

Intervest Offices & Warehouses starts portfolio reorientation through divestment of 5 buildings in the Brussels periphery.

In line with the growth strategy announced in March 2016, based on a reorientation in the offices portfolio and an expansion in logistics properties, Intervest Offices & Warehouses has entered into a sales agreement for 4 office buildings and a semi-industrial building in the Brussels periphery.

This transaction further implements the strategic shift in the portfolio towards a ratio of approximately 60% logistics properties and 40% office buildings. With this sales transaction, the share of offices decreases by 2% to 49%. The logistics properties represent 51% of the portfolio (respectively 51% and 49% as at 31 December 2015).

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.



▲ Brussels 7, Strombeek-Bever



▲ Park Station, Diegem



▲ Hermes Hills, Diegem



▲ 3T Estate, Vilvoorde.

Intervest Offices & Warehouses starts portfolio reorientation through divestment of 5 buildings in the Brussels periphery.



▲ Semi-industrial building Berchem Technology Center, Sint-Agatha-Berchem.

The occupancy rate¹ for these 5 divested properties is currently 67%. The divested office buildings have an average occupancy rate of 65%, which will decrease to 60% as of 1 January 2017 after tenant Deloitte leaves Hermes Hills. The occupancy rate of the semi-industrial building in Sint-Agatha-Berchem is currently 84%.

The average occupancy rate for the other office buildings located in the Brussels periphery and remaining in the Intervest Offices & Warehouses portfolio after this divestment is currently 96%.

The total surface area of the divested buildings consists of approximately 32.900 m² of offices, 4.000 m² of storage space, 2.500 m² of archiving space and 770 parking spaces.

The buildings are between 15 and 25 years old and will 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 are labour-intensive for Intervest Offices & Warehouses as regards asset management because of the number of tenants and the low occupancy rate. The buyer, the Belgian private investor Own Premises Invest, subsidiary of SV Patrimonia, will take a different approach to the buildings and split them up into smaller, independent entities for owner-occupiers.

The sale price amounts to € 27 million (excluding taxes and purchase costs), some 32% below the fair value of these properties as at 31 December 2015, i.e. € 40 million. This transaction is an opportunity for Intervest Offices & Warehouses since these problematic buildings can be divested in one transaction, marking an important step in the reorientation of the portfolio. This transaction also provides the possibility to focus more on buildings for which active asset management can yield added value. Intervest Offices & Warehouses is divesting these buildings with a significant capital loss compared to the estimated value because they present an exceptional risk profile compared to other buildings in the portfolio. The impact from

¹ The occupancy rate is calculated as the ratio of the estimated rental value to the same estimated rental value plus the estimated rental value of the vacant locations for rent.

Intervest Offices & Warehouses starts portfolio reorientation through divestment of 5 buildings in the Brussels periphery.

this transaction on the taxation value of the remaining buildings in the portfolio of Intervest Offices & Warehouses stays limited to a decrease in value of € 1,2 million which is recorded in the quarterly figures of 31 March 2016.

The higher risk profile is related to the uncertainty regarding continuity of rental income in the short term and the associated non-recoverable vacancy costs. Moreover, in view of a decrease in the leasing rate of these buildings important additional investments will be required. These investments, which would be made in buildings that are not very attractive from a conceptual point of view, offer insufficient guarantees as regards future leases.

“The sale of these 5 buildings in the Brussels periphery fits in perfectly with the growth strategy based on a reorientation of the offices portfolio and an expansion in logistics properties. The resources freed up by this transaction will be invested in long-term strategic projects, and the time freed up in asset management activities will be used to unburden current clients even more.”

JEAN-PAUL SOLS, CEO

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

Intervest Offices & Warehouses expects to complete this transaction in Q3 2016, causing the company's debt ratio to decrease by approximately 1,3%.

Given the growth strategy, the resources freed up will be reinvested. In the meantime, the impact on the operating distributable result is approximately 7 eurocent negative per share per year. Specifically, this impact is 4 eurocent for the 2016 financial year. The impact of this transaction on the net value per share is approximately 80 eurocent.

This transaction is being assisted by Structura.biz.

Intervest Offices & Warehouses starts portfolio reorientation through divestment of 5 buildings in the Brussels periphery.

Intervest Offices & Warehouses nv, 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 Offices & Warehouses invests in high-quality Belgian office buildings and logistics properties that are leased to first-class tenants. The properties in which the company 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 Offices & Warehouses distinguishes itself by offering 'turn-key solutions', a global solution going from plans, design, coordination of works to budget monitoring.

For more information, please contact:

INTERVEST OFFICES & WAREHOUSES NV, public regulated real estate company under Belgian law, Jean-Paul Sols - CEO or Inge Tas - CFO, tel: + 32 3 287 67 87, <http://corporate.intervest.be/en/offices>