

BEYOND
REAL
ESTATE



LOG AND ALTERNATIVE PERFORMANCE MEASURES

TERMINOLOGY AND ALTERNATIVE PERFORMANCE MEASURES

FIRST QUARTER 2021

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. The measures are used in the financial reporting, but 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 to the use and explanation of the alternative performance measures. The alternative measures are indicated with  and include a definition, objective and reconciliation as required by the ESMA guidelines.

Acquisition value of a real estate property

This term is used to refer to the value at the purchase or the acquisition of a real estate property. If transfer costs are paid, they are included in the acquisition value.

Average interest rate of the financing⁹

Definition - The average interest rate of the financing of the company is calculated by the (annual) net interest charges, divided by the weighted average debt for the period (based on the daily withdrawal from the financing (credit facilities from financial institutions, bond loans, etc.)). This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Application - The average interest rate of the financing measures the average financing cost of the debts and makes it possible to follow how it evolved in time, within the context of the developments of the company and of the financial markets.

Reconciliation in thousands €		31.03.2021	31.12.2020	31.03.2020	31.12.2019
Net interest charges	A	2.022	7.955	1.870	8.543
Weighted average debt for the period	B	416.051	397.690	366.442	400.793
Average interest rate of the financing (based on 360/365) (%)	=A/B	1,9%	2,0%	2,0%	2,1%

Contractual rents

These are the gross indexed annual rents, laid down contractually in the lease agreements, as at closing date, and before rental discounts or other benefits granted to tenants have been deducted.

Corporate governance

Corporate governance as such is an important instrument for the ongoing improvement of management of the real estate company and for the safeguarding of the shareholders' interest.

Debt ratio

The debt ratio is calculated as the ratio of all obligations (excluding provisions, deferred charges and accrued income) excluding the negative variations in the fair value of the hedging instruments in relation to the total of the assets. The calculation method of the debt ratio is in accordance with Article 13 §1 second subparagraph of the Royal Decree of 13 July 2014. In this Royal Decree, the maximum debt ratio for the real estate company is set at 65%.

Diluted net result per share

The diluted net result per share is the net result as published in the income statement, divided by the weighted average of the number of shares adapted before the effect of potential ordinary shares that result in dilution.

EPRA and EPRA terminology¹

EPRA (European Public Real Estate Association) is an organisation that promotes, helps develop and represents the European listed real estate sector, both in order to boost confidence in the sector and increase investments in Europe's listed real estate.

In October 2019 the EPRA's Reporting and Accounting Committee published an update of the report entitled Best Practices Recommendations ('BPR')¹. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. A number of these indicators are regarded as alternative performance criteria in accordance with the ESMA guidelines. The numerical reconciliation of these alternative performance criteria can be found in a completely different chapter in this annual report, i.e. chapter 6 of the Report of the management committee. The alternative performance measures are calculated on the basis of the company's consolidated annual accounts.

EPRA earnings 	Result derived from the strategic operational activities.
EPRA Net Asset Value (NAV) indicators 	<p>(i) EPRA Net Reinstatement Value (NRV) provide an estimation of the value required to rebuild the company through the investment markets based on its current capital and financing structure, including real estate transfer taxes.</p> <p>(ii) EPRA Net Tangible Assets (NTA) assumes that the company buys and sells assets, thereby crystallising certain levels of unavoidable deferred tax.</p> <p>(iii) The EPRA Net Disposal Value (NDV) represents the value accruing to the company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.</p>
EPRA Net Initial Yield (NIY)	Annualised gross rental income based on the contractual rents passing as at the closing date of the annual accounts, less the property charges, divided by the market value of the portfolio, increased by the estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.
EPRA topped-up NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).
EPRA vacancy rate	Estimated market rental value (ERV) of vacant space divided by ERV of the whole portfolio available upon rental.
EPRA cost ratio (including direct vacancy costs) 	EPRA costs (including direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights.
EPRA cost ratio (excluding direct vacancy costs) 	EPRA costs (excluding direct vacancy costs) divided by gross rental income less compensations for leasehold estate and long-lease rights.
EPRA net rental growth based on an unchanged portfolio composition 	Is also referred to as EPRA Like-for-like Net Rental Growth. EPRA net rental growth based on an unchanged portfolio composition compares the growth of the net rental growth of the investment properties not being developed for two full years preceding the financial year closing date and that were available for rent for the entire period. The like-for-like based changes to the gross rental income provide an insight into the changes to the gross rental income that are not the result of changes to the real estate portfolio (investments, divestments, major renovation works, etc.).

EPRA earnings^o

Definition - The EPRA earnings are the operating result before result on portfolio minus the financial result and taxes and excluding changes in fair value of financial derivatives (which are not treated as hedge accounting in accordance with IAS 39) and other non-distributable elements based on the statutory annual account of Intervest Offices & Warehouses nv. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Application - The EPRA earnings measure the result of the strategic operational activities, excluding (i) the changes in fair value of financial assets and liabilities, and (ii) the result on portfolio (the profit or loss on investment properties that may or may not have been realised). This amounts to the result that is directly influenced by the real estate and the financial management of the company, excluding the impact accompanying the volatility of the real estate and financial markets.

Reconciliation in thousands €	31.03.2021	31.12.2020	31.03.2020	31.12.2019
Net result	30.138	46.060	13.254	65.748
Minority interests	-138	-2.629	4	17
Net result (share Group)	30.000	43.431	13.258	65.765
Eliminated from the net result (+/-):				
▪ Result on disposals of investment properties	0	-1.670	16	-5.364
▪ Changes in fair value of investment properties	-22.385	-15.454	-7.151	-22.307
▪ Other result on portfolio	3.407	9.083	1.625	5.661
▪ Changes in fair value of financial assets and liabilities	-1.532	2.311	1.160	3.065
▪ Minority interests regarding the above	163	2.654	0	0
EPRA earnings	9.653	40.355	8.908	46.820

EPRA earnings per share based on the weighted average number of shares^o

Definition - The EPRA earnings per share are the EPRA earnings divided by the weighted average number of shares. This alternative performance measure is calculated on the basis of the consolidated annual accounts of the company.

Application - The EPRA earnings per share measure the EPRA earnings per weighted average number of shares and make it possible to compare these with the gross dividend per share.

Reconciliation		31.03.2021	31.12.2020	31.03.2020	31.12.2019
EPRA earnings (in thousands €)	A	9.653	40.355	8.908	46.820
Weighted average number of shares	B	25.500.672	25.164.126	24.657.003	24.516.858
EPRA earnings per share (in €)	=A/B	0,38	1,60	0,36	1,91

EPRA Net Asset Value (NAV) indicators

Definition - Net Asset Value (NAV) adjusted in accordance with the Best Practice Recommendations (BPR) Guidelines published by EPRA in October 2019 for application as from 2020.

Application - Makes adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under three different scenarios:

- › The EPRA Net Reinstatement Value (NRV) provide an estimation of the value required to rebuild the company through the investment markets based on its current capital and financing structure, including real estate transfer taxes.
- › The EPRA Net Tangible Assets assumes (NTA) that the company buys and sells assets, thereby crystallising certain levels of unavoidable deferred tax.
- › The EPRA Net Disposal Value (NDV) represents the value accruing to the company's shareholders under an asset disposal scenario, resulting in the settlement of deferred taxes, the liquidation of financial instruments and the recognition of other liabilities for their maximum amount, net of any resulting tax.

For the sake of comparison with data published in the past, the EPRA NAV and EPRA NNNAV, concepts abandoned by the BPR Guidelines, are still published.

in thousands €	31.03.2021		
	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders of the parent company	577.658	577.658	577.658
Diluted NAV at fair value	577.658	577.658	577.658
To be excluded:	26.899	25.729	0
▪ Deferred tax in relation to the revaluation at fair value of investment properties	19.691	18.074	
▪ Fair value of financial instruments	7.208	7.208	
▪ Intangibles assets as per the IFRS balance sheet		447	
To be added:	43.952	0	0
▪ Fair value of debt with fixed interest rate			
▪ Real estate transfer tax	43.952		
NAV	648.509	603.387	577.658
Diluted number of shares	25.500.672	25.500.672	25.500.672
NAV per share (in €)	25,43	23,66	22,65
in thousands €	31.12.2020		
	EPRA NRV	EPRA NTA	EPRA NDV
IFRS Equity attributable to shareholders of the parent company	547.218	547.218	547.218
Diluted NAV at fair value	547.218	547.218	547.218
To be excluded:	24.407	23.928	0
▪ Deferred tax in relation to the revaluation at fair value of investment properties	15.656	15.656	
▪ Fair value of financial instruments	8.751	8.751	
▪ Intangible assets as per the IFRS balance sheet		-479	
To be added:	42.394	0	-2.180
▪ Fair value of debt with fixed interest rate			-2.180
▪ Real estate transfer tax	42.394		
NAV	614.019	571.146	545.038
Diluted number of shares	25.500.672	25.500.672	25.500.672
NAV per share (in €)	24,08	22,40	21,37

Estimated rental value (ERV)

The estimated rental value is the rental value determined by the independent property experts.

Fair value of an investment property

This is equal to the amount at which a building could be exchanged between well-informed parties, in agreement and acting in conditions of normal competition. From the seller's point of view, this must be understood as subject to deduction of registration fees and any costs.

Specifically, this means that the fair value of the investment properties is equal to the investment value divided by 1,025 (for buildings with a value of more than € 2,5 million) or the investment value divided by 1,10/1,125 (for buildings with a value of less than € 2,5 million). For the investment properties of Intervest located in the Netherlands and kept through the Dutch subsidiaries, this means that the fair value of the investment properties is equal to the investment value divided by 1,07.

Free float

Free float is the percentage of shares owned by the public. According to the EPRA and Euronext definition it concerns all shareholders possessing individually less than 5% of the total number of shares.

Gross dividend yield

The gross dividend yield is the gross dividend divided by the share price on closing date.

Institutional regulated real estate company (IRREC)

The institutional RREC is stipulated in the Act of 12 May 2014 concerning regulated real estate companies, as amended from time to time (the RREC Act) and in the Royal Decree of 13 July 2014 concerning regulated real estate companies, as amended from time to time (the RREC Royal Decree). It is a lighter form of the public RREC. It offers the RREC the possibility to extend specific tax aspects of its system to its perimeter companies and to realise partnerships and specific projects with third parties.

Interest coverage ratio

The interest coverage ratio is the ratio between the operating result before result on portfolio and the financial result (excluding the changes in fair value of financial derivatives).

Intervest

Intervest is the abridged name for Intervest Offices & Warehouses, the full legal name of the company.

Investment value of a real estate property

This is the value of a building estimated by the independent property expert, and including the transfer costs without deduction of the registration fees. This value corresponds to the formerly used term "value deed in hand".

Liquidity of the share

Ratio of the number of traded shares on one day and the number of shares.

Net dividend

The net dividend equals the gross dividend after deduction of 30% withholding tax. The withholding tax on dividends of public regulated real estate companies amounts to 30% (except in case of certain exemptions) as a result of the Programme Act of 25 December 2016, published in the Belgian Official Gazette of 29 December 2016.

Net dividend yield

The net dividend yield is equal to the net dividend divided by the share price on closing date.

Net result per share (Group share)^o

Definition - The net result per share (Group share) is the net result as published in the income statement, divided by the weighted average number of shares (i.e. the total amount of issued shares less the own shares) during the financial year. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Reconciliation		31.03.2021	31.12.2020	31.03.2020	31.12.2019
Net result (Group share)	A	30.000	43.431	13.258	65.765
(in thousands €)					
Weighted average number of shares	B	25.500.672	25.164.126	24.657.003	24.516.858
Net result - Group per share (in €)	=A/B	1,18	1,73	0,54	2,68

Net value (fair value) per share

Total shareholders' equity attributable to the equity holders of the parent company (therefore, after deduction of the minority interests) divided by the number of shares at the end of the year (possibly after deduction of own shares). It corresponds to the net value as defined in article 2, 23° of the RREC Act.

The net value (fair value) per share measures the value of the share based on the fair value of the investment properties and makes it possible to make a comparison with the stock exchange quotation.

Net value (investment value) per share^o

Definition - Total shareholders' equity attributable to the equity holders of the parent company (therefore, after deduction of the minority interests) increased with the reserve for the impact on the fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties, divided by the number of shares at the end of the year (possibly after deduction of own shares). This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Application - The net value (investment value) per share measures the value of the share based on the investment value of the investment properties and makes it possible to make a comparison with the stock exchange quotation.

Reconciliation		31.03.2021	31.12.2020	31.03.2020	31.12.2019
Shareholders' equity attributable to the shareholders of the parent company (in thousands €)	A	577.658	547.218	537.235	523.859
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (in thousands €)	B	30.210	30.210	28.396	28.404
Shareholders' equity attributable to the shareholders of the parent company - investment value (in thousands €)	C=A+B	607.868	577.428	565.631	552.263
Number of shares at year-end	D	25.500.672	25.500.672	24.657.003	24.657.003
Net value (investment value) per share (in €)	=C/D	23,84	22,64	22,94	22,40

Net yield

The net yield is calculated as the ratio of the contractual rent, increased by estimated rental value on vacancy, less the allocated property charges, and the fair value of investment properties available for rent.

Occupancy rate

The occupancy rate is calculated as the ratio between the estimated rental value (ERV) of the rented space and the estimated rental value of the total portfolio available for rent as at closing date.

Operating margin^o

Definition - The operating margin is the operating result before result on portfolio, divided by the rental income. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Application - The operating margin provides an indication of the company's possibility of generating profit from its operational activities, without taking the financial result, the taxes or the result on portfolio into account.

Reconciliation in thousands €		31.03.2021	31.12.2020	31.03.2020	31.12.2019
Operating profit before result on portfolio	A	11.812	48.918	10.866	55.891
Rental income	B	15.970	61.303	14.701	66.143
Operating margin (%)	=A/B	74%	80%	74%	85%

Regulated real estate company (RREC)

The status of regulated real estate company is regulated by the Act of 12 May 2014 on regulated real estate companies, as modified from time to time (RREC Act) and by the Royal Decree of 13 July 2014 on regulated real estate companies, as modified from time to time (RREC Royal Decree) in order to stimulate joint investments in real estate properties.

Result on portfolio^o

Definition - The result on portfolio comprises (i) the result on disposals of investment properties, (ii) the changes in fair value of investment properties, and (iii) the other result on portfolio. This alternative performance measure is calculated on the basis of the company's consolidated annual accounts.

Application - The result on portfolio measures the realised and non-realised profit and loss related to the investment properties, compared with the valuation of the independent property experts at the end of previous financial year.

Reconciliation in thousands €	31.03.2021	31.12.2020	31.03.2020	31.12.2019
Result on disposals of investment properties	0	1.670	-16	5.364
Changes in fair value of investment properties	22.385	15.454	7.151	22.307
Other result on portfolio	-3.407	-9.083	-1.625	-5.661
Result on portfolio	18.978	8.041	5.510	22.010
Minority interests	-163	-2.654	0	0
Result on portfolio (Group share)	18.815	5.387	5.510	22.010

Return of a share

The return of a share in a certain period is equal to the gross return. This gross return is the sum of (i) the difference between the share price at the end and at the start of the period and (ii) the gross dividend (therefore, the dividend before deduction of the withholding tax).

RREC Act

The Act of 12 May 2014 on regulated real estate companies.

RREC Legislation

The RREC Act and the RREC Royal Decree.

RREC Royal Decree

The Royal Decree of 13 July 2014 on regulated real estate companies.

Specialised real estate investment fund (SREIF)

The Specialised Real Estate Investment Fund falls under the Royal Decree of 9 November 2016 with regard to specialised real estate investment funds. This system allows real estate investments in flexible and efficient funds.

Turnover rate

The turnover rate of a share is calculated as the ratio of the number of shares traded per year, divided by the total number of shares as at the end of the period.

Yield

Yield is calculated as the ratio of contractual rents (whether or not increased by the estimated rental value of unoccupied rental premises) and the fair value of investment properties available for rent. It concerns a gross yield, without taking into account the allocated costs.