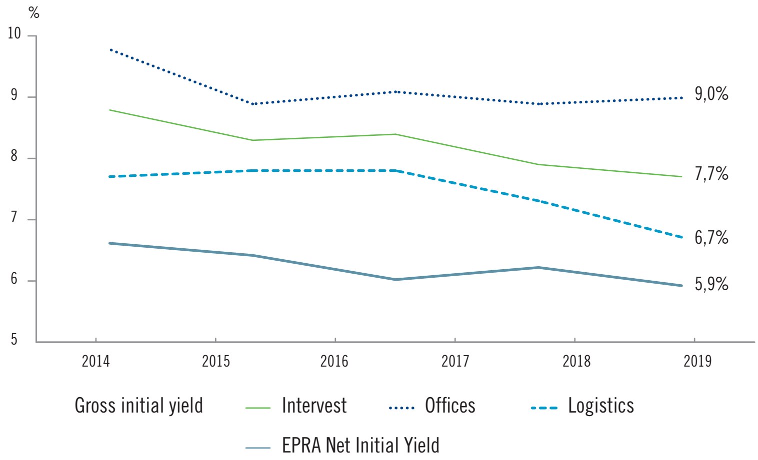
## 2.1. By segment

| OFFICES | 31.12.2019 | 31.12.2018 | 31.12.2017 | 31.12.2016 | 31.12.2015 |
|---|---|---|---|---|---|
| Fair value of investment properties available for lease (€ 000) | 350.069 | 346.769 | 304.250 | 301.926 | 326.371 |
| Contractual rents (€ 000) | 28.339 | 27.021 | 21.157 | 23.179 | 27.311 |
| Yield on fair value (%) | 8.1% | 7.8% | 7.0% | 7.7% | 8.4% |
| Contractual rents increased by the estimated rental value of vacant properties (€ 000) | 31.388 | 30.752 | 27.772 | 26.808 | 32.059 |
| Yield if fully let at fair value (%) | 9.0% | 8.9% | 9.1% | 8.9% | 9.8% |
| Total leasable space ($m^2$) | 237.737 | 237.732 | 210.457 | 208.716 | 229.669 |
| Occupancy rate (%) | 90% | 88% | 85% | 86% | 85% |

| LOGISTICS REAL ESTATE | 31.12.2019 | 31.12.2018 | 31.12.2017 | 31.12.2016 | 31.12.2015 |
|---|---|---|---|---|---|
| Fair value of investment properties available for lease (€ 000) | 315.099 | 511.884 | 358.289 | 309.018 | 308.045 |
| Contractual rents (€ 000) | 33.174 | 36.615 | 27.431 | 23.158 | 22.538 |
| Yield on fair value (%) | 6,5% | 7,2% | 7,7% | 7,5% | 7,3% |
| Contractual rents increased by the estimated rental value of vacant properties (€ 000) | 34.373 | 37.249 | 28.011 | 24.063 | 23.630 |
| Yield if fully let at fair value (%) | 6,7% | 7,3% | 7,8% | 7,8% | 7,7% |
| Total leasable space ($m^2$) | 707.858 | 785.216 | 584.439 | 496.352 | 487.404 |
| Occupancy rate (%) | 96% | 98% | 98% | 96% | 95% |

## 2.2. Change in the yield on fair value

The calculation of the gross yield on fair value in this graph was based on the company's contractual rents, increased by the estimated rental value of the company's vacancy. The average gross yield when fully letting, the real estate properties available for lease amounted to 7,7% as at 31 December 2019 (7,9% as at 31 December 2018). For the logistics segment, the gross yield decreased from 7,3% to 6,7%. In the office portfolio, the gross yield increased from 8,9% to 9,0%.




## 2.3. Insured value

The real estate portfolio of Intervest is insured for a total reconstruction value of € 804 million, excluding the premises on which the buildings are located, compared to a fair value of the investment properties available for lease of € 860 million as at 31 December 2019 (even though premises are included in that value). The insured value of the offices is € 412 million and that of the logistics portfolio is € 392 million.

The insurance policies also include additional guarantees for the real estate properties becoming unfit for use, such as loss of rental income, costs for maintenance and cleaning up the property, claims of tenants and users and third-party claims. The lost rental income is reimbursed as long as the building has not been rebuilt, provided that this is done within a reasonable period as determined by the expert. With these additional guarantees, the insured value amounts to € 1,3 billion. This insured value is split into € 812 million for the offices and € 478 million for the logistics portfolio.

Intervest is insured against liability arising from its activities or its investments under a third-party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 30 million.

## 2.4. Sensitivity analysis

In the case of a hypothetical negative adjustment of 1% point (from 7,2% to 8,2% on average) to the yield used by property experts for determining the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate properties would decrease by € 105 million or 12%. This would raise the debt ratio of the company by 5% points to around 44%.

If this is reversed, and a hypothetical positive adjustment of 1% point (from 7,2% to 6,2% on average) is made to this yield, the fair value of the real estate properties would increase by € 139 million or 16%. This would lower the debt ratio of the company by 5% points to around 34%.

# 3. Valuation of the portfolio by property experts

As at 31 December 2019, the valuation of the current Intervest real estate portfolio has been carried out by the following property experts:

- Cushman & Wakefield Belgium sa, represented by Julien Dubaere and Gregory Lamarche
- CBRE Valuation Services, represented by bvba Pieter Paepen and Kevin Van de Velde
- CBRE Valuation Advisory bv, represented by Hero Knol and Devin Ummels.

The property experts analyse rental, sale and purchase transactions on a permanent basis. This makes it possible to correctly analyse real estate trends on the basis of prices actually paid and thus to put together market statistics.

For the assessment of real estate properties, the market, location and some **characteristics** of real estate are taken into account.

## The market

- supply and demand of tenants and buyers of comparable real estate properties
- yield trends
- expected inflation
- current interest rates and expectations in terms of interest rates.

## The location

- environmental factors
- parking availability
- infrastructure
- accessibility by private and public transport
- facilities such as public buildings, shops, hotels, restaurants, pubs, banks, schools, etc.
- (construction) development of similar real estate properties.

## The real estate

- operating and other expenses
- type of construction and level of quality
- state of maintenance
- age
- location and representation
- current and potential alternative uses.

Subsequently, there are four important **valuation methods** that are being applied: updating the estimated rental income, unit prices, discounted cash flow analysis and cost method.

## Updating the estimated rental income

The investment value is the result of the yield (or capitalisation rate, that represents the gross yield required by a buyer) applied to the estimated rental value (ERV), adjusted for the net present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease agreements.

For buildings that are partially or completely vacant, the valuation is made on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions. The costs method is applied to buildings for which the property expert considers it more appropriate to do so.

Buildings to be renovated, buildings being renovated or planned projects are evaluated based on the value after renovation or after work has been finished, minus the amount of the remaining work to be done, the fees of architects and engineers, interim interest payments, the estimated vacancy rate and a risk premium.

## Unit prices

The investment value is determined based on the unit prices of the object per $m^2$ for office space, storage space, archives, number of parking spaces, etc., all based on the market and building analysis described above.

## Discounted cash flow analysis

The investment value is calculated based on the net present value of the net future rental income of every property. Thus, costs and provisions that are to be expected annually are taken into account for each property, as well as ongoing lease agreements, the expected completion time of the construction or renovation works, and their impact on the effective collection of the rents. This stream of income, as well as the selling value excluding transaction costs, are actualised (discounted cash flow) based on the interest rates on the capital markets, with a margin added that is specific to the type of the property investment (the liquidity margin). The impact of changing interest rates and expected inflation are thus taken account of in the estimate in a conservative way.

## Costs method

This gives a value based on the estimated current costs of reproducing or creating a property of the same quality, utility and transferability, but with modern construction tools.

## Special valuation considerations

The property experts made a special valuation consideration at the express request of the auditor, and in accordance with the requirements of IFRS 16 regulations.
This means that the property experts expressly and explicitly exclude any fees that must be paid within the scope of temporary user rights/property rights (such as long-term leases, concessions, etc.) since these must already be mentioned separately in the balance sheet under IFRS 16. All values mentioned in the valuation report must be interpreted as such.

The real estate portfolio is divided as follows:

| Property expert | Fair value (€ 000) | Investment value (€ 000) |
|---|---|---|
| Cushman & Wakefield Belgium | 350.069 | 358.821 |
| CBRE Valuation Services | 315.099 | 322.976 |
| CBRE Valuation Advisory | 196.588 | 210.330 |
| **TOTAL*** | **861.756** | **892.127** |

* The total of the reports of the property experts was in keeping with the amount of the real estate properties available for lease increased by the land reserve in Den Bosch (the Netherlands), valued as clear for construction.

# Finding of Cushman & Wakefield Belgium[1]

For the part of the real estate portfolio of Intervest valued by Cushman & Wakefield Belgium, Cushman & Wakefield Belgium determined an investment value of € 358.820.813 and a fair value of € 350.069.086 as at 31 December 2019.

Gregory Lamarche, MRICS
Associate
Valuation & Advisory

Julien Dubaere
Valuer
Valuation & Advisory

# Finding of CBRE Valuation Services[2]

For the part of the real estate portfolio of Intervest valued by CBRE Valuation Services, CBRE Valuation Services determined an investment value of € 322.976.504 and a fair value of € 315.099.029 as at 31 December 2019.

bvba Pieter Paepen, MRICS
RICS Registered Valuer
Senior Director

Kevin Van de Velde, MRE
Director

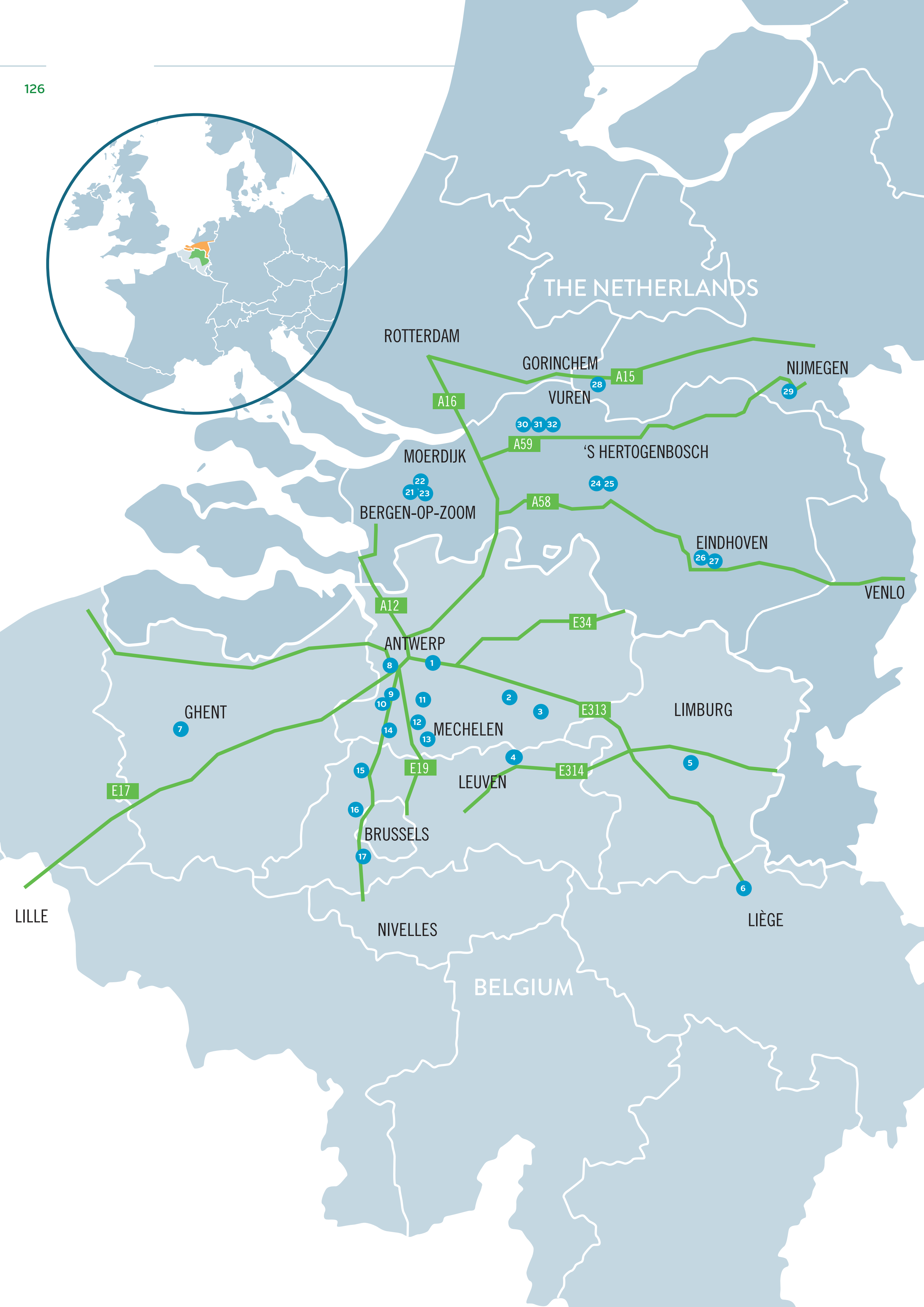
# Finding of CBRE Valuation Advisory[3]

For the part of the real estate portfolio of Intervest valued by CBRE Valuation Advisory, CBRE Valuation Advisory determined an investment value of € 210.330.172 and a fair value of € 196.588.242 as at 31 December 2018.

Drs H.W.B. Knol MSc RE MRICS
RICS Registered Valuer
Director

D.L.L. Ummels MSc RT
Senior Consultant

1,2,3 The property experts have agreed to the inclusion of their conclusions in this annual report.


THE NETHERLANDS
ROTTERDAM
GORINCHEM
A15
NIJMEGEN
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VUREN
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A58
BERGEN-OP-ZOOM
EINDHOVEN
26 27
VENLO
A12
E34
ANTWERP
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GHENT
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E313
LIMBURG
12
14
MECHELEN
13
4
E19
E314
5
15
LEUVEN
E17
16
BRUSSELS
17
6
LILLE
LIÈGE
NIVELLES
BELGIUM

# 4. Description of the logistics properties

## 4.1. Location of the logistics properties in Belgium[1]



1 Classification per logistics axis: Antwerp - Limburg - Liège, Antwerp - Ghent - Lille and Antwerp - Brussels - Nivelles.

## 4.2. Location of the logistics properties in the Netherlands[2]

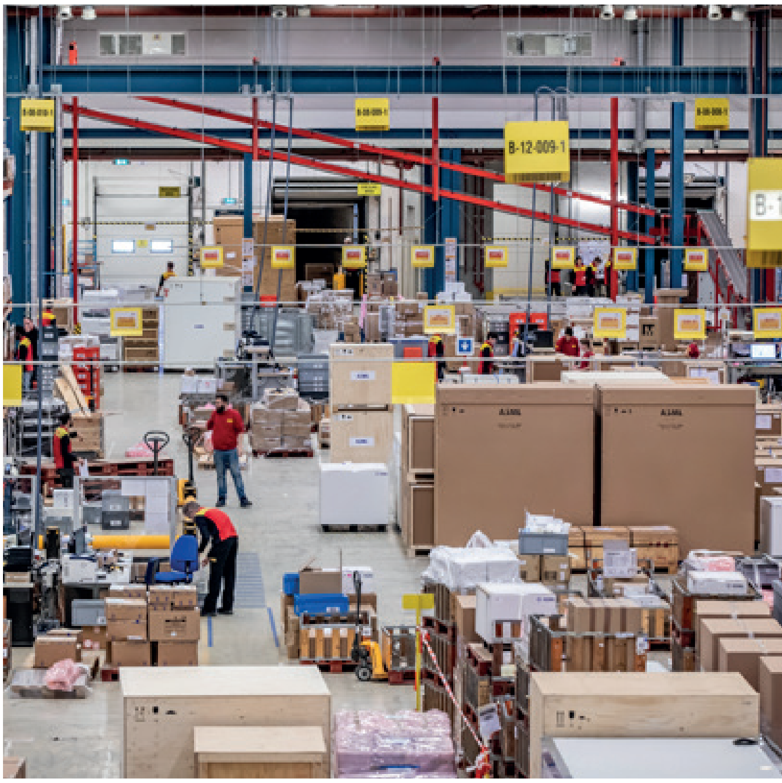


2 Classification per logistics axis: Bergen op Zoom - Eindhoven - Venlo, Rotterdam - Gorinchem - Nijmegen and Moerdijk - 's Hertogenbosch - Nijmegen.

Intervest's logistics properties in Belgium are mainly located on the logistics axes of Antwerp - Limburg - Liège, Antwerp - Brussels - Nivelles and Antwerp - Ghent - Lille.

In the Netherlands, the properties are located to the south of the Rotterdam - Nijmegen axis.

With its pronounced strong presence and cluster formation on these important logistics axes, Intervest is a relevant discussion partner that can optimally respond to the changing needs of existing and new customers.



## 4.3. Logistics real estate in Belgium

### Aarschot

**Address**
Nieuwlandlaan 321
3200 Aarschot
**Surface area**
14.602 m²
**Year constructed**
2005
**Occupancy rate**
100%

Distribution hub near Leuven at 4 km from the slip road to the E314. Ideally located for last-mile distribution activities. The site consists of two logistics buildings and two smaller storage rooms. 80% of the site has been operated by bpost as a regional distribution centre since the start of 2017.

## Boom Krekelenberg

**Address**
Industrieweg 18
2850 Boom
**Surface area**
24.871 m²
**Year constructed**
2000 partial renovation in 2015
**Occupancy rate**
100%

Site with modern and efficient energy management system. Located in the Krekelenberg industrial zone with excellent access via the A12. Extremely suitable for distribution within the Benelux.
Large divisible hall with spacious office facilities and social rooms.
Fitted with modern layout and complete relighting in 2015. There is a photovoltaic installation on the roof.


## Duffel

**Address**
Stocletlaan 23
2570 Duffel
**Surface area**
23.386 m²
**Year constructed**
1998
**Occupancy rate**
100%

A fully enclosed logistics building located a few kilometres from the E19. There is a photovoltaic installation on the roof.


## Genk Green Logistics - Project

**Address**
Henry Fordlaan 8 + 4
3600 Genk
**Potential surface area**
250.000 m²
**Year constructed**
2020 - 2025

Together with Group Machiels and via the perimeter company Genk Green Logistics, Intervest owns zone B, a parcel of land of 42 hectares on the former Ford site. The former Ford site consists of three zones still to be developed: zone A for public domain with common functions, zone C for water-related logistics activities, including a new container terminal and zone B where Genk Green Logistics will realise a flexible, large-scale, multimodal and sustainable logistics project with added value in cooperation with MG Real Estate and DEME Environmental Contractors.

## Ghent

**Address**
Eddastraat 21
9042 Ghent
**Surface area**
37.944 m²
**Renovation year**
2018
**Occupancy rate**
100%

Easily accessible pharmaceutical site in North Sea Port (port of Ghent), fully operated by an international logistics service provider. Complex consists of three adjoining units, of which approximately 40% were completely renovated in 2018. The roofs are fully equipped with a photovoltaic installation.

# Herentals Logistics

Logistics cluster, consisting of three separate sites, with high visibility along the E313, in the Antwerp - Liège logistics corridor.

## Herentals Logistics 1

**Address**
Atealaan 34b
2200 Herentals
**Surface area**
17.346 m²
**Renovation year**
2011
**Occupancy rate**
91%

Thoroughly renovated logistics building with spacious office facilities. The many loading bays make it ideally suited for cross-dock activities.

## Herentals Logistics 2

**Address**
Atealaan 34c
2200 Herentals
**Surface area**
50.912 m²
**Renovation year**
2008 and 2012
**Occupancy rate**
100%

State-of-the-art logistics building with approximately 40.000 m² storage space, spacious mezzanine over the entire length of the building, office space and parking facilities.
There is a photovoltaic installation on the roof.

## Herentals Logistics 3

**Address**
Atealaan 34b
2200 Herentals
**Surface area**
12.123 m²
**Year constructed**
2017
**Occupancy rate**
100%

State-of-the-art logistics distribution centre. Developed and customised for the requirements of Schrauwen Sanitair en Verwarming in 2017, as coordinated by Intervest's turn-key solutions team.



## Huizingen

**Address**
Gustave Demeurslaan 69 - 71
1654 Huizingen
**Surface area**
17.548 m²
**Year constructed**
1987 - 1993 followed by various renovation projects
**Occupancy rate**
100%

Partly refrigerated pharmaceutical distribution warehouse located to the south of Brussels with accompanying offices and laboratories installed by user DHL Pharma Logistics.


## Liège

**Address**
Première Avenue 32
4040 Liège
**Surface area**
55.468 m²
**Year constructed**
2000 - 2017
**Occupancy rate**
100%

Modern logistics complex near the cargo airport of Bierset and the container terminal TriLogiPort with excellent access via the E313, E40, E42 and E25. The site was developed in phases and consists of various storage halls with related office facilities and a spacious external area. The most recent extension (3.600 m²) dates back to 2017 and was completed by the Intervest turn-key solutions team in consultation with one of the users, Vincent Logistics.

## Mechelen 1

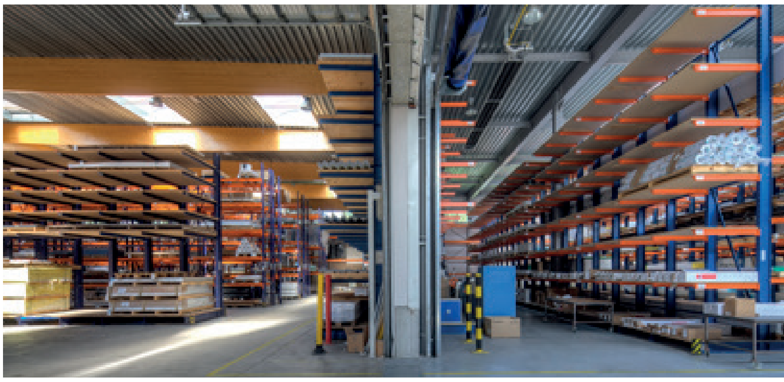
**Address**
Oude Baan 12
2800 Mechelen
**Surface area**
15.341 m²
**Renovation year**
2004
**Occupancy rate**
100%

Pharmaceutical warehouse with air conditioning throughout the storage area. Good location with direct connection to the E19. The site is equipped with a photovoltaic installation.

## Mechelen 2

**Address**
Dellingstraat 57
2800 Mechelen
**Surface area**
7.046 m²
**Year constructed**
1998, expansion in 2010
**Occupancy rate**
100%

Multi-functional semi-industrial property with large covered area for outdoor storage and spacious office facilities. Located near the E19 and within walking distance from the station and the city centre of Mechelen.



## Merchtem

**Address**
Preenakker 20
1785 Merchtem
**Surface area**
7.269 m²
**Year constructed**
1992, expansion in 2002
**Occupancy rate**
100%

Logistics building that is highly automated. Used by ZEB for clothing distribution. Located in the Merchtem Preenakker SME zone in the triangle between the E40 Brussels - Ostend, the A12 and the Brussels ring road.

# Oevel

Logistics cluster of three sites with high visibility along the E313, in the Antwerp - Liège logistics corridor, consisting of four buildings. Located in the vicinity of Herentals Logistics.


## Oevel 1

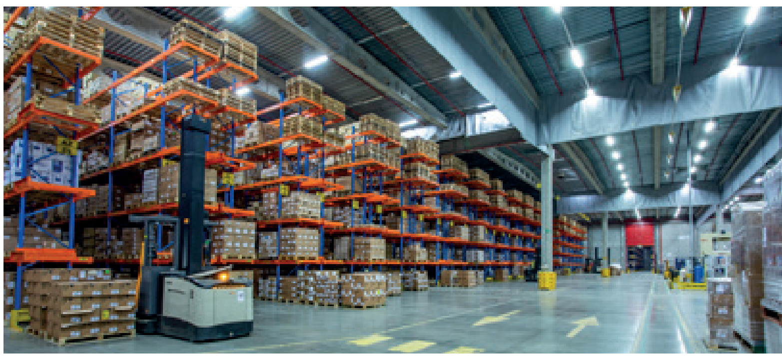
**Address**
Nijverheidsstraat 9
2260 Oevel
**Surface area**
12.159 m²
**Renovation year**
2004
**Occupancy rate**
100%

Logistics site with a high degree of automation, being used by Estée Lauder, which also operates one of its production facilities nearby.

## Oevel 2

**Address**
Nijverheidsstraat 9a + 11
2260 Oevel
**Surface area**
33.955 m²
**Year constructed**
2007, expansion in 2013
**Occupancy rate**
100%

Modern logistics complex. There is a photovoltaic installation on the roof.
Tenants are Estée Lauder and Seal For Life Industries.



## Oevel 3

**Address**
Nijverheidsstraat 8
2260 Oevel
**Surface area**
11.660 m²
**Year constructed**
1995
**Occupancy rate**
100%

Logistics site with storage space, mezzanine and offices. Excellent location along the E313 - E314. There is a photovoltaic installation on the roof.


## Puurs

**Address**
Koning Leopoldlaan 5
2870 Puurs
**Surface area**
43.534 m²
**Year constructed**
2001
**Occupancy rate**
40%

Uniquely visible location along the A12 in Puurs. Logistics complex, partly being used by Delhaize Belgium for its fresh food e-commerce platform. The entire roof area is provided with a photovoltaic installation.

## Schelle

**Address**
Molenberglei 8
2627 Schelle
**Surface area**
8.317 m²
**Year constructed**
1993, expansion 2016
**Occupancy rate**
95%

A logistics building with storage hall, offices, social spaces and a large number of loading and unloading bays easily accessible from the A12.

Intervest's turn-key solutions team, in consultation with the operator Rogue Fitness Benelux, renovated and expanded it with a showroom in 2017.


## Wilrijk

Cluster with two adjoining sites along the A12, on the outskirts of Antwerp and with a good connection to Brussels.

### Wilrijk 1

**Address**
Boomsesteenweg 801 - 803
2610 Wilrijk
**Surface area**
5.364 m²
**Year constructed**
2013
**Occupancy rate**
100%

Turnkey achievement for automotive distributor Peugeot. At top commercial location along Boomsesteenweg.


## Wilrijk 2

**Address**
Geleegweg 1 - 7
2610 Wilrijk
**Surface area**
24.521 m²
**Year constructed**
1989, renovation in 2016 - 2017
**Occupancy rate**
100%

Logistics complex with ideal location for urban distribution activities.

In 2016 - 2017, Intervest's turn-key solutions team, in consultation with the tenant Toyota Material Handling Europe Logistics, installed new floors, LED lighting, new sanitary facilities and additional windows for more sunlight in the office section.


## Wommelgem

**Address**
Koralenhoeve 25
2160 Wommelgem
**Surface area**
24.181 m²
**Year constructed**
1998, renovation in 2017 - 2018
**Occupancy rate**
100%

Visibility location along the E313-E34, on the outskirts of Antwerp.

Modern distribution complex that was renovated sustainably and energy efficiently by the turn-key solutions team of Intervest in consultation with user Feeder One in 2017-2018. Office areas were reorganised and the building was equipped with LED lighting, new HVAC and an EMS system. Roof was renovated and fitted with additional insulation.


## Zellik

**Address**
Brusselsesteenweg 464
1731 Zellik
**Surface area**
26.637 m²
**Year constructed**
1994, renovation in 2008
**Occupancy rate**
100%

Logistics site on the edge of the industrial area in Zellik - Asse near the E40 and E19 motorways and the Brussels Ring Road.

A part of the roof is equipped with a photovoltaic installation.

Site offers redevelopment potential to state-of-the-art new construction of approximately 29.000 m².

# 4.4. Logistics real estate in the Netherlands

## Eindhoven

Strategically located, multimodal 50.000 m² logistics complex consisting of two sustainable business premises, Silver Forum and Gold Forum, which form an architectural and functional whole at the Flight Forum business park near Eindhoven airport.

### Eindhoven - Gold Forum - Project in 2019

**Address**
Flight Forum 1800-1950
5657 EZ Eindhoven
**Surface area**
approximately 21.000 m²
**Year constructed**
2020

New-build distribution centre with high-quality, modern finish and striking gold curved façade was acquired in the first quarter of 2020, after delivery.

### Eindhoven - Silver Forum

**Address**
Flight Forum 1800-1950
5657 EZ Eindhoven
**Surface area**
28.695 m²
**Year constructed**
2002
**Occupancy rate**
100%

Strategically located distribution centre near Eindhoven Airport with a high-quality, modern finish and a striking oval shape with silver cladding.


## Nijmegen

**Address**
De Vlotkampweg 67 - 71
6545 AE Nijmegen
**Surface area**
19.159 m²
**Year constructed**
1988 - 2002
**Occupancy rate**
100%

Top strategic location on the Westkanaaldijk industrial site, well enclosed via the A73 and A50 motorways.


## Raamsdonksveer

Logistics cluster consisting of three separate sites in Dombosch industrial park near the junction of the A27 (Breda - Almere) and A59 (Moerdijk - Den Bosch).

### Raamsdonksveer 1

**Address**
Zalmweg 37
4941 SH Raamsdonksveer
**Surface area**
20.653 m²
**Year constructed**
2010
**Occupancy rate**
100%

Logistics complex, which, in 2010, was built-to-suit for a home and decoration retailer organising distribution activities to supply e-commerce from the complex.

## Raamsdonksveer 2

**Address**
Zalmweg 41
4941 SH Raamsdonksveer
**Surface area**
38.573 m²
**Year constructed**
2002
**Occupancy rate**
100%

Modern distribution centre with related offices and a large number of loading bays. The storage hall consists of four independent storage areas that can be connected to one another. The offices are on the mezzanine.

## Raamsdonksveer 3

**Address**
Steurweg 2
4941 VR Raamsdonksveer
**Surface area**
14.581 m²
**Year constructed**
1980 (Expansion in 2008)
**Occupancy rate**
100%

Free-standing multifunctional logistics building with a contemporary appearance. Office part on the mezzanine and separate office block next to it.

# Roosendaal

Logistics cluster in one of the most important logistics hubs in West-Brabant.

## Roosendaal 1 - Project in 2019

**Address**
Borchwerf I - Braak
4704 RJ Roosendaal
**Surface area**
approximately 28.000 m²
**Year of construction**
in development

Sustainable new logistics construction, started in 2018, of a modern and high-quality distribution centre that Intervest will deliver in the course of 2020 and will be certified as 'BREEAM Outstanding'.
For example, it is extensively insulated, has a photovoltaic installation, LED lighting and separate water drainage systems.

## Roosendaal 2


**Address**
Leemstraat 15-17, 21, 23 - Boerkensleen 23a
4705 RT Roosendaal
**Surface area**
38.162 m²
**Year constructed**
1975 - 1985 - 2007 - 2012
**Occupancy rate**
100%

Large logistics complex consisting of six storage halls with related offices, workshop, hangar and caretaker residence on a site of over 13 hectares. Well located in the Majoppeveld industrial site, near exit A58 Vlissingen - Roosendaal - Eindhoven and with direct access to A17 Roosendaal - Moerdijk.

Headquarters of logistics services provider Jan de Rijk.

Extension or redevelopment potential on site.

### Roosendaal 3

**Address**
Borchwerf II - Blauwhekken 2
4751 XD Roosendaal
**Surface area**
18.029 m²
**Year constructed**
2019
**Occupancy rate**
100%

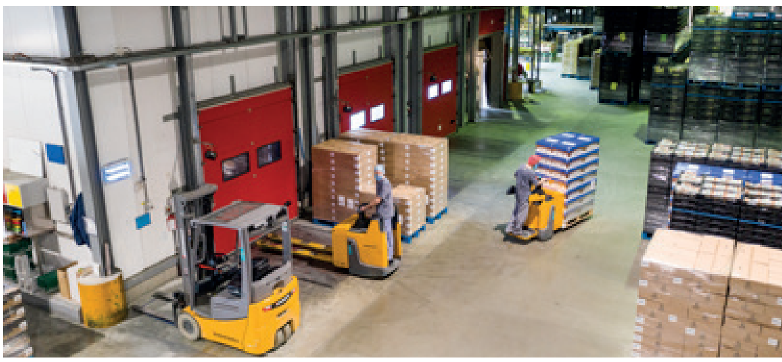
New construction of a state-of-the-art building in the Borchwerf II logistics hotspot for production and distribution activities.
Certified as 'BREEAM Very Good'.
The roof is equipped with a photovoltaic installation.

## Tilburg

### Tilburg 1

**Address**
Kronosstraat 2
5048 CE Tilburg
**Surface area**
13.309 m²
**Year constructed**
2004 renovation in 2011
**Occupancy rate**
100%

Refrigerated industrial premises and production area in accordance with HACCP guidelines for the food industry. Located in Industriezone Vossenberg II with direct connection to the A58 Eindhoven - Breda motorway, in the Tilburg - Waalwijk logistics corridor. Being used by Dutch Bakery for logistics and industrial bakery activities with transport.

## Tilburg 2

**Address**
Belle van Zuylenstraat 15
5032 MA Tilburg
**Surface area**
28.493 m²
**Year constructed**
1989 (Expansion 1997 - Renovation 2019)
**Occupancy rate**
100 %

Visibility location along A58 Vlissingen - Breda - Eindhoven, on the Katsbogten industrial site. Logistics complex, consisting of distribution centre and free-standing office building, which will be fully renovated, modernised and made more sustainable in 2019. Large number of front and rear dock shelters and sufficient parking spaces. Headquarters of home discount chain, Kwantum.


## Vuren

**Address**
Hooglandseweg 6
4214 KG Vuren
**Surface area**
14.020 m²
**Year constructed**
2018
**Occupancy rate**
100%

Built-to-suit new-build project consisting of various storage areas and two-storey office section, custom-built for pharmaceutical wholesaler, The Medical Export Group, in 2018. Located on the Rotterdam - Ruhr area axis with good access via the A15 Rotterdam - Nijmegen - Ruhr area and the A2 Amsterdam - Utrecht - Eindhoven motorways. Climate-controlled and suitable for storing pharmaceutical products and temperature-sensitive goods.


A58
A12
E34
ANTWERP
1
2
4
3
E313
MECHELEN
7
5
6
E19
E314
LEUVEN
10
8
11
9
13
BRUSSELS
12
BELGIUM

# 5. Description of the office portfolio

## 5.1. Office locations in Belgium[1]

### Antwerp



### Mechelen



### Brussels



### Leuven



1 Classification per region on the axes of Antwerp - Mechelen - Brussels and on the Brussels - Leuven axis.

# 5.2. Offices with extensive service package, serviced offices and co-working lounges

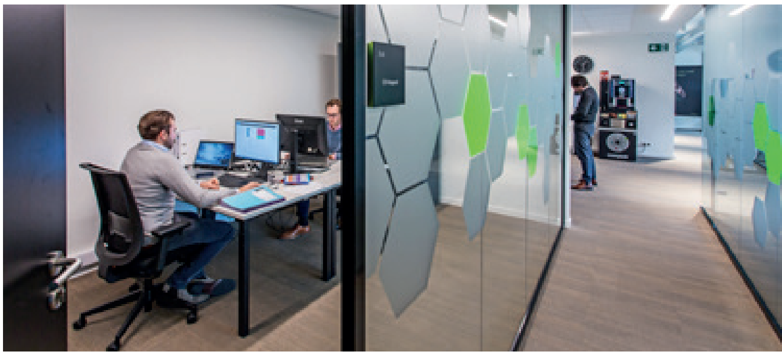
## Greenhouse

Greenhouse is an innovative, inspiring and service-oriented office concept of Intervest in Antwerp, Mechelen and Brussels, where working is a pleasant experience. Greenhouse combines traditional long-term office rentals with serviced offices and co-working lounges. Greenhouse provides additional services to all tenants and users, such as common meeting and event spaces, central reception, restaurant, ironing centre, parcel service, fitness facilities, cleaning and a 24/7 technical helpdesk. A Greenhouse Flex subscription gives access to the co-working lounges at the three Greenhouse locations. The long-term tenants can also use the Greenhouse services and facilities at the various locations.

## Berchem - Greenhouse Antwerp

**Address**
Uitbreidingstraat 66
2600 Berchem
**Surface area**
5.763 m²
**Renovation year**
2016
**Occupancy rate**
98%

In 2016, Greenhouse Antwerp, with its eye-catching 'green façade' consisting of 50.000 living plants, was completely renovated to become a landmark along the Antwerp Singel. Greenhouse Antwerp has 14 meeting rooms and event spaces that can accommodate between 2 and 24 people. The most prestigious event space, the 'Greenhouse Boardroom', is equipped with its own catering facilities. 'Greenhouse Café', the ground-floor restaurant, is a popular spot in the area to have an elaborate lunch or get a take-away meal.

## Diegem - Greenhouse BXL

**Address**
Berkenlaan 8A + 8B
1831 Diegem
**Surface area**
20.262 m²
**Renovation year**
2017 - 2018
**Occupancy rate**
88%

Greenhouse BXL opened its doors at the end of 2018 after it had been thoroughly renovated. The front façade consists of a vertical plant garden, the wall in the glass atrium is covered with real plants, the building is surrounded by various plant gardens and there is a terrace on the green roof. There are charging stations for electric cars in the spacious underground car park. There are sufficient meeting rooms and event spaces, including an auditorium for 200 people and the atrium, which serves as a multi-functional meeting room and event space. There are two restaurants in the building. The grand café offers a wide range of healthy sandwiches and salads, and The Greenery has a more elaborate menu.
Greenhouse BXL is located next to the Brussels ring road and is very near Brussels Airport.



## Mechelen Campus and Greenhouse Mechelen

**Address**
Schaliënhoevedreef 20 A - J and T
2800 Mechelen
**Surface area**
58.147 m²
**Year constructed**
2000-2005
**Occupancy rate**
89%

Greenhouse Mechelen is located at Mechelen Campus. Mechelen Campus consists of a tower building 60 metres high and 10 lower office buildings connected to two car parks: one above ground and one underground. Many offices were set up by the Intervest turn-key solutions team in consultation with the tenants.

There is a garden between the buildings. There are various charging plazas for electric cars and a free shuttle service. Greenhouse Mechelen is housed in the tower building and offers 12 meeting rooms and event spaces, which can accommodate between 4 and 130 people.


## Leuven - Ubicenter

**Address**
Philipssite 5
3001 Leuven
**Surface area**
27.027 m²
**Year constructed**
2001
**Occupancy rate**
98%

Ubicenter Leuven is a contemporary office complex that ties in with the innovative Greenhouse concept but is not operated directly by Intervest. Ubicenter also offers customised offices, co-working lounges and turn-key offices with additional service provision such as meeting rooms, reception services, daily correspondence management, telephone and fax numbers, showers and catering services. The building has a foyer, a company restaurant and an auditorium.

Ubicenter is located near the Leuven ring road, near the slip road to the E40 and E314.

## 5.3. Offices

Intervest's offices are in strategic locations in Flanders, both in the city centre and on campuses outside the city, mainly on the Antwerp - Mechelen - Brussels axis.

Intervest has a strongly developed market position in Mechelen, a city which, due to growing mobility issues, is increasingly forming an alternative location for Brussels.


## Aartselaar

**Address**
Kontichsesteenweg 54
2630 Aartselaar
**Surface area**
4.140 m²
**Year constructed**
2000
**Occupancy rate**
100%

Ideally located between the E19 and A12. Consists of an office section, warehouse and a very spacious car park. The site offers maximum visibility as it is directly situated on the Kontichsesteenweg.

## Antwerp - Gateway House

**Address**
Brusselstraat 59 / Montignystraat 80
2018 Antwerp
**Surface area**
11.172 m²
**Renovation year**
2002
**Occupancy rate**
67%

Stately building situated diagonally opposite the Antwerp Courthouse, a five-minute walk from the bustling, trendy 'Het Zuid' neighbourhood. Extremely good access by public transport as well as by car.

## Dilbeek - Inter Access Park

**Address**
Pontbeekstraat 2 & 4
1700 Dilbeek
**Surface area**
6.392 m²
**Year constructed**
2000
**Occupancy rate**
95%

Inter Access Park consists of two identical office buildings that offer easy access by public transport (Sint-Agatha-Berchem station), as well as by car (E40 motorway and R0 ring road).
Each building has a large, prestigious lobby and tenants can lease an entire floor or a part of it.

## Edegem - De Arend

**Address**
Prins Boudewijnlaan 45 - 49
2650 Edegem
**Surface area**
6.931 m²
**Year constructed**
1997
**Occupancy rate**
90%

Located at a stone's throw from the E19, at the Kontich exit. Office complex consisting of three buildings surrounded by greenery and each of which has three floors. The efficient rectangular plateaus offer plenty of natural light.

## Hoeilaart - Park Rozendal

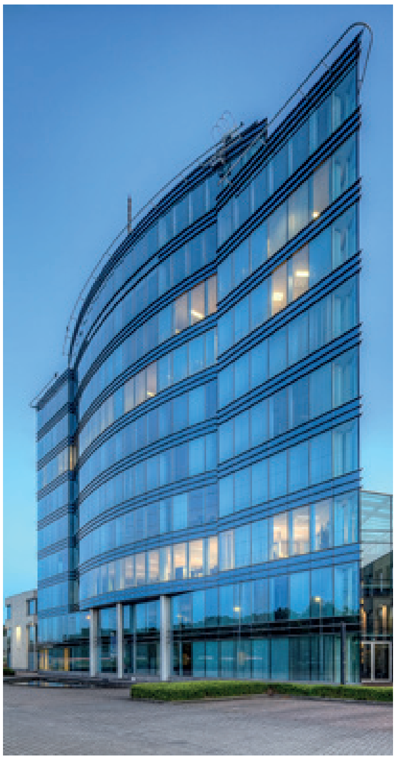
**Address**
Terhulpsesteenweg 6A
1560 Hoeilaart
**Surface area**
2.830 m²
**Year constructed**
1994
**Occupancy rate**
86%

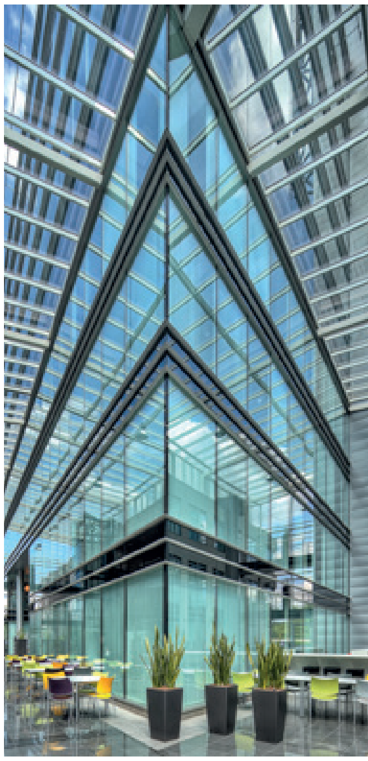
Located in a green oasis yet still close to Brussels. Excellent access by car and public transport. The luxurious lobby provides a distinguished air and the rectangular floors provide the optimal layout for designing offices.

## Mechelen Business Tower

**Address**
Blarenberglaan 2C
2800 Mechelen
**Surface area**
13.574 m²
**Year constructed**
2001
**Occupancy rate**
86%

Mechelen Business Tower is a landmark along the E19 at Mechelen. The single-tenant office tower is being systematically converted into a multi-tenant office environment.





## Mechelen - Intercity Business Park

**Address**
Generaal De Wittelaan 9 - 21
2800 Mechelen
**Surface area**
54.190 m²
**Year constructed**
1993 - 1999 (2016)
**Occupancy rate**
86%

Business park along the E19 Antwerp - Brussels, with more than 54.000 m² of business space spread over 10 office buildings. There are approximately 40 tenants, including a number of large companies in the life sciences sector, such as Biocartis, Galapagos and SGS Belgium. Intercity Business Park adjoins Mechelen Campus.


## Woluwe Garden

**Address**
Woluwedal 18 - 22
1932 Sint-Stevens-Woluwe
**Surface area**
23.681 m²
**Year constructed**
2000
**Occupancy rate**
100%

Woluwe Garden lies in Flemish Brabant, on the edge of Brussels. The impressive lobby connects three wings, each having eight floors. Fully rented by PricewaterhouseCoopers.

## Zellik - Exiten

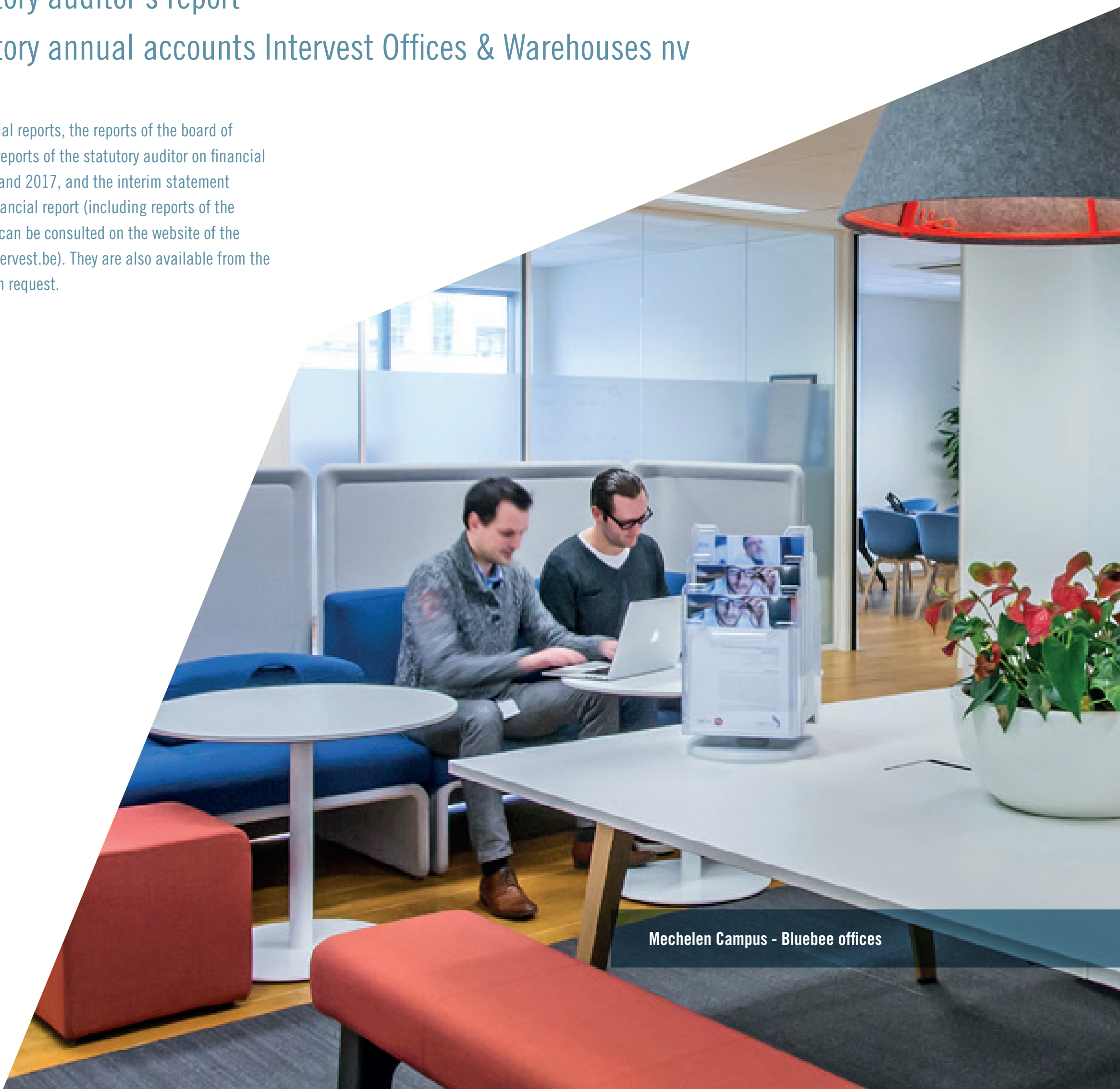
**Address**
Zuiderlaan 91
1731 Zellik
**Surface area**
3.628 m²
**Year constructed**
2002
**Occupancy rate**
100%

Highly visible building next to exit 10 of the Brussels ring road. The rectangular floors provide the optimal layout for office design.

# Financial report[1]



1 The annual financial reports, the reports of the board of directors and the reports of the statutory auditor on financial years 2019, 2018 and 2017, and the interim statement and half-yearly financial report (including reports of the statutory auditor) can be consulted on the website of the company (www.intervest.be). They are also available from the registered office on request.



Mechelen Campus - Bluebee offices

# Index

# 1. Consolidated income statement

| in thousands € | Note | 2019 | 2018 |
|---|---|---|---|
| Rental income | 4 | 66.143 | 47.920 |
| Rental-related expenses | 4 | -166 | -53 |
| NET RENTAL INCOME | | 65.977 | 47.867 |
| Recovery of property charges | 4 | 707 | 729 |
| Recovery of rental charges and taxes normally payable by tenants on let properties | 4 | 13.462 | 9.919 |
| Costs payable by tenants and borne by the landlord for rental damage and refurbishment | | -774 | -529 |
| Rental charges and taxes normally payable by tenants on let properties | 4 | -13.462 | -9.919 |
| Other rental-related income and expenses | 4 | 1.198 | 606 |
| PROPERTY RESULT | | 67.108 | 48.673 |
| Technical costs | 5 | -939 | -1.059 |
| Commercial costs | 5 | -334 | -166 |
| Charges and taxes on unlet properties | 5 | -672 | -587 |
| Property management costs | 5 | -4.800 | -4.019 |
| Other property charges | 5 | -784 | -563 |
| **Property charges** | | **-7.529** | **-6.394** |
| OPERATING PROPERTY RESULT | | 59.579 | 42.279 |
| General costs | 6 | -3.777 | -2.749 |
| Other operating income and costs | | 89 | 24 |
| OPERATING RESULT BEFORE RESULT ON PORTFOLIO | | 55.891 | 39.554 |
| Result on disposal of investment properties | 8 | 5.364 | 0 |
| Changes in fair value of investment properties | 9 | 22.307 | 7.033 |
| Other result on portfolio | 10 | -5.661 | -2.472 |
| OPERATING RESULT | | 77.901 | 44.115 |
| Financial income | | 77 | 45 |
| Net interest charges | 11 | -8.543 | -8.039 |
| Other financial charges | | -35 | -11 |
| Changes in fair value of financial assets and liabilities | | -3.065 | -1.615 |
| **Financial result** | | **-11.566** | **-9.620** |
| RESULT BEFORE TAXES | | 66.335 | 34.495 |
| Taxes | 12 | -587 | -390 |
| NET RESULT | | 65.748 | 34.105 |

| in thousands € | Note | 2019 | 2018 |
|---|---|---|---|
| **NET RESULT** | | **65.748** | **34.105** |
| **Minority interests** | | **-17** | **-9** |
| **NET RESULT - Group share** | | **65.765** | **34.114** |
| | | | |
| **Note:** | | | |
| EPRA earnings | | 46.820 | 31.168 |
| Result on portfolio | 8-10 | 22.010 | 4.561 |
| Changes in fair value of financial assets and liabilities | | -3.065 | -1.615 |

| **RESULT PER SHARE** | Financial report | 2019 | 2018 |
|---|---|---|---|
| Number of shares at year-end | 8.6 | 24.657.003 | 24.288.997 |
| Number of shares entitled to dividend at year-end | 8.6 | 24.657.003 | 24.288.997 |
| Weighted average number of shares | 8.6 | 24.516.858 | 19.176.981 |
| Net result (€) | | 2,68 | 1,78 |
| Diluted net result (€) | | 2,68 | 1,78 |
| EPRA earnings (€) | | 1,91 | 1,63 |

# 2. Consolidated statement of comprehensive income

| in thousands € | 2019 | 2018 |
|---|---|---|
| **NET RESULT** | **65.748** | **34.105** |
| Other components of comprehensive income (recyclable through income statement) | 0 | 0 |
| | | |
| **COMPREHENSIVE INCOME** | **65.748** | **34.105** |
| **Attributable to:** | | |
| Shareholders of the parent company | 65.765 | 34.114 |
| Minority interests | -17 | -9 |

# 3. Consolidated balance sheet

| **ASSETS** in thousands € | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| **Non-current assets** | | **894.262** | **867.582** |
| Intangible non-current assets | | 465 | 508 |
| Investment properties | 13 | 892.813 | 866.504 |
| Other tangible non-current assets | | 714 | 400 |
| Financial non-current assets | 19 | 252 | 156 |
| Trade receivables and other non-current assets | | 18 | 14 |
| **Current assets** | | **24.601** | **19.582** |
| Trade receivables | 14 | 11.962 | 10.120 |
| Tax receivables and other current assets | 14 | 5.974 | 5.092 |
| Cash and cash equivalents | | 2.156 | 1.972 |
| Deferred charges and accrued income | 14 | 4.509 | 2.398 |
| **TOTAL ASSETS** | | **918.863** | **887.164** |

| **SHAREHOLDERS' EQUITY AND LIABILITIES** in thousands € | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| **Shareholders' equity** | | **524.433** | **477.208** |
| **Shareholders' equity attributable to shareholders of the parent company** | | **523.859** | **476.617** |
| Share capital | 15 | 222.958 | 219.605 |
| Share premiums | 15 | 173.104 | 167.883 |
| Reserves | 15 | 62.032 | 55.015 |
| Net result for the financial year | | 65.765 | 34.114 |
| **Minority interests** | 23 | **574** | **591** |
| **Liabilities** | | **394.430** | **409.956** |
| **Non-current liabilities** | | **274.065** | **297.951** |
| Provisions | | 1.875 | 0 |
| Non-current financial debts | 18 | 255.472 | 288.573 |
| *Credit institutions* | | *220.556* | *253.725* |
| *Other* | | *34.916* | *34.848* |
| Other non-current financial liabilities | 19 | 8.627 | 3.460 |
| Trade debts and other non-current debts | | 1.211 | 3.010 |
| Deferred tax - liabilities | 20 | 6.880 | 2.908 |
| **Current liabilities** | | **120.365** | **112.005** |
| Provisions | | 1.875 | 0 |
| Current financial debts | 18 | 88.137 | 87.282 |
| *Credit institutions* | | *23.137* | *30.631* |
| *Other* | | *65.000* | *56.651* |
| Other current financial liabilities | 19 | 68 | 152 |
| Trade debts and other current debts | 17 | 7.785 | 5.249 |
| Other current liabilities | 17 | 3.970 | 1.774 |
| Accrued charges and deferred income | 17 | 18.530 | 17.548 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | | **918.863** | **887.164** |

| **DEBT RATIO** in % | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Debt ratio (max. 65%) | 21 | 39,0% | 43,5% |

| **NET VALUE PER SHARE** in € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Net value (fair value) | 21,25 | 19,62 |
| Net asset value EPRA | 21,79 | 19,88 |

# 4. Statement of changes in consolidated equity

| In thousands € |
| --- |
| **Initial state 1 January 2018** |
| Comprehensive income of 2018 |
| Transfers through result allocation 2017: |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| Issue of shares for optional dividend financial year 2017 |
| Issue of share for the capital increase with irreducible allocation rights |
| Minority interest Genk Green Logistics nv |
| Dividend financial year 2017 |
| **Balance sheet as at 31 December 2018** |
| Comprehensive income of 2019 |
| Transfers through result allocation 2018: |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| Issue of shares for optional dividend financial year 2018 |
| Dividend financial year 2018 |
| **Balance sheet as at 31 December 2019** |

| | Share capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | Paid-up capital | Capital increase costs | Share premiums | Total reserves | Net result for the financial year | Minority interests | TOTAL SHAREHOLDERS' EQUITY |
| | **167.720** | **0** | **111.642** | **58.666** | **21.186** | **0** | **359.214** |
| | | | | | 34.114 | -9 | 34.105 |
| | | | | | | | |
| | | | | -4.985 | 4.985 | | 0 |
| | | | | -2.378 | 2.378 | | 0 |
| | | | | 1.119 | -1.119 | | 0 |
| | | | | 2.593 | -2.593 | | 0 |
| | 4.427 | | 5.571 | | | | 9.998 |
| | 49.185 | -1.727 | 50.670 | | | | 98.128 |
| | | | | | | 600 | 600 |
| | | | | | -24.837 | | -24.837 |
| | **221.332** | **-1.727** | **167.883** | **55.015** | **34.114** | **591** | **477.208** |
| | | | | | 65.765 | -17 | 65.748 |
| | | | | | | | |
| | | | | 15.308 | -15.308 | | 0 |
| | | | | -10.747 | 10.747 | | 0 |
| | | | | -1.615 | 1.615 | | 0 |
| | | | | 4.071 | -4.071 | | 0 |
| | 3.353 | 0 | 5.221 | | | | 8.574 |
| | | | | | -27.097 | | -27.097 |
| | **224.685** | **-1.727** | **173.104** | **62.032** | **65.765** | **574** | **524.433** |

## Breakdown of the reserves

| In thousands € |
|---|
| **Initial state 1 January 2018** |
| Transfers through result allocation 2017: |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| **Balance sheet as at 31 December 2018** |
| Transfers through result allocation 2018: |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| **Balance sheet as at 31 December 2019** |

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

| | Legal reserves | Reserve for the balance of changes in the fair value of real estate | | Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting | Other reserves | Results carried forward from previous financial years | Total reserves |
|---|---|---|---|---|---|---|---|
| | | Reserve for the balance of changes in investment value of real estate properties | Reserve for the impact on the fair value* | | | | |
| | **90** | **53.380** | **-15.280** | **-2.961** | **6.034** | **17.403** | **58.666** |
| | | | | | | | |
| | | -4.985 | | | | | -4.985 |
| | | | -2.378 | | | | -2.378 |
| | | | | 1.119 | | | 1.119 |
| | | | | | | 2.593 | 2.593 |
| | **90** | **48.395** | **-17.658** | **-1.842** | **6.034** | **19.996** | **55.015** |
| | | | | | | | |
| | | 15.308 | | | | | 15.308 |
| | | | -10.747 | | | | -10.747 |
| | | | | -1.615 | | | -1.615 |
| | | | | | | 4.071 | 4.071 |
| | **90** | **63.701** | **-28.404** | **-3.456** | **6.034** | **24.067** | **62.032** |

# 5. Consolidated cash flow statement

| in thousands € | Note | 2019 | 2018 |
|---|---|---|---|
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR** | | **1.972** | **728** |
| **1. Cash flow from operating activities** | | **47.218** | **32.860** |
| **Operating result** | | **77.901** | **44.115** |
| **Interest paid** | | **-8.957** | **-8.204** |
| **Other non-operating elements** | | **-545** | **-356** |
| **Adjustment of result for non-cash flow transactions** | | **-23.154** | **-3.970** |
| • Depreciations on intangible and other tangible assets | | 392 | 369 |
| • Result on disposal of investment properties | 8 | -5.364 | 0 |
| • Changes in fair value of investment properties | 9 | -22.307 | -7.033 |
| • Spread of rental discounts and rental benefits granted to tenants | 10 | -1.536 | 222 |
| • Other result on portfolio | 10 | 5.661 | 2.472 |
| **Change in working capital** | | **1.973** | **1.275** |
| Movement of assets | | -4.749 | -2.701 |
| Movement of liabilities | | 6.722 | 3.976 |
| **2. Cash flow from investment activities** | | **3.748** | **-189.921** |
| Investments and expansions in existing investment properties | 13 | -8.120 | -10.247 |
| Acquisition of investment properties | 13 | -23.953 | -143.710 |
| Acquisition of shares of real estate companies | | 0 | -31.970 |
| Investments in development projects | 13 | -29.594 | -3.828 |
| Income from disposal of investment properties | 8 | 66.780 | 0 |
| Paid exit tax for merger of real estate companies | | -700 | 0 |
| Acquisitions of intangible and other tangible non-current assets | | -665 | -166 |
| **3. Cash flow from financing activities** | | **-50.782** | **158.305** |
| Repayment of loans | | -105.330 | -51.155 |
| Drawdown of loans | | 73.000 | 126.032 |
| Capital increase | | 0 | 98.127 |
| Receipts from non-current liabilities as guarantee | | 70 | 139 |
| Dividend paid | | -18.522 | -14.838 |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR** | | **2.156** | **1.972** |

In 2019, Intervest generated a cash flow of € 47 million from **business activities** compared to € 33 million in 2018 as a result of the growth of the real estate portfolio.

The cash flow from **investment activities** (€ 4 million) includes the balance of the € 67 million divestment of the acquisitions, investments and expansions in the real estate portfolio for € 63 million.

The group's **financing activities** (€ 51 million) in 2019 consisted of € 32 million repayment of credits and € 19 million for the payment of dividends.

Raamsdonksveer - Welzorg

# 6. Notes on the consolidated annual accounts

## Note 1. Scheme for annual accounts of regulated real estate companies

As a listed regulated real estate company under Belgian law, Intervest Offices & Warehouses nv has prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union. In the Royal Decree of 13 July 2014 on regulated real estate companies a scheme for both statutory annual accounts and consolidated annual accounts of the RREC is contained in Annex C.

The scheme principally means that the result on the portfolio is presented separately in the income statement. This result on the portfolio includes all movements in the real estate portfolio and mainly consists of:

- realised profits or losses on the disposal of investment properties
- changes in fair value of investment properties as a result of the valuation by property experts, being non-realised increases and/or decreases in value.

The result on portfolio will not be allocated to the shareholders, but transferred to, or from, the reserves.

## Note 2. Principles of financial reporting

### Statement of conformity

Intervest is a public regulated real estate company having its registered office in Belgium. The consolidated annual accounts of the company as at 31 December 2019 include the company and its perimeter companies (the "Group"). The Intervest annual accounts have been prepared and released for publication by the board of directors as at 18 March 2020 and will be submitted for approval to the general meeting of shareholders as at 29 April 2020.

The consolidated annual accounts have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the Royal Decree of 13 July 2014. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), to the extent to which they are applicable to the Group's activities and effectively start for financial years as from 1 January 2019.

### New or amended standards and interpretations effective for the financial year as from 1 January 2019

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: Amendments resulting from Annual Improvements 2015-2017 cycle (1/1/2019); IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9 (1/1/2019); IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (1/1/2019); IAS 19 Employee benefits - Amendments regarding plan amendments, curtailments or settlements (1/1/2019); IAS28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (1/1/2019); and IFRIC 23 Uncertainty over Income Tax Treatments (1/1/2019).

**IFRS 16 - Lease agreements**

IFRS 16 introduces important changes regarding the accounting processing of lease agreements for the lessee, whereby the distinction between operational and financial leases ceases to exist and assets and liabilities are recognised for all lease agreements (save exceptions for short-term leases or assets having a low value), and apply to financial years as from 1 January 2019. Intervest has decided to apply IFRS 16 early, as from 1 January 2018.

In contrast to the lessee's processing of the lease agreements, IFRS 16 retains almost all the provisions from IAS 17 – Lease agreements relating to the lessor's processing of the lease agreements. This means that lessors must continue to classify the lease agreements as operational or financial lease agreements.

In view of the fact that Intervest acts almost exclusively as property owner and is therefore lessor (and did not opt to make a reassessment as to whether a contract is or entails a lease agreement in comparison with IAS 17), there are no changes in this respect and Intervest will continue to value its real estate portfolio on fair value in accordance with IAS 40.

However, in some of its investments, Intervest does not hold bare ownership, but only usufruct, by way of a concession or long-term lease or similar form. A user right and accompanying obligation must be included in the consolidated balance sheet in the limited cases where Intervest is the lessee in lease agreements classified as operational leases under IAS 17 and these contracts do not fall under the exceptions as laid down in IFRS 16.

The right of use is included in its consolidated balance sheet, on the assets within the fair value of the investment properties (by way of property valuation) and on the liabilities, including long-term liabilities. In addition, the impact on the income statement, i.e. the recurrent cost of the concessions, is processed via the financial and portfolio result instead of via the "costs associated with rent".

### Published standards and interpretations, not yet applied in 2019

Intervest did not apply the following new standards, amendments to standards and interpretations that are not yet in force but that may be applied sooner: IFRS 3 Business Combinations - Amendments to clarify the definition of a business (1/1/2020); IFRS 7, 9 & IAS 39 Financial Instruments (Disclosures, recognition and Measurement) - Amendments regarding pre-placement issues in the context of the IBOR reform (1/1/2020); IFRS 17 Insurance contracts (1/1/2021); IAS 1 & 8 - Amendments regarding the definition of material (1/1/2020); and IAS 1 - Amendments regarding the clarification of liabilities (1/1/2022).

It is expected that the above-mentioned standards and interpretations will not have a material impact on Intervest's consolidated annual accounts.

## Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded to the nearest thousand. The consolidated annual accounts are presented before profit distribution.

The accounting principles are applied consistently.

## Consolidation principles

### Perimeter companies

A perimeter company is an entity over which another entity has control (exclusively or jointly). Control is having power over the entity, having the rights to the changing income from involvement in the entity, and having the possibility to use power over the entity to influence the amount of income. A perimeter company's annual accounts are recognised in the consolidated annual accounts by means of the full consolidation method from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the perimeter companies have been changed in order to arrive at consistent principles within the Group. The reporting period of the perimeter company coincides with that of the parent company.

### Eliminated transactions

All transactions between the Group companies, balances and unrealised profits and losses from transactions between Group companies will be eliminated when the consolidated annual accounts are prepared. The list of perimeter companies is included in Note 22.

## Business combinations and goodwill

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 – Business combinations, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the sum of the acquisition value, the previous interest in the entity which had not been previously controlled (if applicable) and the recognised minority interest (if applicable), and the fair value of the acquired net assets on the other hand. If the difference is negative ("negative goodwill"), it is immediately recognised in the result after confirmation of the values. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and adjusted within the 12 following months.

After initial take-up, the goodwill is not amortised but subjected to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the resulting impairment is recognised in the result and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying value. An impairment loss recognised on goodwill is not to be reversed during a subsequent year.

In the event of the disposal of or in the event that control for a partial disposal of a perimeter company be lost, the amount of goodwill that is allocated to this entity is included in the determination of the result of the disposal.

When the Group acquires an additional interest in a perimeter company, which had previously been controlled by the Group at some point, or when the Group sells a part of the interest in a perimeter company without loss of control, the goodwill, recognised at the time at which control is acquired, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

## Foreign currencies

Foreign currency transactions are recognised at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

## Property result

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be recognised if it is likely that the economic benefits will be reaped by the entity and can be determined with sufficient certainty.

Rental income, the received operational lease payments and the other income and costs are recognised linearly in the income statement for the periods to which they refer.

Rental discounts and incentives are spread over the period running from the start of the lease agreement to the next possibility of terminating an agreement.

The compensation paid by tenants for early termination of lease agreements is immediately taken into result for the period in which it is definitively obtained.

## Property charges and general charges

The costs are valued at the fair value of the compensation that has been paid or is due and are recognised in the income statement for the periods to which they refer.

## Result on disposal and change in fair value of investment properties

The result from the disposal of investment properties is equal to the difference between the selling price and the carrying amount (i.e. the fair value determined by the property expert at the end of the previous financial year) less the selling expenses.

The changes in fair value of investment properties are equal to the difference between the current carrying amount and the previous fair value (as estimated by the independent property expert). This type of comparison is made at least four times a year for the full investment property portfolio. Movements in fair value of the real estate properties are included in the income statement for the period in which they occur.

## Financial result

The financial result consists of interest charges on loans and additional financing costs, less the income from investments.

## Taxes on the result and property tax

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, as well as the exit tax due. The tax expense is included in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are also recognised as a charge against shareholders' equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the end of the period are used.

Withholding taxes on dividends are recognised in equity as part of the dividend until such time as payment is made.

The exit tax owed by companies that have been taken over by the real estate company is deducted from the revaluation surplus at the moment of the merger and is recognised as a liability.

Tax receivables and tax liabilities are valued at the tax rate used during the period to which they refer.

Levies imposed by government are booked in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets in application of IFRIC 21 - Levies. This interpretation has no significant influence on the consolidated annual accounts of the Group, but does influence the development of the result during the financial year due to the moment of recognition of matters such as the property tax as at 1 January of every financial year. Charging such property tax to the tenants and the government's recovery of the property tax on vacant properties are also fully recognised as debts and income on 1 January of every financial year. The net impact on the income statement therefore remains limited to the non-rechargeable/recoverable property tax that is fully recognised as at 1 January as a cost instead of being spread over the financial year.

## Deferred taxes

Deferred tax receivables and liabilities are recognised on the basis of the debt method ("liability method") for all provisional differences between the taxable basis and the carrying amount for financial reporting aims with respect to both assets and liabilities. Deferred tax receivables are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset. The deferred taxes are included under the "Other result on portfolio" in the income statement.

## Ordinary and diluted net result per share

The ordinary net result per share is calculated by dividing the net result as shown in the income statement by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted net result per share, the net result that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

## Intangible non-current assets

Intangible non-current assets are recognised at cost, less any accumulated depreciation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. Intangible assets are amortised linearly over their expected duration of use. The depreciation periods are reviewed at the end of every financial year at a bare minimum.

## Investment properties (including transfer duties)

### Definition

Investment properties comprise all buildings and lands that are leasable and generate rental income (wholly or in part), including the buildings where a limited part is kept for own use and held by right of use of real estate.

Development projects (as referred to in the definition of development projects) and sites held with the aim of starting development projects with a view to subsequently leasing them and increasing their value over time, but for which no concrete building plans or development projects have yet been started (land reserve), are also considered as property investment.

### Initial take-up and valuation

Initial take-up in the balance sheet of an acquisition of development takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the company is also included in the acquisition value.

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issue of new shares or by merger through takeover of a real estate company, the deed costs, audit and consultancy costs, reinvestment fees and release costs of the financing of the absorbed companies and other costs of the merger are also capitalised.

The financing costs directly attributable to the acquisition or development of an investment property are capitalised at the same time. When specific funds have been borrowed for a given asset, the effective cost of financing that loan is capitalised during the period, less any investment income from the temporary investment of that loan.

### Valuation after initial take-up

After initial take-up, investment properties available for lease are valued at fair value in accordance with IAS 40. The fair value is equal to the amount at which a building could be exchanged between well-informed parties, in agreement and acting in conditions of normal competition. From the seller's point of view, this must be understood as subject to deduction of registration fees. The fair value is thus obtained by deducting an appropriate portion of the registration fees from the investment value:

- The investment value is the price at which the site will probably be traded between buyers and sellers who are well informed in the absence of information asymmetries and who wish to perform such a transaction, without taking into account any special agreement between them. This value is the investment value when it matches the total price to be paid by the buyer, plus any registration fees or VAT if the purchase is subject to VAT.
- Concerning the amount of the registration fees, as at 8 February 2006 the Belgian Asset Managers Association (BEAMA) published a press release (see www.beama.be – publicaties – persberichten: "Eerste toepassing van de IFRS boekhoudregels" – "First application of IFRS accounting rules").

A group of independent real estate experts, who carry out the periodic valuation of the buildings of RRECs, judged that for transactions relating to buildings in Belgium with an overall value of less than € 2,5 million, registration fees of 10,0% to 12,5% must be taken into account depending on the region where these properties are located. For transactions relating to buildings with an overall value of more than € 2,5 million and given the range of methods of transfer of ownership used in Belgium, these same experts - based on a representative sample of 220 transactions performed on the market between 2002 and 2005 and representing a total of € 6,0 billion - valued the weighted average of the fees at 2,5%.

At this time it was also decided that such percentage would be reviewed per 0,5% increment. During the course of 2016 a panel of property experts[1] and the BE-REIT Association[2] jointly decided to update this calculation in accordance with the methodology that was applied in 2006. The de facto global effect of transactions executed by institutional parties and companies was calculated. The analysis comprises 305 larger or institutional transactions for over € 2,5 million covering the 2013, 2014, 2015 and Q1 2016 period. The volume of the analysed transactions consists of over 70% (€ 8,2 billion) of the estimated total investment volume during that period. The panel of property experts decided that the threshold of 0,5% had not been exceeded. Consequently, the percentage of 2,5% will be maintained. The percentage will be scrutinised every 5 years or, whenever there is a significant change in the tax context. The percentage will only be adjusted if the threshold of 0,5% is exceeded.

Specifically, this means that the fair value of the invest properties available for lease and located in Belgium is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million).

The transfer duties for logistics real estate in the Netherlands amount to 6,0%. Intervest charges an additional 1% for the other costs (such as notary fees). For the Intervest investment properties available for lease, which are located in the Netherlands and kept through the Dutch perimeter companies, this means that the fair value of the invest properties is equal to the investment value divided by 1,07.

The difference between the fair value of property and the investment value of the property as determined by the independent property experts is taken up when acquiring the property in the income statement in the section XVIII. "Changes in fair value of real estate properties." After approval of the result allocation by the general meeting of shareholders (in April of the next financial year) this difference between the fair value of real estate properties and the investment value of real estate properties is attributed to the reserve "c. Reserve for the impact on fair value of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties" in shareholders' equity.

1 Consisting of Pieter Paepen (CBRE), Pierre van der Vaeren (CBRE), Christophe Ackermans (Cushman & Wakefield), Kris Peetermans (Cushman & Wakefield), Rod Scrivener (Jones Lang LaSalle), Jean-Paul Ducarme (PWC), Celine Janssens (Stadim), Philippe Janssens (Stadim), Luk van Meenen (Troostwijk-Roux Expertises) and Guibert de Crombrugghe (de Crombrugghe & Partners).

2 The BE-REIT Association is an association consolidating the 17 Belgian RRECs and was founded to further the interests of the RREC sector.

## Development projects

Real estate that is built or developed for future use as an investment property is also included under the "Investment properties" heading. After initial take-up at acquisition value, the projects are valued at fair value as soon as they are available for lease. This fair value takes into account the substantial development risks. In this context, all the following criteria must be met: there is a clear picture of the project costs to be incurred, all the necessary permits to execute the project development have been obtained and a substantial part of the project development has been pre-let (definitively signed rental contract). This fair value valuation is based on the valuation by the independent property expert (according to the commonly used methods and assumptions) and takes into account the costs still to be incurred to fully finalise the project.

All charges associated with real estate development or construction are included in the cost price of the development project. In accordance with IAS 23, the financing costs directly attributable to the construction or acquisition of an investment property are simultaneously capitalised over the period before the investment property for rental is made ready for use.

The activities necessary to prepare the asset for its intended use include more than the physical construction of the asset. They also include the technical and administrative work before construction actually starts, such as activities related to obtaining permits to the extent that the state of the asset changes.

The capitalisation of financing costs is suspended during long periods of interruption of active development. Activation is not suspended during a period of extensive technical and administrative work. Neither is the activation suspended if a temporary delay is an essential part of the process to prepare an asset for its intended use or sale.

## Holding of real estate and valuation process

Investment properties available for lease are valued by the independent real estate experts at investment value. For this, the investment properties are valued each quarter on the basis of the present value of market rents and/or effective rental income, where appropriate after deduction of associated costs in accordance with the International Valuation Standards 2001 published by the International Valuation Standards Committee. Valuations are produced by updating the annual net rent received from the tenants, less the associated costs. The updating takes place on the basis of the yield factor, which depends on the inherent risk of the relevant property.

Profits or losses arising from the variation in the fair value of an investment property are taken up in the income statement in section XVIII. "Variations in the fair value of investment properties" in the period in which they arise and when profits are distributed in the following year are allocated to the reserve "b. Reserve for the balance of changes in the fair value of real estate". When this allocation is made within this reserve for the balance of the variations in the fair value of real estate, a distinction is made between variations in the investment value of the real estate and the estimated transaction costs resulting from hypothetical disposal so that this last section always matches the difference between the investment value of the real estate and the fair value of the real estate.

### Disposal of an investment property

Upon disposal of an investment property the realised profits and losses on the disposal are recorded in the income statement of the reporting period under the item "Result on disposals of investment properties". The transfer duties are charged against the income statement after disposal. The commission fees paid to real estate agents for the sale of buildings and obligations made as a result of transactions are reduced from the obtained sales price in order to determine the realised profit or loss.

Upon profit appropriation, these realised profits or losses on the sale of investment properties as compared to the original purchase value of such investment properties are allocated under the heading "m. Other reserves". In this way, the realised profits or losses on the sale of investment properties are regarded as available reserves.

### Assets held for sale

Assets held for sale refer to real estate properties whose carrying amount will be realised through divestment and not through continued use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

## Other tangible non-current assets

### Definition

The non-current assets under the entity's control that do not meet the definition of investment property are classified as "Other tangible non-current assets".

### Valuation

Other tangible non-current assets are initially recorded at cost and thereafter valued according to the cost model.

Additional costs are only capitalised if the future economic benefits related to the tangible non-current asset increase.

### Depreciation and exceptional impairment losses

Other tangible non-current assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use as foreseen by the management. The following percentages apply on an annual basis:

- installations, machinery and equipment 20%
- furniture and vehicles 25%
- ITC equipment 33%
- real estate for own use
  - land 0%
  - buildings 5%
- other tangible assets 16%

If there are indications that an asset may have suffered impairment, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

### Disposal and decommissioning

When tangible non-current assets are sold or retired, their carrying amount ceases to be recorded on the balance sheet and the profit or loss is taken up in the income statement.

## Impairment losses

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

## Financial instruments

### Financial assets

All financial assets are recorded or no longer recorded in the balance sheet on the transaction date on which the purchase or sale of a financial asset on the grounds of a contract the terms and conditions of which require delivery of the asset within the time frame is generally prescribed or agreed, and are initially measured at fair value, plus transaction costs, except for financial assets at fair value with value changes in the profit or loss account, which are initially measured at fair value.

Financial assets are classified into one of the categories provided for under IFRS 9 Financial Instruments, based on both the entity's business model for managing financial assets and the properties of the contractual cash flows of the financial asset, and are recorded at initial take-up. This classification determines the valuation of financial assets at future balance sheet dates: amortised cost or fair value.

## Financial assets at fair value through profit or loss

Financial assets are classified at fair value with value changes through profit and loss if held for trading. Financial assets at fair value with value changes through profit or loss are measured at fair value, according to which all resulting income or expense is recorded in the profit and loss. A financial asset is included in this category if it was mainly purchased to sell it in the short term.

Derivatives also belong to the fair value category with value changes via the profit and loss, unless they were designated as hedging and effective.

## Financial assets at amortised cost price

Financial assets at amortised cost price are non-derivative financial instruments held within a business model designed to hold financial assets for the purpose of receiving contractual cash flows (Held to collect) and the contractual terms and conditions of the financial asset give rise to cash flows on certain dates involving only repayments and interest payments on the principal outstanding amount (Solely Payments of Principal and Interest – SPPI).

This category includes:

- Cash and cash equivalents
- Long-term claims
- Trade receivables

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and do not entail any material risk of change in value as these are held at renowned financial institutions. Cash and cash equivalents are measured at amortised cost price.

## Trade receivables

Trade receivables are initially recorded at nominal value, and are subsequently measured at amortised cost using the effective interest rate method. In application of IFRS 9, credit losses are recognised prematurely in the annual accounts. Considering the relatively restricted monetary amount of outstanding due and payable trade receivables, combined with the associated low credit risk, Intervest regards the impact on the consolidated annual accounts as limited.

## Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit and loss or financial liabilities at amortised cost.

## Financial liabilities at fair value through profit and loss

Financial liabilities are classified at fair value through profit and loss if held for trading.

Financial liabilities at fair value through profit and loss are measured at fair value, with all resulting income or expense recorded in the income and loss.

A financial liability is included in this category if it was mainly purchased to sell it in the short term. Derivatives also belong to the category at fair value via result, unless they were designated as a hedge and are effective.

For Intervest, this specifically concerns the Interest Rate Swaps for which hedge accounting is not applied to the extent that they have a negative fair value.

## Financial liabilities measured at amortised cost price

Financial liabilities measured at amortised cost price, including liabilities, are initially measured at fair value, net of transaction costs. After initial take-up, they are measured at amortised cost. The Group's financial liabilities measured at amortised cost comprise non-current financial liabilities (bank debt, leasing debt and bond loans), other long-term liabilities, current financial liabilities, trade debts and dividends payable in other current liabilities.

## Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the enterprise after deducting all of its liabilities. Equity instruments issued by the enterprise are classified according to the economic reality of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the company are recorded in the proceeds received (after deduction of direct issue costs).

## Own shares

When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

## Derivatives

The Group uses derivatives to hedge its exposure to unfavourable interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives are measured at fair value in accordance with IFRS 9. The derivatives currently held by Intervest do not qualify as hedging transactions. Consequently, the changes in fair value are immediately recorded in the profit and loss.

## Trade debts

Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

# Provisions

A provision is an obligation of uncertain size or of an undefined time element. The amount recorded is the best estimate of the expenditure required to settle the existing liability by the balance sheet date.

Provisions are only taken up when there is a current obligation (legally enforceable or constructive) as a result of a past event that is likely to bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

# Post-employment benefits

Contributions to “agreed contribution” type group insurance contracts are recorded as an expense for the reporting period during which employees rendered services entitling them to contributions. According to law, the employer must guarantee a minimum payment whereby the company has the obligation to pay additional contributions if the pension fund no longer has sufficient assets to pay the pensions of all employees for the services they have rendered.

# Dividend distribution

Dividends comprise part of the reserves until such time that the general meeting of shareholders approves the dividends. The dividends are therefore recorded as a liability in the annual accounts for the period in which the dividend distribution is approved by the general meeting of shareholders.

# Events after the balance sheet date

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on the balance sheet date are incorporated in the result of the income statement.

# Significant estimates and major sources of uncertainty regarding estimates

## Fair value of investment properties

The fair value of the investment properties of Intervest is valued on a quarterly basis by independent property experts. The intent of this valuation by property experts is to determine the market value of a building on a certain date according to the evolution of the market and the characteristics of the buildings in question. The property experts use the principles described in the chapter “Valuation of the portfolio by property experts” in the Property report and in “Note 13. Non-current assets” of the Financial report. The real estate portfolio is recorded in the consolidated annual accounts at fair value determined by the property experts.

## Financial liability in accordance with IFRS 16

In some of its investments, Intervest does not hold bare ownership, but only usufruct, by way of a concession or long-term lease or similar form. A financial obligation was specifically created for this in accordance with IFRS 16. This financial liability relates to the current value of all future lease payments.

Some assessments and estimates are made in determining the present value of these future lease payments, in particular when determining the duration of the concession (depending on the contractual extension possibilities of the concession on the one hand and the economic life of the building that the property valuer takes into account in determining the fair value on the other hand) and when determining the incremental interest rate as a discount rate for the lease payments.

## Financial derivatives

The fair value of the financial derivatives of Intervest is valued on a quarterly basis by the issuing financial institute. A comprehensive description can be found in “Note 19. Financial instruments” in the Financial report.

## Disputes

The company is currently involved in legal proceedings, and may be again in the future. In 2019 Intervest was involved in proceedings before the Court of Appeal in Antwerp, fiscal chamber, as well as in an appeal procedure before the regional director of the large corporations control centre regarding the billing of the exit tax assessment year 1999 special. However, in its judgement dated 25 April 2017, the Antwerp Court of Appeal declared Intervest's appeal unfounded. The judgement was served as at 10 November 2017. As at 29 January 2018 Intervest filed a cassation appeal against the above-mentioned judgement of the Antwerp Court of Appeal dated 25 April 2017. The Court of Cassation ruled in favour of Intervest as at 28 November 2019 and annulled the ruling of the Court of Appeal. The dispute has now been referred to the Ghent Court of Appeal. (see “Note 25. Conditional rights and obligations” of the Financial report). The company is of the opinion that this procedure will not have a significant impact on the results of the company.

# Note 3. Segmented information

## Segmentation by business segment

The two business segments comprise the following activities:

- The category of “offices” includes the properties that are let to companies for professional purposes as office space.
- The category of “logistics properties” includes those premises with a logistical function, storage facilities and high-tech buildings.

The category of “corporate” includes all non-allocated fixed costs borne at group level.

### Income statement

| BUSINESS SEGMENT | Offices | | Logistics real estate | | Corporate | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| in thousands € | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Rental income | 25.624 | 20.322 | 40.519 | 27.598 | | | 66.143 | 47.920 |
| Rental-related expenses | -20 | -9 | -146 | -44 | | | -166 | -53 |
| *Net rental income* | *25.604* | *20.313* | *40.373* | *27.554* | | | *65.977* | *47.867* |
| Property management costs and income | 324 | 95 | 807 | 711 | | | 1.131 | 806 |
| *Property result* | *25.928* | *20.408* | *41.180* | *28.265* | | | *67.108* | *48.673* |
| **Operating result before result on portfolio** | **21.723** | **16.824** | **37.856** | **25.455** | **-3.688** | **-2.725** | **55.891** | **39.554** |
| Result on disposals of investment properties | 0 | 0 | 5.364 | 0 | | | 5.364 | 0 |
| Changes in fair value of investment properties | -3.503 | -362 | 25.810 | 7.395 | | | 22.307 | 7.033 |
| Other result on portfolio | -1.380 | -411 | -4.281 | -2.061 | | | -5.661 | -2.472 |
| **Operating result of the segment** | **16.840** | **16.051** | **64.749** | **30.789** | **-3.688** | **-2.725** | **77.901** | **44.115** |
| Financial result | | | | | -11.566 | -9.620 | -11.566 | -9.620 |
| Taxes | | | | | -587 | -390 | -587 | -390 |
| **NET RESULT** | **16.840** | **16.051** | **64.749** | **30.789** | **-15.841** | **-12.735** | **65.748** | **34.105** |

For the description of the risk spread according to tenants by segment, please see the Property report.

The operating result before result on portfolio for the **offices** rose by € 4,9 million. This rise is mainly due to the acquisition of the Ubicenter office complex in Leuven in December 2018 and the new leases agreed at Greenhouse BXL, Mechelen Campus and Intercity Business Park in the course of 2018 and 2019. The operating result of the office segment only increased by € 0,8 million as a result of a decrease of 1% or € 3,5 million in fair value of the office portfolio. This decrease is mainly due to the depreciation of Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.

The operating result before result on portfolio of the **logistics** segment increased by € 12,4 million. The increase is mainly the result of the one-off termination indemnity of € 5,7 million following the early departure of tenant Medtronic in Oudsbergen and the growth of the logistics real estate portfolio as a result of acquisitions and investments. In addition, the further improvement of the yields in the Netherlands and Belgium resulted in an increase of the operating result of the logistics segment by € 34 million to € 65 million.

## Key Figures

| BUSINESS SEGMENT | Offices | | Logistics real estate | | TOTAL | |
|---|---|---|---|---|---|---|
| in thousands € | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Fair value of investment properties | 350.069 | 346.769 | 542.744 | 519.735 | 892.813 | 866.504 |
| Investments and expansions during the financial year (fair value) | 6.803 | 9.158 | 1.317 | 1.089 | 8.120 | 10.247 |
| Acquisition of investment properties | 0 | 33.723 | 23.953 | 111.715 | 23.953 | 145.438 |
| Investments in development projects | 0 | 0 | 29.594 | 3.828 | 29.594 | 3.828 |
| Acquisition of shares of real estate companies | 0 | 0 | 0 | 37.190 | 0 | 37.190 |
| Divestment of investment properties | 0 | 0 | -57.665 | 0 | -57.665 | 0 |
| Investment value of real estate properties | 358.821 | 355.438 | 564.206 | 539.466 | 923.027 | 894.904 |
| Total leasable space ($m^2$) | 237.732 | 237.732 | 707.858 | 785.216 | 945.595 | 1.022.948 |
| Occupancy rate (%) | 90% | 88% | 96% | 98% | 93% | 93% |

# Geographic segmentation

The geographic segmentation shows the operating result and the key figures divided according to the country in which they were achieved. The category of “corporate” includes all non-allocated fixed costs borne at Group level.

## Income statement

| GEOGRAPHIC SEGMENTATION | Investment properties in Belgium | | Investment properties in the Netherlands | | Corporate | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| in thousands € | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Rental income | 55.317 | 44.444 | 10.826 | 3.476 | | | 66.143 | 47.920 |
| Rental-related expenses | -166 | -53 | 0 | 0 | | | -166 | -53 |
| *Net rental income* | *55.151* | *44.391* | *10.826* | *3.476* | | | *65.977* | *47.867* |
| Property management costs and income | 1.130 | 806 | 1 | 0 | | | 1.131 | 806 |
| *Property result* | *56.281* | *45.197* | *10.827* | *3.476* | | | *67.108* | *48.673* |
| **Operating result before result on portfolio** | **50.003** | **38.922** | **9.576** | **3.357** | **-3.688** | **-2.725** | **55.891** | **39.554** |
| Result on disposal of investment properties | 5.364 | 0 | 0 | 0 | | | 5.364 | 0 |
| Changes in fair value of investment properties | 5.607 | 2.435 | 16.700 | 4.598 | | | 22.307 | 7.033 |
| Other result on portfolio | -1.543 | -521 | -4.118 | -1.951 | | | -5.661 | -2.472 |
| **Operating result of the segment** | **59.431** | **40.836** | **22.158** | **6.004** | **-3.688** | **-2.725** | **77.901** | **44.115** |

## Key Figures

| GEOGRAPHIC SEGMENTATION | Investment properties in Belgium | | Investment properties in the Netherlands | | TOTAL | |
|---|---|---|---|---|---|---|
| in thousands € | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Fair value of the investment properties | 674.706 | 712.862 | 218.107 | 153.642 | 892.813 | 866.504 |
| Investments and expansions during the financial year (fair value) | 7.723 | 10.247 | 397 | 0 | 8.120 | 10.247 |
| Acquisition of investment properties | 0 | 33.722 | 23.953 | 111.716 | 23.953 | 145.438 |
| Investments in development projects | 6.180 | 3.435 | 23.414 | 393 | 29.594 | 3.828 |
| Acquisition of shares of real estate companies | 0 | 24.353 | 0 | 12.837 | 0 | 37.190 |
| Divestment of investment properties | -57.665 | 0 | 0 | 0 | -57.665 | 0 |
| Investment value of real estate properties | 691.335 | 730.553 | 231.692 | 164.351 | 923.027 | 894.904 |
| Total leasable space (m²) | 711.921 | 826.496 | 233.674 | 196.452 | 945.595 | 1.022.948 |
| Occupancy rate (%) | 92% | 92% | 100% | 100% | 93% | 93% |

# Note 4. Property result

## Rental income

| in thousands € | 2019 | 2018 |
|---|---|---|
| Rent | 63.024 | 49.766 |
| Rental discounts | -2.037 | -1.776 |
| Rental benefits (“incentives”) | -214 | -115 |
| Compensation for early termination of lease agreements | 5.370 | 45 |
| **Total rental income** | **66.143** | **47.920** |

Rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rental guarantees granted and compensation for early terminated lease agreements minus any rental discounts and rental benefits (incentives) granted. Rental discounts and incentives are spread over the period running from the start of the lease agreement to the next possibility of terminating a lease agreement by the tenant.

Without taking into account the flex workers, Intervest rental income is spread across 228 different tenants, which limits the debtor’s risk and improves the stability of the income. The top ten tenants represent 35% (34% in 2018) of annual rent, and are often leading companies in their sector and often belong to international concerns. As at 31 December 2019, the main tenant, which belongs to the office segment, represented 5% of annual rent (5% in 2018). In 2019, there was one tenant whose annual rent on an individual basis represented 5% of the total annual rental income of Intervest (two tenants in 2018). For more information on the biggest tenants, please see the Property report - Risk spread by tenants.

For 2019 financial year, the rental income of Intervest amounted to € 66,1 million, an increase of € 18,2 million or 38% as compared to the 2018 financial year (€ 47,9 million). The rental income in 2019 includes a one-off termination indemnity received as a result of the early departure of tenant Medtronic in Oudsbergen. This termination indemnity has a positive effect of € 5,2 million on the rental income. Without taking into account the termination indemnity, the increase in rental income amounted to € 13,0 million or 27%, mainly attributable to the growth of the real estate portfolio and rentals in the office segment.

The rental income in the logistics portfolio amounted to € 40,5 million. Without the termination indemnity from Medtronic, rental income in the logistics portfolio amounted to € 35,3 million, which is an increase of € 7,7 million or 28% compared to 2018 (€ 27,6 million) as a result of the expansion of the logistics real estate portfolio.

Rental income in the office segment increased by € 5,3 million compared to 2018, to € 25,6 million in 2019. This 26% rise is mainly due to the acquisition of the Ubicenter office complex in Leuven in December 2018 and the new leases agreed at Greenhouse BXL, Mechelen Campus and Intercity Business Park in the course of 2018 and 2019.

For the conclusion of new lease agreements during financial year 2019, for 40% of the agreement value, a rental discount was granted (82% in 2018). In 2019 rental discounts of an average of 7% of the annual rent were granted for new contracts (8% in 2018).

It is moreover generally stipulated that the tenant has to pay back the rent for rental discount, either partially or in full, in the event that he, she or it chooses to terminate the agreement at the agreement's first break option.

For lease agreements that were extended and/or renewed during financial year 2019, for 40% on average of the agreement value, a rental discount was granted (61% in 2018). In 2019 rental discounts of an average of 9% of the annual rent were granted for expansions and/or extensions of contracts (8% in 2018).

## Overview of future minimum rental income

The value of the future minimum rental income until the first expiry date of the non-cancellable lease agreements is subject to the following collection terms.

| in thousands € | 2019 | 2018 |
|---|---|---|
| Receivables with a remaining duration of: | | |
| No more than one year | 57.103 | 61.223 |
| Between one and five years | 129.599 | 150.209 |
| More than five years | 75.860 | 81.920 |
| **Total of future minimum rental income** | **262.562** | **293.352** |

The decrease of the future minimum rental income by € 31 million or 10% compared to 31 December 2018 is, on the one hand, the result of the divestments and the progress of the existing agreements, partly compensated by lease agreements on new acquisitions and new leases, extensions and expansions signed with tenants in 2019.

## Rental-related expenses

| in thousands € | 2019 | 2018 |
|---|---|---|
| Rent for leased assets | -8 | -13 |
| Write-downs on trade receivables | -266 | -75 |
| Reversal of write-downs on trade receivables | 108 | 35 |
| **Total rental-related expenses** | **-166** | **-53** |

The rental-related expenses consisted mainly of write-downs and reversal of write-downs on trade receivables that are recorded in the result if the carrying amount exceeds the estimated realisation value. This section also comprises the costs of lease for land and buildings by the company in order to continue leasing to its tenants. As a result of the application of IFRS 16, leasehold payments as from financial year 2018 are no longer included as rent-related costs but are included in the financial result.

The losses on lease receivables (with recovery) for the period 2009-2019 represent only 0,1% of total turnover. A sharp deterioration in the general economic climate can result in an increase in losses on lease receivables. The real estate company limits this risk by means of rental guarantees or bank guarantees from the tenants. The possible bankruptcy of a major tenant can represent a significant loss for the property investment fund, as can an unexpected vacancy and even a re-rental of the vacant space at a price lower than the price stated in the contract which has not been respected.

## Recovery of property charges

| in thousands € | 2019 | 2018 |
|---|---|---|
| Obtained indemnities on rental damage | 96 | 253 |
| Other | 611 | 476 |
| *Management fees received from tenants* | *611* | *476* |
| **Total recovery of property charges** | **707** | **729** |

The recovery of property charges is mainly related to the taking into of the indemnity received from tenants for rental damage when leaving the let spaces and also the management fees that Intervest receives from its tenants for the management of let buildings and the rebilling of rental charges to the tenants, as shown in the following tables.

## Recovery of rental charges and taxes

### Recovery of rental charges and taxes normally payable by tenants on let properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Recovery of rental charges borne by the owner | 8.199 | 5.942 |
| Recovery of advance levies and taxes on let properties | 5.263 | 3.976 |
| **Total recovery of rental charges and taxes normally payable by tenants on let properties** | **13.462** | **9.919** |

### Rental charges and taxes normally payable by tenants on let properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Rental charges borne by the owner | -8.199 | -5.942 |
| Advance levies and taxes on let properties | -5.263 | -3.976 |
| **Total rental charges and taxes normally payable by tenants on let properties** | **-13.462** | **-9.919** |
| **Total amount of recovered rental charges and taxes** | **0** | **0** |

Rental charges and taxes on let buildings and the recovery of these charges refer to costs for which, by law or custom, the tenant or lessee are liable.

These costs primarily comprise property taxes, electricity, water, cleaning, window cleaning, technical maintenance, garden maintenance, etc. The owner is responsible for the management of the buildings or has these activities contracted out to external property managers (for Mechelen Campus and the logistics properties located in the Netherlands).

Depending on the contractual agreements with the tenants, the landlord may or may not charge the tenants for these services. The costs are settled on a half-yearly basis. During the financial year, advances are billed to the tenants.

## Other rental-related income and expenses

| in thousands € | 2019 | 2018 |
|---|---|---|
| Income from green energy (other than building fees) | 259 | 340 |
| Received arrangement fees turn-key solutions | 95 | 61 |
| Expenses and income regarding exploitation Greenhouse Flex | -479 | -248 |
| One-off contribution received for rental-related expenses | 484 | 0 |
| Other | 839 | 453 |
| **Total other rental-related income and expenses** | **1.198** | **606** |

The costs and income relating to the operation of the Greenhouse hubs comprise all operational costs such as catering (except for own personnel costs) and the partial recovery of such costs. The income from the lease agreements with co-workers and users of serviced offices and the income from leasing the Greenhouse Flex meeting rooms are included under the heading rental income and amounted to € 0,6 million (€ 0,3 million for 2018).
The one-off indemnity received for rental-related expenses were received as a result of the early departure of tenant Medtronic. This concerns a provision received for future expenses from Medtronic, which was included in the result of the sale of the building in Oudsbergen in the fourth quarter of 2019.

# Note 5. Property charges

## Technical costs

| in thousands € | 2019 | 2018 |
|---|---|---|
| **Recurrent technical costs** | **-970** | **-1.028** |
| Maintenance and repair | -833 | -910 |
| Insurance premiums | -137 | -118 |
| **Non-recurrent technical costs** | **31** | **-31** |
| Claims | 31 | -31 |
| *Claims (expenses)* | -223 | -243 |
| *Claims (income)* | 254 | 212 |
| **Total technical costs** | **-939** | **-1. 059** |

The technical costs include maintenance and repair costs and insurance premiums. Maintenance and repair costs that can be regarded as renovation of an existing building because they improve yield or rent are not recognised as costs but are capitalised.

## Commercial costs

| in thousands € | 2019 | 2018 |
|---|---|---|
| Brokers' fees | -46 | -10 |
| Publicity | -201 | -107 |
| Lawyers' fees and legal costs | -87 | -49 |
| **Total commercial costs** | **-334** | **-166** |

Commercial costs, which include brokers' fees among other things. The brokers' fees paid to brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. Brokers' fees paid after an immediate re-letting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not take this fee into account at the moment of valuation.

## Charges and taxes on unlet properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Vacancy charges for the financial year | -579 | -565 |
| Property tax on vacant properties | -2.171 | -732 |
| Recovery of property tax on vacant properties | 2.121 | 658 |
| Recovery of property tax on vacant properties for previous financial year | -43 | 52 |
| **Total charges and taxes on unlet properties** | **-672** | **-587** |

The costs and taxes on unlet buildings increased slightly during financial year 2019 compared to financial year 2018. Vacancy costs for financial year 2019 represented approximately 1% of the total rental income of the company (1,2% in 2018).

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration. The increase in property tax in 2019 is the result of the property tax assessment for Genk Green Logistics, which is expected to be able to be fully recuperated.

## Property management costs

| in thousands € | 2019 | 2018 |
|---|---|---|
| External property management fees | -143 | -24 |
| (Internal) property management fees | -4.657 | -3.995 |
| *Employee benefits and self-employed staff* | -3.096 | *-2.545* |
| *Property expert* | -160 | *-156* |
| *Other costs* | -1.401 | *-1.294* |
| **Total property management costs** | **-4.800** | **-4.019** |

Property management costs are costs that are related to building management. These include personnel costs and indirect costs with respect to the management committee and the staff (such as office costs, operating costs, etc.) responsible for managing the portfolio and the leases, and also depreciations and impairments on tangible assets used for such management and other business expenses that can be allocated to the management of the real estate properties.

The management costs of the real estate increased by € 0,8 million due to the increased (internal) property management costs following a larger staff component within the scope of the company's growth.

## Other property charges

| in thousands € | 2019 | 2018 |
|---|---|---|
| Charges borne by the landlord | -236 | -205 |
| Property taxes contractually borne by the landlord | -466 | -317 |
| Other property charges | -83 | -41 |
| **Total other property charges** | **-784** | **-563** |

The other property charges often relate to expenses chargeable to the Group on the basis of contractual or commercial agreements with tenants. These are largely restrictions on the payment of common charges. For financial year 2019, these commercial interventions amounted to approximately € 0,8 million on an annual basis or 1,2% of the total rental income of the company (€ 0,6 million or 1,2% in financial year 2018). The increase in 2019 was mainly due to the investment properties in the Netherlands, where the property withholding tax is often borne by the landlord.

# Note 6. General costs

| in thousands € | 2019 | 2018 |
|---|---|---|
| Subscription tax | -444 | -332 |
| Auditor's fee | -120 | -87 |
| Directors' remunerations | -63 | -63 |
| Liquidity provider | -32 | -13 |
| Financial service | -30 | -36 |
| Employee benefits and self-employed staff | -2.070 | -1.356 |
| Consultancy fees | -190 | -231 |
| Other costs | -829 | -631 |
| **Total general costs** | **-3.777** | **-2.749** |

General costs are all costs related to the management of the company and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and impairments on tangible assets used for this management and other operating costs.

General costs amounted to € 3,8 million and increased by approximately € 1,0 million compared to 2018. The rise is attributable to higher personnel costs as a result of an increase in staff numbers for the internal organisation and the higher stock exchange tax ("subscription tax") payable as a result of the € 99,9 million capital increase carried out in November 2018.

For additional details on the auditor's fee, please see Note 24.

An overview of the remuneration paid to the directors is provided in the Report of the board of directors - remuneration report. 50% of the remuneration to the directors is included in the general costs, the other 50% of their work is regarded as property management costs.

# Note 7. Employee benefits

| in thousands € | 2019 Charges for internal property management | 2019 Charges related to company management | 2019 TOTAL | 2018 Charges for internal property management | 2018 Charges related to company management | 2018 TOTAL |
|---|---|---|---|---|---|---|
| **Remuneration of employees and self-employed staff** | **2.544** | **1.280** | **3.824** | **2.065** | **821** | **2.886** |
| Salary and other benefits paid within 12 months | 2.131 | 1.056 | 3.187 | 1.716 | 709 | 2.425 |
| Pensions and post-employment benefits | 62 | 32 | 94 | 45 | 23 | 68 |
| Social security | 358 | 183 | 541 | 292 | 142 | 434 |
| Variable remunerations | 118 | 45 | 163 | 88 | 34 | 122 |
| Termination benefits | 0 | 0 | 0 | 13 | 0 | 13 |
| Other charges | -125 | -36 | -161 | -89 | -87 | -176 |
| **Remuneration of the management committee** | **552** | **790** | **1.342** | **480** | **535** | **1.015** |
| Chairperson of the management committee | 222 | 288 | 510 | 202 | 201 | 403 |
| *Fixed remuneration* | *146* | *146* | *292* | *167* | *167* | *334* |
| *Variable remuneration* | *54* | *120* | *174* | *35* | *34* | *69* |
| *Pension obligations* | *22* | *22* | *44* | *0* | *0* | *0* |
| Other members of the management committee | 330 | 502 | 832 | 278 | 334 | 616 |
| *Fixed remuneration* | *212* | *239* | *451* | *206* | *232* | *438* |
| *Variable remuneration* | *86* | *227* | *313* | *45* | *65* | *110* |
| *Pension obligations* | *32* | *36* | *68* | *27* | *37* | *64* |
| **Total employees benefits** | **3.096** | **2.070** | **5.166** | **2.545** | **1.356** | **3.901** |

The number of employees and self-employed personnel at year-end 2019, expressed in FTE is 36 staff members for the internal management of the property (28 in 2018) and 15 staff members for the management of the company (10 in 2018). The management team comprised three persons as at 31 December 2019 (three persons as at year end 2018).

Remuneration, supplementary benefits, termination benefits and severance compensation, and post-employment benefits for personnel in permanent employment are regulated by the Act on the labour agreements of 4 July 1978, the annual holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective labour agreements that have been recognised in the income statement for the period to which they refer.

Pensions and remunerations after termination of employment include pensions, contributions for group insurance policies, life and disability insurance policies and hospitalisation insurance policies. Intervest has taken out a group insurance contract of the “agreed contribution” type at an external insurance company for its employees with a permanent contract. Due to the legislation that was amended at the end of December 2015 (the Act to ensure sustainability and the social nature of the additional pensions and to strengthen its supplementary nature in relation to the retirement pensions was approved), the employer must guarantee a minimum return and therefore this contract must be classed as a “defined benefit” plan. The company contributes to this fund, which is independent from the company. Contributions for the insurance policy are financed by the company. This group insurance contract complies with the Vandenbroucke Act on pensions. The contribution obligations are included in the income statement for the period to which they pertain. For financial year 2019, these amounts are € 206.000 (€ 135.000 in 2018). As at 31 December 2019, the insurance company has confirmed that the deficit to guarantee the minimum return is not of material nature.

The remuneration for the management committee is explained in the Report of the board of directors - Remuneration report.

# Note 8. Result on disposals of investment properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Acquisition value | 52.910 | 0 |
| Accumulated gains and extraordinary impairment losses | 4.755 | 0 |
| **Carrying amount (fair value)** | **57.665** | **0** |
| Sales price | 67.579 | 0 |
| Sales costs | -800 | 0 |
| *Income from disposal of investment properties* | *66.780* | *0* |
| Provision of rental guarantees from disposal of investment properties | -3.750 | **0** |
| **Net sales revenue** | **63.029** | **0** |
| **Total result on disposal of investment properties** | **5.364** | **0** |

In 2019, Intervest divested three logistics sites in Belgium with a fair value of € 57,7 million as at 31 December 2018, thereby realising a gain on disposal of € 5,4 million. As a result of this divestment, Intervest is responding to the boom in the logistics real estate market and divesting buildings that are not sufficiently aligned with the current and future characteristics of the portfolio. These are logistics buildings in Aartselaar, Houthalen and Oudsbergen.

The Group provided the buyer of Oudsbergen with a rental guarantee for a period of 24 months. The rental guarantee is payable quarterly and recorded on the balance sheet under the provisions for the maximum amount to be paid of € 3,8 million.

# Note 9. Changes in fair value of investment properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Positive changes of investment properties | 35.898 | 26.479 |
| Negative changes of investment properties | -13.591 | -19.446 |
| **Total changes in fair value of investment properties** | **22.307** | **7.033** |

The changes in fair value of investment properties amounted to € 22,3 million in 2019 (€ 7,0 million in 2018). Positive changes in fair value are the result of:

- the increase of 5% or € 25,8 million in fair value of the logistics portfolio as a result of the further sharpening of the yields in the Netherlands and Belgium;
- the fair value of the office portfolio decreased by € -3,5 million, mainly due to the decrease in value of Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.

## Note 10. Other result on portfolio

| in thousands € | 2019 | 2018 |
|---|---|---|
| Deferred tax | -3.972 | -2.653 |
| Other | -1.689 | 181 |
| *Changes to the spread of rental discounts and benefits granted to tenants* | *-1.536* | *222* |
| *Other* | *-153* | *-41* |
| **Total other result on portfolio** | **-5.661** | **-2.472** |

In 2019, the other result on portfolio amounted to € -5,7 million (€ -2,5 million in 2018) and primarily comprised the provision for deferred tax on non-realised increases in value on the investment properties belonging to the perimeter companies of Intervest in the Netherlands and Belgium.

The increase in the variation in rental discounts and concessions to tenants is the result of the entry into force of a number of lease agreements in Greenhouse BXL, where concessions and rental discounts were given at the beginning and the acquisition of the office building in Leuven at the end of 2018, of which a few lease agreements are also with a discount.

## Note 11. Net interest charges

| in thousands € | 2019 | 2018 |
|---|---|---|
| **Nominal interest charges on loans** | **-6.497** | **-6.277** |
| Loans at financial institutions | -4.383 | -3.667 |
| *With fixed interest rate* | *-692* | *-319* |
| *With variable interest rate* | *-3.691* | *-3.348* |
| Bond loans | -1.634 | -2.277 |
| Interest charges on non-withdrawn credit facilities and back-up lines commercial paper | -480 | -333 |
| **Costs of authorised hedging instruments** | **-1.908** | **-1.558** |
| Authorised hedging instruments that are not subject to hedge accounting according to IFRS | -1.908 | -1.558 |
| | | |
| **Income from authorised hedging instruments** | **98** | **90** |
| Authorised hedging instruments that are not subject to hedge accounting according to IFRS | 98 | 90 |
| | | |
| **Other interest charges** | **-236** | **-294** |
| **Total net interest charges** | **-8.543** | **-8.039** |

In 2019, the net interest charges amounted to € -8,5 million compared to € -8,0 million in 2018. The € 0,5 million or 6% increase in the net interest costs is the result of the growth of the real estate portfolio. The financing/refinancing carried out to optimise the financing structure, together with the commercial paper programme that was implemented in July 2018 and the repayment of the bond loan on 1 April 2019, brought down the average cost of financing. The average interest rate of the financing for 2019 amounted to 2,1%, compared to 2,4% in 2018.

## Net interest charges classified by credit line expiry date

| in thousands € | 2019 | 2018 |
|---|---|---|
| Net interest charges on non-current financial debts | -7.125 | -6.430 |
| Net interest charges on current financial debts | -1.418 | -1.609 |
| **Total net interest charges** | **-8.543** | **-8.039** |

For 2019, the total average interest rate amounted to 2,1% including bank margins and interest rate hedging instruments, compared to 2,4% in 2018. The total average interest rate before impact of the interest hedging instruments amounted to 1,7% in 2019 (2,0% in 2018).

The average interest rate for the non-current financial debts, including bank margins, amounted to 2,3% in 2019 (2,4% in 2018). The average interest rate for the current financial debts, including bank margins, amounted to 1,4% in 2019 (2,4% in 2018). The decrease in the short term is due to the bond loan of € 25 million which was redeemed as per 1 April 2019.

The (hypothetical) future cash outflow for 2020 of the interest charges from the loans drawn down as at 31 December 2019 at a fixed interest rate or a variable interest rate as at 31 December 2019 amounted to € 7,2 million (€ 7,6 million in 2018).

For financial year 2019, the effect on the EPRA earnings and net result of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € -0,6 million (€ -0,6 million in 2018). With an (hypothetical) increase in interest rates of 0,5%, interest costs remain stable.

## Note 12. Taxes

| in thousands € | 2019 | 2018 |
|---|---|---|
| Tax at the rate of 29,58% (on result linked to the rejected expenses) | -53 | -50 |
| Provision for various tax risks | -15 | -34 |
| Regularisation of previous financial years | 7 | -14 |
| **Tax related to Intervest statutory** | **-61** | **-98** |
| Perimeter companies in Belgium | -139 | -17 |
| Perimeter companies in the Netherlands | -386 | -275 |
| **Corporation tax** | **-587** | **-390** |

With the RREC Act (formerly the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator gave a transparent tax status to RRECs. If a company converts its status into that of an RREC, or if an (ordinary) company merges with a RREC, it must pay a one-off tax (exit tax). After that, the RREC is only subject to taxes on very specific elements, such as “rejected expenses”. No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties. Belgian perimeter companies are subject to the normal system of Belgian corporate tax and Dutch perimeter companies do not benefit from this tax status either.

When calculating the taxation on the taxable profit for the year, the tax rates in force on the balance sheet date are used.

The increase in corporate tax for financial year 2019 is the consequence of the results primarily of the Dutch directly and indirectly held perimeter companies.

# Note 13. Non-current assets

## Research and development, patents and licences

No own activities were developed by the company in the area of research and development.

## Investment and revaluation table investment properties

| in thousands € | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Offices | Logistics properties | Total | Offices | Logistics properties | Total |
| **Balance sheet as at 1 January** | **346.769** | **519.735** | **866.504** | **304.250** | **358.518*** | **662.768*** |
| • Acquisition of investment properties | 0 | 23.953 | 23.953 | 33.723 | 111.715 | 145.438 |
| • Investments in development projects | 0 | 29.594 | 29.594 | 0 | 3.828 | 3.828 |
| • Divestments of investment properties | 0 | -57.665 | -57.665 | 0 | 0 | 0 |
| • Investments and expansions in existing investment properties | 6.803 | 1.317 | 8.120 | 9.158 | 1.089 | 10.247 |
| • Acquisition of shares of real estate companies | 0 | 0 | 0 | 0 | 37.190 | 37.190 |
| • Changes in fair value of investment properties | -3.503 | 25.810 | 22.307 | -362 | 7.395 | 7.033 |
| **Balance sheet as at 31 December** | **350.069** | **542.744** | **892.813** | **346.769** | **519.735** | **866.504** |
| OTHER INFORMATION | | | | | | |
| Investment value of real estate properties | 358.821 | 564.206 | 923.027 | 355.438 | 539.466 | 894.904 |

* Balance as at 1 January 2018 Intervest revised with via real estate held by right of use as a result of the application of IFRS 16.

**The fair value of the logistics portfolio** increased in 2019 by € 23 million or 4% due to:

- the increase in fair value of the real estate portfolio by € 26 million or 6%, mainly as a result of the sharpening of the yields, both in the Netherlands and Belgium
- the acquisition of two logistics sites in the Netherlands (Roosendaal and Nijmegen) for € 24 million
- the investments in the development project s in Genk, Eindhoven and Roosendaal and a land reserve in Den Bosch for € 30 million
- the divestment of the logistics sites in Aartselaar, Houthalen and Oudsbergen, with a fair value of € 58 million.
- the investments and expansions in the existing real estate portfolio for € 1 million.

The **fair value of the office portfolio** increased in 2019 by € 3 million or 1%, mainly due to:

- the investments and expansions in the existing real estate portfolio of € 7 million, primarily in Greenhouse BXL
- the decrease in fair value of the office portfolio by € 4 million, mainly due to the decrease in value at Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.

For additional details on the changes in fair value of investment properties, please see Note 9.

### Breakdown of investment properties per type

| in thousands € | 2019 | 2018 |
|---|---|---|
| Real estate available for lease | 859.513 | 860.889 |
| Development projects | 33.300 | 5.615 |
| **Total investment properties** | **892.813** | **866.504** |

In addition to the developments under construction in the Netherlands (Roosendaal and Eindhoven) that will be delivered in 2020, the development projects also include land reserves for future developments.

Besides the 250.000 m² of land reserve that the company has on the former Ford site in Genk, it also has a remaining reserve of land of approximately 8.000 m² on its site Herentals Logistics 3, which offers an additional possibility of expansion for an extra warehouse. This reserve of land is valued as clear for construction. In the course of the third quarter of 2019, Intervest purchased a site in Den Bosch (the Netherlands) with a view to creating a land reserve for later redevelopment.

As at 31 December 2019, Intervest had no assets for own use except for the space in Greenhouse Antwerp where the registered office of Intervest is located. In accordance with IAS 40.10 this space is recorded as an investment property.

As at 31 December 2019, there were no investment properties mortgaged as security for withdrawn loans and credit facilities at financial institutions. For the description of the legal mortgage established in order to guarantee the outstanding tax debt on the logistics property located in Aarschot, Nieuwlandlaan, please refer to “Note 25. Conditional rights and obligations”.

## Valuation of investment properties

Investment properties are recorded 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: appraisal is based either fully or partially on information that is (not externally) observable.

The fair value of investment properties recorded in the balance sheet is exclusively the result of the valuation of the portfolio by the independent property experts.

For the value determination of fair value of the investment properties, the nature, the characteristics and the risks of the buildings and the available market information were analysed.

Due to market liquidity and difficulties in obtaining transaction information in a comparatively incontrovertible manner, the appraisal level of the fair value of the Intervest buildings according to IFRS 13 standard is equal to level 3 and this for the portfolio in its entirety.

The fair value of all of the company’s investment properties is valued each quarter by independent property experts. The fair value is based on the market value (i.e. adjusted for the 2,5% purchasing fees for Belgium and 7% purchasing fees for the Netherlands as described in the “Principles of financial reporting - Investment properties” - see above), which is the estimated amount for which an investment property can be sold at the measurement date by a seller to a willing buyer in a business-like, objective transaction preceded by sound negotiations among knowledgeable and willing parties.

Valuations are mainly carried out by using the rental value capitalisation method, with the exception of rental discounts and photovoltaic installations. The DCF method is used for these exceptions. If no current market prices are available in an active market, the valuations are made on the basis of a calculation of gross yields in which the gross market rents are capitalised. The valuations obtained are adjusted for the net present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease agreements. Rental discounts are also taken into consideration. For buildings that are partially or completely vacant, the valuation is made on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions.

Intervest has two ongoing development projects, namely in Roosendaal (Braak) and in Eindhoven. Intervest has two land reserves in Belgium, namely Genk Green Logistics and Herentals Logistics 3. These reserves of land have been included at purchase price in accordance with IAS16.

The yields used are specific to the type of property, location, state of maintenance and the leasability of each property. The basis used to determine the yields is formed by comparable transactions and supplemented with knowledge of the market and of specific buildings. Comparable transactions in the market are also taken into account for the valuation of properties.

The yields described in the property report are calculated by dividing the contractual rent increased by the estimated rental value of vacant properties by the fair value of the real estate property available for lease expressed as a percentage. The average gross yield when fully letting the property available for lease amounted to 7,7% as at 31 December 2019 (7,9% as at 31 December 2018).

Assumptions are made per property, per tenant and per vacant unit concerning the likelihood of lease/re-lease, number of months vacant, incentives and rental costs.

The most important hypotheses regarding the valuation of the investment properties are:

| | 2019 | 2018 |
|---|---|---|
| **Average contractual rent* increased by the estimated rental value of vacant property per m² (€)** | | |
| • Offices | 132 | 129 |
| • Logistic properties | 49 | 47 |
| **Average gross yield (%)** | **7.2%** | **7.4%** |
| • Offices | 8.1% | 7.8% |
| • Logistics properties | 6.5% | 7.2% |
| **Average gross yield if fully let (%)** | **7.7%** | **7.9%** |
| • Offices | 9.0% | 8.9% |
| • Logistics properties | 6.7% | 7.3% |
| **Average net yield if fully let (%)** | **6.8%** | **6.8%** |
| • Offices | 7.5% | 7.3% |
| • Logistics properties | 6.2% | 6.5% |
| **Vacancy rate (%)** | **7%** | **7%** |

* The average contractual rent per building or building complex is calculated and contains various types of surfaces.

In the case of a hypothetical negative adjustment of 1% point (from 7,2% to 8,2% on average) to the yield used by property experts for determining the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate properties would decrease by € 105 million or 12%. This would raise the debt ratio of the company by 5% points to approximately 44%.

If this is reversed, and a hypothetical positive adjustment of 1 percentage point (from 7,2% to 6,2% on average) is made to this yield, the fair value of the real estate properties would increase by € 139 million or 16%. This would lower the debt ratio of the company by 5 percentage points to approximately 34%.

In the case of a hypothetical decrease in the contractual rents of the company (assuming a constant yield) of € 1 million (from € 61,5 million to € 60,5 million), the fair value of the real estate properties would decrease by € 14 million or 2%. This would raise the debt ratio of the company by 1% point to around 40%. In the reverse case of a hypothetical increase of the current rents of the company (assuming a constant yield) of € 1 million (from € 61,5 million to € 62,5 million), the fair value of the real estate properties would increase by € 14 million or 2%. This would lower the debt ratio of the company by 1% point to around 38%.

A correlation exists between changes in the current rents and the yields that are used to value the real estate, however, this was not factored into the sensitivity analysis above.

## Valuation process for investment properties

Investment properties are recorded in the accounts on the basis of valuation reports drawn up by independent and expert property assessors. These reports have been based on information that has been provided by the company and also on assumptions and valuation models used by the property experts.

Information supplied by the company per building such as the surface area of the site, the leasable space, current rents, periods and conditions of lease agreements, service charges, investments, etc. comprise information that originates with the company's financial and management system and is subject to the company's universally applicable audit system.

These assumptions and valuation models used by the property experts relate mainly to the market situation, such as yields and discount rates. They are based on their professional assessment and observation of the market. The property experts take into account vacancy periods between six and eighteen months and, depending on the location, the type of property and the economic situation. For the logistics properties, a cost percentage is taken into account per property, which remains payable by the owner. This amounts to 2% for logistics sites in Belgium and it varies between 0,01% and 0,60% for the Netherlands because of the nature of the lease agreements (often triple net).

For a detailed description of the valuation method used by the property experts, please refer to the section of the Property Report entitled "Valuation of the portfolio by property experts".

The information provided to the property experts, as well as the assumption and the valuation models, are reviewed internally. This involves an examination of the changes in fair value during the relevant period.

With regard to the remaining duration of the current agreements, see 1.9 Property report for an overview of the average remaining agreement duration of the portfolio.

| Non-observable parameters | Range | | Weighted average | |
|---|---|---|---|---|
| (as at 31 December) | 2019 | 2018 | 2019 | 2018 |
| **Estimated rental value (in €/m²)*** | | | | |
| • Office portfolio | 100-157 €/m² | 100-150 €/m² | 127 €/m² | 127 €/m² |
| • Logistics properties in Belgium | 38-53 €/m² | 34-53 €/m² | 43 €/m² | 42 €/m² |
| • Logistics properties in the Netherlands | 42-57 €/m² | 48-57 €/m² | 50 €/m² | 51 €/m² |
| **Capitalisation factor used by the property experts (in %)*** | | | | |
| • Office portfolio | 7,9%-10,3% | 7,6%-9,4% | 8,6% | 8,7% |
| • Logistics properties in Belgium | 5,0%-8,3% | 5,9%-8,4% | 6,5% | 6,9% |
| • Logistics properties in the Netherlands | 5,1%-6,9% | 6,0%-7,0% | 6,0% | 6,5% |

* The above information contains the weighted average per building or building complex, the highest and lowest numbers shown in the range have always been eliminated.

# Note 14. Current assets

## Trade receivables

| in thousands € | 2019 | 2018 |
|---|---|---|
| Trade receivables | 1.079 | 1.102 |
| Advance invoicing not yet due | 9.889 | 8.425 |
| Invoices to issue | 742 | 471 |
| Doubtful debtors | 500 | 391 |
| Provision doubtful debtors | -500 | -391 |
| Other trade receivables | 252 | 122 |
| **Total trade receivables** | **11.962** | **10.120** |

Intervest maintains clear procedures for screening tenants when new lease agreements are concluded. Deposits or bank guarantees are also always insisted upon when entering into lease agreements. As at 31 December 2019, the actual weighted average duration of the rental deposits and bank guarantees for offices was approximately 5 months (or about € 11,3 million). As at 31 December 2019, the actual weighted average duration of the rental deposits and bank guarantees for the logistics portfolio was approximately 5 months (or about € 13,8 million). Intervest therefore expects no material credit losses here.

The advance invoicing not yet due relates to invoicing for the first quarter of 2020. Intervest applies a standard due date of 30 days after invoice date for all its outgoing invoices.

## Ageing analysis of trade receivables

| in thousands € | 2019 | 2018 |
|---|---|---|
| Receivables < 30 days | 153 | 376 |
| Receivables 30-90 days | 620 | 425 |
| Receivables > 90 days | 307 | 301 |
| **Total trade receivables** | **1.079** | **1.102** |

For monitoring of the debtor's risk used by Intervest, please see the description of the chapter "Risk factors" (Operating risks - debtor's risks).

## Tax receivables and other current assets

| in thousands € | 2019 | 2018 |
|---|---|---|
| Taxes to be reclaimed | 2.489 | 1.482 |
| *VAT to be reclaimed* | *844* | *255* |
| *VAT - estimated adjustments* | *1.302* | *863* |
| *Recoverable corporate tax in the Netherlands* | *343* | *364* |
| Taxes (retained following the tax situation of the Group) | 3.455 | 3.455 |
| *Recoverable corporate tax* | *185* | *185* |
| *Recoverable exit tax* | *459* | *459* |
| *Recoverable withholding tax on dividends paid and on liquidation bonuses* | *2.811* | *2.811* |
| Other | 31 | 155 |
| **Total tax receivables and other current assets** | **5.974** | **5.092** |

For the description of the Group's tax status, please see “Note 25. Conditional rights and obligations”.

## Deferred charges and accrued income

| in thousands € | 2019 | 2018 |
|---|---|---|
| Incurred, non-expired property income | 3.038 | 1.313 |
| *Recoverable property tax* | *2.787* | *1.313* |
| *GGL vacancy tax to be recovered* | *171* | *0* |
| *Recoverable claims* | *80* | *0* |
| Prepaid property charges | 774 | 435 |
| Prepaid interest and other financial costs | 528 | 443 |
| Other | 169 | 207 |
| **Total deferred charges and accrued income** | **4.509** | **2.398** |

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration. The increase in respect of 2018 is the result of a property tax assessment for Genk Green Logistics, which is expected to be fully recoverable.

# Note 15. Shareholders' equity

## Share capital

Share capital as at 31 December 2019 amounted to € 224.684.990,05 and is divided among 24.657.003 fully paid-up shares with no statement of nominal value.

The capital item also includes € 1.727.657 costs for the capital increase of November 2018.

There was a capital increase as at 20 May 2019 in financial year 2019 in the form of an optional dividend over financial year 2018 with the issue of 368.006 new shares for an amount of € 8,6 million, in particular, € 3,4 million in capital and € 5,2 million in issue premium. The shares created provide an entitlement to dividend as from 1 January 2019.

## EVOLUTION OF THE SHARE CAPITAL

| Date | Transaction | Share capital movement | Total outstanding share capital after transaction | Number of shares created | Total number of shares |
|---|---|---|---|---|---|
| | | in thousands € | | in units | |
| 08.08.1996 | Foundation | 62 | 62 | 1.000 | 1.000 |
| 05.02.1999 | Capital increase by non-cash contribution in kind (Atlas Park) | 4.408 | 4.470 | 1.575 | 2.575 |
| 05.02.1999 | Capital increase by incorporation of issue premiums and reserves and capital reduction through the incorporation of losses carried forward | -3.106 | 1.364 | 0 | 2.575 |
| 05.02.1999 | Share split | 0 | 1.364 | 1.073.852 | 1.076.427 |
| 05.02.1999 | Capital increase by contribution in cash | 1.039 | 2.403 | 820.032 | 1.896.459 |
| 29.06.2001 | Merger by absorption of the limited liability companies Catian, Innotech, Greenhill Campus and Mechelen Pand | 16.249 | 18.653 | 2.479.704 | 4.376.163 |
| 21.12.2001 | Merger by absorption of companies belonging to VastNed Groep | 23.088 | 41.741 | 2.262.379 | 6.638.542 |
| 21.12.2001 | Capital increase by non-cash contribution (De Arend, Sky Building and Gateway House) | 37.209 | 78.950 | 1.353.710 | 7.992.252 |
| 31.01.2002 | Contribution of 575.395 Siref shares | 10.231 | 89.181 | 1.035.711 | 9.027.963 |
| 08.05.2002 | Contribution of max. 1.396.110 Siref shares in the context of the bid | 24.824 | 114.005 | 2.512.998 | 11.540.961 |
| 28.06.2002 | Merger with Siref nv; exchange of 111.384 Siref shares | 4.107 | 118.111 | 167.076 | 11.708.037 |
| 23.12.2002 | Merger by absorption of the limited liability companies Apibi, Pakobi, PLC, MCC and Mechelen Campus | 5.016 | 123.127 | 1.516.024 | 13.224.061 |
| 17.01.2005 | Merger by absorption of the limited liability companies of Mechelen Campus 2, Mechelen Campus 4, Mechelen Campus 5 and Perion 2 | 3.592 | 126.719 | 658.601 | 13.882.662 |
| 18.10.2007 | Merger by absorption of the limited liability companies Mechelen Campus 3 and Zuidinvest | 6 | 126.725 | 18.240 | 13.900.902 |
| 01.04.2009 | Merger by absorption of the limited liability company Edicorp | 4 | 126.729 | 6.365 | 13.907.267 |
| 25.05.2012 | Capital increase through optional dividend financial year 2011 | 2.666 | 129.395 | 292.591 | 14.199.858 |
| 23.05.2013 | Capital increase through optional dividend financial year 2012 | 2.051 | 131.447 | 225.124 | 14.424.982 |
| 28.05.2014 | Capital increase through optional dividend financial year 2013 | 3.211 | 134.657 | 352.360 | 14.777.342 |
| 22.12.2014 | Capital increase through contribution in kind in the framework of and including a transaction equated with demerger or partial demerger (article 677 of the Belgian Companies Code) | 12.453 | 147.110 | 1.366.564 | 16.143.906 |
| 28.05.2015 | Capital increase through optional dividend | 870 | 147.980 | 95.444 | 16.239.350 |
| 25.05.2016 | Capital increase through optional dividend | 4.968 | 152.948 | 545.171 | 16.784.521 |
| 05.05.2017 | Capital increase by contribution in kind of real estate located in Aarschot | 1.969 | 154.917 | 216.114 | 17.000.635 |
| 05.05.2017 | Capital increase by contribution in kind of real estate located in Oevel | 2.906 | 157.823 | 318.925 | 17.319.560 |
| 22.05.2017 | Capital increase through optional dividend | 3.835 | 161.658 | 420.847 | 17.740.407 |
| 22.12.2017 | Capital increase by contribution in kind of real estate located in Zellik | 6.062 | 167.720 | 665.217 | 18.405.624 |
| 22.05.2018 | Capital increase through optional dividend | 4.427 | 172.147 | 485.819 | 18.891.443 |
| 30.11.2018 | Capital increase with irreducible priority allocation rights | 49.185 | 221.332 | 5.397.554 | 24.288.997 |
| **20.05.2019** | **Capital increase through optional dividend** | **3.353** | **224.685** | **368.006** | **24.657.003** |

## Share premiums

| Date | Transaction | Capital increase | Contribution in cash | Value contribution | Share premiums |
|---|---|---|---|---|---|
| **EVOLUTION OF ISSUE PREMIUMS** in thousands € | | | | | |
| 05.02.99 | Capital increase by contribution in cash | 1.039 | 0 | 20.501 | 19.462 |
| 21.12.01 | Settlement of the accounting losses as a result of the merger by acquisition of the companies belonging to VastNed Groep | 0 | 0 | 0 | -13.747 |
| 31.01.02 | Contribution of 575.395 Siref shares | 10.231 | 1.104 | 27.422 | 16.087 |
| 08.05.02 | Contribution of max. 1.396.110 Siref shares in the context of the bid | 24.824 | 2.678 | 66.533 | 39.031 |
| 25.05.12 | Capital increase through optional dividend | 2.666 | 0 | 5.211 | 2.545 |
| 23.05.13 | Capital increase through optional dividend | 2.051 | 0 | 3.863 | 1.812 |
| 28.05.14 | Capital increase through optional dividend | 3.211 | 0 | 7.075 | 3.864 |
| 22.12.14 | Capital increase through contribution in kind in the framework of and including a transaction equated with demerger or partial demerger (article 77 of the Belgian Companies Code) | 12.453 | 0 | 26.183 | 13.730 |
| 28.05.15 | Capital increase through optional dividend | 870 | 0 | 2.305 | 1.436 |
| 25.05.16 | Capital increase through optional dividend | 4.968 | 0 | 11.569 | 6.601 |
| 05.05.17 | Capital increase by contribution in kind of real estate located in Aarschot | 1.969 | 0 | 5.150 | 3.181 |
| 05.05.17 | Capital increase by contribution in kind of real estate located in Oevel | 2.906 | 0 | 7.600 | 4.694 |
| 22.05.17 | Capital increase through optional dividend | 3.835 | 0 | 9.074 | 5.238 |
| 22.12.17 | Capital increase by contribution in kind of real estate located in Zellik | 6.062 | 0 | 13.770 | 7.708 |
| 22.05.18 | Capital increase through optional dividend | 4.427 | 0 | 9.998 | 5.571 |
| 30.11.18 | Capital increase with irreducible priority allocation rights | 49.185 | 0 | 99.855 | 50.670 |
| 20.05.19 | Capital increase through optional dividend | 3.353 | 0 | 8.575 | 5.221 |
| **Total share premium** | | | | | **173.104** |

The share premium amounted to € 173 million as at 31 December 2019.

## Reserves

For the movement of the reserves during financial year 2019, please see the statement of changes in consolidated equity.

The reserves are composed as follows.

| in thousands € | 2019 | 2018 |
|---|---|---|
| Legal reserves | 90 | 90 |
| Reserve for the balance of changes in fair value of real estate properties | 35.297 | 30.736 |
| *Reserve for the balance of changes in investment value of real estate properties* | *63.701* | *48.394* |
| *Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties* | *-28.404* | *-17.658* |
| Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting according to IFRS | -3.456 | -1.841 |
| Other reserves | 6.034 | 6.034 |
| Results carried forward from previous financial years | 24.067 | 19.996 |
| **Total reserves** | **62.032** | **55.015** |

## Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

| in thousands € | 2019 | 2018 |
|---|---|---|
| Balance at the end of the preceding financial year | -17.658 | -15.274 |
| Changes in investment value of investment properties | -1.742 | -256 |
| Acquisitions of investment properties for the preceding financial year | -9.004 | -2.122 |
| Impact of the implementation of IFRS16 | 0 | -6 |
| **Total reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties** | **-28.404** | **-17.658** |

The difference between the fair value of the real estate properties (in accordance with IAS 40) and the investment value of the real estate properties as determined by the independent property experts is taken up in this item.

# Note 16. Provisions

| in thousands € | 2019 | 2018 |
|---|---|---|
| **Long-term provisions** | **1.875** | **0** |
| Provision for rental guarantees from the disposal of investment properties | 1.875 | 0 |
| **Short-term provisions** | **1.875** | **0** |
| Provision for rental guarantees from the disposal of investment properties | 1.875 | 0 |
| **Total provisions** | **3.750** | **0** |

The Group provided the buyer of Oudsbergen with a rental guarantee for a period of 24 months. The rental guarantee is payable quarterly and recorded on the balance sheet under the provisions for the maximum amount to be paid of € 3,8 million.

# Note 17. Current liabilities

## Trade debts and other current debts

| in thousands € | 2019 | 2018 |
|---|---|---|
| Exit tax | 30 | 580 |
| Other | 7.755 | 4.669 |
| *Suppliers* | *5.463* | *2.569* |
| *Tenants* | *518* | *415* |
| *Taxes, remunerations and social charges* | *1.774* | *1.685* |
| **Total trade debts and other current debts** | **7.785** | **5.249** |

The increase in suppliers of € 2,6 million is mainly the result of the property tax assessment of Genk Green Logistics that was received at the end of December. This tax was paid in February 2020.

## Other current liabilities

| in thousands € | 2019 | 2018 |
|---|---|---|
| Dividends payable across previous financial years | 179 | 179 |
| Short-term liabilities to related parties | 2.081 | 1.128 |
| Miscellaneous debts | 1.710 | 467 |
| **Total other current liabilities** | **3.970** | **1.774** |

Current liabilities to related parties comprise the current account with JM Construct nv and Hino Invest nv (related parties with co-shareholder in perimeter company Genk Green Logistics nv).

## Accrued charges and deferred income

| in thousands € | 2019 | 2018 |
|---|---|---|
| Property revenue received in advance | 14.747 | 14.139 |
| *Liabilities related to the compensation received for early termination of lease agreements* | *833* | *1.250* |
| *Pre-invoiced rental income* | *11.529* | *10.696* |
| *Pre-invoiced provisions* | *1.085* | *885* |
| *Pre-invoiced - other* | *149* | *123* |
| *Other deferred income* | *1.151* | *1.185* |
| Incurred, unexpired interests and other charges | 3.442 | 3.126 |
| *Interests on the bond loans* | *1.066* | *1.710* |
| *Other interests and financial charges* | *786* | *552* |
| *Property costs to be allocated* | *1.590* | *864* |
| Other | 340 | 283 |
| *Other accrued charges* | *340* | *283* |
| **Total accrued charges and deferred income** | **18.530** | **17.548** |

The accrued charges and deferred income as at 31 December 2019 comprised € 14,7 million in property revenue received in advance. This concerns mainly advance invoicing for rental income and provisions for the first quarter of the following financial year, which add up to a total of € 12,8 million.

The incurred, unexpired interests and other charges amounted to € 3,4 million in 2019, and comprised, among others, the interests on the bond loan due as at 1 April 2020 on the bond loan issued in March 2014.

# Note 18. Non-current and current financial debts

For the description of the Financial structure of the company, please see the Report of the management committee.

## Classification by expiry date of the with-drawn credit facilities

| in thousands € | 2019 | | | | | 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Debts with a remaining duration of | | | | | Debts with a remaining duration of | | | | |
| | < 1 year | > 1 year and < 5 years | > 5 years | Total | Share percentage | < 1 year | > 1 year and < 5 years | > 5 years | Total | Share percentage |
| Credit institutions and institutional parties: withdrawn credit facilities | 23.137 | 132.545 | 88.011 | **243.693** | **71%** | 30.631 | 154.084 | 99.641 | **284.356** | **76%** |
| Bond loan | 0 | 34.916 | 0 | **34.916** | **10%** | 24.983 | 34.848 | 0 | **59.831** | **16%** |
| Commercial paper | 65.000 | 0 | 0 | **65.000** | **19%** | 30.000 | 0 | 0 | **30.000** | **8%** |
| Leasing obligation* | 0 | 0 | 0 | **0** | **0%** | 1.668 | 0 | 0 | **1.668** | **0%** |
| **TOTAL** | **88.137** | **167.461** | **88.011** | **343.609** | **100%** | **87.282** | **188.932** | **99.641** | **375.855** | **100%** |
| **Share percentage** | **26%** | **49%** | **25%** | **100%** | | **23%** | **50%** | **27%** | **100%** | |

* The leasing obligation relates to the acquisition obligation in Edda21 in 2018; this obligation was repaid in the course of 2019.

## Guarantees regarding financing

In addition to the requirement to maintain the RREC articles of association and the fulfilment of financial ratios imposed by the RREC Act, the bank credit agreements of Intervest are subject to compliance with financial ratios which are primarily related to the company's consolidated financial debt or its financial interest charges, the prohibition on the mortgaging or pledging of investment properties and the pari passu treatment of creditors. The financial ratios limit the amount that could still be borrowed by Intervest.

For the purpose of the financing of the company, no mortgage registrations were made and no mortgage authorisations were permitted as at 31 December 2019.

For most financing, credit institutions generally require an interest coverage ratio of more than 2 (see description of the Financial structure in the Report of the management committee).

These ratios were respected as at 31 December 2019. If Intervest were no longer to respect these ratios, the financial institutions could demand that the financing agreements of the company be cancelled, renegotiated, terminated or prematurely repaid.

## Classification by expiry date of credit lines

| in thousands € | 2019 | | | | | 2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Debts with a remaining duration of | | | | | Debts with a remaining duration of | | | | |
| | < 1 year | > 1 year and < 5 years | > 5 years | **Total** | **Share percentage** | < 1 year | > 1 year and < 5 years | > 5 years | **Total** | **Share percentage** |
| Credit institutions and institutional parties: withdrawn credit facilities | 23.137 | 132.545 | 88.011 | **243.693** | **44%** | 30.631 | 154.084 | 99.641 | **284.356** | **59%** |
| Bond loan | 0 | 34.916 | 0 | **34.916** | **6%** | 24.983 | 34.848 | 0 | **59.831** | **12%** |
| Commercial paper: drawn down | 65.000 | 0 | 0 | **65.000** | **12%** | 30.000 | 0 | 0 | **30.000** | **6%** |
| Leasing obligation | 0 | 0 | 0 | **0** | **0%** | 1.668 | | | **1.668** | **0%** |
| Non-drawn down credit lines | 17.479 | 168.500 | 30.000 | **215.979** | **38%** | 12.479 | 77.968 | 22.500 | **112.947** | **23%** |
| **TOTAL** | **105.616** | **335.961** | **118.011** | **559.588** | **100%** | **99.761** | **266.900** | **122.141** | **488.802** | **100%** |
| **Share percentage** | **19%** | **60%** | **21%** | **100%** | | **20%** | **55%** | **25%** | **100%** | |

The table above comprises an amount of € 216 million of non-withdrawn credit lines (€ 113 million as at 31 December 2018). Of this, € 30 million is kept available as hedging for the commercial paper programme. Consequently, as at 31 December 2019, Intervest had € 186 million of non-withdrawn credit lines available to finance its current development projects, future acquisitions and dividend payment in May 2020. Intervest also has € 35 million of back-up lines available for the commercial paper programme, as a result of which the entire commercial paper programme of € 65 million is hedged.

At the closing date, the non-withdrawn credit lines did not form any actual debt, but are only potential debt in the shape of an available credit line. The share percentage is calculated as the ratio of each component to the sum of the withdrawn credit lines, the non-withdrawn credit lines and the outstanding bond loan.

## Classification by variable or fixed character of the withdrawn credit facilities at financial institutions and the bond loan

| in thousands € | 2019 | | 2018 | |
|---|---|---|---|---|
| | **Total** | **Share percentage** | **Total** | **Share percentage** |
| Credit facilities with variable interest rate | 11.693 | 3% | 59.023 | 16% |
| Credit facilities covered by interest rate swaps and/or floors | 265.000 | 77% | 250.000 | 66% |
| Credit facilities with fixed interest rate | 66.916 | 20% | 66.831 | 18% |
| **TOTAL** | **343.609** | **100%** | **375.855** | **100%** |

In the above table "Classification by variable or fixed character of the withdrawn credit facilities at financial institutions and of the bond loan" the share percentage is calculated as the ratio of each component to the sum of the withdrawn credit facilities.

## Characteristics of the bond loan: Private placement of bonds of € 35 million

As at 19 March 2014 Intervest achieved the successful private placement of bonds for a total amount of € 60 million, of which € 25 million was repaid in 2019. The remaining bond of € 35 million had an initial maturity of 7 years, generates a fixed annual gross yield of 4,057% and expires as at 1 April 2021.

The issue price of the bonds was equal to their nominal amount, being € 100.000. The bonds were placed with institutional investors.

## Characteristics of the commercial paper

Intervest issued a commercial paper in July 2018 for the further diversification of the financing sources for a maximum amount of € 70 million (€ 65 million of which was drawn down as at 31 December 2019) with a duration of 3 months (maximum duration of 1 year).

The withdrawal is partially (€ 35 million) hedged by back-up lines of the assisting banks (Belfius Bank and KBC Bank) serving as guarantee for re-financing if it appears that the placement or extension of the commercial paper is only partially possible or not possible at all. The remaining € 30 million will be kept available on traditional credit lines.

# Note 19. 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) and floor.

| SUMMARY OF FINANCIAL INSTRUMENTS | | | 2019 | | 2018 | |
|---|---|---|---|---|---|---|
| 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 | 252 | 252 | 156 | 156 |
| Trade receivables and other non-current assets | A | 2 | 18 | 18 | 14 | 14 |
| **Current assets** | | | | | | |
| Trade receivables | A | 2 | 11.962 | 11.962 | 10.120 | 10.120 |
| Cash and cash equivalents | B | 2 | 2.156 | 2.156 | 1.972 | 1.972 |
| **FINANCIAL INSTRUMENTS ON LIABILITIES** | | | | | | |
| **Non-current liabilities** | | | | | | |
| Non-current financial debts (interest-bearing) | A | 2 | 255.472 | 258.154 | 288.573 | 291.645 |
| Other non-current financial liabilities | C | 2 | 8.627 | 8.627 | 3.460 | 3.460 |
| Other non-current liabilities | A | 2 | 1.211 | 1.211 | 3.010 | 3.010 |
| **Current liabilities** | | | | | | |
| Current financial debts | A | 2 | 88.137 | 88.137 | 87.282 | 87.431 |
| Other current financial liabilities | C | 2 | 68 | 68 | 152 | 152 |
| Trade debts and other current debts | A | 2 | 7.785 | 7.785 | 5.249 | 5.249 |
| Other current liabilities | A | 2 | 3.970 | 3.970 | 1.774 | 1.774 |

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. investments held to maturity and measured at amortised cost
C. assets and liabilities held at fair value via the income statement, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recorded 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 following techniques are used to appraise the fair value of Level 2 financial instruments:

- for the items "Non-current financial assets", "Other non-current financial liabilities" and "Other current financial liabilities", which apply to the interest rate swaps and the floor, the fair value is determined by means of observable data, namely the forward interest rates that apply to active markets, which are generally supplied by financial institutions
- the fair value of the remaining level 2 financial assets and liabilities is practically the same as their carrying amount, either because they have a short-term maturity (such as trade receivables and debts) or because they carry a variable interest rate
- when the fair value of the interest-bearing financial liabilities is calculated, the financial liabilities with a fixed interest rate are taken into account, and the future cash flows (interest and capital redemption) are discounted with a market-based yield.

Intervest uses interest rate swaps and floors to hedge potential changes in the interest charges on a portion of the financial liabilities that have a variable interest rate (the short-term Euribor rate). The interest rate swaps and floors are classified as derivatives, as financial instruments at fair value via the result. Intervest does not apply hedge accounting. The fluctuations in fair value of the financial instruments are included in the income statement on the line “Changes in fair value of financial assets and liabilities” in the financial result.

## Fair value of financial derivatives

As at 31 December 2019, the company was in possession of the following financial derivatives.

| | | Starting date | End date | Interest rate | Contractual notional amount | Hedge accounting | Fair value | |
|---|---|---|---|---|---|---|---|---|
| in thousands € | | | | | | Yes/No | 2019 | 2018 |
| 1 | IRS | 30.04.2014 | 30.04.2019 | 1,2725% | 10.000 | No | 0 | -53 |
| 2 | IRS | 30.04.2014 | 30.04.2019 | 1,2725% | 10.000 | No | 0 | -53 |
| 3 | IRS | 26.06.2015 | 26.06.2019 | 0,3300% | 15.000 | No | 0 | -46 |
| 4 | IRS | 30.06.2015 | 30.06.2020 | 0,4960% | 15.000 | No | -68 | 0 |
| *Authorised hedging instruments* | | | | | | | *-68* | *-152* |
| **Other current financial liabilities** | | | | | | | **-68** | **-152** |
| 1 | IRS | 18.06.2015 | 18.06.2022 | 0,7800% | 15.000 | No | 0 | -452 |
| 2 | IRS | 30.06.2015 | 30.06.2020 | 0,4960% | 15.000 | No | 0 | -176 |
| 3 | IRS | 18.06.2015 | 18.06.2021 | 0,6300% | 15.000 | No | -225 | -308 |
| 4 | IRS | 01.12.2016 | 01.12.2021 | 0,1200% | 15.000 | No | -141 | -117 |
| 5 | IRS | 01.12.2016 | 01.12.2022 | 0.2200% | 15.000 | No | -238 | -140 |
| 6 | IRS | 22.03.2017 | 22.03.2024 | 0,8500% | 10.000 | No | -469 | -363 |
| 7 | IRS | 22.03.2017 | 22.03.2024 | 0,4500% | 10.000 | No | -296 | -150 |
| 8 | IRS | 22.03.2017 | 22.03.2024 | 0,4675% | 10.000 | No | 0 | -160 |
| 9 | IRS | 22.03.2017 | 22.03.2023 | 0,3300% | 10.000 | No | -207 | -130 |
| 10 | IRS | 15.06.2018 | 15.01.2025 | 0,6600% | 15.000 | No | -640 | -287 |
| 11 | IRS | 15.06.2018 | 17.06.2024 | 0,5950% | 10.000 | No | -360 | -178 |
| 12 | IRS | 01.10.2018 | 01.10.2025 | 0,8520% | 10.000 | No | -390 | -162 |
| 13 | IRS | 27.09.2018 | 27.09.2023 | 0,3930% | 10.000 | No | -254 | -142 |
| 14 | IRS | 27.09.2018 | 27.09.2025 | 0,6800% | 10.000 | No | -492 | -211 |
| 15 | IRS | 28.09.2018 | 30.09.2025 | 0,7050% | 10.000 | No | -496 | -200 |
| 16 | IRS | 28.09.2018 | 29.09.2023 | 0,4350% | 10.000 | No | -267 | -142 |
| 17 | IRS | 02.01.2019 | 02.01.2026 | 0,7275% | 25.000 | No | -802 | -142 |
| 18 | IRS | 18.06.2019 | 18.06.2025 | 0,6675% | 15.000 | No | -571 | 0 |
| 19 | IRS | 24.06.2019 | 22.06.2026 | 0,6425% | 10.000 | No | -408 | 0 |
| 20 | IRS | 13.05.2019 | 13.05.2026 | 0,2870% | 10.000 | No | -262 | 0 |
| 21 | IRS | 13.05.2019 | 13.05.2026 | 0,2780% | 10.000 | No | -158 | 0 |
| *Authorised hedging instruments* | | | | | | | *-6.676* | *-3.460* |
| **Other non-current financial liabilities** | | | | | | | **-6.676** | **-3.460** |
| 1 | Floor | 01.12.2016 | 01.02.2021 | 0,000% | 27.500 | No | 117 | 156 |
| 2 | IRS | 26.06.2019 | 26.06.2025 | -0,1770% | 15.000 | No | 3 | 0 |
| 3 | IRS | 10.07.2019 | 10.07.2024 | -0,2975% | 15.000 | No | 45 | 0 |
| 4 | Floor | 13.05.2019 | 13.05.2026 | 0,2870% | 10.000 | No | 87 | 0 |
| **Non-current financial assets** | | | | | | | **252** | **156** |
| **Total fair value of financial derivatives** | | | | | | | **-6.492** | **-3.456** |

| | | |
|---|---|---|
| Accounting processing as at 31 December 2019 | | |
| • In shareholders' equity: Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting | -3.456 | -1.841 |
| • In the income statement: Changes in fair value of financial assets and liabilities | -3.036 | -1.615 |
| **Total fair value of financial derivatives** | **-6.492** | **-3.456** |

As at 31 December 2019, the interest rate swaps had a negative market value of € -6,5 million (contractual notional amount of € 265 million), which is determined by the issuing financial institution on a quarterly basis.

In 2019, three new interest rate swaps were concluded for a notional amount of € 35 million to replace existing interest rate swaps that matured. The new interest rate swaps have maturities of 6 or 7 years. In addition, an additional interest rate swap was concluded for a notional amount of € 15 million that will mature in 2024.
Furthermore, in 2019, a number of existing hedging instruments were renegotiated at a lower interest rate via a 'blend & extend' transaction, for a notional amount of € 25 million.

# Management of financial risks

The major financial risks of Intervest are the financing risk, liquidity risk and the interest rate risk.

## Financing risk

For the description of this risk and its management, please see the "Financing risk" chapter in the description of the Major risk factors and internal control and risk management systems of the Report of the board of directors.

For financing real estate, Intervest always strives for a balance between shareholders' equity and borrowed capital. In addition, Intervest aims to safeguard its access to the capital market through the transparent disclosure of information, by maintaining regular contacts with financiers and (potential) shareholders and by increasing the liquidity of the share. Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from should specific market conditions require it. The average remaining duration of the long-term credit agreements as at 31 December 2019 is 4,0 years. Intervest has also diversified its funding sources by using ten European financial institutions and issuing bond loans.

More information on the composition of the credit facilities portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 18. Non-current and current financial debts" in the Financial report.

## Liquidity risk

For the description of this risk and the way it is managed, please see the "Liquidity risks" chapter in the description of the Major risk factors and internal control and risk management systems in the Report of the board of directors.

The bank credit agreements of Intervest are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Intervest or its financial interest charges. In order to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. As at 31 December 2019, the company still had € 186 million available credit lines with its lenders for the purpose of absorbing fluctuations in liquidity requirements and additional investments.

More information on the composition of the credit portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 18. Non-current and current financial debts" in the Financial report.

## Interest rate risk

For the description and management of this risk, please refer to Financial risks in the Risk Factors section.

As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one third borrowed capital with a variable interest rate and two thirds borrowed capital with a fixed interest rate. Depending on how the interest rates develop, a temporary derogation is possible. Furthermore, for long-term borrowed capital, a balanced spread of interest rate review dates and a minimum duration of 3 years are targeted. As at 31 December 2019, the interest rates on the hedges (including financing with fixed interest rate) of the company remain fixed for a remaining average duration of 4,2 years.

More information on the composition of the credit facilities portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 18. Non-current and current financial debts" and "Note 11. Net interest charges" in the Financial report.

# Note 20. Deferred tax - liabilities

| in thousands € | 2019 | 2018 |
|---|---|---|
| Provision for deferred taxes with regard to Belgium | 1.176 | 863 |
| Provision for deferred taxes with regard to the Netherlands | 5.704 | 2.045 |
| **Total of deferred tax - liabilities** | **6.880** | **2.908** |

The deferred taxes contain a provision for deferred taxes on non-realised increases on the investment properties belonging to the perimeter companies and the Group in Belgium and the Netherlands.

# Note 21. Calculation of debt ratio

| in thousands € | Note | 2019 | 2018 |
|---|---|---|---|
| Non-current financial debts | 18 | 255.472 | 288.573 |
| Other non-current financial liabilities (excl. financial derivatives) | | 1.949 | 0 |
| Trade debts and other non-current debts | | 1.211 | 3.010 |
| Current financial debts | 18 | 88.137 | 87.282 |
| Other current financial liabilities (excl. financial derivatives) | | 1 | 0 |
| Trade debts and other current debts | 17 | 7.785 | 5.249 |
| Other current liabilities | 17 | 3.970 | 1.774 |
| **Total liabilities for calculation of debt ratio** | | **358.525** | **385.888** |
| **Total assets (excl. financial derivatives)** | | **918.611** | **887.007** |
| **Debt ratio** | | **39,0%** | **43,5%** |

For the further description of the evolution of the debt ratio, please see the explanation of the “Financial structure” in the Report of the management committee.

# Note 22. Related parties

The company's related parties are its shareholders and their affiliated companies as well as its perimeter companies (see Note 23), and its directors and members of the management committee.

## Relation with the affiliates

| in thousands € | 2019 | 2018 |
|---|---|---|
| **JM Construct nv** | | |
| *Co-shareholder of Genk Green Logistics* | | |
| Short-term liabilities (current account) to JM Construct | 2.081 | 1.128 |
| Interest charged to R/C JM Construct | 54 | 11 |

## Directors and members of the management committee

Remuneration of the directors and the members of the management committee is recognised in the items “Property management costs” and “General costs” (see Notes 5 and 6). More details of the composition of the remuneration of the members of the management committee can be found in “Note 7. Employee benefits”.

| in thousands € | 2019 | 2018 |
|---|---|---|
| Directors | 125 | 125 |
| Members of the management committee | 1.342 | 1.015 |
| **Total** | **1.467** | **1.140** |

# Note 23. List of consolidated companies

The companies below are consolidated by the method of full consolidation.

| Name company | Address | Company registration number: | Capital share (in %) | Value of the participation in the statutory accounts (in thousands €) | Minority interests (in thousands €) 2019 | Minority interests (in thousands €) 2018 |
|---|---|---|---|---|---|---|
| Aartselaar Business Center nv | Uitbreidingstraat 66<br>2600 Berchem | BE 0466.516.748 | 100% | € -51 | 0 | 0 |
| Mechelen Business Center nv | Uitbreidingstraat 66<br>2600 Berchem | BE 0467.009.765 | 100% | € 4.135 | 0 | 0 |
| Mechelen Research Park nv | Uitbreidingstraat 66<br>2600 Berchem | BE 0465.087.680 | 100% | € 5.306 | 0 | 0 |
| Genk Green Logistics nv | Uitbreidingstraat 66<br>2600 Berchem | BE 0701.944.557 | 50% | € 574 | -17 | -9 |
| Intervest Nederland Coöperatief U.A. | Lichttoren 32<br>5611 BJ Eindhoven<br>The Netherlands | NL857537349B01 | 100% | € 76.208 | 0 | 0 |
| **Perimeter companies of Intervest Nederland Coöperatief U.A.*** | | | | | | |
| Intervest Tilburg 1 bv | | NL857541122B01 | 100% | | | |
| Intervest Tilburg 2 bv | | NL859485869B01 | 100% | | | |
| Intervest Raamsdonksveer 1 bv | | NL857780001B01 | 100% | | | |
| Intervest Raamsdonksveer 2 bv | | NL858924900B01 | 100% | | | |
| Intervest Raamsdonksveer 3 bv | | NL859446013B01 | 100% | | | |
| Intervest Eindhoven 1 bv | | NL858924894B01 | 100% | | | |
| Intervest Vuren 1 bv | | NL856350412B01 | 100% | | | |
| Intervest Roosendaal 1 bv | | NL859095277B01 | 100% | | | |
| Intervest Roosendaal 2 bv | | NL859485778B01 | 100% | | | |
| Intervest Roosendaal 3 bv | | NL859683059B01 | 100% | | | |
| Intervest Dordrecht 1 bv | | NL859752458B01 | 100% | | | |
| Intervest Nijmegen 1 bv | | NL859957743B01 | 100% | | | |
| Intervest Den Bosch 1 bv | | NL860294869B01 | 100% | | | |
| **Total minority interests** | | | | | **-17** | **-9** |

* All Intervest companies in the Netherlands are established at Lichttoren 32, 5611 BJ in Eindhoven.

As a result of the expansion of Intervest's real estate portfolio in the Netherlands, Intervest Nederland Coöperatief U.A. was incorporated in 2017. The other Dutch private limited companies are perimeter companies of Intervest Nederland Coöperatief U.A. and hold the real estate.

As at 11 December 2019, the company Edda21 nv merged with Intervest Offices & Warehouses nv.

Intervest had full control of the perimeter company Genk Green Logistics nv as at 31 December 2019, which is why the company was fully consolidated.

# Note 24. Fee for the statutory auditor and entities affiliated with the statutory auditor

| in thousands € | 2019 | 2018 |
|---|---|---|
| Excl. VAT | | |
| Statutory auditor's fee | 88 | 68 |
| Fee for exceptional activities or special assignments within the company by the statutory auditor regarding | | |
| Other control assignments | 11 | 64 |
| Tax advice assignments | 37 | 44 |
| Other assignments apart from audit assignments | 0 | 0 |
| **Total fee of the statutory auditor and entities affiliated with the statutory auditor** | **136** | **176** |

# Note 25. Conditional rights and obligations

## Disputed tax assessments

With the RREC Act (formerly the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator gave a transparent tax status to RRECs. If a company converts its status into that of an RREC, or if an (ordinary) company merges with a RREC, it must pay a one-off tax (exit tax). After that, the RREC is only subject to taxes on very specific elements, such as "rejected expenses". No corporate tax whatsoever is thus paid for the majority of the profit that is gained from leases and added value gained from the sale of immovable property.

According to the tax legislation, the taxable basis is to be calculated as the difference between the actual value of the company's assets and the (fiscal) book value. The Minister of Finance has decided by circular (dated 23 December 2004) that the transfer costs related to the transaction need not be taken into account when determining the fair value, but specifies that the securitisation premium remains subject to company tax. Tax assessments based on the securitisation premium would therefore indeed be owed. Intervest disputed this interpretation and has notices of objection that are pending, amounting to a total of about € 4 million.

According to the assessment register, pending tax payments plus late payment interest charges total approximately € 6,7 million. That said, an exemption has not yet been granted concerning the specific provision (since the circular letter dated 23 December 2004) that stipulates that the value of the property when transfer costs are paid by the buyer must apply when calculating the exit tax, as opposed to the value of the property when transfer costs are paid by the seller. In the opinion of Intervest, the only real tax dispute centres around the standpoint that the securitisation premium must be taken into consideration when determining the exit tax (the total tax debt then comes to roughly € 4 million instead of roughly € 6,7 million). No provision was made for these disputed tax declarations.

As at 2 April 2010, in a lawsuit between another Belgian public RREC (at the time property investment fund) and the Belgian State concerning this issue, the Court of First Instance in Leuven ruled that there is no reason "why the actual value of the company's assets on the date that it is recognised as a property investment fund by the Financial Markets and Services Authority (FSMA) could not be lower than the price of the shares that were offered to the public."

These additional tax debts, amounting to roughly € 4 million, are being guaranteed by Siref's two former promoters. As a result of Siref's recognition as a property investment fund, and within the scope of the approval of the prospectus of the Siref property investment fund for purposes of obtaining approval to become exchange-listed, these promoters submitted a unilateral declaration dated 8 February 1999 to the FSMA in which they state that they will pay the exit tax that will be owed in the case of an amendment to the return. That said, in a letter dated 24 May 2012, one of these promoters disputes that Intervest can claim rights from this declaration.

In 2008, the tax authorities (Collection and Recovery Department) took out a legal mortgage on a single logistics property on the Dijkstraat in Aartselaar as a guarantee against the outstanding tax debt. After the sale of this logistics property in 2019, a legal mortgage was registered in exchange on one logistics property located on the Nieuwlandlaan in Aarschot.

In 2013, the tax authorities refused one of the notices of objection and Intervest submitted a petition to the Court of First Instance in Antwerp. The Court of First Instance rejected the petition of Intervest in a verdict as at 3 April 2015. The company appealed against this verdict, where, in its judgement dated 25 April 2017, the Court of Appeal declared the appeal of Intervest unfounded, however, and ratified the disputed judgement dated 3 April 2015.

As at 29 January 2018 Intervest filed a cassation appeal against the above-mentioned judgement of the Antwerp Court of Appeal dated 25 April 2017. As at 28 November 2019, the Court of Cassation annulled the ruling of the Court of Appeal and clearly stated that: "The actual value of the company's assets is the actual value of the company's assets, less the provisions and debts. The securitisation premium, being the additional price on top of the net assets of the company, which the investor is prepared to pay for the shares in the property investment fund due to its special characteristics, does not form part of these assets." The case has now been referred to the Ghent Court of Appeal.

The processing of the other objections has been provisionally suspended.

## Conditional obligations

As at 31 December 2019, Intervest had the following liabilities or obligations:

Investment obligations amounting to € 26 million for two projects located in Eindhoven and Roosendaal.

Furthermore, via its 50% shareholding in Genk Green Logistics (GGL), Intervest indirectly has an obligation to achieve the result of providing minimum employment in the context of the GGL project. Compliance with such obligation to achieve a specific result is measured on two points in time, namely 31 December 2030 and 31 December 2036. In the event of non-compliance, a penalty of a maximum € 2 million can be imposed for Genk Green Logistics.

Furthermore, Intervest, together with JM Construct, has also undertaken to jointly and severally stand surety vis-à-vis De Vlaamse Waterweg that GGL will pay the costs of the soil remediation and construction of infrastructure for an amount of € 7 million.

## Conflicts of interest

Specific conflicts of interest that occurred in 2019 and that must be explained in the annual report in accordance with the Belgian Companies Code and/or the RREC Act are stated below.

## Board of directors meeting of 4 November 2019

The board of directors meeting of 4 November 2019 made a decision regarding the granting of a one-off, exceptional and additional fee to directors Chris Peeters and Johan Buijs. Both directors have a property-law interest that is in conflict with this decision.

Extract from the minutes:

"Prior to the meeting of the board of directors, Chris Peeters and Johan Buijs informed all members of the board of directors by email of the fact that they have an interest of a proprietary nature that is in conflict with a decision or a transaction falling under the authority of the board of directors, i.e. with regard to the decision relating to the allocation of an exceptional, one-off and additional payment to directors Chris Peeters and Johan Buijs (point 8 of the agenda).

In accordance with article 523 §1 of the Belgian Companies Code, the company auditor, Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA, represented by Rik Neckebroeck, will be informed of the aforementioned conflicting interest.

Furthermore, the minutes on the decision regarding the approval of the proposal on the allocation of an exceptional additional payment to directors Chris Peeters and Johan Buijs (point 8 of the agenda) are included in the report of the board of directors to be drawn up in accordance with article 95 of the Belgian Companies Code relating to the financial year ending as at 31 December 2019.

All members of the board of directors, except Jean-Pierre Blumberg, are present at the meeting, but Chris Peeters and Johan Buijs did not participate in the deliberations regarding point 8 of the agenda regarding the allocation of a one-off, exceptional additional payment to directors Chris Peeters and Johan Buijs, nor in the vote in this regard. (...)"

"The board of directors decided to award a one-off exceptional and additional fee of € 20.000 to each of the directors Chris Peeters and Johan Buijs for their work on the Next Level project. These activities include matters such as selecting a headhunter and conducting interviews with candidate ceos."

## Board of directors meeting of 19 December 2019

The board of directors meeting of 19 December 2019 made a decision regarding the agreement of the mandate as member of the management committee between Intervest and Gunther Gielen, whereby Gunther Gielen had a proprietary interest that was in conflict with this decision.

Extract from the minutes:

"Prior to the meeting of the board of directors, Gunther Gielen informed all members of the board of directors of the fact that he had an interest of a proprietary nature that was in conflict with a decision or a transaction falling under the authority of the board of directors, i.e. with regard to the decision relating to the approval of the agreement between Intervest Offices & Warehouses and Gunther Gielen on the execution of the mandate as member of the management committee (point 3 of the agenda).

In accordance with article 523 §1 of the Belgian Companies Code (7:96 §1 of the Companies and Associations Code), the company auditor, Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA, represented by Rik Neckebroeck, will be informed of the aforementioned conflicting interest.

Furthermore, the minutes with regard to the decision relating to the approval of the agreement between Intervest Offices & Warehouses and Gunther Gielen on the execution of the mandate as member of the management committee (point 3 of the agenda) will be included in the report of the board of directors to be drawn up in accordance with Article 95 of the Belgian Companies Code (3:5 of the Companies and Associations Code) regarding the financial year ending as at 31 December 2019.

Gunther Gielen did not attend the meeting, which automatically means that he did not participate in the deliberations on the transaction or decision, nor did he participate in the respective vote. (...)"

"The board of directors unanimously approved the agreement between Intervest Offices & Warehouses and Gunther Gielen regarding the execution of the mandate as member of the management committee."

# Note 26
# Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2019.

An exception to this is the global corona virus outbreak in the first quarter of 2020.

On the date of this report, it is not at all clear what the final impact of this pandemic will be on business.

On the date of this report, Intervest cannot reliably estimate the effect of this pandemic on its expected results for 2020 and its financial position.

Intervest is a Belgian company, all of whose investment properties are located in Belgium or the Netherlands. The investment properties are offices and logistics sites, which are not as sensitive to closure for the purposes of containing the pandemic. Intervest did, however, (temporarily) close the co-working rooms, restaurants and meeting rooms at its three Greenhouse locations as from 16 March 2020. The impact of these current measures on the expected results for 2020 is not substantial.

Intervest has sufficient financing capacity to absorb possible future liquidity tensions should a delay in rental income payment arise.

However, a protracted pandemic and a subsequent economic crisis can have a negative effect on the fair value of the investment properties and on Intervest's EPRA earnings in the future see Risk factors - 2 Market risks - Economic situation).

# 7. Statutory auditor's report[1]

**Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law |**
31 December 2019

## Statutory auditor's report to the shareholders' meeting of Intervest Offices & Warehouses NV/SA for the year ended 31 December 2019 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 24 April 2019, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021. We have performed the statutory audit of the consolidated financial statements of Intervest Offices & Warehouses NV/SA for 19 consecutive periods.

### Report on the consolidated financial statements

#### Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 918 863 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 65 748 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



1 The statutory auditor has agreed to the inclusion of its report in this annual report. The information has been presented correctly and, to Intervest's best knowledge and insofar as it was able to deduce from the information published by the statutory auditor, no facts have been omitted that could cause the information presented to be incorrect or misleading.

**Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law |**
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| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| **Valuation of investment properties**<br>• Investment properties measured at fair value (892 813 (000) EUR) represent 97% of the consolidated balance sheet total as at 31 December 2019. Changes in the fair values of the investment properties have a significant impact on the consolidated net result for the period and equity.<br>• The portfolio includes completed investments and properties under construction.<br>• Acquisitions and divestments of investment properties are individually significant transactions.<br>• The Group uses professionally qualified external valuers to fair value the Group's portfolio at three-monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by the Group have considerable experience in the markets in which the Group operates.<br>• The portfolio is valued by the investment method of valuation with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio.<br>• Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs.<br>**Reference to disclosures**<br>We refer to the consolidated financial statements, including notes to the consolidated financial statements: Note 2, Principles of financial reporting; Note 13, non-current assets. | • We considered the internal control implemented by management and we carried out testing relating to the design and implementation of controls over investment properties.<br>• We assessed the competence, independence and integrity of the external valuers.<br>• We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, yields and development milestones.<br>• We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield.<br>• We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers relating to rental income, key rent contract characteristics and occupancy.<br>• We agreed the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the financial statements.<br>• As part of our audit procedures performed on the acquisitions and divestments of investment properties we examined significant contracts and documentation on the accounting treatment applied to these transactions.<br>• Furthermore, we assessed the appropriateness of the disclosures provided on the fair values of investment properties. |

**Responsibilities of the board of directors for the preparation of the consolidated financial statements**

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

**Responsibilities of the statutory auditor for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

## Other legal and regulatory requirements

### Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

### Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

### Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and the other information included in the annual report on the consolidated financial statements being the required parts of the annual report of Intervest Offices & Warehouses NV in accordance with articles 3:32 and 3:6 of the Code of companies and Associations as set out in the following chapters of the annual financial report: Risk factors, 2. Corporate Governance Statement, Report of the executive committee - 2. Important developments in 2019, Report of the executive committee - 3. Financial results 2019, Report of the executive committee - 7. Prospects 2020, Financial report, contain a material misstatement, whether information that is incorrectly stated or otherwise misleading. In the light of the work we have performed, we have no material misstatement to report.

**Statements regarding independence**

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

**Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law |**
31 December 2019

**Other statements**

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 20 March 2020

**The statutory auditor**

**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**
Represented by Rik Neckebroeck

Deloitte.

# 8. Statutory annual accounts Intervest Offices & Warehouses nv

The statutory annual accounts of Intervest Offices & Warehouses nv are prepared according to the IFRS standards and in accordance with the RREC Royal Decree of 13 July 2014. The entire version of the statutory annual accounts of Intervest Offices & Warehouses nv, along with the annual report and the Report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.intervest.be) or on demand at the registered office.

The statutory auditor has issued an unqualified opinion on the statutory annual accounts of Intervest Offices & Warehouses nv.

## 8.1. Income statement

| in thousands € | 2019 | 2018 |
|---|---|---|
| Rental income | 54.028 | 44.331 |
| Rental-related expenses | -167 | -48 |
| **NET RENTAL INCOME** | **53.861** | **44.283** |
| Recovery of property charges | 706 | 729 |
| Recovery of rental charges and taxes normally payable by tenants on let properties | 13.088 | 9.800 |
| Costs payable by tenants and borne by the landlord for rental damage and refurbishment | -774 | -529 |
| Rental charges and taxes normally payable by tenants on let properties | -13.088 | -9.800 |
| Other rental-related income and expenses | 1.199 | 606 |
| **PROPERTY RESULT** | **54.992** | **45.089** |
| Technical costs | -839 | -992 |
| Commercial costs | -328 | -166 |
| Charges and taxes on unlet properties | -672 | -587 |
| Property management costs | -3.780 | -3.699 |
| Other property charges | -627 | -522 |
| **Property charges** | **-6.246** | **-5.966** |
| **OPERATING PROPERTY RESULT** | **48.746** | **39.123** |
| General costs | -3.573 | -2.649 |
| Other operating income and costs | 84 | 27 |
| **OPERATING RESULT BEFORE RESULT ON PORTFOLIO** | **45.257** | **36.501** |
| Result on disposal of investment properties | 5.364 | 0 |
| Changes in fair value of investment properties | -373 | 2.253 |
| Other result on portfolio | -1.076 | 132 |
| **OPERATING RESULT** | **49.172** | **38.886** |

| in thousands € | 2019 | 2018 |
|---|---|---|
| **OPERATING RESULT** | **49.172** | **38.886** |
| Financial income | 4.808 | 1.182 |
| Net interest charges | -8.870 | -8.098 |
| Other financial charges | -183 | -9 |
| Changes in fair value of financial assets and liabilities | -3.065 | -1.615 |
| Changes in fair value of financial fixed assets | 23.964 | 3.866 |
| **Financial result** | **16.654** | **-4.674** |
| **RESULT BEFORE TAXES** | **65.826** | **34.212** |
| Taxes | -61 | -98 |
| **NET RESULT** | **65.765** | **34.114** |
| Note: | | |
| EPRA earnings | 46.820 | 31.168 |
| Result on portfolio | 22.010 | 4.561 |
| Changes in fair value of financial assets and liabilities | -3.065 | -1.615 |

| **RESULT PER SHARE** | 2019 | 2018 |
|---|---|---|
| Number of shares at year-end | 24.657.003 | 24.288.997 |
| Number of shares entitled to dividend | 24.657.003 | 24.288.997 |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| Net result (€) | 2,68 | 1,78 |
| Diluted net result (€) | 2,68 | 1,78 |
| EPRA earnings based on the weighted average number of shares (€) | 1,91 | 1,63 |

## 8.2. Comprehensive income

| in thousands € | 2019 | 2018 |
|---|---|---|
| **NET RESULT** | **65.765** | **34.114** |
| Other components of comprehensive income (recyclable through income statement) | 0 | 0 |
| **COMPREHENSIVE INCOME** | **65.765** | **34.114** |

# 8.3. Balance sheet

| **ASSETS** in thousands € | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **882.283** | **851.150** |
| Intangible non-current assets | | 465 | 508 |
| Investment properties | 8.6 | 660.675 | 684.891 |
| Other tangible non-current assets | | 695 | 373 |
| Non-current financial assets | 8.6 | 220.435 | 165.365 |
| Trade receivables and other non-current assets | | 13 | 13 |
| **CURRENT ASSETS** | | **28.059** | **33.031** |
| Trade receivables | | 11.226 | 9.827 |
| Tax receivables and other current assets | | 12.902 | 19.523 |
| Cash and cash equivalents | | 1.190 | 1.339 |
| Deferred charges and accrued income | | 2.741 | 2.342 |
| **TOTAL ASSETS** | | **910.342** | **884.181** |

| **SHAREHOLDERS' EQUITY AND LIABILITIES** in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| **SHAREHOLDERS' EQUITY** | **527.132** | **479.890** |
| Share capital | 222.957 | 219.605 |
| Share premiums | 173.104 | 167.883 |
| Reserves | 65.306 | 58.288 |
| Net result for the financial year | 65.765 | 34.114 |
| **LIABILITIES** | **383.210** | **404.291** |
| **Non-current liabilities** | **272.266** | **299.012** |
| Provisions | 1.875 | 0 |
| Non-current financial debts | 255.472 | 288.573 |
| *Credit institutions* | *220.556* | *253.725* |
| *Other* | *34.916* | *34.848* |
| Other non-current financial liabilities | 13.778 | 3.460 |
| Trade debts and other non-current debts | 1.141 | 6.979 |
| **Current liabilities** | **110.943** | **105.279** |
| Provisions | 1.875 | 0 |
| Current financial debts | 88.137 | 85.614 |
| *Credit institutions* | *23.137* | *30.631* |
| *Other* | *65.000* | *54.983* |
| Other current financial liabilities | 232 | 152 |
| Trade debts and other current debts | 4.058 | 2.511 |
| Other current liabilities | 178 | 634 |
| Accrued charges and deferred income | 16.463 | 16.368 |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **910.342** | **884.181** |

| **DEBT RATIO** in % | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Debt ratio (max. 65%) | 39,1% | 43,5% |

| **NET VALUE PER SHARE** in € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Net value (fair value) | 21,38 | 19,76 |
| Net value (investment value) | 22,53 | 20,48 |
| Net asset value EPRA | 21,64 | 19,99 |

## 8.4. Result allocation (according to the scheme recorded in Section 4 of Part 1 of Chapter 1 of Annex C of the RREC Royal Decree of 13 July 2014)

| in thousands € | 2019 | 2018 |
|---|---|---|
| **A. NET RESULT** | **65.765** | **34.114** |
| **B. ALLOCATION TO/TRANSFER FROM RESERVES** | **-28.040** | **-7.018** |
| 1. Allocation to/transfer from the reserves for the balance of changes in fair value* of real estate properties (-/+): | | |
| • Financial year | -19.901 | -15.308 |
| • Previous financial years | 10.121 | 0 |
| • Realisation real estate properties | -3.923 | 0 |
| 2. Allocation to/transfer from the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (-/+) | 1.814 | 10.747 |
| 5. Allocation to the reserve for the balance of changes in fair value of allowed hedging instruments that are not subject to hedge accounting (-) | 3.065 | 1.615 |
| 10. Allocation to/transfer from other reserves (-/+) | -10.121 | 0 |
| 11. Allocation to/transfer from results carried over from previous financial years (-/+) | -9.095 | -4.072 |
| **C. REMUNERATION OF SHARE CAPITAL pursuant to Article 13, §1, paragraph 1 of the RREC Royal Decree** | **8.403** | **25.363** |
| **D. REMUNERATION OF SHARE CAPITAL, other than C** | **29.322** | **1.733** |

* Based on the changes in investment value of investment properties.

## 8.5. Statement of changes in statutory shareholder equity

| In thousands € |
|---|
| **Initial state 1 January 2018** |
| Comprehensive income of 2018 |
| Transfers through result allocation 2017: |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| Issue of shares for optional dividend financial year 2017 |
| Issue of share for the capital increase with irreducible allocation rights |
| Dividend financial year 2017 |
| **Balance sheet as at 31 December 2018** |
| Comprehensive income of 2019 |
| Transfers through result allocation 2018 |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| Issue of shares for optional dividend financial year 2018 |
| Dividend financial year 2018 |
| **Balance sheet as at 31 December 2019** |

| | Share capital | | Share premiums | Total reserves | Net result for the financial year | TOTAL SHAREHOLDERS' EQUITY |
|---|---|---|---|---|---|---|
| | Paid-up capital | Capital increase costs | | | | |
| | **167.720** | | **111.642** | **61.939** | **21.186** | **362.487** |
| | | | | | 34.114 | 34.114 |
| | | | | | | |
| | | | | -4.985 | 4.985 | 0 |
| | | | | -2.378 | 2.378 | 0 |
| | | | | 1.119 | -1.119 | 0 |
| | | | | 2.593 | -2.593 | 0 |
| | 4.427 | | 5.571 | | | 9.998 |
| | 49.185 | -1.727 | 50.670 | | | 98.128 |
| | | | | | -24.837 | -24.837 |
| | **221.332** | **-1.727** | **167.883** | **58.288** | **34.114** | **479.890** |
| | | | | | 65.765 | 65.765 |
| | | | | | | |
| | | | | 15.308 | -15.308 | 0 |
| | | | | -10.747 | 10.747 | 0 |
| | | | | -1.615 | 1.615 | 0 |
| | | | | 4.072 | -4.072 | 0 |
| | 3.353 | | 5.221 | | | 8.574 |
| | | | | | -27.096 | -27.096 |
| | **224.685** | **-1.727** | **173.104** | **65.306** | **65.765** | **527.133** |

## Breakdown of the reserves

| In thousands € |
| --- |
| **Initial state 1 January 2018** |
| Transfers through result allocation 2017 |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| **Balance sheet as at 31 December 2018** |
| • Transfer to the reserves for the balance of changes in investment value of real estate properties |
| • Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties |
| • 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 |
| • Transfer from results carried forward from previous years |
| **Balance sheet as at 31 December 2019** |

* from estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

| | Legal reserves | Reserve for the balance of changes in fair value of real estate | | Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting | Other reserves | Results carried forward from previous financial years | Total reserves |
|---|---|---|---|---|---|---|---|
| | | Reserve for the balance of changes in investment value of real estate properties | Reserve for the impact on the fair value* | | | | |
| | **90** | **56.223** | **-15.279** | **-2.961** | **5.811** | **18.056** | **61.939** |
| | | | | | | | |
| | | -4.985 | | | | | -4.985 |
| | | | -2.378 | | | | -2.378 |
| | | | | 1.119 | | | 1.119 |
| | | | | | | 2.593 | 2.593 |
| | **90** | **51.237** | **-17.657** | **-1.842** | **5.811** | **20.649** | **58.288** |
| | | 15.308 | | | | | 15.308 |
| | | | -10.747 | | | | -10.747 |
| | | | | -1.615 | | | -1.615 |
| | | | | | | 4.072 | 4.072 |
| | **90** | **66.545** | **-28.404** | **-3.457** | **5.811** | **24.721** | **65.306** |

# 8.6. Annexes to the statutory annual accounts

## Movements of the number of shares

| | 2019 | 2018 |
|---|---|---|
| Number of shares at the beginning of the financial year | 24.288.997 | 18.405.624 |
| Number of shares issued as optional dividend | 368.006 | 485.819 |
| Number of shares issued pursuant to the capital increase with irreducible allocation rights on 30 November 2018 | 0 | 5.397.554 |
| **Number of shares at year-end** | **24.657.003** | **24.288.997** |
| Ajustments for calculation of the weighted average of the number of shares | -140.145 | -5.112.106 |
| **Weighted average number of shares** | **24.516.858** | **19.176.891** |

## Investment properties

The fair value of the investment properties of Intervest decreased by € 24 million in 2019, and as at 31 December 2019 it amounted to € 661 million (€ 685 million as at 31 December 2018).

The fair value of the logistics portfolio decreased by approximately € 22 million in 2019, on the one hand due to the divestments of € 58 million, partly compensated by the acquisition of Ghent Eddastraat (Edda21 merger as at 11 December 2019) of € 24 million, investments in existing investment properties of € 3 million and € 9 million due to the increase in fair value of the existing portfolio pursuant to the sharpening of the yields.

The fair value of the office portfolio decreased by € 2 million compared to the end of 2018. In 2019, there were investments and expansions in the amount of € 7 million in the existing portfolio, mainly in Greenhouse BXL. The changes in fair value of the existing office portfolio amounted to € -9 million in 2019.

| in thousands € | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Offices | Logistics properties | Total | Offices | Logistics properties | Total |
| **Balance sheet as at 1 January** | **345.979** | **338.912** | **684.891** | **304.250*** | **334.418*** | **638.668*** |
| • Merger with Edda21 nv as at 11 December 2019 | 0 | 24.305 | 24.305 | 0 | 0 | 0 |
| • Acquisition of investment properties | 0 | 0 | 0 | 33.723 | 0 | 33.723 |
| • Investments and expansions in existing investment properties | 6.783 | 2.734 | 9.517 | 9.158 | 1.089 | 10.247 |
| • Divestment of investment properties | 0 | -57.665 | -57.665 | 0 | 0 | 0 |
| • Changes in fair value of investment properties | -8.973 | 8.600 | -373 | -1.152 | 3.405 | 2.253 |
| **Balance sheet as at 31 December** | **343.789** | **316.886** | **660.675** | **345.979** | **338.912** | **684.891** |

*Balance sheet for 2018 revised with real estate held via right of use as a result of the application of IFRS16.

As at 31 December 2019, Intervest had no assets for own use except for the space in Greenhouse Antwerp where the registered office of Intervest is located. In accordance with IAS 40.10 this space is recorded as an investment property.

For additional details on the "Changes in fair value of investment properties", please see Note 9.

The investment properties can be further divided into:

| in thousands € | 2019 | 2018 |
|---|---|---|
| Real estate available for lease | 658.888 | 683.104 |
| Development projects | 1.787 | 1.787 |
| **Total investment properties** | **660.675** | **684.891** |

As at the end of 2019, the company has a reserve of land of approximately 8.000 m² on its site Herentals Logistics 3 which offers an additional possibility of expansion for an extra warehouse. This reserve of land is valued as ready-to-build land and is included in the balance sheet under project developments.

As at 31 December 2019, there were no investment properties mortgaged as security for loans and credit facilities drawn down at financial institutions. For the description of the statutory mortgage established in order to guarantee the outstanding tax debt on the logistics property located in Aarschot on Nieuwlandlaan, please refer to Note 25. Conditional rights and obligations.

## Non-current financial assets

As at 31 December 2019, the non-current financial assets comprised the value of the participations in the perimeter companies of Intervest, the fair value of a financial derivative (floor) and the loan with the perimeter company Intervest Nederland Coöperatief U.A, mainly to finance the acquisitions of the real estate held in the Dutch perimeter companies.

| | 2019 | 2018 |
|---|---|---|
| Participation Aartselaar Business Center | -52 | -646 |
| Participation Mechelen Research Park | 5.306 | 4.133 |
| Participation Mechelen Business Center | 4.135 | 812 |
| Participation Intervest Nederland Coöperatief U.A. | 76.208 | 50.638 |
| Participation Genk Green Logistics | 574 | 591 |
| Participation Edda21 | 0 | 9.661 |
| Fair value of financial derivatives | 252 | 156 |
| Receivables from affiliated companies | 134.011 | 100.020 |
| **Total non-current financial assets** | **220.435** | **165.365** |

## Determination of the amount of obligatory dividend payment

The amount that is eligible for payment has been determined in accordance with article 13, §1, of the RREC Royal Decree and Chapter III of annex C of the RREC Royal Decree.

| in thousands € | 2019 | 2018 |
|---|---|---|
| Net result | 65.765 | 34.114 |
| Adjustment for non-cash flow transactions included in the net result: | | |
| • Write-downs | 386 | 363 |
| • Depreciations | 267 | 75 |
| • Reversal of depreciations | -105 | -35 |
| • Other non-monetary elements | -15.107 | -561 |
| • Result on disposal of real estate properties | -5.364 | 0 |
| • Changes in fair value of investment properties | 373 | -2.253 |
| **Corrected result (A)** | **46.215** | **31.703** |
| + Profits and losses* realised on real estate during the financial year | 10.121 | 0 |
| Capital gains on real estate realised during the financial year are exempt from the mandatory payment, subject to their reinvestment within a period of 4 years | -10.756 | 0 |
| **Net gains for realisation of real estate properties non-exempted from mandatory distribution (B)** | **-636** | **0** |
| **Total (A + B)** | **45.579** | **31.703** |
| **Total (A + B) x 80%** | **36.463** | **25.363** |
| **Debt reduction (-)** | **-28.060** | **0** |
| **Distribution requirement** | **8.403** | **25.363** |

* Profits and losses in respect of the purchase increase in valued by the capitalised investment costs.

The other non-monetary elements include the changes in fair value of non-current financial assets (€ -18 million), the other result on portfolio (€ 1 million), the non-cash flow elements of rental discounts and rental benefits granted to tenants (€ -1 million) and the changes in fair value of financial assets and liabilities (€ 3 million).

Intervest has a minimum pay-out obligation of € 8 million for financial year 2019.

## Calculation of the result per share

| | 2019 | 2018 |
|---|---|---|
| Net result (€ 000) | 65.765 | 34.114 |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| **Net result per share (€)** | **2,68** | **1,78** |
| Diluted net result per share (€) | 2,68 | 1,78 |
| EPRA earnings (€ 000) | 46.820 | 31.168 |
| Weighted average number of shares | 24.516.858 | 19.176.981 |
| **EPRA earnings per share (€)** | **1,91** | **1,63** |

## Proposed dividend per share

The shareholders will be offered a gross dividend of € 1,53 for financial year 2019. This gross dividend offers shareholders a gross dividend yield of 6% based on the closing share price as at 31 December 2019 (€ 25,60).

| | 2019 | 2018 |
|---|---|---|
| EPRA earnings per share (€) based on weighted average number of shares | 1,91 | 1,63 |
| Dividend payment expressed as a percentage of the statutory EPRA earnings (%) | 80% | 86% |
| Gross dividend per share owned for an entire year (€) | 1,53 | 1,40 |
| Number of shares entitled to dividend | 24.657.003 | 24.288.997 |
| Remuneration of capital (€ 000) | 37.725 | 27.096 |

Following the close of the financial year, the board of directors proposed the following dividend distribution. This will be presented for approval to the general shareholders' meeting as at 29 April 2020. In accordance with IAS 10, the dividend distribution is not included as an obligation and has no impact on the tax on profits.

# Determination of the amount pursuant to article 617 and article 7:212 of the Belgian Companies Code

The amount, as referred to in article 617 and article 7:212 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, of the requested capital, plus all the reserves that may not be distributed according to the Act or the articles of association is determined in Chapter IV of attachment C of the RREC Royal Decree.

| in thousands € | 2019 | 2018 |
|---|---|---|
| **Non-distributable elements of shareholder's equity for result distribution** | | |
| Paid-up capital | 224.685 | 221.332 |
| Unavailable issue premiums, according to the articles of association | 173.104 | 167.883 |
| Reserve for the positive balance of changes in fair value of real estate | 38.141 | 33.576 |
| *Reserve for the positive balance of changes in the investment value of real estate* | *66.545* | *51.234* |
| *Reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties* | *-28.404* | *-17.658* |
| Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting | -3.457 | -1.841 |
| Legal reserves | 90 | 90 |
| **Result distribution which, pursuant to Chapter I of annex C of the Royal Decree of 13 July 2014, is to be allocated to the non-distributable reserves** | | |
| Changes in fair value of investment properties* | 9.780 | 15.308 |
| *Financial year* | *19.901* | *15.308* |
| *Previous financial years* | *-10.121* | *0* |
| Changes in fair value* of investment properties due to realisation of investment properties | 3.923 | 0 |
| Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties | -1.814 | -10.747 |
| Changes in fair value of financial assets and liabilities | -3.065 | -1.615 |
| **Total non-distributable shareholder's equity** | **441.387** | **423.986** |
| **Statutory shareholder's equity** | **527.132** | **479.890** |
| Planned dividend distribution | 37.725 | 27.096 |
| Number of shares entitled to dividend | 24.657.003 | 24.288.997 |
| Gross dividend per share (€) | **1,53** | **1,40** |
| **Shareholder's equity after dividend distribution** | **489.407** | **452.794** |
| **Remaining reserves after distribution** | **48.020** | **28.808** |

* Based on the changes in investment value of investment properties.

For financial year 2019, €1,53 is paid out per share. The remaining reserve after payment increased by € 19,2 million compared to the previous financial year. Of this, € 9,1 million is the result of the payment percentage of 80% on the EPRA earnings and € 10,1 million is the result achieved on the divested buildings of 2019.

# General information



Liège – CooperVision

# 1. Identification

## Name

Intervest Offices & Warehouses nv is a public RREC under Belgian law.

As at 27 October 2011 the name of the company changed from “Intervest Offices” into “Intervest Offices & Warehouses”.

In the Annual Report 2019, Intervest Offices & Warehouses is abbreviated to “Intervest” to refer to the company.

## Registered office

Uitbreidingstraat 66, 2600 Antwerp-Berchem.

Reachable by phone on +32 (0)3 287 67 67.

## Company number (Antwerp RLP)

The company is registered at the Crossroads Bank for Enterprises under company number 0458.623.918.

## Legal form, foundation, publication

Intervest Offices & Warehouses nv (referred to hereafter as “Intervest”) was founded as at 8 August 1996 as a limited liability company under the name of “Immo-Airway”, by deed executed before the civil-law notary Carl Ockerman, in Brussels as published in the Appendices to the Belgian Official Gazette of 22 August 1996 under no. BBS 960822-361.

By deed executed before Eric Spruyt, notary in Brussels, and Max Bleeckx, notary in Sint-Gillis-Brussels, executed as at 5 February 1999 and published in the Appendices to the Belgian Official Gazette of 24 February 1999 under number BBS 990224-79, the company’s legal form was converted from a limited liability company to a limited partnership with share capital and its name was changed to “PeriFund”.

By deed executed before Eric De Bie, notary in Antwerp-Ekeren, with the intervention of Carl Ockerman, notary in Brussels, executed as at 29 June 2001 and published in the Appendices to the Belgian Official Gazette of 24 July 2001 under number BBS 20010724- 935, the company’s legal form was converted from a limited partnership with share capital to a limited liability company and its name was changed to “Intervest Offices”. By deed executed before Eric De Bie, notary in Antwerp-Ekeren as at 27 October 2011, and published in the Appendices to the Belgian Official Gazette as at 21 November 2011 under number 2011-11-21/ 0174565, the name was changed into “Intervest Offices & Warehouses”.

The articles of association were amended by deed executed by notary Eric De Bie as at 27 October 2014, published in the Appendices of the Belgian Official Gazette under number 2014-11-14/0207173, whereby the corporate objective was changed because the company has become a public regulated real estate company in the sense of article 2, 2° of the RREC Act (and is therefore no longer a public property investment fund) and whereby also other changes to the articles of association were implemented in order to refer to the RREC instead of property investment funds legislation.

As at 15 March 1999, Intervest Offices was recognised as a “public property investment fund with fixed capital under Belgian law”, abbreviated to “property investment funds under Belgian law”. Taking into account the entry into force of the Act of 19 April 2014 regarding the alternative institutions for collective investments and their managers (the “AIFMD Act”)1, the company has opted to apply for the status of public regulated real estate company, as implemented by the RREC Act, instead of the status of public property investment fund. In this context, the company submitted its permit application as public regulated real estate company to the FSMA as at 17 July 2014. The company was subsequently granted the status of public regulated real estate company by the FSMA pursuant to articles 9, §3 and 77 of the RREC Act as at 9 September 2014, under the suspensive condition of a change in the Articles of Association of the company and compliance with the stipulations of article 77, §2 and following of the RREC Act. Finally, as at 27 October 2014, the extraordinary general meeting of shareholders in the company approved, with 99,99% of the votes, the change in the corporate objective regarding the change of status from property investment fund to public regulated real estate company, pursuant to the RREC Act. Considering that at the above-mentioned extraordinary general meeting of shareholders no right of abstention whatsoever was executed, and all suspensive conditions were fulfilled to which the change in the articles of association by the extraordinary general meeting of shareholders and the permit granted by the FSMA were subject, Intervest enjoys the status of public regulated real estate company as from 27 October 2014. As a public regulated real estate company, the company is no longer subjected to the stipulations of the Royal Decree of 7 December 2010 regarding property investment funds and the Act of 3 August 2012 regarding certain forms of collective management of investment portfolios, but since 27 October 2014 the applicable legislation consists of the RREC Act and the RREC Royal Decree.

The articles of association were modified most recently by decision of 20 May 2019, drawn up in a deed executed

1 This act forms the conversion of the European Directive to Belgian law with regard to alternative investment funds managers with the result that this Directive is known as the “AIFMD Directive” and this law as the “AIFMD Act”.

by notary Eric De Bie and deposited at the Registry of the enterprise court in Antwerp for announcement in the Appendices of the Belgian Official Gazette under number 31/05/2019/0319563, whereby the board of directors increased the capital by contribution in kind within the context of the authorised capital.

The company is registered at the Financial Services and Markets Authority (FSMA).

The company draws publicly on the savings system in the sense of article 438 of the Belgian Companies Code.

# Duration

The company is founded for an indefinite period.

# Financial year

The financial year starts as at 1 January and ends as at 31 December of each year.

# Inspection of documents

- The articles of association of Intervest are available for inspection at the Office of the Clerk of the Commercial Court in Antwerp, and at the company's registered office.
- The annual accounts are filed with the balance sheet centre of the National Bank of Belgium.
- The annual accounts and associated reports are sent annually to holders of registered shares and to any other person who requests them.
- The decisions regarding the appointment and dismissal of the members of the company's bodies are published in the Appendices to the Belgian Official Gazette.
- Financial announcements and notices convening the general meetings are published in the financial press.
- Relevant public company documents are available on the website www.intervest.be.

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company's registered office.

# Purpose of the company

## Article 4 of the articles of association

**4.1.** The company has the exclusive objective of:

a. either directly, or by means of a company in which it possesses a stake pursuant to the provisions of the RREC Act and the decisions and regulations made for the execution of same, to make real estate available to users; and,
b. within the bounds of the applicable legislation on regulated real estate companies, to possess real estate properties as mentioned in article 2, 5°, VI to X of the RREC Act.

Real estate in the sense of article 2, 5° of the RREC Act includes:

I. *real estate as defined in articles 517 and following of the Belgian Civil Code, and rights in rem on real estate, with the exclusion of real estate of a forestial, agricultural or mining nature;*
II. *voting shares issued by real estate companies managed exclusively or jointly by the company;*
III. *option rights to property;*
IV. *shares of public or institutional regulated real estate companies, provided that the latter are jointly or exclusively managed by the company;*
V. *rights arising from contracts under which one or more properties have been placed under a rental arrangement with the company, or any other similar rights of usufruct have been granted;*
VI. *shares of public property investment funds;*
VII. *units in foreign institutions for collective property investment registered on the list referred to in Article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers;*
VIII. *units in institutions for collective property investment located in another Member State of the European Economic Area and which are not registered on the list referred to in Article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers, insofar as they are subject to a similar control as public property investment funds;*
IX. *shares issued by companies (i) with the status of a legal entity; (ii) resorting under the jurisdiction of another Member State of the European Economic Area; (iii) of which the shares have been admitted for trading on a regulated market and/or that are subject to a prudential control regime; (iv) of which the main activity consists of the acquisition or establishment of real estate with a view to making the same available to users, or the direct or indirect possession of holdings in companies with similar activities; and (v) which are exempt from tax on profit income arising from the activity intended by the stipulation under (iv) above, provided certain legal obligations are complied with, and which are*

*at least mandatory for the distribution of a portion of their income among their shareholders (hereinafter "Real Estate Investment Trusts" (or "REITs")*

*X. property certificates as defined in Article 5, §4 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market.*

In the context of making available real estate, the company may execute all activities related to the establishment, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

The company develops a strategy enabling it to position itself in all stages of the value chain of the real estate sector. To this end, the company acquires and disposes of real estate and rights in rem with regard to real estate with the objective of making the same available to its users, however the company may also manage its development, (the renovation, development, expansion, establishment, etc.), and the daily management of real estate in its possession. It may be a building manager for real estate of which it is co-owner or "property manager" of a building complex of which it is one of the owners. In this context it may execute all other activities that provide added value to its real estate or to its users (facility management, the organisation of events, caretaker services, renovation activities adapted to the specific needs of the tenant, etc.). The company may also offer customised real estate solutions whereby the real estate is adapted to the specific needs of its users.

For that purpose:

a. the company exercises its activities independently, without delegating such activities to a third party other than an affiliated company in any way whatsoever, pursuant to Articles 19 and 34 of the RREC Act, by which means the asset management cannot be delegated;
b. it maintains direct relationships with its clients and suppliers;
c. it has, with a view to the execution of its activities in the manner stipulated by this article, operational teams at its disposal, which form a significant proportion of its workforce.

**4.2.** The company may incidentally or temporarily invest in securities that are not real estate in the sense of the applicable legislation on regulated real estate companies. These investments will be executed in accordance with the risk management policy adopted by the company and will be diversified, thus guaranteeing an appropriate risk diversification. The company may also own unallocated liquid assets in any currency in the form of demand deposit accounts or term deposit accounts, or in the form of any other easily negotiable monetary instrument.

The company may also conclude transactions in connection with hedging instruments, insofar as these are exclusively intended to cover interest and exchange rate risks in the context of the financing and management of the company's real estate and to the exclusion of any transactions of a speculative nature.

**4.3.** The company may lease or rent one or more real estate properties (as referred to in the IFRS standards). The activity of leasing real estate with a purchase option (referred to in the IFRS standards) may only be carried out as an incidental activity, unless such real estate is intended for a purpose that serves the general interest, including social housing and education (in this case the activity may be executed as the main activity).

**4.4.** Pursuant to applicable legislation on the regulated real estate companies, the company may be involved in:

- purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership as described above;
- granting mortgages or other securities or guarantees only in the context of the financing of its real estate activities, pursuant to article 43 of the RREC Act;
- granting credit facilities and providing securities or guarantees in favour of a perimeter company of the company pursuant to article 42 of the RREC Act.

**4.5.** The company may acquire, rent or rent out, carry over or exchange all movable or immovable property, materials and accessories and generally, in accordance with the applicable legislation on regulated real estate companies, perform all commercial or financial actions that are directly or indirectly related to its objective and the exploitation of all intellectual rights and commercial properties related to it.

Insofar as it is compatible with the articles of association of regulated real estate companies, the company may, through contributions in cash or in kind, mergers, subscriptions, participations, financial interventions or other means, participate in all existing companies or enterprises, or those yet to be formed, in Belgium or abroad, the corporate objective of which is identical to its own or the nature of which is such that it promotes its objective.

# 2. Extract from the articles of association[1]

## Capital - Shares

### Article 7 - Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of (i) 50% of € 221.331.564,48, (a) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their preferential right, and (b) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their priority allocation (as referred to in the RREC Act); and (ii) 50% of € 221.331.564,48 if the capital increase to be realised concerns a capital increase within the scope of the payment of an optional dividend; and (iii) 20% of € 221.331.564,48 for all forms of capital increase other than those intended and approved in points (i) and (ii) above; with a total maximum of € 221.331.564,48 for a period of five years to be counted from the date of the publication of the respective authorisation decision by the general meeting in the Appendices to the Belgian Official Gazette. This authorisation may be renewed.

The board of directors is authorised to increase the capital through contributions in cash or in kind or, if necessary, through incorporation of reserves or issue premiums, or by issuing convertible bonds or warrants, subject to compliance with the rules prescribed in the Belgian Companies Code, these articles of association and by the applicable legislation on regulated real estate companies. This authorisation is only related to the amount of authorised share capital and not to the issue premium.

For every capital increase, the board of directors shall propose the price, any issue premium and the issue conditions for the new shares, unless the general meeting should decide otherwise.

### Article 8 - Nature of the shares

The shares are registered or in the form of dematerialised securities. A record of the registered shares, which each shareholder is entitled to inspect, is maintained at the company's registered office. Registration certificates shall be issued to the shareholders.

Any transfer inter vivos or pursuant to death, and any exchange of securities, shall be indicated in the above-mentioned register.

Shareholders may request the conversion of registered shares into dematerialised shares and vice versa, in writing, at any time and at their own cost.

### Article 11 - Transparency regulations

In accordance with the applicable legal prescriptions, every natural or legal person that purchases or sells shares or other financial instruments of a company with a right to vote, be it representing capital or not, is obliged to notify the company as well as the Financial Services and Markets Authority (FSMA) of the number of financial instruments that he, she or it possesses whenever the right to vote connected to these shares reaches five percent (5%) or a multiple of five percent of the total number of voting rights at that moment or at the moment when circumstances occur that give reason for such notification to become obligatory.

Besides the legal thresholds mentioned in the previous paragraph, the company also stipulates a statutory threshold of three percent (3%).

This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

## Administration and supervision

### Article 12 - Nomination - dismissal - vacancy

The company is managed by a board of directors consisting of at least three directors, who may or may not be shareholders, who are appointed by the general meeting of shareholders for a maximum of six years and whose appointment the latter may revoke at any time. In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

In application of what is determined by article 13 of the RREC Act, the board of directors is composed in such way that the company can be managed pursuant to article 4 of the RREC Act.

At least three independent directors within the meaning of article 526ter of the Belgian Companies Code must sit on the board of directors.

1 These Articles are neither complete, nor are they the literal rendering of the articles of association. The full articles of association may be consulted at the registered office of the company and at www.intervestoffices.be.

The senior management of the public regulated real estate company must be consigned to at least two persons.

All directors and their representatives must satisfy the requirements in terms of professional reliability, experience and correct expertise, as specified by Article 14 §1 of the RREC Act. They may not fall under the application of the prohibitions referred to in Article 20 of the Act of 25 April 2014 related to the statute for and supervision of credit institutions.

The members of the board of directors and the persons in charge of the senior management must satisfy the requirements of Articles 14 and 15 of the RREC Act.

Notwithstanding the transitional stipulations as provided for by Article 38, the members of the board of directors and the persons with a senior management mandate are exclusively natural persons.

## Article 15 - Delegation of authority

In application of Article 524bis of the Belgian Companies Code, the board of directors can put together a management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of Article 524 of the Belgian Companies Code. If a management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and working methods.

If a management committee is appointed, it can only delegate day-to-day management of the company.

If no management committee is appointed, the board of directors can only delegate day-to-day management as provided for by article 13, fourth paragraph of the current articles of association.

The board of directors, the management committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the applicable legislation on regulated real estate companies.

Notwithstanding the transitional stipulations as provided by Article 38, the members of the management committee are exclusively natural persons and must comply with Articles 14 and 15 of the RREC Act.

## Article 17 - Conflicts of interest

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by Articles 36, 37 and 38 of the RREC Act and by the Belgian Companies Code as they may be amended.

## Article 18 - Audit

The task of auditing the company's transactions will be assigned to one or more statutory auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audits (audit) and certifies (certify) the accounting information contained in the company's annual accounts.

The statutory auditor's task may only be consigned to one or more recognised statutory auditors' companies, recognised by the FSMA. Prior approval is required from the FSMA for the appointment of auditors to the company. This approval is also required for the renewal of an assignment.

# General meeting

## Article 19 - General, special and extraordinary general meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the last Wednesday of April at 4:30 p.m.

If this day is a public holiday, the meeting will be held on the next working day.

An extraordinary general meeting can be convened at any time to deliberate and decide on any matter that falls within its competence and that does not relate to amendments to the articles of association. An extraordinary general meeting can be convened before a notary at any time to deliberate and decide on amendments to the articles of association.

The general meetings are held at the company's registered office or at another location in Belgium, as announced in the notice convening the meeting.

## Article 22 - Participation in the general meeting

The right to participate in the general meeting and to exercise voting rights there depends on the accounting registration of the registered shares of the shareholder on the 14th day prior to the date of the general meeting at 12 midnight (Belgian time) (referred to hereafter as the “registration date”), either by means of their registration in the company’s shareholder register or by their registration in the accounts of a certified account holder or settlement institution, irrespective of the number of shares held by the shareholder on the date of the general meeting.

The owners of dematerialised shares who wish to participate in the meeting must submit a certificate, issued by their financial intermediary or certified account holder, indicating how many dematerialised shares were registered in the name of the shareholder in their accounts on the registration date and for which the shareholder has declared he, she or it would like to participate in the general meeting. This certificate must be filed no later than six days prior to the date of the general meeting at the company’s registered office or with the institutions referred to in the invitation.

The owners of registered shares who wish to participate in the meeting must inform the company of their intention to do so by regular post, fax or e-mail no later than six days prior to the date of the meeting.

## Article 26 - Voting rights

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been appointed in writing to do so by all the persons holding rights. Until such a person has been appointed, all of the rights associated with those shares remain suspended.

If a share is encumbered with a usufruct, the voting rights associated with the share are exercised by the usufructuary, subject to an objection from the bare owner.

# Social documents result allocation

## Article 30 - Appropriation of profit

Pursuant to Article 45, 2° of the RREC Act the company distributes annually as capital at least 80% of the result as determined by the RREC Act and the decisions taken and regulations observed regarding its implementation. This obligation is not detrimental to Article 617 of the Belgian Companies Code.

# 3. Statutory auditor

As at 24 April 2019, Deloitte Bedrijfsrevisoren, bv under the form of a CVBA, member of the Institute of Registered Auditors which is represented by Rik Neckebroeck, IBR membership A01529, having an office in 1930 Zaventem, Luchthaven Nationaal 1 J, was reappointed as statutory auditor of Intervest for financial years 2019, 2020 and 2021. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2022.

The remuneration paid to the statutory auditor is determined based on market rates and independent of Intervest, in accordance with the ethical requirements and the standards of the Belgian Institute of Registered Auditors and in accordance with the applicable stipulations relating to the independence of the statutory auditor contained in the Belgian Companies Code.

The remuneration of the statutory auditor amounts to € 74.000 (excl. VAT) as from the financial year commencing as at 1 January 2019 for the survey of the statutory and consolidated annual accounts.

PricewaterhouseCoopers was appointed statutory auditor for perimeter company Edda21 nv until the time of the merger as at 11 December 2019. Deloitte Bedrijfsrevisoren is appointed statutory auditor for the other Belgian perimeter companies.

# 4. Liquidity provider

Intervest has concluded liquidity agreements with KBC Securities, Havenlaan 12, 1080 Brussels and with Bank Degroof Petercam, Nijverheidsstraat 44, 1040 Brussels to promote the negotiability of the shares. In practice this happens by regularly submitting purchase and sale orders within certain margins.

The remuneration has been set at a fixed amount of € 33.000 a year.

# 5. Property experts

As at 31 December 2019, the property experts of the real estate company are:

- Cushman & Wakefield, 1000 Brussels, Avenue des Arts/Kunstlaan 56. The company is represented by Gregory Lamarche and Julien Dubaere. They evaluate the office portfolio. The remuneration for financial year 2019 amounted to € 67.408 (excluding VAT).
- CBRE Valuation Services bvba, Avenue Lloyd George/ Lloyd Georgelaan 7, 1000 Brussels, represented by Pieter Paepen and Kevin Van de Velde. They evaluate the logistics properties. The remuneration for financial year 2019 amounted to € 54.650 (excluding VAT).
- CBRE Valuation Advisory, Anthony Fokkerweg 15, P.O. Box 7971, 1006 AD Amsterdam, represented by H.W.B. Knol and D.D.L. Ummels. They evaluate the properties in the Netherlands. The remuneration for financial year 2019 amounted to € 33.000 (excluding VAT).

In accordance with the RREC Act, they value the portfolio four times a year. The fee of the property experts is independent of the value of the property and calculated on the basis of an annual fixed amount per building.

# 6. Property managers

Intervest performs its management activities itself from the head office in Antwerp and does not delegate the execution of its activities to third parties, apart from the property management of Mechelen Campus that is managed by the external manager Quares Property and Facility Management nv. However, this property management is under supervision of the technical director of Intervest who has incorporated the necessary internal control procedures. Furthermore, the management of the Dutch investment properties is steered by the Intervest office in Eindhoven and carried out by Storms International Property Services, under the supervision of the cio of Intervest.

# 7. RREC - legal framework

The status of regulated real estate company (RREC) is stipulated in the Act of 12 May 2014 regarding regulated real estate companies, as amended from time to time (the RREC Act) and in the Royal Decree of 13 July 2014 concerning regulated real estate companies, as amended from time to time (the RREC Royal Decree) in order to encourage public investments in real estate. The concept is very similar to that of the Real Estate Investment Trusts (REIT-USA), the Fiscale Beleggingsinstellingen (FBI-Netherlands), the Sociétés d'Investissement Immobilier Côtées (SIIC - France) and the REITs in the United Kingdom and Germany.

As a public real estate company with a separate REIT status, the RREC is subject to strict legislation with a view to the protection of its shareholders and financiers. The status provides both financiers and private investors with the opportunity of gaining access in a balanced, cost-effective and fiscally transparent manner to a diversified property portfolio.

It is the legislator's intention that RRECs guarantee optimum transparency with regard to investment properties and ensure the pay-out of maximum cash flow, while the investor enjoys a wide range of benefits.

The RREC is monitored by the Financial Services and Markets Authority (FSMA) and is subject to specific regulations, the most notable provisions of which are as follows:

- adopting the form of a limited liability company or a partnership limited by shares with a minimum capital of € 1.200.000
- company with fixed capital and fixed number of shares
- mandatory listed with an obligatory distribution of at least 30% of the shares to the public at large
- the public RREC's sole objective is (a) either directly, or by means of a company in which it possesses a stake pursuant to the provisions of the RREC Act and the decrees and regulations made for the execution of the same, to make real estate available to users; and (b) where appropriate and within the bounds of Article 7, b) of the RREC Act, to possess real estate as mentioned in article 2, 5°, VI to X of the RREC Act; the RREC thus has no statutorily anchored investment policy, but develops a strategy in which its activities may extend across the entire value chain of the real estate sector
- limited ability to take out mortgages
- a debt ratio limited to 65% of total assets; if the debt ratio exceeds 50%, a financial plan must be drawn up in accordance with the provisions of Article 24 of the RREC Royal Decree. In case of a dispensation authorised by the FSMA based on article 30, §3 and §4 of the RREC Act, the consolidated debt ratio of the public RREC pursuant to the provisions of article 30 §4 of the RREC Act may not exceed 33%.
- the annual financial interest costs arising from the debt burden may in no case exceed the threshold of 80% of the operating result before the result on the portfolio increased with the financial income of the company
- strict rules with regard to conflicts of interest
- an entry of the portfolio at market value without the possibility of depreciation
- a quarterly estimate of the real estate assets by independent experts, who are subjected to a three-year rotation system
- a spread of the risks: investing up to 20% of the assets in real estate that forms one single property entity, with certain exceptions
- an RREC may not engage in "development activities" unless this is only on an occasional basis; this means that an RREC cannot act as a property developer with the intention of erecting buildings in order to sell them afterwards and collect a development profit
- the opportunity to establish perimeter companies which can take the form of an "institutional RREC", in which the public RREC directly or indirectly holds over 25% of the authorised capital in order to be able to implement specific projects with a third party, and the financial instruments of which may only be held by the following persons: (i) qualifying investors or (ii) natural persons, on condition that the minimum amount of the subscription or of the price or performance in exchange on the part of the purchaser is determined by the King by means of a decision made at the recommendation by the FSMA, and to the extent that the subscription or the transfer is done in accordance with the above-mentioned rules, who act for their own account in both cases, and the shares of which may only be acquired by such investors;
- at least three independent directors in the sense of article 526ter of the Belgian Companies Code sit on the board of directors
- the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public RREC or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable remuneration is determined according to the result, only the consolidated EPRA earnings may be used as a basis for this.

These rules aim to limit the risk for shareholders.

# 8. RREC - tax system

With the RREC Act the legislator has given RRECs a different tax status.

A RREC is subject to the normal corporate tax rate, however this only applies to a limited taxable basis, consisting of the sum of (1) the abnormal or benevolent benefits it has received (2) expenses and costs that are not deductible as professional expenses, other than depreciations and losses on shares. The results (rental income and gain from sale minus the operating expenses and financial charges) are thus exempt from corporate tax on condition that at least 80% of the operating distributable profit is paid out in accordance with article 13 §1 of the RREC Royal Decree and Chapter III of Annex C of the RREC Royal Decree. It can also be subjected to the special secret commissions tax on commissions and remunerations paid that are not properly documented in individual pay sheets and a summary statement.

The withholding tax on the dividends that are paid out by a public RREC equals 30%, to be withheld when paying the dividend (subject to certain exemptions).

This is a discharging withholding tax for private individuals who are residents of Belgium.

If a company converts to the status of RREC, or if a (normal) company merges with an RREC or splits part of its immovable assets with a transfer to an RREC, or contributes to an RREC, it must pay a one-time tax (the so-called exit tax), which is currently 15%). After that, the RREC is only subject to taxes on very specific elements, such as rejected expenses and abnormal benefits.
This exit tax is the fiscal price that such companies must pay in order to leave the normal tax system. In terms of the tax system, this transfer is treated as a (partial) division of the company's assets by the company to the RREC. When dividing the company's assets, a company must treat the difference between the payments in cash, in securities or in any other form and the revalorised value of the paid-up capital (in other words the gain that is present in the company) as a dividend.

The Income Tax Code states that the sum paid out equals the actual value of the company's assets on the date when this transaction has taken place (art. 210, §2 Income Tax Code 1992). The difference between the actual value of the company's assets and the revalorised value of the paid-up capital is equated with a dividend paid out. The reserves that have already been taxed may be subtracted from this difference. As a rule, the remainder forms the taxable basis that is subject to the 15% rate.

The exit tax is calculated with due observance of the Circular Letter Ci.RH.423/567.729 of the Belgian tax administration of 23 December 2004, of which the interpretation of the practical application could always change. The "actual tax value", as the circular letter refers to it, is calculated by deducting registration fees or VAT (which would apply in case of sale of the assets) and can differ from the fair value of the property as listed on the public RREC balance sheet in accordance with IAS 40.

It is true that the tax authority still considers (see point 3 of the circular letter of 23 December 2004) that the actual value of the company's assets on the date that it is recognised as a RREC cannot be less than an amount corresponding to the value of the company's assets as would be determined in comparison with the value of the issued shares, or the price of the shares acquired or offered to the public, less the registration fees and VAT that are included in the property valuation reports. It is the intention to include the so-called securitisation premium in the taxable base of the exit tax. The securitisation premium is the premium that investors in an RREC are prepared to pay on top of the net assets reflected by the expected added value resulting from the recognition of the RREC by the FSMA. As described in Note 25 of the Financial report, Intervest disputes this interpretation.

# 9. Tax system in the Netherlands

Intervest incorporated a Dutch cooperatively based association named Intervest Nederland Coöperatief U.A. as at 28 April 2017 to realise real estate investments in the Netherlands. Intervest has structured its Dutch investment properties in Dutch “BVs” (private limited companies).

The above-mentioned cooperatively based Dutch association named Intervest Nederland Coöperatief U.A., as well as the Dutch private limited companies, are subject to corporate tax as domestic taxpayers. Profit payments by the Dutch private limited companies to the Dutch cooperatively based association are not taxed because they fall under contribution exemption.

# 10. Information related to the annual financial reports of 2017 and 2018

- Consolidated annual accounts 2018: p. 168 to p. 221 of the 2018 annual financial report
- Management report covering 2018: p. 36 to p. 167 of the 2018 annual financial report
- Auditor's report covering 2018: p. 222 to p. 227 of the 2018 annual financial report
- Key figures 2018: p. 20 to p. 28
- Consolidated annual accounts 2017: p. 208 to p. 255 of the 2017 annual financial report
- Management report covering 2017: p. 40 to p. 205 of the 2017 annual financial report
- Auditor's report covering 2017: p. 256 to p. 261 of the 2017 annual financial report
- Key figures 2017: p. 22 to p. 31

# 11. Required components of the annual report

In accordance with Articles 96 and 119 of the Belgian Companies Code, the required parts of the Intervest annual report are presented in the following chapters:

- Risk factors
- Report of the board of directors - 2. Corporate Governance Statement
- Report of the management committee - 2. Important developments in 2019
- Report of the management committee - 3. Financial results 2019
- Report of the management committee - 7. Outlook for 2020
- Financial report

# PERSONS RESPONSIBLE FOR THE CONTENT OF THE ANNUAL REPORT

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

a. the annual accounts, prepared in accordance with the “International Financial Reporting Standards” (IFRS) as accepted by the European Union and in accordance with the Act of 12 May 2014 on regulated real estate companies, 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 annual report gives a true statement of the main events which occurred during the current financial year, their influence on the annual figures, the main risk factors and uncertainties regarding the remaining months of the financial year with which Intervest Offices & Warehouses nv is confronted, as well as the main transactions between related parties and their possible effect on the annual figures if these transactions should entail significant meaning and were not concluded at normal market conditions
c. the information in the annual report coincides with the reality and no information has been omitted whereby the statement could modify the purpose of the annual report.

# Terminology and alternative performance measures

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. The measures are used in the financial reporting, 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 to the use and explanation of the alternative performance measures. The concepts which Intervest considers to be alternative performance measures are included in this chapter of the Annual Report 2019, called "Terminology and alternative performance measures". The alternative measures are indicated with ✪ and include a definition, objective and reconciliation as required by the ESMA guidelines.

## Acquisition value of a real estate property

This term is used to refer to the value at the purchase or the acquisition of a real estate-property. If transfer costs are paid, they are included in the acquisition value.

## Average interest rate of the financing✪

**Definition -** The average interest rate of the financing of the company is calculated by the (annual) net interest charges, divided by the weighted average debt for the period (based on the daily withdrawal from the financing (credit facilities from financial institutions, bond loans, etc.)). This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

**Application -** The average interest rate of the financing measures the average financing cost of the debts and makes it possible to follow how it evolved in time, within the context of the developments of the company and of the financial markets.

| **Reconciliation** in thousands € | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Net interest charges | A | 8.543 | 8.039 |
| Weighted average debt for the period | B | 400.793 | 326.575 |
| **Average interest rate of the financing (based on 360/365) (%)** | **=A/B** | **2,1%** | **2,4%** |

## Contractual rents

These are the gross indexed annual rents, laid down contractually in the lease agreements, as at closing date, and before rental discounts or other benefits granted to tenants have been deducted.

## Corporate governance

Corporate governance as such is an important instrument for the ongoing improvement of management of the real estate company and for the safeguarding of the shareholders' interest.

## Debt ratio

The debt ratio is calculated as the ratio of all obligations (excluding provisions, deferred charges and accrued income) excluding the negative variations in the fair value of the hedging instruments in relation to the total of the assets. The calculation method of the debt ratio is in accordance with Article 13 §1 second subparagraph of the Royal Decree of 13 July 2014. In this Royal Decree, the maximum debt ratio for the company is set at 65%.

## Diluted net result per share

The diluted net result per share is the net result as published in the income statement, divided by the weighted average of the number of shares adapted before the effect of potential ordinary shares that result in dilution.

## EPRA and EPRA terminology

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.

In December 2014 the EPRA's Reporting and Accounting Committee published an update of the report entitled Best Practices Recommendations ("BPR")[1]. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. A number of these indicators are regarded as alternative performance criteria in accordance with the ESMA guidelines. The numerical reconciliation of these alternative performance criteria can be found in a completely different chapter in this annual report, i.e. chapter 6 of the Report of the management committee. The alternative performance measures are calculated on the basis of the company's consolidated annual accounts.

| | |
|---|---|
| EPRA earnings ✪ | Result derived from the strategic operational activities. |
| EPRA Net Asset Value ✪ | Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for real estate nvestment in the long term. In practice: total shareholders' equity attributable to the shareholders of the parent company, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares at the end of the year. |
| EPRA NNNAV ✪ | EPRA NAV adjusted to account for the fair value of the financial instruments, the debts and the deferred taxes. |
| EPRA Net Initial Yield (NIY) | Annualised gross rental income based on the contractual rents passing as at the closing date of the annual accounts, less the property charges, divided by the market value of the portfolio, increased by the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties. |
| EPRA topped-up NIY | This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents). |
| EPRA vacancy rate | Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio available upon rental. |
| EPRA Cost ratio (including direct vacancy costs) ✪ | EPRA costs (including direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights. |
| EPRA Cost ratio (excluding direct vacancy costs) ✪ | EPRA costs (excluding direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights. |
| EPRA net rental growth based on an unchanged portfolio composition ✪ | Is also referred to as EPRA Like-for-like Net Rental Growth. EPRA net rental growth based on an unchanged portfolio composition compares the growth of the net rental growth of the investment properties not being developed for two full years preceding the financial year closing date and that were available for rent for the entire period. The like-for-like based changes to the gross rental income provide an insight into the changes to the gross rental income that are not the result of changes to the real estate portfolio (investments, divestments, major renovation works, etc.). |

1 The report can be consulted on the website at www.epra.com.

## EPRA earnings✪

**Definition -** The EPRA earnings are the operating result before result on portfolio minus the financial result and taxes and excluding changes in fair value of financial derivatives (which are not treated as hedge accounting in accordance with IAS 39) and other non-distributable elements based on the statutory annual account of Intervest Offices & Warehouses nv. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

**Application -** The EPRA earnings measure the result of the strategic operational activities, excluding (i) the changes in fair value of financial assets and liabilities, and (ii) the result on portfolio (the profit or loss on investment properties that may or may not have been realised). This amounts to the result that is directly influenced by the real estate and the financial management of the company, excluding the impact accompanying the volatility of the real estate and financial markets.

| **Reconciliation** in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Net result | 65.748 | 34.105 |
| Eliminated from the net result (+/-): | | |
| • Result on disposals of investment properties | -5.364 | 0 |
| • Changes in fair value of investment properties | -22.307 | -7.033 |
| • Other result on portfolio | 5.661 | 2.472 |
| • Changes in fair value of financial assets and liabilities | 3.065 | 1.615 |
| • Other non-distributable elements based on the statutory annual account of Intervest Offices & Warehouses nv. | 0 | 0 |
| • Minority interests | 17 | 9 |
| **EPRA earnings** | **46.820** | **31.168** |

## EPRA earnings per share based on the weighted average number of shares✪

**Definition -** The EPRA earnings per share are the EPRA earnings divided by the weighted average number of shares. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

**Application -** The EPRA earnings per share measure the EPRA earnings per weighted average number of shares and makes it possible to compare these with the gross dividend per share.

| **Reconciliation** | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| EPRA earnings (in thousands €) | A | 46.820 | 31.168 |
| Weighted average number of shares | B | 24.516.858 | 19.176.981 |
| **EPRA earnings per share (in €)** | =A/B | **1,91** | **1,63** |

## EPRA net asset value (EPRA NAV)

**Definition -** Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for real estate investments in the long term.

**Application -** Total shareholders' equity attributable to the shareholders of the parent company, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares at the end of the year.

| Reconciliation | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Shareholders' equity attributable to the shareholders of the parent company (in thousands €) | A | 523.859 | 476.617 |
| The fair value of financial instruments and deferred tax (in thousands €) | B | 13.402 | 6.364 |
| Number of shares at end of period | C | 24.657.003 | 24.288.997 |
| **EPRA NAV (in €)** | =(A+B)/C | **21,79** | **19,88** |

## Estimated rental value (ERV)

The estimated rental value is the rental value determined by the independent property experts.

## Fair value of an investment property

This is equal to the amount at which a building could be exchanged between well-informed parties, in agreement and acting in conditions of normal competition. From the seller's point of view, this must be understood as subject to deduction of registration fees and any costs.

Specifically, this means that the fair value of the investment properties is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million). For the investment properties of Intervest located in the Netherlands and kept through the Dutch subsidiaries, this means that the fair value of the investment properties is equal to the investment value divided by 1,07.

## Free float

Free float is the percentage of shares owned by the public. According to the EPRA and Euronext definition it concerns all shareholders possessing individually less than 5% of the total number of shares.

## Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

## Interest coverage ratio

The interest coverage ratio is the ratio between the operating result before result on portfolio and the financial result (excluding the changes in fair value of financial derivatives).

## Intervest

Intervest is the abridged name for Intervest Offices & Warehouses, the full legal name of the company.

## Investment value of a real estate property

This is the value of a building estimated by the independent property expert, and including the transfer costs without deduction of the registration fees. This value corresponds to the formerly used term “value deed in hand”.

## Net dividend

The net dividend equals the gross dividend after deduction of 30% withholding tax. The withholding tax on dividends of public regulated real estate companies amounts to 30% (except in case of certain exemptions) as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

## Net dividend yield

The net dividend yield is equal to the net dividend divided by the share price on closing date.

## Net result per share✪

**Definition -** The net result per share is the net result as published in the income statement, divided by the weighted average number of shares (i.e. the total amount of issued shares less the own shares) during the financial year. This alternative performance measure is calculated on the basis of the company’s consolidated annual accounts.

| **Reconciliation** | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Net result (in thousands €) | A | 65.765 | 34.114 |
| Weighted average number of shares | B | 24.516.858 | 19.176.981 |
| **Net result per share (in €)** | **=A/B** | **2,68** | **1,78** |

## Net value (investment value) per share✪

**Definition -** Total shareholders' equity attributable to the equity holders of the parent company (therefore, after deduction of the minority interests) increased with the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares at the end of the year (possibly after deduction of own shares). This alternative performance measure is calculated on the basis of the company’s consolidated annual accounts.

**Application -** The net value (investment value) per share measures the value of the share based on the investment value of the investment properties and makes it possible to make a comparison with the stock exchange quotation.

| Reconciliation | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Shareholders' equity attributable to shareholders of the parent company (in thousands €) | A | 523.859 | 476.617 |
| Reserve for the impact on fair value of estimated transaction rights and costs resulting-from the hypothetical disposal of investment properties (in thousands €) | B | 28.404 | 17.658 |
| **Shareholders' equity attributable to the shareholders of the parent company - investment value (in thousands €)** | **C=A+B** | **552.263** | **494.275** |
| Number of shares at year-end | D | 24.657.003 | 24.288.997 |
| **Net value (investment value) per share (in €)** | **=C/D** | **22,40** | **20,35** |

## Net value (fair value) per share

Total shareholders' equity attributable to the equity holders of the parent company (therefore, after deduction of the minority interests) divided by the number of shares at the end of the year (possibly after deduction of own shares). It corresponds to the net value as defined in article 2, 23° of the RREC Act.

The net value (fair value) per share measures the value of the share based on the fair value of the investment properties and makes it possible to make a comparison with the stock exchange quotation.

## Net yield

The net yield is calculated as the ratio of the contractual rent, increased by estimated rental value on vacancy, less the allocated property charges, and the fair value of investment properties available for rent.

## Occupancy rate

The occupancy rate is calculated as the ratio between the estimated rental value (ERV) of the rented space and the estimated rental value of the total portfolio available for rent as at closing date.

## Operating margin✪

**Definition -** The operating margin is the operating result before result on portfolio, divided by the rental income. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

**Application -** The operating margin provides an indication of the company's possibility of generating profit from its operational activities, without taking the financial result, the taxes or the result on portfolio into account.

| **Reconciliation** in thousands € | | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| Operating result before result on portfolio | A | 55.891 | 39.554 |
| Rental income | B | 66.143 | 47.920 |
| **Operating margin (%)** | **=A/B** | **85%** | **83%** |

## Regulated real estate company (RREC)

The status of regulated real estate company is regulated by the Act of 12 May 2014 on regulated real estate companies (RREC Act) and by the Royal Decree of 13 July 2014 on regulated real estate companies (RREC Royal Decree) in order to stimulate joint investments in real estate properties.

## Result on portfolio✪

**Definition -** The result on portfolio comprises (i) the result on disposals of investment properties, (ii) the changes in fair value of investment properties, and (iii) the other result on portfolio. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

**Application -** The result on portfolio measures the realised and non-realised profit and loss related to the investment properties, compared with the valuation of the independent property experts at the end of the current financial year.

| **Reconciliation** in thousands € | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Result on disposals of investment properties | 5.364 | 0 |
| Changes in fair value of investment properties | 22.307 | 7.033 |
| Other result on portfolio | -5.661 | -2.472 |
| **Result on portfolio** | **22.010** | **4.561** |

## RREC Act

The Act of 12 May 2014 on regulated real estate companies.

## RREC Legislation

The RREC Act and the RREC Royal Decree.

## RREC Royal Decree

The Royal Decree of 13 July 2014 on regulated real estate companies.

## Share liquidity

The ratio between the numbers of shares traded in one day and the number of shares.

## Turnover rate

The turnover rate of a share is calculated as the ratio of the number of shares traded per year, divided by the total number of shares as at the end of the period.

## Yield

Yield is calculated as the ratio of contractual rents (whether or not increased by the estimated rental value of unoccupied rental premises) and the fair value of investment properties available for rent. It concerns a gross yield, without taking into account the allocated costs.

## Yield of a share

The yield of a share in a certain period is equal to the gross yield. This gross yield is the sum of (i) the difference between the share price at the end and at the start of the period and (ii) the gross dividend (therefore, the dividend before deduction of the withholding tax).

# Notes

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This annual report is not a registration document in the sense of art. 28 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market.

Intervest Offices & Warehouses has drawn up its annual report in Dutch. However, Intervest Offices & Warehouses has also produced a translation of this annual report in French and English. The Dutch, French and English versions of this annual report are all legally binding. Intervest Offices & Warehouses, represented by its board of directors, is responsible for the translation and conformity of the Dutch-language, French-language and English-language versions. However, in the event of a conflict between the versions in different languages, the Dutch-language version shall always take precedence.

The Dutch-language version of this annual report and its French and English translations are available on the company's website **(www.intervest.be)**.

Ce rapport annuel est également disponible en français.

Dit jaarverslag is ook beschikbaar in het Nederlands.

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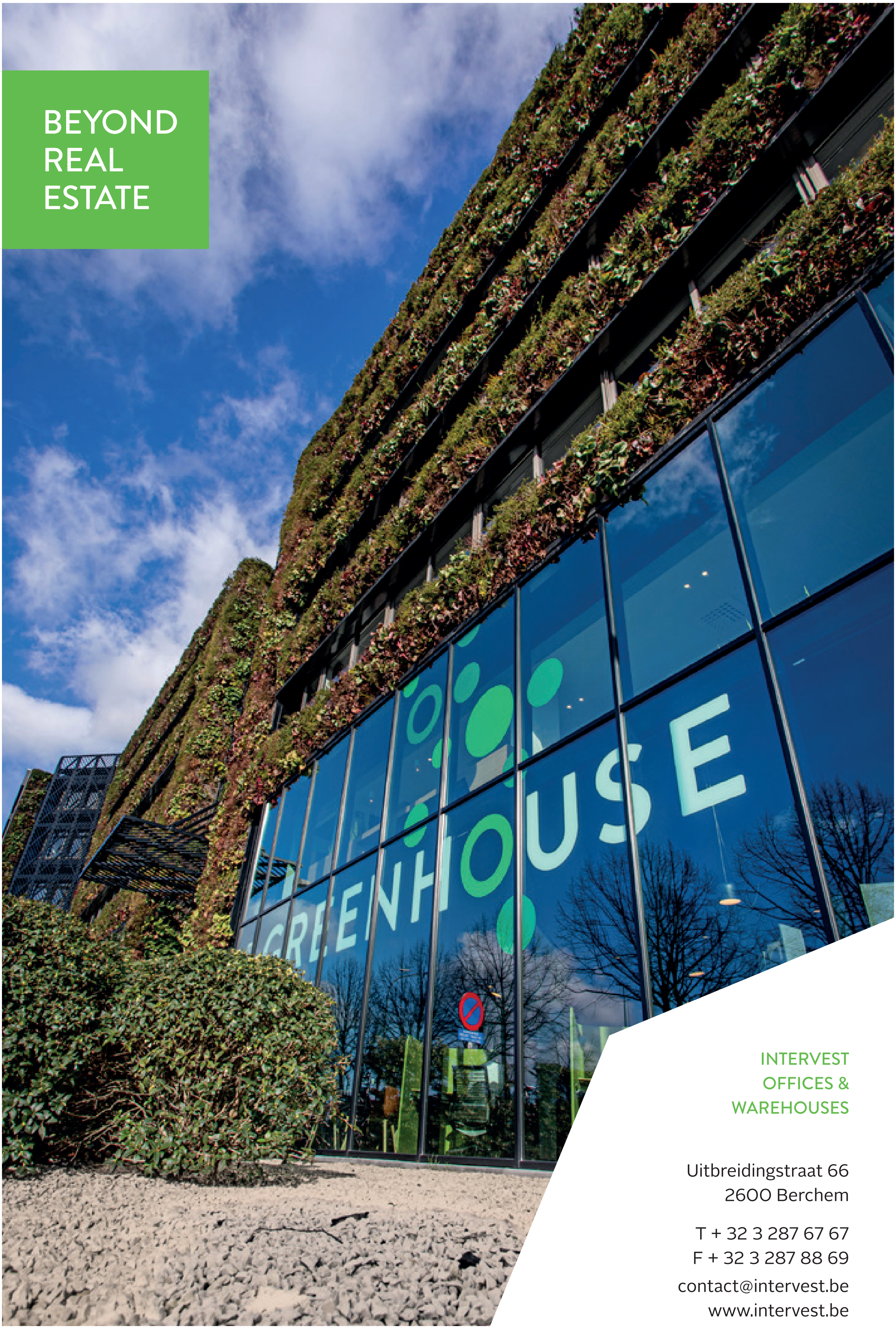


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