

## Summary for 2016

- Announcement of a **solid growth plan** towards a real estate portfolio of € 800 million over the next three years, based on reorientation in the office portfolio and the further expansion of logistics real estate. Logistics real estate can be located in **Belgium, The Netherlands as well as in Germany**.
- Portfolio **reshuffle** started through **divestment** of four office buildings and one semi-industrial building in the Brussels periphery.
- **Expansion** on the **Intercity Business Park** in Mechelen by the purchase of two strategically located buildings.
- Opening of **Greenhouse Antwerp with 2nd RE:flex**, an office building geared to the new way of working, with a green façade, trendy meeting facilities and the Greenhouse Café.
- Agreement for **the building** of new distribution centre of 12.200 m<sup>2</sup> on Herentals Logistics 3 site.
- Proportion of **51% of logistics real estate and 49% office buildings** as at 31 December 2016 (49% and 51% respectively at the end of 2015).
- **Occupancy rate improvement: 91%** as at 31 December 2016 (90% as at 31 December 2015); the occupancy rate of the office portfolio increased by 1% in 2016 to 86%, while the occupancy rate of the logistics portfolio also increased by 1% to 96%.
- **50 lease agreements** concluded or prolonged, representing **24%** of the rental income, activity mainly in the **logistics portfolio**.
- **EPRA earnings** amounted to € 1,73 per share in 2016 (€ 1,90 in 2015).
- The **gross dividend** in accordance with the strategy announced was **€ 1,40** per share for financial year 2016, as a result of which, according to the closing share price as at 31 December 2016, it results in a gross dividend yield of 5,9% (€ 1,71 for 2015).
- The **pay-out ratio** of the dividend is **81%** in 2016 (90% for 2015).
- As at 31 December 2016, the **fair value** of the total real estate portfolio amounted to **€ 611 million**.
- The **fair value** of the existing real estate portfolio (excluding acquisitions and divestment) increased in 2016 by 0,4%<sup>1</sup>. The logistics segment recorded a 1,2%<sup>2</sup> increase in value, whereas the office segment depreciated by 0,6%<sup>3</sup>.
- **Strengthening** of the **shareholders' equity** by € 11,6 million through the **optional dividend**, with 57% of shareholders choosing shares.
- **Debt ratio: 45,7%** as at 31 December 2016 (48,2% as at 31 December 2015).
- **Average interest rate of the financing: 3,1%** in 2016 (3,5% in 2015); only 4% of the credit lines need to be refinanced in 2017.
- As of 1 August Jean-Paul Sols, ceo and Inge Tas, cfo are **entirely and exclusively** dedicated to Intervest.

1 With unchanged composition of the total real estate portfolio compared with 31 December 2015.

2 With unchanged composition of the logistics portfolio compared with 31 December 2015..


3 With unchanged composition of the office portfolio compared with 31 December 2015..

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### ANNEXES: Financial statements

### Alternative performance measures and the term “EPRA earnings”

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. This press release 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 a lexicon on the [www.intervest.be](http://www.intervest.be) website, called “Terminology and alternative performance measures”. The alternative performance 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, please visit [www.epra.com](http://www.epra.com).

## 1. Operating activities in 2016

### 1.1. General evolution

Intervest Offices & Warehouses (hereinafter referred to as "Intervest") announced a strong growth plan in March 2016. The company wants 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 emphasis shift** that was started a few years ago to a proportion of 60% of logistics real estate and 40% of office buildings will continue to be maintained. 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.

*In 3 years to*  
**€ 800 million**

The proportion 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 is a shift of 15% of the offices portfolio towards the logistics real estate market over the past 5 years.

*Shift of*  
**2%** *towards*  
*logistics real estate*

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

There will be additional investments in logistics real estate at strategic locations and this will parallel the reorientation of the offices 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**. This, combined with the **active asset management** already in existence, will improve the foundations of the real estate portfolio.

*Active asset management*

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

At the **investment** level Intervest expanded its office buildings at Intercity Business Park in Mechelen in 2016 by purchasing two buildings in order to create the possibility of offering its current customers appropriate facilities in the long term.

*Investment and*  
*expansions*

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 floor 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.

*More than*  
*square metres*

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 and Rogue Benelux, 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

*Tailoring logistics space*  
*to the wishes*  
*of the customer*

of 12.200 m<sup>2</sup>, 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 during the course of 2017.

**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  
offices into  
inspiring,  
innovative  
environments*

In 2016, **50 lease agreements** were concluded or prolonged, representing 24% of the rental income. The rental activity occurred mainly 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 financial year 2016. The decrease by € 1,9 million compared to 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.

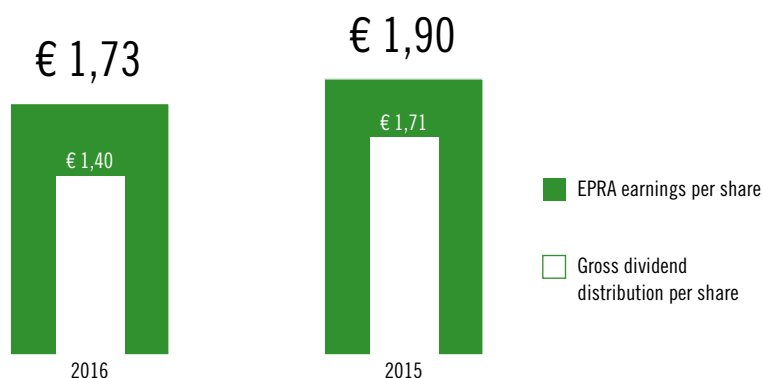
Taking into account 16.784.521 dividend-entitled shares, this means **EPRA earnings per share** of € 1,73 for the financial year of 2016, compared to € 1,90 last year.

*EPRA earnings*  
**€ 1,73**

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

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. Therefore, the shareholders are offered a **gross dividend** of € 1,40 for the financial year of 2016 (€ 1,71 for the financial year of 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**



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 among a broad basis 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.

*Free float to*

**82%**

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 trust in Intervest.

**57%**

*choose for optional dividend*

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 the financial year of 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.

**3,1%**

*average financing cost*

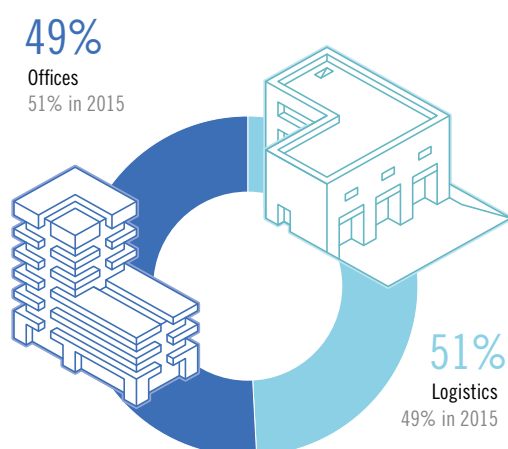
In April 2016, Intervest implemented a reshuffle of its board of directors pursuant to the changed shareholder structure and for the purpose of carrying out the company's growth plans. With regard to the **management committee**, Jean-Paul Sols, ceo, and Inge Tas, cfo, have been at the exclusive disposal of Intervest since August 2016. As from 1 May 2016, 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 and function after 8 years as chief operating officer. The management committee will consist of the ceo, cfo and cio as from 31 March 2017.

*Dedicated management*

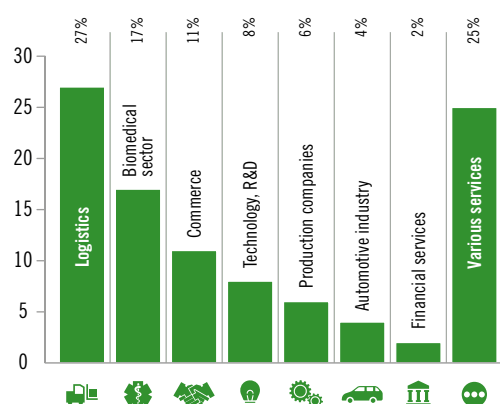
## 1.2. Evolution of the real estate portfolio

Intervest focuses on an investment policy based on the principles of high-quality professional real estate and respecting the criteria of risk diversification based on building type, geographical spread and nature of tenants. As at 31 December 2016 this risk spread was outlined as follows.

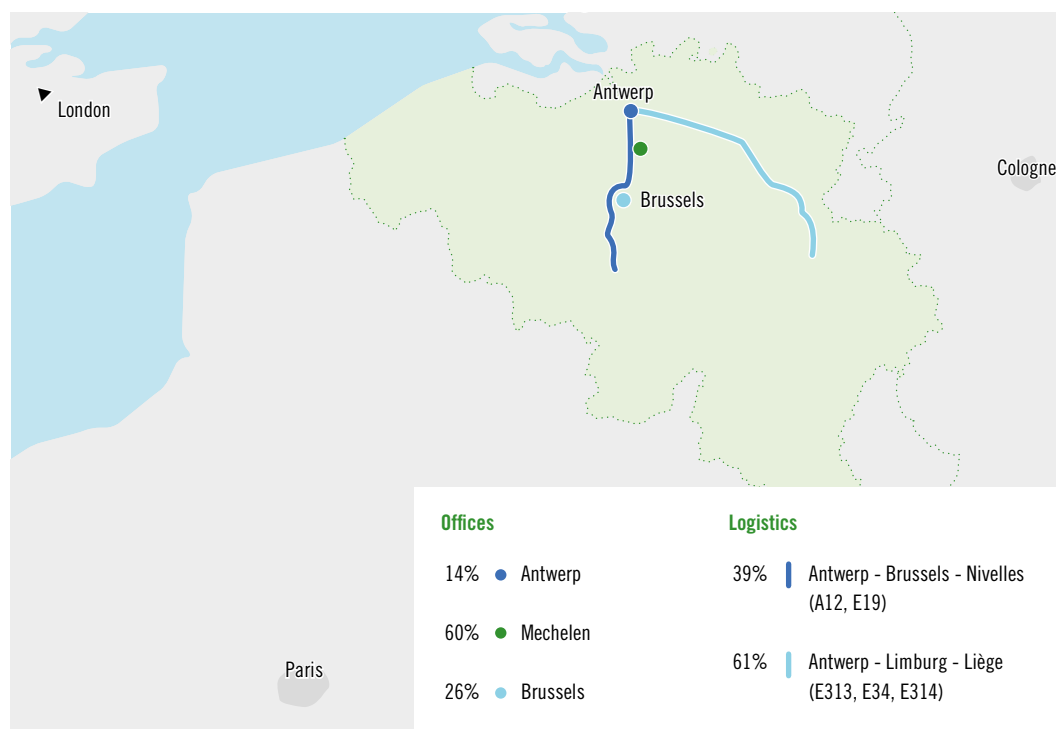
### Nature of the portfolio<sup>1</sup>



### Sectoral spread of tenants<sup>2</sup>



### Geographical spread portfolio<sup>3</sup>



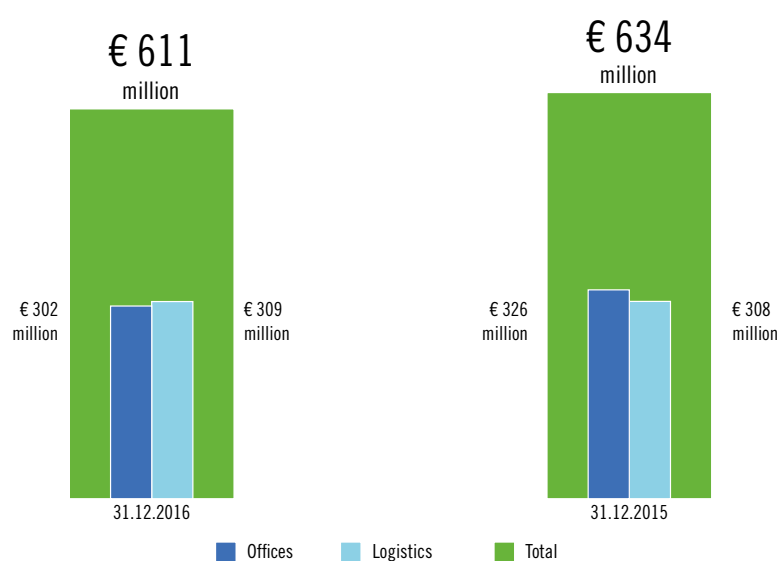
1 Percentages based on the fair value of investment properties at the end of the year.  
2 Percentages based on the annual rental income.  
3 Percentages based on the fair value of investment properties as at 31 December 2016.

## Fair value of investment properties

The **fair value of the investment properties** of Intervest decreased by € 23 million in 2016, and as at 31 December 2016 it amounted to € 611 million (€ 634 million as at 31 December 2015).

The fair value of the **logistics portfolio** increased by approximately € 1 million by an increase of € 4 million in the fair value of the current logistics real estate portfolio (new leases, extensions of current lease agreements, stronger yields for certain premium buildings), € 3 million as a result of investments and expansions of the current logistics portfolio and € -6 million pursuant to the divestment of a semi-industrial building in the Brussels periphery.

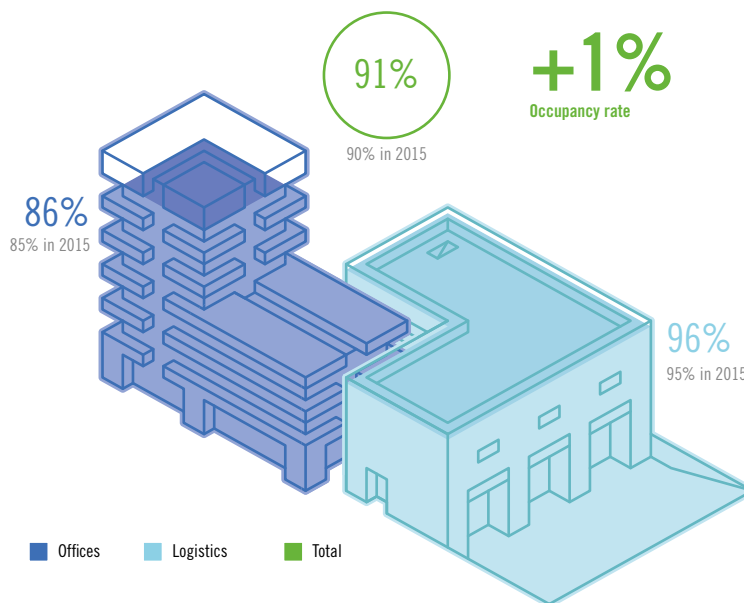
The fair value of the **office portfolio** decreased by approximately € 24 million, primarily as a result of the combined effect of € -34 million divestment of four office buildings, € 7 million for the acquisition of 2 expansions at Intercity Business Park in Mechelen, € -1 million following the slight decrease of the fair value of the current office portfolio and € 4 million investment in the current office portfolio.



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

## Occupancy rate

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.



*The total occupancy rate of Intervest improved by 1% in 2016 and totalled 91%.*



▲ Intercity Business Park - Biocartis



### 1.3. Investments and projects

Intervest focused on the growth of the logistics real estate portfolio in 2016 with its strategic objective 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 expanded with the building of a cross-dock warehouse of about 3.600 m<sup>2</sup>. In Herentals the construction of a new building of about 12.200 m<sup>2</sup> storage has started.

Investments in the **office segment** were made in 2016 to reinforce and firmly establish its position in Mechelen by acquiring two buildings at Intercity Business Park. In Berchem, Greenhouse Antwerp opened with a 2nd RE:flex. The works for Greenhouse BXL with a 3rd RE:flex, have started in the first quarter of 2017.

#### Expansions at Intercity Business Park in Mechelen

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



▲ Intercity Business Park -  
Acquisition Generaal de Wittelaan 11C

In August 2016 Intervest purchased the building located at Generaal de Wittelaan 11C in Mechelen to expand its current investments at Intercity Business Park. The property is adjacent to the buildings already owned by Intervest at this location. Intervest already owns around 42.500 m<sup>2</sup> 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, Galàpagos, SGS Belgium and LabCorp.

The building at Generaal de Wittelaan 11C in Mechelen consists of 6.990 m<sup>2</sup> of storage space, 1.358 m<sup>2</sup> of offices and social spaces, 135 parking spaces and the ground surface area is 13.578 m<sup>2</sup>.

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.



▲ Intercity Business Park -  
Acquisition Generaal de Wittelaan 9/5

In December 2016 Intervest further expanded Intercity Business Park by purchasing a small building located next to it at Generaal de Wittelaan 9/5. With 1.382 m<sup>2</sup> of storage space, 1.850 m<sup>2</sup> 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.

## Greenhouse Antwerp, with 2nd RE:flex

*In September 2016 Intervest officially opened  
Greenhouse Antwerp with a 2nd RE:flex.*

▼ Greenhouse Antwerp



Intervest took its next step to reorient the office portfolio with the inauguration of Greenhouse Antwerp and of the 2nd 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, 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 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 reducing 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 has shown that green walls have a positive impact on the insulation performance of buildings. These properties combined with substrate, plants and air trapped in the green façade system provide 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 m<sup>2</sup>. The total investment, spread over financial years of 2015 and 2016 amounted to approximately € 4 million.



▲ Greenhouse Antwerp -  
RE:flex Berchem

*“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.”*

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.

## Greenhouse BXL, with 3rd 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 start of 2017, the office buildings at Diegem Campus are vacant with the departure of tenant Deloitte. 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 building permit for this redevelopment is obtained and the works start during the first quarter of 2017. This 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 tranquility,

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 have been provided. Users can also call on a service desk, which ensures a personalised approach within the scope of the customer's needs.

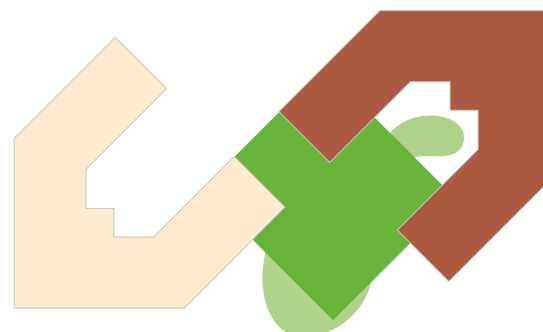
The total investment planned, which is provided for financial year 2017, amounts to approximately € 8 million. This investment will be financed from the company's available credit lines.

*In 2016 Intervest started redeveloping the office site Diegem Campus into Greenhouse BXL with a 3rd Re:flex.*



▲ Greenhouse BXL - Artist impression

▼ Greenhouse BXL - Floor plan



- Existing building B
- Existing building A
- New construction patio
- Terraces

## Logistics redevelopment project Herentals Logistics 3

*Intervest redevelops Herentals Logistics 3 by building a new distribution centre of approximately 12.200 m<sup>2</sup>, for Schrauwen Sanitair en Verwarming.*



▲ Herentals Logistics 3 - Artist impression

This planned investment of approximately € 4 million falls within the scope of the growth strategy of Intervest. This consists of further developing its portfolio in logistics real estate in a customer-driven manner through, for example, developments in locations offering 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 the site can be seen. The new distribution centre comprises approximately 9.000 m<sup>2</sup> of warehouses, 2.000 m<sup>2</sup> of mezzanine and 1.500 m<sup>2</sup> of social space and offices. Furthermore, the site offers further expansion possibilities for an additional warehouse of approximately 8.000 m<sup>2</sup>.

A long-term lease agreement for 15 years has been signed with the lessee, Schrauwen Sanitair en Verwarming, with the first termination possibility 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 is expected to be ready for delivery in the middle of 2017. The necessary permit was obtained and the building works have started at the beginning of 2017.

*“This project fits in perfectly with the strategy to grow in the logistics real estate segment also through redevelopments 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.”*



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

### *Intervest expands its logistics site in Liège for its current tenants*

Intervest expanded in the second semester of 2016 its existing logistics site in Liège with the development of a new building. This expansion was necessary to ease the growth of the already present tenants CooperVision Distribution and Vincent Logistics on the existing location.

The new construction is a cross-dock warehouse with a limited storage capacity of approximately 3.600 m<sup>2</sup>.

The works were terminated before the end of 2016 and the building is delivered and occupied.

The investment amounted to about € 2,3 million. This project generates rental income as from 1 January 2017. At the same time the terms of the lease agreements for the other buildings on the site were prolonged on the long term.



▲► Liège -Extension



## 1.4. Divestment: five properties in Brussels periphery

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. 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 m<sup>2</sup> of offices, 4.000 m<sup>2</sup> of storage space, 2.500 m<sup>2</sup> 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 would have decreased to 60% as from 1 January 2017 after the departure of tenant Deloitte from 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 taxation 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.

### Impact of the transaction

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

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 financial year 2017.

The effect of this sales transaction on the EPRA earnings is approximately negative 9 euro cents per share per year. This impact is 6 euro cents for financial year 2016. The negative effect of this transaction on the net value (fair value) per share is approximately 80 euro cents.

## 1.5. Rental activity

Intervest had another very active year in the area of **leases** in 2016: 24% of annual net rental income was extended or renewed. A total of 50 rental transactions for 216.980 m<sup>2</sup> were concluded with new or existing tenants, mainly in the logistics portfolio. This was 19% of the net annual rental income in 2015, when there were 62 transactions representing 117.612 m<sup>2</sup>.

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

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

*In 2016, 50 lease agreements were concluded or prolonged, representing 24% of the rental income.*

▼ Wilrijk 2 - Toyota Material Handling



▼ Inter Access Park - Edwards Lifesciences



## Rental activity in the logistics portfolio

In 2016 there was much rental activity in Intervest's logistics portfolio. The new tenants made up 7% of the annual rental income of this segment and prolongations with existing tenants made up 35%. A total of approximately 204.000 m<sup>2</sup> of rental transactions were concluded (with the total logistics portfolio at approximately 500.000 m<sup>2</sup>).

### New tenants

New lease agreements for a surface area of 38.029 m<sup>2</sup> in 6 transactions were entered into Intervest's logistics portfolio in 2016. This represents an increase compared to 2015, when rental agreements were concluded for a surface area of 24.966 m<sup>2</sup> in 5 transactions

The most important transactions of 2016 were rentals to:

- Delhaize Group in Puurs for 16.536 m<sup>2</sup>
- Schrauwen Sanitair en Verwarming at Herentals Logistics 3 (new construction) for approximately 12.200 m<sup>2</sup>
- Rogue Benelux in Schelle for 5.035 m<sup>2</sup>
- Ikea Belgium in Wilrijk for 3.653 m<sup>2</sup>.

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

In 2016, in the logistics portfolio, lease agreements for a surface area of 165.575 m<sup>2</sup> were prolonged or extended in 12 transactions. A surface area of 54.478 m<sup>2</sup> 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 m<sup>2</sup>
- prolongation and extension of Vincent Logistics in Liège for 27.967 m<sup>2</sup>
- prolongation and extension of CooperVision Distribution in Liège for 16.096 m<sup>2</sup>
- prolongation of Pharma Logistics in Huizingen for 17.478 m<sup>2</sup>
- prolongation of DHL Supply Chain (Belgium) in Opglabbeek for 14.660 m<sup>2</sup>
- extension of Toyota Material Handling in Wilrijk for 12.419 m<sup>2</sup> (2 transactions).



▲ Puurs - Delhaize Group



## 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 with existing tenants made up 6%. A total of approximately 13.000 m<sup>2</sup> of rental transactions were concluded (with the total office portfolio at approximately 209.000 m<sup>2</sup>).

### New tenants

In 2016, new rental agreements were concluded in the offices portfolio of Intervest for a total surface area of 3.431 m<sup>2</sup> with 11 new tenants attracted, mainly in Mechelen and Antwerp (there were 12 new tenants for a total surface area of 4.693 m<sup>2</sup> in 2015).

The most important transactions of 2016 were rentals to:

- Bluebee Belgium at Mechelen Campus for 574 m<sup>2</sup>
- VIBA at Mechelen Campus for 425 m<sup>2</sup>
- Sundio Group Belgium in Antwerp Gateway House for 367 m<sup>2</sup>
- Cook & Style in Berchem Greenhouse Antwerp for 365 m<sup>2</sup>
- DPS Engineering Belgium at Mechelen Campus for 279 m<sup>2</sup>
- Elma Multimedia in Mechelen at Intercity Business Park for 274 m<sup>2</sup>

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

In the office portfolio in 2016, ongoing lease agreements for an area of 9.944 m<sup>2</sup> were renegotiated or renewed in 21 transactions. A surface area of 33.475 m<sup>2</sup> was renegotiated in 36 transactions during the same period in 2015.

The most important transactions of 2016 were:

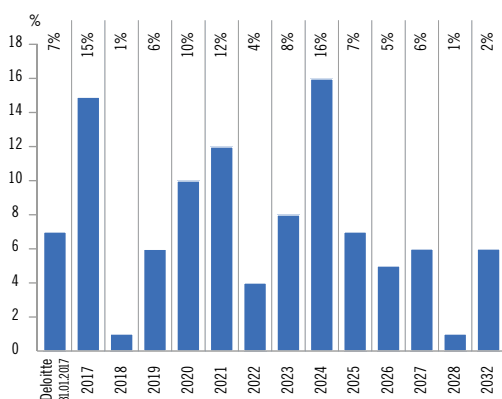
- extension of Galápagos at Mechelen Campus for 1.732 m<sup>2</sup> (in 2 transactions)
- prolongation of Imperial Tobacco Benelux at Mechelen Campus for 1.506 m<sup>2</sup>
- prolongation of Karel de Grote Hogeschool in Antwerp Gateway House for 1.431 m<sup>2</sup>
- extension of Biocartis for 1.017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



▲ Mechelen Campus - Galápagos

## 1.6. Duration of lease agreements in portfolio

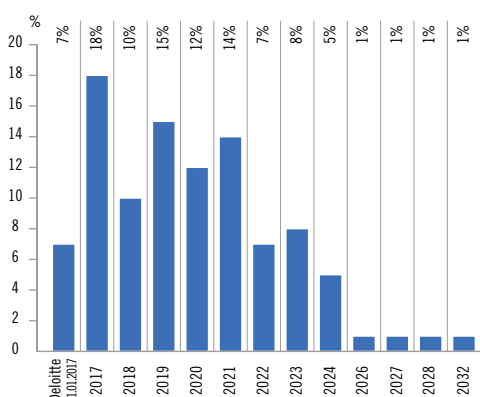
### Final expiry dates of the agreements in the entire portfolio



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 being conducted with several of the other tenants to extend agreements.

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

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



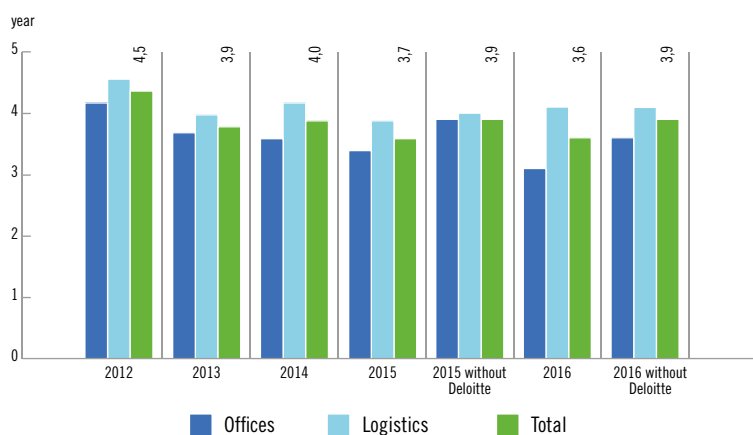
As most agreements are of the type 3/6/9, tenants have the possibility to end their lease agreements every three years. The graph gives the first expiry dates of all lease agreements (this can be the final expiry date or an interim expiry date). Because Intervest has several long-term agreements, not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

## Average remaining duration of the agreements until the next break<sup>1</sup>

Entire portfolio

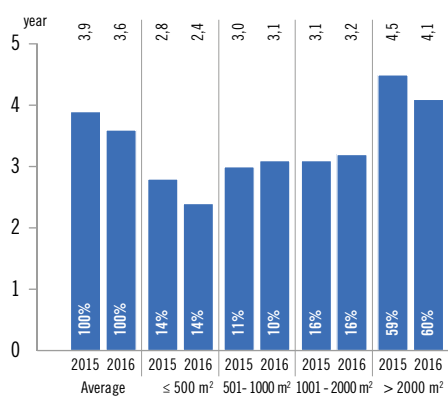


*As at 31 December 2016, the average remaining duration of lease agreements in the entire portfolio was 3,9 years, the same as at 31 December 2015.*

<sup>1</sup> 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 have also been added without the Deloitte agreements.

## Offices

*As at 31 December 2016, the average remaining duration of lease agreements in the office portfolio was 3,6 years as compared to 3,9 years as at 31 December 2015. For surface areas above 2.000 m<sup>2</sup>, it was 4,1 years as compared to 4,5 years as at 31 December 2015.*



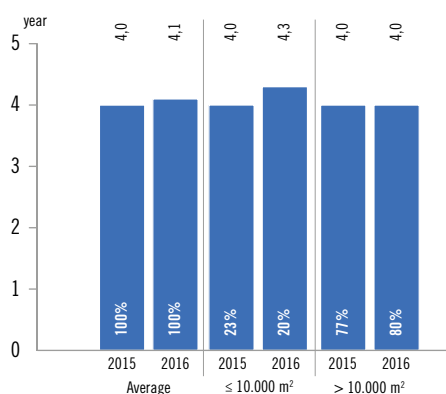
The average remaining lease period duration until the next expiry date amounted to 3,6 years as at 31 December 2016, as compared to 3,9 years as at 31 December 2015. It can be clearly concluded from the graph that the average remaining lease period rises, the larger the area rented. For large office tenants (above 2.000 m<sup>2</sup>), which comprise 60% of the office portfolio and thus have a major influence on the overall recurring rental income flow, the next expiry date (as at 1 January 2017) is, on average, only after 4,1 years.



▲ Mechelen Campus - Cochlear

## Logistics real estate

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



For the logistics properties, the average lease period 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 due to the renewal of a number of important 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 (above 10.000 m² in storage halls) the next expiry date, on average, is in 4,0 years (4,0 years as at 31 December 2015).



▲ Herentals Logistics 1 - Yusen Logistics

## 2. Financial annual results 2016

### 2.1. 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
<b>Property result</b>	<b>45.613</b>	<b>49.025</b>
Property charges	-5.242	-5.319
General costs and other operating income and costs	-2.145	-1.624
<b>Operating result before result on portfolio</b>	<b>38.226</b>	<b>42.082</b>
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
<b>Operating result</b>	<b>28.216</b>	<b>36.617</b>
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
<b>NET RESULT</b>	<b>20.582</b>	<b>25.952</b>
<b>Note:</b>		
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

## Analysis of the results<sup>1</sup>

For financial year 2016, **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 caused 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 lease agreements.

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

The **property management costs and income** in 2016 showed a revenue of € 0,5 million (€ 2,8 million). The decrease by € 2,3 million in respect of the previous financial year related to the one-time profit taken from the refurbishment fee in the amount of € 2,5 million in 2015, of the departing 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.

<sup>1</sup> Between brackets the comparable figures of financial year 2015.

The **changes in the fair value of investment properties** were also 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 account 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 yields 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 were 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 outstanding credit facilities of the company is 3,1% including bank margins for financial year 2016 (3,5%).*

The **changes in fair value of financial assets and liabilities (ineffective hedges)** included the decrease in the negative market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of € 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 larger workforce, which is partly compensated for by new investments, lower financing costs and a fall in the tax cost
- the **result on portfolio** 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 fair value of financial assets and liabilities (ineffective hedges)** in the amount of € 1,5 million (€ 0,6 million).

This represented EPRA earnings of € 29,0 million (€ 30,9 million) for Intervest for the financial year of 2016. Taking into account the 16.784.521 shares, this results in **EPRA earnings per share** of € 1,73 as compared to € 1,90 per share for the financial year of 2015.



Without taking into account the one-time € 2,5 million refurbishment fee allocated 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 for financial year 2016 is 1 euro cent lower than for the financial year of 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.<sup>1</sup>*

Therefore, the shareholders can be offered a **gross dividend** of € 1,40 for financial year 2016 (€ 1,71 for the financial year of 2015). This equals a pay-out ratio of 81%<sup>2</sup> 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).

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
<b>Pay-out ratio (%)</b>	<b>81%</b>	<b>90%</b>
<b>Gross dividend(€)</b>	<b>1,40</b>	<b>1,71</b>
<b>Percentage withholding tax</b>	<b>30%</b>	<b>27%</b>
<b>Net dividend (€)</b>	<b>0,9800</b>	<b>1,2483</b>

\* 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 Program Act of 25 December 2016, published in the Belgian Gazette of 29 December 2016.

- 1 Subject to approval by the annual general meetings to be held in 2017, 2018 and 2019.
- 2 Intervest Offices & Warehouses is a regulated real estate company with a legal distribution obligation of at least 80% of the operating distributable result, adjusted to non-cash flow elements, realised value gains and losses on investment properties and debt decreases.

## 2.2. Consolidated balance sheet

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

<b>BALANCE SHEET INFORMATION PER SHARE</b>	31.12.2016	31.12.2015
Number of shares at year-end	16.784.521	16.239.350
Number of dividend-entitled shares	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 to net value (fair value)	23%	23%
Debt ratio (max. 65%)	45,7%	48,2%

## Assets <sup>1</sup>

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

The **non-current assets** consisted 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 prolongations of existing lease agreements and to the stronger yields for certain premium buildings of the company
  - € 3 million due to investments and extensions 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 on 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 at Intercity Business Park in Mechelen
  - € -1 million or 0,6% due to the slight decrease of the fair value of the existing offices portfolio, mainly due to adaptation of the yields of certain office buildings in the Brussels periphery
  - € 4 million investments in the existing offices 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.

<sup>1</sup> The figures between brackets are the comparable figures for financial year 2015.

## Liabilities<sup>1</sup>

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 is mainly due to the net result of the financial year of 2016 and the optional dividend for the financial year of 2015.

For the **dividend** distribution for financial year 2015, the shareholders of Intervest chose 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 strengthening 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 of 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** of the company 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 company's **reserves** amounted to € 62 million (€ 64 million).

On 31 December 2016, the **net value (fair value)** of a share was € 19,43 (€ 19,81). As the share price of the 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.

The **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 income.

The **debt ratio** of the real estate company amounted to 45,7% as at 31 December 2016 (48,2% as at 31 December 2015). The decrease by 2,5% in the debt ratio was mainly the combined effect of the sales of the investment properties in June 2016 and the success of the optional dividend in May 2016.

*The debt ratio amounted at 45,7% as at  
31 December 2016*

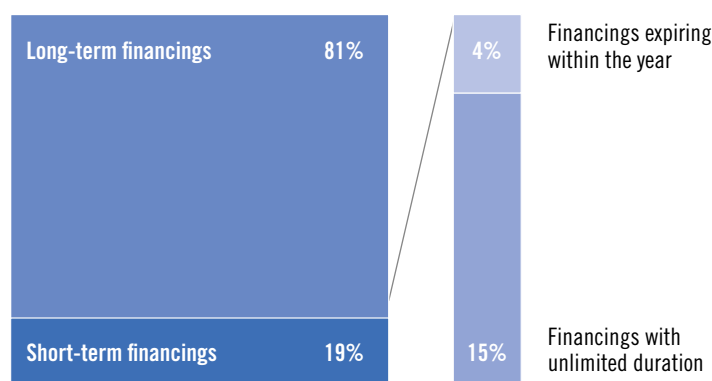
<sup>1</sup> The figures between brackets are the comparable figures for financial year 2015.

## 2.3. Financial structure

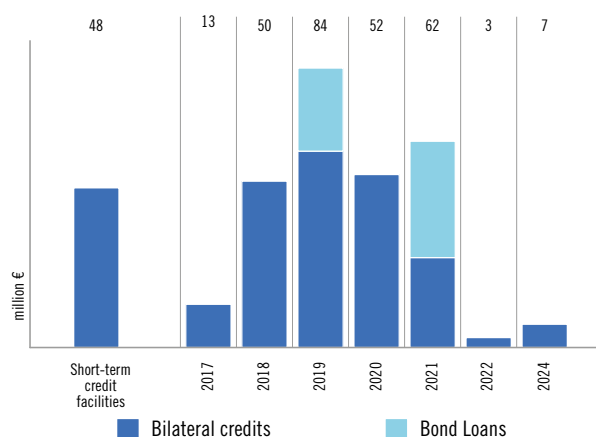
The financial policy of Intervest is aimed at optimally financing the company's growth strategy. For this purpose, there is an attempt to achieve an equilibrium in the debt-shareholders' equity ratio, where the intention is to keep the debt ratio between 45% and 50%. Intervest ensures that there are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

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

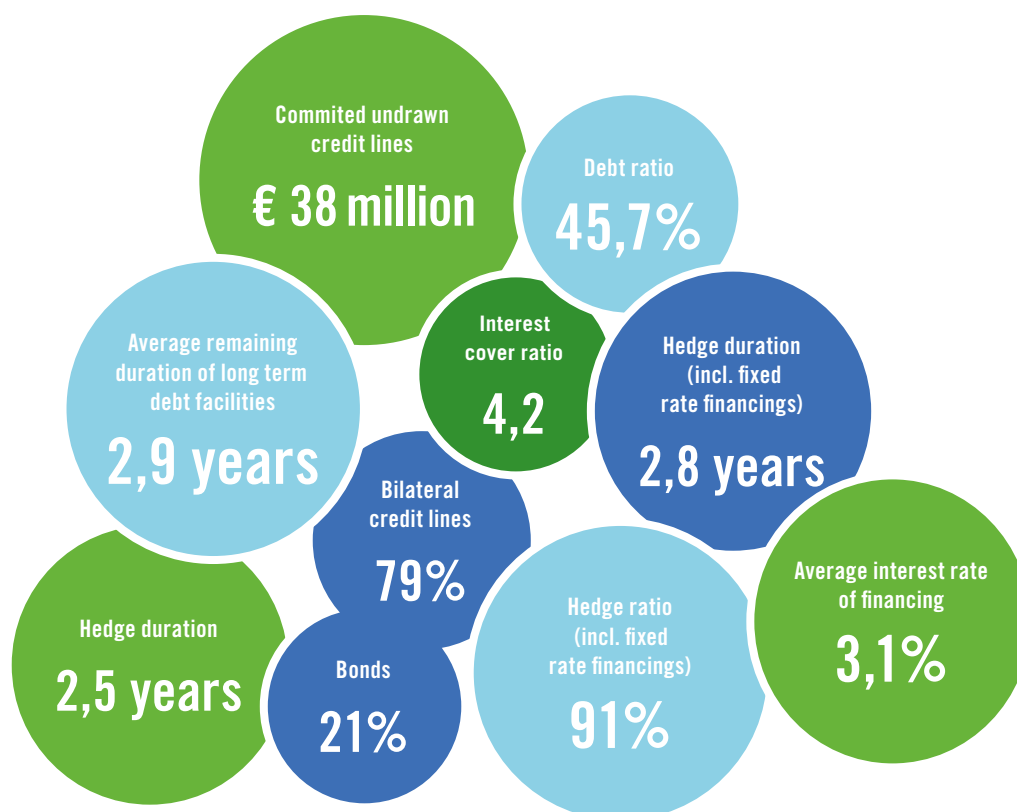
- amount of financial debts: € 282 million (excluding the market value of financial derivatives)
- 81% long-term financing agreements with an average remaining duration of 2,9 years
- 19% short-term financing agreements, consisting of 15% of financing with an unlimited duration (€ 48 million), for 4% consisting of credit facilities expiring in 2017 (€ 13 million)



- spread of the expiry dates of credit facilities between 2017 and 2024



- spread of credit facilities over 6 European financial institutions and bond holders
- € 38 million non-withdrawn committed credit lines
- interest 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)
- fixed rates are set for a remaining period of 2,8 years on average
- as at 2 January 2017 interest rate swaps expired for a notional amount of € 60 million. 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 as at 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 existing contracted agreements, the RREC fulfilled its agreements as at 31 December 2016.



### 3. Outlook for 2017

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

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 built-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 here in 2017.

Besides these leases in Diegem, Intervest aims to keep the number of **new leases, prolongations and extensions** 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 for by new investments, additional leases and by the further decrease in the average interest rate for financing<sup>1</sup> because € 60 million interest rate swaps at high interest rates 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.

<sup>1</sup> Assuming that interest 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<sup>1</sup> 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 what they want, 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 where there is space for start-ups, co-working, overflow space and a wide range of meeting rooms. Greenhouse BXL also provides an auditorium 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.

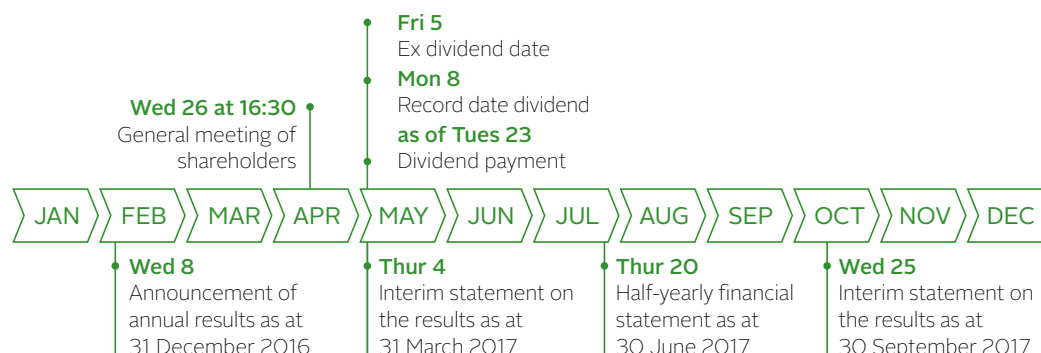
As in previous years, Intervest will keep up its efforts in the area of **sustainability and care for the environment**. The company will present the buildings in its portfolio to BREEAM for certification. There is the intention to have a number of additional sites assessed according to the BREEAM-In-Use 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 is further developed 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.



## 4. Financial calendar 2017



The annual report for the financial year of 2016 will be available on the company's website ([www.intervest.be](http://www.intervest.be)) as from 24 March 2017.

**Intervest Offices & Warehouses nv**, (hereafter Intervest), is a public regulated real estate company (RREC) founded in 1996 of which the shares are listed on Euronext Brussels (INTO) as from 1999. Intervest invests in high-quality Belgian office buildings and logistics properties that are leased to first-class tenants. The properties in which the Intervest invests, consist primarily of up-to-date buildings that are strategically located outside municipal centres. The offices of the real estate portfolio are situated on the Antwerp - Mechelen - Brussels axis; the logistics properties on the Antwerp - Brussels - Nivelles and Antwerp - Limburg - Liège axis. Intervest distinguishes itself when leasing space by offering more than square metres only. The company goes 'beyond real estate' by offering turnkey solutions: a tailor-made global solution with the customer going from plans, design, coordination of works to budget monitoring.

**For more information, please contact:**  
INTERVEST OFFICES & WAREHOUSES nv,  
public regulated real estate company under Belgian law,  
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<http://corporate.intervest.be/en/offices>

## ANNEXES: FINANCIAL STATEMENTS<sup>1</sup>

### 1. CONSOLIDATED INCOME STATEMENT

in thousands €	2016	2015
Rental income	45.280	46.147
Rental-related expenses	-157	30
<b>NET RENTAL INCOME</b>	<b>45.123</b>	<b>46.177</b>
Recovery of property charges	683	3.183
Recovery of rental charges and taxes normally payable by tenants on let properties	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	-7.880	-9.388
Other rental-related income and expenses	219	74
<b>PROPERTY RESULT</b>	<b>45.613</b>	<b>49.025</b>
Technical costs	-1.084	-1.211
Commercial costs	-337	-263
Charges and taxes on unlet properties	-475	-783
Property management costs	-2.979	-2.791
Other property charges	-367	-271
<b>Property charges</b>	<b>-5.242</b>	<b>-5.319</b>
<b>OPERATING PROPERTY RESULT</b>	<b>40.371</b>	<b>43.706</b>
General costs	-2.232	-1.768
Other operating income and costs	87	144
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>38.226</b>	<b>42.082</b>
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
<b>OPERATING RESULT</b>	<b>28.216</b>	<b>36.617</b>
Financial income	196	105
Net interest charges	-9.329	-11.011
Other financial charges	-14	-7
Changes in fair value of financial assets and liabilities (ineffective hedges)	1.547	558
<b>Financial result</b>	<b>-7.600</b>	<b>-10.355</b>
<b>RESULT BEFORE TAXES</b>	<b>20.616</b>	<b>26.262</b>
Taxes	-34	-310
<b>NET RESULT</b>	<b>20.582</b>	<b>25.952</b>
<b>NET RESULT</b>	<b>20.582</b>	<b>25.952</b>
<b>Note</b>		

<sup>1</sup> The statutory auditor has confirmed that his full audit, which has been substantially completed, has not revealed material adjustments which would have to be made to the accounting information disclosed in this press release and that an unqualified auditor's report will be issued.

in thousands €	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
Attributable to:		
Shareholders of the parent company	20.582	25.954
Minority interests	0	-2
<b>RESULT PER SHARE</b>	<b>2016</b>	<b>2015</b>
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
Operating distributable result (€)	1,73	1,90

## 2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

### 3. CONSOLIDATED BALANCE SHEET

ASSETS in thousands €	31.12.2016	31.12.2015
<b>NON-CURRENT ASSETS</b>	<b>612.373</b>	<b>635.218</b>
Intangible assets	331	3
Investment properties	610.944	634.416
Other tangible assets	702	792
Financial non-current assets	383	0
Trade receivables and other non-current assets	13	7
<b>CURRENT ASSETS</b>	<b>12.790</b>	<b>13.181</b>
Trade receivables	6.601	6.957
Tax receivables and other current assets	3.913	3.593
Cash and cash equivalents	412	598
Deferred charges and accrued income	1.864	2.033
<b>TOTAL ASSETS</b>	<b>625.163</b>	<b>648.399</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>326.085</b>	<b>321.736</b>
<b>Shareholders' equity attributable to shareholders of the parent company</b>	<b>326.085</b>	<b>321.703</b>
Share capital	152.948	147.980
Share premium	90.821	84.220
Reserves	61.734	63.549
Net result financial year	20.582	25.954
<b>Minority interests</b>	<b>0</b>	<b>33</b>
<b>LIABILITIES</b>	<b>299.078</b>	<b>326.663</b>
<b>Non-current liabilities</b>	<b>223.953</b>	<b>231.467</b>
Non-current financial debts	219.703	226.054
<i>Credit institutions</i>	160.142	166.625
<i>Bond loan</i>	59.561	59.426
<i>Financial leases</i>	0	3
Other non-current financial liabilities	3.330	4.507
Other non-current liabilities	920	906
<b>Current liabilities</b>	<b>75.125</b>	<b>95.196</b>
Current financial debts	62.012	79.158
<i>Credit institutions</i>	62.012	79.157
<i>Bond loan</i>	0	1
<i>Financial leases</i>	13	0
Trade debts and other current debts	2.655	6.335
Other current liabilities	232	186
Deferred charges and accrued income	10.213	9.517
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>625.163</b>	<b>648.399</b>