

INTERIM STATEMENT ON THE THIRD QUARTER OF 2011



INTERVEST
OFFICES &
WAREHOUSES
Feel Real Estate

of the board of directors for
the period 01.07.2011 to
30.09.2011

Interim statement on the third quarter of 2011 of the board of directors for the period 01.07.2011 to 30.09.2011



ANTWERP, 28 OCTOBER 2011

Increase in fair value of the real estate portfolio: 1,1 % for the first nine months of 2011¹ (0,3 % in the third quarter of 2011)

Intervest Offices & Warehouses changes its valuation rule for the indemnities received for the early termination of lease contracts

Operating distributable result for the first nine months of 2011 (after adaptation of the changed valuation rule): € 1,33 per share (€ 1,44 for the first nine months of 2010)

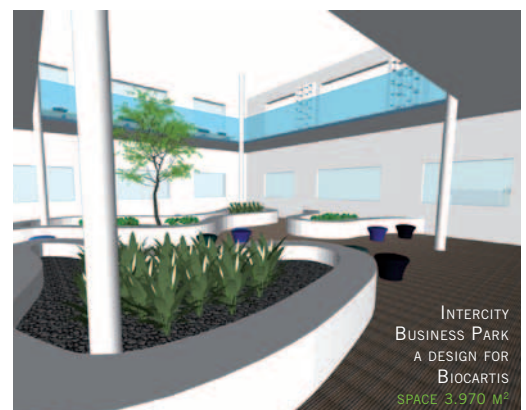
Increase of the expected gross dividend for the financial year 2011: between € 1,65 and € 1,73 per share (€ 1,83 for the financial year 2010)

1. OPERATING ACTIVITIES OF THE THIRD QUARTER OF 2011

In September 2011, Intervest Offices & Warehouses has concluded a lease contract with the biotechnological company Galapagos for approximately 1.500 m² of laboratories in a building formerly used by Tibotec-Virco as R&D centre (Generaal de Wittelaan 21 in Malines). This lease contract runs to 2024, with a possibility of termination in 2020. For the period from September 2011 till October 2014 half of the rental income is shared with Tibotec-Virco, in the framework of the agreement from 2010 related to the retrocession of rental income (see press release of 3 June 2010).

Simultaneously the existing lease contract with Galapagos for approximately 3.300 m² office space and laboratories, which would normally end in 2015, is prolonged for 9 years to 2024, with a possibility of termination in 2020.

These agreements with Galapagos are globally concluded at market conditions and confirm once again, after the agreement with Biocartis in April 2011, the attraction of Malines for companies from high technological sectors such as biotechnology.



¹ Based on an unchanged composition of the real estate portfolio on 31 December 2010.

Interim statement

on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



On 30 September 2011, the total occupancy rate² of the real estate portfolio of Interinvest Offices & Warehouses amounts to 84 % (84 % on 30 June 2011):

- ▶ for the semi-industrial portfolio the occupancy rate has increased by 3 % compared to 30 June 2011 to 86 %. This increase comes mainly from the acquisitions of two logistic sites, both having an occupancy rate of 100 % (Houthalen and Oevel), on 1 July 2011 and from the extension of Herentals Logistics 2 through the letting to Nike Europe.
- ▶ compared to 30 June 2011, the occupancy rate of the office portfolio slightly decreases to 82 %, mainly through the adapted processing of the rental income of Tibotec-Virco (see point 2.1. infra), already partly compensated through the letting to Galapagos in Intercity Business Park, Generaal de Wittelaan 21 in Malines.

REAL ESTATE PATRIMONY	30.09.2011	30.06.2011	31.12.2010	30.09.2010
Fair value of investment properties (€ 000)	578.696	540.740	526.680	526.615
Investment value of investment properties (€ 000)	593.245	554.341	539.929	539.866
Occupancy rate (%)	84 %	84 %	85 %	84 %
Total leasable space (m ²)	609.475	553.221	535.420	535.426

In the third quarter of 2011, the fair value of the investment properties of Interinvest Offices & Warehouses increases by € 38 million, mainly through:

- ▶ the acquisition of two logistic sites in Houthalen and Oevel on 1 July 2011 for a total fair value of € 35 million³
- ▶ the increase in fair value of the office portfolio of the property investment fund by € 3 million, mainly through the letting to Galapagos in Intercity Business Park, Generaal de Wittelaan 21 in Malines, of a part of the office space and laboratories that were formerly let to Tibotec-Virco in 2010
- ▶ the stable value of the semi-industrial portfolio, after renovation works for € 1,5 million in Herentals Logistics 1.

² The occupancy rate is calculated as the ratio of the commercial rental income to the same rental income plus the estimated rental value of the vacant locations for rent. The commercial rental income is the contractual rental income and the rental income of already signed lease contracts regarding locations which are contractually vacant on balance sheet date.

³ See press release of 1 July 2011: Interinvest Offices & Warehouses acquires approximately 58.000 m² distribution centres in Oevel and Houthalen.

Interim statement

on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



2. FINANCIAL RESULTS

2.1. Change in valuation rule for the indemnities received from early terminated lease contracts

In August 2011 the EECS (European Enforcers Coordination Session), a forum organized by the ESMA (European Securities and Markets Authorities) has provided more information regarding the implementation of IFRS related to indemnities received from early terminated lease contracts (as compensation for loss of rental income). The EECS has determined that according to IFRS, indemnities received from early terminated lease contracts must entirely be recorded as income in the annual accounts of the year in which the indemnity is received and may not be deferred into income over the remaining duration of the original lease contract.

On this basis the FSMA has advised Intervest Offices & Warehouses to change its valuation rules on this subject. According to IAS 8 this change in valuations rules must be applied retroactively so that the comparable figures of 2010 have to be adapted. As a result, the indemnity received in September 2010 from Tibotec-Virco⁴ (excluding the obligation of retrocession to repay 50 % of all future rental income in case of letting before the end of the duration of the original lease contract) is recorded as profit in 2010. This gives the following result:

in thousands €	31.12.2010			30.09.2010		
	Released figures	After change valuation rule	Difference	Released figures	After change valuation rule	Difference
Rental income	38.523	41.068	2.545	29.164	31.893	2.729
Net result	17.431	19.976	2.545	10.993	13.722	2.729
Operating distributable result	25.451	27.996	2.545	19.978	22.707	2.729
Shareholders' equity	286.324	288.869	2.545	278.973	281.702	2.729
Accrued charges and deferred income	12.603	10.058	-2.545	11.825	9.096	-2.729
Per share (in €)						
Net result	1,25	1,43	0,18	0,79	0,98	0,19
Operating distributable result	1,83	2,01	0,18	1,44	1,63	0,19
Net asset value (fair value)	20,59	20,77	0,18	20,06	20,25	0,19
Net asset value (investment value)	21,57	21,75	0,18	21,04	21,23	0,19

The additional operating distributable result that appears in 2010 through the change in valuation rule, will according to the original accounting method, be attributed to the dividend of the years 2011-2013/2014. As Intervest Offices & Warehouses has realised in 2011 the letting to Biocartis and Galapagos of the space that was formerly let, the property investment fund can distribute already in the financial year 2011 € 2,4 million additional dividend (see point 2.3 infra - Result for the first nine months of 2011). In total this means that on 31 December 2011 only € 0,1 million will remain available for distribution for the years 2012/2014 as a result of the change in valuation rule.

⁴ See press release of 3 June 2010: Intervest Offices concludes an agreement with Tibotec-Virco and starts the re-letting.

2.2. Results of the third quarter of 2011

RESULTS <i>in thousands €</i>	01.07 - 30.09 2011	01.07 - 30.09 2010 ⁵
NET RENTAL INCOME	9.869	11.997
Property management costs and income	846	340
Property charges	-1.333	-734
General costs and other operating costs and income	-279	-247
OPERATING PROPERTY RESULT BEFORE RESULT ON PORTFOLIO	9.103	11.356
Changes in fair value of investment properties	-693	-1.524
OPERATING RESULT	8.410	9.832
Financial result (excl. change in fair value IAS 39)	-3.260	-2.882
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-3.128	-191
Taxes	-132	-10
NET RESULT	1.890	6.749
Operating distributable result (statutory annual accounts)	5.243	8.464
Result on portfolio	-693	-1.524
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-3.128	-191
Other non-distributable elements (subsidiaries)	468	0

⁵ Adapted comparable figures (net rental income increased by € 2,7 million) as a result of the changed valuation rule: see point 2.1 for more explanation.

Analysis of the results⁶

In the third quarter of 2011, the **net rental income** of Intervest Offices & Warehouses amounts to € 9,9 million (€ 12 million). This decrease of € 2,1 million compared to the third quarter of 2010 is mainly the combined effect of:

- ▶ the in 2010 one-time income of a part of the indemnity received from Tibotec-Virco of € 2,7 million. Through the change in valuation rules of the property investment fund (see point 2.1. supra) this indemnity is recorded in the third quarter of 2010, moment of obtaining the indemnity
- ▶ investments in three logistic site in 2011 (Huizingen, Houthalen and Oevel) generating an amount of € 0,8 million rental income during the third quarter of 2011.

The **property management costs and income** amounts to € 0,8 million for the third quarter of 2011 (€ 0,3 million) and comprise the result on the indemnities for rental charges (received from Tibotec-Virco) due to the letting to Galapagos in Intercity Business Park, and the refurbishment indemnities taken into result.

In the third quarter of 2011, the **property charges** of the property investment fund amount to € 1,3 million (€ 0,7 million). This increase of € 0,6 million comes mainly from the increase of the costs for maintenance and repair, higher vacancy costs and the increased management costs of the property investment fund.

The **changes in fair value of the investment properties** amounts in the third quarter of 2011 to - € 0,7 million (- € 1,5 million) and consist mainly of:

- ▶ an increase in fair value of the office portfolio of € 3 million, resulting mainly from the letting to Galapagos in Intercity Business Park, Generaal de Wittelaan 21 in Malines of a part of the office space and laboratories that were formerly let to Tibotec-Virco
- ▶ a stable value of the semi-industrial portfolio, after renovation works executed for an amount of € 1,5 million in Herentals Logistics 1
- ▶ the immediate write off of the price difference of - € 2 million on the acquisition of the shares of the companies MGMF Limburg sa (owner of the logistic site in Houthalen) and West-Logistics sa (owner of the logistic site in Oevel) on 1 July 2011. IFRS 3 is not applied on these acquisitions.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39))** amounts to - € 3,3 million (- € 2,9 million). The increase of the financial costs of € 0,4 million is due to the acquisition of three logistic sites in 2011 for a total investment amount of € 43,5 million. In the third quarter of 2011, the average interest rate of the property investment fund amounts to approximately 4,5 % including bank margins (4,6 %). For the first nine months of 2011 the average interest rate amounts to 4,7 % including bank margins.

⁶ Between brackets comparable figures of the third quarter 2010 (01.07.2010 - 30.09.2010), adapted to the changed valuation rule (see point 2.1 for more explanation).

Interim statement

on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



On 30 September 2011, 68 % of the available credit lines are long-term financings with an average remaining duration of 3,9 years. 32 % of the available credit lines are short-term financings with 2 % consisting of financings with an unlimited duration progressing each time for 364 days (€ 7,5 million) and 30 % of credit facilities which must be extended or repaid for a total amount of € 90 million spread over two financial institutions. Agreements regarding refinancing for a credit amount of € 50 million have already been received from the same financial institutions as the original bankers and the credit facility documentation is currently drafted. At two other financial institutions credit facility requests are also on-going for an amount of € 30 million at market rates.

On 30 September 2011, 78 % of the withdrawn credit lines have a fixed interest rate or are fixed by interest rate swaps. In order to assure the further protection its operating results against fluctuations Intervest Offices & Warehouses has concluded in the third quarter of 2011 three forward interest rate swaps to hedge a credit facility amount of € 30 million at an average rate of 2,29 % with durations of 5 and 6 years starting on 1 January 2012. Herewith the interest rates on the credit facilities of the property investment fund are fixed for an average remaining duration of 2,7 years.

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** comprise the changes of the market value of interest rate swaps which, in accordance with IAS 39, cannot be classified as hedging instrument, for an amount of - € 3,1 million (- € 0,2 million).

For the third quarter of 2011, the **net result** of Intervest Offices & Warehouses amounts to € 1,9 million (€ 6,7 million) and can be divided in:

- ▶ the **operating distributable result** of € 5,2 million (€ 8,5 million) or a decrease of € 3,3 million or approximately 38 %. This result comes mainly from the decrease of rental income through the one-time income in 2010 of a part of the indemnity received from Tibotec-Virco of € 2,7 million, as a result of the change in valuations rules of the property investment fund (see point 2.1. supra)
- ▶ the **result on portfolio** of - € 0,7 million (- € 1,5 million)
- ▶ the **changes in fair value of the financial assets and liabilities (ineffective hedges - IAS 39)** in accordance with IAS 39 for an amount of - € 3,1 million (- € 0,2 million)
- ▶ **other non-distributable elements** for € 0,5 million (€ 0 million) related to the operating result of the subsidiaries MGMF Limburg sa and West-Logistics sa for the period as from 1 July 2011 to 30 September 2011. Through the merger by absorption with the property investment fund, which took place on 27 October 2011, the operating results can be distributed from this date.

On 30 September 2011 the **debt ratio** of the property investment fund increases by 3 % compared to 30 June 2011 and amounts to 49,9 % (calculated in accordance with the Royal Decree of 7 December 2010) through the acquisition of logistic sites in Houthalen and Oevel.

2.3. Results for the first nine months of 2011

RESULTS <i>in thousands €</i>	30.09.2011	30.09.2010 ⁷
Operating distributable result (statutory annual accounts)	16.079	22.707
Result on portfolio	3.386	-8.153
Changes in fair value of the financial asset and liabilities (ineffective hedges - IAS 39)	-3.185	-832
Other non-distributable elements (subsidiaries)	468	0
NET RESULT	16.748	13.722
Result per share		
Number of shares entitled to dividend	13.907.267	13.907.267
Net result (€)	1,20	0,99
Operating distributable result (statutory annual accounts) (€)	1,16	1,63

For the first nine months of 2011, the **operating distributable result** of Intervest Offices & Warehouses decreases by 29 % or € 6,6 million to € 16,1 million (€ 22,7 million) mainly as a result of:

- ▶ a decrease in rental income through the one-time income in 2010 of a part of the indemnity received from Tibotec-Virco for € 2,7 million due to the change in valuation rules of the property investment fund (see point 2.1. supra)
- ▶ a decrease in rental income in the existing portfolio of € 0,5 million: the decrease in rental income in the office portfolio of € 1,5 million is partly compensated by an increase in rental income of € 1 million from new investments in logistic sites
- ▶ an increase in property charges of € 1,5 million through higher technical costs, higher vacancy costs and the increased management costs of the property investment fund
- ▶ a rise of the financing cost by € 2,2 million through the issuance of a bond loan in June 2010 at an interest rate of 5,1 % and through the acquisition of three logistic sites in 2011.

⁷ Adapted comparable figures (operating distributable result (statutory annual accounts) and net result increased by € 2,7 million, an increase per share of 19 eurocent) as a result of the changed valuation rule: see point 2.1 for further explanation.

Through the change of the valuation rule for early terminated lease contract the operating distributable result, as shown in the statutory annual accounts of the property investment fund, has to be adjusted in order to determine the distributable gross dividend (per share).

GROSS DIVIDEND <i>in thousands €</i>	30.09.2011	30.09.2010
Operating distributable result according to the statutory annual accounts	16.079	22.707
Adjustment of dividend due to change in valuation rule	2.361	-2.729
As dividend distributable result	18.440	19.978
Gross dividend per share		
Number of shares entitled to dividend	13.907.267	13.907.267
Operating distributable result according to the statutory annual accounts (€)	1,16	1,63
Adjustment of dividend due to change in valuation rule (€)	0,17	-0,19
Adjusted dividend after change in valuation rule (€)	1,33	1,44

For the first nine months of 2011, the income statement gives an operating distributable result of € 1,16 compared to € 1,63 for the same period of prior year. After the adaptation resulting from the change in valuation rule this represents for the first nine months of 2011 **an operating distributable result per share** of € 1,33 compared to € 1,44 or a decrease of 8 %.

For the first nine months of 2011, the **fair value** of the real estate portfolio of the property investment fund increases by € 52 million and amounts on 30 September 2011 to € 579 million (€ 527 million on 31 December 2010). This increase in fair value is the combined effect of:

- ▶ the acquisition of 3 logistic sites with a total fair value of € 42,5 million (Huizingen, Houthalen, Oevel)
- ▶ the increase in fair value of the existing real estate portfolio of € 5,6 million or 1,1 % compared to the total fair value on 31 December 2010 through the letting of the logistic site Herentals Logistics 2 to Nike Europe and of Intercity Business Park in Malines to Biocartis and Galapagos
- ▶ investments in the existing real estate portfolio for € 3,9 million, mainly in the logistic site Herentals Logistics 1.



KEY FIGURES PER SHARE	30.09.2011	31.12.2010 ⁸	30.09.2010 ⁹
Number of shares entitled to dividend	13.907.267	13.907.267	13.907.267
Net asset value (fair value) (€)	20,31	20,77	20,25
Net asset value (investment value) (€)	21,28	21,75	21,23
Share price on closing date (€)	19,51	23,49	22,99
Premium (+)/discount (-) to net asset value (fair value) (%)	-4 %	13 %	14 %

On 30 September 2011, the **net asset value (fair value)** of the share is € 20,31. As the share price on 30 September 2011 of the Interest Offices & Warehouses' share (INTO) is € 19,51, the share is quoted on 30 September 2011 with a discount of 4 % compared to the net asset value (fair value).

3. FORECAST FOR 2011

The signs of recovery noticed in the first half-year of 2011, are carefully confirmed in the third quarter of 2011, although traditionally the summer holiday period is quieter than the other quarters.

The main focus remains on the letting of some (fully or partially) vacant buildings. Namely for the offices special efforts have to be made on the level of rents by granting reductions, incentives, etc but the profiling of Intervest Offices & Warehouses as provider of real estate solutions (design of offices by our own interior architect) proves to be fruitful. Besides, particular attention is given to the level of common charges paid by tenants, through the renegotiation of some central contracts with contractors (electricity, cleaning, window cleaning, technical maintenance, etc.). As from 2012 this will have a clear impact on the level of the common charges paid by tenants, making the "total cost" (rent and charges) of the buildings of Intervest Offices & Warehouses more attractive.

In the third quarter of 2011 Intervest Offices & Warehouses let to Galapagos in Intercity Business Park, Generaal de Wittelaan 21 in Malines, a part of the office space and laboratories that were formerly let to Tibotec-Virco in 2010. This way, Intervest Offices & Warehouses can increase the expected gross dividend for the financial year 2011 compared to the estimate in the half-yearly report on 30 June 2011 (between € 1,55 and € 1,65 per share).

Except for unexpected evolutions, such as important bankruptcies of tenants or unforeseen rental increases, Intervest Offices & Warehouses expects to be able to propose its shareholders for the financial year 2011 a gross dividend between € 1,65 and € 1,73 per share (€ 1,83 for the financial year 2010). Based on the closing share price on 30 September 2011 (€ 19,51) this represents a gross dividend yield between 8,5 % and 8,9 %.

Note to the editors: for more information, please contact:

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⁸ Adapted comparable figures (net asset value increased by 18 euro-cent per share) as a result of the changed valuation rule: see point 2.1 for more explanation.

⁹ Adapted comparable figures (net asset value increased by 19 euro-cent per share) as a result of the changed valuation rule: see point 2.1 for more explanation.

ANNEXES

Consolidated income statement (9 months)

<i>in thousands €</i>	30.09.2011	30.09.2010 ¹⁰
Rental income	28.631	31.893
Rental related expenses	-25	-58
NET RENTAL INCOME	28.606	31.835
Property management costs and income	1.767	686
PROPERTY RESULT	30.373	32.521
Technical costs	-698	-363
Commercial costs	-153	-201
Charges and taxes on unlet properties	-1.060	-482
Property management costs	-1.638	-1.299
Other property charges	-256	-1
PROPERTY CHARGES	-3.805	-2.346
OPERATING PROPERTY RESULT	26.568	30.175
General costs	-972	-796
Other operating income and costs	21	20
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	25.617	29.399
Result on sales of investment properties	0	494
Changes in fair value of investment properties	3.386	-8.647
OPERATING RESULT	29.003	21.246
Financial income	52	29
Interest charges	-8.940	-6.704
Other financial charges	-13	-8
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-3.185	-832
FINANCIAL RESULT	-12.086	-7.515
RESULT BEFORE TAXES	16.917	13.731
TAXES	-169	-9
NET RESULT	16.748	13.722

¹⁰ Adapted comparable figures as a result of the changed valuation rule: see point 2.1 for more explanation.

Interim statement

on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



Consolidated income statement (9 months) (continuation)

<i>in thousands €</i>	30.09.2011	30.09.2010
NET RESULT	16.748	13.722
Note:		
Operating distributable result (statutory accounts)	16.079	22.707
Result on portfolio	3.386	-8.153
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-3.185	-832
Other non-distributable elements (subsidiaries)	468	0
Attributable to:		
Equity holders of the parent company	16.749	13.723
Minority interests	-1	-1

Consolidated statement of comprehensive income (9 months)

<i>in thousands €</i>	30.09.2011	30.09.2010 ¹¹
NET RESULT	16.748	13.722
Changes in fair value of financial assets and liabilities (effective hedges - IAS 39)	2.339	347
COMPREHENSIVE INCOME	19.087	14.069
Attributable to:		
Equity holders of the parent company	19.088	14.070
Minority interests	-1	-1

¹¹ Adapted comparable figures as a result of the changed valuation rule: see point 2.1 for more explanation.

Interim statement
on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



Consolidated balance sheet

ASSETS <i>in thousands €</i>	30.09.2011	31.12.2010
Non-current assets	579.056	526.959
Intangible assets	42	47
Investment properties	578.696	526.680
Other tangible assets	303	218
Trade receivables and other non-current assets	15	14
Current assets	8.982	5.644
Trade receivables	2.727	1.726
Tax receivables and other current assets	1.875	1.943
Cash and cash equivalents	2.272	816
Deferred charges and accrued income	2.108	1.159
TOTAL ASSETS	588.038	532.603

Interim statement

on the third quarter of 2011
of the board of directors for the
period 01.07.2011 to 30.09.2011



Consolidated balance sheet (continuation)

SHAREHOLDERS' EQUITY AND LIABILITIES <i>in thousands €</i>	30.09.2011	31.12.2010 ¹²
Shareholders' equity	282.505	288.869
Shareholders' equity attributable to the shareholders of the parent company	282.465	288.828
Share capital	126.729	126.729
Share premium	60.833	60.833
Reserves	92.298	98.621
Net result of the financial year	16.749	19.977
Impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-13.412	-13.606
Changes in fair value of financial assets and liabilities	-732	-3.726
Minority interests	40	41
Liabilities	305.533	243.734
Non-current liabilities	213.155	177.239
Provisions	920	990
Non-current financial debts	211.683	175.659
<i>Credit institutions</i>	<i>137.235</i>	<i>101.322</i>
<i>Bond loan</i>	<i>74.438</i>	<i>74.325</i>
<i>Financial lease</i>	<i>10</i>	<i>12</i>
Other non-current liabilities	552	590
Current liabilities	92.378	66.495
Provisions	172	426
Current financial debts	78.585	53.425
<i>Credit institutions</i>	<i>78.582</i>	<i>53.419</i>
<i>Financial lease</i>	<i>3</i>	<i>6</i>
Trade debts and other current debts	6.239	2.110
Other current liabilities	509	476
Accrued charges and deferred income	6.873	10.058
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	588.038	532.603

¹² Adapted comparable figures as a result of the changed valuation rule: see point 2.1 for more explanation.