ANNUAL REPORT 2016

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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 2016 uses the measures; however, 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 2016, 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.

A consequence of these guidelines is that the term used prior to this, “operating distributable result”, is no longer usable. For that reason, the label has been changed to “EPRA earnings”. However, with regard to content there is no difference with “operating distributable result”, the term used previously.

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

CONTENTS

Risk factors

1. Market risks
2. Operational risks
3. Financial risks
4. Regulatory risks

Most important risk factors and internal control and risk management systems

In 2016, the board of directors of Intervest Offices & Warehouses (referred to hereafter as "Intervest") as always focused attention on the risk factors with which Intervest 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 is 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.

1. Market risks

Description of the risks	Potential impact	Limiting factors and control	Note
Economic climate Material deterioration of economic situation.	1. Decreased demand for offices, storage and distribution space. 2. Increased vacancy rate and/or lower lease rates when re-renting. 3. Decrease in fair value of the property and as a result also a decrease of the net value. 4. Possible bankruptcies of tenants.	• Excellent location of the buildings. (2/3) • Long duration of the lease agreements. (1/2/3) • Sectoral diversification of tenants and a low average contractual lease price. (4) • Quality of tenant base with mainly big national and international companies and a limited annual provision for doubtful debtors. (1/4)	Property report » 1.Composition of the portfolio
Rental market for office buildings and logistics real estate Declining demand for office buildings and logistics real estate, oversupply, weakened financial situation of tenants.	1. Rental income and cash flow affected by an increase of the vacancy rate and costs of re-rental. 2. Decreased solvency of tenant base and increase of doubtful debtors, causing a decrease in the collection ratio of rental income. 3. Decrease in fair value of the real estate portfolio, resulting in a decrease in the net value.	• Diversified tenant base with a restriction on the maximum exposure to one tenant and good sectoral spreading of tenants. (1/2) • Deeply anchored in the market due to years of experience and own commercial teams. (1) • Only sites at strategic logistical hubs or secondary locations with growth potential. (1/3) • High level of construction-technical quality and sustainability that is in accordance with legal norms and standards, implying versatility and multi-functionality. (1/3) • Flexible real estate player who wishes to meet the changing needs of tenants. (1)	Property report » 1.Composition of the portfolio Report of the board of directors » 2.Investment strategy
Type of real estate Decreased attractiveness of the investment properties due to, among other things, deteriorated 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 rental prices, increase of vacancy rate and commercial costs of re-rental. 2. Decrease in fair value of the investment properties and as result also of the net value and increase of the debt ratio. 3. Not achieving the yield objectives of the investment properties.	• Adequate sectoral and regional spreading. Strategic choice for investments in the offices sector and the logistics sector. When making investment decisions, adequate sectoral spreading 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, there is a deep anchor in the market and a strong knowledge of the market due to years of experience and a own commercial teams. (1/2/3)	Property report » 3.Valuation of the portfolio by property experts

Description of the risks	Potential impact	Limiting factors and control	Note
Time of investment and divestment Making a transaction (investing/divesting in real estate) 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 rental prices, increase of vacancy rate and commercial costs of re-rental. 2. Decrease in fair value of the investment properties and as a result also a decrease of the net value and a increase of the debt ratio. 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 » 2.Investment strategy
		• Adequate sectoral and regional spreading. (1/2/3) • 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
Deflation 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 of interest rates Future fluctuations in the leading short and/or long term interest rates on the international financial markets.	1. Negative influence on the financial charges and thus on the cash flow in case of increased interest rates. 2. Fluctuations in the value of the financial instruments that serve to cover the debts. 3. Possible negative influence on the net value.	• High level of hedging against fluctuations in interest rates by means of derived financial instruments (such as Interest Rate Swaps). (1) • Follow-up of the evolution of interest rates and monitoring its impact on the effectiveness of covering against those risks. (1) • 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 » Financial structure 4.5 Cover ratio Financial report » Note 18 Financial instruments
Volatility on the financial markets External volatility and insecurity on the international markets.	1. More difficult access to the equity markets to gain new capital/equity capital and reduction of the options surrounding the financing of debt. 2. Fluctuations in the share price. 3. Less liquidity available in the debt capital markets concerning refinancing the outstanding bond loans.	• Frequent dialogue with capital markets and financial counter-parties as well as transparent communication with clear targets. (1/2/3) • Follow-up and management of all risks that can have a negative impact on the perception of investors and financiers of the company. (1/3) • Working towards building up long term relationships with financial partners and investors. (1/3)	Report of the management committee » 4.Financial structure
Share liquidity Sale of a large number of shares in the short term.	1. Decrease in the stock exchange price of the share.	• Agreement with a liquidity provider who makes continued efforts to increase share liquidity (1).	General information » 4.Liquidity provider

2. Operational risks

Description of the risks	Potential impact	Limiting factors and control	Note
Investment risk Risk of erroneous investment decisions and inappropriate policy choices.	1. Operating result and cash flow affected by lowered rental prices, increase of vacancy rate and commercial costs of re-rental. 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 and technical characteristics relating to real estate such as soil pollution and energy performance. 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) • Constant monitoring of changes in economic, real-estate specific and regulatory trends (among other things regarding tax legislation, regulations regarding RRECs, etc.). (1/2/3) • Pursuant to article 49, §1 of the RREC Act, an independent property expert values each acquisition or sale of real estate. (2) • For each disposal, the assessment value determined by the independent property expert is an important guiding principle for the transaction value. (2) • Close supervision of the safeguards put in place during the transaction, both regarding duration and regarding value. (1) • 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) • 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 2016 » 2.2 Investments and projects
Negative changes in fair value of the buildings Negative revaluation of the real estate portfolio.	1. Negative influence of the net result and the net value. 2. Negative evolution of the debt ratio 3. Impact on the ability to distribute a dividend if the cumulative changes exceed the distributable reserves.	• The real estate portfolio is assessed every quarter by independent experts, so that trends are visible soon and measures can be taken pro-actively. (1/2) • Investment policy that is aimed at high quality real estate at strategic logistical hubs and at locations with growth potential. (1) • Well diversified portfolio. (1) • Clearly defined and careful management of the capital structure. (2)	Report of the board of directors » 2.Investment strategy Property report » 3.Valuation of the portfolio by property experts

Description of the risks	Potential impact	Limiting factors and control	Note
Rental risk 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 the location of the property, the level of competition with buildings nearby, the target group aimed at and the users, the quality of the real estate, the quality of the tenant and the lease agreement.	1. Operating result and cash flow damaged by downward amendments to rental prices, increase of vacancy rate and commercial costs of 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. 2. Decrease in fair value of the investment properties and as result also of the net value and a decrease of the debt ratio. 3. Not achieving the intended yields.	• Mitigating the impact of the economic situation on the results by: ∘ Spreading the duration of lease agreements and conducting a periodic analysis of the vacancy risk by means of 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, all in compliance with rules defined in the applicable leasing legislation. (1/3) ∘ 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) ∘ Sectoral spreading of investment properties in which tenants are well spread among a large number of different economic sectors. (1/2/3) ∘ 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. (1/2/3)	Property report » 1.Composition of the portfolio
		• 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 according to the internal yield model. On the basis of this, an analysis is made of which objects require additional investments, where the tenant mix must be adapted and which premises are eligible for sale. (1/2/3)	
		• Lease agreements contain protective elements such as rental deposits and 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)	Financial report » Note 4 Recovery of property charges

Description of the risks	Potential impact	Limiting factors and control	Note
Cost control risk 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) • 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) • 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) • Timely drawing up and close following of investment budgets on the long term for thorough renovations and upgrades. (1)	Financial report » Note 5 Property charges
Risk relating to the deteriorated condition of the buildings and the risk of major works 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 of 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. 2. Maintenance and renovation costs and investments are necessary to achieve the rental price estimated beforehand. 3. Decrease in fair value of the investment properties and as result also of the net value and decrease of the debt ratio.	• Proactive policy regarding maintenance of the buildings. (1) • Constant monitoring of the investment plan in order to guarantee the quality of the portfolio. (1/2/3) • Ad hoc redevelopment and renovation of outdated buildings alongside regular investments in quality and sustainability.(1/2/3) • 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. These compensations for damage can be used to prepare the space for occupation by the next tenant.(1) • Sale of outdated buildings. (1/2/3)	Report of the management committee » 2.Important developments in 2016 » 2.2 Investments and projects 2.3 Divestment
Destruction of the buildings The risk that buildings are destroyed by fire or other disasters.	1. Operating result and cash flow affected by loss of rental income and loss of tenants. 2. Decrease in fair value of the investment properties and as result also of the net value and decrease of the debt ratio.	• The real estate portfolio is insured for reconstruction value excluding the premises on which the buildings are located. (1/2) • 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, without time limit. (1/2)	Property report » 2.Overview of the portfolio » 2.2 Insured value

Description of the risks	Potential impact	Limiting factors and control	Note
Debtor's risk The risk that the company decides it does not want to rent the building to a specific tenant for the rent which was estimated beforehand (resulting in a higher vacancy rate) or that the rent cannot (or can no longer) be collected 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 an increase of the costs that cannot be passed on to the tenant due to vacancy and legal fees. 2. Decrease in fair value of the investment properties and as result also of the net value and decrease of the debt ratio.	• Clear procedures for screening tenants when new lease agreements are concluded. (1/2) • Deposits or bank guarantees are always insisted upon when entering into lease contracts. In the standard rental contract for offices, a rental deposit or bank guarantee is applied that equals 6 months of rent in value, and one that equals 4 months of rent in value for logistics buildings. (1) • Strict debtor management in order to safeguard timely collection of lease receivables and adequate follow-up of rent arrears. (1) • 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 quarterly provision is requested. (1)	Financial report » Note 14 Current assets » Trade receivables and Note 4 Property result » Rental-related expenses
Legal and tax risks: contracts and corporate reorganisations Inadequate contracts concluded with third parties.	1. Negative impact on operating result, cash flow and net value. 2. Not achieving the yield objectives of the investment properties. 3. Reputation damage.	• If the complexity requires so, contracts concluded with third parties are checked by external consultants.(1/2/3) • Insurance against liability arising from the activities or investments by means of a third party liability insurance that covers physical injury and material damage. In addition, the board members and members of the management committee are insured for board member liability. (1/2) • Corporate reorganisations (merger, demerger, partial demerger, contribution in kind, etc.) are always subject to due diligence activities, guided by external consultants to minimise the risk of legal and financial errors. (1/2/3)	Property report » 2.Overview of the portfolio » 2.2 Insured value
Turnover of key staff Risk of key staff leaving the company.	1. Negative influence on existing professional relationships. 2. Loss of decisiveness and efficiency levels in the management decision-making process.	• Remuneration in line with the market. (1/2) • Working in teams, avoiding individuals being responsible for important and strategic tasks. (1/2) • Clear and consistent procedures and communication. (1/2)	Financial report » Note 7 Employee benefits

Description of the risks	Potential impact	Limiting factors and control	Note
Compliance risk 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. 2. Reputation damage.	• Extra attention is paid to screening integrity when recruiting new staff. Awareness is created around this risk among staff and it is ensured 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) • Adequate internal control mechanisms based on the “four eyes” principle. These mechanisms are intended to limit the risk of behaviour without integrity. (1/2) • 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 doing 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 » 3.Corporate Governance statement » 3.4 Other parties involved » Independent control functions

3. Financial risks

Description of the risks	Potential impact	Limiting factors and control	Note
Financing risk 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. 2. Not obtaining financing with new borrowed capital or only against very unfavourable terms. 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 the net value.	• Balance between shareholders' equity and borrowed capital for financing the real estate while keeping the debt ratio between 45% and 50%. This may be temporarily derogated from if specific market conditions require. (1/2/3) • A balanced spread of refinancing dates of the long-term financing with an average duration between 3,5 and 5 years. This may be temporarily derogated from if specific market conditions require. (1/2) • 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
Banking covenant risk Risk of failure to observe certain financial parameters within the framework of the credit facility agreements and 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 can be borrowed. In addition there is a limitation of borrowing capacity due to the maximum debt ratio that the regulations on RRECs allow.	1. Cancellation, renegotiation, termination or undue financing agreements becoming due from the financial institutions when ratios imposed are no longer respected.	• Careful financial policy with continuous monitoring in order to fulfil financial parameters. (1) • 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) • 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 art. 24 of the RREC Royal Decree. (1)	Report of the management committee » 4.Financial structure

Description of the risks	Potential impact	Limiting factors and control	Note
Liquidity risk Risk of insufficient cash flows to meet daily payment obligations.	1. EPRA earnings and cash flow influenced by increase of the cost of debts due to higher bank margins. 2. Financing for interest payments, capital or operational costs being unavailable. 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 bankruptcies of tenants. (1) • 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) • Constant dialogue with financing partners in order to build up a sustainable relationship with them. (2) • 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 » 4.1 Characteristics of the financial structure
Interest rate risk As a result of financing with borrowed capital, the EPRA earnings and the yield are also dependent on future interest rate developments.	1. EPRA earnings and cash flow influenced by increase of the cost of debts.	• A ratio of the borrowed capital of one third with a variable interest and two thirds of borrowed capital with a fixed interest rate when composing the credit facility portfolio. (1) • Protection against the risk of increasing interest rates by using hedging instruments. Depending on the developments in interest rates, a derogation from this may occur. (1) • 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 if specific market conditions require. (1)	Report of the management committee » 4.Financial structure Financial report » Note 18 Financial instruments
Risk associated with the use of financial derivatives 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 the net value. 2. Counter-party risk towards the party with whom the financial derivatives have been concluded (see also 'Risk associated with banking counter-parties').	• 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) • All financial derivatives are only used for hedging purposes. No speculative instruments are used. (1)	Report of the management committee » 4.Financial structure Financial report » Note 18 Financial instruments
Risk associated with banking counter-parties The conclusion of financing contracts or the use of a hedging instrument with a financial institution gives rise to a counter-party 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. 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) • Regular revision of the banking relations and exposure to each of them. (1/2) • 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 Financial report » Note 17 Non-current and current financial debts

Description of the risks	Potential impact	Limiting factors and control	Note
Risk associated with the debt capital markets 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. 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.	• Pro-actively 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) • 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
Financial reporting risk 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. Risk that the timing of financial reporting stipulated by regulations is not respected.	1. Reputation damage. 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) • Discussion of these figures within the management committee and checking their completeness and correctness by analyses of rental incomes, operational costs, vacancy rate, leasing activities, the change of the value of the buildings, outstanding debts, etc. Comparisons with forecasts and budgets are discussed. (1/2) • 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) • Checking of the half-yearly figures and the annual figures by the statutory auditor. (1/2)	Financial report » 7.Statutory auditor's report

4. Regulatory risks

Description of the risks	Potential impact	Limiting factors and control	Note
Status of public RREC (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). Risk of loss of recognition of status of public RREC. Exposure to the risk of future changes in the legislation governing RRECs.	1. Loss of the beneficial tax system for RRECs. 2. Loss of recognition is viewed as an event that causes credit to become due before their due date.	• Continuous attention of the board of directors and the management committee for regulations surrounding RRECs and retaining the status of public RREC. 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)	General information » 7.RREC — legal framework
Legal and tax risks: tax-related Non-compliance with or changes to the rules required by the transparent tax regime of the RREC.	1. Loss of tax status and mandatory repayment of certain credits in case of non-compliance with the rules. 2. Negative impact on the results and net value in case of any changes to the regime. 3. Reputation damage.	• Constant monitoring of the legal requirements and their compliance, with the support of specialised external consultants. (1/2/3)	General information » 7.RREC — legal framework » 8.RREC — tax system
Legal and tax risks: regulation and administrative procedures The changes in regulations on urban planning and environmental protection can have an adverse effect on the long-term operation of a building.	1. The strict enforcement and observance of urban planning regulations by municipal governments can negatively influence the attractiveness of an investment property and its fair value. 2. The introduction of new or stricter standards regarding soil pollution or energy consumption can have an influence on the costs which have to be made in order to operate well. 3. Negative impact on the results and the net value. 4. Not obtaining the expected yields of the investments properties.	• Constant monitoring of the legal requirements and their compliance, if required, with the support of specialised external consultants. (1/2/3/4)	/
Changes to international accounting standards (IFRS) Changes to international reporting standards (IFRS).	1. Possible influence on reporting, capital requirements, use of derived financial products, organisation of the company. 2. This can result in impact on transparency, achieved yields and possibly also valuation.	• Continuous evaluation of the changes regarding legal requirements and their compliance, with the support of specialised external consultants and the sectoral body. (1/2)	Financial report » Note 2 » Principles of financial reporting

Description of the risks	Potential impact	Limiting factors and control	Note
Risk of expropriation Expropriation within the framework of public expropriations by competent government authorities.	1. Loss in value of the investments and forced sale at a loss. 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)	/
Changes to several legislations 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 appear.	1. Negative influence on the activities, the result, the profitability, the financial situation and the outlook.	• Continuous monitoring of existing, potential changing of future new legislation, regulations and requirements and their compliance, with the support of specialised external consultants. (1)	/
Dividend risk 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 dropped or would drop to below the amount of the deposited sum, if this is higher, of the capital called for, increased by all the reserves which, according to the act 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. 2. Volatility in the share price. 3. Overall weakening of confidence in the share or in the company in general.	• Intervest has sufficient distributable reserves to ensure dividend distribution (1) • At least 80% of the adjusted positive net result, reduced by the net decrease in debt during the course of the financial year must be paid out as return on capital. (2/3) • 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 » Note 8.6

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 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.

History and milestones

1996

Foundation

1999

Acquisition of the Atlas Park and Airway Park office buildings in the Brussels periphery

2001

Acquisition of office buildings in Antwerp, Mechelen (including Mechelen Business Tower) and the Brussels periphery (including Woluwe Garden)

2005

Acquisition of office buildings at Mechelen Campus (phase 2)

2007

Acquisition of office buildings at Mechelen Campus (phase 3)

Acquisition of an office building in the Brussels periphery, Exiten

Divestment of 6 office buildings (including Atlas Park and Airway Park)

Acquisition of logistics site Herentals Logistics 1

2010

Sale of office buildings in Ghent

2011

Investment in logistics sites in Huizingen, Oevel and Houthalen

Building of development project Herentals Logistics 2

Divestment semi-industrial building Eigenlo in Sint-Niklaas

Name change, addition of "& Warehouses"

2014

Acquisition of a logistics site in Opglabbeek

Divestment of a semi-industrial building in Meer

2015

Acquisition of a logistics site in Liège

Divestment of a semi-industrial building in Duffel

2002

Acquisition of a logistics portfolio containing 18 properties

Acquisition of office buildings in the Brussels periphery and at Mechelen Campus (phase 1)

Acquisition of logistics sites in Puurs and Merchtem

2008

Acquisition of logistics site Herentals Logistics 2

2012

Partial redevelopment of Wilrijk 1 into Peugeot showroom

Acquisition of a second logistics site in Oevel

2013

Construction of a new adjoining building that connects existing logistics sites in Oevel

Divestment of a semi-industrial building in Kortenberg

2016

Opening of Greenhouse Antwerp, with 2nd RE:flex

Divestment of 5 non-strategic properties in the Brussels periphery

Acquisition at Generaal de Wittelaan 11C, Intercity Business Park

Continuously CAPITALISING on changing circumstances

"To us, Intervest is the real estate partner at our side who respects our uniqueness and takes our future plans into account."

Hugo Van Herck - Director Contract Logistics

Yusen Logistics Benelux - Herentals Logistics 1

▷ About Yusen Logistics

Yusen Logistics has developed into major logistics player in the Benelux. In addition, the company operates with branches in Sweden and in the north of France. Yusen Logistics is able to deploy the right logistics experts across a variety of sectors and for a diverse range of services. The services provided can function as stand-alone products or as a component of the wider range of available services as supply chain provider.
Yusen Logistics manages these elements as service provider with a focus on developing strong relationships with its customers, so that it can guarantee success for their transport activities over the long term.

Key figures

▼ Herentals Logistics 1

1. About Intervest Offices & Warehouses

Company

Intervest Offices & Warehouses (referred to hereafter as Intervest) is a public regulated real estate company (RREC) under Belgian law. The company has been listed on Euronext Brussels (INTO) since 1999. Intervest specialises in investments in office buildings (49%) and in high-quality logistics real estate (51%). This real estate is strategically situated in good locations: the logistics real estate on the major logistics axes and the offices in both the inner cities and on campuses outside the cities.

The total leasable space amounted to 705.068 m² and represented a fair value of € 611 million. The portfolio has an occupancy rate of 91%.

Intervest positions itself as a real estate company which does more than simply lease square metres. Intervest goes "beyond real estate". By listening to the customer, brainstorming with them and making plans for the future, Intervest is able to "unburden" its customers and offer them added value.

The company is characterised by its high dividend yield and its sound financial structure.

Strategy

Intervest aims to have its real estate portfolio increase to € 800 million by the end of 2018 and, to this end, it continues to work on the strategic shift in emphasis that it launched to move towards a ratio of 60% logistics real estate and 40% office buildings.

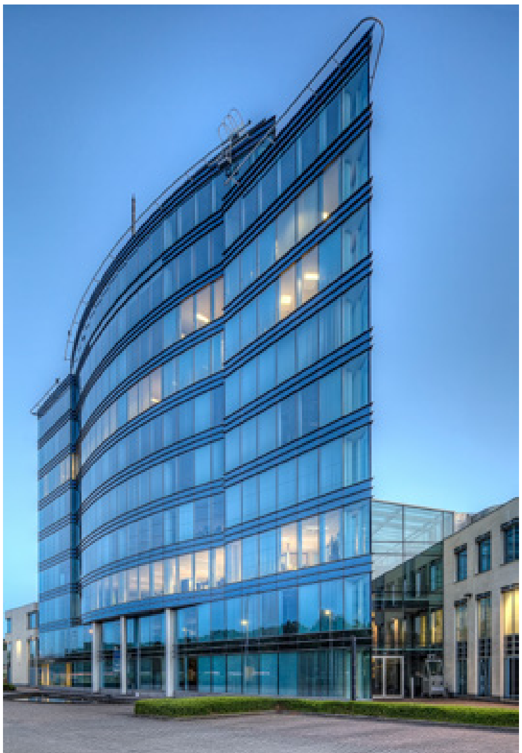
The investment strategy is based on 2 pillars: increased focus on logistics real estate and a solid grounding in the office market.

The strategy of Intervest for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multimodal accessibility. The broad geographic intention of this is to maximise the synergy benefits for customers and Intervest alike.

The strategy of Intervest in the office market is targeted at 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.

Announcement of solid growth over the next three years, based on reorientation in the office portfolio and the further expansion of logistics real estate.

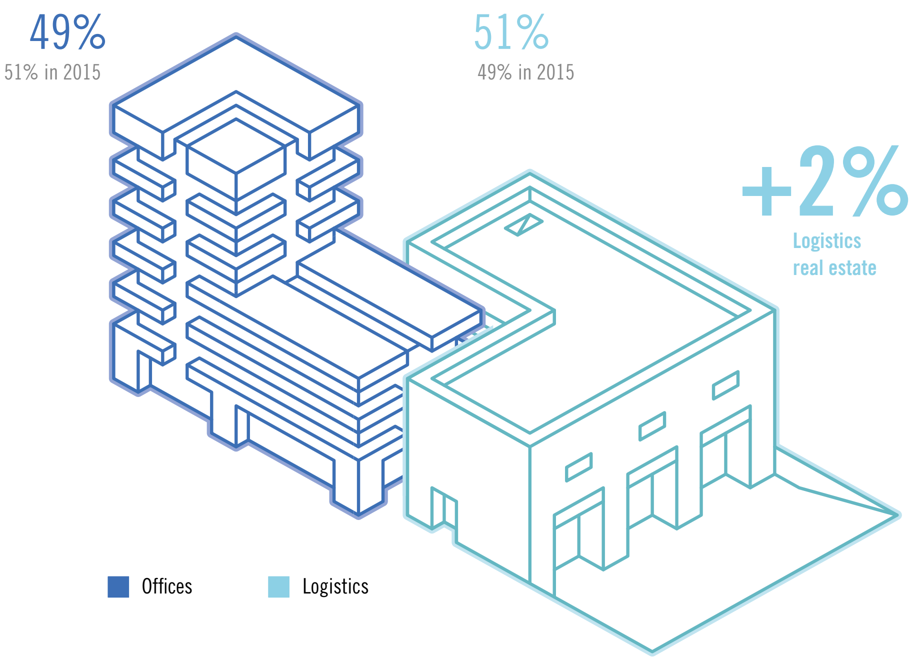
▼ Mechelen Business Tower



2. Real estate portfolio

Nature of the real estate portfolio

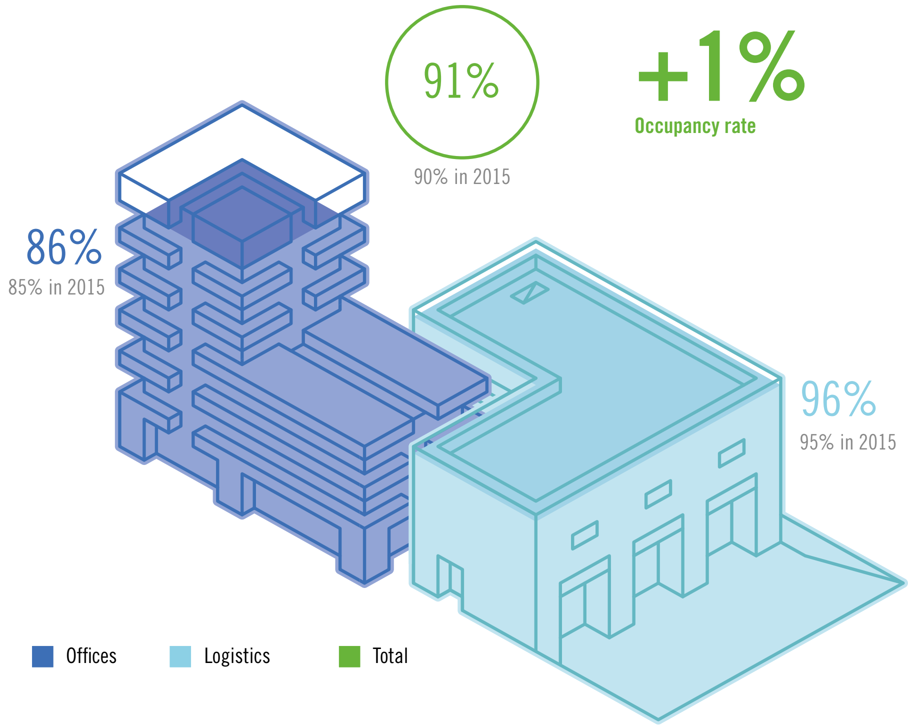
Strategic shift in the portfolio towards logistics real estate: as at 31 December 2016, 49% of the portfolio consisted of offices and 51% of logistics real estate.



▲ Puurs - Delhaize Belgium

Occupancy rate

Improvement of the total occupancy rate by 1% in 2016: 91% as at 31 December 2016 (90% as at 31 December 2015); the occupancy rate of the office portfolio increased by 1% to 86%, while the occupancy rate of the logistics portfolio increased by 1% to 96%.

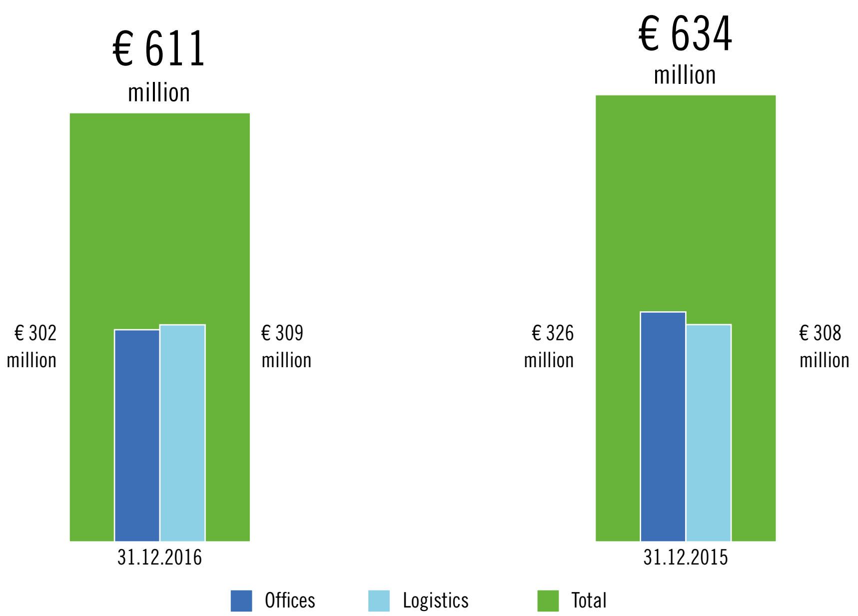


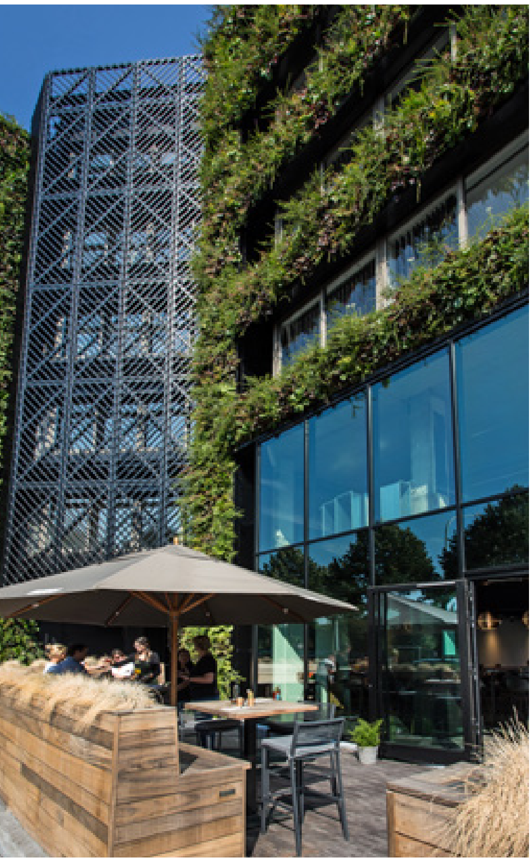
Total leasable space

The total leasable space amounted to 705.068 m² as at 31 December 2016 (717.073 m² as at 31 December 2015).

Evolution of fair value of the investment properties

The fair value of the total real estate portfolio as at 31 December 2016 amounted to € 611 million.



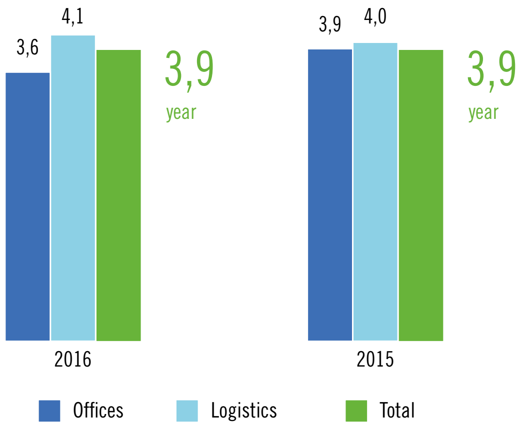


- Portfolio **reshuffle** started through **divestment** of four office buildings and one semi-industrial building in the Brussels periphery.
- Opening of **Greenhouse Antwerp**, with a **second RE:flex**, an office building targeting the 'new way of working', with a green façade, trendy meeting facilities and the Greenhouse Café.
- Without taking into account the new acquisitions and divestments achieved in 2016, the **fair value** of the existing real estate portfolio **increased by 0,4%**, with the logistics segment recording an increase in value of 1,2% and the offices a decrease in value of 0,6%.
- Agreement for a **new distribution centre** of 12.200 m² on Herentals Logistics 3 site.
- **Expansion** of the **Intercity Business Park** in Mechelen resulting from the purchase of two buildings.

◄ Greenhouse Antwerp

Average remaining duration of lease agreements[1]

In 2016, 50 lease agreements were entered into or extended, representing 24% of the rental income, mainly in the logistics portfolio.

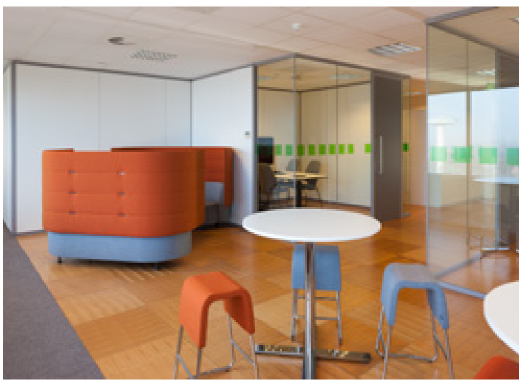


Beyond real estate: Turnkey solutions

Turnkey solutions have been rolled out further, for new rentals as well as for the extension of existing rental agreements. This change clearly fits within the trend of "unburdening" the customer.

Beyond real estate: RE:flex

Expansion of the RE:flex concept in Mechelen and opening of RE:flex Berchem in Greenhouse Antwerp in 2016.



▲ Mechelen Campus - Galápagos

▲ RE:flex Berchem

1 Calculations, excluding exit of the Deloitte tenant in Greenhouse BXL.

3. Balance sheet information

KEY FIGURES	31.12.2016	31.12.2015
Shareholders' equity (€ 000)	326.085	321.736
Borrowed capital (€ 000)	299.078	326.663
Debt ratio (%)	45,7%	48,2%
Market capitalisation (€ 000)	401.150	395.753

Strengthening of the equity by € 11,6 million through optional dividend for financial year 2015, with 57% of the shareholders opting for shares.

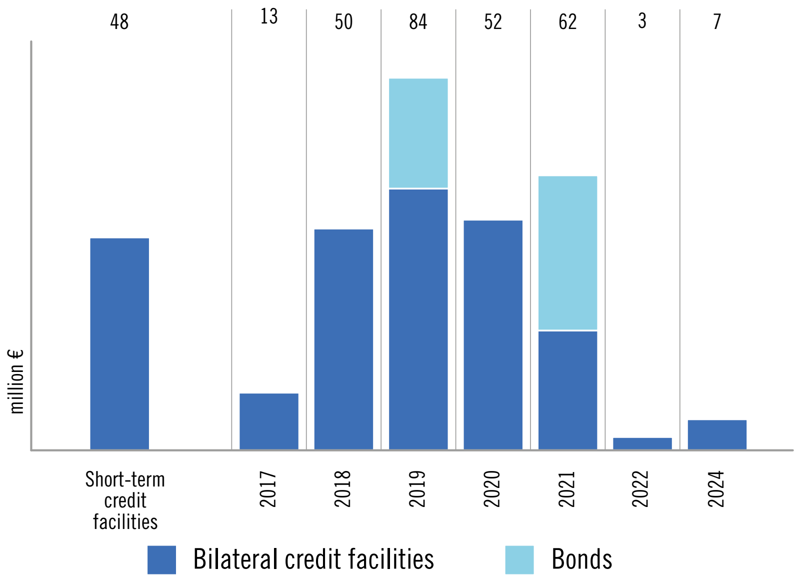
Debt ratio of 45,7% as at 31 December 2016 (48,2% as at 31 December 2015).

KEY FIGURES PER SHARE	31.12.2016	31.12.2015
Number of shares at year-end	16.784.521	16.239.350
Number of shares entitled to dividend	16.784.521	16.239.350
Net value (fair value) (€)	19,43	19,81
Net value (investment value) (€)	20,37	20,75
Share price on closing date (€)	23,90	24,37
Premium with regard to net value (fair value) (%)	23%	23%

Decrease in average interest rate of the financing from 3,5% in 2015 to 3,1% in 2016.

Only 4% of the credit lines need to be refinanced in 2017.

Expiry calendar financing



▲ Wilrijk 2

4. Results 2016

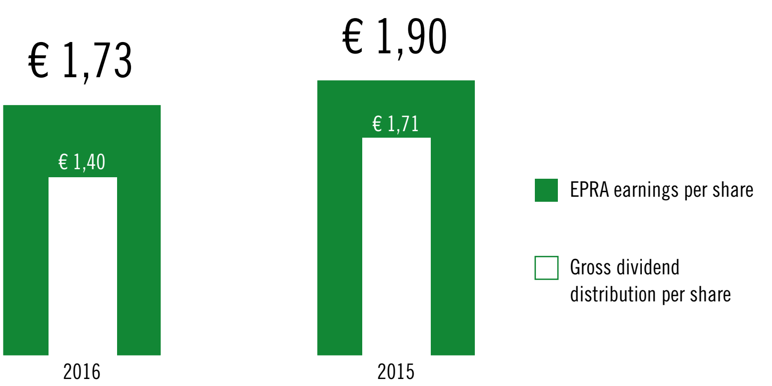
RESULTS (€ 000)	2016	2015
EPRA earnings	29.044	30.859
Result on portfolio	-10.009	-5.465
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
Net result	**20.582**	**25.952**

RESULTS PER SHARE	2016	2015
Number of shares entitled to dividend	16.784.521	16.239.350
EPRA earnings (€)	1,73	1,90
Pay-out ratio (%)	81%	90%
Gross dividend (€)	1,40	1,71
Net dividend* (€)	0,98	1,2483

* The withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (except in case of certain exemptions) as of 1 January 2017 as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

The EPRA earnings[1] amounted to € 1,73 per share in 2016 (€ 1,90 in 2015).

Dividend distribution: € 1,40 per share



1 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. A consequence of these guidelines is that the term used prior to this, "operating distributable result", was changed to "EPRA earnings". There is no difference with regard to content.

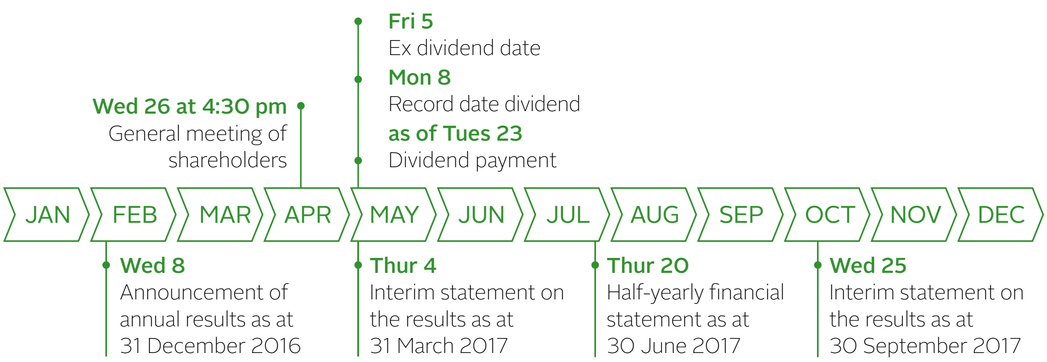
The gross dividend of Intervest amounts to € 1,40 per share for financial year 2016, offering a gross dividend yield of 5,9% based on the share price on closing date as at 31 December 2016.

Dividend pay-out ratio of 81% in 2016.

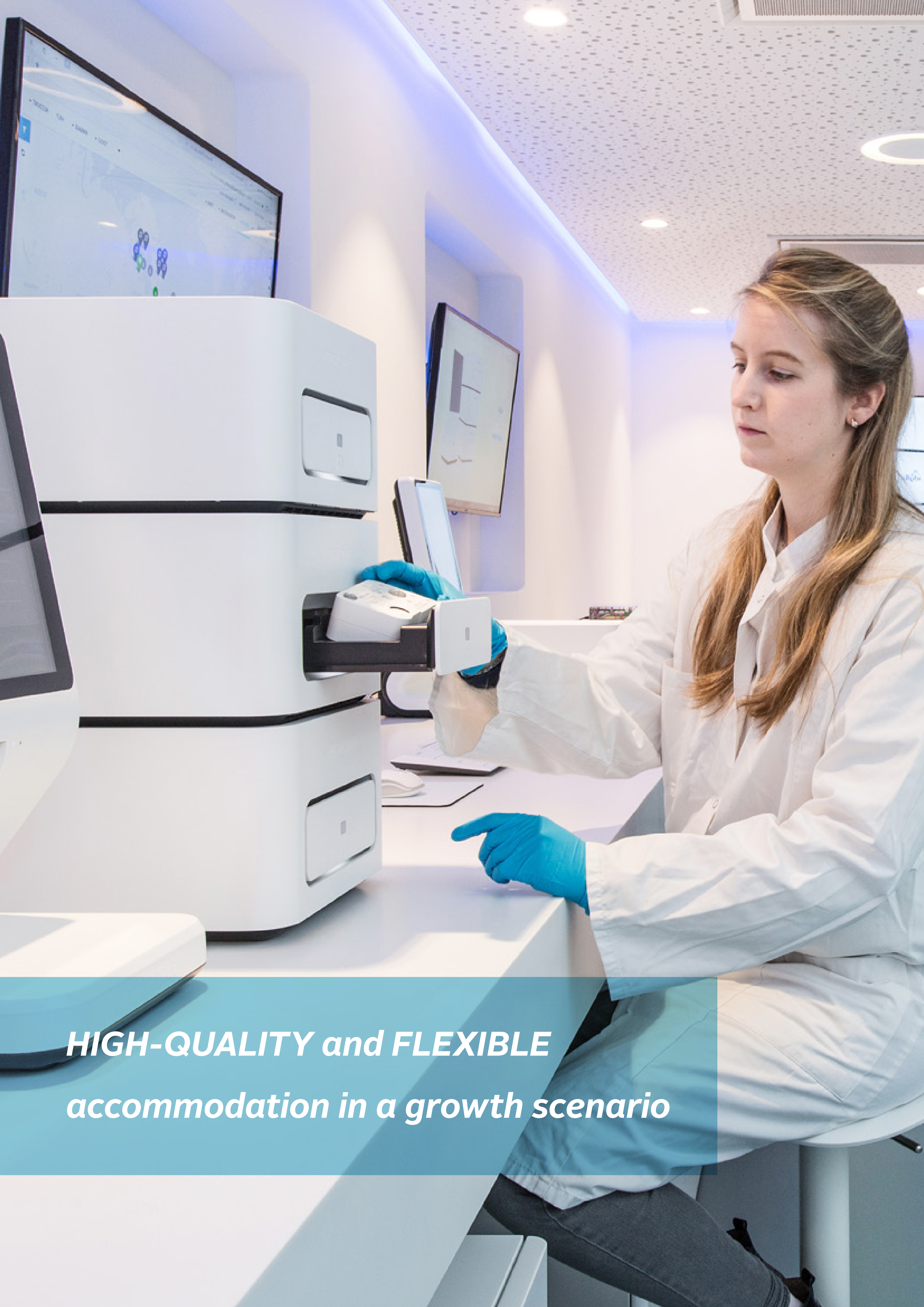
5. EPRA key figures

EPRA KEY FIGURES PER SHARE	31.12.2016	31.12.2015
EPRA earnings (€)	1,73	1,90
EPRA NAV (€)	19,60	20,09
EPRA NNNAV (€)	19,08	19,47
EPRA Net Initial Yield (NIY) (%)	6,4%	6,6%
EPRA Topped-up NIY (%)	6,6%	7,0%
EPRA Vacancy rate (%)	9,4%	11,5%
EPRA Cost Ratio (including direct vacancy costs) (%)	16,8%	15,4%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	15,8%	13,7%

6. Financial calendar 2017[1]



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



HIGH-QUALITY and FLEXIBLE accommodation in a growth scenario

“Intervest handled the creation of our new product demonstration space where we present our high-precision diagnostics products. The space is functional and modern, so exactly in line with our products’ image.”

Renate Degrave - Corporate Communications & Investor Relations Manager
Biocartis - Intercity Business Park - Mechelen

▷ About Biocartis

An innovative company active in the field of molecular diagnostics (MDx). It provides pioneering diagnostic solutions to improve clinical practice for patients, clinicians, the people who take care of the costs and the sector. The Biocartis’ MDx Idylla™ platform is a fully automated system which offers accurate, highly reliable molecular information from virtually any biological sample in virtually any setting. Biocartis is developing and marketing a rapidly expanding test menu addressing key, as yet unmet, clinical needs in oncology and infectious diseases.

Dear shareholders,

To
€ 800 million

Intervest Offices & Warehouses (referred to hereafter as "Intervest") announced a strong growth plan in March 2016. The company is looking to **expand its real estate portfolio** to approximately € 800 million, so that it represents approximately € 500 million in logistics real estate and approximately € 300 million in offices by the end of 2018. In so doing, the **strategic shift in emphasis** that was started a few years ago toward a ratio of 60% logistics real estate and 40% office buildings will continue to be maintained. Such **logistics real estate** will preferably be located in the most important logistics axes where Intervest already operates, i.e. the Antwerp-Brussels-Nivelles axis and the Antwerp-Limburg-Liège axis. Other locations in Belgium, the Netherlands and Germany will also be considered.

Shift of
2% towards logistics real estate

The ratio between the two segments as at the end of 2016 was 49% offices and 51% logistics buildings. At the end of 2015, this ratio was still 51% offices and 49% logistics real estate.

This means a shift of 15% from the office portfolio towards the logistics real estate market over the past 5 years.

The **strategy** of Intervest for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multimodal accessibility or on redevelopment. With a broad geographic intention to maximise the synergy benefits for customers and Intervest alike.
The strategy of Intervest in the office market is targeted at 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.

Multi-functionality, architecture, sustainability and quality

There will be additional investments in logistics real estate at strategic locations and this will parallel the reorientation of the office portfolio consisting of divesting non-strategic buildings and reinvesting in buildings with a distinctive character attributable to their **multi-functional, architectural, sustainable and qualitative properties.** This, combined with the already existing **active asset management**, will improve the foundations of the real estate portfolio.

Active asset management

Divestment of 5 buildings

In April 2016, Intervest started reshuffling its real estate portfolio by **divesting** four office buildings and one semi-industrial building in the Brussels periphery.

Investments and expansions

At the **investment** level, Intervest expanded its office buildings at Intercity Business Park in Mechelen in 2016 by purchasing 2 adjoining buildings in order to create an opportunity to offer its current customers appropriate facilities in the long term.

More than square metres

In both its market segments, Intervest is positioning itself **"beyond real estate"** and is acting as a real estate partner which does **more than simply let square metres** of office or logistics space.
Intervest can unburden its customers and offer them added value by listening to what they want, by thinking along with them and by thinking ahead. The many positive reactions from the customers to these **turnkey solutions** serve as an encouragement to Intervest in further expanding this approach.

Tailoring logistics spaces to customer preferences

In the logistics segment, this has led to thinking along with the customer regarding current and future needs for space. For example, projects were developed in close cooperation with the customer, among others with Toyota Material Handling Europe Logistics and Rogue Fitness, to meet their specific requirements regarding interior design, layout, combination with offices and the like.
When **developing Herentals Logistics 3** by adding a new distribution centre of 12.200 m^2, there were close consultations with Schrauwen Sanitair en Verwarming to work out the complete interior design of this new logistics site. This development will be delivered over the course of 2017.

◄ Intercity Business Park - Biocartis

Greenhouse Antwerp opened in September 2016. It is an innovative renovated Intervest office building in Berchem. The eye-catcher is the green façade, and with some 50,000 living plants, it has one of the largest such façades of any office building in Belgium. Greenhouse Antwerp is tailored to the current, new way of working, with a RE:flex space for start-ups and co-working, a vast range of flexible meeting rooms and a restaurant, namely the "Greenhouse Café".

Green façade

The plans for **Greenhouse BXL,** the renovation of the current Diegem Campus, are also prime indications of the direction in which Intervest wants to steer its office portfolio evolution. **The recurring theme here is innovative, inspiring and service-oriented concepts** where working is a pleasant experience.

Reorientation of offices into inspiring, innovative environments

In 2016, **50 lease agreements** were entered into or extended, representing 24% of the rental income. Lease activity has mainly taken place in the logistics segment.

The **occupancy rate** of the real estate portfolio of Intervest as at 31 December 2016 amounted to 91%, 1% higher than at the end of 2015. The occupancy rate for the logistics portfolio in 2016 rose by 1% to 96% and the occupancy rate for the office portfolio also rose by 1% to 86%.

Occupancy rate

91%

The **EPRA earnings** of Intervest amounted to € 29,0 million for the 2016 financial year. The fall by € 1,9 million compared to the previous financial year can mainly be attributed to the divestment of five buildings in the Brussels periphery, combined with lower (one-off) refurbishment fees by departing tenants, partly compensated for by lower financing costs.
Taking into account 16.784.521 dividend-entitled shares, this means that there is an **EPRA earnings per share** of € 1,73 for the financial year of 2016, compared to € 1,90 last year.
Without taking into account the one-time € 2,5 million refurbishment fee for departing tenant Deloitte, the EPRA earnings for financial year 2015 would have amounted to € 28,4 million. This would amount to € 1,74 per share. Consequently, the **EPRA earnings per share** of € 1,73 without refurbishment fee for financial year 2016 is 1 euro cent lower than for financial year 2015 without the one-time refurbishment fee.

EPRA earnings per share

€ 1,73

Within the scope of its announced growth strategy, Intervest decided in March 2016 to plan a gross dividend of a minimum of € 1,40 per share for financial years 2016, 2017 and 2018. As a result, we are able to offer you a **gross dividend** of € 1,40 for financial year 2016 (€1,71 for financial year 2015). This equals a pay-out ratio of 81% of the EPRA earnings. This represents a **gross dividend yield** of 5,9%, based on the closing share price as at 31 December 2016 (€ 23,90).

Gross dividend

€ 1,40

Freefloat to
82%

The shareholder structure of Intervest underwent significant changes during the course of 2015 and at the start of 2016. The **free float** rose from 45% at the start of 2015 to 82% as at 31 December 2016, pursuant to the systematic sale of the shareholding held by NSI (previously majority shareholder with 55%). The shares were placed with a broad base of institutional investors. These changes increased the liquid assets of the share and provide Intervest with better access to the capital markets and debt financing.

57%
choose optional dividend

The **result of the optional dividend** in May 2016, with 57% of the shareholders choosing shares, strengthened the company's equity and reflects the market's confidence in Intervest.

45,7%
debt ratio

3,1%
average financing cost

The policy of Intervest on financing consists of maintaining a **debt ratio** of between 45% and 50%. The debt ratio at the end of 2016 amounted to 45,7%, which means that it dropped 2,5% in respect of year end 2015 pursuant to the divestment of investment properties and the success of the optional dividend. The **average interest rate** for financing in 2016 dropped and amounted to 3,1% for financial year 2016, compared to 3,5% for the previous financial year. Only 4% of the credit lines of Intervest will need to be refinanced during the course of 2017.

Dedicated management

In April 2016, Intervest implemented a reshuffle of its **board of directors** pursuant to the changed shareholder structure and for the purpose of carrying out the company's growth plans. With regard to the **management committee,** Jean-Paul Sols, ceo, and Inge Tas, cfo, have been at the exclusive disposal of Intervest since August 2016. As from 1 May, Marco Hengst was incorporated in the management committee as chief investment officer. At the end of November 2016, Luc Feyaerts indicated that he would be vacating his position after 8 years as chief operating officer. The management committee will consist of the ceo, cfo and cio as from 31 March 2017.

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.

The board of directors

Jean-Pierre Blumberg

Chairman of the board of directors

Understand and pick up the ***UNIQUENESS*** *of clients*

“In the retail market, for quick and efficient service to shops, it is essential that service provided to the shop be tailored to demand in the shop as much as possible. Intervest did an excellent job in helping us translate these needs into the refurbishment of our warehouses.”

Tom Vermeylen - coo

Zeb Logistics - Merchtem

▷ About Zeb Logistics

ZEB is a leading jeans specialist with shops across Belgium and their own funky e-shop. It’s impossible to miss how ZEB puts its customers at the top of its priority list: nicely finished and easily accessible shops with spacious parking lots, an attractive and well-stocked e-shop, professional service online and at ZEB’s physical locations. And it goes without saying, there are awesome promotions the whole year round. A semi- to fully automated supply chain system in Merchtem serves the 60 shops across Belgium as a whole.

Report of the board of directors

▼ Merchtem - Zeb Logistics

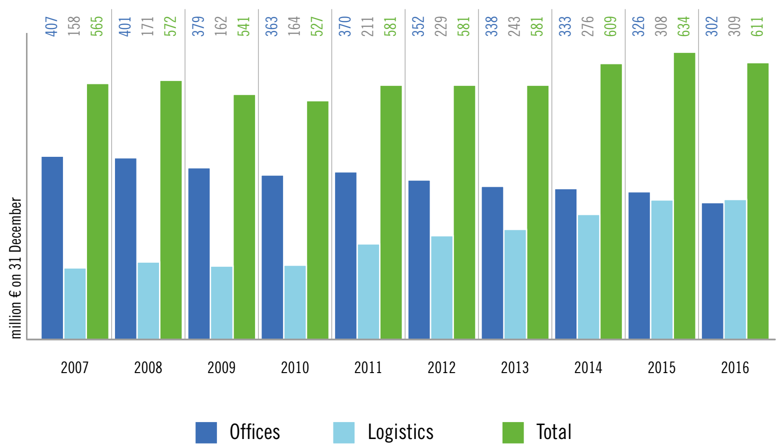
1. Profile

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

Intervest invests in high-quality office buildings and logistics properties in Belgium that are leased to first-rate tenants. The real estate properties in which the company invests, consist primarily of up-to-date buildings that are strategically located. The office segment concentrates on the Antwerp-Mechelen-Brussels axis and is located both in the inner city and on campuses on the outskirts of cities; the logistics properties focus on the Antwerp-Brussels - Nivelles and Antwerp-Limburg -Liège axes.

As at 31 December 2016, the portfolio comprised 49% offices and 51% logistics real estate. The total fair value of investment properties as at 31 December 2016 amounted to € 611 million.

1.1. Evolution of fair value of the real estate portfolio



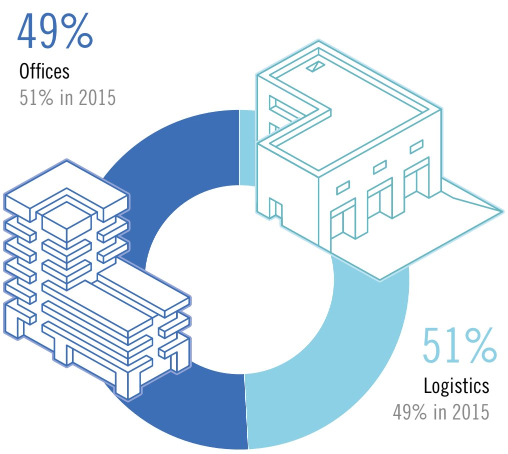
As at 31 December 2016, the fair value of the real estate portfolio was € 611 million and comprised 49% offices and 51% logistics real estate.

1.2. Risk spread

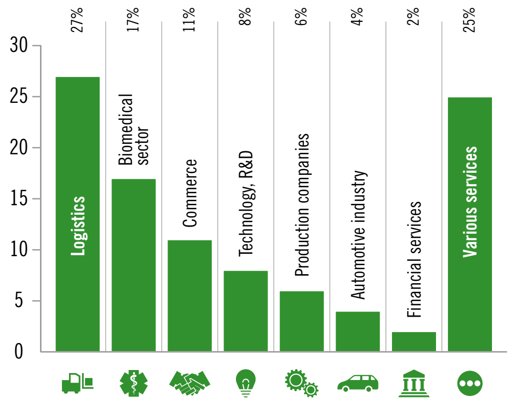
Intervest's investment strategy respects the criteria of risk diversification in the real estate portfolio based on building type, geographic location and sectoral spread of the tenants.

As at 31 December 2016 this risk spread was as follows:

Nature of the portfolio[1]



Sectoral spread of the tenants[2]

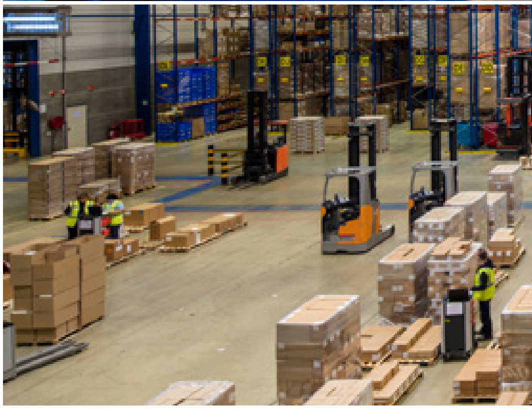


Intervest endeavours to spread its risk in a variety of ways. For example, tenants often operate in widely divergent sectors of the economy, such as logistics, health, commerce, technology, research and development. In addition, the company takes great care to ensure that the interim expiry dates and the expiry dates of the lease agreements are well spread.

1 Percentages based on the fair value of the investment properties as at year end.
2 Percentages based on the annual rental income.

Geographical spread[1]

1 Percentages based on the fair value of the investment properties as at 31 December 2016.



2. Investment strategy

Intervest is a high-quality, specialised player in both the **office market** and the l**ogistics real estate segment.** 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.

In line with this strategy, Intervest announced a strong **growth plan** in March 2016. The company is looking to expand its real estate portfolio to approximately € 800 million over a period of 3 years, so that it represents approximately € 500 million in logistics real estate and approximately € 300 million in offices by the end of 2018. In so doing, the strategic shift to a ratio of approximately **60% logistics real estate and 40% office buildings** will continue to be maintained. There will be additional investments in logistics real estate at strategic locations and this will parallel the reorientation of the office portfolio consisting of divesting non-strategic buildings and reinvesting in buildings having a distinctive character attributable to their multi-functional, 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 evolution of office and real estate value 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 by listening to what they want, by thinking along with them and by thinking ahead.

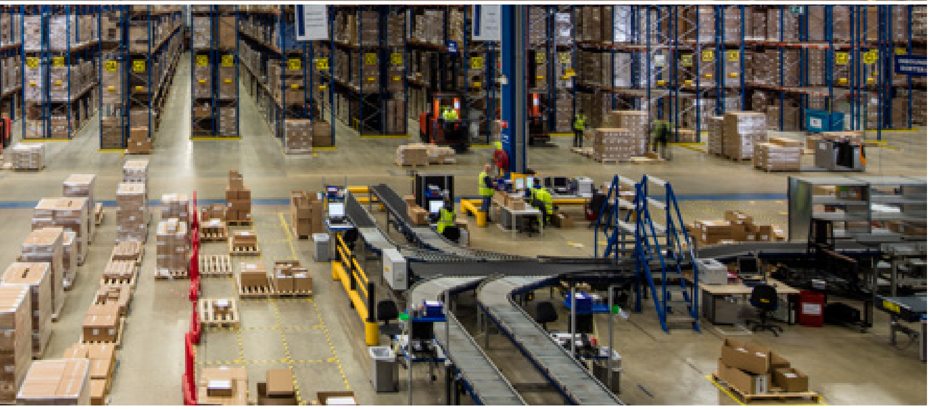
Intervest goes beyond real estate, beyond the m² of office or logistics space.

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 in a radius of 150 km around Antwerp, also in the direction of the Netherlands and Germany

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.

In Belgium, Intervest will continue to make new acquisitions or developments **on the two most important logistics axes in Belgium:** Antwerp-Brussels-Nivelles and Antwerp-Limburg-Liège its priority focus. 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



◂ Opglabbeek

changing needs of current and new customers as regards surface area or location. Other locations in Belgium, the Netherlands and Germany 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 area will be achieved by acquiring **high-quality real estate, developments of land positions on multimodal accessible locations and by developing its own portfolio.** In this way the company started developments on its own grounds in Herentals and Liège in 2016, and there are still opportunities to expand on a variety of logistics sites, among others in Opglabbeek in partnership with third parties. It is clear that such expansions offer both Intervest and current tenants major benefits in terms of synergy, thereby enabling the creation of added value.

The strategy of Intervest for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multimodal accessibility. The broad geographic intention of this is to maximise the synergy benefits for customers and Intervest alike.

Office portfolio: efficiently tapping into a changing rental market and reorientation of types of buildings

For a number of years the office market in Brussels, both in the centre and on the periphery where Intervest operates, has been struggling with an oversupply, and this has created a difficult rental market. In recent years only a very limited number of projects have been added to the market, and the reconversion of offices to suit other functions continues apace. For the market as a whole this has had a positive effect on vacancy rates, despite large regional differences. However, oversupply, mainly in obsolete and empty office buildings, has a negative impact on average rents, while the number of renegotiated leases is on the rise. In addition, developments in the “new way of working” are leading to a reduction in the total surface area occupied for the same number of employees when businesses move. Although a slight improvement has been noticeable in the last 2 years, it is unlikely that the office market will again reach pre-2008 levels.

In the highly competitive environment of the office market, Intervest distinguishes itself by focusing on the constantly evolving needs of customers. For certain companies, accommodation is less and less a matter of square metres, and they are no longer just looking for space. What they want is an **all-in-one solution** where the emphasis is on the kind of service that takes account of changing ways of working and technological developments. By providing **turnkey 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 also responds actively to new trends on the labour market, as with the **RE:flex** hub for mobile and flexible working. Many employers are trading in the concept of full-time working from home for mixed solutions where the social contact in the workplace is reconciled with the requirements of mobility and flexibility. With RE:flex, Intervest offers easy, flexible access to an inspiring office environment. RE:flex targets both small, starting companies and large companies which need meeting rooms or workstations for temporary projects. Furthermore, RE:flex is a practical and stimulating environment for training courses, seminars and events.

With regard to portfolio re-orientation, Intervest will in future focus on strategic locations, both in the **inner city and on the campuses on the outskirts of cities** 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.

In the high-yield office segment, Intervest seeks to retain a minimum critical mass, giving it an opportunity to expand further at a later stage. The current office portfolio is therefore undergoing a **reshuffle**, whereby the company is gradually divesting offices that do not adequately meet the expectations of the future rental market. The robust development of Intervest's market position in Mechelen will be maintained in view of the fact that Mechelen is increasingly considered as an alternative to Brussels as a result of mounting mobility issues.

The strategy of Intervest in the office market is targeted at 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 - Carlson Wagonlit Travel

Size of the real estate portfolio

A large portfolio clearly offers a number of benefits.

- It helps to spread the risk for the shareholders. As a matter of fact, potential regional fluctuations in the market can be absorbed by investing in real estate throughout Belgium. This also means that the company is not dependent on one or a small number of major tenant(s) or project(s).
- The achieved economies of scale make it possible to manage the portfolio more efficiently, with the result that a greater amount of EPRA earnings can be paid out. This relates, for instance, to costs of maintenance and repair, (long-term) renovation costs, consultancy fees, publicity costs, etc.
- If the total portfolio increases across the board, management's negotiating position is improved when discussing new lease terms and offering new services, alternative locations, etc.
- It makes it possible for a specialised management team to use its knowledge of the market to pursue an innovative and creative policy, 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.

Each acquisition must be checked against real estate and financial criteria. Property-related criteria:

- quality of the buildings (construction, finishing, number of parking spaces)
- location, accessibility, visibility
- quality of the tenants
- respect for the legal provisions and regulations (permits, soil pollution, etc.)
- potential for re-rental.

Financial criteria:

- enduring contribution to the result per share
- exchange ratio based on investment value
- prevention of dilution of the dividend yield.

As at 31 December 2016, the free float of the share of Intervest increased from 75% to 82%.

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, contributions of property or mergers), which is also tremendously important for growth. To improve its liquidity, Intervest has concluded a liquidity agreement with ING Bank.

The liquidity of most Belgian RREC is fairly low. A major reason for this is that these companies are often too small - in terms of both market capitalisation and free float - to gain the attention of professional investors.

In addition, shares in RREC are generally purchased as long-term investments rather than on a speculative basis, which reduces the number of transactions.

▼ Mechelen Campus

3. Corporate governance statement

3.1. 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.corporategovernancecommittee.be.

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 whistle-blowing rules
- the market abuse-prevention directive.

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 on 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 RREC.

In 2016, the company deviated from the following stipulations of the Belgian Corporate Governance Code 2009 (explain):

Clauses 5.3 and 5.4 on the operation of committees (incl. appendices D & E)

The board of directors decided not to set up an appointment committee or a remuneration committee as the company fulfils two (average number of employees < 250 persons and annual net turnover < € 50 million) of the three criteria determined by article 526quater of the Belgian Companies Code. 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.

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 make such a position unnecessary.

3.2. Management entities

Board of directors

	Address	Mandate	Start	End	Attendance
Jean-Pierre Blumberg Chairperson, independent director	Plataandreef 7 2900 Schoten Belgium	First mandate	April 2016	April 2019	8/9
Chris Peeters Independent director	August Van Landeghemstraat 72 2830 Willebroek Belgium	Second mandate	April 2016	April 2019	12/13
Marleen Willekens Independent director	Koning Leopold I straat 22 3000 Leuven Belgium	First mandate	April 2016	April 2019	8/9
Jacqueline de Rijk - Heeren Independent director	Stationsstraat 33 2910 Essen Belgium	First mandate	April 2016	April 2019	8/9
Johan Buijs Director	IJsseldijk 438 2921 BD Krimpen a/d IJssel The Netherlands	Second mandate	April 2015	April 2018	13/13
Gunther Gielen Director	Korte Welvaart 57 3140 Keerbergen Belgium	First mandate	April 2016	April 2019	8/9

As at 31 December 2016, 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.

First mandate

April 2016 - April 2019

Attendance: 8/9

JEAN-PIERRE BLUMBERG

Chairperson, independent director

Jean-Pierre Blumberg was appointed independent director of the company by decision of the annual general meeting of 27 April 2016, with this mandate ending immediately after the annual general meeting that will be held in the year 2019 and at which the annual report of 31 December 2018 will be approved.

Employment history:

Jean-Pierre Blumberg, born in 1957, attained a Master 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), where he became partner in 1990. He was then National Managing Partner at Linklaters 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 is 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 at Vastned Retail Belgium (listed)
- chairperson of the board of directors of TINC (listed).

Previous mandates during the past 5 years:

- Jean-Pierre Blumberg has already been an independent director of Intervest, for the period from 2001 to April 2013
- independent director of CMB (Compagnie Maritime Belge).

▼ Intercity Business Park - Biocartis, showroom

Second mandate

April 2016 - April 2019

Attendance: 12/13

CHRIS PEETERS

Independent director

Chris Peeters was appointed independent director of the company in a personal capacity by decision of the annual general meeting of 27 April 2016, with this mandate ending immediately after the annual general meeting that will be held in the year 2019 and at which the annual report of 31 December 2018 will be approved.

Employment history:

Prof. dr. Chris Peeters was born in 1960. In 1982, he graduated in applied economic science (TEW, Toegepaste Economische Wetenschappen) and obtained a PhD degree in TEW in 1990. He is affiliated with the University of Antwerp, where he teaches the courses Public Policy, Transport Economy and Logistics, and functions as an adviser for companies and government bodies both within and outside Europe. Prof. dr Chris 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 concerning strategic decision-making and policy advice. He is the chairperson/managing director and senior partner of Policy Research Corporation bv.

Current mandates:

- member of the board of directors and of the audit committee of Intervest (listed)
- member of the board of directors and of the audit committee of Vastned Retail Belgium (listed)
- chairperson/managing director of J.P. Willebroek nv
- member of the advisory board of Limburgs Energie Fonds (NL).
- managing director of EMSO bvba, (European Maritime Surveys Organisation)
- chairperson of the board of directors Policy Research Corporation bv
- president of Military Talent for Business Solutions bv.

Previous mandates during the past 5 years:

Chris Peeters has not performed any other mandates apart from those listed above during the past 5 years.

EMSO bvba, permanently represented by Chris Peeters, was admitted as a director as per the decision of the board of directors of 21 December 2007. As per decision of the general annual meeting of 2 April 2008, the co-opting decision of the board of directors of 21 December 2007 was enforced and EMSO bvba, permanently represented by Chris Peeters, was appointed independent director of Intervest starting from 1 January 2008, ending immediately after the general annual meeting that was held in the year 2011 and at which the annual accounts of 31 December 2010 were approved. Then, EMSO bvba, permanently represented by Chris Peeters, was reappointed independent director of Intervest by decision of the annual general meeting of 24 April 2013, with this mandate ending immediately after the annual general meeting that was held in the year 2016.

Additional information about bankruptcies in which a director was involved during the past 5 years:

Chris Peeters is involved in the bankruptcy of Asopus Corporation nv as a managing director (date of bankruptcy: 26 September 2014) and Asopus Institute nv (date of bankruptcy: 26 September 2014). The trade activities of both of those companies concerned consultancy in the field of business management and operational management. Both companies already had a track record of almost 20 years, which in principle implied a successful business model. However, decreasing turnover and an increasingly heavy burden of expenses led to the two companies being declared bankrupt. The bankruptcy of Asopus Corporation nv and Asopus Institute nv did not lead to any liability of the boards of directors of the two companies at the date of this annual report's editing. By way of a statement towards the company, Chris Peeters has confirmed to the company, under oath, that no error can be ascribed to the respective boards of directors in general and to him personally as a member of the respective boards of directors with regard to the bankruptcy of Asopus Corporation nv and Asopos Institute nv, and that he has not committed any grave errors that contributed to the bankruptcies of the two companies mentioned.

As a permanent representative of the managing director of nv EM, Achelos Enterprises bv, Chris Peeters is also involved in the bankruptcy of nv EM. This bankruptcy was declared as at 19 November 2015. Due to the economic crisis the purchase/sale of luxury motor boats sharply declined, which ultimately led to bankruptcy of the company. Also in this context, the bankruptcy did not lead to any liability of Chris Peeters and/or the boards of directors of this company at the date of publishing this current report. Chris Peeters has made a sworn declaration to the company that no error can be ascribed to him personally, nor as a member of board of directors with regard to the bankruptcy of nv EM.

▼ RE:flex Berchem

First mandate

April 2016 - April 2019

Attendance: 8/9

MARLEEN WILLEKENS

Independent director

Marleen Willekens was appointed independent director of the company by decision of the annual general meeting of 27 April 2016, with this mandate ending immediately after the annual general meeting that will be held in the year 2019 and at which the annual report of 31 December 2018 will be approved.

Employment history:

Prof. dr. Marleen Willekens, born in 1965, attained a Master in Business Economics at Ghent University (1987) and then started her career in the financial sector, as employee at Bank Brussels Lambert. She decided to start working in the academic world in 1989, where she obtained a PhD degree 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)
- chairperson of the Dutch jury (NL3) of the examination board of qualifying examinations for statutory auditor.

Previous mandates during the past 5 years:

- member of the board of directors and former vice-chairperson of the ICCI (Information Centre for Auditing)
- independent director DCL (Paris).

▼ Greenhouse Antwerp - Mercuri Urval

First mandate

April 2016 - April 2019

Attendance: 8/9

JACQUELINE DE RIJK – HEEREN

Independent director

Jacqueline de Rijk - Heeren was appointed independent director of the company by decision of the annual general meeting of 27 April 2016, with this mandate ending immediately after the annual general meeting that will be held in the year 2019 and at which the annual report of 31 December 2018 will be approved.

Employment history:

Jacqueline de Rijk - Heeren was born in 1952. She followed the professional skills training course for national and international professional goods transport and then followed the training course for transport specialist of hazardous substances at the Stichting Scheepvaart en Transport Onderwijs. As from 1994, she held the position of director at Jan de Rijk Logistics and she has also been director at Euroute Holding nv Beheermij JDR since 1995. She has also been a director at Europand since 2005.

Current mandates:

- member of the board of directors of Intervest (listed)
- board member and treasurer of Nederland Distributieland
- member of the board of directors and of the National and International Road Transport Organization financial committee
- board member of the Multimodal Coordination and Advice Centre Brabant.

Previous mandates during the past 5 years:

- director of Europand Eindhoven bv.

Second mandate

April 2015 - April 2018

Attendance: 13/13

JOHAN BUIJS

Director

Johan Buijs was appointed non-independent director of the company as per decision of the extraordinary general annual meeting of 27 October 2011, for a term that ended immediately after the general annual meeting that was held on 29 April 2015. Subsequently, Johan Buijs was reappointed non-independent director of the company by decision of the annual general meeting of 29 April 2015, with this mandate ending immediately after the annual general meeting that will be held in the year 2018 and at which the annual report of 31 December 2017 will be approved. Until April 2016, Johan Buijs was a non-independent executive director and de facto manager of Intervest.

Employment history:

Johan Buijs, born in 1965, studied civil engineering at the TU Delft. He started his career in 1989 as a structural engineer at the D3BN Civiel Ingenieurs consultancy company. Afterwards, he worked as a structural engineer/project manager at Royal Haskoning and as a project manager and director of D3BN Rotterdam and manager 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 director of Wereldhave nv. He was the general manager leading NSI nv until August 2016. He currently works as ceo and co-founder of Spark Real Estate bv.

Current mandates:

- member of the board of directors of Intervest (listed)

Previous mandates during the past 5 years:

- director at IVBN, Vereniging van Institutionele Beleggers in Vastgoed (the Association of Institutional Real Estate Investors), The Netherlands.

▼ Liège

GUNTHER GIELEN

Director

First mandate

April 2016 - April 2019

Attendance: 8/9

Gunther Gielen was appointed director of the company as representative of the shareholder Belfius. The appointment was ratified by decision of the annual general meeting of 27 April 2016, with this mandate ending immediately after the annual general meeting that will be held in the year 2019 and at which the annual report of 31 December 2018 will be approved.

Employment history:

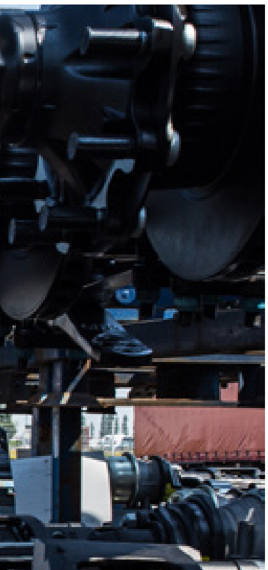
Gunther Gielen, who was born in 1973, attained a business engineering degree at the KU Leuven, followed by a Master of Finance at the University of Antwerp. From 1997 to 1999 he was an analyst of advanced financial products and derivatives at Bacob. From 1999 to 2002 he was an equity analyst at Artesia Banking Corporation. From 2002 to 2006 he was senior risk manager of equities and real estate at Dexia 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. Since May 2014 he has held the position of managing director of Belfius Insurance Invest.

Current mandates:

- member of the board of directors of Intervest (listed)
- member of the board of directors of Auxipar (Belgium, holding company specialised in energy, pharmaceutical and financial shareholding)
- member of the board of directors of Technical Property Fund 2 SPPICAV (France, logistics real estate)
- member of the board of directors of Coquelets S.A. (Belgium, real estate)
- member of the board of directors of Legros-Renier Les Amarantes Seigneurie de Loverval S.A. (Belgium, real estate)
- member of the board of directors of LFB S.A. (Belgium, real estate)
- member of the board of directors of Immo Malvoz SPRL (Belgium, real estate)
- member of the board of directors of Immo Zeedrift (Belgium, real estate)
- member of the board of directors of Belfius Insurance Invest
- member of the board of directors of L'Economie Populaire (Belgium, pharmacies).

Previous mandates during the past 5 years:

- member of the board of directors of Promotion Leopold
- member of the board of directors of AIS Consulting.



Operation of the board of directors

To the extent necessary, it is specified that, during the past five years, no director has been:

- convicted in relation to fraud-related offences
- in their capacity as member of a board, management or supervisory body, or, as member of a board, involved in a bankruptcy, suspension of payment or liquidations, with the exception of Chris Peeters as outlined above
- 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 thirteen meetings during the year 2016. The most important agenda items that the board of directors deliberated and decided upon in 2016 were:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and statutory reports
- approval of the budgets for 2016 and the business plan for 2017
- discussion of the real estate portfolio (including investments and divestments, tenant matters, valuations and the like)
- treatment of conflicts of interest
- 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 (art. 518 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 modified shareholders' structure. The profiles and competences needed and preferred were established based on this analysis, along with the selection of suitable candidates.

Audit Committee

Three independent directors had a seat on the audit committee in 2016:

- Marleen Willekens (chairperson) (attendance 3/3)
- Jean-Pierre Blumberg (attendance 2/3)
- Chris Peeters (attendance 5/5).

These independent directors fulfil all nine of the independence requirements of article 526ter of the Belgian Companies Code in 2016. The duration of their appointment 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
- 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.

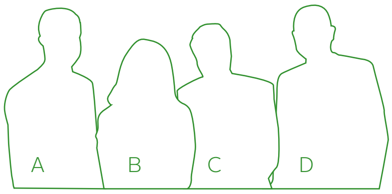
The audit committee met five times in 2016. The most important agenda items of the audit committee in 2016 were:

- 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.

Management committee



A Marco Hengst
B Inge Tas
C Jean-Paul Sols
D Luc Feyaerts

As at 31 December 2016, the management committee comprised:

- bvba Jean-Paul Sols, permanently represented by Jean-Paul Sols, chief executive officer, chairperson of the management committee (mandate starts 2006)[1]
- Inge Tas, chief financial officer (mandate starts 2006)
- bvba Luc Feyaerts, permanently represented by Luc Feyaerts, chief operating officer and head of offices (mandate starts 2012)
- Marco Hengst, chief investment officer and head of warehouses (mandate starts 1 May 2016).

Jean-Paul Sols bvba, permanently represented by Jean-Paul Sols, and Inge Tas, also held a management committee's mandate at Vastned Retail Belgium nv, public RREC governed by Belgian law, until 1 August 2016.

Bvba Luc Feyaerts, permanently represented by Luc Feyaerts, decided to end its management mandate by the end of March 2017.

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 relating 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.

1 Executing a mandate as de facto manager in the form of a legal person for an indefinite period must be converted to a mandate for a natural person within a period that can amount to a maximum of four years (as from the date on which the RREC status has been adopted).

Evaluation of management entities

Under the direction of the chairperson, 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, and
- 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: *"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 concerned director 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 explanation, as well as the justifications regarding the conflict of interest, are recorded in the minutes. With a view to its publication in the annual report, the nature of the decision or operation are justified 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 for 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

Likewise, article 37 of the RREC Act states that the Financial Services and Markets Authority (FSMA) must be notified in advance by the RREC of any planned transactions by the RREC or one of its subsidiaries if one or more of the following persons serve, directly or indirectly, as counterparty to these transactions or derive any pecuniary advantage from it: the persons who exercise control over the public RREC or own a share of it; the promoter of the public RREC; other shareholders of all subsidiaries of the public RREC; and the directors, business managers, members of the management committee, persons responsible for the day-to-day management, actual managers or authorised agents, and persons associated with all of 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 property 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 subsidiaries 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, and
- transactions involving the liquid assets of the public RREC or one of its subsidiaries, provided the person acting as counterparty has the capacity of intermediary as referred to in article 2, 10° of the Act of 2 August 2002 and these transactions are executed under normal market conditions.

Application in 2016

In this context, the board of directors wishes to note that the procedure to prevent conflicts of interest was applied in January 2016 with regard to the request by the major shareholder at that time, NSI nv (via its subsidiary VastNed Offices Benelux Holding bv), to cooperate in the preparation of a possible sales transaction of its shares in Intervest.

A detailed description of the procedures followed in accordance with article 524 of the Belgian Companies Code can be found in Note 24 of the Financial report.

◄ Peugeot, Wilrijk

3.3. Remuneration report

Appointment and remuneration committee

Intervest does not have an appointment and remuneration committee. 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. Herewith, Intervest derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on 'Comply or Explain' principle). In any case, the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the company requires too little additional attention to justify a separate committee and the related additional expenses that would go along with it.

Remuneration policy for the board of directors

The board of directors is responsible for the remuneration policy for its members and for the members of the 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 the management committee is in accordance with all the applicable regulations and in particular with those contained in the RREC Act. The total remuneration level and structure should be such that qualified and competent persons can be recruited 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.

All things being equal, the remuneration policy shall remain applicable for the next two financial years, except for long-term variable remuneration, which shall be implemented for the members of the management committee in 2017. The board of directors is currently analysing the options for this purpose.

Basic remuneration 2016

Directors

In 2016, 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).

Johan Buijs, who held his office as director for no pay in 2016, is an exception to this. He was remunerated for an amount of € 20.000 for his work in an internal working group which prepares investment decisions.

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 nor have any options been granted to the directors on shares of the company.

Members of the management committee

The company has had fully dedicated management since 1 August 2016. The ceo, Jean-Paul Sols bvba, permanently represented by Jean-Paul Sols and the cfo, Inge Tas, ended their collaboration with the publicly regulated real estate company Vastned Retail Belgium and have been at the full disposal of Intervest since 1 August 2016. As at 1 May 2016 the management committee was expanded to include a cio (chief investment officer) and Marco Hengst took up this position.

The amount of the fixed remuneration granted as remuneration in 2016 to the members of the management committee amounted to € 709.470, of which € 243.361 is for the chairperson of the management committee, who is also the ceo of Intervest, and a total of € 495.961 for the other three remunerated members of the management committee (including reimbursement of expenses and pension plan for the cfo and the cio).

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

No VAT is due on these remunerations, except for a part of the remuneration for Luc Feyaerts bvba.

Bonus for 2015 paid out in 2016

The three members of the management committee (bvba Jean-Paul Sols, permanently represented by Jean-Paul Sols and bvba Luc Feyaerts, permanently represented by Luc Feyaerts (coo), and Inge Tas (cfo)) could be eligible in 2015 for an annual combined bonus of up to € 83.000. In 2015, the bonus criteria were in the area of operating property result (20%), occupancy rate of the real estate portfolio (20%), strategic shift towards logistics real estate through growth of the portfolio (20%), decrease of financing costs (20%), expansion of turnkey solutions and RE:flex (10%), sustainability and corporate social responsibility (10%).

Based on targets achieved in 2015, a total bonus of € 60.000 was awarded in 2016. No reclamation rights are foreseen for the variable remuneration.

In addition to this regular bonus, a member of management may be eligible for an additional annual bonus, which may be granted for exceptional performance. No additional bonus has been paid for 2015.

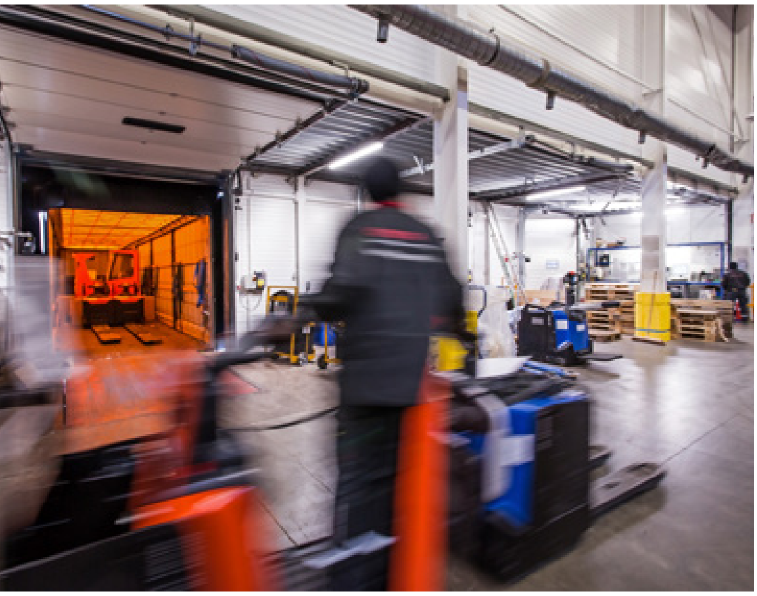
Overview paid remuneration directors and members of the management committee

DIRECTORS in thousands €	2016 (to be paid in 2017)	2015 (paid in 2016)
Jean-Pierre Blumberg	25	0[1]
Chris Peeters	20	0[1]
Marleen Willekens	20	0[1]
Jacqueline De Rijk - Heeren	20	0[1]
Gunther Gielen	20	0[1]
Johan Buijs	0[5]	0[4]
Paul Christiaens	0	25
Nick van Ommen	0	20
Emso bvba,permanently represented by Chris Peeters	0	24[2]
Thomas Dijksman	0	20
Nico Tates	0	20
Daniel van Dongen	0	0[3]
TOTAL	**105**	**109**

1 Mandate as from 27 April 2016
2 Remuneration, including VAT
3 Representative of the majority shareholder
4 Representative of the majority shareholder until 27 April 2016
5 Excluding the remuneration for work in an internal working group, included under the general costs heading.

MEMBERS OF MANAGEMENT COMMITTEE in thousands €	2016	2015
Jean-Paul Sols bvba, ceo (60% until 1 August 2016, thereafter, 100%)	**263**	**171**
Fixed remuneration	243	147
Variable remuneration (for previous financial year)	20	24
Pension obligations	0	0
Inge Tas, cfo (60% until 1 August2016, thereafter, 100%)	**202**	**161**
Fixed remuneration	164	120
Variable remuneration (for previous financial year)	20	24
Pension obligations	18	17
Luc Feyaerts bvba, coo (100%)	**223**	**222**
Fixed remuneration (including non-deductible VAT)	203	186
Variable remuneration (for previous financial year)	20	35
Pension obligations	0	0
Marco Hengst, cio (100% as from 1 May 2016)	**112**	**0**
Fixed remuneration	99	0
Pension obligations	13	0
TOTAL	**800**	**554**

▼ Wilrijk 2 - Toyota Material Handling Europe Logistics



Basic remuneration 2017 and bonus for 2016

The annual fixed remuneration for directors remained unchanged compared to the above mentioned remunerations for 2016.

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 of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 1,45% as at 1 January 2017.

The members of the management committee may be eligible for an annual combined bonus of maximum € 250.000. Within the scope of the expansion and increased availability of the management committee, the variable remuneration for all management committee members was increased for the 2016 financial year. In 2016, the bonus criteria were in the area of implementing the growth strategy (10%), monitoring of debt ratio (10%), optimisation of organisation's operations (10%), achieving the figures budgeted for EPRA earnings and earnings per share (25%), gross rental income (10%) and operating result for result on portfolio (10%). Additionally, each management member has individual objectives (25%), which are linked to specific aspects for the deployment of the corporate strategy.

Based on targets achieved in 2016, a total bonus of € 197.591 was awarded. No reclamation rights are foreseen for the variable remuneration.

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 will be payable).

3.4. Other parties involved

Statutory auditor

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

Property experts

The real estate portfolio is evaluated every quarter by two independent experts, namely: Cushman & Wakefield and Stadim, 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 a 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 performing 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.

▼ Houthalen

Intervest has appointed the external consultant BDO (represented by its permanent representative, Lieven Van Brussel - Partner (BDO Risk & Assurance Services)) 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 BDO from within the company. He is therefore to be regarded as having the final responsibility for the internal audit. The mandate of BDO as external consultant is for 4 years and ends in 2017.

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 risk management policy and risk management procedures.

From the change of the status of the company to public RREC, the independent risk management function has been carried out 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 sees to it 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 with reasonable certainty ensures 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 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, has been appointed head of the independent compliance function. The mandate has an indefinite duration.

4. Sustainable business and corporate social responsibility

Within the current social context, Intervest seeks a cohesive and sustainable social policy, in line with the expectations of all interested parties: customers, employees, shareholders, suppliers and other stakeholders.

Intervest has implemented various measures in this regard relating to protection of the environment, concern for the welfare of customers and staff, and this including a focus on social engagement and sound corporate governance.

4.1. Concern for the environment

Sustainability performance of the buildings

Since 2009, Intervest has been gradually and systematically certifying the buildings in its portfolio based on their environmental performance. This certification takes place on the basis of the BREEAM In-Use (Building Research Establishment Environmental Assessment Methodology-In-Use, or in short "BIU") methodology. BREEAM-In-Use methodology assesses the sustainability of existing buildings with respect to building physics, operational management and control, as well as the use of the building.

As a result of a few significant modifications to the BIU audit methodology specific to real estate in continental Europe, various sites needed to be re-audited. The buildings previously already certified were reassessed in 2016, with new recertification carried out in accordance with BIU methodology; additionally the certification process has been rolled out further. Therefore, at the end of 2016, 38% of the total portfolio of Intervest was certified (27% of offices, 5 buildings and 50% of logistics real estate, 7 buildings). Comparison of the BIU-certified buildings in the Intervest portfolio shows that especially large-scale buildings with single tenants score well. This is because a building's sustainability performance of a building is largely determined by the user's focus on this issue. The excellent score earned by the logistics building in Boom, which is run by CEVA Logistics, is an example of this.

The Intervest internal quality manager processes these analyses and converts them into meaningful, concrete measures and changes that contribute to the improvement of the quality and efficiency of the building. These measures improve the welfare of the tenant and, simultaneously, as a result of the increased performance of the building (improved energy efficiency), the operational costs for the tenants are demonstrably reduced.

▲ Boom - CEVA Logistics

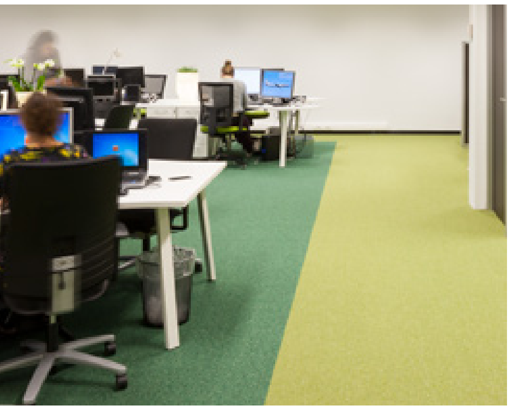
Sustainable products and materials

Intervest has selected partners who work with sustainable products or materials to implement its turnkey solutions projects. It partners with Steelcase for furniture, for example. This global manufacturer of goods such as office furniture, with a renowned reputation for sustainability, uses the EMAS working method to deliver products that are as sustainable as possible. EMAS is based on three pillars: Material Chemistry, Life- Cycle Assessment and Designing for Disassembly. This working method guarantees that the chain from raw material to recycling involves as little negative impact on humans and the environment as possible. This is substantiated by an EPD (Environmental Product Declaration) for every Steelcase product. Intervest also uses Desso Cradle to Cradle carpets. 'Cradle to Cradle' is a business model that aims to design products in such a way that they are safe and can be reused from start to finish.

Green façade for Greenhouse Antwerp

Intervest's own staff teamed up to design, study and coordinate the renovation works for Greenhouse Antwerp. One of the striking elements is the green façade or vertical plant garden. To make this possible, the façade required additional insulation. Afterward, the Sempergreen Flexipanels were mounted. These are soft panels padded with rockwool. The pre-cultivated plants are planted in these panels. The plants are provided with the necessary nutrients and water by means of an automatically controlled irrigation system. The plants (50.000) need approximately 3 litres/m²/day. The water needed is recuperated from the roof and is stored in 2 underground cisterns. A control system continuously measures the humidity in the wall by means of humidity sensors and controls the irrigation unit. This system is monitored remotely and there is an immediate response if there is any disruption or defect.

Vertical gardens or green façades have numerous positive effects. For example, research[1] shows that green inner cities quickly cool down a few degrees during the summer. Green façades help curb the urban heat island effect. What's more, they provide more biodiversity and the plants absorb air-polluting substances, more specifically, ultrafine particles which are normally deeply inhaled into the airways.



◄ Gateway House - Sundio Group Belgium, Desso Cradle to Cradle carpets

1 M.E.C.M. Hop; J.A. Hiemstra *Ecosysteemdiensten van groene daken en gevels: een literatuurstudie naar diensten op het niveau van wijk en stad* (Ecosystem services for green roofs and façades: a literature review of services for town and city).

▲ RE:flex Mechelen - Steelcase offices furniture

▲ Greenhouse Antwerp - Placement green façade

New builds

Intervest opts for sustainable and energy efficient solutions, also for new-build projects. For example, for the new-build logistics project in Liège (expansion for tenant Vincent Logistics), Intervest integrated a number of sustainable implementation techniques in the project, which go beyond the legal requirements.

For example, concrete TT components were selected for the rooftop structure, which are not only extremely strong but also extremely passive.

Temperature and humidity fluctuations are avoided in this way, which makes it possible to effortlessly execute logistics (cross-dock) operations for sensitive food products without additional climate control techniques.

Furthermore, among others, each LED strip light in the building was also fitted with motion detectors and daylight sensors, allowing for smart, optimal control of the lighting. This modern efficient TriLED lighting, which is entirely engineered and assembled in Belgium, was also applied in a relighting project in the logistics building at Neovia Logistics in Houthalen in 2016.

▲ Greenhouse Antwerp - LED lighting

Relighting and energy efficiency

Intervest carried out various relighting projects in 2016 to simultaneously improve the energy efficiency of the existing buildings and user comfort. In such cases, the original lighting (in older logistics buildings this is mainly mercury vapour lamps and TL8 lighting fixtures in offices) is replaced by more energy efficient lighting such as LED systems. For such relighting projects, the new systems are combined with presence sensors and daylight detectors, which can reduce energy consumption for lighting by over 75%. At the same time, these systems have a much longer life span, which means that maintenance costs for such lighting is significantly reduced.

All relighting projects within Intervest's portfolio are realised in the office buildings of Gateway House, Greenhouse Antwerp and in the logistics sites in Boom, Liège and Houthalen.

Within the context of a turnkey solutions project, the existing TL8 lighting fixtures in the meeting rooms at client Q8 (Kuwait Petroleum) in the Gateway House office building have been replaced by new LED lighting fixtures with presence sensors. In addition, the existing lighting in the elevator shafts has been replaced by LED spot lights. This investment saves energy by 40%, and because the lifespan is so much longer, additional savings can be realised on maintenance costs. The existing TL8 lighting was replaced by a comprehensive LED solution in the office building in Aartselaar. This generated savings of over 50%. Intervest also opted for energy efficient LED lighting for the realisation of Greenhouse Café and RE:flex in Greenhouse Antwerp.

Not just lighting, but heating and cooling in the Intervest buildings have an important environmental impact as well. That is why modern technology is used where possible when technical installations are replaced, in order to reduce consumption and improve efficiency. For example, heat exchangers are always introduced where HVAC systems are replaced in the offices and energy management systems are fitted in the logistics buildings to improve the efficiency of the current systems.

A heat recovery cooling and heating installation was chosen in Greenhouse Antwerp and RE:flex Berchem. In the office building of De Arend, Intervest replaced the air-conditioning unit with an energy efficient device with scroll compressors, which provides energy gains of approximately 25% for the same capacity generated. Intervest replaced the boiler in the Exiten office building with modulating (condensing) high-efficiency boilers.

Energy policy

Intervest has an active purchase policy as regards energy (electricity and gas). This allows it to respond adequately to the energy markets, which have seen prices fall in recent years. The purchased electricity is 100% green, the origin of which is demonstrated by the necessary guarantees from the supplier. Besides reducing the cost of energy, Intervest is also focusing on constantly pushing down energy consumption. In the first half of 2016 electricity was purchased for 2017 and also partly for 2018 and 2019, taking advantage of the low prices.

Through its proactive energy policy, the company succeeds in obtaining favourable rates for its clients.

Several rooftops of the logistics buildings of Intervest have been equipped with solar electricity generating systems. In most cases the company has granted specialised parties long-term right of superficies for the roofs, without the company owning the PV installation. In addition, Intervest has been running an installation itself since the acquisition of a logistics site in Liège. Photovoltaic equipment having a total installed capacity of 12,0 megawatts peak (MWp) has been installed on a total roof surface area of 240.000 m² spread over 8 different sites. This delivers a total CO_2 reduction of around 3.100 tonnes per year.

Waste removal

Intervest is also implementing its sustainability efforts through its far-reaching approach to waste removal. For example, it is possible to separate other residual waste , PMD (plastic bottles, metal packaging and drink cartons) as well as paper and cardboard waste.

Options have also been provided for the recycling of less common types of waste such as batteries, ink cartridges, confidential documents, wood, glass and fluorescent tube lighting.

▲ Puurs

▲ Liège - Placement roof isolation new built cross-dock warehouse

4.2. Attention to dialogue

Consultation with all stakeholders at regular intervals is planned. In this way, Intervest aims for a good relationship with its stakeholders based on trust and continual optimisation.

Each quarter a comprehensive press release on the financial position of the company is issued. The board of directors meets at least four times a year. Moreover, consultative sessions with employees are held on a frequent basis.

Several times a year Intervest also assesses the satisfaction of customers, both directly via its staff and an online survey. This includes questions relating, among other things, the appearance of the buildings, the services offered, accessibility, the maintenance carried out, the handling and follow-up of interventions and the customer-friendliness of employees. Overall, customers' reactions are very positive, with personal contact and customer focus, both online and offline, seeing the highest scores.

Concern for social welfare also takes tangible form through the facilities available to customers and staff alike in and around buildings and in the building itself.

4.3. Attention to customers

Evacuation/internal emergency plan

Intervest organised evacuation drills in all the 'multi-tenant' office buildings and in the logistics buildings to see how quickly and efficiently the building could be evacuated should the need arise. These announced drills are directed by Intervest in consultation with the manager of the company responsible for facilities services. Afterwards, Intervest analyses the evacuation and provides its customers with a report containing any recommendations or action points. In addition, in 2017 particular attention will be paid to assisting the customers/tenants in drawing up this type of internal emergency plan.

Facility management

The 24/7 service for the day-to-day management of the buildings is a top priority. Intervest has a modular offer including cleaning services, surveillance, energy, reception services, odd jobs, technical work, etc.
Supported by Planon, an online tool, Intervest ensures that the various requests for a wide range of work are processed efficiently. With 'Planon self-service', the customer has the option of directly entering a notification in the system. The customer can then track the status of the work request in the web tool. This makes it possible for suppliers and partners to be monitored efficiently, and adjustments to be made where necessary. An upgrade of Planon and further expansion of the services provisions are scheduled in 2017.

▼ Mechelen Campus - Sandwich bar, ironing services, garden

Community approach

On its Mechelen Campus site, Intervest has a 60 m tall tower surrounded by 10 lower office buildings, all linked by an underground car park. Between the buildings there is a beautiful garden with a picnic area and a water feature, an ideal setting for a relaxing break. In total, Mechelen Campus offers around 50.000 m² of office space.

Mechelen Campus was conceived as an interactive community in which Intervest and Quares, the on-site manager, provide a wide range of facilities to make the daily lives of the office users as pleasant and comfortable as possible. For example, there is a sandwich bar/restaurant, ironing service, a handyman service, crèche, fitness centre, seminar space with meeting rooms, etc.

This service provision was also successfully introduced when Greenhouse Antwerp was renovated in 2016. A collection point for deliveries of online orders has also been installed there. This is quite popular. Not just the users from inside the building make this service provision a success, also people from the surrounding buildings contribute as well.

▼ Greenhouse Antwerp - Bringme Box collection point

▲ “Sinterklaas” party

4.4. Attention to employees

For each team and individual, Intervest provides training opportunities based on the needs of the individual or the team and its activities. The company is also working on a specific path tailored to so-called older employees adapted to the needs of the employee in question.

Besides the regular performance interviews each employee has an annual assessment, and this provides the perfect opportunity to align mutual expectations.

Intervest aims for a healthy balance between work and personal life and offers sufficient flexibility at work, taking individual circumstances into consideration.

Since burning a candle at both ends shouldn’t be life’s only feature, the necessary attention is also paid to social aspects of working together such as team building, incentives, etc., which also finds expression in the company’s social commitment, as described further.

▲ Intervest team - participation in Antwerp 10 miles

4.5. Attention to corporate governance

Intervest attaches considerable importance to honesty, integrity and openness in its business dealings, both in the internal environment and externally in relations with the various stakeholders.

The chapter on corporate governance describes in detail what has been arranged in this area.

4.6. Attention to social welfare

At various points over the years, Intervest has demonstrated its social commitment in a wide range of areas.

To Walk Again, a foundation that collects funds for people with a physical disability to offer them post-rehabilitation and sports facilities, can also count on the support of Intervest in 2016. The Jasper on Wheels team is sponsored for the fourth time for its participation in the Run To Walk Again, a relay tour over a distance of 8 marathons (337 km) for teams of 8 to 15 runners with at least 1 hand biker. Jasper on Wheels is the team formed around a basketball player who due to an unfortunate fall during a game suffered a spinal cord injury in the neck and is paralysed from the chest down. The funds collected are inter alia for purchase of a step robot that is used in the post-rehabilitation process of people with a physical disability.

OP.RECHT.MECHELEN, the two-year long Mechelen city-wide festival in honour of the 400 years of the administration of justice at the Hof van Savoye, wants to translate the concepts of “law” and “justice” for the public in emotional terms by means of a rich programme of cultural events in all their diversity. Intervest supports this initiative by making vacant units available to the organisational body of the festival as storage spaces, rehearsal spaces, workshops, etc. and by brainstorming with the organisation about each of the specific questions or issues so that an efficient and pragmatic solution can be found to them. In this way, Intervest commits itself to playing a supporting role as facilitator in one of the most important events of the city of Mechelen, a region where Intervest has a strong presence in the form of various offices and logistics sites.

RUN TO WALK AGAIN

▲ Mechelen 1 -
Storage of OP.RECHT.MECHELEN equipment

Creatively TRANSLATING properties of products and activities into a working atmosphere

*"The constructive relationship with Intervest made us decide to expand and to extend the agreement within the framework of our growth.
Intervest's professional approach to the expansion has provided significant added value."*

Carl Van Himbeeck - General Manager

Cochlear Technology Centre Belgium - Mechelen Campus

▷ About Cochlear

Cochlear, founded in 1981, is the world leader in the field of innovative, implantable hearing solutions. Cochlear is fully dedicated to helping people all over the world experience what sound is. Thanks to Cochlear hearing systems, over 500.000 people in more than 100 countries can once again understand what their family and friends are saying to them.

Report of the management committee

▼ Mechelen Campus - Cochlear

1. The market for offices and logistics real estate

1.1. Offices[1]

The rental market

Brussels

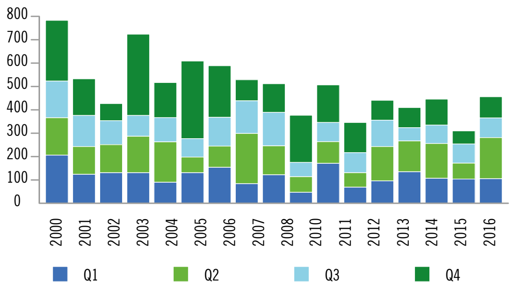
The take-up of office space in Brussels and in the Brussels periphery was substantially higher in 2016 than in 2015, with an increase of about 50% (from about 300.000 m² in 2015 to approximately 450.000 m² in 2016), albeit mainly by the substantial take-up by the public sector. The take-up by the private sector remained relatively limited in 2016.

Prime rents have remained fairly stable and a slight increase is still expected in grade A buildings in the CBD (Central Business District). Grade A buildings are new builds or comparable after renovation. For the market segments outside the CBD, there is higher availability of offices (currently from about 14% to almost 19% depending on the area), and no growth is expected in leases, even if the labour market and the rental market continue to improve, the supply in this segment still remains at a high level. An exception to this includes the grade A buildings where the offer is relatively limited and which attract more of a specific user segment (large companies or government).

As a result of the sale of a number of buildings in the Brussels periphery in 2016, the overall presence of Intervest decreased substantially in this region. Intervest's remaining buildings in the Brussels periphery are predominantly grade B buildings. These are sound buildings, primarily around ten to fifteen years old, that satisfy to the needs of an average company when it comes to general comfort and image. The professional lessors will spare no effort to maintain the buildings in good condition and offer them at very competitive terms. The average net rental price of such buildings in the Brussels periphery amounts to about € 100/m²/year for recent lettings, with more pragmatic prices of € 80/m²/year or less for buildings that don't perform as well.

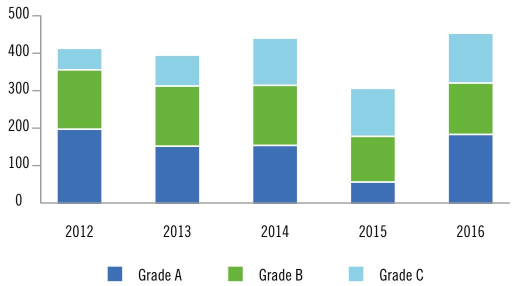
With the Greenhouse BXL project (previously Diegem Campus), Intervest is continuing its efforts to change the office environment by offering considerably more services (see 'tenants' expectations' below), where there are fewer debates on price.

Take-up per quarter, in 000 m²



Source: Cushman & Wakefield

Take-up per building grade, in 000 m²



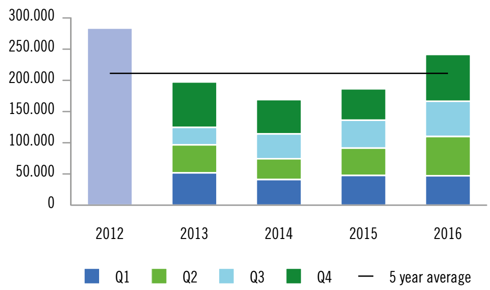
Source: Cushman & Wakefield

1 Sources: Cushman & Wakefield, Marketbeat, Belgium Office Markets, Q4 2016; Cushman & Wakefield, Marketbeat, Flemish Office Markets, Q4 2016.

Regional markets

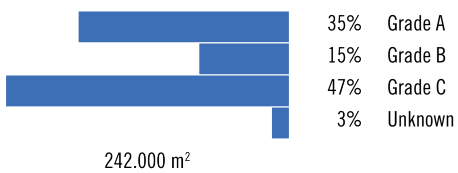
Take-up of office space in the regional Flemish market segments (mainly Antwerp, Ghent, Mechelen and Leuven) amounted to 196.000 m² in 2016, which is the best result since 2012. 2016 also produced the best result in the regional segments in which Intervest is specifically active, i.e. the periphery of Antwerp and the periphery of Mechelen, also showed the best take-up since 2012, with 105.000 m² (Antwerp) and 28.000 m² (Mechelen), respectively.

Take-up in the regional markets, in 000 m²



Source: Cushman & Wakefield

Take-up division per building grade, Belgian regional office markets, 2016



Source: Cushman & Wakefield

◄ Gateway House - Kuwait Petroleum (Q8)

The investment market

In 2016 again, there was talk of a serious boom in the investment market. This meant that high yields for offices dipped to approximately 4,5% (high yield - CBD) during the past year as well, and are expected to continue declining in the near future. Yields for flagship buildings are by now at a historically low point and have returned to a 2008 level. As was the case in the period 2005-2007, the market is once again attracting investment managers from the UK and the US, for example. In addition and in contrast to the previous situation, there is increase in interest displayed by investors from the Middle East.

Interest in non-prime office buildings also continued to grow in 2016. Yields are significantly higher here and the conditions under which these dossiers are traded continue to be favourable. In this segment, there are also movements by the bank to take advantage of the favourable market conditions to get rid of more difficult buildings and idem credit facilities on their balance sheet. The general demand for offices on the investment market is expected to continue growing in 2017.

	The rental market				Investment market	
Location	Prime rent		Average rent	Vacancy	Prime yield	
	Q4/2015	Q4/2016			Q4/2015	Q4/2016
Brussels - Centre	275 €/m²	275 €/m²	190 €/m²	6.2%	5,70%	4,50%
Brussels - Decentralised	195 €/m²	190 €/m²	140 €/m²	14.1%	7,50%	7,50%
Brussels - Periphery	165 €/m²	185 €/m²	115 €/m²	15.2%	7,75%	7,50%
Antwerp	140 €/m²	150 €/m²	107 €/m²	8.8%	7,00%	7,00%
Mechelen	130 €/m²	150 €/m²	120 €/m²	12.7%	7,00%	7,00%
Leuven	135 €/m²	135 €/m²	115 €/m²	13.3%		
Ghent	155 €/m²	150 €/m²	124 €/m²	5.4%		

Tenants' expectations

A strong international trend has started for more flexibility and service provision for offices. However, several real estate players have already begun tapping into this and modelling their business model on it. For many years, business centres (such as Regus) were unique, but in recent years several office investors have evolved in a similar direction. The office market is clearly right in the middle of a complete transition from the classic offer of office space by the square metre to offering more service-oriented solutions for office users. Among these solutions, leasing office space by the square metre is only a single element, in addition to offering accessible and pleasant living and working quality and any supportive service provision needed either in the business or a private context. However, by excelling both in offering attractive environments (quality of life), turnkey solutions, flexibility as a provision of service, Intervest believes that it can make a difference and avoid a price war.

This trend is being driven by the changing functions of the office environment. Technology makes it possible to work from any place, anywhere. This change is visible (mainly in smaller and innovative growth companies) where offices are increasingly becoming a network environment. Especially smaller tenants that are looking for growth turn out to be interested in the potential synergistic effects.

Flexibility when it comes to duration and space play the biggest role for small start-up companies: no long-term commitments, little or no own investments and as few worries as possible. This ranges from co-working spaces to managed offices. For the time being, this remains a limited market segment in terms of rental income. However, this is a rapidly growing market segment and, in addition, use by the classic leading enterprises is on the rise.

To date, a major part of the companies continue to be more traditional-minded with regard to the conceptual aspects and the rental periods.

The most prevalent rental periods are still those of 3/6/9 years, 6/9 or longer periods (for large companies). For that reason, offices will still be 'traditionally' leased because leasing and yields from office space by the square metre remain the main activity of most owner-landlords. Changes in what customers are looking for does, however, mean that in the future office tenants will increasingly be offered a complete array of services, from which each client can choose which elements play the most important role. Within this framework, the lessor can clearly play a role by supplying turnkey solutions on refurbishing offices and unburdening by offering additional à la carte service provision. Depending on the nature of the building, there may be additional possibilities to create a greater impact on the general concept (the ground floor may become an inspiring lobby, lounge or catering facility, for example).

However, in addition to capitalising on such new trends, high-quality property management continues to be of paramount importance to the relationship with the tenant. Intervest is convinced that, in its immediate relationship with the customer, it is important to manage such service provision with its own people.

Research by CBRE (To stay or not to stay, August 2015; research in the UK and the NL) shows that (in 60% of the cases) an office user's main considerations to move or not depend on changing needs concerning a space. Besides that, the quality of the technical service provision appears to be more important than the quality of the lessor's commercial service provision.

The most critical elements of the technical service provision (property management) are:

- clear and speedy solutions to any reported problems (17%)
- reliable lifts (12%)
- clear communication and monitoring reports on operations (12%)
- reliable air conditioning installations (11%)
- modern facilities for buildings (8%)

The most critical elements of the technical service provision (asset management) are:

- clear charge of common costs without hidden costs
- correct communication and error-free rent requests
- clear procedures on persons to be contacted
- mature, excellent account manager who understands the tenant's business
- clear understanding of long-term building and tenant needs in the event of maintenance works.

The following additional conclusions have been taken from a recent study by the ULI (Urban Land Institute):

- Real estate must become a 'service industry' instead of an 'asset industry'. Services include funding, coaching, networking and additional deliveries.
- One of the basic principles is ongoing adjustment, feedback and complexity. A new business model is needed, which comprises tailored solutions regarding office accessibility, location and lay-out.
- The interests of lessors and tenants must be coordinated and transparency must be developed to create a win-win situation.
- Practical guidance (including legal and financial advice and networking options) must be provided.

▼ Mechelen Campus - Cochlear

1.2. Logistics[1]

The rental market

The logistics real estate market is a structurally healthy market that is expected to continue growing in the future along with the growth of the European economy (due to increased transport flows) and the growth of e-commerce facilities. Antwerp and the Brussels-Antwerp axis remain the logistics hotspots, while Limburg-Liège is seeing an increasing interest in large-scale distribution centres. However, as a result of trends such as scaling-up and e-commerce, the market is increasingly moving towards new builds because users' current demands can only be met to a limited extent in the existing buildings.

In 2016 the logistics real estate market in Belgium experienced an absolute record year with a take-up of approximately 1.000.000 m². This is over 1/3 higher than the average for the past 5 years and more than double compared to the previous year. In addition, the biggest transactions took place in the current core areas of Intervest. These were on the Antwerp-Limburg-Liège axis: the transactions with Domus Logistics in Olen (50.000 m²), Ceva Logistics in Grobbendonk (45.500 m²) and Lock'O in Alleur (45.000 m²); on the Antwerp-Brussels-Nivelles axis the largest transactions took place at Park De Hulst in Willebroek: Nedcargo Logistics (44.600 m²) and Decathlon (40.400 m²).

In general, the prime rents falling within a radius of 150 kilometres of Antwerp remain stable, with a slight nominal growth due to rising property and construction costs. However, the increase in rents lagged significantly behind the evolution of the index of the past 10 years and there is a difference in the evolution of short-term rent and that of long-term rent. There is actually a slight upward movement in the short-term rents, whereas the long-term rent for agreements (mainly new build) are declining because of the yield compression.

Belgium has always experienced lower rents than its neighbouring countries, especially Germany and the Netherlands, the major cause of which is due to high wage costs in Belgium. The fact of the matter is that wages costs for a logistics operation in Belgium are 15% more expensive than in the Netherlands and even 20% more expensive than in Germany (benchmark study by Buck Consultants in Sep. 2016). If logistics services providers wish to remain competitive and profitable in Belgium, compensation is needed for their costs of leasing buildings.

On the one hand, future demand for logistics surface area is expected to rise as a result of European economic growth (leading to increasing transport demand as well) and the increasing demand for e-commerce activities on the other. This has an impact on large-scale construction projects, since (i) 3PL companies (third party logistics organisations) wish to bring together various clients in a limited number of larger campuses or clusters, and (ii) because retailers increasingly wish to combine their traditional logistics activities at large-scale sites with e-commerce activities.

The supply of medium-term modern logistics remains scarce due to significantly restricted speculative development. The short construction time of the logistics plots and the user's specific demands for large-scale plots exacerbates this situation. The strong interest of investors could, however, also possibly boost speculative development, because this would lead to a continued decrease in exit yields for new developments. In the meantime, the majority of the total take-up is achieved in the development of new builds. The share of these build-to-suits in the total take-up in the meantime amounts to 58% in Belgium, over 40% in the Netherlands and over 60% in Germany.

Even though the economy and especially e-commerce activities are on the upturn, the effect on take-up in Belgium remains restricted, in contrast with the rest of Europe. To date, Belgium has had little success when it comes to attracting new logistics companies, which is largely due to the tremendous difference in labour costs compared to the neighbouring countries. An increase in the take-up of e-commerce logistics is actually expected for the years to come as a result of the changing regulations because the governmental agreement provides a decrease from 32% to 25% in the employers' contribution and a major simplification. However, for companies that were already established in Belgium (such as Nike and Decathlon), e-commerce activities are an important driver for their surface area growth.

When comparing the amount of logistics space per inhabitant, Europe lags far behind the US. Assuming that the European logistics real estate market will develop in the same direction as the US, it is to be expected that this market will continue growing in the future.

1 CW 2016-Q3 Belgium Industrial, JLL 2016 Invest in Belgium, BNP Logistics Markets at a glance 2016-Q3, Colliers Logistikkennzahlen Deutschland 2016; Dynamis Sprekende cijfers Bedrijfsruimtemarkten 2016, Dynamis Marktscan Logistiek 2016

Location	Rent – Occupier market: Prime rent (€/m²) Q3/2016	Prime rent (€/m²) Q3/2015	Average rent (€/m²)	New building (%)	Take-up Q1-Q3 (1000 m²)	Investment market: Land prices (€/m²)	Prime yield (%) Q3/2016	Prime yield (%) Q3/2015	Volume in million €
Brussels (axis Brussels-Antwerp)	47	47	40	58	192	130-160	6,20	6,60	40 M
Antwerp	45	46				120-150	6,30	6,90	25 M
Ghent (axis Antwerp-Ghent)	39	39	36	58	50	60-100	6,75	7,50	10 M
Hasselt-Genk (axis Antwerp - Limburg - Liège)	38	38	35	58	158	30-80	6,30	6,75	40 M
Liège	39	38	35		50	30-60	6,50	7,70	25 M
Walloon axis	39	38	30	58	24	20-40			10 M
Amsterdam	58	58	47	40	173	220-250	6,20	6,80	
Schiphol	88	88		40		250-325	6,10	6,75	
Rotterdam	63	63	50	20	174	180-270	5,90	6,75	
Roosendaal	50	50	42	70	25	90-145			
Tilburg-Waalwijk	48	48	38	70	247	120-140	5,75	6,90	500 M
Eindhoven	55	55	45	40	129	150-175	5,75	6,80	
Venlo-Venray	45	45	38	70	220	120-130	6,10	6,80	
Maastricht-Heerlen	45	45	39	50	10	75-100			
Rhein-Ruhr region	53	53	41	95	737	90-100	5,10	5,30	
Düsseldorf	65	65	54	47	233	180-190	5,10	5,30	100 M
Mönchengladbach	56	56	41			60-70			
Cologne-Bonn	60	60	48	72	145	120-130	5,10	5,30	20 M
Frankfurt	76	76	58	66	469	240-260	5,10	5,30	50 M
Saarland	50	50	33		86	50-70			

▼ Liège - CooperVision

Duffel ▶

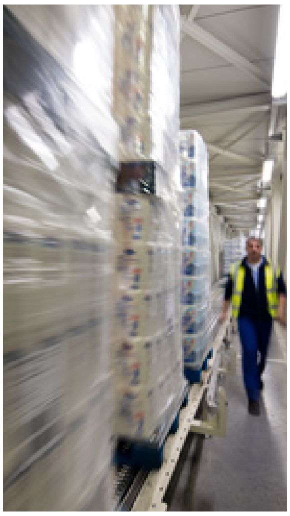
The investment market

International investor interest in the European logistics real estate segment showed a strong increase once again in 2016. Yields for qualitative logistics buildings are at a historically low level in all European countries due to strong interest from big investors. This strong interest is largely supported by the availability of large quantities of (cheap) money and the fact that the demand of users for modern logistics space increases as European economic growth picks up speed.

The total volume of investments in professional real estate in Belgium in 2016 was approximately € 4,0 billion, which is much higher than the average in recent years; however, it is not exceptional. Approximately € 200 million of this total was invested in logistics real estate in Belgium. However, in the Netherlands, 2016 was exceptional because there was a record investment volume of € 14,8 billion for all segments jointly.

Prime yields in Belgium for high-quality buildings and agreements with a duration of 10 years are currently between 6,20% and 6,30%. In the Netherlands, this has dropped to a level in the range of 5,50% and in Germany in the range of 5,10%.

Especially for buildings of first-rate quality, there is a possibility that the yields may even continue to decline, due to the increasing competition from investors. However, the yields for prime logistics locations in the US are very comparable to the yields for periphery retail locations. Further yield compression is less probable, however, due to the rising rentals and political uncertainty (Trump, Brexit and various impending European elections).



Tenants' expectations

The expectations of the tenants are closely related to tenant typology and also depend significantly on the tenant's specific activities.

The international third party logistics organisations are strongly focused on efficiency and cost reduction in order to be as commercially strong as possible compared to their competitors. This results in downward pressure on the rental prices for existing buildings, because their new build activities can often be achieved at a lower cost due to their modern layout and energy efficiency. They tend to be extremely risk-averse and try to always fully cover financial risks within the minimum contract term with their clients (often 3 years or less). By clustering multiple clients at one location, they try to further improve efficiency levels and reduce costs.

Retailers and retail producers (such as Michael Kors, VF Europe, Nike, Estée Lauder, Skechers, etc.) are largely focused on ensuring continuity in their logistics chain within a uniform logistics environment. They often opt for new-build solutions according to size and have a greater focus on the long term.

The demand for space by industrial producers that take care of their own logistics is often more specific than that of retailers due to the technical nature of their product. Focus on guaranteeing long-term continuity of their operations is also paramount.

In general, shipper and distributor demand for surface space is limited; however, they require a large number of loading gates for their buildings. They typically serve a very large number of clients from a single location, leading them to approach operations from the middle to long term.

Atypical showroom users (such as, for example, Peugeot, Facq, Van Marcke and Metro) look for locations with excellent visibility.

However, various trends such as scaling-up and e-commerce are still setting ever higher and different demands for logistics real estate. Such demands can only be met to a limited extent in the present buildings, which has led to an increased demand for new builds. This means that, despite the considerable increase in the take-up of logistics real estate, the vacancy of outdated current real estate is on the rise. This is because a substantial part of the existing stock no longer meets the end users' current demands.

For the sake of efficiency levels, distribution centres will be increasingly located at multi-modally accessible locations close to container terminals (barge) and large canals (Albert canal, Rhine). In this way incoming goods can be grouped and be supplied in large flows from the main ports to be later distributed (congestion-free) via denser network toward the European regions with the most purchasing power (Ruhr area, Paris, Benelux). Taking the congestion issue into account, national distribution centres in the Benelux will be located on the Amsterdam-Brussels axis, and European distribution centres will be located in the east of the Benelux region (Dutch and Belgian Limburg and Liège).

In order to scale up, there will be an ever-increasing number of logistics clusters for multiple clients. As a result changing demands of individual customers can be dealt with at a single location.

Due to growing e-commerce logistics, facilities for cross docking and city distribution centres will increasingly be located at the edges of the urban centres. If the delivery speed of e-commerce activities continues to rise, however, more smaller-scale (and environmentally friendly) warehouses will also be created inside city centres. In view of the fact that approximately 30% (compared to 10% now) of the total consumption will be spent through e-commerce in 5 years' time, growth of both types of logistics centres is inevitable.

▼ Greenhouse Antwerp - Greenhouse Café

2. Important developments in 2016

2.1. Occupancy rate and leases in 2016

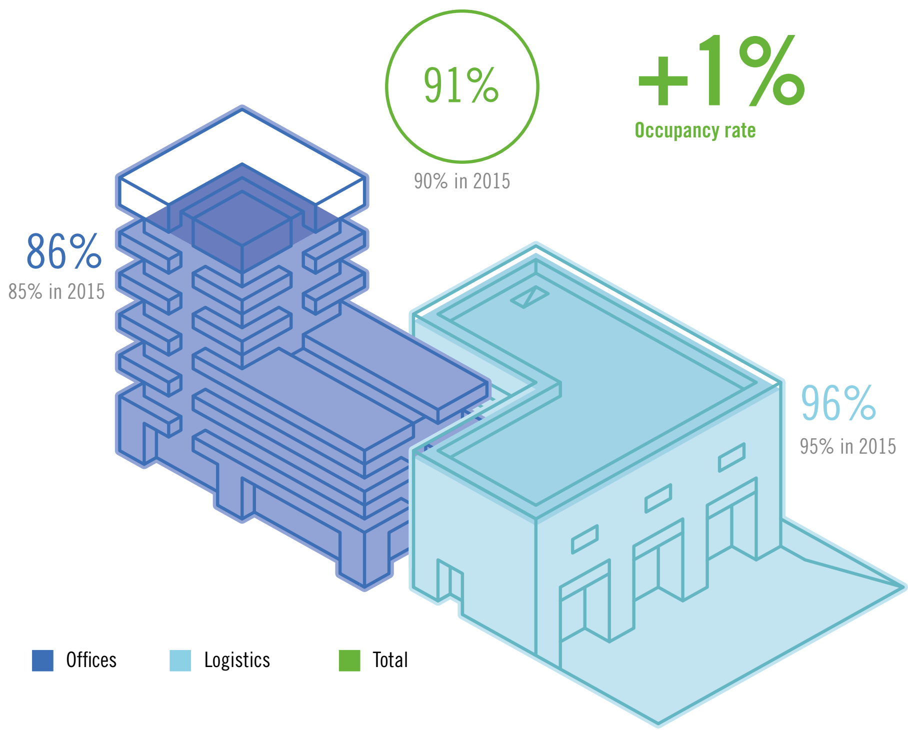
As at 31 December 2016, the overall **occupancy rate** of Intervest's real estate portfolio amounted to 91%, an increase of 1% compared to the situation as at 31 December 2015. The occupancy rate amounted to 86% in the office portfolio, or a rise of 1% compared to 31 December 2015 and 96% in the logistics portfolio or, likewise, a rise of 1% compared to the end of the year 2015.

Intervest had another very active year in the area of **leases** in 2016: 24% of annual net lease income was extended or renewed. A total of 50 rental transactions for 216.980 m² were concluded with new or existing tenants. Lease activity has mainly taken place in the logistics segment. This was 19% of the net annual rental income in 2015, when there were 62 transactions representing 117.612 m².

The rental activity of Intervest in 2016 also focused primarily on the **prologations** of existing lease agreements. In 2016, a total of approximately 20% of the annual net rent income of the real estate company was renewed as compared to 15% in 2015.

Leases to **new tenants** in 2016 amounted to 4% of the total net rental income of the company's, mirroring the 4% in 2015.

> *In 2016, 50 lease agreements were entered into or prolonged, primarily in the logistics portfolio, representing 24% of rental income.*



Rental activity in the office portfolio

The activity in the office portfolio primarily focused on prolongations with existing tenants, particularly in the office parks in Mechelen. The new tenants made up 1% of the annual rental income and prolongations of this segment for existing tenants comprising 6%. A total of approximately 13.000 m² of rental transactions was concluded (for a total office portfolio of approximately 209.000 m²).

New tenants

In 2016, new rental agreements were entered into in the offices portfolio of Intervest for a total surface area of 3.431 m², with 11 new tenants attracted, mainly in Mechelen and Antwerp (there were 12 new tenants for a total area of 4.693 m² in 2015).

The most important transactions of 2016 were:

- Bluebee Belgium at Mechelen Campus for 574 m²
- VIBA at Mechelen Campus for 425 m²
- Sundio Group Belgium in Antwerp Gateway House for 367 m²
- Cook & Style in Berchem Greenhouse Antwerp for 365 m²
- DPS Engineering Belgium at Mechelen Campus for 279 m²
- Elma Multimedia in Mechelen Intercity Business Park for 274 m².

Renewals at end of lease, extensions and prolongations of lease agreements

In 2016, in the office portfolio, ongoing lease agreements for an area of 9.944 m² have been renegotiated or were extended in 21 transactions. A surface area of 33.475 m² was renegotiated in 36 transactions during the same period in 2015.

The most important transactions of 2016 were:

- extension of Galápagos at Mechelen Campus for 1.732 m² (in 2 transactions)
- prolongation of Imperial Tobacco Benelux at Mechelen Campus for 1.506 m²
- prolongation of Karel De Grote Hogeschool in Antwerp Gateway House for 1.431 m²
- extension of Biocartis for 1.017 m² at Mechelen Intercity Business Park
- prolongation of Edwards Lifesciences in Dilbeek Inter Access Park for 771 m²
- prolongation of Haskoning DHV Belgium at Mechelen Campus for 622 m²
- prolongation of KBC Bank in Mechelen Intercity Business Park for 583 m².

Rental activity in the logistics portfolio

In 2016, there was a fair amount of rental activity in Intervest's logistics portfolio. The new tenants made up 7% of the annual rental income and prolongations with existing tenants made up 35%. A total of approximately 204.000 m² of rental transactions was concluded (out of a total logistics portfolio of approximately 500.000 m²).

New tenants

New rental agreements for a surface area of 38.029 m² in 6 transactions were concluded for Intervest's logistics portfolio in 2016. This represents an increase compared to 2015, when rental agreements were entered into for a surface area of 24.966 m² in 5 transactions.

The most important transactions of 2016 were rentals to:

- Delhaize Belgium in Puurs for 16.536 m²
- Schrauwen Sanitair en Verwarming at Herentals Logistics 3 (new construction) for approximately 12.200 m²
- Rogue Benelux in Schelle for 5.035 m²
- Ikea Belgium in Wilrijk for 3.653 m².

Renewals at end of lease, extensions and prolongations of lease agreements

In 2016, in the logistics portfolio, lease agreements for an area of 165.575 m² were extended or expanded in 12 transactions. An area of 54.478 m² was renegotiated in 9 transactions during the same period in 2015.

The most important transactions of 2016 were:

- prolongation of Nike Europe Holding in Herentals Logistics 2 for 50.912 m²
- prolongation and extension of Vincent Logistics in Liège for 27.967 m²
- prolongation and extension of CooperVision Distribution in Liège for 16.096 m²
- prolongation of Pharma Logistics in Huizingen for 17.478 m²
- prolongation of DHL Supply Chain (Belgium) in Opglabbeek for 14.660 m²
- extension of Toyota Material Handling Europe Logistics in Wilrijk for 12.419 m² (2 transactions).

2.2. Investments and projects

With Belgium being an important logistics hub in Europe, Intervest wishes to shift the emphasis in the portfolio to logistics real estate, parallel to a reorientation in the office segment. In the context of this shift, investments in up-to-date buildings of excellent quality on the most important logistics axes, together with reinvestments in office buildings having a distinctive and inspiring character and a high-quality image, are currently the priorities.

Intervest focused on the growth of the **logistics real estate portfolio** in 2016 and its strategic objective was to have the logistics portfolio increase until it reaches approximately 60% of the total real estate portfolio in due course. In Liège the logistics site was expanded with the new build of a cross-dock warehouse of approximately 3.600 m². In Herentals the works for the new build of approximately 12.200 m² have been started. Investments in the **office segment** were made in 2016 to reinforce and firmly establish its position in Mechelen through the purchase of two buildings at Intercity Business Park. In Berchem Greenhouse Antwerp opened with a second RE:flex. The works on a third RE:flex for Greenhouse BXL started in the first quarter of 2017.

Expansions in Intercity Business Park in Mechelen

> *Intervest expanded its Intercity Business Park in Mechelen in 2016 by purchasing 2 adjoining buildings.*

Intervest purchased in August 2016 the building located at Generaal de Wittelaan 11C in Mechelen to expand its current investments in Intercity Business Park. The property is adjacent to the buildings already owned by Intervest at this location. Intervest already owns around 42.500 m² of business space at Intercity Business Park, leased to some 40 companies, including a number of large corporations in the biomedical sector such as Biocartis, Galápagos, SGS Belgium and LabCorp.
The building at Generaal de Wittelaan 11C in Mechelen consists of 6.990 m² of storage space, 1.358 m² of offices and social spaces, 135 parking spaces and the ground surface area is 13.578 m².
Including purchase costs, the investment amounted to approximately € 5,9 million. The entire building is rented out to Spring Global Mail (Post NL) and generates some € 0,4 million in annual rental income.

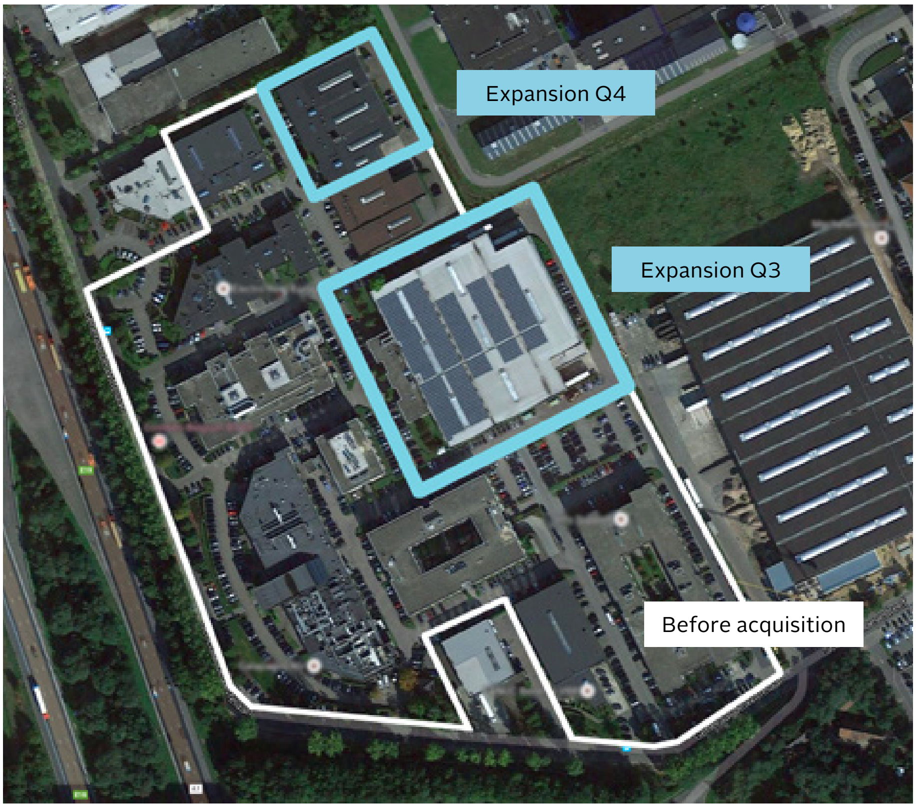
In December 2016 Intervest further expanded Intercity Business Park by purchasing a small building located next to it at Generaal de Wittelaan. With 1.382 m² of storage space, 1.850 m² of offices and 23 parking spaces, these premises have a mixed intended use. The building is not let at the moment. Including purchase costs, this investment amounted to approximately € 1,4 million.

These investments make it possible to continue to offer customers the appropriate facilities in the longer term and to further upgrade this location.
On the whole, these investments are in line with the fair value as fixed by the company's independent property expert.

This investment is financed from the company's available credit lines.

◄ Intercity Business Park - Generaal de Wittelaan 11C

▼ Intercity Business Park - floor plan



"The expansions in Intercity Business Park in Mechelen are of strategic importance to be able to continue to offer current customers with the right facilities over the long term. They also provide opportunities to further upgrade this location."

– Jean-Paul Sols, CEO

▲ Intercity Business Park - Biocartis

Greenhouse Antwerp, with second RE:flex

Intervest Greenhouse Antwerp officially opened with a second RE:flex in September 2016.

Intervest took the next step in reorienting the office portfolio with the inauguration of Greenhouse Antwerp and of the second RE:flex. The innovating renovation of this building located at Uitbreidingstraat 66 in Berchem, which is a building dating back to 1988, is entirely in keeping with the reshuffle of the office portfolio.

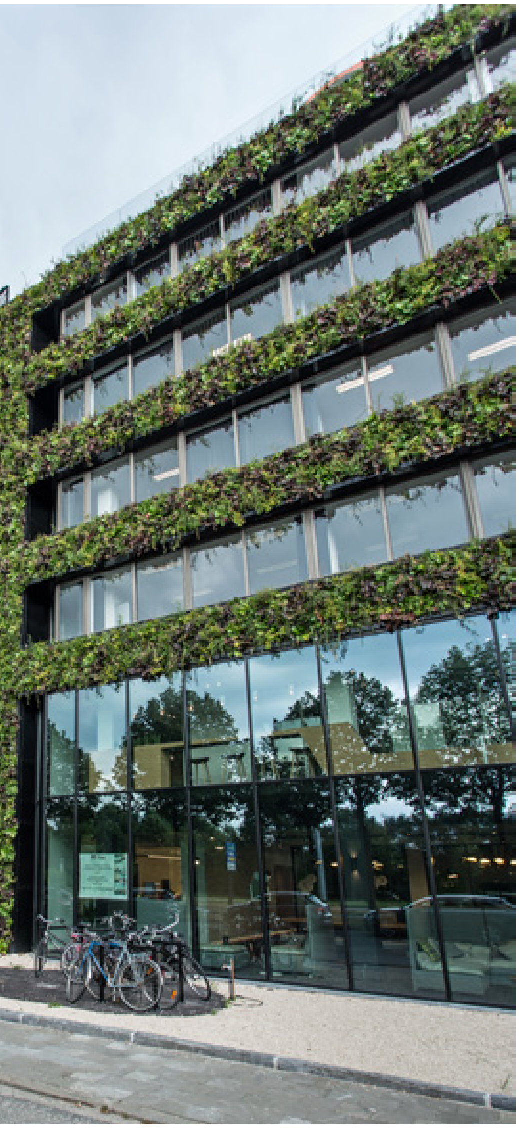
Greenhouse Antwerp is tailored to the current, new way of working. RE:flex on the first two floors provides space for start-ups, overflow space for customers and shared meeting rooms. Besides the renovation of the technical systems and the interior, the outside of the building was given a completely renewed and unique appearance.

The entire front façade has now been provided with a “green façade” or vertical plant garden consisting of 50.000 living plants, which is one of the largest green façades in an office building in Belgium. The green façade helps reduce the amount of substances that cause air pollution, for example fine particulate matter and carbon dioxide. In addition to this, the vegetation reduces wind speeds along the façades. Research shows that green walls have a positive impact on the insulation performance of buildings. Finally, these properties combined with substrate, plants and air trapped in the green façade system provides good sound proofing.

Greenhouse Antwerp has been completely renovated, in terms of technical facilities as well as interior design. The building has a leasable space of 5.727 m². The total investment, spread over financial years of 2015 and 2016 amounts to approximately € 4 million.

This investment is financed from the company’s available credit lines.

Greenhouse Antwerp ▶



"With this vertical planted wall, Intervest has created the first truly living wall in the city of Antwerp. In addition to the pleasant visual aspect, the green wall has several significant advantages.

The reduction of the urban heat island effect, bringing more biodiversity in the city and better insulation performance for buildings are some of the key advantages for society.

Furthermore, increased green space in a city has a stress-reducing effect, which is just one more reason to invest in green walls.

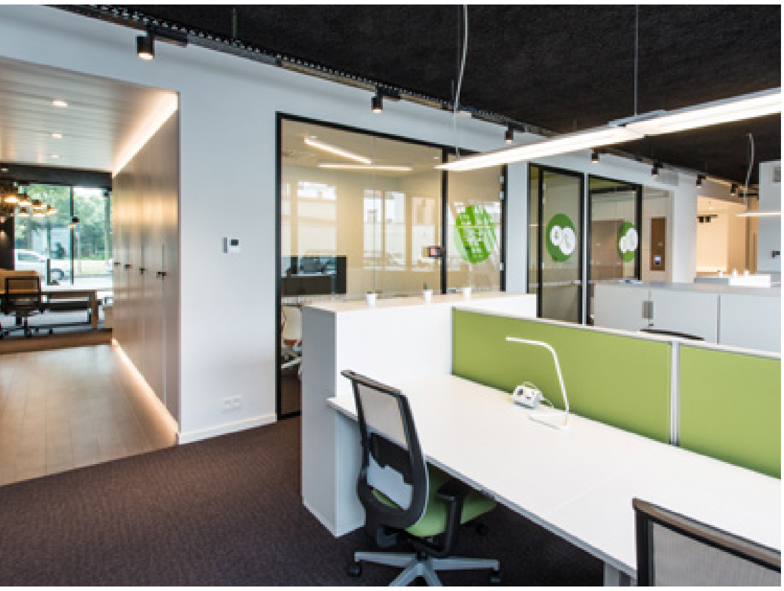
Intervest is taking a leading role in this regard, one that is greatly appreciated, given that others are now quickly following its example."

ROB VAN DE VELDE, MEMBER OF PARLIAMENT
AND ANTWERP ALDERMAN FOR SPATIAL
PLANNING HERITAGE AND GREEN

◂ from Sky Building
to Greenhouse Antwerp

> *"The new way of working can lead to a better balance between work and private life.*
> *Naturally, to do this we need an enjoyable, inspirational environment. RE:flex perfectly meets this requirement. Moreover, beginning entrepreneurs can go there if they need professional, flexible work areas, and this is something which I, as the Minister for Economy, can only applaud."*

PHILIPPE MUYTERS, , FLEMISH MINISTER FOR WORK, ECONOMY, INNOVATION AND SPORT



The interior redesign was handled by Intervest's own team of interior architects. Within its market segments, Intervest positions itself not just as a lessor of square metres; it also provides a wide range of services and facilities, including turnkey solutions. The building also houses Greenhouse Café, operated by Cook & Style, which is entirely in keeping with the style of the renovation by Intervest.

◄▲ RE:flex Berchem

◄ Greenhouse BXL artist impression

Greenhouse BXL, with third RE:flex

Following the successful and innovative reorientation of Greenhouse Antwerp, Intervest also anticipates a reorientation of the Diegem Campus whereby it will clearly distinguish itself from the traditional offices offer as Greenhouse BXL.

At the beginning of 2017, after the departure of tenant Deloitte, the office buildings of Diegem Campus at Berkenlaan 6, 8a and 8b, became vacant. The building at Berkenlaan 6 was divested in the first semester of 2016. Given the location of this site and the quality of the buildings, the office buildings at Berkenlaan 8a and 8b offer an excellent opportunity for repositioning and a multi-tenant approach.

The developed concept is aimed at stimulating meeting and interaction. It has a professional aura, stimulates cross-fertilisation, allows for a high level of flexibility, provides an air of tranquillity, focuses on service, is energy-efficient and aims for accessibility.

A patio, still to be constructed, will serve as a lively meeting place with the potential for organising events. The “new concept of working” will be integrated in the complex by combining a co-working lounge and places fostering inspiration. The interior fittings are also aimed at mutually encouraging interaction between visitors and users. For example, a Grand Café, a restaurant, larger shared meetings rooms and an auditorium will be provided. Users can also call on a service desk, which will ensure a personalised approach when it comes to the customer’s needs.

The building permit for this redevelopment has been received and the works are set to start in the first quarter of 2017. The budget for the total investment planned, which is provided for financial year 2017, amounts to approximately € 8 million. The works to the patio still to be built do not hinder the letting potential of office buildings. This investment will be financed from the company’s available credit lines.

In 2016, Intervest started redeveloping the office site Diegem Campus into Greenhouse BXL with a third RE:flex.

Logistics development project Herentals Logistics 3

Intervest develops Herentals Logistics 3 by building a new distribution centre of approximately 12.200 m² for Schrauwen Sanitair en Verwarming.

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

The site is located on one of the most important logistics corridors in Belgium, next to the slip road to the E313, from which one can see the site. The new distribution centre comprises approximately 9.000 m² of warehouses, 2.000 m² of mezzanine and 1.500 m² of social space and offices. Furthermore, the site offers further expansion possibilities for an additional warehouse of approximately 8.000 m².

A long-term lease agreement for 15 years has been signed with the lessee, Schrauwen Sanitair en Verwarming, with the first possibility of termination after 9 years. With this important expansion of the warehouse space, the activities of Schrauwen Sanitair en Verwarming are firmly established in Herentals. The project will yield a rental income as from its delivery.

It is expected that the project can be delivered in the middle of 2017. The necessary permit has been obtained and the works started at the beginning of 2017. The project is financed with Intervest's current credit facilities with financial institutions.

"This project fits in perfectly with the strategy in the logistics real estate segment, which also involves growth through developments in our own portfolio.
What's more, this investment has been developed in close cooperation with the future customer, once again showing that Intervest looks beyond merely providing square metres and that it goes in search of customer-tailored solutions."

– Jean-Paul Sols, CEO

▲ Herentals Logistics 3 - artist's impression of the development project

Expansion of the logistics site in Liège with the new cross-dock building

Intervest expands its logistics site in Liège for its current tenants.

In the second semester of 2016 Intervest expanded its current logistics site in Liège with the development of a new build. This expansion was needed to facilitate the growth of CooperVision and Vincent Logistics, tenants already present at the existing location.

The new build is a cross-dock warehouse with limited storage capacity of approximately 3.600 m².

The works were completed at the end of the 2016 and the building has been delivered and occupied.

The investment amounted to approximately € 2,3 million. This project yields rental income as from 1 January 2017. The lease agreement periods for the other buildings on the site have simultaneously been extended to long-term rents.

▲ Liège - construction of cross-dock warehouse

2.3. Divestment: five properties in Brussels periphery

In line with its planned strategy of reorienting its office portfolio, Intervest sold four office buildings and a semi-industrial building in the Brussels periphery in the first semester of 2016.

Vision

Intervest divested these five buildings in view of the fact that these properties had an exceptional risk profile compared to other buildings in the portfolio. The buildings are between 15 and 25 years old and would need renovation work in the future. However, these renovations are not expected to give rise to higher rental prices in the future due to the significant vacancy rate in these parts of the Brussels periphery. In addition, the buildings were labour-intensive for Intervest as regards asset management because of the number of tenants and the low occupancy rate.

Real estate transaction

The divestment concerns the office buildings "Brussels 7" in Strombeek-Bever, "Park Station" and "Hermes Hills" in Diegem and "3T Estate" in Vilvoorde. The semi-industrial building "Berchem Technology Center" is located in Sint-Agatha-Berchem.

The total surface area of the divested buildings consisted of approximately 32.900 m² of offices, 4.000 m² of storage space, 2.500 m² of archiving space and 770 parking spaces. The occupancy rate for these five divested buildings was 67% at the time of the divestment. The divested office buildings had an average occupancy rate of 65%, which decreased to 60% as from 1 January 2017 after tenant Deloitte left Hermes Hills. The occupancy rate for the semi-industrial building in Sint-Agatha-Berchem was 84% at the time of the divestment.

Intervest divested these buildings with a significant decreased value compared to the estimated value. The sales price amounted to € 27 million (excluding taxes and purchase costs), some 32% below the carrying amount (fair value) of these properties as at 31 December 2015, i.e. € 40 million as determined by the company's independent property expert.

Impact of the transaction

With this sales transaction, the share of offices decreased by 2% to 49%. The logistics real estate formed 51% of the portfolio (51% offices and 49% logistics real estate as at 31 December 2015).

The impact of this transaction on the taxation value of the offices remaining in the Intervest portfolio remains limited to a value decrease of € 1,2 million, which was processed in the annual figures for 2016.

The buildings comprised 6% of the fair value of the real estate portfolio and accounted for annual rental income of around € 2,9 million. Further to Deloitte's departure from Hermes Hills this would have decreased to € 2,3 million a year for the 2017 financial year.

The effect of this sales transaction on the EPRA earnings is approximately negative 9 euro cents per share per year, mainly due to the lapse of the rental income. Specifically, this impact is € 6 euro cents for the 2016 financial year. The negative effect of this transaction on the net value (fair value) per share is approximately 80 euro cents.

2.4. Beyond real estate: from m² to "unburdening"

▲ Innovation team

Intervest is a real estate partner that goes beyond just letting square metres of office and logistics space. The company focuses on providing service and supplies flexible solutions so that customers can focus on what is really important to them. By listening to the customers' wishes, thinking along with them and thinking ahead, the customers are given added value and the mission of 'unburdening' them is put into practice.

By providing **turnkey solutions,** Intervest gives its customers the option of outfitting 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.

Many employers are also trading in the concept of full-time working from home for mixed solutions where the social contact in the workplace is reconciled with the requirements of mobility and flexibility. Intervest accommodates these needs with the **RE:flex** flexible business hub.

▼ RE:flex Berchem

◄ Inter Access Park -
Edwards Lifesciences

▼ Wilrijk 2 -
Toyota Material Handling Europe Logistics

▼ Intercity Business Park -
Biocartis

▼ Mechelen Campus -
Rens Accountants

Beyond real estate: turnkey solutions

In the light of the new ways of working and the growing use of new technologies in business, organisations are increasingly looking to outsource the design and fitting-out of their office environment in exchange for a market-compliant fee. We note a similar development in the logistics segment where customers are also consulting Intervest for its experience and knowledge relating to tailored service provision.

With the turnkey solutions, a specialised and complementary team offers a fully bespoke solution, ranging from fitting-out plans and supervision of the works to coordination of the occupancy process, and closely monitors the pre-set timeframe and appointed budget.

For new leases as well as extensions, customers are making ever more use of these turnkey solutions for optimisation and use of their office or logistics space. This change clearly fits within the trend of "unburdening" the customer.

Offices

In 2016, too, the Intervest team completed a substantial number of turnkey solutions projects. An entirely new demo space was sketched and developed for Biocartis. In addition, Biocartis was assisted in a project where a second production line was developed for the Idylla platform, their molecular diagnostic system for detecting illnesses.

Moreover, in 2016 a number of new customers also used the turnkey solutions approach such as Bluebee and Sundio Group. A project from start to finish was developed specifically for Sundio Group in less than one month. The most important elements playing a role here were the budget-friendliness but above all time, in view of the fact that the entire project had to be completed in less than one month. With this in mind, a decision was made to recuperate the existing walls where possible. In order to create a young atmosphere, a refreshing range of colours consisting of various shades of green was chosen for the carpet and for delineating the various zones and smooth white was chosen for the walls. This look and feel is perfectly in keeping with the young and dynamic team of Sundio Group. A trendy interior that was also particularly budget-friendly was achieved in an extremely short time because the walls were reused, the position of the desks were coordinated with the existing electrical facilities, a standard carpet but with a stylish layout was chosen, etc.

Furthermore, in 2016 turnkey solutions projects were developed and completed for existing customers such as Q8, Edwards Lifesciences and Rens Accountants.

Logistics

In the logistics segment projects were developed for Toyota Material Handling Europe Logistics and Rogue Fitness Benelux. Expansion was achieved for Toyota Material Handling in Wilrijk and three reorganised warehouse units and an office block were occupied. In cooperation with the customer, the site was given a serious upgrade, whereby the current and future needs and wishes of Toyota Material Handling Europe Logistics were considered.

A showroom and space for demonstrating its products were drawn in the existing logistics space of Rogue Fitness Benelux in Schelle, and these were combined with the necessary provisions for traditional storage activities. Offices and sanitary space were expanded and revamped. Furthermore, Intervest also thought along with the customer in its long-term planning and provided it with expansion possibilities.

▼ RE:flex Mechelen

▲ RE:flex Berchem

Beyond real estate: extensive service provision

Besides turnkey solutions, companies also want a number of additional services in their working environment. Where, traditionally, the owner/manager provides the shared service provision (for example: technical management, green maintenance, cleaning and window cleaning, the shared parts, etc.), Intervest has gone one step further and has developed a whole range of additional services for its customers. Examples of such additional individual service provision are organising an ironing service, individual cleaning, ordering sanitary items, handyman services, supplying office equipment, interior plants, etc.

Offering services at customer, building, site and portfolio levels makes it easier for customers to manage the working environment from day to day. Intervest coordinates, schedules, communicates and monitors the various services, is the central point of contact, and hereby ensures that there is an excellent guaranteed price/quality ratio. Intervest hereby fully or partially takes over the 'real estate care' from the customers and provides additional services for the employees of the customers, so that they can concentrate on their core activities.

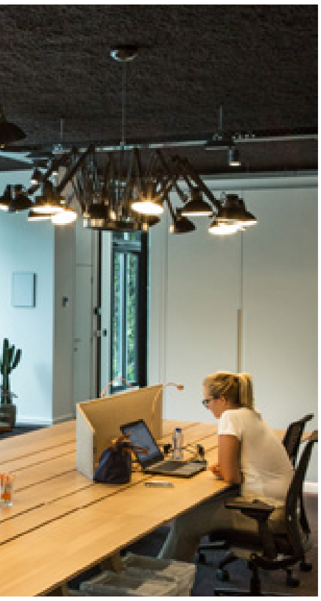
In 2016, the handyman service, which most of the customers used regularly, was expanded on all office sites. The cleaning service, including the delivery of sanitary and related items, was started up for 20 or so new and current customers. Furthermore, Intervest coordinated a 'recycling' campaign in Mechelen and launched a group purchase for copying and printer paper. Bringme Box, a solution for parcel delivery, was installed in Greenhouse Antwerp and at Mechelen Campus. Service provision already in existence, such as the ironing service, was expanded in Gateway House, Greenhouse Antwerp and at Mechelen Campus.

Further expansion of the service provision is scheduled to take place in 2017, which will also respond to the new and current needs of the customers and their employees. In 2017 this service provision will also be further integrated in an online platform (linked to helpdesk Planon), which will mean that both organisation and monitoring will be facilitated for the customers and Intervest alike.

Beyond real estate: RE:flex

'RE:flex, flexible business hub' is entirely in keeping with the strategy of Intervest to respond proactively to new trends in mobile and flexible working. This co-working lounge with seminar centre represents a high-tech innovative concept of working, meeting and event organisation. With RE:flex, Intervest responds to the growing need for flexibility and collaboration in a professional setting. Several formulas provide access to a flexible "(third) workstation" as well as a range of facilities and services that are charged on a per-use basis. Every RE:flex is also equipped with state-of-the-art conference and meeting facilities, which are also suited for seminars, receptions, product presentations, team meetings and the like.

The first RE:flex was installed at Mechelen Campus in the middle of 2012. The centralised location of Mechelen has proved to be an additional trump card (accessibility, parking facilities, fewer traffic issues, etc.). An additional floor with additional workplaces and meeting facilities were developed in RE:flex Mechelen in the middle of 2015 to meet growing demand.



▲ RE:flex - a whole range of facilities and services

A second RE:flex with a co-working area and a wide range of meeting rooms was opened on the ground floor and a part of the first floor of Greenhouse Antwerp (the renovated office building in Berchem) in 2016. Here, too, RE:flex targets both small, starting companies and large companies which need meeting rooms or workplaces in Antwerp for temporary projects. Additional expansion with individual office spaces ('managed offices'), which can be leased flexibly, is planned in 2017.

The opening of a third RE:flex is scheduled in Greenhouse BXL, the redevelopment of the site in Diegem, by the end of 2017.

RE:flex is also a fine example of the turnkey solutions approach of Intervest. Indeed, every RE:flex has been comprehensively elaborated and designed internally. A partnership with Steelcase was set up to provide the furniture. Steelcase is one of the largest manufacturers in the world of office furniture and is also a customer at Mechelen Campus.

Mechelen Campus Tower also houses a business centre on the eleventh, twelfth and fourteenth floors, where MC Square sublets small, fully-serviced office spaces to start-ups or smaller businesses.

3. Financial results 2016[1]

3.1. Consolidated income statement

in thousands €	2016	2015
Rental income	45.280	46.147
Rental-related expenses	-157	30
Property management costs and income	490	2.848
Property result	**45.613**	**49.025**
Property charges	-5.242	-5.319
General costs and other operating income and costs	-2.145	-1.624
Operating result before result on portfolio	**38.226**	**42.082**
Result on disposals of investment properties	-12.798	125
Changes in fair value of investment properties	2.425	-5.347
Other result on portfolio	363	-243
Operating result	**28.216**	**36.617**
Financial result (excl. changes in fair value of financial assets and liabilities)	-9.147	-10.913
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
Taxes	-34	-310
NET RESULT	**20.582**	**25.952**
Note:		
EPRA earnings*	29.044	30.859
Result on portfolio	-10.009	-5.465
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558

* Please see the Terminology for the calculation of the EPRA earnings.

Analysis of the results[1]

For financial year 2016, the **rental income** of Intervest amounted to € 45,3 million and this has decreased by 2% as compared to the financial year of 2015 (€ 46,1 million). The decrease by € 0,9 million was mainly due to the reorientation of the office portfolio, which led to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery in June 2016. This divestment meant that there was a fall of € 1,5 million in the company's rental income in 2016. This shrinkage was partly compensated by new investments in investment properties and indexations of existing rental agreements.

Decrease of rental income in 2016 due to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery in June 2016.

The **management related costs and income** in 2016 showed an income of € 0,5 million (€ 2,8 million). The decrease by € 2,3 million in respect of the previous financial year related to the one-off profit taken from the refurbishment fee in the amount of € 2,5 million in 2015, of the vacating tenant Deloitte in the office portfolio.

The **property charges** for financial year 2016 amounted to € 5,2 million and therefore remained at the same level as in 2015 (€ 5,3 million). The accompanying vacancy costs for unlet buildings decreased by € 0,3 million in 2016 pursuant to the divestment of five buildings where there was substantial vacancy. The management costs for real estate in 2016 increased by € 0,2 million due to larger workforce for property management.

General costs and other operating income and costs amounted to € 2,1 million for financial year 2016 (€ 1,6 million). The increase by € 0,5 million was mainly the result of a larger management committee and workforce, and higher accommodation costs and increased marketing and advertising activities.

The decrease in rental income due to the reorientation of the office portfolio, combined with the lower refurbishment fees from departing tenants and the increase in general costs, caused the **operating result before result on portfolio** in 2016 to decrease by € 3,9 million or approximately 9% to € 38,2 million (€ 42,1 million). This means that the operating margin of Intervest was 84% for financial year 2016 (91%).

The **result on disposals of investment properties** in 2016 amounted to € -12,8 million and contained the capital loss realised on the divestment of five buildings in the Brussels periphery in June 2016.

The **changes in the fair value of investment properties** were positive in 2016 and amounted to € 2,4 million compared to negative changes of € -5,3 million in 2015. This increase by 0,4% of the fair value of the existing real estate portfolio (without taking into new acquisitions and divestment) was mainly the result of:

- € -1,4 million due to the decrease in fair value of the existing offices portfolio by 0,6%, mainly due to adaptation of the income of certain office buildings in the Brussels periphery
- € 3,8 million or 1,2% due to an increase in fair value of the existing logistics real estate portfolio due to new leases and prolongations of existing lease agreements and to the stronger yields for certain premium buildings of the company.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges))** in 2016 amounted to € -9,1 million (€ -10,9 million). The decrease in the financing costs by € 1,8 million was mainly due to the divestment of five buildings in June 2016 in the amount of € 27 million and the repayment of the bond loan of € 75 million in June 2015.

The average interest rate of the company's outstanding credit facilities for financial year 2016 amounted to 3,1% including bank margins (3,5%).

1 Comparable figures for financial year 2015 between brackets.

The **changes in fair value of financial assets and liabilities (ineffective hedges)** included 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 € 1,5 million (€ 0,6 million).

The decrease in **taxes** by € 0,3 million was the result of the merger by acquisition in February 2016 of the subsidiary Stockage Industriel, owner of the logistics site in Liège.

The **net result** of Intervest for financial year 2016 amounted to € 20,6 million (€ 26,0 million) and can be divided into:

- the **EPRA earnings** of € 29,0 million (€ 30,9 million); the decrease by € 1,9 million can mainly be attributed to the divestment of five buildings in the Brussels periphery pursuant to the reorientation of the office portfolio, combined with the lower refurbishment fee from departing tenants and a more extensive staff complement, which is partly compensated for by new investments, lower financing costs and a fall in the tax cost
- the **portfolio result** of € -10,0 million (€ -5,5 million) mainly as a result of the € -12,8 million realised on the divestment of five buildings in the Brussels periphery and the positive changes in the fair value of the investment properties for € 2,4 million
- the **changes in the fair value of financial assets and liabilities (ineffective hedges)** in the amount of € 1,5 million (€ 0,6 million).

This meant EPRA earnings of € 29 million (€ 30,9 million) for Intervest for financial year 2016. Taking into account the 16.784.521 shares, this results in **EPRA earnings** of € 1,73 per share as compared to € 1,90 per share for financial year 2015.

Without taking into account the one-time € 2,5 million refurbishment allocated for departing tenant Deloitte, the EPRA earnings for financial year 2015 would have amounted to € 28,4 million. This would have amounted to € 1,74 per share. Consequently, the EPRA earnings of € 1,73 per share for financial year 2016 is 1 euro cent lower than for financial year 2015 without the one-time refurbishment fee.

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

Therefore, the shareholders can be offered a **gross dividend** of € 1,40 for financial year 2016 (€ 1,71 for financial year 2015). This equals a pay-out ratio of 81%[2] of the EPRA earnings. This offers the shareholders a **gross dividend yield** of 5,9%, based on the closing share price as at 31 December 2016 (€ 23,90).

RESULT PER SHARE	2016	2015
Number of shares at year-end	16.784.521	16.239.350
Number of shares entitled to dividend	16.784.521	16.239.350
Weighted average number of shares	16.784.521	16.200.911
Net result (€)	1,23	1,60
EPRA earnings (€)	1,73	1,90
Pay-out ratio (%)	**81%**	**90%**
Gross dividend (€)	**1,40**	**1,71**
Withholding tax percentage* (%)	**30%**	**27%**
Net dividend* (€)	**0,9800**	**1,2483**

* The withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (except in case of certain exemptions) as from 1 January 2017 as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

1 Subject to approval by the Annual General Meetings to be held in 2017, 2018 and 2019.

2 Intervest 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, unrealised capital gains and capital losses on property investments and debt reductions.

3.2. Consolidated balance sheet

in thousands €	31.12.2016	31.12.2015
ASSETS		
Non-current assets	612.373	635.218
Current assets	12.790	13.181
Total assets	**625.163**	**648.399**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**326.085**	**321.736**
Share capital	152.948	147.980
Share premium	90.821	84.220
Reserves	61.734	63.549
Net result of the financial year	20.582	25.954
Minority interests	0	33
Liabilities	**299.078**	**326.663**
Non-current liabilities	223.953	231.467
Current liabilities	75.125	95.196
Total shareholders' equity and liabilities	**625.163**	**648.399**

BALANCE SHEET INFORMATION PER SHARE[1]	31.12.2016	31.12.2015
Number of shares at year-end	16.784.521	16.239.350
Number of shares entitled to dividend	16.784.521	16.239.350
Net value (fair value) (€)	19,43	19,81
Net value (investment value) (€)	20,37	20,75
Net asset value EPRA (€)	19,60	20,09
Share price on closing date (€)	23,90	24,37
Premium with regard to net value (fair value)(%)	23%	23%
Debt ratio (max. 65%)	45,7%	48,2%

1 The definition of a few parameters in the table is reflected in the Terminology.

Assets[1]

The fair value of the total real estate portfolio as at 31 December 2016 amounted to € 611 million.

The non-current assets consist mainly of the real estate investments of Intervest. The **fair value of the real estate portfolio** of the company decreased by € 23 million in 2016, and as at 31 December 2016 it amounted to € 611 million (€ 634 million). The underlying fair value of the real estate portfolio underwent the following changes in 2016.

- The increase in fair value of the **logistics portfolio** by approximately € 1 million or 0,3% compared to the fair value as at 31 December 2015, mainly because of the combined effect of:
  - € 4 million or 1,2% due to an increase in fair value of the existing logistics real estate portfolio due to new leases and renewals of existing lease agreements and to the stronger yields for certain premium buildings of the company
  - € 3 million due to investments and expansions in the existing logistics portfolio
  - € -6 million by the divestment of a semi-industrial building in the Brussels periphery, which had a fair value of € 6 million as at 31 December 2015.
- The decrease in fair value of the **office portfolio** by approximately € 24 million or 7% compared to the fair value as at 31 December 2015, mainly because of the combined effect of:
  - € -34 million by the divestment of four office buildings in the Brussels periphery, which had a fair value of € 34 million as at 31 December 2015
  - € 7 million for the acquisition of 2 expansions in Intercity Business Park in Mechelen
  - € -1 million due to the decrease in the fair value of the existing office portfolio by 0,65%, mainly due to adaptation of the income of certain office buildings in the Brussels periphery
  - € 4 million investments in the existing office portfolio.

The **current assets** amounted to € 13 million and consisted mainly of trade receivables in the amount of € 7 million (€ 4 million of which for advance invoicing for rents for financial year 2017 for the logistics portfolio), € 4 million from tax receivables and other current assets and € 2 million from deferred charges and accrued income.

1 Comparable figures for financial year 2015 between brackets.

Liabilities[1]

The company's **shareholders' equity** increased by € 4 million in 2016, and as at 31 December 2016 it amounted to € 326 million (€ 322 million). This increase in shareholders' equity was mainly pursuant to the net result of financial year 2016 and the optional dividend for financial year 2015.

For the **dividend** distribution for financial year 2015, the shareholders of Intervest have chosen for 57% of their shares for a contribution of their dividend rights in return for new shares instead of payment of the dividend in cash. This led as at 25 May 2016 to a reinforcement of the shareholders' equity by € 11,6 million (capital increase and share premium) through the creation of 545.171 new shares, bringing the total number of shares as from 25 May 2016 to 16.784.521 units. The new shares participate in the result of the company as from 1 January 2016. The total number of shares entitled to dividend is 16.784.521 units as at 31 December 2016 (16.239.350 units).

As a result of this capital increase, the **share capital** rose in 2016 by € 5 million to € 153 million (€ 148 million) and the **share premium** rose by € 7 million to € 91 million (€ 84 million). The **reserves** of the company amounted to € 62 million (€ 64 million) and consisted mainly of:

- the reserve for the balance of changes in fair value of real estate for € 54 million (€ 59 million), composed of the reserve for the balance of changes in the investment value of real estate for € 70 million (€ 74 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 to the investment value is shown separately in shareholders' equity. As at 31 December 2016, this difference amounted to € -16 million (€ -15 million).
- 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 € -5 million (€ -5 million)
- results carried forward from previous financial years and the other reserves subject to payment of € 13 million (€ 9 million).

As at 31 December 2016, the **net value (fair value)** of a share was € 19,43 (€ 19,81). As the share price of an Intervest share (INTO) was € 23,90 as at 31 December 2016, the share was listed at a premium of 23% on the closing date, compared to the fair value.

The **non-current liabilities** amounted to € 224 million (€ 231 million) and, on the one hand, comprised non-current financial debts in the amount of € 220 million (€ 226 million) which consisted of € 160 million long-term bank financing, the expiry date of which is after 31 December 2017 and the bond loans issued in March 2014 for € 60 million. On the other hand, the non-current liabilities also comprised the other long-term financial liabilities, representing the negative market value of € 3 million of the cash flow hedges concluded by the company to hedge the variable interest rates on the financial debts.

Current liabilities amounted to € 75 million (€ 95 million) and consisted mainly of € 62 million in current financial debts, i.e. bank loans with an expiry date before 31 December 2017 (€ 80 million), of € 3 million in trade debts and € 10 million in deferred income and accrued charges.

1 Comparable figures for financial year 2015 between brackets.

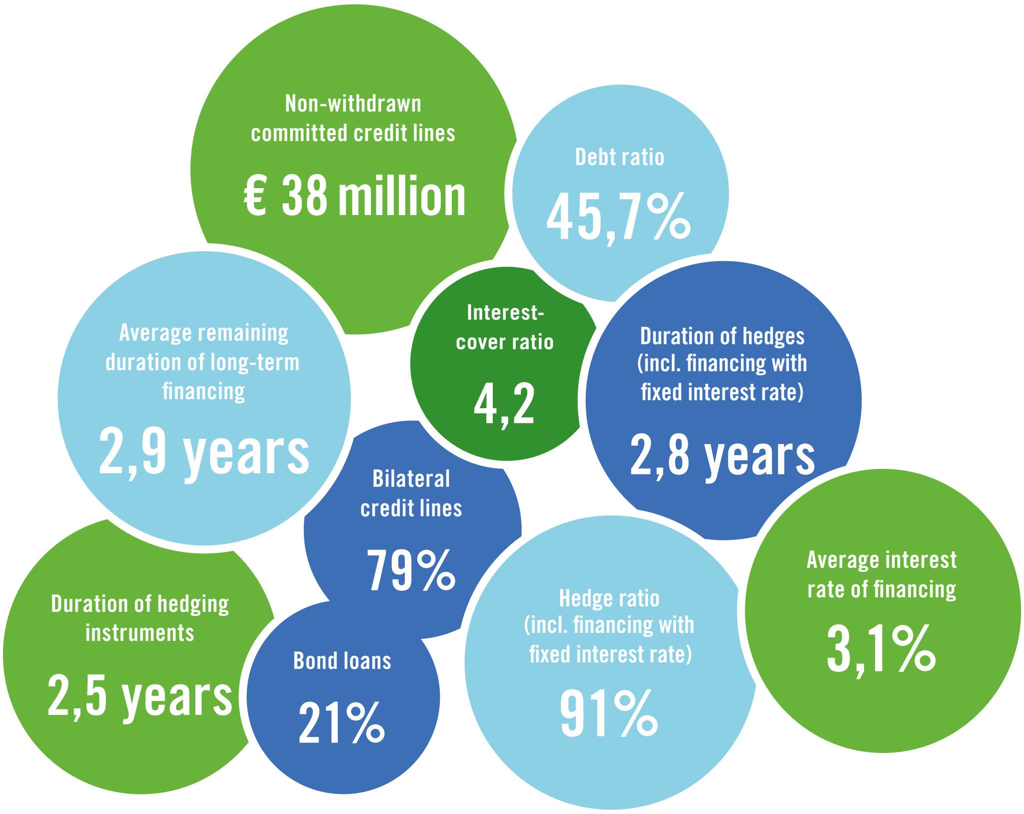
4. Financial structure

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

4.1. Financial structure characteristics

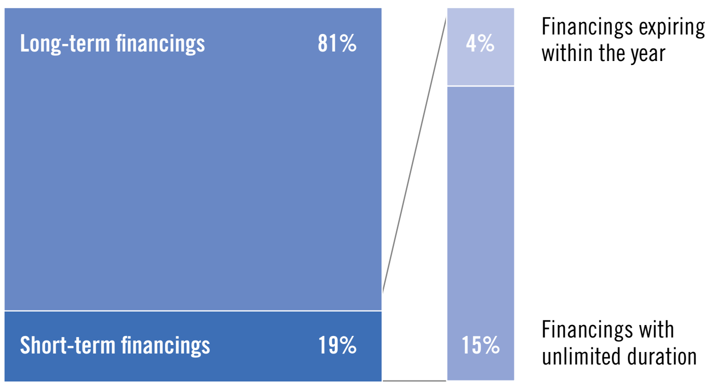
The most important characteristics of the financial structure as at the end of 2016 are:

- amount of financial debts: € 282 million (excluding the market value of financial derivatives)
- 81% long-term financing agreements with an average remaining duration of 2,9 years
- 19% short-term financing agreements, consisting of 15% of financing with an unlimited duration (€ 48 million), for 4% consisting of credit facilities expiring in 2017 (€ 13 million)
- 79% of the credit are bilateral credit, 21% are bond loans
- spread of the expiry dates of credit facilities between 2017 and 2024
- spread of credit facilities over 6 European financial institutions and bondholders
- € 38 million non-withdrawn committed credit lines
- cover ratio: 80% of the credit lines have a fixed interest rate or are fixed by interest rate swaps, 20% have a variable interest rate; 91% of the withdrawn financing has a fixed interest rate or was fixed by interest rate swaps and 9% has a variable interest rate (70% fixed interest rate as from 2 January 2017: see 4.5)
- fixed rates are set for a remaining period of 2,8 years on average (3,7 years as from 2 January 2017: see 4.6)
- as at 2 January 2017, interest rate swaps amounted to a notional amount of € 60 million on the expiry date. These had at the end of 2016 still a duration of 2 days. Due to expiring of these covers, the remaining duration of the fixed interest rate increased to 3,7 years and 70% of the withdrawn credit lines have as from 2 January 2017 a fixed interest rate or are fixed by interest rate swaps. 30% have a variable interest rate.
- as at 31 December 2016, the weighted average interest rate of the interest rate swaps is 1,3%. This decreases to 0,9% as a result of the expiry of the interest rate swaps on 2 January 2017
- market value of financial derivatives: € 3 million negative.
- average interest rate for 2016: 3,1% including bank margins (3,5% for 2015);
- debt ratio of 45,7% (statutory maximum: 65%) (48,2% as at 31 December 2015)
- interest cover ratio of 4,2 for 2016 (3,9 for 2015)
- no change in 2016 in the current contracted agreements
- the RREC fulfilled its contracted agreements as at 31 December 2016.



4.2. Balance between long-term and short-term financing

As at 31 December 2016, 81% of the available credit lines of Intervest were long-term financing and 19% were short-term financing, with 15% consisting of financing of an unlimited duration (€ 48 million) and 4% of credit facilities expiring in 2017 that need to be renewed or refinanced (€ 13 million).



4.3. Duration and spread of the expiry dates for long-term financing

The weighted average remaining duration of the long-term credits was 2,9 years as at 31 December 2016.

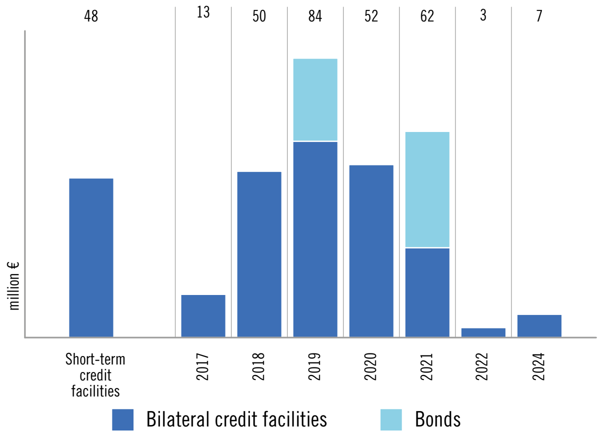
The strategy of Intervest is to keep de average duration of long-term financing between 3,5 and 5 years, but this can be derogated from temporarily if specific market conditions require.

In 2016, Intervest continued the process of optimising the spread of the due dates of its credit lines. Within this framework, two credit facility agreements were extended in line with market conditions in 2016 for a total amount of € 37,5 million at the same financial institutions, also with a duration of 4 years.

The weighted average remaining duration of the long-term credits is 2,9 years as at 31 December 2016.

Expiry calendar financing

The expiry dates calendar of financing as at 31 December 2016 is represented in the chart. In financial year 2017 Intervest only needs to refinance one credit facility for an amount of € 13 million.



Only 4% of the credit lines will need to be refinanced in 2017.

4.4. Available credit lines

As at 31 December 2016, the company still had more than € 38 million of non-withdrawn credit lines at its financial institutions to absorb fluctuations in liquidity requirements, to finance future investments and for payment of the dividend of financial year 2016.

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 2016, this cash position only amounted to € 0,4 million.

4.5. Hedge ratio

91% of the credit facilities utilised had a fixed interest rate or were hedged by financial derivatives.

For composition of the loan portfolio, Intervest's strategy consists of achieving a ratio of one-third borrowed capital with a variable interest rate and two-thirds borrowed capital with a fixed interest rate.

As at 31 December 2016 the bond loans for a total amount of € 60 million had a fixed interest rate and the company concluded interest rate swaps for a total notional amount of € 190 million. In addition, the company has a credit facility agreement with a fixed interest rate for an amount of € 7 million with an initial duration of 10 years.

Consequently, as at 31 December 2016, 80% of the credit lines of the company consisted of financing with a fixed interest rate or are fixed by interest rate swaps; 20% had a variable interest rate. 91% of the withdrawn financing had a fixed interest rate or were fixed by interest rate swaps and 9% had a variable interest rate.

As at 2 January 2017, interest rate swaps with a notional amount of € 60 million reached their expiry date. As a result, 70% of the withdrawn credit facilities have a fixed interest rate or are fixed by interest rate swaps as from 2 January 2017. 30% have a variable interest rate.

As at 31 December 2016, the weighted average interest rate of the interest rate swaps was 1,3%. This decreases to 0,9% (see Note 18 of the Financial report) as a result of the expiry of the interest rate swaps as at 2 January 2017.

4.6. Duration of fixed interest rates

The interest rate policy of Intervest consists of consistently using a variable interest rate for a third of its credit facilities.

In 2016, the company concluded new hedging agreements (interest rate swaps) with durations ranging from 5 to 6 years for € 30 million (see Note 18 of the Financial report for the overview and the fair value of financial derivatives as at 31 December 2016).

The interest rates on credit facilities of the company were herewith fixed for an average remaining duration of 2,8 years as at 31 December 2016.

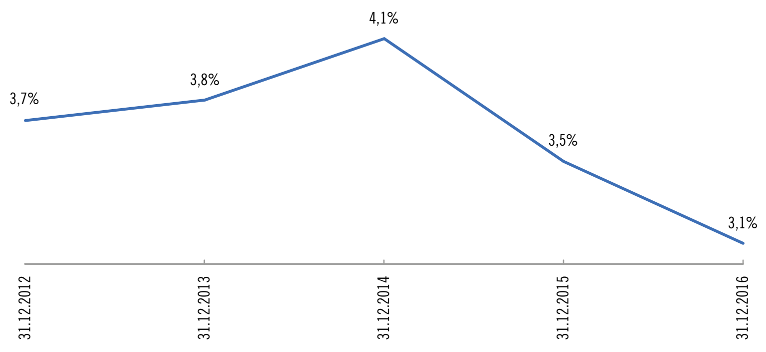
As at 2 January 2017, interest rate swaps with a notional amount of € 60 million reached their expiry date. As a result, these still retained a duration of 2 days at the end of 2016. The remaining duration of the fixed interest rates rose to 3,7 years after the expiry of these hedges.

4.7. Average interest rate of financing

During financial year 2016, the average interest rate of the financing of Intervest was 3,1% including bank margins (3,5% in 2015). This decrease is mainly due to repayment of the bond loan of € 75 million on 29 June 2015.

The average interest rate for the non-current financial debts amounted to 3,2% in 2016 (3,8% in 2015). The average interest rate for the current financial debts amounted to 3,0% in 2016 (3,0% in 2015).

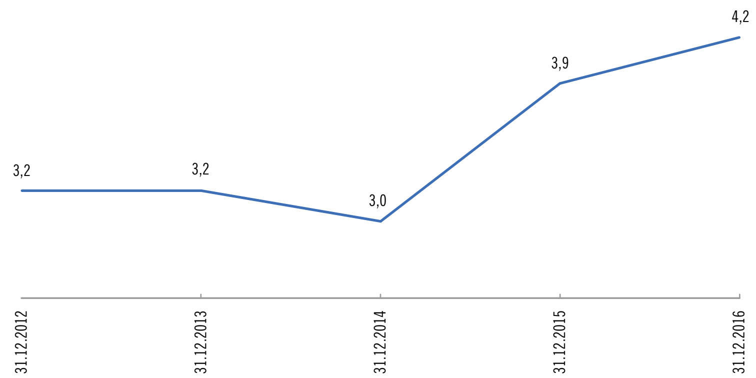
> *The average interest rate of the financing amounted to 3,1% in 2016 (3,5% in 2015).*



4.8. 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 in accordance with IAS 39). For Intervest, this ratio amounted to 4,2 for financial year 2016 (3,9 for financial year 2015), which is significantly better than the 2 to 2,5 required, which is agreed as a covenant in the financing agreements of the company.

The interest coverage ratio was 4,2 for financial year 2016.



4.9. Interest rate sensitivity

For financial year 2016, the effect on the EPRA earnings of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € 0,5 million (€ 0,4 million in 2015).

4.10. Banking counterparties

The credit portfolio of Intervest is spread over 6 European financial institutions and bondholders.

Intervest maintains business relations with:

- banks providing financing:
  KBC Bank nv, ING België nv, Belfius Bank nv, BNP-Paribas Fortis nv, NIBC Bank nv and Bank Degroof Petercam
- banks which are counterparties for the interest rate hedging instruments are: ING België nv, KBC Bank nv, Belfus Bank nv and BNP-Paribas Fortis nv.

4.11. Debt ratio

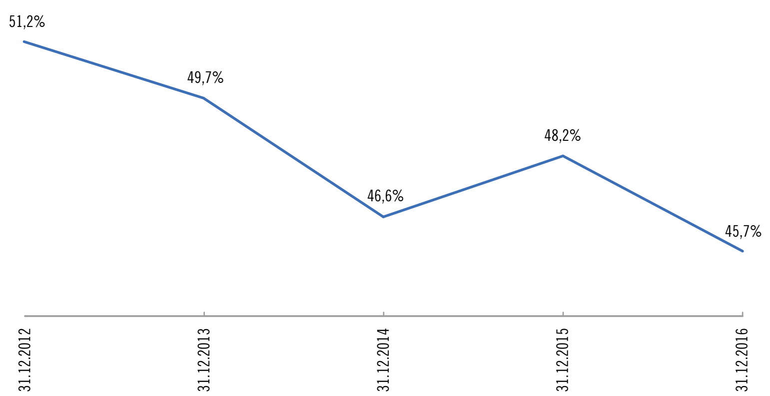
As at 31 December 2016, the debt ratio amounted to 45,7% (48,2% as at 31 December 2015).

Note on the debt ratio evolution

In order to guarantee a proactive policy for the debt ratio, a public company 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 that the debt ratio exceeds 65% of the consolidated assets.

Intervest's policy is to maintain the debt ratio between 45% and 50%.

As at 31 December 2016 the consolidated debt ratio of Intervest amounted to 45,7% so that the threshold of 50% was not exceeded. Such exceeding occurred the first time as at 30 September 2011 with a debt ratio of 50,5%. Afterwards, the debt ratio fluctuated between 46% and 52%. Over the course of its history the debt ratio of Intervest has never exceeded the 65% threshold.



The decrease by 2,5% in the debt ratio from 48,2% as at 31 December 2015 to 45,7% as at 31 December 2016 is mainly the combined effect of the sales of the investment properties in June 2016 and the success of the optional dividend in May 2016.

On the basis of the current 45,7% debt ratio as at 31 December 2016, Intervest still has an additional investment capacity of approximately € 345 million, without exceeding the maximum debt ratio of 65%. The capacity for further investments amounts to approximately € 225 million before exceeding the debt ratio of 60% and € 54 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 transcended in case of a possible decrease in value of the investment properties by approximately € 186 million or 30% compared to the real estate portfolio of € 611 million as at 31 December 2016. In case of unchanged current rents, it means an increase of the yield, used to determine the fair value of the real estate properties, of 3,3% on average (from 7,6% on average to 10,9% on average). In case of unchanged yield used to determine the fair value of the real estate properties, it means a decrease of current rents of € 14,1 million or 30%.

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.

On the basis of the current financial plan it is supposed that the debt ratio of Intervest will fluctuate in the course of 2017 between 45% and 50%, compared to 45,7% as at 31 December 2016.

This assessment takes into account the following theoretical elements:

- no investments and divestments in 2017
- profit allocation which takes into account the expected profit for financial year 2016 and the dividend payment for financial year 2016
- an optional dividend in May 2017 whereby the investment capacity liberated herewith is used for the strengthening of the balance sheet
- a stable value of the real estate portfolio of the company.

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

5. Profit distribution 2016

The board of directors proposes to distribute the result for financial year 2016 of Intervest Offices & Warehouses nv as follows:

in thousands €

Net result for financial year 2016[1]	**20.582**
ALLOCATION TO/TRANSFER FROM RESERVES	**2.916**
Allocation to/transfer from the reserves for the balance of changes in fair value[2] of real estate properties:	
• Financial year	-3.194
• Previous financial years	5.384
• Realisation real estate properties	13.790
Allocation to the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-587
Allocation to the reserve for the balance of changes in fair value of authorised hedging instruments that are not subject to hedge accounting	-1.547
Allocation to other reserves	-5.384
Allocation to results carried forward from previous years	-5.546
Remuneration of capital	**23.498**

At the general meeting of shareholders as at 26 April 2017, it shall be proposed that a gross dividend of € 1,40 per share be paid out.

The shareholders will be offered a gross dividend of € 1,40 per share for financial year 2016. This is equal to a net dividend of € 0,98 after deduction of the 30% withholding tax[3]. Taking into account the 16.784.521 shares that will participate in the full result of financial year 2016, this means that a dividend of € 23.498.329 is available for distribution.

The pay-out of the EPRA earnings is pursuant to the RREC Act.

The dividend is payable as from 23 May 2017.

1 The present profit distribution is based on the statutory figures (see 8.6 Annexes of the statutory annual accounts of the Financial report).
2 Based on changes in the investment value of investment properties.
3 The withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (except in case of certain exemptions) as from 1 January 2017 as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

6. EPRA Best Practices[1]

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

Intervest was once again awarded a 'Gold award' from EPRA for its 2015 annual report.

EPRA is the European Public Real Estate Association, and it issues recommendations to increase the transparency and consistency of financial reporting, in the BPR, Best Practices Recommendations. For the past year, EPRA scrutinised approximately 117 annual reports from listed real estate companies across Europe, and it granted an award to 65%. 46 companies succeeded in obtaining a Gold award.

It is an acknowledgement of the continuous effort that Intervest makes to ensure consistent and transparent financial reporting.

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*		31.12.2016	31.12.2015
1	EPRA earnings	Result derived from the strategic operational activities. 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 €	29.044	30.861
			€/share	1,73	1,90
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. Objective: after adjusting the net worth (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 €	329.046	326.210
			€/share	19,60	20,09
3	EPRA NNNAV	EPRA NAV adjusted to account for the fair value of the financial instruments, the debts and the deferred taxes. 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 €	320.246	316.191
			€/share	19,08	19,47
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 investment properties, divided by the market value of the portfolio, increased by the estimated transaction rights and costs in the event of hypothetical disposal of investment properties. Objective: an indicator for comparing real estate portfolios based on yield.		6,4%	6,6%

Table	EPRA indicators	Definitions EPRA*	31.12.2016	31.12.2015
	(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). Objective: an indicator for comparing real estate portfolios based on yield.	6,6%	7,0%
5	EPRA vacancy-percentage	Estimated rental value (ERV) of vacant space divided by ERV of the portfolio in its entirety. Objective: to measure the vacancy of the investment properties portfolio based on estimated rental value (ERV).	9,4%	11,5%
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. Objective: to measure significant changes in the company's general and operational costs.	16,8%	15,4%
	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. Objective: to measure significant changes in the company's general and operational costs, without the effect of changes in vacancy costs.	15,8%	13,7%

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

6.3. Tables EPRA Key performance indicators

Table 1: EPRA earnings

in thousands €		31.12.2016	31.12.2015
Net result IFRS (group share)		**20.582**	**25.954**
Adjustments to calculate EPRA Earnings			
To be excluded:			
I.	Changes in fair value of investment properties	-2.425	5.347
II.	Result on disposal of investment properties	12.798	-125
VI.	Changes in fair value of financial assets and liabilities	-1.547	-558
Other result on portfolio		-363	243
EPRA earnings (group share)		**29.044**	**30.861**
Weighted average number of shares		16.784.521	16.239.350
EPRA earnings per share (€) (group share)		**1,73**	**1,90**

The EPRA earnings amounted to € 29,0 million for financial year 2016 compared to € 30,9 million for financial year 2015 or a decrease of € 1,9 million or 6%. This decrease was due mainly to the divestment of five buildings in the Brussels periphery pursuant to the reorientation of the office portfolio, combined with the lower refurbishment fee from departing tenants and a more extensive staff complement, which is partly compensated for by new investments, lower financing costs and a drop in the tax cost. The EPRA earnings per share amounted herewith to € 1,73 for financial year 2016 compared to € 1,90 for financial year 2015.

Tables 2 and 3: EPRA NAV and EPRA NNNAV

in thousands €		31.12.2016	31.12.2015
Net asset value (group share)		**326.085**	**321.703**
Net asset value per share (€) (group share)		19,43	19,81
Diluted net value, after the lifting of options, convertible debts and other shareholder equity instruments.		**326.085**	**321.703**
To be excluded:			
IV.	IV. Fair value of financial instruments	2.960	4.507
EPRA NAV (group share)		**329.046**	**326.210**
Number of shares at year-end		16.784.521	16.239.350
EPRA NAV per share (€) (group share)		**19,60**	**20,09**
To be added:			
I.	I. Fair value of financial instruments	-2.960	-4.507
II.	II. Revaluations at fair value of financing with fixed interest rate	-5.839	-5.512
EPRA NNNAV (group share)		**320.247**	**316.191**
Number of shares at year-end		16.784.521	16.239.350
EPRA NNNAV per share (€) (group share)		**19,08**	**19,47**

The EPRA NAV per share amounted as at 31 December 2016 to € 19,60 compared to € 20,09 as at 31 December 2015. The decrease of € 0,49 per share resulted mainly from the capital loss realised on the divestment of five buildings in the Brussels periphery.

The EPRA NNNAV per share amounted as at 31 December 2016 to € 19,08 compared to € 19,47 as at 31 December 2015.

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

in thousands €	31.12.2016	31.12.2015
Investment properties and properties held for sale	610.944	634.416
To be excluded:		
Reserve of land intended for lease*	-3.062	-5.556
Properties available for lease	**607.882**	**628.860**
To be added:		
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	15.197	15.721
Investment value of properties available for lease (B)	**623.079**	**644.581**
Annualised gross rental income	45.011	47.502
To be excluded:		
Property charges**	-5.414	-4.679
Annualised net rental income (A)	**39.597**	**42.823**
Adjustments:		
Rent expiration of rent free periods or other lease incentives	1.325	2.347
Annualised "topped-up" net rental income (C)	**40.922**	**45.170**
(in%)		
EPRA NET INITIAL YIELD (NIY) (A/B)	**6,4%**	**6,6%**
EPRA "topped-up" NET INITIAL YIELD (NIY) (C/B)	**6,6%**	**7,0%**

* As at 31 December 2016 the company has in Herentals on its Herentals Logistics 3 site available reserve of land for the future potential construction of an additional warehouse of approximately 8.000 m². At the end of 2016 this available reserve of land has been valued as ready for building with building permit. As at 31 December 2015 this space for a potential new construction still amounted to approximately 19.000 m². The decrease is attributable to the development project on this site.

** The perimeter of the property charges to be excluded for the calculation of the EPRA Net Initial Yield are 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 Adjusted Net Initial Yield as at 31 December 2016 decreased slightly compared to 31 December 2015, mainly due to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery in June 2016.

Table 5: EPRA vacancy rate

Segment	Leasable space (in m²)	Estimated rental value (ERV) on vacancy (in thousands €)	Estimated rental value (ERV) (in thousands €)	EPRA vacancy rate (in %)	EPRA vacancy rate (in %)
				31.12.2016	31.12.2015
Offices	208.716	3.628	26.308	14%	16%
Logistics real estate	496.352	905	21.866	4%	5%
Total real estate properties available for lease	**705.068**	**4.533**	**48.174**	**9%**	**11%**

The EPRA vacancy rate as at 31 December 2016 decreased by 2% compared to 31 December 2015, mainly due to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery and the rental activity in 2016.

Table 6: EPRA cost ratios

in thousands €	31.12.2016	31.12.2015
General costs	2.232	1.768
Write-downs on trade receivables	136	14
Compensations for leasehold estate and long-lease rights (emphyteusis)	21	21
Property charges	5.242	5.319
To be excluded:		
Compensations for leasehold estate and long-lease rights (emphyteusis)	-21	-21
EPRA costs (including vacancy costs) (A)	**7.610**	**7.101**
Vacancy costs	-475	-783
EPRA costs (excluding vacancy costs) (B)	**7.135**	**6.318**
Rental income less compensations for leasehold estate and long-lease rights (emphyteusis) (C)	**45.259**	**46.126**
(in %)		
EPRA Cost Ratio (including vacancy costs) (A/C)	**16,8%**	**15,4%**
EPRA Cost Ratio (excluding vacancy costs) (B/C)	**15,8%**	**13,7%**

The increase of overall costs and the decrease of rental income led to a slight increase of the EPRA Cost Ratio (including vacancy costs) and the EPRA Cost Ratio (excluding vacancy costs) as at 31 December 2016 compared to 31 December 2015.

Table 7: EPRA net rental income on unchanged comparison base

in thousands €	31.12.2016				31.12.2015	
Segment	**Unchanged composition of the portfolio over two years**	Acquisitions	Divestments	Total net rental income	**Unchanged composition of the portfolio over two years**	**Evolution net rental income (in %)**
Offices	**22.335**	175	1.231	23.740	**22.604**	**-1%**
Changes pursuant to indexation						1%
Changes in the occupancy rate						0%
Changes pursuant to renegotiation with current or new tenants						-3%
Changes to compensation for damages received						1%
Other changes						0%
Logistics	**18.674**	2.685	180	21.540	**18.209**	**3%**
Changes pursuant to indexation						1%
Changes in the occupancy rate						3%
Changes pursuant to renegotiation with current or new tenants						0%
Changes to compensation for damages received						-1%
Other changes						-1%
TOTAL RENTAL INCOME for unchanged composition	**41.009**	2.860	1.411	45.280	**40.813**	**0%**
Reconciliation with consolidated net rental income						
Rental-related expenses				-157		
NET RENTAL INCOME				45.123		

The like for like of the EPRA rental income shows a decrease of 1% in the office portfolio. The renegotiation with current or new tenants results in a 3% decrease which is mainly due to one particular rental negotiation.

The like for like of the EPRA rental income shows an increase of 3% in the logistics portfolio. This is primarily attributable to new leases of vacant spaces in Opglabbeek, Schelle and Wilrijk Geleegweg.

7. Outlook

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

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

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

Divestments in the office market in the short term are less probable after important reorientation was already implemented in this segment in 2016.

At the end of January 2017, the office buildings at Diegem Campus became vacant with the departure of tenant Deloitte. Given the location of this site and the quality of the buildings, the office buildings offer an excellent opportunity for repositioning and a multi-tenant approach. The necessary preparations were already made in 2016 to start redevelopment into an innovative, inspiring and service-oriented concept, namely **Greenhouse BXL.** The construction works will start during the first quarter of 2017 and be completed towards the end of the year. Intervest aims to attract the first tenants to this location in 2017.

Besides these leases in Diegem, Intervest aims to keep the number of **new leases, prolongations and expansions** in the office portfolio at a stable minimum.

Intervest expects the **EPRA earnings** for financial year 2017 to decrease because there will no longer be any rental income from Deloitte in Diegem as from the end of January 2017. This decrease is expected to be partly compensated by new investments, additional leases and by the further decrease in the average interest rate[1] for financing because € 60 million interest rate swaps with an interest rate exceeding 2% reached their expiry date on 2 January 2017. Also, only 4% of the credit lines of Intervest will need to be refinanced during the course of 2017.

1 Assuming that interest rate expectations remain unchanged.

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

In the strategic move away from the simple letting of square metres towards the provision of flexible solutions and a complete service package, Intervest continues along that path with the concept of RE:flex and turnkey solutions, **beyond real estate.** Intervest can 'unburden' its customers and offer them added value by listening to them, by thinking along with them and by thinking ahead. In 2017 Intervest will again aim to enter new leases or to renew existing lease agreements and implement **turnkey solutions:** a fully bespoke solution, ranging from fitting-out plans and supervising the works to coordinating the relocation process, within a pre-set timeframe and budget.

With **RE:flex,** Intervest meets the needs of mobile and flexible workers to work and meet in a professional and easily accessible environment. In addition, where RE:flex serves as a seminar centre it is also a good complement to the services already available to customers at Mechelen Campus and in Greenhouse Antwerp. In Greenhouse BXL there is also a RE:flex with space for start-ups, co-working, overflow space and a wide range of meeting rooms. Greenhouse BXL also makes an auditorium available that can accommodate 200 people. Building on the success of RE:flex in Mechelen and Berchem, opportunities for rolling out this successful concept of mobile and flexible working to other locations are being examined.

As in previous years, Intervest will keep up its efforts in the area of **sustainability and environmentally-conscious planning.** The company will continue to present the buildings in its portfolio to BREEAM for certification. There is the intention to have a number of additional sites assessed according to the BREEAM-In-Use method in 2017. This method ("Building Research Establishment Environmental Assessment Methodology"-In-Use, or "BIU" for short) assesses the sustainability of existing buildings with respect to building physics, operational management and control, as well as the use of the building.
Energy monitoring continues to be rolled out in the portfolio. Relighting and other sustainability and environmental aspects will continue to receive close attention. Alterations will be carried out where necessary and possible from a cost-efficiency point of view.

Intervest will maintain an interest in **local development schemes** in the area of mobility and flexibility, the so-called 'new way of working', urban development, etc. Intervest will continue to support local activities in order to project itself in the markets where the company is present as effectively as possible as a partner that keeps abreast of social trends.

1 Subject to approval by the annual general meetings to be held in 2017, 2018 and 2019.

Meet AGREEMENTS, HASSLE-FREE (re)design and delivery

“The project coordinator regularly dropped by and made adjustments when necessary, communication was very efficient throughout the entire process. Works were completed as promised and on budget. Our interaction was very smooth and it was a pleasant experience.”

Davy Casaert - Finance Manager Benelux

Edwards Lifesciences - Inter Access Park - Dilbeek

▷ **About Edwards Lifesciences**

Edwards Lifesciences is the global leader in patient-focused medical innovations for structural heart, vein and artery diseases, critical care and surgical monitoring on the market. Driven by a passion to help patients, the company partners with the world’s leading clinicians and researchers to address unmet healthcare needs, working to improve patient outcomes and improve quality of life.

Report on the share

▼ Inter Access Park

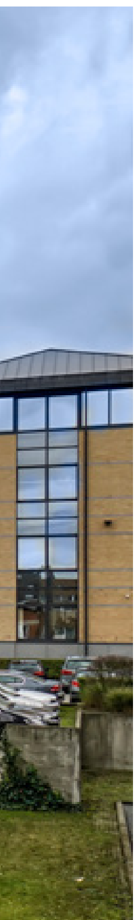
1. Stock market information

INTO
LISTED
EURONEXT

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, EPRA/NAREIT Europe REIT’s and GPR 250 Europe.

1.1. Evolution of the share price in 2016



The share of Intervest closed the financial year as at 31 December 2016 at a share price of € 23,90 compared to € 24,37 as at 31 December 2015. The average share price of financial year 2016 amounted to € 24,23 compared to € 23,36 in financial year 2015. The share’s lowest closing price was € 22,565 (as at 21 January 2016) and its highest closing price was € 25,99 (as at 14 July 2016).

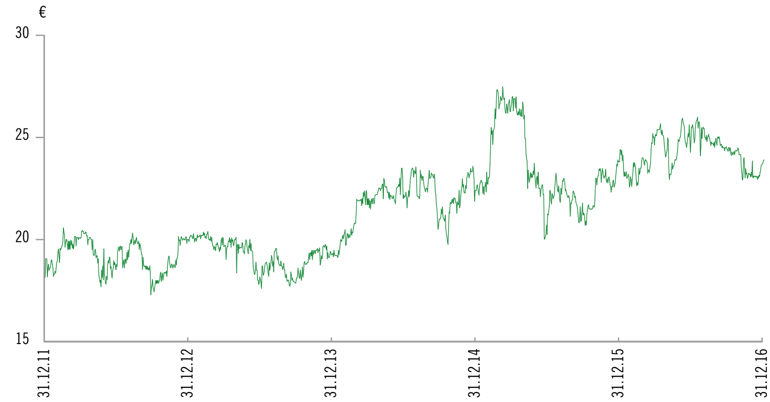
Taking into account the reinvestment of the dividend that was paid out in 2016 (€1,71 gross per share), the share offers a return on share price of 5,1% in 1 year.

NSI nv, a Dutch real estate investment company, was one of the reference shareholders of Intervest, with a 15,25% shareholding as at 31 December 2015. NSI nv sold all its shares in Intervest during the course of the first quarter of 2016. The shares were placed with a broad base of Belgian and international investors. This broader shareholder base of Intervest, supported by multiple reference shareholders, ensures better access to capital markets and increases liquidity of the share. This enables the company to grow further and to expand the logistics real estate share in the portfolio even further.

The ex-dividend date for the dividend covering financial year 2015 was as at 3 May 2016.

The market capitalisation of Intervest as at 31 December 2016 amounted to € 401 million.

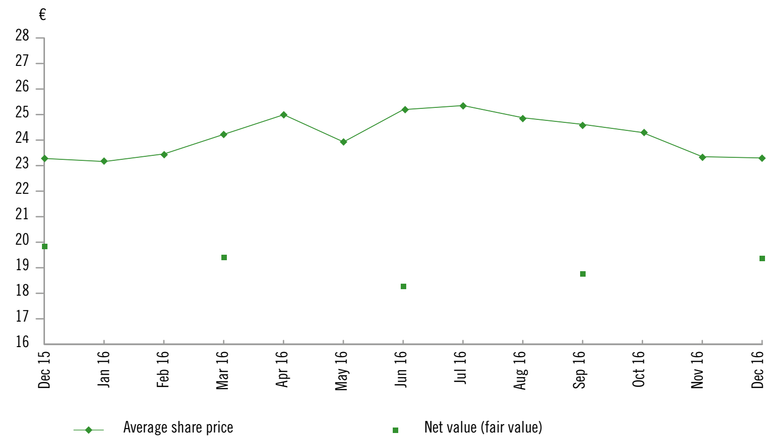
1.2. Evolution of the share price over 5 years



As at 31 December 2016, the share price amounted to € 23,90 compared to € 18,15 as at 31 December 2011. Consequently, the share price has risen by 32% during the past 5 years.

Taking into account the reinvestment of the dividends, which were paid out in these 5 years, the share offered an annual return on share price of 12% over these 5 years.

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



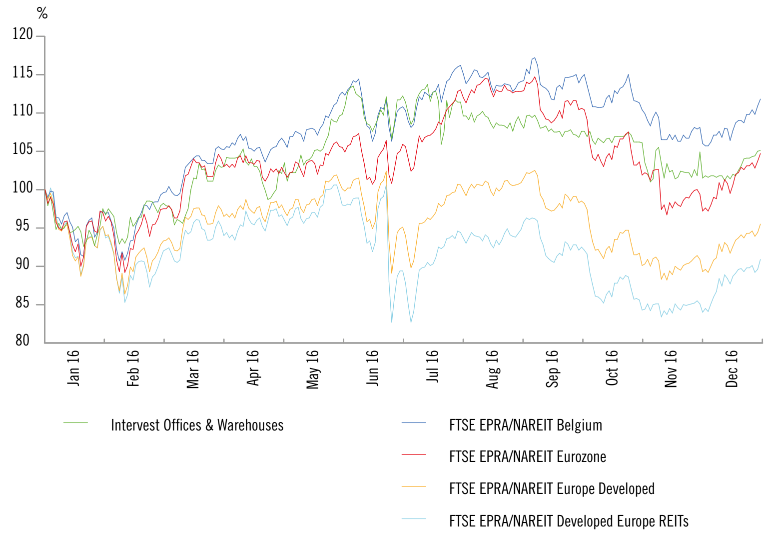
The share of Intervest recorded an average premium of 27% compared to the net value (fair value) and 25% with regard to the EPRA NAV during financial year 2016.

The premium as at year end 31 December 2016 amounted to 23% compared to the net value (fair value) and 22% with regard to the EPRA NAV. The net value includes the dividend for financial year 2016.

1.4. Comparison of Intervest with BEL 20 Close index

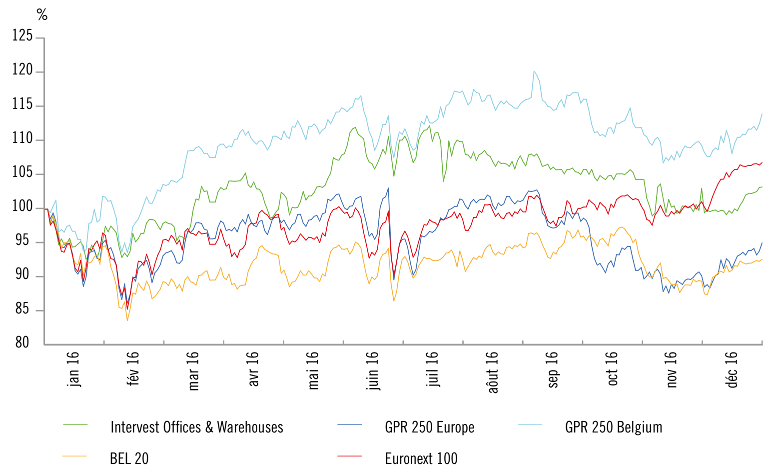
The share of Intervest performed better than the BEL 20 in 2016.

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



During 2016, the performance of the Intervest share was better than the FTSE EPRA/NAREIT Developed Europe REITs index, but not quite as good as the EPRA/NAREIT Belgium index.

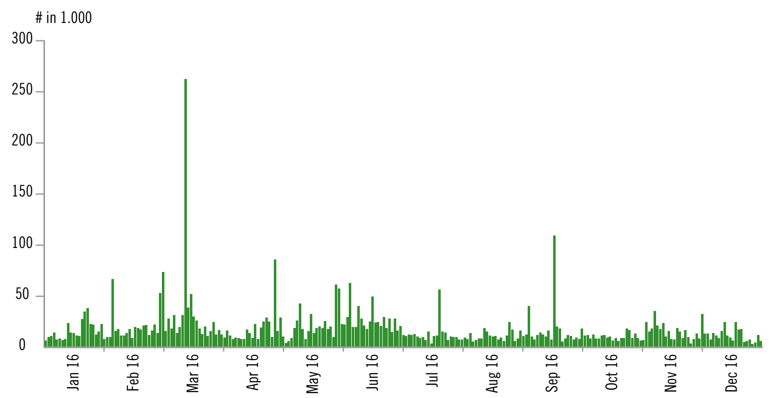
1.6. Comparison of Intervest with GPR indexes - Total return



This graph shows that Intervest had on average performed better than the GPR 250 Europe index, and lower than the GPR 250 Belgium index.

Additional information about the indexes can be requested from Euronext Brussels concerning the Euronext 100 and BEL 20, and from Global Property Research concerning the GPR 250 Europe (www.propertyshares.com) and GPR 250 Belgium.

1.7. Traded volume Intervest



With an average of 18.194 shares a day the traded volumes in 2016 were at the same level as in 2015 (an average of 18.847 a day). The share turnover rate amounted to 27,9% in 2016 compared to 29,6% in 2015.

A liquidity agreement has been concluded with ING Bank in order to boost the marketability 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 € 23,90 as at 31 December 2016, which means that the shareholders were offered a gross dividend return of 5,9%.

NUMBER OF SHARES	31.12.2016	31.12.2015	31.12.2014
Number of shares at the end of the period	16.784.521	16.239.350	16.143.906
Number of shares entitled to dividend	16.784.521	16.239.350	14.777.342
Free float (%)	81,8%	74,4%	49,8%
STOCK MARKET INFORMATION	31.12.2016	31.12.2015	31.12.2014
Highest closing share price (€)	25,99	27,48	23,59
Lowest closing share price (€)	22,57	20,02	19,12
Share price on closing date (€)	23,90	24,37	22,50
Premium to net value (fair value) (%)	23%	23%	16%
Average share price (€)	24,23	23,36	21,91
Number of shares traded per year	4.675.888	4.806.037	1.444.552
Average number of shares traded per day	18.194	18.847	5.665
Share turnover rate (%)	27,9%	29,6%	8,9%
DATA PER SHARE (€)	31.12.2016	31.12.2015	31.12.2014
Net value (fair value)*	19,43	19,81	19,46
Net value (investment value)	20,37	20,75	20,36
Net asset value EPRA	19,60	20,09	19,77
Market capitalisation (million)	401	396	363
Pay-out ratio (%)	81%	90%	90%
Gross dividend	1,40	1,71	1,40
Percentage withholding tax (%)	30%	27%	25%
Net dividend	0,9800	1,2483	1,0500
Gross dividend yield (%)	5,9%	7,0%	6,2%
Net dividend yield (%)	4,1%	5,1%	4,7%

* The net value (fair value) corresponds to the net value as defined in article 2, 23° of the RREC Act.

Change in the percentage of withholding tax on dividends

The withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (except in case of certain exemptions) as from 1 January 2017 as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

3. Shareholders[1]

As at 31 December 2016, the following shareholders' structure was known to the company.

Name	Number of shares	Date of transparency notifications	%
FPIM/SFPI (including Belfius Group)	**1.788.821**	**24 August 2016**	**10,66%**
Federale Participatie- en Investeringsmaatschappij nv/ Société Fédérale de Participations et d'Investissement S.A. (FPIM/SFPI) Louizalaan 32-46A, 1050 Brussels (parent company of Belfius Bank nv)	0		0,00%
Belfius Verzekeringen nv	1.778.821		10,60%
Belfius Bank nv	10.000		0,06%
Allianz Koenigingstrasse 28 - 80802 München, Germany (Allianz SE controls Allianz Europe BV which, in its turn, controls Allianz Benelux S.A.)	**1.258.474**	**19 February 2016**	**7,50%**
Allianz SE	0		0,00%
Allianz Europe BV	1.163.236		6,93%
Allianz Benelux S.A.	95.238		0,57%
Foyer Finance S.A. Rue Léon Laval 12 - 3372 Leudelange, Grand Duchy of Luxembourg	**678.235**	**16 August 2016**	**4,04%**
Foyer Finance S.A.	0		0,00%
Foyer S.A.	30.000		0,18%
Foyer Vie S.A.	100.000		0,60%
IWI International Wealth Insurer S.A.	508.235		3,03%
Foyer Assurances S.A.	40.000		0,24%
BlackRock	**493.742**	**30 June 2015**	**2,94%**
BlackRock, Inc 55 East 52nd Street, New York, NY 10055, U.S.A. (which has the ultimate control of the companies mentioned below)	0		0,00%
BlackRock Asset Management Canada Limited	7.643		0,05%
BlackRock Asset Management Ireland Limited	239.651		1,43%
BlackRock Asset Management North Asia Limited	321		0,00%
BlackRock Fund Advisors	134.143		0,80%
BlackRock Fund Managers Limited	10.513		0,06%
BlackRock Institutional Trust Company, National Association	96.868		0,58%
BlackRock International Limited	4.603		0,03%
Other shareholders under the statutory threshold	**12.565.249**		**74,86%**
TOTAL	**16.784.521**		**100,00%**

1 Situation based on the transparency notifications received up to and including 31 December 2016.

As at 31 December 2016, the free float of the share of Intervest increased from 74% to 82%.

Transparency notifications in 2016

Intervest received transparency notifications in February and March 2016 which show that reference shareholder NSI nv reduced its shareholding in the company from 15,25% to 0%. Intervest was notified that the shares were placed with institutional investors.

Within this context, Intervest received a dated transparency notification from Allianz SE on 19 February 2016 which shows that it held 7,75% of the Intervest shares pursuant to an acquisition of 1.258.474 shares as per 19 February 2016.

Furthermore, the company received a dated transparency notification from Foyer Finance S.A. on 16 August 2016 which shows that it holds 4,04% of the Intervest shares pursuant to an acquisition of shares as per 9 August 2016.

Finally, Intervest received a dated transparency notification from FPIM/SFPI (including Belfius Group) on 24 August 2016 which shows that it holds 10,66% of the shares pursuant to acquisitions and transfers of Intervest shares.

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

http://corporate.intervest.be/en/offices/corporate/corporategovernance/shareholderstructure/

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.

Apart from the legal threshold stated 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.

4. Information in accordance with article 34 of the Royal Decree of 14 November 2007 [1]

Capital structure [2]

Ordinary shares (INTO)

Number	Capital (in €)	%
16.784.521	€ 152.947.620,35	100%

The share capital amounts to € 152.947.620,35 and is distributed among 16.784.521 shares that have been fully paid up, each of which represents an equal part of the shares. These are 16.784.521 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.

Shareholder agreements

No shareholders act in mutual consultation.

No shareholder agreements are known that can give rise to a restriction of the transfer of securities and/or the execution of the right to vote.

Authorised capital

The board of directors is explicitly authorised to increase the share capital one or multiple times by a maximum amount of € 126.728.870,79 by bringing in, in cash or in kind, if applicable, by incorporation of reserves or share premium, in accordance with the rules imposed by the Belgian Companies Code, article 7 of the articles of association and article 26 of the RREC Act.

This authorisation applies for a period of five years, starting from the publication of the minutes of the general shareholders' meeting dated 24 April 2013 in the Appendices to the Belgian Official Gazette, i.e. from 26 June 2013. This authorisation applies until 26 June 2018. This authorisation to use authorised capital as a possible means of defence in case of a takeover bid only applies for three years, in accordance with the Belgian Companies Code, article 607, second section, and ends as at 26 June 2016. This authorisation is renewable. The renewal of this authorisation will be proposed to the extraordinary general meeting to be held in April 2017.

For every capital increase, the board of directors shall set the price, any issue premium and the conditions of issuance for the new shares, unless the general meeting itself should decide. 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 premium", 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 bringing in, in kind, the dividend rights that were decided upon as at 23 May 2013 amounting to € 2.051.424,65, excluding a share premium of € 1.811.703,19
- the capital increase by bringing in, in kind, the dividend rights that were decided upon as at 28 May 2014 amounting to € 3.210.852,64, excluding a share premium of € 3.864.536,16
- the capital increase by bringing in, in kind, the dividend rights that were decided upon as at 27 May 2015 amounting to € 869.725,90, excluding a share premium of € 1.435.246,70.

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.

- the capital increase by bringing in, in kind, the dividend rights that were decided upon as at 25 May 2016 amounting to € 4.967.827,63, excluding a share premium of € 6.600.700,99.

Thus, the board of directors can still increase the share capital by € 115.629.039,97 within the framework of the authorised capital.

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 priority allocation right satisfies the following condition:

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 satisfied:

1. the identity of the contributor must be stated 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 asset 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 asset 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

Pursuant to article 9 of the articles of association, the board of directors can perform purchase of their own fully paid shares by means of purchase or swap within the legal restrictions, if such a purchase is necessary in order to spare the company serious and imminent harm.

This authorisation applies for three years, starting from the publication of the minutes of the general shareholders' meeting dated 24 April 2013 in the Appendices to the Belgian Official Gazette, i.e. from 26 June 2013. This authorisation applied until 26 June 2016. The renewal of the authorisation will be proposed to the extraordinary general meeting to be held in April 2017.

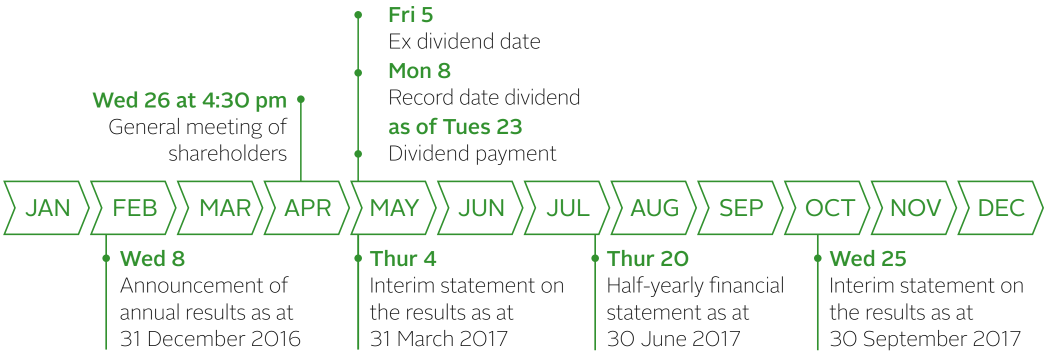
Neither Intervest, nor its subsidiaries, owned any of its own shares as at 31 December 2016.

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.

▼ Intercity Business Park

5. Financial calendar 2017



Possible changes to the financial calendar will be disclosed in a press release, that if occurring will be available on the website of the company, www.intervest.be.

CONTINUOUS joint evolution,
apply real estate experience

"To us, Intervest is the real estate partner at our side who respects our uniqueness and takes our future plans into account."

Luc Hermans - Director Parts Logistics

Toyota Material Handling Europe Logistics - Wilrijk

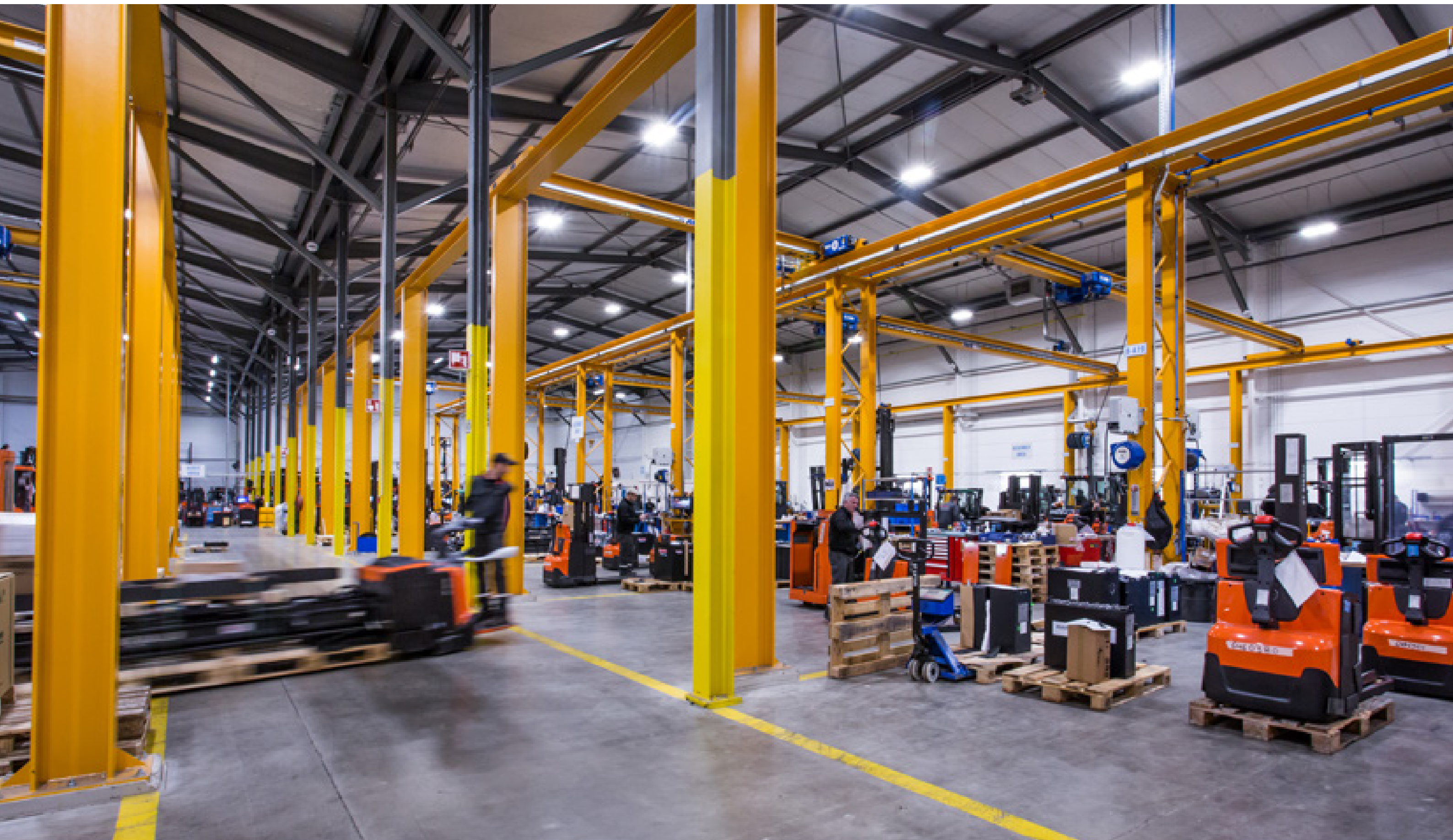
▷ About Toyota Material Handling Europe Logistics

Toyota Material Handling Europe Logistics (TMHE) manages the internal transport activities of Toyota and BT in Europe. With over 60 years of experience, the company operates in more than 30 European countries and offers a wide range of fork-lift trucks, warehouse equipment and related services. TMHE is the European regional branch of the Toyota Material Handling Group (TMHG). TMHG is a subdivision of Toyota Industries Corporation, the largest producer of internal transportation equipment in the world.

Property report

1. Composition of the portfolio
2. Overview of the portfolio
3. Valuation of the portfolio by property experts
4. Description of the office portfolio
5. Description of the logistics real estate

▼ Wilrijk 2 - Toyota Material Handling Europe Logistics



1. Composition of the portfolio

The activities and results of Intervest Offices & Warehouses (referred to hereafter as “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 rental contracts, 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 entirely on internal basis in order to insure a consistent and reliable relationship with clients. Thanks to the know-how of the own asset and property management teams, being exclusively at the service of the clients-tenants[1], 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 2016

As at 31 December 2016 the real estate portfolio had a surface area of 705.068 m^2 (717.073 m^2 as at 31 December 2015).

The decrease of the total leasable space by 12.005 m^2 or 2% compared to the end of 2015 resulted from the divestment of four office buildings and a semi-industrial building in the Brussels periphery, partly compensated by the purchase of two buildings in the Intercity Business Park in Mechelen, the development project in Herentals Logistics 3 with the scheduled new construction of a distribution centre for Schrauwen Sanitair en Verwarming and the expansion in Liège entailing a logistics complex adjoining the existing logistics building.

1 Except the property management at Mechelen Campus that is carried out by Quares Property and Facility Management.

Buildings	Year of construction (last renovation/ extension/investment in sustainability)	Leasable space (m^2)
Offices		
E 19 (incl Mechelen)		**125.809**
Mechelen - Intercity Business Park Generaal De Wittelaan 9 - 21 2800 Mechelen	1993 - 2000 (2014)	54.123
Mechelen - Mechelen Business Tower Blarenberglaan 2C 2800 Mechelen	2001 (2014)	13.574
Mechelen - Mechelen Campus Schaliënhoevedreef 20 A - J en T 2800 Mechelen	2000 - 2007 (2014)	58.112
Brussels		**54.940**
Diegem - Greenhouse BXL Berkenlaan 8b en 8a 1831 Diegem	2000 - 2002	17.632
Dilbeek - Inter Access Park Pontbeekstraat 2 & 4 1700 Dilbeek (Groot-Bijgaarden)	2000 (2014)	6.391
Hoeilaart - Park Rozendal Terhulpsesteenweg 6A 1560 Hoeilaart	1994 (2006)	2.830
Woluwe - Woluwe Garden Woluwedal 18-22 1932 Sint-Stevens-Woluwe	2000 (2014)	24.459
Zellik - Exiten Zuiderlaan 91 1731 Zellik	2002	3.628
Antwerp		**27.967**
Aartselaar Kontichsesteenweg 54 2630 Aartselaar	2000 (2016)	4.140
Antwerpen - Gateway House Brusselstraat 59 / Montignystraat 80 2018 Antwerp	1993 -1994 (2016)	11.171
Berchem - Greenhouse Antwerp Uitbreidingstraat 66 2600 Berchem	1988 (2016)	5.727
Edegem - De Arend Prins Boudewijnlaan 45 - 49 2650 Edegem	1997	6.929
Total offices		**208.716**

Rent received in 2016 (€ 000)	Estimated rental value[1] leased space (€ 000)	Estimated rental value leased and non-leased space (€ 000)	Occupancy rate[2] (%)
	A	B	A/B
12.010	**12.652**	**15.317**	**83%**
4.767	4.924	5.394	91%
1.955	1.743	1.968	89%
5.288	5.985	7.955	75%
7.912	**7.077**	**7.373**	**96%**
3.270	2.244	2.244	100%
815	749	787	95%
247	218	333	65%
2.999	3.370	3.511	96%
581	496	498	100%
2.588	**2.951**	**3.618**	**82%**
324	372	396	94%
823	851	1.494	57%
573	824	824	100%
868	904	904	100%
22.510	**22.680**	**26.308**	**86%**

1 The estimated rental value is the rental value determined by the independent property experts. For the determination of the estimated rental value, the market, the location and some characteristics of real estate properties are taken into account.
2 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.

Buildings	Year of construction (last renovation/ extension/investment in sustainability)	Leasable space (m²)
Logistics real estate		
Antwerp-Limburg-Liège		**310.768**
Herentals - Herentals Logistics 1 Atealaan 34b 2200 Herentals	1977 (2010 - 2012)	17.346
Herentals - Herentals Logistics 2 Atealaan 34c 2200 Herentals	2008 en 2011	50.912
Herentals - Herentals Logistics 3[1] Atealaan 34b 2200 Herentals	In aanbouw	12.188
Liège Première Avenue 32 4040 Liège	2000 - 2009 (2016)	55.571
Houthalen Europark 1026 3530 Houthalen	2001 (2016)	26.995
Oevel 1, 2 en 3 Nijverheidsstraat 9 - 9a -11 2260 Oevel	2004 - 2007 - 2013	46.134
Opglabbeek Weg naar Zwartberg 231 3660 Opglabbeek	1999 - 2012	77.442
Wommelgem Koralenhoeve 25 2160 Wommelgem	1998 (2004)	24.180
Antwerp - Brussels - Nivelles		**185.584**
Aartselaar Dijkstraat 1A 2630 Aartselaar	1994	9.865
Boom - Krekelenberg Industrieweg 18 2850 Boom	2000 (2015)	24.881
Duffel Stocletlaan 23 2570 Duffel	1998	23.386
Mechelen 1 Oude Baan 12 2800 Mechelen	2004	15.341
Mechelen 2 Dellingstraat 57 2800 Mechelen	1998 (2010)	5.969
Puurs Koning Leopoldlaan 5 2870 Puurs	2001	43.534
Schelle Molenberglei 8 2627 Schelle	1993 (2016)	8.323
Wilrijk 1 Boomsesteenweg 801 - 803 2610 Wilrijk	1986 (2013)	5.021
Wilrijk 2 Geleegweg 1 - 7 2610 Wilrijk	1989 (2016)	24.518
Huizingen Gustave Demeurslaan 69 - 71 1654 Huizingen	1987 (1993)	17.478
Merchtem Preenakker 20 - 1785 Merchtem	1992 (2002)	7.268
Total logistics real estate		**496.352**
TOTAL INVESTMENT PROPERTIES		**705.068**

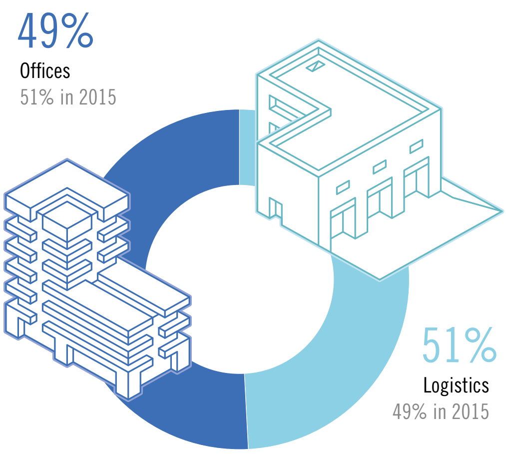
1 As at 31 December 2016 the company has an available reserve of land in Herentals on its site Herentals Logistics 3 for the potential future construction of an additional warehouse of approximately 8.000 m². At the end of 2016 this reserve of land is valued as clear for construction.

Rent received in 2016 (€ 000)	Estimated rental value[1] leased space (€ 000)	Estimated rental value leased and non-leased space (€ 000)	Occupancy rate[2] (%)
	A	B	A/B
13.828	**13.493**	**13.586**	**99%**
681	834	903	92%
2.306	2.220	2.220	100%
NVT	574	574	100%
2.685	2.421	2.421	100%
985	1.119	1.119	100%
2.715	2.227	2.227	100%
3.241	3.026	3.050	99%
1.215	1.072	1.072	100%
7.486	**7.468**	**8.280**	**90%**
385	356	356	100%
1.190	1.117	1.117	100%
778	746	905	82%
212	196	670	29%
371	280	280	100%
1.928	2.000	2.000	100%
250	243	396	61%
627	417	417	100%
864	1.086	1.086	100%
656	734	734	100%
225	293	319	92%
21.314	**20.961**	**21.866**	**96%**
43.824	**43.641**	**48.174**	**91%**

1 The estimated rental value is the rental value determined by the independent property experts. For the determination of the estimated rental value, the market, the location and some characteristics of real estate properties are taken into account.

2 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.

1.2. Nature of the portfolio[1]



As at 31 December 2016, the portfolio consisted of 49% offices and 51% logistics real estate, which is a shift as part of the strategy of the company compared to the situation as at 31 December 2015 (51% offices and 49% logistics real estate). This shift of 2% is mainly due to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery in June 2016.

Shift of 2% towards logistics

Segment	Fair value	Contractual rent	Share in portfolio	Acquisition value*	Insured value
	(€ 000)	**(€ 000)**	**(%)**	**(€ 000)**	**(€ 000)**
Offices	301.926	23.179	49%	293.939	318.491
Logistics	309.018	23.158	51%	274.944	187.581
TOTAL	**610.944**	**46.337**	**100%**	**568.883**	**506.072**

* Including activated investments.

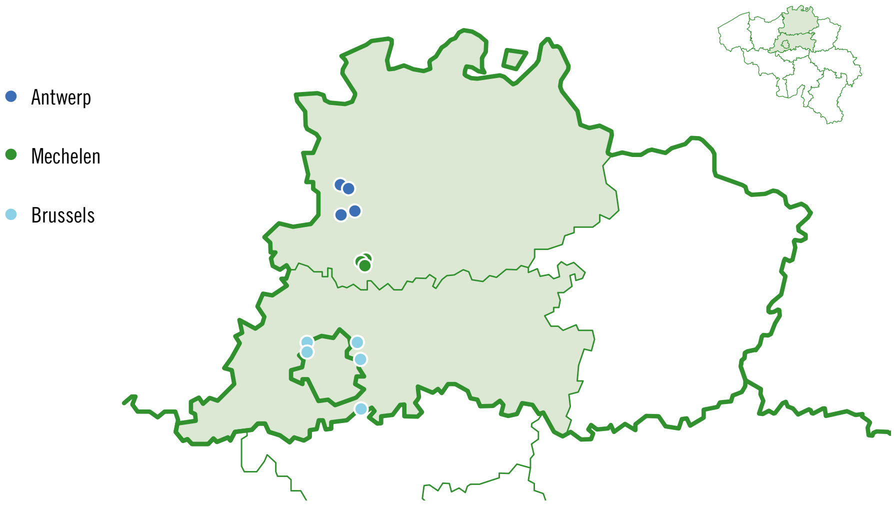
1 Percentages based on the fair value of the investment properties as at year end.

◄ Opglabbeek

1.3. Geographical spread of portfolio[1]

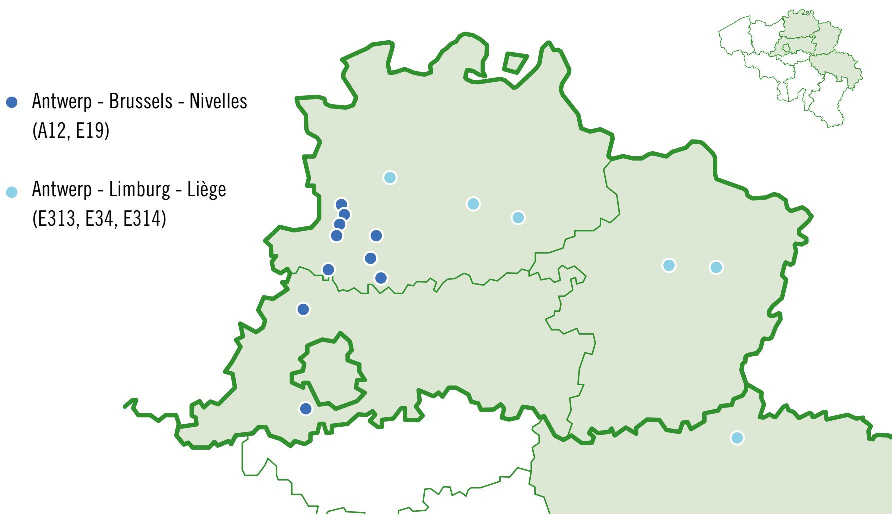
Offices

The Antwerp-Brussels axis is still the most important and most liquid office region of Belgium. The entire office portfolio of Intervest is located in this region.



Logistics real estate

39% of the logistics portfolio is located on the Antwerp-Brussels-Nivelles (A12 and E19) and 61% on the Antwerp-Limburg-Liège (E313) axes, which are the most significant logistics axes in Belgium.

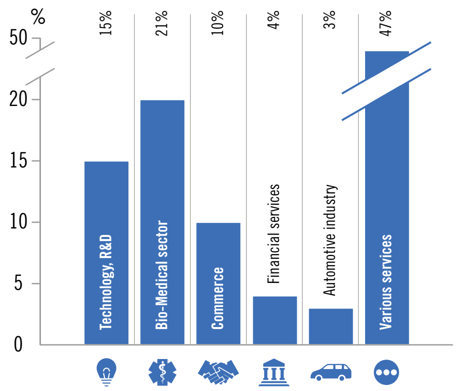


1 Percentages based on the fair value of the investment properties as at 31 December 2016.

1.4. Sectoral spread of the portfolio[1]

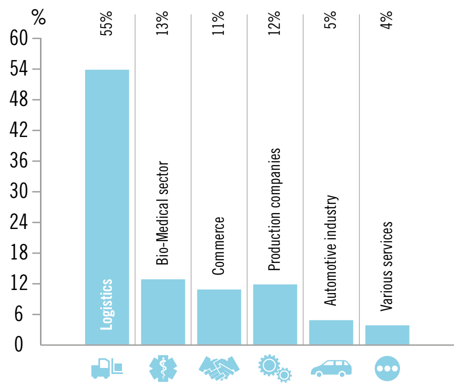
Offices

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.



Logistics real estate

Approximately 45% 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.

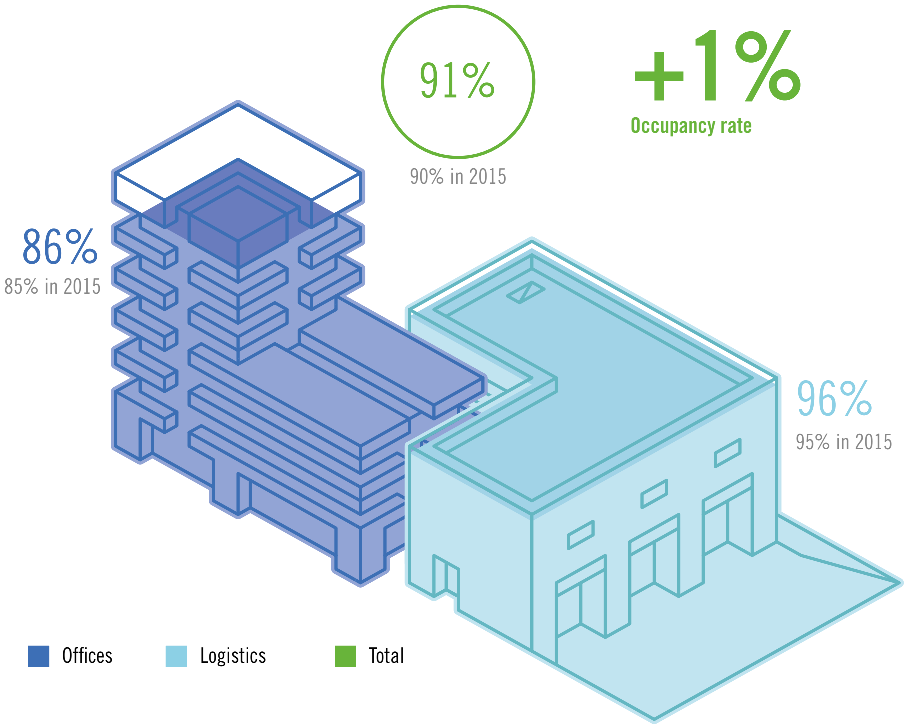


▼ Mechelen Campus - FIVE4U

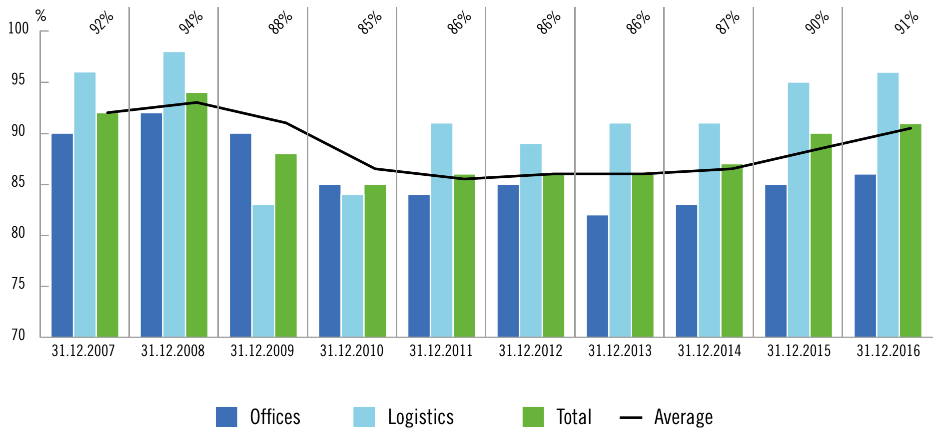
1 Percentages based on the contractual rents.

1.5. Occupancy rate

As at 31 December 2016, the occupancy rate of Intervest amounted to 91% which is an improvement of 1% compared to 31 December 2015. For the office portfolio, representing 49% of the fair value of the real estate portfolio (51% as at 31 December 2015), the occupancy rate amounted as at 31 December 2016 to 86% (85% at the end of 2015). For the logistics portfolio, representing 51% of the fair value of the real estate portfolio (49% as at 31 December 2015), the occupancy rate amounted as at 31 December 2015 to 96% (95% at the end of 2015).

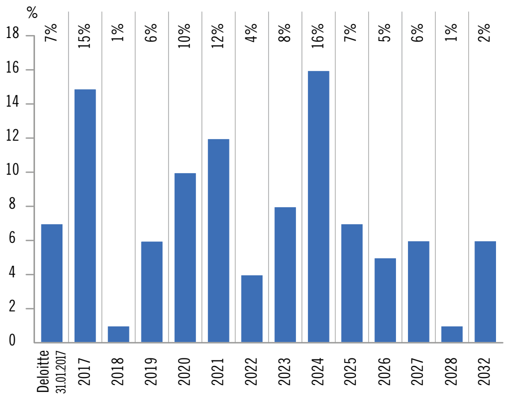


The average occupancy rate of the real estate portfolio of Intervest over the past ten years from 2007 till 2016 was 89% with a maximum of 94% (as at 31 December 2008) and with a minimum of 85% (as at 31 December 2010).

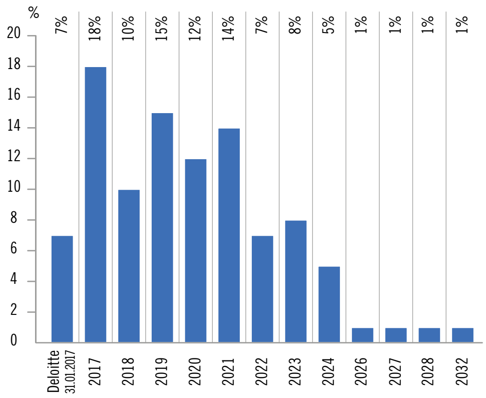


1.6. Duration of lease agreements in portfolio[1]

Final expiry dates of the lease agreements in the entire portfolio



First expiry date of the lease agreements in the entire portfolio



The final expiry dates are well spread out over the coming years. Based on annual rent, 22% of the agreements have a final expiry date in 2017. 7% of this is attributable to the agreements of Deloitte in Diegem ending on 31 January 2017. Discussions and negotiations are ongoing with several tenants regarding the prolongation of the agreements.

Only 1% of the agreements will reach the final expiry date in 2018 and only 6% in 2019.

As most lease agreements are of the 3/6/9 type, tenants have the option of ending their lease agreements every three years. The graph gives the first expiry dates of all lease agreements (this can be the final expiry date or an interim expiry date). Because Intervest has several long-term agreements, not all lease agreements can be terminated after three years, however.

The graph shows the hypothetical scenario as at 31 December 2016 in which every tenant terminates its lease agreement on the next interim expiry date. This is a worst-case scenario that is analysed and explained further in the graphs below.

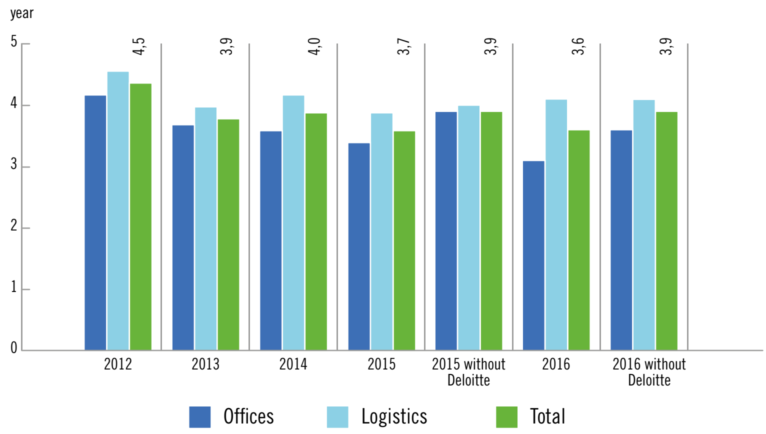
In 2017, 25% of the agreements reach their interim or final expiry date, of which 12% in the office portfolio and 13% in logistics real estate. A part thereof is related to the expiry of the agreements with Deloitte in Diegem, since these account for 7% of the overall portfolio. Discussions and negotiations to extend agreements with several tenants are ongoing and/or relocation possibilities within the portfolio are being studied for the remaining agreements that are nearing their interim or final expiry date (5% spread out over smaller lease agreements in the office portfolio and 13% in the logistics portfolio).

1 Percentages based on the contractual rents.

Average remaining duration of the lease agreements of the entire portfolio until the next expiry date[1]

Entire portfolio

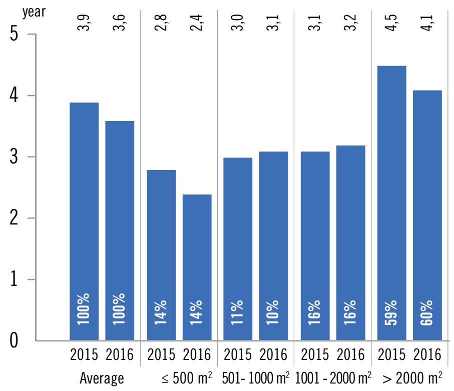
As at 31 December 2016, the average remaining duration of lease agreements in the entire portfolio was 3,9 years, identical to the situation as at 31 December 2015.



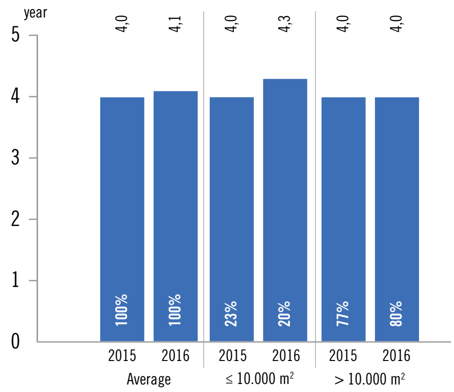
▼ Gateway House

1 In the calculations of the remaining duration of the agreements, no account is taken of the agreements with Deloitte that end on 31 January 2017 (7% of the annual rental income). To guarantee comparability with the previous financial year, the figures of 2015 without the Deloitte agreements have also been added.

Offices



Logistics real estate



For offices, the average rental period until the next expiry date was 3,6 years as at 31 December 2016 compared to 3,9 years as at 31 December 2015. It can be clearly concluded from the graph that the longer the average remaining lease period is, the larger the space rented. For large office tenants (above 2.000 m²) which comprise 60% of the office portfolio and thus have a major influence on the total rental income flow, the next expiry date (as at 1 January 2017) is, on average, only after 4,1 years.

For the logistics real estate, the average lease period duration until the next expiry date amounted to 4,1 years as at 31 December 2016, as compared to 4,0 years as at 31 December 2015. This rise was mainly to be accounted for by the renewal of a number of large agreements and the lease to Schrauwen Sanitair en Verwarming at Herentals Logistics 3, where the next expiry date is in 9 years' time. For major tenants (in excess of 10.000 m² in storage spaces) the next expiry date, on average, is in 4,0 years (4,0 years as at 31 December 2015).

For the logistics portfolio, the average duration of the agreements was 4,1 years as at 31 December 2016 as compared to (4,0 years as at 31 December 2015).

As at 31 December 2016, the average remaining duration of the lease agreements in the office portfolio was 3,6 years compared to 3,9 years as at 31 December 2015. For surface areas greater than 2.000 m², it was 4,1 years as compared to 4,5 years as at 31 December 2015.

For the logistics portfolio, the average duration of the contracts was 4,1 years as at 31 December 2016 as compared to 4,0 years as at 31 December 2015.

Average retention of the portfolio in 2016

Although most lease agreements of the company are of the 3/6/9 type, it should be noted that a number of large agreements have a longer effective term.

In 2016, a total of 59 agreements reached their expiry date (end of agreement or interim due date). Of these, 39 agreements have been renewed, representing 66%, which is a decrease compared to 2015, when 79% were renewed. However, the percentage renewed is 89% if calculated in rental income, while this percentage only amounted to 83% in 2015. For the agreements that represent more than € 50.000 of rental income, 74% have been renewed (90% in rental income) which is slightly lower in number than in 2015 (83%) but higher in rental income (84% in 2015).

Specifically for 2016, 29 agreements reached their first maturity date (33 in 2015). Of these, only 14% have been terminated (i.e. four tenants out of a total of 29 tenants). This is in line with 2015 (5 out of 33 tenants or 15%).

In 2016, 11 agreements had a second or later expiry date. Of these, in absolute figures, 63% have terminated (7 out of a total of 11 agreements) but only 17% based on the rental income. In 2015, 36% of the agreements that came to a second or later expiry date terminated (8 out of 22 agreements), or 20% based on the rental income.

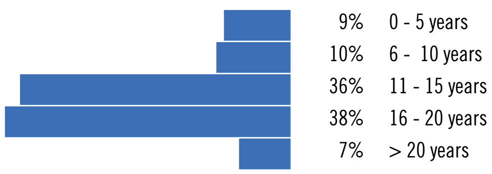
For tenants whose lease agreement officially ended in 2016, 10 of the 19 lease agreements have been prolonged or 53% (but 90% based on rental income). For 2015, this was 13 out of 15 lease agreements or 96% based on rental income.

The figures mentioned indicate that the office market is still highly competitive but that despite this fact, the retention rate of the portfolio of Intervest continues to be quite well-maintained.

Under the present circumstances, a number of tenants continue to make use of opportunities currently available on the market, by which some owners (i.e. in the Brussels periphery) are willing to rent out their property at low prices and in some cases, even at prices economically disproportionate to the construction costs. Intervest wishes to offer competitive rent levels and thus adapts its leasing policy to the market conditions, but does take care to maintain healthy rent levels.

On top of this, Intervest assisted new and existing tenants in the full furnishing of their offices (so-called turnkey solutions projects) in a number of cases in 2016. With this, Intervest envisions its role as one that is considerably broader than merely that of an owner-lessor of office buildings or logistics spaces. For this, not just leasable space, but also offering a housing solution and providing an overall service with the help of its specialised team of some twenty people are of central importance.

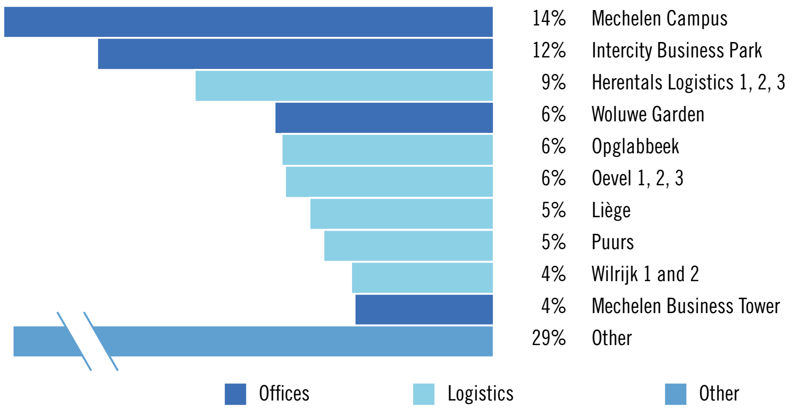
1.7. Average age of buildings[1]



Intervest conducts a proactive policy regarding maintenance of the buildings, and the quality of the portfolio is guaranteed by way of constant monitoring of the investment plan. In addition to regular investments in quality and sustainability, the sites are redeveloped and renovated to ensure the high quality of the office buildings and the logistics sites.

1 Percentages are calculated based on the fair value of the investment properties as at 31 December 2016. 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.

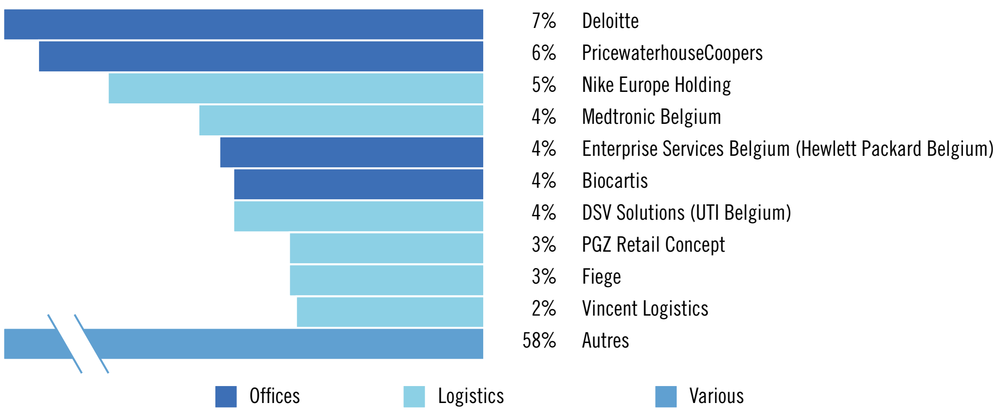
1.8. Risk spread of buildings[1]



Intervest aims to obtain an optimal risk spread and tries to limit the size of the buildings and complexes.

The largest complex is Mechelen Campus with a surface area of 58.107 m² and consisting of eleven buildings. Woluwe Garden and Intercity Business Park are also complexes consisting of different buildings.

1.9. Risk spread by tenants[2]



The ten most important tenants represent 42% of the rental income. These are all prominent companies in their sector and often form part of international groups. 21% of the tenants are part of the office segment and 21% of the tenants are part of the logistics segment.

The rental income of Intervest was spread out over 183 different tenants, which reduces the risk of bad debts and promotes income stability.

1 Percentages based on the fair value of the investment properties as at 31 December 2016.
2 Percentages based on the contractual rents.

2. Overview of the portfolio

TOTAL PORTFOLIO	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Fair value of investment properties (€ 000)	610.944	634.416	609.476	580.709	581.280
Contractual rents (€ 000)	46.337	49.849	46.556	43.499	45.359
Yield on fair value (%)	7,6%	7,9%	7,6%	7,5%	7,8%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	50.871	55.689	53.807	50.868	52.674
Yield if fully let at fair value (%)	8,3%	8,8%	8,8%	8,8%	9,1%
Total leasable space (m^2)	705.068	717.073	674.156	604.428	614.308
Occupancy rate (%)	91%	90%	87%	86%	86%

As at 31 December 2016 the rental yield of the entire portfolio amounted to 7,6%.

2.1. By segment

OFFICES	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Fair value of investment properties (€ 000)	301.926	326.371	332.966	337.503	351.854
Contractual rents (€ 000)	23.179	27.311	27.254	26.902	28.344
Yield on fair value (%)	7,7%	8,4%	8,2%	8,0%	8,1%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	26.808	32.059	32.652	32.693	33.544
Yield if fully let at fair value (%)	8,9%	9,8%	9,8%	9,7%	9,5%
Total leasable space (m^2)	208.716	229.669	229.669	229.669	231.109
Occupancy rate (%)	86%	85%	83%	82%	85%

LOGISTICS REAL ESTATE	31.12.2016	31.12.2015	31.12.2014	31.12.2013	31.12.2012
Fair value of investment properties (€ 000)	309.018	308.045	276.510	243.206	229.426
Contractual rents (€ 000)	23.158	22.538	19.302	16.597	17.015
Yield on fair value (%)	7,5%	7,3%	7,0%	6,8%	7,4%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	24.063	23.630	21.155	18.175	19.130
Yield if fully let at fair value (%)	7,8%	7,7%	7,7%	7,5%	8,3%
Total leasable space (m^2)	496.352	487.404	444.487	374.759	383.199
Occupancy rate (%)	96%	95%	91%	91%	89%

2.2. Insured value

The real estate portfolio of Intervest is insured for a total reconstruction value of € 506 million, excluding the premises on which the buildings are located, compared to a fair value of the real estate investments of € 611 million as at 31 December 2016 (even though all land is included in that value). The insured value of the offices is € 318 million and that of the logistics portfolio is € 188 million.

The insurance policies also 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, without time limit. With these additional guarantees, the insured value amounts to € 861 million. This insured value is split into € 627 million for the offices and € 234 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 € 15 million.

2.3. Sensitivity analysis

In the case of a hypothetical negative adjustment of 1% (from 7,6% to 8,6% on average) to the yield used by property experts for determining the fair value of the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate would decrease by € 71 million or 12%. This would raise the debt ratio of the company by 6% to around 52%.

If this is reversed, and a hypothetical positive adjustment of 1% (from 7,6% to 6,6% on average) is made to this yield, the fair value of the real estate would increase by € 93 million or 15%. This would lower the debt ratio of the company by 6% to around 40%.

▼▶ Gateway House - Sundio Group Belgium

3. Valuation of the portfolio by property experts

As at 31 December 2016, the valuation of the current real estate portfolio of Intervest has been carried out by the following property experts:

- Cushman & Wakefield, represented by Arnaud de Bergeyck
- Stadim, represented by Philippe Janssens.

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.

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 4 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 calculated 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 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 m² 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.

The real estate portfolio is divided as follows:

Property expert	Fair value (€ 000)	Investment value (€ 000)
Cushman & Wakefield	371.865	381.162
Stadim	239.079	245.055
TOTAL	**610.944**	**626.217**

Opinion of Cushman & Wakefield[1]

For the part of the real estate portfolio of Intervest valued by Cushman & Wakefield, Cushman & Wakefield determined an investment value of € 381.162.000 and a fair value of € 371.865.000 as at 31 December 2016.

Ardalan Azari
Associate
Valuation & Advisory
Cushman & Wakefield

Arnaud de Bergeyck
Partner
Head of Capital Markets Group Retail
Cushman & Wakefield

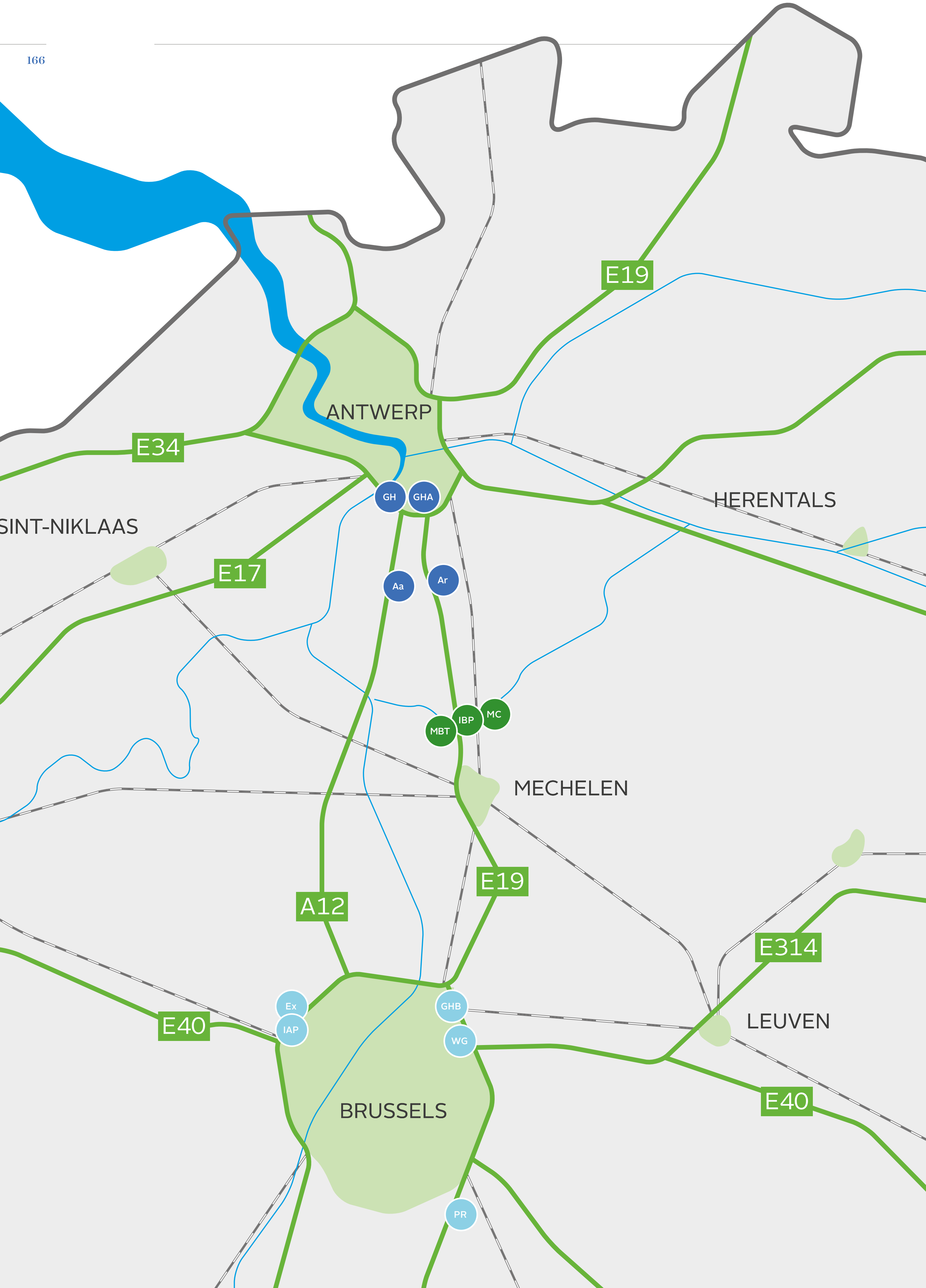
Opinion of Stadim[2]

For the part of the real estate portfolio of Intervest valued by Stadim, Stadim determined an investment value of € 245.055.000 and a fair value of € 239.079.000 as at 31 December 2016.

Katrien Van Grieken
Valuer-Advisor
Stadim cvba

Philippe Janssens
FRICS
Managing Director
Stadim cvba

1, 2 The property experts have agreed to the inclusion of their conclusions in this Annual Report..


ANTWERP
E19
E34
SINT-NIKLAAS
GH
GHA
HERENTALS
E17
Aa
Ar
MC
IBP
MBT
MECHELEN
E19
A12
E314
LEUVEN
E40
Ex
IAP
GHB
WG
BRUSSELS
E40
PR

4. Description of the office portfolio

Office locations in Belgium[1]

ANTWERP

GHA	Greenhouse Antwerp
GH	Gateway House
Ar	De Arend
Aa	Aartselaar

MECHELEN

MC	Mechelen Campus
IBP	Intercity Business Park
MBT	Mechelen Business Tower

BRUSSELS

GHB	Greenhouse BXL
WG	Woluwe Garden
IAP	Inter Access Park
Ex	Exiten
PR	Park Rozendal

1 Classification per region on Antwerp-Mechelen - Brussels axis

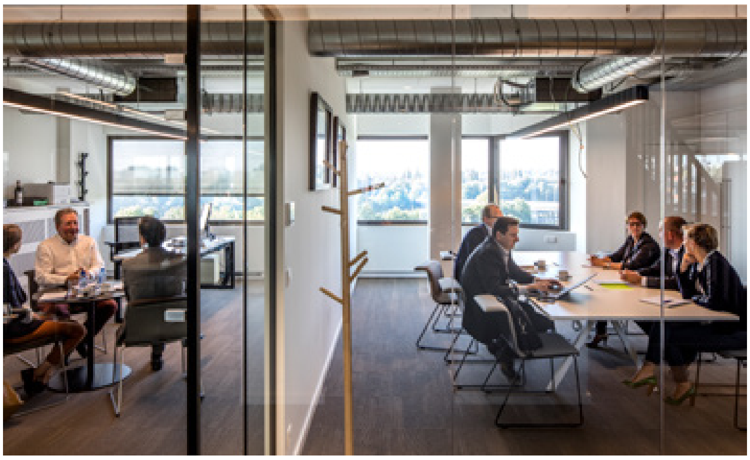
GREENHOUSE ANTWERP

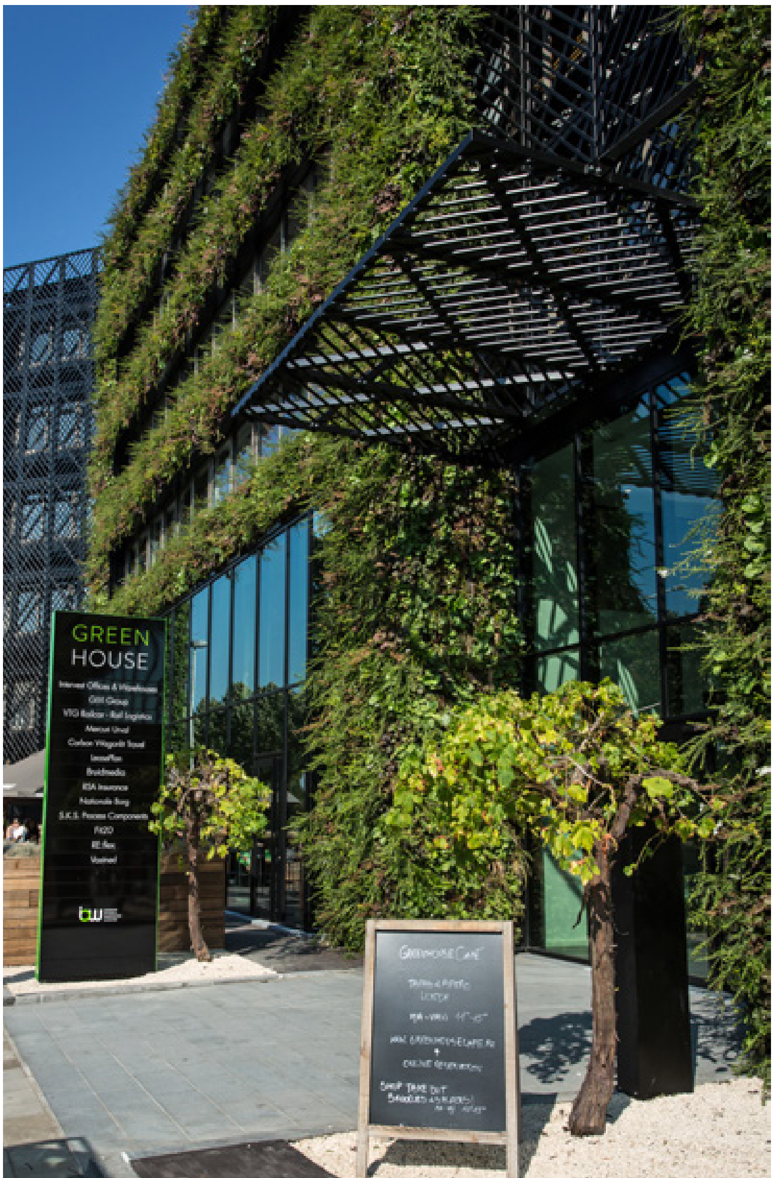
Address
Uitbreidingstraat 66
2600 Berchem
Surface area
5.727 m²
Occupancy rate
100%

GREENHOUSE ANTWERP
RE:FLEX

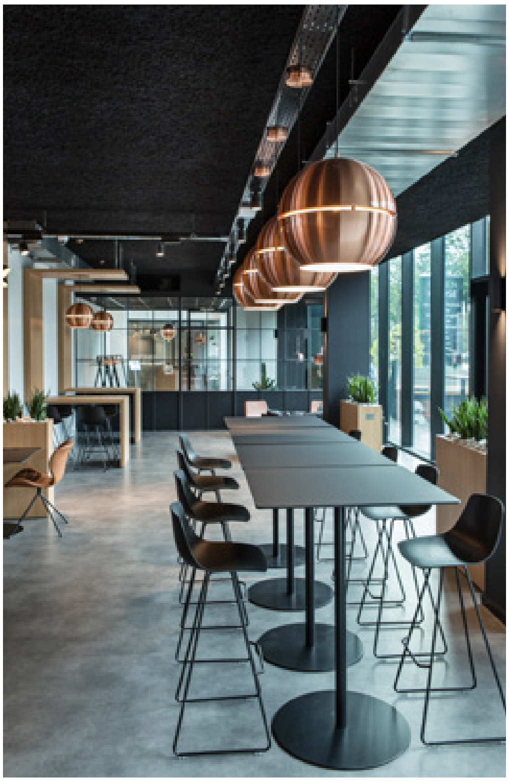
Greenhouse Antwerp is tailored to the current, new way of working. RE:flex on the first two floors provides space for start-ups, co-working, overflow space for customers and shared meeting rooms. Besides the renovation of the technical systems and the interior, the outside of the building was given a complete face-lift and unique appearance. The entire front façade has now been provided with a 'green façade' consisting of 50.000 living plants, which is one of the largest green façades in an office building in Belgium. The building also houses Greenhouse Café, operated by Cook & Style, which is entirely in keeping with the style of the renovation by Intervest.

GREENHOUSE ANTWERP
INTERVEST'S OWN OFFICES





GREENHOUSE ANTWERP
GREENHOUSE CAFÉ



Meet, eat, work
and get inspired.

AARTSELAAR

Address
Kontichsesteenweg 54
2630 Aartselaar
Surface area
4.140 m²
Occupancy rate
94%

COMPLETE RELIGHTING IN AARTSELAAR

In 2016, Intervest replaced the current lighting with LED lighting, in consultation with the users. The quality of light significantly improved, with a lovely, balanced distribution and better in keeping with the office furnishing.
The life span of the lamps is significantly longer, which translates in less maintenance costs, generating substantial savings on energy costs.

An average of 4 times more light, which means a happy customer with satisfied employees!

DE AREND

Address
Prins Boudewijnlaan 45 - 49
2650 Edegem
Surface area
6.929 m²
Occupancy rate
100%

GATEWAY HOUSE

Address
Brusselstraat 59
2018 Antwerp
Surface area
11.171 m²
Occupancy rate
57%

New tenant
Sundio Group Belgium.

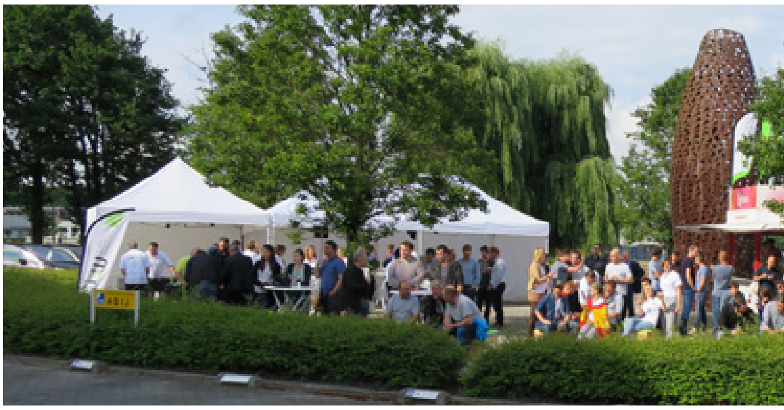
MECHELEN CAMPUS

Address
Schaliënhoevedreef 20 A - J
and T
2800 Mechelen
Surface area
58.112 m²
Occupancy rate
75%

Largest site in the portfolio makes up 14% of the total portfolio's size.

In 2016, three new tenants were brought in: Bluebee Belgium, VIBA and DPS Engineering, and Imperial Tobacco Benelux and Haskoning DHV Belgium prolonged their rent.

MECHELEN CAMPUS AS INTERACTIVE COMMUNITY



Mechelen Campus is conceived as an interactive community in which a wide range of facilities is provided to make the daily lives of the office users as pleasant and comfortable as possible.

There is a sandwich bar/restaurant, an ironing service, a handyman service, a crèche, a fitness centre, seminar space with meeting rooms, etc.

.

Community building, summer bar EC football ▸

EXPANSION RE:FLEX MECHELEN

In 2016, RE:flex Mechelen was expanded to a second floor to meet demand by flex workers.

RE:flex: an ideal mix of modified spaces: offices, meeting rooms, event spaces, including extensive service provision.

TURNKEY SOLUTIONS

A totally tailored plan was developed for BlueBee, a new customer at Mechelen Campus. The turn-key solutions project at Cochlear was completed in 2016 with modifications to the reception area, the showroom and the cafeteria. Additional offices on the 9th and 10th floors of the Tower Building were installed for Galápagos.

Bluebee Belgium offices ▶

Cochlear reception area ▶

Galápagos Expansion to 9th and 10th floors in the tower building ▶

INTERCITY BUSINESS PARK

Address
Generaal De Wittelaan 9 - 21
2800 Mechelen
Surface area
54.123 m²
Occupancy rate
91%

Forms 12% of the total real estate portfolio. Expansion in 2016 by acquisition of 2 buildings at Intercity Business Park.

Intervest expanded its current investments in Intercity Business Park by acquiring the building at Generaal de Wittelaan 11C in August 2016 and number 9/5 in December 2016. The buildings are adjacent to the existing buildings already owned by Intervest at this location. Intervest already owns around 54.000 m² of business space at Intercity Business Park, leased to some 40 companies, including a number of large corporations in the life sciences sector such as Biocartis, Galápagos, SGS Belgium and LabCorp.

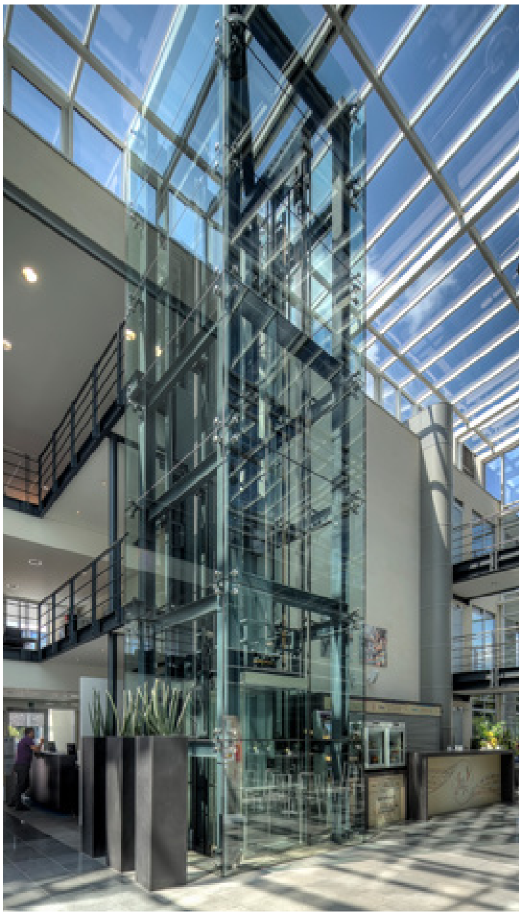
▼ Intercity Business Park - Acquisition 11C

TURNKEY SOLUTION FOR BIOCARTIS

▲ Intercity Business Park - Acquisition 9/5

▲ Biocartis - demoroom

MECHELEN BUSINESS TOWER



Address
Blarenberglaan 2C
2800 Mechelen
Surface area
13.574 m²
Occupancy rate
89%

Mechelen Business Tower is a landmark along the E19 at Mechelen. It comprises 4% of the total real estate portfolio and accommodates Hewlett Packard Enterprise Services Belgium, one of the top 10 tenants (4%).

GREENHOUSE BXL

Address
Berkenlaan 8A + 8B
Diegem
Surface area
17.632 m²
Occupancy rate
100%
(vacant as from 1 February 2017)

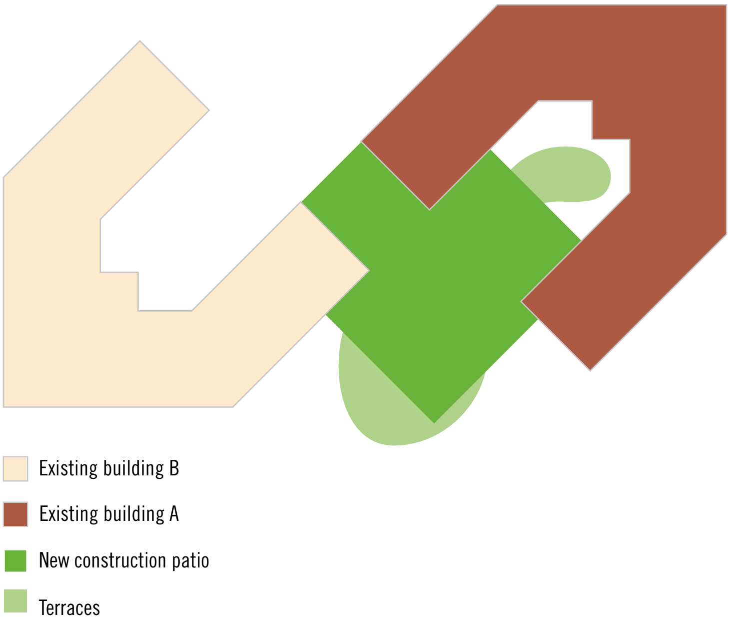
2 BUILDINGS WITH GREAT POTENTIAL

Given the location of this site and the quality of the buildings, the office buildings at Berkenlaan 8a and 8b offer an excellent opportunity for repositioning and a multi-tenant approach. The building permit for this redevelopment was obtained during the fourth quarter of 2016; the works started in the first quarter of 2017 and are expected to be finished by the end of 2017.

Intervest wants to provide an inspiring environment in which companies and talent can grow.

GROUND FLOOR SHAPE:
U-SHAPED DIMENSIONS: +/- 1.400 M²

A patio, still to be constructed, will serve as a lively meeting place with the potential for organising events. The interior fittings are also aimed at mutually encouraging interaction between visitors and users. For example, a Grand Café, a restaurant, larger shared meetings rooms and an auditorium will be provided. Users can also call on a service desk, which ensures a personalised approach when it comes to the customer's needs.



▲ Floor plan for patio to be constructed

RE:FLEX
FLEXIBLE BUSINESS HUB

The "new concept of working" will be integrated in the complex by combining a co-working lounge and places fostering inspiration. Greenhouse BXL provides all the functionality entailed in Intervest's familiar RE:flex concept: flexible offices, meeting rooms and overflow space for the customers' employees.

WOLUWE GARDEN

Address
Woluwedal 18 - 22
1932 Sint-Stevens-Woluwe
Surface area
24.459 m²
Occupancy rate
96%

Woluwe garden makes up 6% of the total real estate portfolio and houses PricewaterhouseCoopers, one of the top 10 tenants (6%).

EXITEN

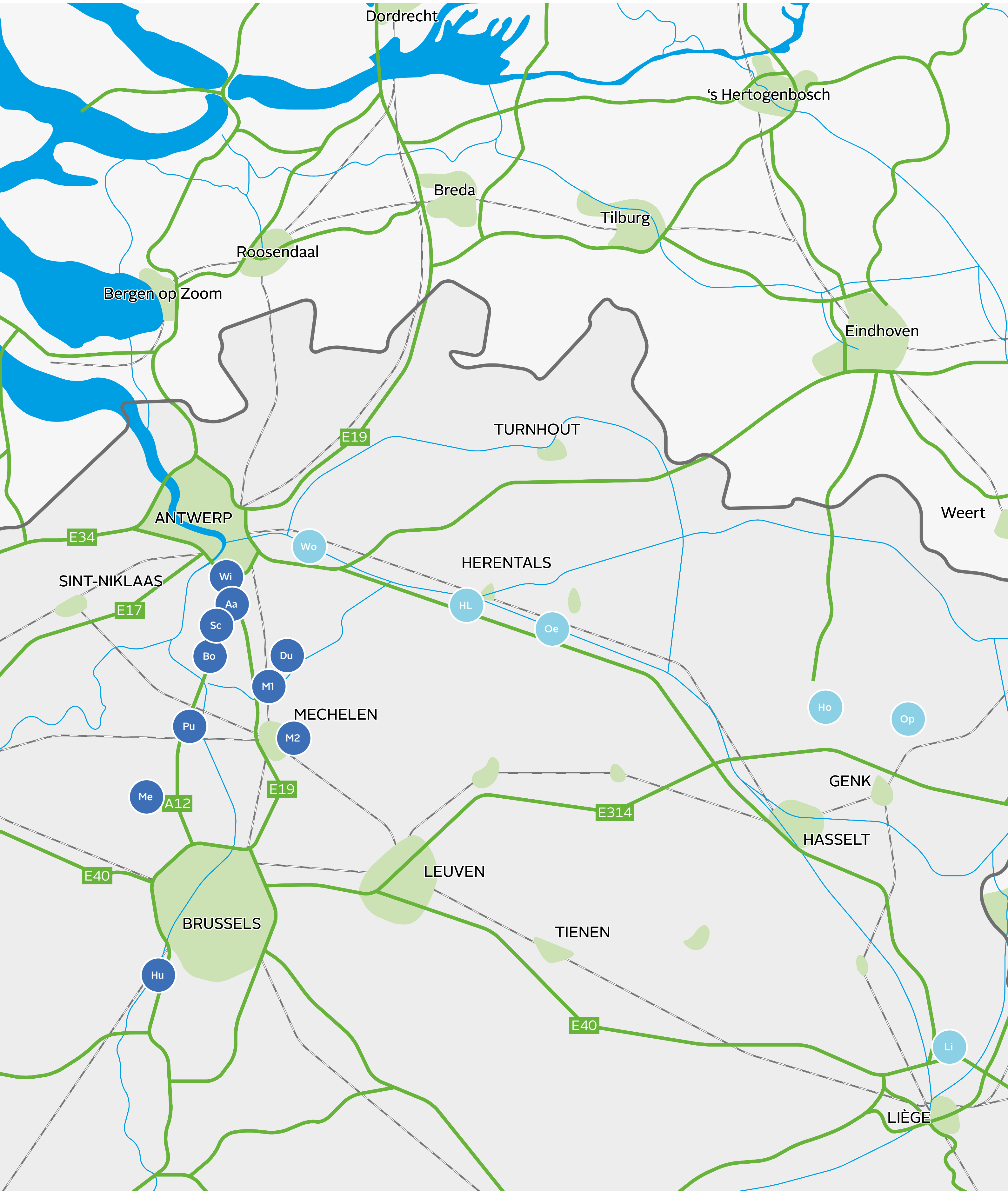
Address
Zuiderlaan 91
1731 Zellik
Surface area
3.628 m²
Occupancy rate
100%

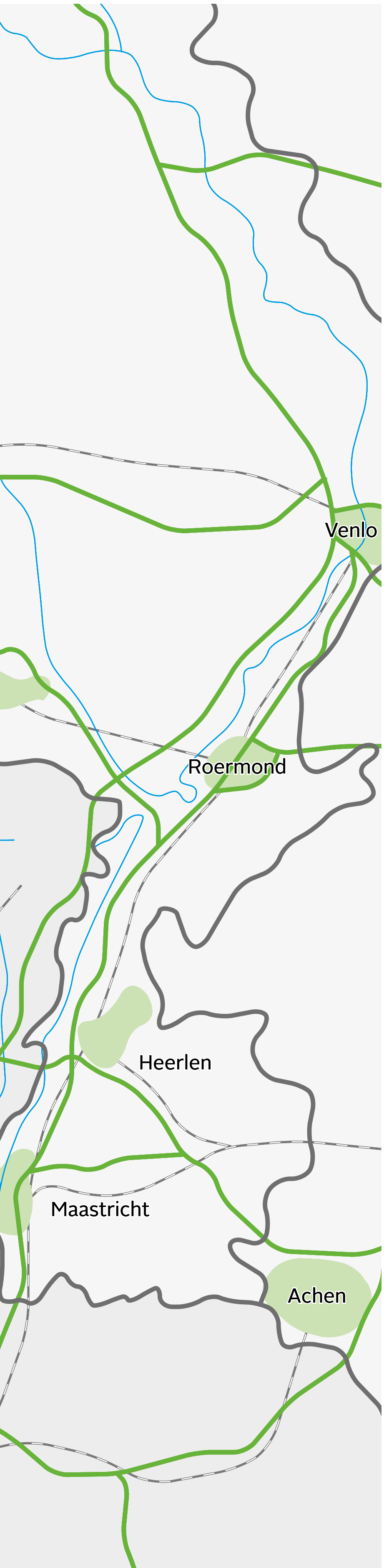
INTER ACCESS PARK

Address
Pontbeekstraat 2 & 4
1700 Dilbeek
Surface area
6.391 m²
Occupancy rate
95%

PARK ROZENDAL

Address
Terhulpsesteenweg 6A
1560 Hoeilaart
Surface area
2.830 m²
Occupancy rate
65%


Dordrecht
's Hertogenbosch
Breda
Tilburg
Roosendaal
Bergen op Zoom
Eindhoven
TURNHOUT
E19
ANTWERP
E34
Wo
Weert
HERENTALS
SINT-NIKLAAS
Wi
Aa
E17
HL
Oe
Sc
Bo
Du
M1
MECHELEN
Ho
Op
Pu
M2
GENK
E19
Me
A12
E314
HASSELT
LEUVEN
E40
BRUSSELS
TIENEN
Hu
E40
Li
LIÈGE



5. Description of the logistics real estate

Location of the logistics real estate in Belgium[1]

Antwerp - Limburg - Liège		Antwerp - Brussels - Nivelles	
HL	Herentals Logistics	Bo	Boom
Oe	Oevel	Pu	Puurs
Li	Liège	M1	Mechelen 1
Wo	Wommelgem	Wi	Wilrijk
Ho	Houthalen	Aa	Aartselaar
Op	Opglabbeek	Me	Merchtem
		Hu	Huizingen
		M2	Mechelen 2
		Sc	Schelle
		Du	Duffel

1 Classification per logistics axis:
Antwerp-Limburg-Liège and Antwerp-Brussels-Nivelles

HERENTALS LOGISTICS

Address
Herentals Logistics 1 and 3 - Atealaan 34b, 2200 Herentals
Herentals Logistics 2 - Atealaan 34c, 2200 Herentals
Surface area
Herentals Logistics 1 - 17.346 m²
Herentals Logistics 2 - 50.912 m²
Herentals Logistics 3 - 12.188 m²
Occupancy rate
92% - 100% - 100%

▼ HERENTALS LOGISTICS 1

▲ HERENTALS LOGISTICS 3

Top location with extremely good visibility, located immediately at the E313 exit.

Comprises different building typologies: cross-dock warehouses, a European distribution centre and facilities for country-wide distribution. Includes a large parking area, and has the potential for additional expansion.

Comprises 9% of the total real estate portfolio, and based on the fair value of the real estate portfolio it is Intervest's biggest logistics site. Accommodates Nike Europe Holding, the biggest logistics tenant (5%), and Yusen Logistics. A new distribution centre of 12.200 m² (incl. offices and social space) has been provided for Schrauwen Sanitair en Verwarming at Herentals Logistics 3.

▼ HERENTALS LOGISTICS 2 ▶

In 2016, an adjusted area for trailers was constructed and offices and social spaces were expanded at Herentals Logistics 2.

It is Intervest's biggest logistics site based on the fair value of the real estate portfolio.

OEVEL

Address
Nijverheidsstraat 9 - 9a -11
2260 Oevel
Surface area
46.134 m²
Occupancy rate
100%

▶ OEVEL 1

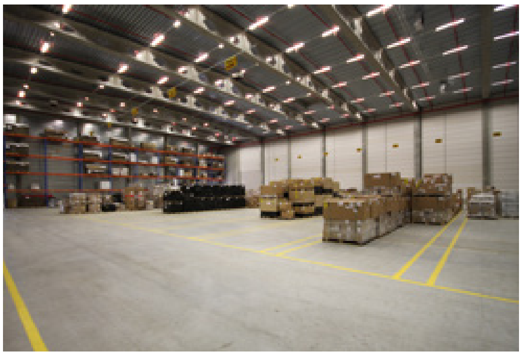
Third-largest logistics site, in the cluster with Herentals, making up 6% of the fair value of the real estate portfolio, next to the E313 on the Antwerp-Limburg-Liège axis, with high visibility. Global distribution facilities.

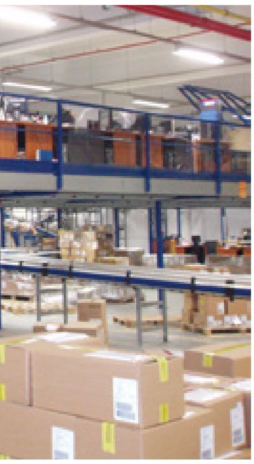
▼ OEVEL 2 & 3

The site is highly automated. Additional units with an automated goods-to-person system were completed in 2016.

It houses DSV and Estée Lauder and is located near one of its production facilities. It is closely affiliated with the Herentals Logistics-cluster.

There is a PV installation on the roof.





▼ Aerial photograph of the Liège site

LIÈGE

Address
Première Avenue 32
4040 Liège
Surface area
51.182 m² logistics,
4.389 m² offices
Occupancy rate
100%

The site has a good location in Liège, oriented toward the European hinterland and comprising 5% of the fair value of the real estate portfolio. The cross-dock warehouse new build of 3.600 m² was rounded off in 2016.

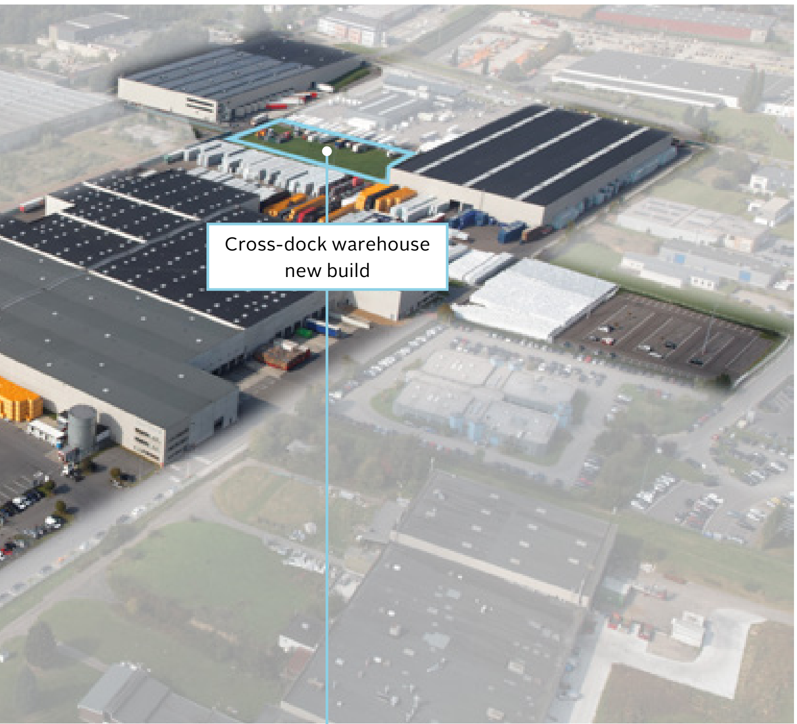
The contracts with Vincent Logistics and CooperVision Distribution were renewed in 2016. The efficiency of the warehouses is a decisive factor for these companies. Indeed, this has facilitated the consolidation of CooperVision Distribution's operations in Liège within the context of its growth plans.

The site has a spacious parking area and has a PV installation on one of the warehouses.

▲ CooperVision Distribution

▲ Vincent Logistics

▼ Cross-dock warehouse new build



Intervest expanded in the second semester of 2016 its current logistics site in Liège with the development of a new build. This expansion was needed to facilitate the growth of CooperVision Distribution and Vincent Logistics, tenants already present at the existing location. The new build is a cross-dock warehouse of approximately 3.600 m² with limited storage capacity. The works were completed at the end of the 2016 and the building has been delivered and occupied.

▼ Cross-dock warehouse new build - various stages

▲ Column structure

▲ Column structure

▲ Floor fitting

▲ Roof laying

WOMMELGEM

Address
Koralenhoeve 25
2160 Wommelgem
Surface area
24.180 m²
Occupancy rate
100%

Located along the E313, with high visibility, large-scale warehouse on the outskirts of Antwerp.

HOUTHALEN

Address
Europark 1026
3530 Houthalen
Surface area
26.995 m²
Occupancy rate
100%

Modular warehouse for European distribution with vast parking lot for passenger cars and trailers. Switched to LED lighting in 2016.

OPGLABBEEK

Address
Weg naar Zwartberg 231
3660 Opglabbeek
Surface area
77.442 m²
Occupancy rate
99%

Houses Medtronic, second-largest tenant of the logistics segment (4%) with European distribution centre. Site has PV installation and considerable potential for expansion.

Second-largest logistics site, 6% of the fair value of the real estate portfolio, highly automated, especially with regard to fine picking.

BOOM - KREKELENBERG

Address
Industrieweg 18
2850 Boom
Surface area
24.881 m²
Occupancy rate
100%

In 2015, the site in Boom was fully customised with regard to technology and sustainability, including site-wide relighting and redesign with a modern lay-out. It also includes a PV installation.

A TAPA-A certified site with a modern and efficient operating system targeting distribution throughout the country and in the Benelux.

TURNKEY SOLUTION
FOR CEVA LOGISTICS

PUURS

Address
Koning Leopoldlaan 5
2870 Puurs
Surface area
43.534 m²
Occupancy rate
100%

The site in Puurs forms 5% of the fair value of the real estate portfolio and houses the fresh food e-commerce platform of Delhaize Belgium and the logistics service provision activities for Fiege's fast-moving consumer goods.

Top location along the A12, with single- and multi-tenant possibilities, exceedingly well suited for distribution throughout the country.

MECHELEN 1

Address
Oude Baan 12
2800 Mechelen
Surface area
14.930 + 411 m²
Occupancy rate
29%

The site is equipped with
a PV installation.

Temperature regulated and divisible warehouses for pharmaceutical products.

WILRIJK 1

Address
Boomsesteenweg 801 - 803
2610 Wilrijk
Surface area
5.021 m²
Occupancy rate
100%

Top location for automotive distributor, with showroom at the A12, designed in close consultation with customer, Peugeot.

WILRIJK 2

Address
Geleegweg 1 - 7
2610 Wilrijk
Surface area
24.518 m²
Occupancy rate
100%

Ideal location for urban distribution located on the outskirts of Antwerp. Together with Wilrijk 1, it makes up 4% of the fair value of the real estate portfolio. Underwent a significant upgrade in 2016.

In partnership with Toyota Material Handling Europe Logistics, a turn-key solutions project was completed, whereby a large part of the warehouses were modernised, fitted with LED lighting and the offices acquired a hip and trendy feel.

AARTSELAAR

Address
Dijkstraat 1A
2630 Aartselaar
Surface area
9.865 m²
Occupancy rate
100%

Prime location
between the A12 and the E19,
2 important logistics axes.

MERCHTEM

Address
Preenakker 20
1785 Merchtem
Surface area
7.268 m²
Occupancy rate
92%

Site accommodates Zeb Logistics,
clothing distribution,
highly automated.

HUIZINGEN

Address
Gustave Demeurslaan 69 - 71
1654 Huizingen
Surface area
17.478 m²
Occupancy rate
100%

Climate-controlled
pharmaceutical warehouse.

MECHELEN 2

Address
Dellingstraat 57
2800 Mechelen
Surface area
5.969 m²
Occupancy rate
100%

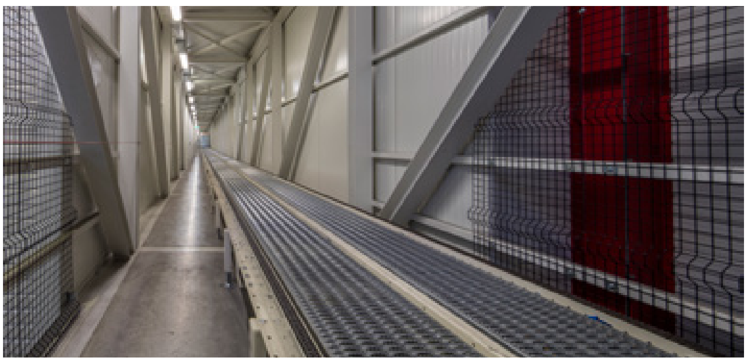
Multi-functional
building near
Mechelen
city centre.

SCHELLE

Address
Molenberglei 8
2627 Schelle
Surface area
8.323 m²
Occupancy rate
61%

Within the context of a turnkey solutions project, a demo space and showroom for the products of Rogue Benelux were developed and combined with the necessary storage capacity facilities.

DUFFEL



▲ Sofidel conveyor system

Address
Stocletlaan 23
2570 Duffel
Surface area
23.386 m²
Occupancy rate
82%

Site linked to the production facility located next to it, with PV installation on the roof.

The customer’s activities take CENTRE STAGE in developing solutions

"Our particular activities in the fresh food market generate special requirements for a distribution centre. The Intervest team tapped into this with extreme flexibility."

Kris Van Strydonck -

Senior Vice President Real Estate & Expansion

Delhaize Belgium - Puurs

▷ About Delhaize

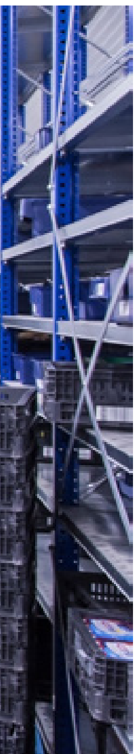
Delhaize is a major food retailer that enjoys a lead position in several food retail areas in its principal markets. The operational enterprises acquired these positions as a result of particular commercial strategies. Delhaize is committed to providing its customers with a locally differentiated shopping experience, a good price/quality ratio and to applying high-level social, environmentally friendly and ethical criteria. Delhaize's solid positioning is supported by the close collaboration with its operational enterprises at regional and global levels.

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 2016, 2015 and 2014, and the interim declarations and half-yearly financial report (including reports of the statutory auditor) can be consulted on the website of the company (www.intervest.be). They can also be obtained from the registered office on request.

▼ Puurs - Delhaize Belgium

Index



1. Consolidated income statement

in thousands €	Note	2016	2015
Rental income	4	45.280	46.147
Rental-related expenses	4	-157	30
NET RENTAL INCOME		**45.123**	**46.177**
Recovery of property charges	4	683	3.183
Recovery of rental charges and taxes normally payable by tenants on let properties	4	7.880	9.388
Costs payable by tenants and borne by the landlord for rental damage and refurbishment		-412	-409
Rental charges and taxes normally payable by tenants on let properties	4	-7.880	-9.388
Other rental-related income and expenses	4	219	74
PROPERTY RESULT		**45.613**	**49.025**
Technical costs	5	-1.084	-1.211
Commercial costs	5	-337	-263
Charges and taxes on unlet properties	5	-475	-783
Property management costs	5	-2.979	-2.791
Other property charges	5	-367	-271
Property charges		**-5.242**	**-5.319**
OPERATING PROPERTY RESULT		**40.371**	**43.706**
General costs	6	-2.232	-1.768
Other operating income and costs		87	144
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**38.226**	**42.082**
Result on disposals of investment properties	8	-12.798	125
Changes in fair value of investment properties	9	2.425	-5.347
Other result on portfolio	10	363	-243
OPERATING RESULT		**28.216**	**36.617**
Financial income		196	105
Net interest charges	11	-9.329	-11.011
Other financial charges		-14	-7
Changes in fair value of financial assets and liabilities (ineffective hedges)	18	1.547	558
Financial result		**-7.600**	**-10.355**
RESULT BEFORE TAXES		**20.616**	**26.262**
Taxes	12	-34	-310
NET RESULT		**20.582**	**25.952**

in thousands €	Note	2016	2015
NET RESULT		**20.582**	**25.952**
Note:			
EPRA earnings		29.044	30.859
Result on portfolio	8-10	-10.009	-5.465
Changes in fair value of financial assets and liabilities (ineffective hedges)	18	1.547	558
Attributable to:			
Shareholders of the parent company		20.582	25.954
Minority interests		0	-2

RESULT PER SHARE	Note	2016	2015
Number of shares at year-end		16.784.521	16.239.350
Number of shares entitled to dividend		16.784.521	16.239.350
Weighted average number of shares		16.784.521	16.200.911
Net result (€)		1,23	1,60
Diluted net result (€)		1,23	1,60
EPRA earnings (€)		1,73	1,90

2. Consolidated statement of comprehensive income

in thousands €	Note	2016	2015
NET RESULT		**20.582**	**25.952**
Other components of comprehensive income (recyclable through income statement)			
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	18	0	0
COMPREHENSIVE INCOME		**20.582**	**25.952**
Attributable to:			
Shareholders of the parent company		20.582	25.954
Minority interests		0	-2

3. Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2016	31.12.2015
NON-CURRENT ASSETS		**612.373**	**635.218**
Intangible assets		331	3
Investment properties	13	610.944	634.416
Other tangible assets		702	792
Non-current financial assets	18	383	0
Trade receivables and other non-current assets		13	7
CURRENT ASSETS		**12.790**	**13.181**
Trade receivables	14	6.601	6.957
Tax receivables and other current assets	14	3.913	3.593
Cash and cash equivalents		412	598
Deferred charges and accrued income	14	1.864	2.033
TOTAL ASSETS		**625.163**	**648.399**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2016	31.12.2015
SHAREHOLDERS' EQUITY		**326.085**	**321.736**
Shareholders' equity attributable to shareholders of the parent company		**326.085**	**321.703**
Share capital	15	152.948	147.980
Share premium	15	90.821	84.220
Reserves	15	61.734	63.549
Net result of the financial year		20.582	25.954
Minority interests	21	**0**	**33**
LIABILITIES		**299.078**	**326.663**
Non-current liabilities		**223.953**	**231.467**
Non-current financial debts	17	219.703	226.054
Credit institutions		*160.142*	*166.625*
Bond loan		*59.561*	*59.426*
Financial leases		*0*	*3*
Other non-current financial liabilities	18	3.330	4.507
Other non-current liabilities		920	906
Current liabilities		**75.125**	**95.196**
Current financial debts	17	62.012	79.158
Credit institutions		*62.012*	*79.157*
Financial leases		*0*	*1*
Other current financial liabilities	18	13	0
Trade debts and other current debts	16	2.655	6.335
Other current liabilities	16	232	186
Deferred income and accrued charges	16	10.213	9.517
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**625.163**	**648.399**

DEBT RATIO in %	Note	31.12.2016	31.12.2015
Debt ratio (max. 65%)	19	45,7%	48,2%

NET VALUE PER SHARE in €	31.12.2016	31.12.2015
Net value (fair value)	19,43	19,81
Net value (investment value)	20,37	20,75
Net asset value EPRA	19,60	20,09

4. Statement of changes in consolidated equity

In thousands €			Reserves		
				Reserve for the balance of changes in the fair value of real estate	
	Share capital	Share premium	Legal reserves	Reserve for the balance of changes in investment value of real estate properties	Reserve for the impact on the fair value*
Balance sheet as at 31 December 2014	**147.110**	**82.785**	**90**	**80.030**	**-14.517**
Comprehensive income of 2015					
Transfers through result allocation 2014:					
• Transfer to the reserves for the balance of changes in investment value of real estate properties				-5.685	
• Transfer of impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties					-719
• 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 2014	870	1.435			
Dividend financial year 2014					
Balance sheet as at 31 December 2015	**147.980**	**84.220**	**90**	**74.345**	**-15.236**
Comprehensive income of 2016					
Transfers through result allocation 2015:					
• Transfer to the reserves for the balance of changes in investment value of real estate properties				-4.839	
• Transfer of impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties					-625
• 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 2015	4.968	6.601			
Acquisition remaining minority interest in subsidiaries					
Dividend financial year 2015					
Balance sheet as at 31 December 2016	**152.948**	**90.821**	**90**	**69.506**	**-15.861**

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

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	Net result of the financial year	Minority interests	TOTAL SHAREHOLDERS' EQUITY
-4.722	**650**	**6.414**	**67.945**	**16.292**	**35**	**314.167**
				25.954	-2	25.952
			-5.685	5.685		0
			-719	719		0
-344			-344	344		0
		2.352	2.352	-2.352		0
						2.305
				-20.688		-20.688
-5.066	**650**	**8.766**	**63.549**	**25.954**	**33**	**321.736**
				20.582		20.582
			-4.839	4.839		0
			-625	625		0
558			558	-558		0
		3.091	3.091	-3.091		0
						11.569
					-33	-33
				-27.769		-27.769
-4.508	**650**	**11.857**	**61.734**	**20.582**	**0**	**326.085**

5. Consolidated cash flow statement

in thousands €	Note	2016	2015
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**598**	**1.259**
1. Cash flow from operating activities		**30.112**	**23.937**
Operating result		**28.216**	**36.617**
Interest paid		**-9.229**	**-12.534**
Other non-operating elements		**1.695**	**346**
Adjustment of result from non-cash flow transactions		**11.612**	**2.216**
• Depreciations on intangible and other tangible assets		274	165
• Result on disposals of investment properties	8	12.798	-125
• Changes in fair value of investment properties	9	-2.425	5.347
• Spread of rental discounts and rental benefits granted to tenants	10	375	-356
• Other result on portfolio	10	-363	243
• Changes in fair value of financial assets and liabilities (ineffective hedges)	18	-1.547	-558
• Allocated refurbishment fee		2.500	-2.500
Change in working capital		**-2.182**	**-2.708**
Movement of assets		-2.301	-2.105
Movement of liabilities		119	-603
2. Cash flow from investment activities		**9.387**	**-21.941**
Investments in existing investment properties	13	-5.343	-3.845
Extensions of existing investment properties	13	-1.159	0
Income from disposal of investment properties	8	26.920	3.619
Paid exit tax for merger of real estate companies		-3.173	0
Acquisition of investment properties		-7.319	0
Acquisitions of intangible and other tangible assets		-518	-728
Acquisition of shares of real estate companies		-21	-20.987
3. Cash flow from financing activities		**-39.685**	**-2.657**
Repayment of loans	17	-83.628	-12.229
Drawdown of loans	17	60.135	102.664
Repayment/issue bond loan	17	0	-75.000
Repayment /take-up of financial lease liabilities	17	-4	-6
Receipts from non-current liabilities as guarantee		13	297
Dividend paid		-16.201	-18.383
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**412**	**598**

In 2016, Intervest generated a cash flow of € 30 million from operating activities. Cash flow to the amount of € 27 million was generated by the sale of investment properties and € 18 million of this was used, mainly to invest in, expand and acquire investment properties. The balance of the net cash flow of € 39 million was used for the dividend payment for financial year 2015 for € 16 million and the net-repayment of credit facilities for € 23 million.

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 2016 include the company and its subsidiaries (the “Group”). The Intervest annual accounts have been prepared and released for publication by the board of directors as at 14 March 2017 and will be submitted for approval to the general meeting of shareholders as at 26 April 2017.

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 2016.

New or amended standards and interpretations effective for the financial year starting on 1 January 2016

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: IFRS 14 Regulatory Deferral Accounts (1/1/2016); Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations (1/1/2016); Amendments to IAS 16 and IAS 38 Property, Plant and Equipment and Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (1/1/2016); Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants (1/1/2016); Annual Improvements to IFRSs (2012-2014) (1/1/2016); Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (1/1/2016); Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative (1/1/2016); Amendments to IAS 27 Separate Financial Statements - Equity Method (1/1/2016).

New disclosed standards and interpretations not yet effective in 2016

The following amendments which are applicable as of next year or later are not expected to have a material impact on the presentation, notes or financial results of the RREC: IFRS 9 Financial Instruments and subsequent amendments (1/1/2018); IFRS 15 Revenue from Contracts with Customers (1/1/2017); IFRS 16 Leases (1/1/2019); IAS 7 Statement of cash flows - Amendments as result of the Disclosure initiative (1/1/2017); IAS 12 Income Taxes - Amendments regarding the take-up of deferred tax assets for unrealised losses (1/1/2017); Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions) (1/1/2018).

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

Subsidiary companies

A subsidiary 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 subsidiary 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 subsidiaries have been changed in order to arrive at consistent principles within the Group. The reporting period of the subsidiary 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 subsidiaries is included in Note 21.

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 to be adjusted within the 12 following months.

After initial recognition, the goodwill is not amortised but submitted 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 subsidiary 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 subsidiary company, which had previously been controlled by the Group at some point, or when the Group sells a part of the interest in a subsidiary 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 actual 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, deferred taxes and 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 recognised as a charge against 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 are deducted from the revaluation surplus at the moment of the merger and are recognised as a liability.

Tax receivables and liabilities are valued at the tax rate used during the period to which they refer.

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.

IFRIC 21 - Levies (applicable as from 1/7/2014) indicate under which circumstances a levy imposed by government must be booked in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This interpretation has no significant impact on the consolidated annual accounts of the Group but does affect the development of the profit during the financial year due to the point in time at which the property tax for vacant units is recognised: with the application of IFRIC 21 the real estate is recognised fully as debt and cost on 1 January of every financial year and the charging on of this property tax to the tenants and the recovery of property tax on vacant buildings from the government units is fully recognised by the government as receivable and income as at 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 recognised as at 1 January as a cost instead of being spread over the financial year.

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 assets

Intangible 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 mutation rights)

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.

Initial recognition and valuation

Initial recognition in the balance sheet 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 costs of mortgage release costs on the financing of the absorbed companies and other costs of the merger are also capitalised.

Valuation after initial recognition

After initial recognition, investment properties 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 on the subject (see www. beama. be - publications - press releases: "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 actual global effect was calculated based on transactions executed by institutional parties and companies. 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.

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.

Specifically, this means that the fair value of the invest 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).

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 investment properties."

After approval of the result allocation by the general meeting of shareholders (in April of next financial year) the difference between the fair value of real estate properties and the investment value of real estate properties are attributed to the reserve "c. Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties" in shareholders' equity.

Holding of real estate properties and valuation process

Investment properties are valued by the independent property 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 change in fair value of an investment property are taken up in the income statement in section XVIII. "Changes 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 changes in fair value of real estate properties a distinction is made between variations in the investment value of the real estate properties 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 properties and the fair value of the real estate properties.

Disposal of an investment property

By 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 mutation rights 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.

Up to and including financial year 2016, by the result allocation of the next year, these realised profits or losses were attributed to reserve “b. Reserve for the balance of changes in fair value of investment properties” for the profit appropriate of the subsequent year. For this attribution a difference was made between the changes in the investment value of the real estate properties and the estimated transaction costs resulting from hypothetical disposal within this reserve for the balance of changes in fair value or real estate properties so that this last section always corresponds with the difference between the investment value of real estate properties and the fair value of the real estate properties.

As from financial year 2017, these realised profits or losses on the sale of investment properties as compared to the original purchase value of such investment properties will be allocated under the heading “m. Other reserves” when the result is distributed (profit distribution for financial year 2016). In this way, the realised profits or losses on the sale of investment properties are regarded as available reserves instead of as unavailable 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 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 assets”.

Valuation

Other tangible 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 asset increase.

Depreciation and exceptional impairment losses

Other tangible 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 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

Trade receivables

Trade receivables are initially recorded at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are taken up in profit or loss for estimated non-realisable amounts when there is objective evidence that the asset is exceptionally impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Investments

Investments are taken up or no longer recorded on the transaction date when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the time frame established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

Debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any special impairment loss recognised to reflect irrecoverable amounts. Such a special impairment loss is taken up in the income statement when and only if there is objective evidence that an asset has been exceptionally impaired. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the write-off took place, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been taken up.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and 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 decrease in value.

Financial liabilities and shareholder's equity

Financial liabilities and equity instruments issued by the Group are classified according to the economic reality of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

Interest-bearing bank loans

Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised cost, using the effective interest rate method. Any difference between the proceeds (after transaction costs) and the settlement or repayment of a loan is taken up over the term of the loan in accordance with principles of financial reporting related to financing costs, applied by the Group.

Trade debts

Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded in the proceeds received
(after deduction of direct issue costs).

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 do not qualify for hedge transactions because they do not meet the IAS 39 criterion. Derivatives are initially valued at cost price and are valued after initial recognition at fair value. Changes in the fair value of each derivative that does not qualify for hedge accounting are immediately recorded in the income statement.

Own shares

When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

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 (legal 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: investment properties" of the Financial report. The real estate portfolio is recorded in the consolidated annual accounts at fair value determined by the property experts.

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 18. Financial instruments" in the Financial report.

Disputes

The company is currently involved in legal procedures, and may be again in the future. Intervest is involved as at 31 December 2016 in a procedure before the Court of First Instance in Antwerp, fiscal chamber, as well as in an appeal procedure for the regional director of the large corporations control centre regarding the billing of the exit tax assessment year 1999 special (see "Note 23. 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

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 by segment

BUSINESS SEGMENT	Offices		Logistics real estate		Corporate		TOTAL	
in thousands €	2016	2015	2016	2015	2016	2015	2016	2015
Rental income	23.740	25.112	21.540	21.035			45.280	46.147
Rental-related expenses	-31	17	-126	13			-157	30
Net rental income	*23.709*	*25.129*	*21.414*	*21.048*			*45.123*	*46.177*
Property management costs and income	402	2.685	88	163			490	2.848
Property result	*24.111*	*27.814*	*21.502*	*21.211*			*45.613*	*49.025*
Operating result before result on portfolio	**20.955**	**24.238**	**19.284**	**19.562**	**-2.013**	**-1.718**	**38.226**	**42.082**
Result on disposals of investment properties	-11.296	172	-1.502	-47			-12.798	125
Changes in fair value of investment properties	-1.354	-9.347	3.779	4.000			2.425	-5.347
Other result on portfolio	195	-714	168	471			363	-243
Operating result of the segment	**8.500**	**14.349**	**21.729**	**23.986**	**-2.013**	**-1.718**	**28.216**	**36.617**
Financial result					-7.600	-10.355	-7.600	-10.355
Taxes					-34	-310	-34	-310
NET RESULT	**8.500**	**14.349**	**21.729**	**23.986**	**-9.647**	**-12.383**	**20.582**	**25.952**

For the description of the risk spread according to tenants by segment, please see the Property report.

Key figures by segment

BUSINESS SEGMENT	Offices		Logistics real estate		TOTAL	
in thousands €	2016	2015	2016	2015	2016	2015
Fair value of real estate properties	301.926	326.371	309.018	308.045	610.944	634.416
Investments during the financial year (fair value)	3.824	2.752	2.678	1.094	6.502	3.846
Acquisition of investment properties	7.319	0	0	0	7.319	0
Acquisition of shares of real estate companies	0	0	0	30.107	0	30.107
Divestments during the financial year (fair value)	34.234	0	5.484	3.666	39.718	3.666
Investment value of real estate properties	309.474	334.530	316.743	315.746	626.217	650.276
Total leasable space (m^2)	208.716	229.669	496.352	487.404	705.068	717.073
Occupancy rate (%)	86%	85%	96%	95%	91%	90%

Note 4. Property result

Rental income

in thousands €	2016	2015
Rents	47.688	48.960
Guaranteed income	0	0
Rental discounts	-2.695	-3.100
Rental benefits (“incentives”)	-36	-42
Compensation for early termination of lease agreements	323	329
Total rental income	**45.280**	**46.147**

Rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted by promoters 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.

Intervest rental income is spread across 183 different tenants, limiting Intervest’s debtor’s risk and improving the stability of the rental income. The top ten tenants represent 42% (45% in 2015) of the rental income, and are often leading companies in their sector and often belong to international concerns. As at 31 December 2016, the chief tenant represented 7% of the rental income (8% in 2015). In 2016, there were 3 tenants whose rental income on an individual basis represented more than 5% of the total rental income of Intervest (4 tenants in 2015). For the description of the risk spread according to tenants by segment, please see the Property report.

For financial year 2016, the rental income of Intervest amounted to € 45,3 million and this decreased by 2% as compared to the financial year of 2015 (€ 46,1 million). The decrease by € 0,9 million was mainly due to the reorientation of the office portfolio, which led to the divestment of a portfolio of five non-strategic buildings in the Brussels periphery in June 2016. This divestment meant that there was a fall of € 1,5 million in the company’s rental income in 2016. This fall was partly compensated by new investments in investment properties and indexations of existing rental agreements.

When concluding new lease agreements in financial year 2016, for 91% of the new lease agreements rental discounts were granted (81% in 2015) comprising on average 8% of annual rental income (11% in 2015).

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 chooses to terminate the agreement at the agreement's first break option.

For lease agreements that were extended and/or prolonged during financial year 2016, for 23% on average of the agreement value, a rental discount was granted (71% in 2015). This rental discount amounted on average to 2% of the annual rental income (11% in 2015).

Overview of future minimum rental income

The cash 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 €	2016	2015
Receivables with a remaining duration of:		
No more than one year	42.449	45.399
Between one and five years	97.969	100.410
More than five years	28.965	31.788
Total of future minimum rental income	169.383	177.597

The decrease of the future minimum rental income by € 8 million compared to 31 December 2015 was mainly the result of the divestment of a portfolio of five non-strategic buildings.

Rental-related expenses

in thousands €	2016	2015
Rent for leased assets and leasehold remunerations	-21	-21
Write-downs on trade receivables	-136	-14
Reversal of write-downs on trade receivables	0	65
Total rental-related expenses	**-157**	**30**

The losses on lease receivables (with recovery) for the period 2007 - 2016 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 company, as can an unexpected vacancy and even a re-rental of the vacant space at a price lower than the price stated in the agreement which has not been respected.

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 ground and buildings by the company in order to continue leasing to its tenants.

Recovery of property charges

in thousands €	2016	2015
Obtained compensations on rental damage	119	2.579
Other	564	604
Management fees received from tenants	*564*	*604*
Total recovery of property charges	**683**	**3.183**

The recovery of property charges is mainly related to the profit taking of the compensation received from tenants for rental damage when leaving the let spaces and also the management fees that the Group 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 €	2016	2015
Recovery of rental charges borne by the landlord	4.166	5.301
Recovery of advance levies and taxes on let properties	3.714	4.087
Total recovery of rental charges and taxes normally payable by tenants on let properties	**7.880**	**9.388**

Rental charges and taxes normally payable by tenants on let properties

in thousands €	2016	2015
Rental charges borne by the landlord	-4.166	-5.301
Advance levies and taxes on let properties	-3.714	-4.087
Total rental charges and taxes normally payable by tenants on let properties	**-7.880**	**-9.388**
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 landlord is responsible for the management of the buildings (office buildings) or has these activities contracted out to external property managers (for Mechelen Campus).

Depending on the contractual agreements with the tenants, the landlord may or may not charge the tenants for these services. Settlement takes place on a half-yearly basis, except for some office buildings for which settlement is processed on a quarterly basis. During the financial year, advances are billed to the tenants.

The decrease in rental charges and taxes on let buildings normally borne by the tenant was mainly the result of the divestment of five buildings in the Brussels periphery in June 2016.

Other rental-related income and expenses

in thousands €	2016	2015
Received coordination fees turnkey solutions	22	32
Expenses and income regarding exploitation RE:flex	-41	-87
Other	238	129
Total other rental-related income and expenses	**219**	**74**

Note 5. Property charges

Technical costs

in thousands €	2016	2015
Recurrent technical costs	**-1.087**	**-1.205**
Maintenance and repair	-998	-1.131
Insurance premiums	-89	-74
Non-recurrent technical costs	**3**	**-6**
Claims	3	-6
Claims (expenses)	-129	*-155*
Claims (income)	132	*149*
Total technical costs	**-1.084**	**-1.211**

Technical costs fell by € 0,1 million and comprised, among other things, maintenance costs and insurance premiums.

Maintenance costs that can be seen as renovation of an existing building because they improve yield or rent are not recognised as costs but are capitalised.

Commercial costs

in thousands €	2016	2015
Brokers' fees	-115	0
Publicity	-136	-145
Lawyers' fees and legal costs	-86	-118
Total commercial costs	**-337**	**-263**

Commercial costs, of which include brokers' fees. 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 €	2016	2015
Vacancy charges for the financial year	-612	-730
Vacancy charges for previous financial year	-32	21
Property tax on vacant properties	-521	-602
Recovery of property tax on vacant properties	484	481
Recovery of property tax on vacant properties for previous financial year	206	47
Total charges and taxes on unlet properties	**-475**	**-783**

Charges and taxes on unlet properties were lower for the 2016 financial year than for the 2015 financial year as a result of the divestment of five vacant buildings in June 2016 and of the increased recuperation of property tax on vacant space. Vacancy costs for financial year 2016 represented approximately 1,0% of the total rental income of the company (1,7% in 2015).

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration.

Property management costs

in thousands €	2016	2015
External property management fees	-14	-10
(Internal) property management fees	-2.965	-2.781
Employee benefits	*-2.001*	*-1.897*
Property expert	*-140*	*-156*
Other costs	*-824*	*-728*
Total property management costs	**-2.979**	**-2.791**

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 related to the management of the real estate properties.

Other property charges

in thousands €	2016	2015
Charges borne by the landlord	-141	-79
Property taxes contractually borne by the landlord	-210	-172
Other property charges	-16	-20
Total other property charges	**-367**	**-271**

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 2016, these commercial interventions amounted to approximately € 0,4 million on an annual basis or 0,8% of total rental income of the company (€ 0,3 million or 0,5% in financial year 2015).

Note 6. General costs

in thousands €	2016	2015
UCI tax	-298	-291
Auditor's fee	-77	-74
Directors' remunerations	-51	-54
Liquidity provider	-15	-15
Financial service	-40	-18
Employee benefits	-1.052	-854
Consultancy fees	-190	-145
Other costs	-509	-317
Total general costs	**-2.232**	**-1.768**

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 € 2,2 million and increased by € 0,4 million compared to 2015 (€ 1,8 million) mainly as a result of a larger management committee and workforce, in addition to higher accommodation costs and increased marketing and publicity activities.

For additional details on the auditor's fee, please see Note 22.

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 €	2016 Charges for internal property management	2016 Charges related to company management	2016 TOTAL	2015 Charges for internal property management	2015 Charges related to company management	2015 TOTAL
Remuneration of employees and independent staff	**1.535**	**718**	**2.253**	**1.590**	**607**	**2.197**
Salary and other benefits paid within 12 months	1.100	593	1.693	926	472	1.398
Pensions and post-employment benefits	42	17	59	36	9	45
Social security	248	99	347	249	59	308
Variable remunerations	62	25	87	82	19	101
Termination benefits	0	0	0	122	0	122
Other charges	83	-16	67	175	48	223
Remuneration of the management committee	**466**	**334**	**800**	**307**	**247**	**554**
Chairperson of the management committee	131	132	263	85	86	171
Fixed remuneration	*121*	*122*	*243*	*73*	*74*	*147*
Variable remuneration	*10*	*10*	*20*	*12*	*12*	*24*
Other members of the management committee	335	202	537	222	161	383
Fixed remuneration	*302*	*164*	*466*	*187*	*120*	*307*
Variable remuneration	*20*	*20*	*40*	*35*	*24*	*59*
Pension obligations	*13*	*18*	*31*	*0*	*17*	*17*
Total employees benefits	**2.001**	**1.052**	**3.053**	**1.897**	**854**	**2.751**

The number of employees and self-employed personnel at year-end 2016, expressed in FTE was 20 staff members for the internal management of the property (18 in 2015) and 10 staff members for the management of the company (7 in 2015). The management team comprised 4 persons as at 31 December 2016 (4 persons as at year-end 2015, 1 of whom received no remuneration).

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 bargaining 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 (as at 18 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 2016, these amounts are € 89.000 (€ 62.000 in 2015). As at 31 December 2016, 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 €	2016	2015
Acquisition value	41.300	5.225
Accumulated gains and extraordinary impairment losses	-1.582	-1.559
Carrying amount (fair value)	**39.718**	**3.666**
Sales price	27.000	3.700
Sales costs	-80	-81
Reversal of provision for rental guarantees (Note 16)	0	172
Net sales revenue	**26.920**	**3.791**
Total result on disposals of investment properties	**12.798**	**125**

The result on the sale of investment properties in 2016 amounted to € -12,8 million and contained the capital loss realised on the divestment of five buildings in the Brussels periphery in June 2016. The divestment concerns the office buildings “Brussels 7” in Strombeek-Bever, “Park Station” and “Hermes Hills” in Diegem and “3T Estate” in Vilvoorde. The semi-industrial building “Berchem Technology Centre” is located in Sint-Agatha-Berchem. The total surface area of the divested buildings is approximately 32.900 m² of offices, 4.000 m² of storage space, 2.500 m² of archiving space and 770 parking spaces.

Intervest divested these five buildings in view of the fact that these properties had an exceptional risk profile compared to other buildings in the portfolio. The buildings are between 15 and 25 years old and would need renovation work in the future. However, these renovations were not expected to give rise to higher rental prices in the future due to the significant vacancy rate in these parts of the Brussels periphery. In addition, the buildings were labour-intensive for Intervest as regards asset management because of the number of tenants and the low occupancy rate.

Intervest divested these buildings with a significant decreased value compared to the estimated value. The sale price amounted to € 27 million (excluding taxes and purchase costs), some 32% below the carrying amount (fair value) of these properties as at 31 December 2015, i.e. € 40 million as determined by the company’s independent property expert.

Note 9. Changes in fair value of investment properties

in thousands €	2016	2015
Positive changes in fair value of investment properties	10.020	5.592
Negative changes of investment properties	-7.595	-10.939
TOTAL changes in the fair value of investment properties	**2.425**	**-5.347**

The changes in fair value of investment properties are positive in 2016 and amounted to € 2,4 million compared to negative changes of € -5,3 million in 2015. This increase by 0,4% of the fair value of the existing real estate portfolio (without taking into new acquisitions and divestment) was mainly the result of:

- € -1,4 million due to the decrease in fair value of the existing office portfolio by 0,6%, mainly due to adaptation of the income of certain office buildings in the Brussels periphery
- € 3,8 million or 1,2% due to an increase of fair value of the existing logistics real estate portfolio due to new leases and renewals of existing lease agreements and to the stronger yields for certain premium buildings of the company.

Note 10. Other result on portfolio

in thousands €	2016	2015
Result on portfolio as a result of merger operations and assimilated operations	-12	114
Other	375	-357
Changes to the spread of rental discounts and benefits granted to tenants	*437*	*-357*
Taking into result of the future spread of rental discounts and benefits granted to tenants through the sale of investment properties	*-62*	*0*
Total other result on portfolio	**363**	**-243**

In 2016, the other result on portfolio mainly comprised variations to the distribution of rental discounts and the benefits granted to tenants.

Note 11. Net interest charges

in thousands €	2016	2015
Nominal interest charges on loans	**-6.188**	**-8.299**
Loans at financial institutions	-3.553	-3.740
With fixed interest rate	*-320*	*-319*
With variable interest rate	*-3.233*	*-3.421*
Bond loans	-2.277	-4.164
Interest charges on non-withdrawn credit facilities	-358	-395
Costs of authorised hedging instruments	**-2.876**	**-2.317**
Authorised hedging instruments that are not subject to hedge accounting according to IFRS	-2.876	-2.317
Other interest charges	**-265**	**-395**
Total net interest charges	**-9.329**	**-11.011**

In 2016, the net interest charges amounted to € -9,3 million compared to € -11,0 million in 2015. The decrease in the financing costs was mainly due to the divestment of five buildings in June 2016 in the amount of € 27 million and the repayment of the bond loan of € 75 million in June 2015.

Net interest charges classified by credit line expiry date

in thousands €	2016	2015
Net interest charges on non-current financial debts	-6.364	-7.860
Net interest charges on current financial debts	-2.965	-3.151
Total net interest charges	**-9.329**	**-11.011**

For 2016, the total average interest rate amounted to 3,1% including bank margins and interest hedging instruments, compared to 3,5% in 2015. The total average interest rate before impact of the interest hedging instruments amounted to 2,1% in 2016.

The average interest rate for the non-current financial debts, including bank margins, amounted to 3,2% in 2016 (3,7% in 2015). The average interest rate for the current financial debts, including bank margins, amounted to 3,0% in 2016 (3,0% in 2015).

The (hypothetical) future cash outflow for 2016 of the interest charges from the loans drawn down as at 31 December 2015 at a fixed interest rate or a variable interest rate as at 31 December 2015 amounted to € 7,2 million (€ 8,3 million in 2015). This decrease was due mainly to the refinancing of financial derivatives at the end of 2016 and the start of 2017.

For financial year 2016, the effect on the EPRA earnings of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € 0,5 million (€ -0,4 million in 2015).

Note 12. Taxes

in thousands €	2016	2015
Corporation tax	-34	-310
Total taxes	**-34**	**-310**

With the RREC Act (formerly the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator gave a favourable tax status to RREC. 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.

The corporate tax for financial year 2016 dropped as compared to financial year 2015. The corporate tax for 2015 resulted from the acquisition of the shares of Stockage Industriel sa, comprising the site in Liège. This company was subject to corporate income tax and merged as at 17 February 2016 with Intervest Offices & Warehouses nv.

Note 13. Non-current assets

Research and development, patents and licenses

No own activities were developed by the company in the area of research and development.

Investment and revaluation table investment properties

in thousands €	2016			2015		
	Offices	Logistics real estate	TOTAL	Offices	Logistics real estate	TOTAL
Balance sheet as at 1 January	**326.371**	**308.045**	**634.416**	**332.966**	**276.510**	**609.476**
• Acquisition of investment properties	7.319	0	7.319	0	0	0
• Acquisitions of real estate companies	0	0	0	0	30.107	30.107
• Investments in existing investment properties	3.824	1.519	5.343	2.752	1.094	3.846
• Extensions of existing investment properties	0	1.159	1.159	0	0	0
• Disposals of investment properties	-34.234	-5.484	-39.718	0	-3.666	-3.666
• Changes in fair value of investment properties	-1.354	3.779	2.425	-9.347	4.000	-5.347
Balance sheet as at 31 December	**301.926**	**309.018**	**610.944**	**326.371**	**308.045**	**634.416**
OTHER INFORMATION						
Investment value of real estate properties	309.474	316.743	626.217	334.530	315.746	650.276

The investment properties consisted of:

in thousands €	2016	2015
Real estate properties held for lease	607.882	628.860
Other: reserves of land	3.062	5.556
Total investment properties	**610.944**	**634.416**

As at 31 December 2016, Intervest had no development projects nor 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 the fair value of investment properties, please see Note 9.

The **fair value of the real estate portfolio** of the company decreased by € 23 million in 2016, and as at 31 December 2016 it amounted to € 611 million (€ 634 million). The underlying fair value of the real estate portfolio underwent the following changes in 2016:

- the increase in fair value of the **logistics portfolio** by approximately € 1 million or 0,3% compared to the fair value as at 31 December 2015, mainly because of the combined effect of:
  - € 4 million or 1,2% due to an increase in fair value of the existing logistics real estate portfolio due to new leases and renewals of existing lease agreements and to the stronger yields for certain premium buildings of the company
  - € 3 million due to investments and expansions in the existing logistics portfolio
  - € -6 million by the divestment of a semi-industrial building in the Brussels periphery, which had a fair value of € 6 million as at 31 December 2015
- the decrease in fair value of the **office portfolio** by approximately € 24 million or 7% compared to the fair value as at 31 December 2015, mainly because of the combined effect of
  - € -34 million by the divestment of four semi-industrial buildings in the Brussels periphery, which had a fair value of € 34 million as at 31 December 2015
  - € 7 million for the acquisition of 2 expansions in Intercity Business Park in Mechelen
  - € -1 million or 0,65% due to the slight decrease in fair value of the existing office portfolio, mainly due to adaptation of the income of certain office buildings in the Brussels periphery
  - € 4 million investments in the existing office portfolio.

As at 31 December 2015, the company has an available reserve of land in Herentals on its Herentals Logistics 3 site of 32.100 m² for the future potential construction of a high-quality logistics warehouse in the form of a logistics hall with approximately 19.000 m² of floor space that can be subdivided. During the course of 2016 plans to partially develop this reserve took form in a new build distribution centre of approximately 12.200 m² for Schrauwen Sanitair en Verwarming. At the end of 2016 this land reserve of approximately 8.000 m², which offers an additional expansion potential for an extra warehouse, is valued as clear for construction.

As at 31 December 2016, 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 Aartselaar on Dijkstraat, please refer to Note 23.

IFRS 13

IFRS 13 applies to financial years beginning on or after 1 January 2013. It introduces a standardised framework for valuation of fair value and a disclosure requirement regarding fair value measurement when this valuation principle is required or permitted by virtue of other IFRS standards. IFRS 13 specifically defines fair value as the price that would be received for the sale of an asset or that would have to be paid to transfer a liability in an orderly transaction between market participants at the valuation date. The disclosure requirement in IFRS 13 regarding fair value valuations also serves to replace or expand upon the requirements imposed by other IFRS standards, including IFRS 7 Financial Instruments: Disclosures.

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:
  measurement 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 entire portfolio.

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Valuation of investment properties

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 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 on the date of appraisal by a seller to a willing buyer in a business-like, objective transaction preceded by sound negotiations among knowledgeable and willing parties.

If no current market prices are available in an active market, the valuations are made on the basis of a calculation of gross returns 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 calculated on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) of the vacant parts.

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 investment property expressed as a percentage. The average gross yield of the total real estate portfolio in case of complete lease as per 31 December 2016 came to 8,3% (8,8% on 31 December 2015).

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:

	2016	2015
Average contractual rent increased by the estimated rental value of vacant property per m² (€)		
• Offices	128	140
• Logistics real estate	48	48
Average gross yield if fully let (%)	**8,3%**	**8,8%**
• Offices	8,9%	9,8%
• Logistics real estate	7,8%	7,7%
Average gross yield (%)	**7,4%**	**7,8%**
• Offices	7,8%	8,4%
• Logistics real estate	7,0%	7,1%
Vacancy rate (%)	**9%**	**10%**

In the case of a hypothetical negative adjustment of 1% (from 7,6% to 8,6% on average) to the yield used by property experts for the determination of the fair value of the company's real estate portfolio (yield or capitalisation rate), the fair value of the real estate would decrease by € 71 million or 12%. This would raise the debt ratio of the company by 6% to around 52%.

If this is reversed, and a hypothetical positive adjustment of 1% (from 7,6% to 6,6% on average) is made to this yield, the fair value of the real estate properties would increase by € 93 million or 15%. This would lower the debt ratio of the company by 6% to around 40%.

In the case of a hypothetical decrease in the contractual rents of the company (assuming a constant yield) of € 1 million (from € 46,3 million to € 45,3 million), the fair value of the real estate properties would decrease by € 13 million or 2%. This would raise the debt ratio of the company by 1% to around 47%. In the reverse case of a hypothetical increase of the current rents of the company (assuming a constant yield) of € 1 million (from € 46,3 million to € 47,3 million), the fair value of the real estate properties would increase by € 13 million or 2%. This would lower the debt ratio of the company by 1% to around 45%.

A correlation exists between evolutions in the contractual rents and the yields that are used to value the real estate properties, 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, such as 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.

The 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.

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.

Non-observable parameters	Range		Weighted average	
(input as at 31.12)	2016	2015	2016	2015
Estimated rental value (in €/m²)				
• Offices	96 – 145 €/m²	93 – 147 €/m²	126 € /m²	127 € /m²
• Logistics real estate	36 – 83 €/m²	39 – 83 €/m²	44 € /m²	45 € /m²
Yield used by the property experts (in%)*				
• Offices	7,8% – 9,9%	7,9% – 10,6%	8,7%	8,9%
• Logistics real estate	6,1% – 8,2%	6,5% – 8,3%	7,1%	7,1%

* In the description of the range, the highest and the lowest number is eliminated each time.

Note 14. Current assets

Trade receivables

in thousands €	2016	2015
Trade receivables	2.050	1.018
Advance billing of rents	3.823	2.921
Invoices to issue	640	465
Doubtful debtors	425	236
Provision doubtful debtors	-372	-236
Refurbishment fee not received	0	2.500
Other trade receivables	35	53
Total trade receivables	**6.601**	**6.957**

At the beginning of 2015 Intervest reached an agreement with tenant Deloitte to have the departure dates for the 3 buildings in question (Diegem Campuses 1 and 2 and Hermes Hills, a total of approximately 20.000 m²), which originally ran until 2016 and 2017, coincide and set as at 31 December 2016. Another agreement has also been concluded within this context to fix the refurbishment fee, which must be borne by the tenant as stipulated in the lease agreement, at € 2,5 million. Deloitte paid this amount in 2016.

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 2016, the actual weighted average duration of the rental deposits and bank guarantees for offices is approximately 5,6 months (or about € 10,9 million). As at 31 December 2016, the actual weighted average duration of the rental deposits and bank guarantees for the logistics portfolio is approximately 4,3 months (or about € 8,1 million).

Ageing analysis of trade receivables

in thousands €	2016	2015
Receivables < 30 days	1.164	488
Receivables 30-90 days	446	214
Receivables > 90 days	440	316
Total outstanding trade receivables	**2.050**	**1.018**

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 €	2016	2015
Taxes (retained following the tax situation of the Group)	3.893	3.485
VAT to be reclaimed	*408*	*0*
Recoverable corporate tax	*215*	*215*
Recoverable exit tax	*459*	*459*
Recoverable withholding tax on dividends paid and on liquidation bonuses	*2.811*	*2.811*
Other	20	108
Total tax receivables and other current assets	**3.913**	**3.593**

For the description of the Group's tax situation, please see Note 23.

Deferred charges and accrued income

in thousands €	2016	2015
Incurred, non-expired property income	921	1.626
Recoverable property tax	*871*	*1.593*
Recoverable claims	*50*	*33*
Prepaid property charges	534	12
Prepaid interest and other financial costs	288	304
Other	121	91
Total deferred charges and accrued income	**1.864**	**2.033**

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration.

Note 15. Shareholders' equity

EVOLUTION OF THE SHARE CAPITAL

Date	Transaction	Share capital movement	TOTAL outstanding share capital after transaction	Number of shares issued	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 premium 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 the VastNed Group	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 sa; 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 77 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**

As at 31 December 2016, the share capital amounted to € 152.947.620,35 and is divided among 16.784.521 fully paid-up shares with no statement of nominal value.

Share premium

SHARE PREMIUM EVOLUTION in thousands €		Capital increase	Contribution in cash	Value contribution	Share premium
Date	**Transaction**				
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 the VastNed Group	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	1.435
25.05.16	Capital increase through optional dividend	4.968	0	11.569	6.601
Total share premium					**90.821**

The share premium amounted to € 91 million as at 31 December 2016.

Reserves

For the movement of the reserves during financial year 2016, please see the statement of changes in equity.

The reserves are composed as follows:

in thousands €	2016	2015
Legal reserves	90	90
Reserve for the balance of changes in the fair value of real estate properties	53.643	59.109
Reserve for the balance of changes in investment value of real estate properties	*69.506*	*74.345*
Reserve for the impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties	*-15.861*	*-15.236*
Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting according to IFRS	-4.508	-5.066
Other reserves	650	650
Results carried forward from previous financial years	11.857	8.766
Total reserves	**61.734**	**63.549**

Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2016	2015
Balance at the end of the preceding financial year	-15.236	-14.517
Changes in the investment value of investment properties	36	21
Acquisitions of investment properties for the preceding financial year	-753	-806
Disposal of investment properties for the preceding financial year	92	66
Total reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-15.861**	**-15.236**

The difference between the fair value of the real estate property (in accordance with IAS 40) and the investment value of the real estate property as determined by the independent property experts is taken up in this item.

Note 16. Current liabilities

Trade debts and other current debts

in thousands €	2016	2015
Exit tax	0	3.157
Other	2.655	3.178
Suppliers	*2.205*	*1.451*
Tenants	*82*	*690*
Taxes, remunerations and social charges	*368*	*1.037*
Total trade debts and other current debts	**2.655**	**6.335**

The decrease in trade debts and other current debts of € 3,6 million was mainly the result of the exit tax, provided as per year end 2015, which was paid during the course of financial year 2016, as a result of the merger with Stockage Industriel SA, as at 17 February 2016.

Other current liabilities

in thousands €	2016	2015
Dividends payable on previous financial years	183	186
Miscellaneous debts	49	0
Total other current liabilities	**232**	**186**

Deferred income and accrued charges

in thousands €	2016	2015
Property revenue received in advance	5.774	5.036
Liabilities related to the compensation received for early termination of lease agreements	*1.250*	*1.250*
Received compensations for refurbishment	*21*	*21*
Rental income invoiced in advance	*4.503*	*3.765*
Incurred, unexpired interests and other charges	2.699	2.748
Interests on bond loans	*1.710*	*1.710*
Other interests and financial charges	*989*	*1.038*
Other	1.740	1.733
Other accrued charges	*891*	*735*
Other deferred income	*849*	*998*
Total deferred income and accrued charges	**10.213**	**9.517**

As at 31 December 2016, the accrued charges and deferred income comprised € 5,8 million in property revenue received in advance, of which € 1,3 million liabilities related to compensations received for early termination of lease agreements of Tibotec-Virco in 2010 in Intercity Business Park in Mechelen and the pre-billed rental income for the first quarter of next financial year amounting to € 4,5 million.

The incurred, unexpired interests and other charges amounted to € 2,7 million in 2016, and comprised, among others, the interests on the bond loan due as at 1 April 2017 on the bond loan issued in March 2014.

Note 17. 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 withdrawn credit facilities

in thousands €	2016					2015				
	Debts with a remaining duration of			TOTAL	Percentage	Debts with a remaining duration of			TOTAL	Percentage
	< 1 year	> 1 year and < 5 years	> 5 years			< 1 year	> 1 year and < 5 years	> 5 years		
Credit institutions: withdrawn credit facilities	62.012	152.475	7.667	**222.154**	**79%**	79.157	159.092	7.533	**245.782**	**81%**
Bond loan	0	59.561	0	**59.561**	**21%**	0	24.443	34.983	**59.426**	**19%**
Financial leases	0	0	0	**0**	**0%**	1	3	0	**4**	**0%**
TOTAL	**62.012**	**212.036**	**7.667**	**281.715**	**100%**	**79.158**	**183.538**	**42.516**	**305.212**	**100%**
Percentage	**22%**	**75%**	**3%**	**100%**		**26%**	**60%**	**14%**	**100%**	

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 real estate investments and the pari passu treatment of creditors. The financial ratios limit the amount that could still be borrowed by Intervest.

For the purpose of financing the company, no mortgage registrations were made and no mortgage authorisations were permitted as per 31 December 2016.

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 2016. 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 €	2016					2015				
	Debts with a remaining duration of			TOTAL	Percentage	Debts with a remaining duration of			TOTAL	Percentage
	< 1 year	> 1 year and < 5 years	> 5 years			< 1 year	> 1 year and < 5 years	> 5 years		
Credit institutions withdrawn credit facilities	62.012	152.475	7.667	**222.154**	**69%**	79.157	159.092	7.533	**245.782**	**72%**
Non-withdrawn credit lines	0	38.175	0	**38.175**	**12%**	35.225	0	0	**35.225**	**10%**
Bond loan	0	59.561	0	**59.561**	**19%**	0	24.443	34.983	**59.426**	**18%**
TOTAL	**62.012**	**250.211**	**7.667**	**319.890**	**100%**	**114.382**	**183.535**	**42.516**	**340.433**	**100%**
Percentage	**19%**	**78%**	**3%**	**100%**		**34%**	**54%**	**12%**	**100%**	

The table above "Classification by expiry date of credit lines" comprised an amount of € 38 million of non-withdrawn credit lines (€ 35 million as at 31 December 2015). At the closing date, these did not form any actual debt, but are only potential debt in the shape of an available credit line. The percentage is calculated as the ratio of each component to the sum of the credit lines drawn down, the credit lines non-withdrawn and the outstanding bond loan.

Classification by variable or fixed character of withdrawn credit facilities at financial institutions and the bond loan

in thousands €	2016		2015	
	TOTAL	Percentage	TOTAL	Percentage
Credit facilities with variable interest rate	25.154	9%	78.782	26%
Credit facilities covered by interest rate swaps and/or floors	190.000	67%	160.000	52%
Credit facilities with fixed interest rate	66.561	24%	66.426	22%
TOTAL	**281.715**	**100%**	**305.208**	**100%**

In the above table "Classification by variable or fixed character of withdrawn credit facilities at financial institutions and of the bond loan" the percentage is calculated as the ratio of each component to the sum of withdrawn credit facilities.

Characteristics of the bond loans: Private placement of bonds of € 60 million

As at 19 March 2014 Intervest achieved the successful private placement of bonds for a total amount of € 60 million. The bonds have a term of 5 years (€ 25 million) and 7 years (€ 35 million) respectively, and expire respectively as at 1 April 2019 and 1 April 2021. The bonds with expiry date 1 April 2019 generate a fixed annual gross return of 3,430%, while the bonds with expiry date as at 1 April 2021 generate a fixed annual gross return of 4,057%.

The issue price of the bonds was equal to their nominal amount, being € 100.000. The bonds were placed with institutional investors.

Note 18. 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			2016		2015	
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	383	383	0	0
Trade receivables and other non-current assets	A	2	13	13	7	7
Current assets						
Trade receivables	A	2	6.601	6.601	6.957	6.957
Tax receivables and other current assets	A	2	3.913	3.913	3.593	3.593
Cash and cash equivalents	B	2	412	412	598	598
FINANCIAL INSTRUMENTS ON LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	219.703	225.542	226.054	231.566
Other non-current financial liabilities	C	2	3.330	3.330	4.507	4.507
Other non-current liabilities	A	2	920	920	906	906
Current liabilities						
Current financial debts	A	2	62.012	62.012	79.158	79.158
Other current financial liabilities	C	2	13	13	0	0
Trade debts and other current debts	A	2	2.655	2.655	6.335	6.335
Other current liabilities	A	2	232	232	186	186

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 measure 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, 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 employs 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). These interest rate swaps and floors are classified as a cash flow hedge. Intervest does not apply hedge accounting. The fluctuations in the fair value of the financial instruments are included in the income statement on the line “Changes in the fair value of financial assets and liabilities (ineffective hedges)” in the financial result.

Fair value of financial derivatives

As at 31 December 2016, the company had following financial derivatives:

		Starting date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
in thousands €						Yes/No	2016	2015
1	IRS	02.01.2012	02.01.2017	2,3350%	50.000	No	-11	0
2	IRS	02.01.2012	01.01.2017	2,1400%	10.000	No	-2	0
Authorised hedging instruments							*-13*	*0*
Other current financial liabilities							**-13**	**0**
1	IRS	02.01.2012	02.01.2017	2,3350%	50.000	No	0	-1.280
2	IRS	02.01.2012	01.01.2017	2,1400%	10.000	No	0	-236
3	IRS	02.01.2012	01.01.2018	2,3775%	10.000	No	-274	-515
4	IRS	02.01.2012	01.01.2018	2,3425%	10.000	No	-271	-509
5	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-362	-437
6	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-362	-437
7	IRS	18.06.2015	18.06.2022	0,7800%	15.000	No	-661	-361
8	IRS	30.06.2015	30.06.2020	0,4960%	15.000	No	-368	-249
9	IRS	18.06.2015	18.06.2021	0,6300%	15.000	No	-506	-306
10	IRS	26.06.2015	26.06.2019	0,3300%	15.000	No	-219	-177
11	IRS	01.12.2016	01.12.2021	0,1200%	15.000	No	-143	0
12	IRS	01.12.2016	01.12.2022	0,2200%	15.000	No	-164	0
Authorised hedging instruments							*-3.330*	*-4.507*
Other non-current financial liabilities							**-3.330**	**-4.507**
1	Floor	01.12.2016	01.02.2021	0,0%	27.500	No	383	0
Non-current financial assets							**383**	**0**
Total fair value of financial derivatives							**-2.960**	**-4.507**

Accounting process as at 31 December:		
• In shareholders' equity: Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	-4.507	-5.066
• In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
Total fair value of financial derivatives	**-2.960**	**-4.507**

As at 31 December 2016, the interest rate swaps had a negative market value of € -3,0 million (contractual notional amount of € 190 million), which is determined by the issuing financial institution on a quarterly basis.

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 pr, 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 of 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 2016 is 2,9 years. Intervest has also diversified its funding sources through by using 6 European financial institutions and issuing bond loans.

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 17. 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 facility 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 2016, the company still had € 38 million in non-withdrawn credit lines with its lenders for the purpose of absorbing fluctuations in liquidity requirements.

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 17. Non-current and current financial debts" in the Financial report.

Interest rate risk

For the description of this risk and the way it is managed, please see the "Liquidity rate risk" chapter in the description of the Major risk factors and internal control and risk management systems in the Report of the board of directors.

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 company 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 2016 the interest rates on the credit facilities of the company remained fixed for a remaining average duration of 2,8 years.

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 17. Non-current and current financial debts" and "Note 11. Net interest charges" in the Financial report.

Note 19. Calculation of debt ratio

in thousands €	Note	2016	2015
Non-current financial debts	17	219.703	226.054
Other non-current liabilities		920	906
Current financial debts	17	62.012	79.158
Trade debts and other current debts	16	2.655	6.335
Other current liabilities	16	232	186
Total liabilities for calculation of debt ratio		**285.522**	**312.639**
Total assets (excl. financial derivatives)		**624.780**	**648.399**
Debt ratio		**45,7%**	**48,2%**

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 20. Related parties

The company's related parties are its shareholders and its affiliated companies as well as its subsidiaries (see Note 21), and its directors and members of the management committee.

Relation with the affiliates

in thousands €	2016	2015
Interests paid on current account	3	5

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 €	2016	2015
Directors	105	109
Members of the management committee	800	554
TOTAL	**905**	**663**

The directors and members of the management committee do not receive additional benefits on the account of the company. Johan Buijs, who held his office as director for no pay in 2016, is an exception to this. He was remunerated for an amount of € 20.000 for his work in an internal working group which prepares investment decisions.

Note 21. List of consolidated companies

The companies below are consolidated by the method of full consolidation:

Company name	Address	Enterprise number	Value of the participation in the statutory accounts	Shareholding percentage (in %)	Minority interests (in thousands €)	
					2016	2015
Aartselaar Business Center nv	Uitbreidingstraat 66 2600 Berchem	BE 0466.516.748	€ -287.891	100%	0	-1
Mechelen Business Center nv	Uitbreidingstraat 66 2600 Berchem	BE 0467.009.765	€ 3.081.360	100%	0	32
Mechelen Research Park nv	Uitbreidingstraat 66 2600 Berchem	BE 0465.087.680	€ 1.865.037	100%	0	2
Stockage Industriël sa	Uitbreidingstraat 66 2600 Berchem	BE 0438.634.295		100%	0	0
Total minority interests					**0**	**33**

Company Stockage Industriël SA merged with Intervest as at 17 February 2016.

The remaining minority interest in the three subsidiaries Aartselaar Business Center nv, Mechelen Business Center nv and Mechelen Research Park nv, which was still in the hands of a third party, was acquired in the Group in the course of the 2016 financial year. Consequently, Intervest has no minor interests as at year end 2016.

Note 22. Fee of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2016	2015
Excl. VAT		
Statutory auditor's fee	65	66
Fee for exceptional activities or special assignments within the company by the statutory auditor regarding		
Other control assignments	4	4
Tax advice assignments	8	15
Other assignments apart from audit assignments	0	35
Total fee of the statutory auditor and entities affiliated with the statutory auditor	**77**	**120**

Note 23.
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 RREC a favourable tax status. When a company converts its status into that of a RREC, or when (ordinary) companies merge with a RREC, they must pay a one-time exit tax. The RREC is subsequently subject to taxation on only 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. Since 1 January 2005, this exit tax has been set at 16,995% (16,5% + 3% crisis tax).

Tax legislation stipulates that this basis for taxation is to be calculated as the difference between the actual value of the equity and the (tax-related) carrying amount. The Minister of Finance has decided by circular (dated 23 December 2004) that the transfer costs related to the transaction must 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 should therefore be owed. Intervest contests this interpretation and still has appeals open for an amount of around € 4 million.

Currently the 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 on 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).

As at 2 April 2010, in a lawsuit between another Belgian public RREC (property investment fund at that time) 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 is disputing that Intervest can claim rights from this declaration.

In 2008, the tax authorities (the Recipient of direct taxes) took out a legal mortgage on a single logistics property on the Dijkstraat in Aartselaar as a guarantee against the outstanding tax debt. No provision was made for these disputed tax declarations.

During 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 is appealing against this verdict, and the hearing will be in March 2017.

The processing of other objections has been suspended awaiting the decision of the Court of Appeal.

Conditional rights

Intervest has conditional rights regarding receivable refurbishment fees and compensation on the departure of tenants. The amount of compensation is strongly dependent on a number of suspensive conditions which may or may not be realised in the coming years. The total compensation could be between € 2 million and no more than €3 million. This compensation will be used as much as possible for the refurbishment and renovation of the buildings.

Off-balance sheet obligations

Within the scope of its new construction projects and expansions, Intervest has investment obligations of approximately € 3 million. This relates to investment expenses that were concluded but had not yet been executed as at balance sheet date.

Note 24. Conflicts of interest

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. In addition, article 37 of the RREC Act must be referred to in this context.

NSI nv (via its subsidiary VastNed Offices Benelux Holding bv), reference shareholder of the company at the time, submitted a request to the board of directors that they cooperate with the preparation of a possible sales transaction of (a part of) its shares in Intervest in January 2016.

The request meant that the company would allow a viewing of the office and logistics properties in its portfolio (property tour) and would organise a meeting between potential investors and management.

The company thought it advisable to view the request in a broader context and, by extension, to already also assess other forms of cooperation within the scope of the request, for example to organise management presentations about the company for other potential investors or answer due diligence questionnaires in the case of accelerated bookbuilding.

With regard to making certain non-public information relating to the company available to potential shareholders within the context of a viewing of the office and logistics properties (property tour) and meeting the management, this request was a follow-up to previous requests by NSI to which the board of directors responded positively in 2013 and 2015. This transaction had a different scope from the one to which the background was explained in the previous decisions of 2013 and 2015. In any event, as a result of the size of NSI's remaining interest, the transaction could not result in a public bid for the company's shares.

In its decision of 20 January 2016, the board of directors consequently appointed a committee of three independent directors, in the person of Paul Christiaens, Nick van Ommen, and EMSO bvba permanently represented by Chris Peeters, who in turn appointed an expert in the person of Linklaters LLP. In consultation with and assisted by Linklaters LLP, this committee drafted a recommendation, leading to the decision below:

"*The committee is of the opinion that based on the interest of the company, there is good reason to grant the request of VastNed Offices Benelux Holding BV (to already also assess other forms of cooperation within the scope of the request, for example to organise management presentations about the company for other potential investors or answer due diligence questionnaires in the case of accelerated bookbuilding) and the company is not disadvantaged by this, under the condition that this information is released according to the conditions and according to the modalities stipulated hereinafter [4 - see hereinafter, text re-included in the decision of the board of directors].*"

Subsequently, the board of directors decided as at 20 January 2016:

"*The following is permitted within the framework of the transaction:*

I. the viewing of the office and logistics properties in its portfolio (property tour) and a meeting between the management and one potential investor; and
II. if it were to be requested, provision of other forms of cooperation within the scope of the request, for example, giving management presentations about the company for certain potential investors or answering due diligence questionnaires for an accelerated bookbuilding,

since it can be morally justified based on the interests of the company.

Although (i) allowing the office and logistics buildings in portfolio to be viewed (property tour) and a meeting between one potential investor with the management, and (ii) if requested, cooperating, assessing other forms of cooperation within the scope of the request, for example by means of organising management presentations on the company for certain other potential investors or answering due diligence questionnaires in the case of accelerated bookbuilding within the scope of the transaction, can be morally justified based on the interests of the company, the committee is of the opinion that such permission must be subject to strict conditions and modalities.

The potential investors or the investment banks that support Vastned in the transaction must be obliged, and any potential shareholders to be contacted must promise to preserve confidentiality of non-public information regarding the company that they receive within the framework of the property tour, the meeting with the management, any management or other presentations, and to refrain from using the information for purposes other than those pertaining to the transaction. Only the information required for supporting the transaction can be given, without disclosure of information that the chairman of the management committee considers commercially sensitive. If the company were to have prior knowledge and it would, in conformance with the applicable rules regarding market abuse, decide to postpone its publication of this prior knowledge, then the information withheld shall not be disclosed."

The board of directors also requested Deloitte Bedrijfsrevisoren bv o.v.v.e. (civil company in the form of a limited liability cooperative) CVBA, represented by Kathleen De Brabander, company auditor, in accordance with article 524 §3 of the Belgian Companies Code, to give an opinion on the accuracy of the data specified in the recommendation of the committee of three independent directors, assisted by the independent expert. The decision of the auditor in this respect is as follows:

"On the basis of the above work, we can conclude that the data contained in the recommendation of the committee and in the minutes of the Board are faithfully presented. However, this does not mean that we have given a discretionary opinion on the recommendation of the committee and the decision of the board of directors."

Note 25. Events after the balance sheet date

There are no significant events to be mentioned that have occurred after the closing of the accounts as at 31 December 2016, apart from the lease agreements of Deloitte in Greenhouse BXL that were terminated as at 31 January 2017.

7. Statutory auditor's report[1]

Deloitte.

Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2016

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated profit and loss statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

Report on the consolidated financial statements – Unqualified opinion

We have audited 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"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated balance sheet shows total assets of 625,163 (000) EUR and the consolidated income statement shows a consolidated profit for the year then ended of 20,582 (000) EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of 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.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

Deloitte Bedrijfsrevisoren / Reviseurs d'Entreprises
Burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid /
Société civile sous forme d'une société coopérative à responsabilité limitée
Registered Office: Gateway building, Luchthaven Nationaal 1 J, B-1930 Zaventem
VAT BE 0429.053.863 - RPR Brussel/RPM Bruxelles - IBAN BE 17 2300 0465 6121 - BIC GEBABEBB

Member of Deloitte Touche Tohmatsu Limited

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

In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the consolidated financial statements of Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law give a true and fair view of the group's net equity and financial position as of 31 December 2016, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Zaventem, 14 March 2017

The statutory auditor

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

8. Statutory annual accounts Intervest Offices & Warehouses nv

The statutory annual accounts of Intervest Offices & Warehouses nv are prepared according to the IRFS 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 €	2016	2015
Rental income	44.930	43.778
Rental-related expenses	-164	29
NET RENTAL INCOME	**44.766**	**43.807**
Recovery of property charges	700	3.302
Recovery of rental charges and taxes normally payable by tenants on let properties	7.873	9.204
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-412	-409
Rental charges and taxes normally payable by tenants on let properties	-7.873	-9.204
Other rental-related income and expenses	215	12
PROPERTY RESULT	**45.269**	**46.712**
Technical costs	-1.093	-1.084
Commercial costs	-336	-261
Charges and taxes on unlet properties	-475	-784
Property management costs	-2.978	-2.791
Other property charges	-301	-89
Property charges	**-5.183**	**-5.009**
OPERATING PROPERTY RESULT	**40.086**	**41.703**
General costs	-2.218	-1.753
Other operating income and costs	87	135
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**37.955**	**40.085**
Result on disposals of investment properties	-12.798	125
Changes in fair value of investment properties	2.424	-5.396
Other result on portfolio	368	-464
OPERATING RESULT	**27.949**	**34.350**

in thousands €	2016	2015
OPERATING RESULT	**27.949**	**34.350**
Financial income	419	464
Net interest charges	-9.327	-10.979
Other financial charges	-10	-6
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
Changes in fair value of financial non-current assets	55	1.607
Financial result	**-7.316**	**-8.356**
RESULT BEFORE TAXES	**20.633**	**25.994**
Taxes	-51	-40
NET RESULT	**20.582**	**25.954**
Note:		
EPRA earnings	29.044	29.330
Result on portfolio	-10.009	-5.735
Changes in fair value of financial assets and liabilities (ineffective hedges) any other non-distributable elements	1.547	2.359

RESULT PER SHARE	2016	2015
Number of shares at year-end	16.784.521	16.239.350
Number of shares entitled to dividend	16.784.521	16.239.350
Weighted average number of shares	16.784.521	16.200.911
Net result (€)	1,23	1,60
Diluted net result (€)	1,23	1,60
EPRA earnings (€)	1,73	1,81

8.2. Comprehensive income

in thousands €	2016	2015
NET RESULT	**20.582**	**25.954**
Other components of comprehensive income (recyclable through income statement)		
Changes in the effective part of fair value of authorised hedging instruments that are subject to hedge accounting	0	0
COMPREHENSIVE INCOME	**20.582**	**25.954**

8.3. Balance sheet

ASSETS in thousands €	Note	31.12.2016	31.12.2015
NON-CURRENT ASSETS		**608.223**	**623.002**
Intangible assets		331	3
Investment properties		602.136	595.081
Other tangible assets		702	792
Financial non-current assets	8.6	5.041	27.119
Trade receivables and other non-current assets		13	7
CURRENT ASSETS		**16.865**	**20.172**
Trade receivables		6.601	6.652
Tax receivables and other current assets		7.989	10.960
Cash and cash equivalents		411	527
Deferred charges and accrued income		1.864	2.033
TOTAL ASSETS		**625.088**	**643.174**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2016	31.12.2015
SHAREHOLDERS' EQUITY	**326.085**	**321.704**
Share capital	152.948	147.980
Share premium	90.821	84.220
Reserves	61.734	63.550
Net result of the financial year	20.582	25.954
LIABILITIES	**299.003**	**321.470**
Non-current liabilities	**223.953**	**231.467**
Non-current financial debts	219.703	226.054
Credit institutions	*160.142*	*166.625*
Bond loan	*59.561*	*59.426*
Financial leases	*0*	*3*
Other non-current financial liabilities	3.330	4.507
Other non-current liabilities	920	906
Current liabilities	**75.050**	**90.003**
Current financial debts	62.012	78.013
Credit institutions	*62.012*	*78.012*
Financial leases	*0*	*1*
Other current financial liabilities	13	0
Trade debts and other current debts	2.655	2.817
Other current liabilities	232	185
Deferred income and accrued charges	10.138	8.988
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**625.088**	**643.174**

DEBT RATIO in %	31.12.2016	31.12.2015
Debt ratio (max. 65%)	45,7%	47,9 %

NET VALUE PER SHARE in €	31.12.2016	31.12.2015
Net value (fair value)	19,43	19,81
Net value (investment value)	20,36	20,73
Net asset value EPRA	19,60	20,09

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 €	2016	2015
A. NET RESULT	**20.582**	**25.954**
B. ALLOCATION TO/TRANSFER FROM RESERVES	**2.916**	**1.815**
1. Allocation to/transfer from the reserves for the balance of changes in fair value* of real estate properties(-/+):		
• Financial year	-3.194	5.906
• Previous financial years	5.384	0
• Realisation real estate properties	13.790	-34
2. Allocation to/transfer from the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (-/+)	-587	-138
5. Allocation to the reserve for the balance of changes in fair value of allowed hedging instruments that are not subject to hedge accounting (-)	-1.547	-558
10. Allocation to/transfer from other reserves (-/+)	-5.384	0
11. Allocation to/transfer from results carried over from previous financial years (-/+)	-5.546	-3.361
C. REMUNERATION OF CAPITAL pursuant to article 13, §1, paragraph 1 of the RREC Royal Decree	**0**	**21.426**
D. REMUNERATION OF CAPITAL, other than C	**23.498**	**6.343**

* Based on the changes in investment value of investment properties.

Pursuant to the disposal of five investment properties in June 2016, Intervest realised a loss of € 14,4 million in respect of the historical acquisition value of the buildings.

Up to now, the company has always recorded realised profits and losses on the disposal of investment properties under the reserve section "Reserve for the balance of changes in fair value of real estate properties". The annual changes in the fair value of investment properties (i.e. the non-realised profits and losses) were also recorded in this reserve section. As a result of this method, this reserve category therefore contains both non-realised and realised profits and losses on investment properties. This means that this reserve category contains both available and unavailable reserves.

Intervest has improved the result allocation of the realised profits and losses on the disposal of investment properties for the purposes of making the distinction between available and unavailable reserves clearer for the application of article 617 of the Belgian Companies Code and of Chapter IV of Annex C of the RREC Royal Decree. As from 2016, when distributing the result, the realised profit or loss in respect of the historical purchase price of the investment properties is allocated to the "Other reserves" section which is regarded as an available reserve, in the case of a disposal of investment properties. Consequently, the realised loss of € 14,4 million on the disposal of five investment properties in June 2016 was allocated to the "Other reserves" section. A reclassification is simultaneously proposed of the profits that were realised in the past but that are currently still to be found in the "Reserve for the balance of changes in fair value of real estate properties" reserve section. An amount of € 19,8 million (positive) is transferred from this section to the "Other reserves" section. This results in € 5,4 million.

This result distribution for financial year 2016 will be submitted to the general meeting of shareholders of 26 April 2017 for approval.

8.5. Statement of changes in statutory shareholder equity

In thousands €	Capital	Share premium	Reserves		
			Legal reserves	Reserve for the balance of changes in the fair value of real estate	
				Reserve for the balance of changes in investment value of real estate properties	Reserve for the impact on the fair value*
Balance sheet as at 31 December 2014	**147.110**	**82.785**	**90**	**79.379**	**-14.293**
Comprehensive income of 2015					
Transfers through result allocation 2014:					
• Transfer to the reserves for the balance of changes in investment value of real estate properties				-5.683	
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties					-722
• 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 2014	870	1.435			
Dividend financial year 2014					
Balance sheet as at 31 December 2015	**147.980**	**84.220**	**90**	**73.695**	**-15.015**
Comprehensive income of 2016					
Transfers through result allocation 2015:					
• Transfer to the reserves for the balance of changes in investment value of real estate properties				-5.872	
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties					138
• 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 2015	4.968	6.601			
Dividend financial year 2015					
Merger with subsidiary Stockage Industriel SA				1.033	-763
Balance sheet as at 31 December 2016	**152.948**	**90.821**	**90**	**68.856**	**-15.640**

* from estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

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	Net result of the financial year	TOTAL SHAREHOLDERS' EQUITY
-4.722	**427**	**7.101**	**67.982**	**16.257**	**314.134**
				25.954	25.954
			-5.683	5.683	0
			-722	722	0
-344			-344	344	0
		2.318	2.318	-2.318	0
					2.305
				-20.688	-20.688
-5.066	**427**	**9.419**	**63.550**	**25.954**	**321.704**
				20.582	20.582
			-5.872	5.872	0
			138	-138	0
558			558	-558	0
		3.361	3.361	-3.361	0
					11.569
				-27.769	-27.769
		-270	0		0
-4.508	**427**	**12.510**	**61.734**	**20.582**	**326.085**

8.6. Annexes to the statutory annual accounts

Movements of the number of shares

	2016	2015
Number of shares at the beginning of the financial year	16.239.350	16.143.906
Number of shares issued as optional dividend	545.171	95.444
Number of shares at the end of the financial year	16.784.521	16.239.350
Number of shares entitled to dividend	16.784.521	16.239.350
Adaptations for calculation of the weighted average of the number of shares	0	-38.439
Weighted average number of shares	16.784.521	16.200.911

Non-current financial assets

	2016	2015
Participation Stockage Industriel	0	22.272
Participation Aartselaar Business Center	-288	-207
Participation Mechelen Research Park	1.865	1.895
Participation Mechelen Business Center	3.081	3.159
Fair value financial derivatives	383	0
Total non-current financial assets	**5.041**	**27.119**

The non-current financial assets comprised the value of the participations in the subsidiaries at the end of the financial year and the fair value of a financial derivative (floor) as at 31 December 2016. In February 2016, the company Stockage Industriel nv merged with Intervest.

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 €	2016	2015
Net result	20.582	25.954
Adjustment for non-cash flow transactions included in the net result:		
• Write-downs	274	165
• Depreciations	136	14
• Reversal of depreciations	0	-64
• Other non-monetary elements	889	-4.557
• Result on disposals of investment properties	12.798	-125
• Changes in fair value of investment properties	-2.425	5.396
Corrected result (A)	**32.254**	**26.783**
Profits and losses* realised on real estate during the financial year	-14.378	0
Net gains for realisation of real estate properties non-exempted from mandatory distribution (B)	**-14.378**	**0**
Total (A + B) x 80%	**14.301**	**21.426**
Debt reduction (-)	**-22.453**	**0**
Distribution requirement	**0**	**21.426**

* Profits and losses in respect of the purchase value increased by the activated investment costs.

Intervest does not have a mandatory distribution for financial year 2016 as a result of the debt reduction pursuant to the sale of real estate properties.

Calculation of the result per share

	2016	2015
Net result (€ 000)	20.582	25.954
Weighted average number of shares	16.784.521	16.200.911
Ordinary net result per share (€)	1,23	1,60
Diluted net result per share (€)	1,23	1,60
EPRA earnings (€ 000)	29.044	29.330
Number of shares entitled to dividend	16.784.521	16.239.350
EPRA earnings per share (€)	**1,73**	**1,81**

Proposed dividend per share

The shareholders will be offered a gross dividend of € 1,40 per share for financial year 2016, compared to € 1,71 for 2015. This gross dividend offers shareholders a gross dividend yield of 5,9% based on the closing share price as at 31 December 2016 (€ 23,90).

	2016	2015
EPRA earnings per share (€)	1,73	1,81
Dividend payment expressed as a percentage of the unconsolidated EPRA earnings (%)	81%	95%
Gross dividend per share (€)	1,40	1,71
Remuneration of capital (€ 000)	23.498	27.769

Following the close of the financial year, the board of directors proposed this dividend distribution. It will be presented for approval to the general shareholders' meeting on 26 April 2017. In accordance with IAS 10, the dividend distribution is not included as an obligation and has no impact on the income tax.

Determination of the amount pursuant to article 617 of the Belgian Companies Code

The amount, as referred to in article 617 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 law or the articles of association is determined in Chapter 4 of attachment C of the RREC Royal Decree of 7 December 2010.

in thousands €	2016	2015
Non-distributable elements of shareholder's equity for distribution of profits		
Paid-up capital	152.948	147.980
Unavailable issue premiums, according to the articles of association	90.821	84.220
Reserve for the positive balance of changes in fair value of real estate	53.216	58.680
Reserve for the positive balance of changes in the investment value of real estate	*68.856*	*73.695*
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	*-15.640*	*-15.015*
Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	-4.508	-5.066
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 non-distributable reserve		
Changes in fair value of investment properties*	-2.190	-5.906
Financial year	*3.194*	*-5.906*
Previous financial years	*-5.384*	*0*
Changes in fair value** of investment properties due to disposal of investment properties	-13.791	34
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	587	138
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
Total non-distributable shareholder's equity	**278.720**	**280.728**
Statutory shareholder's equity	**326.085**	**321.704**
Planned dividend distribution	23.498	27.769
Number of shares	16.784.521	16.239.350
Gross dividend per share (€)	1,40	1,71
Shareholder's equity after dividend distribution	**302.587**	**293.935**
Remaining reserves after distribution	**23.867**	**13.207**

* Based on the changes in investment value of investment properties.
** Based on the changes in investment value of investment properties.

For financial year 2016, € 1,40 is paid out per share. The remaining reserve after payment has increased by € 5,5 million compared to the previous financial year. The remaining increase is attributable to the reclassification in the result allocation of the realised profits and losses on the disposals of investment properties. For the notes on this reclassification, please see 8.4 Result allocation.

Encourage PLEASANT working atmosphere irrespective of size and budget

“The Intervest team succeeded in converting an open and limited space into a non-traditional and pleasant working environment.”

André De Vulder - Managing Director

Elma Multimedia - Intercity Business Park - Mechelen

▷ About Elma Multimedia

With over 30 years of experience in developing, realising and running trade-specific publications, these media professionals focus on sector and professional associations.
As the ultimate media partner for associations, Elma Multimedia supports and assists in recruiting, inspiring and committing members of professional organisations.

General information

▼ Intercity Business Park - Elma Multimedia

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 2016, Intervest Offices & Warehouses is shortened to "Intervest" to refer to the company.

Registered office

Uitbreidingstraat 66, 2600 Antwerp-Berchem.

Reachable by phone on +32 3 287 67 67.

Company number (RPR Antwerp)

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"), 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 on 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

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" .

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.

By decision of 2 May 2016, drawn up by deed executed by notary Eric De Bie and published in the Appendices to the Belgian Official Gazette under number 2016-05- 19/0068515, the board of directors of Intervest has conditionally increased the capital in execution of the decision for the allocation of the optional dividend. The Articles of Association were modified most recently by decision of 25 May 2016, drawn up in a deed executed by notary Eric De Bie and deposited at the Registry of the Commercial Court in Antwerp for announcement in the Appendices of the Belgian Official Gazette under number 2016-06-07/078190, whereby the implementation was recorded of the capital increase in 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 commences 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 resolutions relating to 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.
- Important public company documents are available on the website www.intervest.be.

The other publicly accessible documents 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:

III. *real estate as defined in articles 517 and following of the Civil Code, and rights in rem on real estate, with the exclusion of real estate of an architectural, agricultural or mining nature;*
IV. *voting shares issued by real estate companies managed exclusively or jointly by the company;*
V. *option rights to property;*
VI. *shares of public or institutional regulated real estate companies, provided that the latter are jointly or exclusively managed by the company;*
VII. *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;*
VIII. *shares of public property investment funds;*
IX. *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;*
X. *participation rights 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;*
XI. *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 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");

XII. 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 real estate available, the company may execute all activities related to the establishment, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate properties.

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, rebuilding activities adapted to the specific needs of the tenant, ...). 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 conducts 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 general purposes, including social housing and education (in this case the activity may be executed as the main activity).

4.4. Pursuant to intermediate 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 credits and providing securities or guarantees in favour of a subsidiary 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, pursuant to 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 € 126.728.870,79 for a period of five years starting from the publication in the Appendices to the Belgian Official Gazette of the relevant power of authorisation of the general meeting. This authorisation may be renewed.

The board of directors is authorised to increase the nominal capital by contribution in cash or contribution in kind, if applicable through incorporation of the reserves or share premiums, or by issuing convertible bonds or warrants, under regulations provided for by the Belgian Companies Code, these articles of association and 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 set the price, any issue premium and the conditions of issuance for the new shares, unless the general meeting should decide otherwise.

Article 8 — Nature of the shares

The shares are registered shares or are 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 will 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 threshold 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. They will be appointed for a maximum of six years by the general meeting of shareholders, and their appointment may be revoked at any time by the latter. 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.

1 These articles are not complete, nor are they a literal rendering of the articles of association. The full articles of association may be consulted at the registered office of the company and on the website www.intervest.be.

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.

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

To be admitted to a general meeting and to express a vote, depends on the accounting registration of bearer shares of the shareholder on the fourteenth day prior to the general meeting at midnight (Belgian time) (named hereinafter "registration date"), either by subscription to the register of bearer shares of the company, by subscription by an authorised account holder or a settlement body, or by filing the bearer shares with a financial intermediary, regardless of the number of shares held by the shareholder on the day 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% as determined by the RREC Act, as implementation of the decisions taken and regulations observed. This obligation is not detrimental to article 617 of the Belgian Companies Code.

3. Statutory auditor

As at 27 April 2016, Deloitte Bedrijfsrevisoren, bv under the form of a CVBA, member of the Institute of Registered Auditors which is represented by Rik Neckebroeck, having an office in 1930 Zaventem, Luchthaven Nationaal 1 J, has been reappointed as statutory auditor of Intervest. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2019.

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 € 65.100 (excl. VAT) as from the financial year commencing as at 1 January 2016 for the audit of the statutory and consolidated annual accounts.

4. Liquidity provider

In 2003, a liquidity contract was concluded with ING Bank, avenue Marnix 24, 1000 Brussels, to promote the liquidity 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 € 15.000 a year.

5. Property experts

As at 31 December 2016, the property experts of the real estate company are:

- Cushman & Wakefield, 1000 Brussels, avenue des Arts 56. The company is represented by Arnaud de Bergeryck and Ardalan Azari. They value the office portfolio and the Opglabbeek and Liège logistics sites. The fee for financial year 2016 amounted to € 86.568 (excl. VAT).
- Stadim, 2600 Berchem, Uitbreidingstraat 10 - 16, represented by Katrien van Grieken. They value the logistics real estate, except for the Opglabbeek and Liège sites. The fee for financial year 2016 amounted to € 38.257 (excl. VAT).

In accordance with the RREC Act, they value the portfolio four times a year. The fee of the property experts is calculated on the basis of an annual fixed amount per building.

6. Real estate managers

Intervest performs its activities itself and does not delegate the execution of its activities to third parties, apart from the facility management at Mechelen Campus that is managed by the external manager Quares Property and Facility Management nv. This facility management is supervised by the coo of Intervest and as from March 2017, by the technical department, which has built in the necessary internal controls.

7. RREC — legal framework

The Articles of Association of regulated real estate companies (RREC) are stipulated in the Act of 12 May 2014 regarding regulated real estate companies (the RREC Act) and in the Royal Decree of 13 July 2014 concerning regulated real estate companies (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 Fiscal Investment Institutions (FBI-Netherlands), the Sociétés d'Investissement Immobilier Côtées (SIIC - France) and the REIT 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 RREC 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:

- adopt the form of a limited liability company or a limited partnership with a share capital with a minimum capital of € 1.200.000
- a company with fixed capital and a fixed number of shares
- mandatorily listed with an obligatory distribution of at least 30% of the shares in public hands
- 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 options for taking out mortgages
- a debt ratio limited to 65% of the total assets; if the debt ratio exceeds 50%, a financial plan has to be drawn up pursuant to 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,

§3 and §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 by the financial income of the company
- strict rules relating to conflicts of interest
- the portfolio must be recorded at market value without the possibility of depreciation
- a three-monthly estimate of the property assets by independent property experts, based on a quarterly rotation principle
- risk spread: 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 subsidiary companies which take the form of an "institutional RREC" which must operate under the exclusive or joint control of the public RREC in order to be able to implement specific projects with a third, being 1) professional clients such as credit institutions, investment companies and collective investment institutions, or 2) legal persons who can be considered as eligible investor by introducing a simple request to the FSMA without additional conditions having to be fulfilled
- at least three independent directors in the sense of article 526b of the Belgian Companies Code sit on the board of directors
- the fixed fees of directors and the senior managers may not depend on the operations and transactions carried out by the public RREC or its subsidiaries: this therefore prohibits them from being granted a fee based on the turnover. This rule also applies to the variable remuneration. If the variable remuneration is determined according to the result, only the consolidated EPRA earnings may be used as a basis for this.

The aim of these rules is to minimise the risk to shareholders.

8. RREC — tax system

With the RREC Act the legislator has given RRECs a favourable tax status.

An 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 the mandatory dividend payment 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 of 309% 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% as from 1 January 2017, to be withheld when paying the dividend (subject to certain exemptions). The withholding tax has been increased from 27% to 30% as from 1 January 2017 as a result of the Programme act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

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, it must pay a one-time tax (the so-called exit tax) of 16,995% (16,5% plus a crisis contribution of 3%). 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 Belgian 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 16,995% 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 an 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 24 of the Financial report, Intervest disputes this interpretation.

9. Information related to the annual financial reports of 2014 and 2015

- Consolidated annual accounts 2014: p. 139 to p. 187 of the 2014 annual financial report
- Management report covering 2014: p. 19 to p. 137 of the 2014 annual financial report
- Auditor's report covering 2014: p. 188 to p. 189 of the 2014 annual financial report
- Key figures 2014: p. 4 to p. 11
- Consolidated annual accounts 2015: p. 169 to p. 220 of the 2015 annual financial report
- Management report covering 2015: p. 41 to p. 167 of the 2015 annual financial report
- Auditor's report covering 2015: p. 221 to p. 223 of the 2015 annual financial report
- Key figures 2015: p. 25 to p. 33

PERSONS RESPONSIBLE FOR THE REGISTRATION DOCUMENT'S CONTENT

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

a. the 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 reality and no information has been omitted whereby the statement could modify the purpose of the annual report.

Provide FLEXIBLE solutions,
expand TOGETHER

“Our need for more space was accommodated quickly and conscientiously.”

Robert Smulders - Logistics Director - Opglabbeek

▷ About Medtronic

Medtronic is one of the world’s largest companies in the field of medical technology. Medtronic helps alleviate pain, restore health and extend life through innovation and collaboration with partners. During the past year, more than 62 million people have benefited worldwide from medical therapy for the treatment of over 70 major diseases.

Terminology and alternative performance measures

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. This Annual Report 2016 uses the measures; however, 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 this chapter of the Annual Report 2016, 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 guideline.

Acquisition value of an investment property

This term is used to refer to value at the purchase or the acquisition of a property. If transfer costs are paid, they are included in the acquisition value.

Average interest rate of 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.)).

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 €		2016	2015
Net interest charges	A	9.329	11.011
Weighted average debt for the period	B	293.098	310.034
Average interest rate of the financing (based on 360/365) (%)	**=A/B**	**3,1%**	**3,5%**

Contractual rents (previously current rents)

These are the gross indexed annual rents, laid down contractually in the rental agreements on the date on which the latter are concluded 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 paragraph 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 guideline. 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.

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 investment properties 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 investment properties, divided by the market value of the portfolio, increased by the estimated transaction rights and costs in the event of 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 treated as hedge accounting in accordance with IAS 39) and other non-distributable elements based on the statutory annual account of Intervest nv.

Application - The EPRA earnings 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). 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 €	2016	2015
Net result	20.582	25.952
Eliminated from the net result (+/-):		
• Result on disposals of investment properties	12.798	-125
• Changes in fair value of investment properties	-2.425	5.347
• Other result on portfolio	-363	243
• Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.547	-558
• Other non-distributable elements based on the statutory annual account of Intervest nv.	0	0
EPRA earnings	**29.044**	**30.859**

EPRA earnings per share✪

Definition - The EPRA earnings per share are the EPRA earnings divided by the weighted average number of shares at year-end.

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		2016	2015
EPRA earnings (in thousands €)	A	29.044	30.859
Weighted average number of shares	B	16.784.521	16.239.350
EPRA earnings per share (in €)	**=A/B**	**1,73**	**1,90**

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.

Specifically, this means that the fair value 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).

Free float

Free float is the number of shares circulating freely on the stock exchange and therefore not publicly owned. 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.

Gross yield

The gross yield is calculated as the ratio of the contractual rent and the fair value of investment properties.

Interest cover 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 short 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 an independent property expert, and including the transfer costs without deduction of the registration fee. 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 was increased from 27% to 30% (except in case of certain exemptions) as from 1 January 2017 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.

Reconciliation		2016	2015
Net result (in thousands €)	A	20.582	25.952
Weighted average number of shares	B	16.784.521	16.200.911
Net result per share (in €)	**=A/B**	**1,23**	**1,60**

Net value (fair value) per share

Total shareholders' equity attributable to the equity holder of the parent company (therefore, after deduction of the minority interests) divided by the number of shares at the end of the year (perhaps 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 share price.

Net value (investment value) per share✪

Definition - Total shareholders' equity attributable to the equity holder of the parent company (therefore, after deduction of the minority interests) increased with the reserve for the impact on the fair value of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares at the end of the year (after deduction of own shares).

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 share price.

Reconciliation		2016	2015
Shareholders' equity attributable to the share-holders of the parent company (in thousands €)	A	326.085	321.703
Reserve for the impact on fair value of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties (in thousands €)	B	15.862	15.236
Shareholders' equity attributable to the shareholders of the parent company - investment value (in thousands €)	**C=A+B**	**341.947**	**336.939**
Number of shares at year-end	D	16.784.521	16.239.350
Net value (investment value) per share (in €)	**=C/D**	**20,37**	**20,75**

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.

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 profit before result on portfolio, divided by the rental income.

Application - The operating margin provides an indication on 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 €		2016	2015
Operating profit before result on portfolio	A	38.226	42.082
Rental income	B	45.280	46.147
Operating margin (%)	**=A/B**	**84%**	**91%**

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 the disposal of investment properties, (ii) the changes in the fair value of investment properties, and (iii) the other result on portfolio.

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 €	2016	2015
Result on disposals of investment properties	-12.798	125
Changes in fair value of investment properties	2.425	-5.347
Other result on portfolio	363	-243
Result on portfolio	**-10.009**	**-5.465**

Return of a share

The return of a share in a certain period is equal to the gross return. This gross return 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).

RREC Act

The Act of 12 May 2014 on regulated real estate companies.

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 daily and the number of capital shares.

Turnover rate

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

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.

Notes

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This annual report is a registration document as referred to in 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 the registration document was approved by the FSMA on 21 March 2017 in accordance with art. 23 of the aforementioned Act. This approval does not in any way consist of an opinion on the part of the FSMA regarding the company's situation. The Dutch-language version of this annual report and its French and English translations are available on the company's website (www.intervest.be).

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REAL
ESTATE

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