

# Press release

Interim statement of the  
board of directors as at  
30 September 2014 for  
the third quarter of financial  
year 2014



ANTWERP, 28 OCTOBER 2014

7 % of the lease contracts of the logistic portfolio are prolonged prematurely in the third quarter of 2014 for an annual rental volume of approximately € 1,3 million.

Slight increase in rental income by 0,5 % in first nine months of 2014 compared to the first nine months of 2013.

Nearly stable occupancy rate: 85 % (86 % on 31 December 2013).

Operating distributable result per share in first nine months of 2014: € 1,15 (€ 1,26 in first nine months of 2013).

Decrease in fair value of the real estate portfolio for the first nine months of 2014 by 0,8 %<sup>1</sup>.

Debt ratio: 49,0 %.

Optimisation of expiry date spread of credit facilities through refinancing of 20 % of the credit facilities (€ 59 million).

Expected gross dividend for financial year 2014: between € 1,37 and € 1,42 per share (€ 1,53 for financial year 2013) or a gross dividend yield of approximately 6,5 % based on closing share price of 30 September 2014 (€ 21,49).

Change of status into a regulated real estate company (RREC) approved by the general meeting of shareholders on 27 October 2014.

<sup>1</sup> Based on an unchanged composition of the real estate portfolio compared to 31 December 2013.

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## 1. Operational activities for the third quarter of 2014

### Rental transactions

In the third quarter of 2014 Interinvest Offices & Warehouses has realised a number of important transactions in the **logistic segment**. These transactions include 5 prolongations of lease agreements for an area of 33.154 m<sup>2</sup> and a rental volume of approximately € 1,3 million on an annual basis, representing 7 % of the total annual rental income of the logistic real estate portfolio of Interinvest Offices & Warehouses. One of these prolongations is related to a long-term lease agreement with Sofidel in Duffel, whereby the tenant will completely integrate its production site into the storage hall of Interinvest Offices & Warehouses (15.232 m<sup>2</sup>). The agreement runs until 2026, with an interim expiry date in 2022.



DUFFEL  
23.386 m<sup>2</sup>

Additionally in October 2014, also in the logistic sector 2 rental transactions have been concluded with new tenants for an annual rental volume of approximately € 0,4 million. These new rentals are related to vacant spaces and will consequently have a positive effect on the occupancy rate of the fourth quarter of 2014.

In the third quarter of 2014 Interinvest Offices & Warehouses has realised a number of rental transactions in the **office portfolio**. It concerns 2 prolongations of lease contracts for an area of 2.069 m<sup>2</sup> and a rental volume of approximately € 0,3 million on an annual basis. In October 2014, 6 rental transactions have additionally been concluded with existing tenants for an area of approximately 9.000 m<sup>2</sup>.



STROMBEEK-BEVER  
11.182 m<sup>2</sup>

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## Investment properties

REAL ESTATE PATRIMONY	30.09.2014	30.06.2014	31.12.2013	30.09.2013
Fair value of investment properties (€ 000)	575.828	577.803	580.709	578.724
Investment value of investment properties (€ 000)	590.224	592.248	595.226	593.192
Occupancy rate <sup>2</sup> (%)	85 %	85 %	86 %	85 %
Total leasable space (m <sup>2</sup> )	596.714	596.714	604.428	603.356
Yield on investment value (%)	7,3 %	7,3 %	7,3 %	7,3 %
Yield if fully let on investment value (%)	8,6 %	8,6 %	8,5 %	8,5 %

In the first nine months of 2014, the **fair value of the investment properties** of Intervest Offices & Warehouses has decreased by € 5 million compared to the fair value on 31 December 2013 and amounts on 30 September 2014 to € 576 million (€ 581 million on 31 December 2013). This decrease mainly results from the sale of the semi-industrial building located in Meer (with a fair value of € 2,6 million on 31 December 2013) in the first quarter of 2014 and the adjustment of the estimated rental value of offices in the Brussels periphery.

As at 30 September 2014, the **occupancy rate** of the entire real estate portfolio of Intervest Offices & Warehouses amounts to 85 % (86 % on 31 December 2013).



OEVEL  
33.955 m<sup>2</sup>

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

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## Change from real estate investment company to regulated real estate company (RREC)

The extraordinary general meeting of shareholders held on 27 October 2014, has approved with a majority of 99,99 % the change of the articles of association of Intervest Offices & Warehouses in view of the status change from real estate investment company into regulated real estate company ("RREC").

Since no exit right was exercised and all conditions precedent to which the change of the articles of association were subject, are fulfilled, Intervest Offices & Warehouses benefits of the status of public RREC immediately, with effect from 27 October 2014.

Intervest Offices & Warehouses is pleased with this new status, which corresponds better to the economic reality and provides an adjusted legal framework that is aligned with the capacity of Intervest Offices & Warehouses as an operating and commercial real estate company. This status allows Intervest Offices & Warehouses to continue its current activities in the interest of the company, its shareholders and other stakeholders.

## EPRA Award for the Annual report 2013

On the EPRA-conference 2014, Intervest Offices & Warehouses was granted an 'EPRA BPR Silver Award' and a 'Most Improved Award' (price for the most improved annual report) for its annual report 2013 as appreciation for transparent and consistent reporting regarding developments of the company.



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## 2. Financial results of the first three quarters of 2014<sup>3</sup>

For the first nine months of 2014, **rental income** of the real estate company amounts to € 29,8 million and has increased compared to the first nine months of 2013 (€ 29,7 million) through an increase in rental income of the logistic portfolio.

The **recovery of property charges** shows in the first nine months of 2014 an income of € 0,5 million compared to € 1,0 million in the same period of previous year. In 2013 the recovery of property charges comprised refurbishment fees received at the departure of tenants. In 2013 several tenants of the company left the premises and paid hereby indemnities of approximately € 0,6 million.

On 30 September 2014, **property charges** amount to € 3,3 million (€ 3,1 million). This increase comes mainly from a larger maintenance program for the logistics buildings of the company.

**General costs** amount to € 1,2 million in the first nine months of 2014 and have increased compared to the first nine month of 2013 (€ 1,0 million) through higher advice and publishing costs for the status change of the company from public real estate investment company into public regulated real estate company.

The decrease in indemnities received at the departure of tenants causes the **operating result before result on portfolio** to decrease by 2 %, or € 0,7 million to € 25,8 million (€ 26,5 million).

The **result on disposals of investment properties** comprises in the first nine months of 2014 the loss of € 0,6 million realised on the sale of the non-strategic semi-industrial building in Meer.

The **changes in fair value of investment properties** in the first nine months of 2014 amount to - € 4,6 million (€ 5,4 million). This decrease in fair value is mainly due to the adjustment of the estimated rental value of offices as well as the necessary adaptation works to the HVAC system of the office buildings in order to replace non-environmentally friendly refrigerants such as R22, as their use will be severely restricted as from 2015 (simultaneously the efficiency of the equipment is optimised).

The **financial result (excl. changes in fair value - IAS 39)** for the first nine months of 2014 amounts to - € 8,8 million compared to - € 8,3 million in the first nine months of 2013. The average interest rate of the company for the first nine months of 2014 amounts to approximately 4,1 % including bank margins (3,7 %). The increase in financing costs results mainly from the issue of the bond loan in March 2014 of € 60 million for the refinancing of the existing bond loan of € 75 million which expires in June 2015 and has to be repaid.

The **changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** include the increase of the negative market value of interest rate swaps that, in line with IAS 39, cannot be classified as cash flow hedging instruments, for an amount of - € 0,7 million (€ 2,1 million).

<sup>3</sup> Between brackets comparable figures as at 30 September 2013.

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For the first nine months of 2014 the **net result** of Intervest Offices & Warehouses amounts to € 11,5 million (€ 28,3 million) and may be divided into:

- The **operating distributable result** of € 17,0 million (€ 18,2 million) or a decrease of € 1,2 million or 7 %, mainly through the decrease of indemnities received at the departure of tenants and the increase of the general and financing costs of the company.
- The **result on portfolio** for an amount of - € 4,8 million (€ 8,0 million).
- **Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)** for an amount of - € 0,7 million (€ 2,1 million).

This generates per share an **operating distributable result** of € 1,15 (€ 1,26) for the first nine months of 2014.

KEY FIGURES PER SHARE	30.09.2014	31.12.2013	30.09.2013
Number of shares entitled to dividend	14.777.342	14.424.982	14.424.982
Weighted average number of shares	14.586.209	14.335.677	14.305.359
Net result per share (9 months/1 year/9 months) (€)	0,79	2,41	1,98
Operating distributable result (9 months/1 year/9 months) (€)	1,15	1,70	1,26
Net asset value (fair value) (€)	19,16	19,86	19,41
Net asset value (investment value) (€)	20,14	20,87	20,42
Net asset value EPRA (€)	19,53	20,20	19,77
Market capitalisation (million €)	289	281	263
Share price on closing date (€)	21,49	19,48	18,25
Premium (+) / discount (-) to net asset value (fair value) (%)	12 %	-2 %	-6 %
Debt ratio (max. 65 %) (%)	49,0 %	48,7 %	49,9 %

On 30 September 2014 the **net asset value (fair value)** of the share is € 19,16. The share price on 30 September 2014 of the Intervest Offices & Warehouses share (INTO) is € 21,49. Herewith the share is quoted with a premium of 12 % compared to the net asset value (fair value).

The **debt ratio** of the real estate company amounts on 30 September 2014 to 49,0 % compared to 48,7 % on 31 December 2013.

In the third quarter of 2014 Intervest Offices & Warehouses has pursued the optimisation of the spread of the expiry dates of its credit lines and concluded with one of its existing bankers a refinancing of € 59 million credit lines which

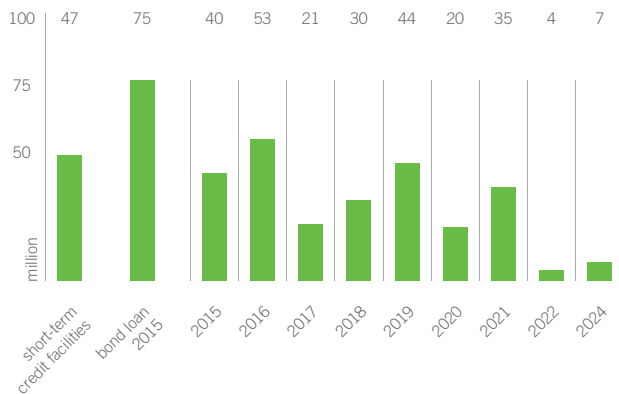
should expire in 2016. The new financings have currently terms till 2018, 2019 and 2020 and are concluded at market-conform conditions at the same financial institution. After these refinancing, on 30 September 2014, 57 % of the available **credit lines** of the company are long-term financings with a remaining average period of 4,1 years. 43 % of the available credit lines are short-term financings of which 13 % consists of financing with an unlimited duration (€ 47 million), 20 % of the bond loan which expires on 29 June 2015 (€ 75 million) and 11 % of a credit facility which expires at the beginning of 2015 (€ 40 million).

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The expiry calendar of credit lines gives on 30 September 2014 following image:



*Expiry calendar of credit lines on 30 September 2014*

Interinvest Offices & Warehouses has on 30 September 2014 € 92 million non-withdrawn credit lines at financial institutions to absorb the fluctuations in liquidity needs of the company and for the repayment of the bond loan of € 75 million in June 2015.

On 30 September 2014, 85 % of the withdrawn credit lines have a fixed interest rate or are fixed by interest rate swaps. The interest rates on the credit lines of the company are fixed for a remaining average period of 3,1 years.



MALINES  
58.109 m<sup>2</sup>

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## 3. Forecast for 2014

Except for unexpected evolutions, such as important bankruptcies of tenants or unforeseen increases of interest rates, Intervest Offices & Warehouses estimates that the operating distributable result for financial year 2014 will lie between € 1,53 and € 1,58 per share. Taking into account a pay-out ratio of 90 % a gross dividend between € 1,37 and € 1,42 per share (€ 1,53 for financial year 2013) will be proposed to the shareholders. Based on the closing share price on 30 September 2014 (€ 21,49) this represents a gross dividend yield of approximately 6,5 %.

Intervest Offices & Warehouses will continue to pursue its investment strategy unabated in the fourth quarter of 2014 and in 2015, the aim of which is to increase the percentage of logistic real estate in the portfolio. Intervest Offices & Warehouses analyses potential real estate transactions in the logistic sector whereby financing with borrowed capital as well as a partial consideration in shares is examined. If market circumstances permit it, the company will divest some non-strategic buildings in the office market.



HERENTALS  
17.346 m<sup>2</sup>

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

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## Annexes

### Consolidated income statement (9 months)

in thousands €	30.09.2014	30.09.2013
Rental income	29.843	29.689
Rental-related expenses	-20	3
<b>NET RENTAL INCOME</b>	<b>29.823</b>	<b>29.692</b>
Recovery of property charges	541	1.037
Recovery of rental charges and taxes normally payable by tenants on let properties	8.390	7.889
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-170	-319
Rental charges and taxes normally payable by tenants on let properties	-8.390	-7.889
Other rental-related income and expenses	81	117
<b>PROPERTY RESULT</b>	<b>30.275</b>	<b>30.527</b>
Technical costs	-734	-581
Commercial costs	-111	-142
Charges and taxes on unlet properties	-584	-598
Property management costs	-1.782	-1.784
Other property charges	-42	-20
<b>PROPERTY CHARGES</b>	<b>-3.253</b>	<b>-3.125</b>
<b>OPERATING PROPERTY RESULT</b>	<b>27.022</b>	<b>27.402</b>
General costs	-1.230	-951
Other operating income and costs	48	35
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>25.840</b>	<b>26.486</b>
Result on disposals of investment properties	-589	2.132
Changes in fair value of investment properties	-4.599	5.425
Other result on portfolio	355	437
<b>OPERATING RESULT</b>	<b>21.007</b>	<b>34.480</b>
Financial income	54	141
Net interest charges	-8.869	-8.414
Other financial charges	-7	-5
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-697	2.143
<b>FINANCIAL RESULT</b>	<b>-9.519</b>	<b>-6.135</b>

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in thousands €	30.09.2014	30.09.2013
<b>RESULT BEFORE TAXES</b>	11.488	28.345
<b>TAXES</b>	-27	-16
<b>NET RESULT</b>	11.461	28.329
<b>Note:</b>		
Operating distributable result	16.991	18.192
Result on portfolio	-4.833	7.994
Changes in fair value of financial assets and liabilities (ineffective hedges - IAS 39)	-697	2.143
<b>Attributable to:</b>		
Equity holders of the parent company	11.462	28.330
Minority interests	-1	-1

RESULTS PER SHARE	30.09.2014	30.09.2013
Number of shares entitled to dividend	14.777.342	14.424.982
Weighted average number of shares	14.586.209	14.305.359
Net result (€)	0,79	1,98
Diluted net result (€)	0,79	1,98
Operating distributable result (€)	1,15	1,26

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## Consolidated statement of comprehensive income (9 months)

in thousands €	30.09.2014	30.09.2013
<b>NET RESULT</b>	<b>11.461</b>	<b>28.329</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	180	410
<b>COMPREHENSIVE INCOME</b>	<b>11.641</b>	<b>28.739</b>
<b>Attributable to:</b>		
Equity holders of the parent company	11.642	28.740
Minority interests	-1	-1

## Consolidated balance sheet

ASSETS in thousands €	30.09.2014	31.12.2013
<b>NON-CURRENT ASSETS</b>	<b>576.008</b>	<b>580.986</b>
Intangible assets	20	34
Investment properties	575.828	580.709
Other tangible assets	145	228
Trade receivables and other non-current assets	15	15
<b>CURRENT ASSETS</b>	<b>9.152</b>	<b>7.876</b>
Trade receivables	4.243	3.800
Tax receivables and other current assets	1.654	1.654
Cash and cash equivalents	1.142	691
Deferred charges and accrued income	2.113	1.731
<b>TOTAL ASSETS</b>	<b>585.160</b>	<b>588.862</b>

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SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	30.09.2014	31.12.2013
<b>SHAREHOLDERS' EQUITY</b>	<b>283.155</b>	<b>286.521</b>
<b>SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY</b>	<b>283.119</b>	<b>286.484</b>
Share capital	134.657	131.447
Share premium	69.054	65.190
Reserves	67.946	55.265
Net result of the financial year	11.462	34.582
<b>MINORITY INTERESTS</b>	<b>36</b>	<b>37</b>
<b>LIABILITIES</b>	<b>302.005</b>	<b>302.341</b>
<b>NON-CURRENT LIABILITIES</b>	<b>177.553</b>	<b>226.171</b>
Non-current financial debts	171.578	221.251
<i>Credit institutions</i>	<i>112.317</i>	<i>146.467</i>
<i>Bond loan</i>	<i>59.257</i>	<i>74.775</i>
<i>Financial lease</i>	<i>4</i>	<i>9</i>
Other non-current financial liabilities	5.419	4.384
Other non-current liabilities	556	536
<b>CURRENT LIABILITIES</b>	<b>124.452</b>	<b>76.170</b>
Provisions	172	172
Current financial debts	111.028	61.720
<i>Credit institutions</i>	<i>36.133</i>	<i>61.712</i>
<i>Bond loan</i>	<i>74.887</i>	<i>0</i>
<i>Financial lease</i>	<i>8</i>	<i>8</i>
Other current financial liabilities	0	517
Trade debts and other current debts	3.550	2.921
Other current liabilities	168	173
Accrued charges and deferred income	9.534	10.667
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>585.160</b>	<b>588.862</b>