

BEYOND  
REAL  
ESTATE

# ANNUAL RESULTS 2019




**INTERVEST**  
OFFICES & WAREHOUSES

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### Alternative performance measures

Alternative performance measures are criteria used by Interinvest to measure and monitor its operational performance. The measures are used in this press release, 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 on the use and explanation of the alternative performance measures. The concepts that Interinvest considers to be alternative performance measures are included in a lexicon on the [www.interinvest.be](http://www.interinvest.be) website, called “Terminology and alternative performance measures”. The alternative performance measures are indicated with  and provided with a definition, objective and reconciliation as required by the ESMA guidelines.



## Key figures Interinvest 2019

- **Real estate portfolio**  
Growth by 3% or € 26 million to € 893 million.
- **Yield**  
Increase in value due to yield compression in the logistics portfolio with 53 bp.
- **EPRA earnings per share**  
Increase by 17% to € 1,91. Increase of underlying EPRA earnings by 3% to € 1,68 (excluding termination indemnity received from tenant Medtronic) (€ 1,63 in 2018).
- **EPRA NAV**  
Increase by € 1,91 or 10% to € 21,79 per share.
- **Occupancy rate**  
Total occupancy rate stable at 93%. Increase occupancy rate offices by 2 percentage points to 90%, occupancy rate logistics real estate fell by 2 percentage points to 96%.
- **WALL**  
WALL entire portfolio 4,3 years (4,6 year-end 2018). WALL offices amounted to 3,1 years (3,5 year-end 2018) and WALL logistics 5,3 years (5,5 year-end 2018).
- **Debt ratio**  
Decrease debt ratio with 4,5 percentage points from 43,5% to 39% as at 31 December 2019.
- **Interest rate**  
Decrease of the average interest rate of financing from 2,4% in 2018 to 2,1% in 2019.
- **Dividend**  
Increase gross dividend 2019 to € 1,53 per share (€ 1,40 for 2018).

## Activities in 2019

- **Rental income**  
9% of the rental income was extended or renewed in 2019 via long-term lease agreements; 4% extended or renewed via short-term lease agreements.
- **Acquisitions and investments**  
Acquisitions and investments in development project in the logistics portfolio for € 54 million.
- **Divestment**  
Divestment of three logistics sites in Belgium with a fair value of € 58 million. Realised gain on disposal of € 5 million.

## Future value creation

- **Sustainability**  
Active target on sustainability in 2019: 21% of the buildings are at least certified 'BREAAAM Very Good' in 2020.
- **Development potential**  
Development potential for logistics real estate in Belgium of 250.000 m<sup>2</sup> with Genk Green Logistics.

## 1. Operating activities in 2019

### 1.1. 2019 in brief

After successfully achieving its growth objectives in 2018, Interinvest took further steps in 2019 in its **investment strategy** to have the portfolio grow. The strategic growth plan is based on the reorientation of the office portfolio and the further roll-out of the Greenhouse concept, as well as the expansion of the logistics real estate portfolio. The main aim here is to achieve a balanced ratio between return and growth, whereby non-strategic properties that do not sufficiently fit in optimally with the current and future characteristics of the portfolio, are divested. Investments will be made in high-quality and sustainable logistics buildings and offices, where for the offices attention will be paid to the special character, the architecture and multi-functionality, appropriate to the Greenhouse experience.

Given the current situation on the investment market, where buildings are offered for sale at sharp yields, Interinvest therefore paid attention to asset rotation in 2019 and, in addition to traditional acquisitions, has invested in land reserves for future expansions and in development projects where higher yields can be achieved.

As a result of these choices and with a real estate portfolio of € 893 million as at 31 December 2019, Interinvest did not achieve the pre-set objective of a portfolio of € 1 billion at the end of 2019, but it invested in the quality and the development potential of the portfolio with higher yields. Interinvest continues to pursue its growth plan with the prospect of ongoing project developments in the Netherlands, Genk Green Logistics and the expansion of existing logistics buildings in Belgium.

#### Real estate portfolio

In 2019 the real estate portfolio experienced a **growth** of 3% or € 26 million from € 867 million as at 31 December 2018 to € 893 million as at the end of 2019. This increase is mainly the result of the increase in fair value (€ 22 million) of the buildings in existence and those purchased in 2019, as well as in investments in the existing portfolio (€ 8 million). In addition, asset rotation was used to work on the quality and potential of the portfolio through a mix of acquisitions and investments in investment properties, land reserves and development projects in the logistics portfolio (€ 54 million) and the divestments of a few non-strategic logistics sites (€ 58 million).

*Fair value of  
real estate portfolio*

**€ 893** million

As at 31 December 2019 has two committed developments in the Netherlands. It concerns projects in resp. Roosendaal and Eindhoven, whereby Eindhoven was already delivered in January 2020<sup>1</sup> and Roosendaal that will be delivered in the first quarter of 2020. Besides, Interinvest still has as at 31 December 2019 a committed development in Belgium (first building in Genk) that will be delivered during 2020.

The **fair value of the existing real estate portfolio** (excluding acquisitions) increased in 2019 by almost € 19 million or 4%<sup>2</sup>, mainly due to yield compression in the logistics portfolio, both in Belgium and in the Netherlands.

1 See press release 30 January 2020.

2 Compared to the fair value of the investment properties as at 31 December 2018, with unchanged composition of the portfolio.

The ratio of the real estate segments in the portfolio as at the end of 2019 amounted to 61% logistics real estate and 39% office buildings. 40% of the logistics real estate portfolio is now located in the Netherlands. Intervest opened an **office** in **Eindhoven** in 2019 to support and further develop its activities in **the Netherlands**. The Dutch logistics portfolio, consisting of ten logistics objects, is managed from the new branch in Eindhoven. Intervest works together with Storms International Property Services for the property and asset management of the Dutch portfolio.

**40%***of logistics real estate portfolio in the Netherlands*

The total real estate portfolio had as at 31 December 2019 a total leasable space of 945.595 m<sup>2</sup>.

## Investments and divestments

### Logistics real estate

The acquisitions in the logistics portfolio are a strategically aimed mix of more expensive investments in finished buildings having long-term lease agreements, developments and built-to-suit projects where a better yield can be achieved and the creation of land reserves where market opportunities such as last-mile urban distribution may present themselves, for example. Naturally, this is done with due regard for and limitation of the risks associated with this approach. Logistics real estate is, after all, becoming increasingly more expensive in the current market. Therefore, it is advisable to be careful regarding the acquisition route, and investment yields are closely monitored.

In 2019, Intervest continued its investment strategy and strengthened its position as logistics owner in the south of the Netherlands along the main logistics axes by expanding in the Netherlands with two acquisitions, in Roosendaal and Nijmegen, having long-term lease agreements. In addition, as part of the construction of a reserves of land in Den Bosch, a building was purchased that will in the long term be demolished and redeveloped for last-mile urban distribution. In total, Intervest realised **new acquisitions** in the Netherlands (Roosendaal and Nijmegen) for € 24 million in 2019. Furthermore, Intervest already invested € 30 million in logistics **project developments** in the Netherlands and Belgium (Genk, Eindhoven and Roosendaal) in 2019. The delivery of the development project in Eindhoven, the Netherlands, took place as at 30 January 2020. The delivery of Roosendaal is scheduled for the first quarter of 2020.

*Acquisitions and investments in project developments***€ 54 million**

In 2019, Intervest **divested** three logistics sites in Belgium with a fair value of € 58 million as at 31 December 2018, thereby realising an attractive gain on disposal of € 5 million. As a result of this divestment, Intervest is responding to the boom in the logistics real estate market and divesting buildings that are not sufficiently aligned with the characteristics of the portfolio.

*Divestment with attractive gain on disposal***€ 5 million**

### Offices

Intervest sees possibilities of investing in more attractive yields in the office market, on condition that the office buildings are suited to adjust to the Greenhouse concept where traditional office space is combined with the extensive service provision, serviced offices, co-working, shared meeting rooms and event spaces.

The further **realisation** of the **Greenhouse concept** was also well received on the office market in 2019. Office buildings arranged as pioneering inspirational meeting places providing co-working and extensive services are also popular with traditional tenants, as can be seen from the rentals that have been concluded and the average higher annual rent for the Greenhouse buildings. The occupancy rate for office buildings with a Greenhouse concept averaged 93% as at 31 December 2019. An expansion of the co-working community is also fully under way, with interchangeability of workplaces with other providers at locations where Intervest does not offer co-working.

*Further putting into practice of Greenhouse concept*

In 2019, **investments and expansions in the existing portfolio** were carried out for € 8 million, of which approximately € 6 million was spent on the further realisation of the Greenhouse concept. For example, additional meeting rooms have been created on the first floor in Greenhouse BXL and work has been done on the further finishing of co-working spaces, green zone and parking facilities.

## Development potential

In Belgium, Interinvest worked on further developing **Genk Green Logistics** in 2019. This project has a future development potential of approximately 250.000 m<sup>2</sup> state-of-the-art logistics real estate on zone B on the former Ford site, spanned over a period of five years. The site is an exceptional investment opportunity because of its location, size and multi-modal accessibility.

*Genk Green Logistics  
development potential of*

**250.000 m<sup>2</sup>**

The marketing of the planned new-build development in zone B is fully under way. Although De Vlaamse Waterweg will still be carrying out demolition, remediation and infrastructure works in zone A in 2020 and 2021, new developments in large parts of zone B can already be started at the same time that the remediation works are going on. The new construction for a first logistics building of 25.000 m<sup>2</sup> started at the beginning of 2020 and is expected to be ready by mid-2020.

## Sustainability

Interinvest actively focused on sustainability in 2019, which will result in 21% of the buildings being certified as 'BREEAM Very Good' in the first half of 2020. In addition, Interinvest managed to lease the roof surface area of seven Dutch logistics sites to be equipped with photovoltaic installations, four of which, amounting to 58.000 m<sup>2</sup>, were already fitted in 2019.

Interinvest will also actively pursue its sustainability strategy in 2020 by renewing or requesting 'BREEAM In-Use' certificates for its properties, by making every effort to attain a 'BREEAM' classification of 'Excellent' to 'Outstanding' in new-build projects and, if possible, by fitting photovoltaic installations on the roofs of logistics properties. Interinvest also continues to take actions to maintain its sustainable business operations with the 17 United Nations Sustainable Development Goals (SDGs) as a guideline and will report about this in a separate Sustainability Report.

## Rental activity and occupancy rate

The **occupancy rate** of the total Interinvest real estate portfolio remained stable at 93% as at 31 December 2019. For the office portfolio, the occupancy rate increased by 2 percentage points to 90% as at 31 December 2019, mainly as a result of new leases and expansions in Mechelen. The occupancy rate of the logistics portfolio fell to 96% as at 31 December 2019 (98% at the end of 2018), mainly due to the departure of tenant Fiege in Puurs. Given the strategic high visibility location of this site and the interest that logistics players have in this region, various discussions with potential tenants are ongoing and Interinvest is considering the future possibilities of this building.

*Occupancy rate*

**93%**

In 2019, **9% of rental income** was entered into or renewed in **34 long-term lease agreements**, representing 88.000 m<sup>2</sup>. This involves a mix of lease agreements for offices (7% of the total annual rental for offices) and lease agreements for logistics buildings (10% of the total annual rental for logistics). The most important leases were recorded in Oevel in the logistics

*9% long-term  
lease agreements*



portfolio and in Mechelen for the office segment. The lease activity in 2019 focused mainly on agreements with current tenants, which confirms the customers' confidence in Interinvest.

In addition to long-term leases and extensions, , **4% of rental income** has been renewed or extended in **short-term lease agreements** that are either open-ended or have a duration of less than one year.

*4% short-term  
lease agreements*

Moreover, in the office segment, **72 flexible contracts** were entered into for co-working and serviced offices in Brussels, Mechelen and Antwerp.

## Results and dividend

The achievement of the strategic growth plan at the end of 2018 is clearly shown in the results for 2019 and led to an increase in EPRA earnings in 2019.

The **EPRA earnings** for financial year 2019 rose by 50% compared to financial year 2018. Rental income increased by 38% as a result of the growth of the real estate portfolio and the one-off termination indemnity received from tenant Medtronic. This increase in rental income is partly compensated by higher property charges, general costs and financing costs related to the growth of Interinvest and its real estate portfolio. Excluding the one-off indemnity received as a result of the early departure of tenant Medtronic, the EPRA earnings increased by 32% compared to 2018.

*Increase in  
EPRA earnings*

**50%**

The **operating margin** improved by 2 percentage points and increased from 83% in 2018 to 85% in 2019. Excluding the one-off indemnity received from tenant Medtronic, the operating margin remained stable.

*Operating margin*

**+2% points**

The **EPRA earnings per share** amounted to € 1,91 for 2019 compared to € 1,63 for 2018. Excluding the indemnity received from tenant Medtronic, the EPRA earnings per share for 2019 would amount to € 1,68, an increase of 3% compared to the previous year. This was despite a rise of 28% of the weighted average number of shares caused by the capital increase of November 2018 and the optional dividend in May 2019.

*EPRA earnings  
per share*

**€ 1,91**

The **gross dividend** for financial year 2019 will amount to € 1,53<sup>1</sup> per share (€ 1,40 for 2018), which means that there is a gross dividend yield of 6,0% based on the closing rate for the Interinvest share as at 31 December 2019, which amounted to € 25,60. The net asset value (fair value) amounted to € 21,25 as at 31 December 2019, compared to € 19,62 as at 31 December 2018, which means that the share was listed at a premium of 20% as at 31 December 2019.

*Gross dividend* **€ 1,53**

*Premium* **20%**

<sup>1</sup> Subject to approval by the annual general meeting to be held in 2020.

## Shareholders' equity

As at 31 December 2019, the **net value (fair value)** of a share was € 21,25 compared to € 19,62 as at 31 December 2018. The **EPRA NAV** per share amounted to € 21,79 as at 31 December 2019. This means an increase of € 1,91 per share or 10% compared to the EPRA NAV per share of € 19,88 as at 31 December 2018. The increase is mainly a result of combining the generation of the EPRA earnings and the value increase of the real estate portfolio, as well as the dividend payment for financial year 2018.

+10% EPRA NAV

€ 21,79

Due to the optional dividend whereby 45,2% of the shareholders opted for shares, **shareholders' equity** was increased by € 8,6 million in May 2019.

Market capitalisation

€ 631 million

The **market capitalisation** of Interinvest as at 31 December 2019 amounted to € 631 million.

The **debt ratio** of Interinvest amounted to 39% as at 31 December 2019 (43,5% as at 31 December 2018). The decrease of 4,5 percentage points is mainly the result of the increase in value in the logistics portfolio and the divestment of three logistics sites in Belgium at the end of 2019.

## Financing

Within the context of the financing of its growth plan, Interinvest further strengthened and optimised the total **financing portfolio** in 2019, including the expansion and further diversification of various financing sources for a total amount of € 68 million and the expansion of the commercial paper programme to € 65 million (€ 30 million as at 31 December 2018). Furthermore, an existing financing of € 30 million was extended and a bond loan of € 25 million, which matured, was repaid. The average remaining duration of the long-term credit facilities is 4,0 years as at the end of 2019.

Optimisation  
and strengthening  
of financing  
portfolio

In line with the optimisation of the financing portfolio, an additional interest rate swap was concluded for a notional amount of € 15 million to hedge the interest rate risk and a number of existing hedging instruments for a notional amount of € 60 million were renegotiated and extended at a lower interest rate and with duration periods of between of 5 and 7 years. This caused the average duration of the interest rate swaps to be extended from 4,2 years to 4,4 years as at 31 December 2019. The **hedging ratio** amounted to 97% at year-end 2019 and is higher than Interinvest's strategic objective of maintaining a hedging ratio of at least 80% as a result of the divestments at year-end 2019.

This financing, interest rate hedging and optimisation have caused the average **financing cost** of Interinvest to decrease from 2,4% in 2018 to 2,1% in 2019.

Average  
finance cost **2,1%**

At the end of 2019, a buffer of € 186 million of **non-withdrawn credit lines** was available to finance ongoing project developments, future acquisitions and the dividend payment in May 2020. In addition, € 33 million in credit lines will mature in the first quarter of 2020.

€ 186 million  
of non-withdrawn credit  
lines available

Because of the limited **debt ratio** of 39% as at 31 December 2019, Interinvest can still invest approximately € 200 million with borrowed capital before reaching the top of the strategic range of 45%-50%.



## 1.2. Real estate portfolio

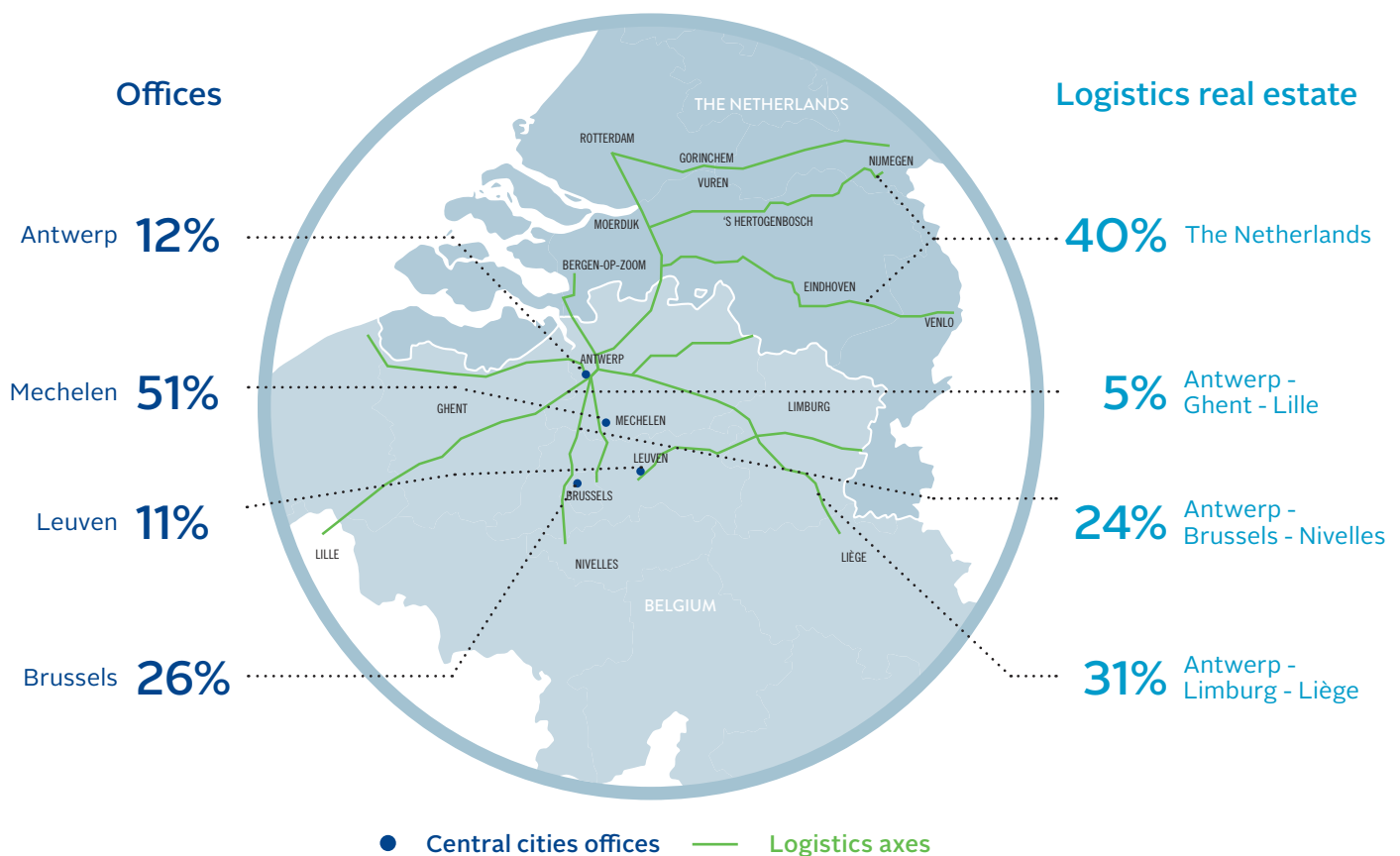
Key figures*	31.12.2019					31.12.2018				
	Logistics			Offices	Total	Logistics			Offices	Total
	Belgium	The Netherlands	Total logistics	Total offices		Belgium	The Netherlands	Total logistics	Total offices	
Fair value of investment properties (in million €)	325	218	543	350	893	366	154	520	347	867
Ratio of real estate segment (in %)	36%	25%	61%	39%	100%	42%	18%	60%	40%	100%
Contractual leases (in million €)	22	12	34	28	62	27	10	37	27	64
Gross lease rental on real estate available for lease (in %)	6,9%	5,9%	6,5%	8,1%	7,2%	7,5%	6,3%	7,2%	7,8%	7,4%
Gross rental yield (including estimated rental value of vacant properties) on real estate available for lease (in %)	7,3%	5,9%	6,7%	9,0%	7,7%	7,7%	6,3%	7,3%	8,9%	7,9%
Net rental yield (EPRA NIY) (in %)	5,8%	5,0%	5,5%	6,5%	5,9%	6,3%	5,6%	6,1%	6,3%	6,2%
Average remaining duration of lease agreements (until first expiry date) (in years)	3,2	9,3	5,3	3,1	4,3	3,8	10,1	5,5	3,5	4,6
Occupancy rate (EPRA) (in %)	94%	100%	96%	90%	93%	97%	100%	98%	88%	93%
Number of leasable sites	21	10	31	13	44	24	8	32	13	45
Gross leasable surface area (in thousands of m <sup>2</sup> )	474	234	708	238	946	589	196	785	238	1.023

\* All concepts and their calculations are included in a lexicon on the [www.intervest.be](http://www.intervest.be) website, called "Terminology and alternative performance measures".

### Nature of the portfolio

The ratio between the two segments as at the end of 2019 was 61% logistics buildings and 39% offices, as compared to 60% and 40%, respectively, as at 31 December 2018. 40% of the logistics real estate portfolio is now located in the Netherlands. This was 30% as at 31 December 2018.

### Geographical spread of the portfolio



Intervest invests in high-quality office buildings in Belgium and in logistics properties in Belgium and the Netherlands that are leased to first-rate tenants. The real estate properties in which the company invests consist primarily of modern buildings that are strategically located, often in clusters. The office segment focuses on and around central cities such as Antwerp, Mechelen, Brussels and Leuven and is located both in the inner city and on campuses outside the city. The logistics segment of the portfolio in Belgium is located on the Antwerp - Brussels - Nivelles, Antwerp - Limburg - Liège and Antwerp - Ghent - Lille axes. In the Netherlands, the portfolio focuses on the Moerdijk - 's Hertogenbosch - Nijmegen (A59), Rotterdam - Gorinchem - Nijmegen (A15) and Bergen-op-Zoom - Eindhoven - Venlo (A58/A67) axes.

## Fair value of investment properties

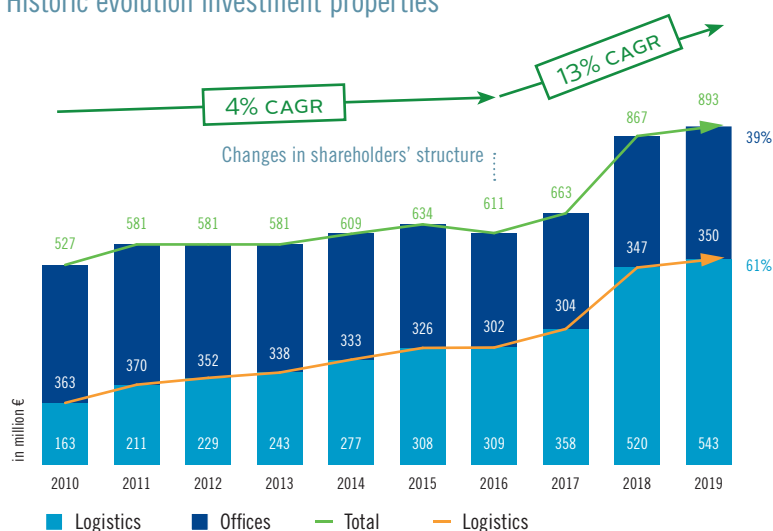
in thousands €

	2019			2018		
	Offices	Logistics real estate	Total	Offices	Logistics real estate	Total
<b>Balance sheet as at 1 January</b>	<b>346.769</b>	<b>519.735</b>	<b>866.504</b>	<b>304.250</b>	<b>358.518*</b>	<b>662.768*</b>
• Acquisition of investment properties	0	23.953	23.953	33.723	111.715	145.438
• Investments in development projects	0	29.594	29.594	0	3.828	3.828
• Divestment of investment properties	0	-57.665	-57.665	0	0	0
• Investments and expansions in existing investment properties	6.803	1.317	8.120	9.158	1.089	10.247
• Acquisition of shares of real estate companies	0	0	0	0	37.190	37.190
• Changes in fair value of investment properties	-3.503	25.810	22.307	-362	7.395	7.033
<b>Balance sheet as at 31 December</b>	<b>350.069</b>	<b>542.744</b>	<b>892.813</b>	<b>346.769</b>	<b>519.735</b>	<b>866.504</b>
OTHER INFORMATION						
Investment value of real estate properties	358.821	564.206	923.027	355.438	539.466	894.904

\* Balance sheet as at 1 January 2018 adjusted with real estate held by right of use in application of IFRS 16.

The **fair value of the investment properties** of Interinvest increased by € 26 million in 2019 and, as at 31 December 2019, it amounted to € 893 million (€ 867 million as at 31 December 2018).

## Historic evolution investment properties



The fair value of the **logistics portfolio** increased in 2019 by € 23 million or 4% due to:

- the increase in fair value of the real estate portfolio by € 26 million or 6%, mainly as a result of yield compression in the logistics portfolio, both in the Netherlands and Belgium
- the acquisition of two logistics sites in the Netherlands (Roosendaal and Nijmegen) for € 24 million
- the investments in the development projects in Genk, Eindhoven and Roosendaal and a land reserve in Den Bosch for € 30 million
- the divestment of the logistics sites in Aartselaar, Houthalen and Oudsbergen, with a fair value of € 58 million
- the investments and expansions in the existing real estate portfolio for € 1 million.

The fair value of the **office portfolio** increased in 2019 by € 3 million or 1%, mainly due to:

- the investments and expansions in the existing real estate portfolio of € 7 million, mainly in Greenhouse BXL
- the decrease in fair value of the office portfolio by € 4 million, mainly due to the decrease in value of Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.



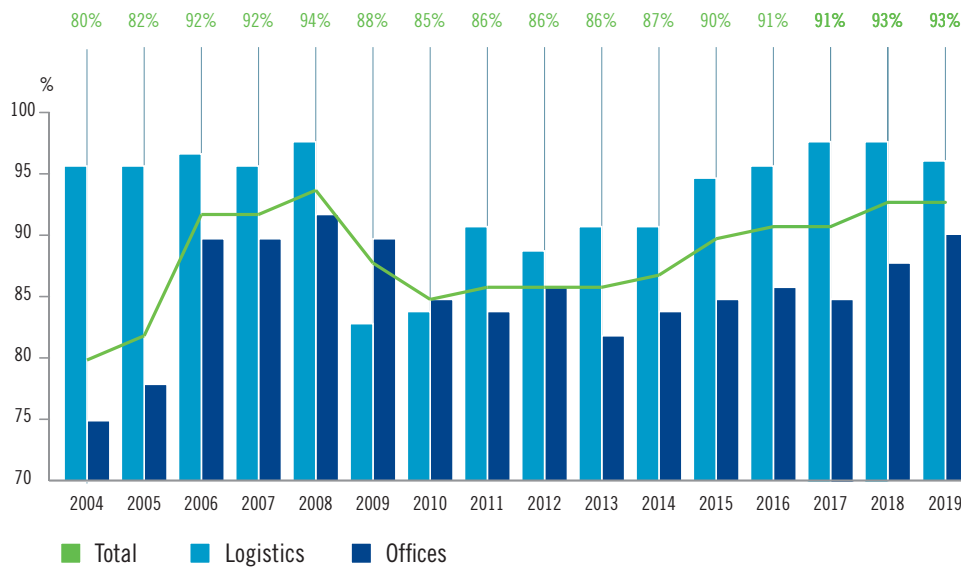
## Occupancy rate

The **occupancy rate** of the total portfolio remained stable and amounted to 93% as at 31 December 2019 (93% as at the end of 2018).

For the **office portfolio** the occupancy rate increased by 2 percentage points to 90% as at 31 December 2019 (88% as at the end of 2018) mainly as a result of new leases and expansions in Mechelen.

The occupancy rate of the **logistics portfolio** fell by 2 percentage points to 96% as at 31 December 2019 (98% as at the end of 2018) mainly as a result of the departure of tenant Fiege in Puurs in the fourth quarter of 2019. Given the strategic high visibility location of this site and the current interest in this region, various discussions with potential tenants are ongoing and Intervest is considering the future possibilities of this building.

## Historic evolution occupancy rate



### 1.3. Investments in 2019

Interinvest continued its investment strategy in 2019 with **acquisitions and investments in development projects** in Belgium and the Netherlands for € 54 million and **expansions and investments in the existing portfolio** for € 8 million.

In 2019, Interinvest achieved **new acquisitions** for € 24 million in the Netherlands in Roosendaal and Nijmegen. The newly acquired sites together have a leasable surface area of approximately 37.000 m<sup>2</sup> and generate a rental income flow of € 1,7 million annually. The acquisitions have an average gross initial yield of 7,0%.

Furthermore, € 30 million was invested in **development projects** in Belgium and the Netherlands, and a land reserve in Den Bosch. The delivery of the development project in Eindhoven, the Netherlands, took place as at 30 January 2020. The delivery of Roosendaal is scheduled in the first quarter of 2020.

#### Acquisitions of logistics real estate in the Netherlands

##### Roosendaal, Borchwerf II: built-to-suit centre for production and distribution activities

In the first semester of 2019, Interinvest acquired a new-build built-to-suit centre of 17.800 m<sup>2</sup> for production and distribution activities at the Borchwerf II logistics hotspot in Roosendaal, which is expansive.

This state-of-the-art building was delivered as at 1 March 2019 and transferred to Interinvest for a total acquisition value of € 16,5 million. With a triple net lease, the site will yield an annual rental income of € 1,0 million, resulting in a gross initial yield of 5,7%. Meanwhile, solar panels have been placed on the site

The tenant of this new-build logistics project is Fri-Jado, market leader in its sector (equipment and systems for food preparation, storage and presentation), which leases the property for a non-cancellable period of 15 years.





The new-build project at Borchwerf II was built to suit by the Dutch property developer HVBM Vastgoed. The building is certified 'BREEAM Very Good' and has a striking appearance with an overhang extending out at the front and an expanse of glass spanning the full height. A photovoltaic installation has been fitted on the roof.

This is Intervest's third Roosendaal acquisition and allows it to further expand its cluster at one of West-Brabant's most important logistics hubs. Intervest also owns a logistics complex of approximately 38.200 m<sup>2</sup> on the Majoppenveld industrial site and a logistics project development of approximately 28.000 m<sup>2</sup> on Borchwerf I, delivery of which is expected in the first quarter of 2020.

### Nijmegen, De Vlotkampweg 67-71: strategic land position

In June 2019, Intervest acquired a logistics site in Nijmegen through a sale-and-lease-back agreement.

The distribution centre of a total of 19.200 m<sup>2</sup> includes 17.500 m<sup>2</sup> of warehouse space and 1.700 m<sup>2</sup> of office space. The site is located in Nijmegen on the Westkanaaldijk industrial site to the west of the centre of Nijmegen. The industrial site is easily accessible via both the A73 and the A50.

The logistics site is leased in its entirety by De Klok Logistics for a non-cancellable period of 10 years under a triple net regime. De Klok Logistics is a rapidly growing Dutch transport company that specialises in freight transport and storage. The site was purchased for € 7,5 million, representing a gross initial yield of 10,0%.

Given the prime strategic location of the site, after the expiry of the lease agreement, this location lends itself perfectly to redevelopment for (sustainable) urban distribution and, with this, Intervest has acquired a strategic land position for the long term.



## Investments in project developments in the Netherlands

### Roosendaal, Borchwerf I - Braak: logistics project development

Interinvest signed a purchase agreement at the beginning of 2018 for the acquisition of a site for the development of a modern and high-quality logistics distribution centre of 28.000 m<sup>2</sup> on the Borchwerf I industrial site in Roosendaal. After the necessary demolition work, the site was transferred to Interinvest clear for construction as at 25 April 2019, after which the construction work started.

The first pile was driven as at 29 May 2019 and delivery of the new building is planned during the first quarter of 2020. Interinvest aims to achieve a 'BREEAM Outstanding' classification for this new-build project. For example, the building will have extensive insulation, a photovoltaic installation, LED lighting, separate water drainage systems, etc.

The site will not yet be leased at the moment of the delivery but the marketing by De Lobel & Partners and CBRE is fully ongoing. Interinvest currently estimates that the building will generate approximately € 1,4 million in rental income on an annual basis. The gross initial yield of this investment amounts to 7,1%, representing an investment of € 19,5 million.



### Eindhoven, Flight Forum 1890: Gold & Silver Forum form cluster at Eindhoven Airport

Gold Forum, a state-of-the-art, highly sustainable logistics building at the Flight Forum business park near Eindhoven Airport was delivered as at 30 January 2020 and transferred to Intervest for investment sum of € 18,9 million. This transaction, via the conclusion of a turn-key purchase agreement, was previously<sup>1</sup> announced by Intervest.

The prominent building with its striking gold-coloured curved façade forms a single entity with the Silver Forum business premises acquired by Intervest in 2018, with the result that one logistics complex of almost 50.000 m<sup>2</sup> in total has been created at a multi-modal location. The location and configuration of the building in the Eindhoven region also make it suitable as a city distribution warehouse.

This new construction further optimises the quality of the Dutch portfolio too, since the building will be granted a 'BREEAM Very Good' certification and will be equipped with a photovoltaic installation on the roof.

The project is not leased but provides an immediate rental income of € 1,2 million per year for Intervest thanks to the 24-month rental guarantee granted by the seller. Given the limited availability in the Eindhoven region and various contacts with various candidate tenants, it is now expected that the building will be fully rented by mid-2020.

<sup>1</sup> See press release 5 November 2018.



Gold Forum - Eindhoven

### Den Bosch: land reserve for later redevelopment

In the course of the third quarter of 2019, Interinvest purchased a site in Den Bosch (the Netherlands) in order to create a land reserve for later redevelopment.

The land was purchased with an outdated building for € 2,3 million and, once the lease expires in mid-2020, offers possibilities for redevelopment. The site is located very close to the city and is therefore highly suitable for last-mile urban distribution. The idea is to create a built-to-suit project from where businesses and shops in the city can be supplied.

This form of smart urban distribution reduces the volume of heavy transport to and from the city and allows shops to manage their stocks optimally. In this way, Interinvest also contributes in a sustainable way to addressing the mobility issue in and around a city.

## 1.4. Divestments in 2019

Given the current situation on the investment market, in which logistics real estate is offered at sharp yields, Interinvest is also paying attention to asset rotation for buildings that are not sufficiently aligned with the current and future characteristics of the portfolio.

The divestment of three non-optimal logistics sites in Belgium (Aartselaar, Houthalen and Oudsbergen) with a total fair value of € 58 million, provided an attractive gain on disposal of € 5 million.

### Logistics real estate in Belgium

#### Aartselaar

The logistics building in Aartselaar was divested in 2019. This building is a rather outdated building dating from 1993, which no longer fits in with the Interinvest portfolio. The building became completely vacant in the summer of 2019 after the tenant went bankrupt. The sale price is € 4,3 million (excluding taxes and purchase costs), which is 7% above the fair value of the property as at 31 December 2018.

#### Houthalen - Oudsbergen

At the end of 2019, Interinvest divested another two logistics sites in Houthalen and Oudsbergen for a net sales price of € 63 million.

By selling these two sites, Interinvest responded to the boom in the economic situation in the logistics real estate market and thereby realised an attractive gain on disposal of € 5 million. Interinvest received a one-off termination indemnity of € 5,9 million in the first half of 2019 due to the departure of tenant Medtronic in Oudsbergen.

Interinvest acquired the logistics sites in Houthalen and Oudsbergen, which were built in phases between 1999 and 2012 and have a total leasable surface area of approximately 105.000 m<sup>2</sup>, in 2011 and 2014 respectively. At the time of the sale, the occupancy rate for these buildings combined amounted to 61%. Interinvest provided the buyer with a rent guarantee of a maximum of 24 months on the existing vacancy rate in Oudsbergen as a result of the departure of tenant Medtronic.



At the time of the sale, the buildings represented 6% of the fair value of Interinvest's real estate portfolio and generated an annual rental income of approximately € 2,6 million. This divestment was made at an exit yield of approximately 7% and an IRR of 13%. The sale was concluded with a company controlled by the South African investor Investec Property Fund and managed by the English fund manager Ares Management Limited.

## 1.5. Development potential

The logistics investment market is in great demand and purchase prices for logistics sites are rising steadily. For this reason, Interinvest does not merely look at acquisitions per se for the growth of the logistics portfolio, but also takes into consideration the possibilities for developments/redevelopments or the creation of land reserves for future expansion or redevelopment. Changes in logistics distribution also help determine the choice of purchasing new sites.

At the end of 2019, Interinvest further expanded its land reserves by acquiring Den Bosch in the Netherlands and it has a few logistics project developments in the pipeline. In Belgium, work is continuing on the redevelopment of zone B of the former Ford site in Genk.

### Belgium

#### “Genk Green Logistics”: redevelopment of zone B of the former Ford site in Genk started

Genk Green Logistics, an institutional regulated real estate company (IRREC) under Belgian law, is the cooperative company between Interinvest, on the one hand, and Group Machiels, on the other, which together with developer MG Real Estate and DEME Environmental Contractors is responsible for the redevelopment of one of the most large-scale accessible tri-modal logistics hubs in Flanders.



The site is **strategically located** in the important logistics corridor of Antwerp - Limburg - Liège. The site's surface area of 133 hectares and the tri-modal access via the Albert Canal, the railway and the proximity of the E314 and E313 are unique trump cards to put Genk Green Logistics on the map as a logistics hotspot. In 2018 Genk Green Logistics purchased the site on zone B of the former Ford site, which is 42 hectares. Zone A is to become a public domain reserved for community functions. Zone C is the property of De Vlaamse Waterweg.

Genk Green Logistics intends to build a **full new-build project** at zone B, which will consist of a state-of-art logistics complex that will comprise approximately **250.000 m<sup>2</sup>** after full development. This surface area is intended to be developed in phases, spread over different buildings, over an expected period of five years.

Genk Green Logistics stands for a **development plan** with a clear commercial focus on large scale operation and e-commerce. It expects that this will attract a broad range of users to the site, from e-commerce retail activities, e-fulfilment service providers to classic 3PL organisations. The site will also be open to other logistics needs or the smart manufacturing industry.

The **marketing** of the planned new-build development in zone B has already been started. Although De Vlaamse Waterweg will still be carrying out demolition, remediation and infrastructure works in zone A in 2020 and 2021, Genk Green Logistics can simultaneously start the new-build developments in large parts of zone B. The new construction of a first state-of-the-art logistics building of approximately 25.000 m<sup>2</sup> started at the beginning of 2020. Genk Green Logistics wants this first building to be operational in 2020.





## 1.6. Rental activity

With regard to leases, in the past year of 2019, Interinvest **extended or renewed** a total of **9% of the rental income**, or a net annual rent of € 5,3 million, **for the long term**. In 2018, this was 15%, or a net annual rent of € 7,1 million, among other things due to the leases in the renovated Greenhouse BXL. In 2019, 34 rental transactions for 88.000 m<sup>2</sup> were concluded with new or existing tenants. The lease activity in 2019 focused mainly on agreements with current tenants, which confirms the customers' confidence in Interinvest. In particular, 8% of the rental income (6% in 2018), or 76.000 m<sup>2</sup>, was concluded in 22 transactions with existing tenants in the form of extensions or expansions. In 2019, Interinvest concluded 12 transactions with new tenants, representing 12.000 m<sup>2</sup> or 1% of the rental income (8% in 2018).

In the **office portfolio**, Interinvest leased 15.300 m<sup>2</sup> in 27 long-term transactions, which represents 7% of the rental income of the office segment. This was 21% in 30 transactions in 2018. In 2019, this involved a mix of smaller new tenants (9 transactions representing almost 2% of the rental income of the office segment), and extensions and expansions with existing tenants (18 transactions representing 5% of the rental income of the office segment) such as Galapagos, LBC and Basic Fit. 87% of the long-term leases concluded in the office portfolio in 2019 relate to leases in Mechelen.

In the **logistics portfolio**, 72.300 m<sup>2</sup> were leased for the long term in 7 transactions, which represents 10% of the rental income of the logistics segment. This was 10% in 8 transactions in 2018. Here too, agreements were mainly concluded with existing tenants, representing 9% of the rental income for the logistics segment, with the extension and expansion of Estée Lauder in Oevel being one of the most important transactions.

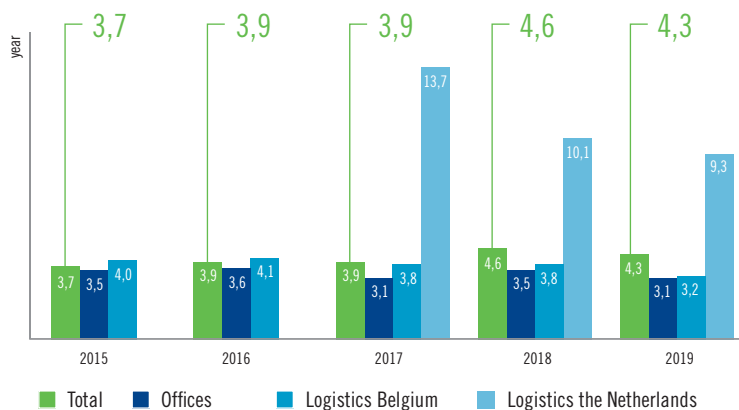
Besides these long-term leasing and extension agreements, **temporary agreements** or a net annual rental of € 2,5 million or 4% of the rental income were also concluded or extended by an indefinite period or a period of less than one year. These temporary agreements in the office and logistics segments show that Interinvest thinks along with its customers in looking for flexible solutions that closely match the often specific needs of their business.

In the office segment, **72 flexible contracts** were also concluded for co-working and serviced offices in Greenhouse BXL, Mechelen and Antwerp, where the flexibility of the new Greenhouse co-working formula, that provides the subscribers with the possibility of using the co-working lounges in the three Greenhouse locations, has led to an increase in the number of co-workers.



## 1.7. Duration of lease agreements in portfolio

### Average remaining duration of the agreements until the next termination date



The **average remaining lease period until the next expiry date** (WALL) of the total portfolio was 4,3 years as at 31 December 2019 (4,6 years as at 31 December 2018).

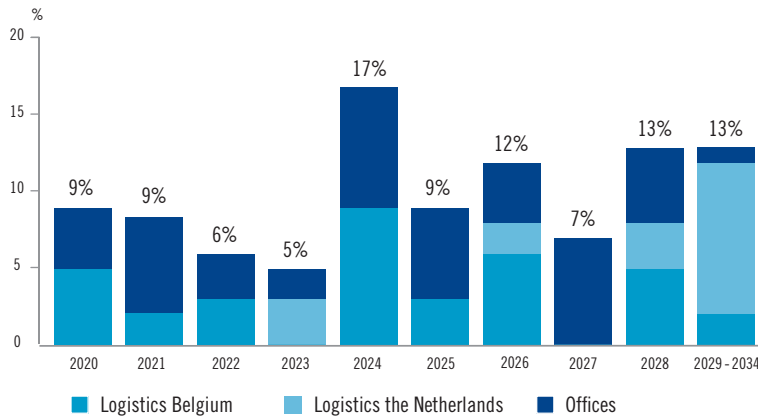
For the offices, the WALL amounted to 3,1 years as at 31 December 2019, as compared to 3,5 years as at 31 December 2018.

For the logistics properties, the average lease period until the next expiry date amounted to 5,3 years as at 31 December 2019, as compared to 5,5 years as at 31 December 2018. In the logistics portfolio in Belgium, the WALL was 3,2 years, whereas it amounted to 3,8 as at 31 December 2018. In the Dutch logistics portfolio, the WALL will decrease from 10,1 years at the end of 2018 to 9,3 years as at 31 December 2019.

Unlike in the Netherlands, current Belgian market conditions often make it difficult to conclude longer fixed-term contracts with tenants. For example, the larger third-party logistics players often want a great deal of flexibility and they ask for contracts having short-term termination dates or open-ended contracts that can be permanently terminated on condition that a number of months' advance notice is duly respected. In the office segment, the traditional 3/6/9 contract still remains the norm, but longer durations or penalty clauses are no exception when taking a first termination.

With an average remaining contract duration of more than 3 years until the next termination date in its three real estate segments, Intervest has sufficient rental security to limit the risk of potential vacancy.

Final expiry dates of the lease agreements in the entire portfolio



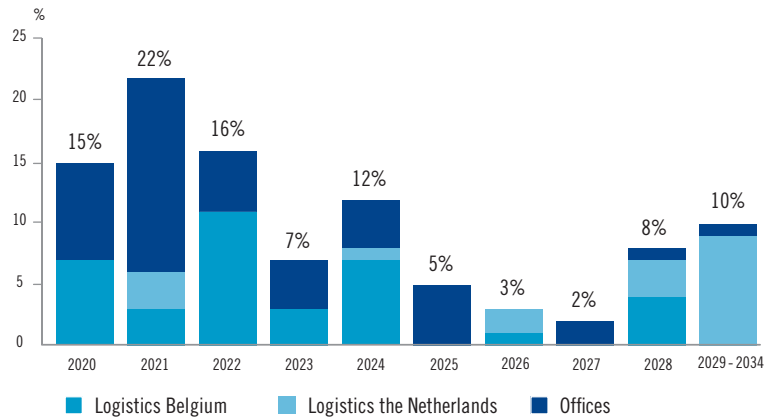
The final expiry dates of Intervest’s lease agreements are well-spread out over the coming years. Based on the contractual annual rent, 9% of the agreements have a final expiry date in 2020.

4% of the agreements that reach their final expiry date in 2020 are agreements in the office segment. These are often smaller agreements, mainly in Mechelen, for which a number of agreements are expected to be extended and where any spaces that have become vacant can be filled quickly.

The 5% of agreements that will reach their final expiry date in the logistics segment in 2020 are all agreements in the Belgian logistics portfolio. Of this, and as previously communicated, the end of the first part of the availability agreement with Nike Europe Holding, which represents 4% of the contractual rental income, is the largest. This state-of-the-art site with a high profile location along the E313 Antwerp - Liège motorway is currently being marketed.

9% of the agreements will also reach the final expiry date in 2021. 2% of them are agreements in the logistics segment, mainly the second part of the availability agreement with Nike Europe Holding. 7% of the agreements reaching the final expiry date in 2021 are agreements in the office segment. For example, the lease agreement with PricewaterhouseCoopers in Woluwe Garden, which represents 5% of Intervest’s contractual rental income, will end as at 31 December 2021. As previously communicated, the future possibilities for this building, regarding both the redevelopment into a Greenhouse and divestment or reconversion, are currently being further examined.

Next expiry date of the lease agreements in the entire portfolio



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, as is often common practice, however.

In 2020, 15% of the agreements will reach their interim or final expiry date, of which 8% will be in the office portfolio and 7% in the logistics real estate segment in Belgium

The graph shows the hypothetical scenario as at 31 December 2019 in which every tenant terminates its lease agreement on the next interim expiry date. This is a worst-case scenario. On average, the tenants who vacated in 2019 only gave notice after a lease period of almost 9 years, 8 years in 2018. The tenants in the office segment who vacated in 2019 stayed with Intervest for an average of 12 years.

## 2. Financial annual results for 2019

### 2.1. Summary

Interinvest's EPRA earnings for the financial year 2019 amounted to € 46,8 million. This result signifies an increase of 50% compared to the EPRA earnings of € 31,2 million in 2018. The EPRA earnings per share rose by 17% and amounted to € 1,91 for 2019 compared to € 1,63 for 2018.

This increase in the EPRA earnings is mainly due to the 38% rise in the rental income due to the growth of the real estate portfolio and the one-off termination indemnity received as a result of the early departure of tenant Medtronic, partly compensated by higher property charges, general costs and financing costs as a result of the growth of Interinvest and its real estate portfolio.

Without taking into account the one-off indemnity received from tenant Medtronic, the EPRA earnings for 2019 amounted to € 41,1 million, which represents an increase of 32% compared to 2018. The underlying EPRA earnings per share amount to € 1,68 or an increase of 3% compared to 2018.

The operating margin of the company improved by 2 percentage points and increased from 83% as at 31 December 2018 to 85% at the end of 2019. Excluding the one-off indemnity received from tenant Medtronic, the operating margin remained stable.

The average interest rate for financing dropped from 2,4% in 2018 to 2,1% in 2019 due to financing/refinancing, negotiating/re negotiating interest rate hedging, the commercial paper programme issued in July 2018 and the repayment of the bond loan.



## 2.2. Key figures

Number of shares	2019	2018
Number of shares at year-end	24.657.003	24.288.997
Number of shares entitled to dividend	24.657.003	24.288.997
Weighted average number of shares	24.516.858	19.176.981
<b>Result per share - Group share</b>		
Net result per share (€)	2,68	1,78
EPRA Earnings per share (€)	1,91	1,63
Pay-out ratio* (%)	80%	86%
Gross dividend** (€)	1,53	1,40
Percentage withholding tax	30%	30%
Net dividend* (€)	1,0710	0,9800
<b>Balance sheet information per share - Group share</b>		
Net value (fair value) (€)	21,25	19,62
Net asset value EPRA (€)	21,79	19,88
Share price on closing date (€)	25,60	20,60
Premium with regard to fair net value (%)	20%	5%

\* Intervest Offices & Warehouses is a public regulated real estate company with a legal distribution obligation of at least 80% of the net result, adjusted to non-cash flow elements, realised capital gains and capital losses on investment properties and debt reductions.

\*\* Subject to approval by the annual general meeting to be held in 2020.

## 2.3. EPRA Key figures

EPRA key figures	31.12.2019	31.12.2018
EPRA earnings (in € per share) (Group share)	1,91	1,63
EPRA NAV (in € per share)	21,79	19,88
EPRA NNNNAV (in € per share)	21,14	19,49
EPRA Net Initial Yield (NIY) (%)	5,9%	6,2%
EPRA Topped-up NIY (%)	6,1%	6,4%
EPRA Vacancy rate (%)	6,8%	6,7%
EPRA Cost Ratio (including direct vacancy costs)	15,5%	17,4%
EPRA Cost Ratio (excluding direct vacancy costs)	14,5%	16,2%

The EPRA NIY and the EPRA topped-up NIY decreased as at 31 December 2019 compared to 31 December 2018 as a result of the divestments in 2019 and an increase in fair value of the existing logistics portfolio as a result of the sharpening of the yields in the logistics segment.

The EPRA cost ratio as at 31 December 2019 decreased compared to 31 December 2018 as a result of the termination indemnity received from tenant Medtronic. Without taking into account the termination indemnity received from Medtronic, the EPRA cost ratio remains at the same level.



## 2.4. Consolidated income statement

in thousands €	2019	2018
Rental income	66.143	47.920
Rental-related expenses	-166	-53
Property management costs and income	1.131	806
<b>Property result</b>	<b>67.108</b>	<b>48.673</b>
Property charges	-7.529	-6.394
General costs and other operating income and costs	-3.688	-2.725
<b>Operating result before result on portfolio</b>	<b>55.891</b>	<b>39.554</b>
Result on disposal of investment properties	5.364	0
Changes in fair value of investment properties	22.307	7.033
Other result on portfolio	-5.661	-2.472
<b>Operating result</b>	<b>77.901</b>	<b>44.115</b>
Financial result (excl. changes in fair value of financial assets and liabilities)	-8.501	-8.005
Changes in fair value of financial assets and liabilities (ineffective hedges)	-3.065	-1.615
Taxes	-587	-390
<b>NET RESULT</b>	<b>65.748</b>	<b>34.105</b>
Minority interests	-17	-9
<b>NET RESULT - Group share</b>	<b>65.765</b>	<b>34.114</b>
<b>Note:</b>		
EPRA earnings	46.820	31.168
Result on portfolio	22.010	4.561
Changes in fair value of financial assets and liabilities (ineffective hedges)	-3.065	-1.615

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

The achievement of Interinvest's strategic growth plan at the end of 2018 is clearly reflected in the results of 2019. Interinvest's **rental income** in 2019 amounted to € 66,1 million (€ 47,9 million) and this caused a rise of € 18,2 million or an increase by 38% in respect of 2018. The rental income in 2019 includes a one-off termination indemnity received as a result of the early departure of tenant Medtronic in Oudsbergen. This termination indemnity has a positive effect of € 5,2 million on the rental income. Without taking into account the termination indemnity, the increase in rental income amounted to € 13,0 million or 27%, mainly attributable to the growth of the real estate portfolio and leases in the office segment.

Rental income in the logistics portfolio amounted to € 40,5 million. Without the termination indemnity from Medtronic, rental income in the logistics portfolio amounted to € 35,3 million, which is an increase of € 7,7 million or 28% compared to 2018 (€ 27,6 million) as a result of the expansion of the logistics real estate portfolio.

<sup>1</sup> The figures between brackets are the comparable figures for financial year 2018.

Rental income in the office segment increased by € 5,3 million compared to 2018, to € 25,6 million in 2019. This 26% rise is mainly due to the acquisition of the Ubicenter office complex in Leuven in December 2018 and the leases agreed at Greenhouse BXL, Mechelen Campus and Intercity Business Park in the course of 2018 and 2019.

*Realisation of growth plan in 2018 ensures increases in rental income for 2019 in the logistics real estate portfolio and in the office portfolio.*

The **property charges** amount to € 7,5 million for 2019 (€ 6,4 million). The increase of € 1,1 million was caused mainly by higher property management costs as a result of an increase in staff numbers due to the growth of the real estate portfolio.

The **general costs and other operating income and costs** amounted to € 3,7 million (€ 2,7 million) for 2019. The rise of approximately € 1,0 million is attributable to higher personnel costs as a result of an increase in staff for the internal organisation and the higher stock exchange tax ("subscription tax") payable as a result of the € 99,9 million capital increase carried out in November 2018.

The increase in rental income combined to the increase in general costs and property charges meant that the **operating result before result on portfolio** increased by € 16,3 million or 41% to € 55,9 million (€ 39,6 million) in 2019. Without taking into account the one-off effect of the termination indemnity and provisions for vacancy costs received from Medtronic, the operating result before result on portfolio amounted to € 50,2 million, an increase of 27% compared to 2018.

The **operating margin** of the company improved by 2 percentage points and increased from 83% as at 31 December 2018 to 85% at the end of 2019. Without the one-off indemnity received from tenant Medtronic as a result of its early departure, the operating margin remained stable.

The **result on disposals of investment properties** includes the gain on disposal of € 5,4 million (difference between the carrying amount as at 31 December 2018 and the selling price minus all selling costs) realised for the logistics buildings in Aartselaar, Houthalen and Oudsbergen.

The **changes in the fair value of investment properties** amounted to € 22,3 million in 2019 (€ 7,0 million). Positive changes in the fair value are the result of:

- the increase of 5% or € 25,8 million in fair value of the logistics portfolio as a result of yield compression in the Netherlands and Belgium;
- the decrease in fair value of the office portfolio by € -3,5 million, mainly due to the decrease in value of Woluwe Garden as a result of the previously announced departure of tenant PwC by the end of 2021.

In 2019, **the other result on portfolio** amounted to € -5,7 million (€ -2,5 million) and primarily comprised the provision for deferred tax on non-realised increases in value on the investment properties belonging to the perimeter companies of Intervest in the Netherlands and Belgium.

The **financial result (excl. changes in fair value of financial assets and liabilities (ineffective hedges))** in 2019 amounted to € -8,5 million (€ -8,0 million). The € 0,5 million or 6% increase in the net interest costs is the result of the growth of the real estate portfolio. The financing/refinancing carried out to optimise the financing structure, together with the commercial paper programme that was implemented in July 2018 and the repayment of the bond loan as at 1 April 2019, brought down the average cost of financing. The average interest rate of the financing for 2019 amounted to 2,1%, compared to 2,4% in 2018.

*The average interest rate for financing amounted to 2,1% including bank margins for 2019 (2,4% in 2018).*

The **changes in fair value of financial assets and liabilities (ineffective hedges)** include the change in market value of the interest rate swaps which, in line with IAS 39, cannot be classified as cash flow hedging instruments, in the amount of € -3,1 million (€ -1,6 million).

The **net result** of Interinvest for financial year 2019 amounted to € 65,7 million (€ 34,1 million) and can be divided into:

- the **EPRA earnings** of € 46,8 million (€ 31,2 million), or an increase of € 15,6 million or 50%, mainly due to the rise in rental income resulting from the growth of the real estate portfolio and the one-off indemnity received as a result of the early departure of tenant Medtronic, partly compensated by higher property charges, general costs and financing costs related to the growth of Interinvest and its real estate portfolio; excluding the one-off indemnity received from tenant Medtronic, the EPRA earnings amounted to € 41,1 million, representing an increase of € 9,9 million or 32% compared to 2018
- the **result on portfolio** of € 22,0 million (€ 4,6 million)
- the **changes in fair value of financial assets and liabilities (ineffective hedges)** for an amount of € -3,1 million (€ -1,1 million).

This means EPRA earnings of € 46,8 million (€ 31,2 million) for Interinvest for 2019. Taking into account the 24.516.858 weighted average number of shares, this results in EPRA earnings per share of € 1,91 as compared to € 1,63 per share for 2018.

Excluding the indemnities received from tenant Medtronic as a result of the early departure, the EPRA earnings per share for 2019 would amount to € 1,68 or an increase of 3% compared to the previous year, despite an increase of the weighted average number of shares of 28% as a result of the capital increase of November 2018 and the optional dividend in May 2019.

The shareholders can be offered a **gross dividend** of € 1,53<sup>1</sup> (€ 1,40 for 2018). This equals a pay-out ratio of 80%<sup>2</sup> of the EPRA earnings. This offers the shareholders a **gross dividend yield** of 6,0%, based on the closing share price as at 31 December 2019 (€ 25,60).

1 Subject to approval by the annual general meeting to be held in 2020.

2 Interinvest Offices & Warehouses is a regulated real estate company with a legal distribution obligation of at least 80% of the net result, adjusted to non-cash flow elements, realised increases and decreases in value on property investments and debt reductions.

## 2.5. Consolidated balance sheet

in thousands €	31.12.2019	31.12.2018
<b>ASSETS</b>		
Non-current assets	894.262	867.582
Current assets	24.601	19.582
<b>Total assets</b>	<b>918.863</b>	<b>887.164</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>524.433</b>	<b>477.208</b>
Share capital	222.958	219.605
Share premiums	173.104	167.883
Reserves	62.032	55.015
Net result for the financial year	65.765	34.114
Minority interests	574	591
<b>Liabilities</b>	<b>394.430</b>	<b>409.956</b>
Non-current liabilities	274.065	297.951
Current liabilities	120.365	112.005
<b>Total shareholders' equity and liabilities</b>	<b>918.863</b>	<b>887.164</b>

### Assets <sup>1</sup>

*The fair value of the real estate portfolio as at 31 December 2019 amounted to € 893 million.*

The **non-current assets** consist mainly of the real estate investments of Interinvest. The **fair value of the real estate portfolio** increased by approximately € 26 million in 2019 due to the increase in value of the portfolio (€ 22 million), investments in the existing portfolio (€ 8 million) and asset rotation.

The fair value of the real estate portfolio as at 31 December 2019 amounted to € 893 million (€ 867 million). The underlying fair value of the real estate portfolio underwent the following changes in 2019:

- the increase in fair value of the real estate portfolio by € 22 million, mainly as a result of the yield compression in the logistics portfolio, both in the Netherlands and in Belgium
- the investments and expansions in the existing real estate portfolio for € 8 million
- acquisition of two logistics sites (Roosendaal and Nijmegen) with a total investment sum of € 24 million
- investments in development projects in Genk, Eindhoven and Roosendaal and a land reserve in the Netherlands (Den Bosch) for € 30 million
- divestment of three logistics site in Belgium for € 58 million.

<sup>1</sup> The figures between brackets are the comparable figures for financial year 2018.

The **current assets** amounted to € 25 million (€ 20 million) and consist mainly of trade receivables in the amount of € 12 million, € 10 million of which for advance invoicing for the first quarter of 2020, € 6 million from tax receivables and other current assets, € 2 million from liquid assets and € 5 million from deferred charges and accrued income.

### Liabilities<sup>1</sup>

The company's **shareholders' equity** increased by € 47 million or 10% in 2019, and as at 31 December 2019 amounted to € 524 million (€ 477 million as at 31 December 2018), represented by 24.657.003 shares (24.288.997 shares as at 31 December 2018). This increase was primarily due to the combination of:

- the optional dividend for € 9 million in May 2019 whereby the shareholders of Interinvest opted, for the payment of the dividend for 45,2% of their shares for financial year 2018, for the contribution of their dividend rights in return for new shares instead of receiving payment of the dividend in cash; this has led to the creation of 368.006 new shares entitled to dividend as from 1 January 2019
- the dividend payment for financial year 2018 for an amount of € 27 million in May 2019
- the net result in the amount of € 66 million for the 2019 financial year.

### *Shareholders' equity in 2019 increased by € 47 million or 10%.*

As at 31 December 2019, the **net value (fair value)** of a share was € 21,25 compared to € 19,62 as at 31 December 2018. The EPRA NAV per share amounted to € 21,79 as at 31 December 2019. This means that there was an increase of € 1,91 compared to the EPRA NAV per share of € 19,88 as at 31 December 2018, mainly as a result of combining the generation of the EPRA earnings and the increase in value of the real estate portfolio, as well as the dividend payment for the 2018 financial year.

### *Increase of the EPRA NAV per share by € 1,91 or 10% to € 21,79 as at 31 December 2019.*

As the stock exchange quotation of an Interinvest share (INTO) was € 25,60 as at 31 December 2019, the share was listed at a premium of 20% on the closing date, compared to the fair net value.

### *Market capitalisation reached € 631 million as at 31 December 2019.*

The **long-term liabilities** amounted to € 274 million (€ 298 million) consisting of long-term financial debts in the amount of € 255 million (€ 289 million), the other non-current financial liabilities of € 9 million, a provision of € 7 million for deferred taxes and a long-term provision of € 2 million for the rental guarantee that Interinvest has provided to the purchaser of the logistics property in Oudsbergen.

<sup>1</sup> The figures between brackets are the comparable figures for financial year 2018.

The **current liabilities** amounted to € 120 million (€ 112 million) and consisted mainly of € 88 million (€ 87 million) in current financial debts (€ 23 million bank loans and € 65 million commercial paper), € 12 million in trade debts and other current debts and liabilities, and € 19 million in accrued charges and deferred income.

## 2.6. Financial structure

### Developments in 2019

The financial policy of Interinvest 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%. Interinvest ensures that there are enough resources available to finance current projects and to be able to follow up growth opportunities. Good diversification of various financing sources is targeted, as well as an adequate spread of the expiry dates of the financing, which caused Interinvest to also close 2019 with a solid capital structure. Interinvest continues to pay attention to actively managing the financial risks, including risk of interest, of liquidity and of financing.

In 2019, Interinvest expanded its financing portfolio and continued to diversify through the following actions.

- Expanding of the commercial paper programme by € 35 million to € 65 million.
- Expanding of € 68 million and extending of € 30 million bank financing
- The repayment of the € 25 million bond loan issued in March 2014, which matured as at 1 April 2019.
- The closing and renegotiating of interest rate hedges.

These (re-)financing, interest hedging and optimisation actions have caused the average financing cost of Interinvest to decrease from 2,4% in 2018 to 2,1% in 2019. As at 31 December 2019, the hedging ratio amounted to 97%.

This (re-)financing shows the confidence that financial institutions have in Interinvest and its strategy. It has led to an adequate spread of the expiry calendar of the long-term financing between 2020 and 2026, while duly regarding balance between cost price, duration and diversification of the financing sources.

At the end of 2019, Interinvest had a buffer of € 186 million of non-withdrawn credit lines available to finance project developments and future acquisitions and dividend payment in May 2020. In addition, € 33 million in credit lines will mature in the first quarter of 2020.

The **debt ratio** of the company amounted to 39,0% as at 31 December 2019 (43,5% as at 31 December 2018). The decrease of 4,5 percentage points was mainly the result of the increase in value in the logistics portfolio and the divestment of three logistics sites in Belgium at the end of 2019.

*The debt ratio of Interinvest amounted 39% as at 31 December 2019.*



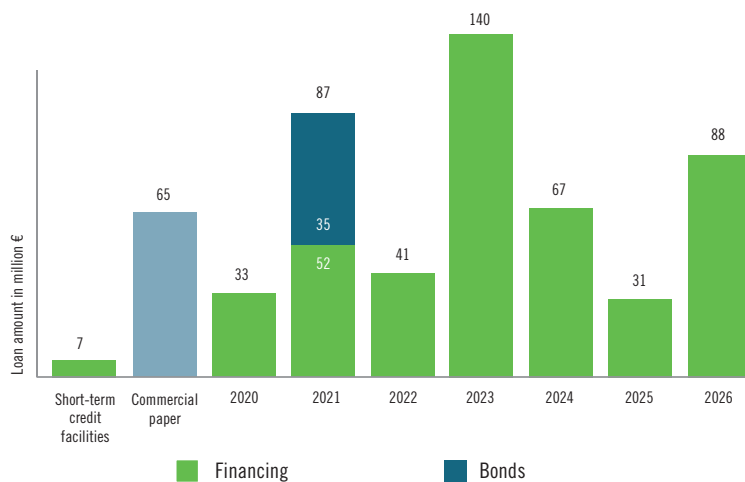
Because of this limited debt ratio of 39% as at 31 December 2019, approximately € 200 million can still be invested with borrowed capital before reaching the top of the strategic range of 45%-50%.

## Overview as at 31 December 2019

Other important characteristics of the financial structure as at the end of 2019.

### Credit lines

- 81% long-term credit facilities with a weighted average remaining duration of 4,0 years (4,4 years at the end of year 2018) and 19% short-term credit facilities (€ 106 million)
- spread expiry dates of credit lines between 2020 and 2026.

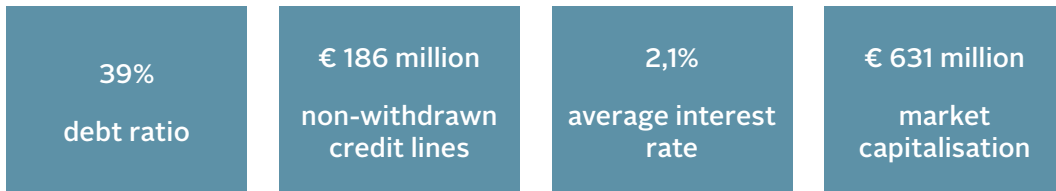
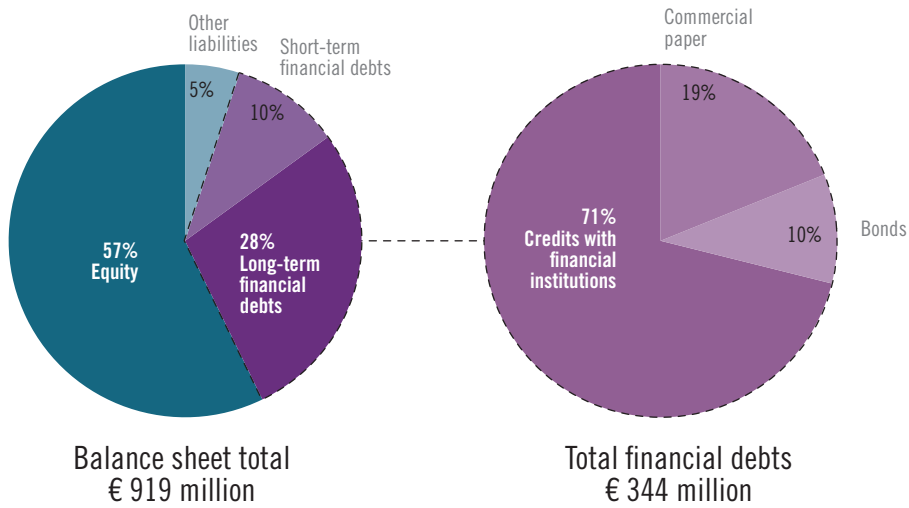


### Hedge ratio

- 97% of the withdrawn credit facilities had a fixed interest rate or were fixed by interest rate swaps and 3% had a variable interest rate
- 59% of the credit lines have a fixed interest rate or are fixed by means of interest rate swaps and 41% have a variable interest rate
- as at 31 December 2019, the weighted average remaining duration of the interest rate swaps was 4,4 years (4,2 in 2018).

Interest coverage ratio

- ratio of 6,6 for 2019 (4,9 for 2018).



### 3. Outlook 2020

Permanent changes in the real estate and financial markets are the reason why Interinvest carefully monitors its strategy and approach every year and refines it without affecting the essence in the process.

Interinvest continued to implement its investment strategy in 2019 and, in addition to growth, also paid attention to the creation of land reserves and the asset rotation of logistics sites and office buildings that do not sufficiently match the future characteristics of the market.

In 2020 and 2021 Interinvest will continue to pursue this approach unabated with the reorientation of its office portfolio and the expansion of the logistics real estate portfolio.

#### Investments and development potential

Interinvest will continue to aim for growth in 2020 whereby attention will be paid to value creation, both in the existing real estate portfolio and in new acquisitions and project developments.

In view of the great interest by investors in the logistics investment market and the relatively high prices in consequence of this, acquisitions in the logistics portfolio will consist, just like in 2019, of a healthy mix of “more expensive” fully completed buildings with high-quality tenants having long-term lease agreements, and developments of real estate sites, which may or may not be fully leased in advance. The latter generate a higher yield in the portfolio, in which case, of course, the accompanying building and development risks will be closely monitored.

To achieve these developments, Interinvest will set up land reserves, primarily in the vicinity of its clusters already in existence in Belgium and the Netherlands.

Recent developments in the logistics landscape, such as last-mile distribution and impact on the climate, offer opportunities for developing logistics sites that take this into account.

The ratio of the two real estate segments in the portfolio as at 31 December 2019 amounted to 61% logistics real estate and 39% office buildings. In future the growth of the real estate portfolio will be realised primarily in the logistics real estate, both in Belgium and in the Netherlands. However, the office buildings will always constitute an essential part of the portfolio.

As at 31 December 2019, Interinvest had two project developments in the Netherlands (see 1.3). Gold Forum, the project in Eindhoven, was meanwhile delivered as at 30 January 2020<sup>1</sup>. It concerns an extremely sustainable logistics development of 21.000 m<sup>2</sup>, adjacent to Silver Forum, the site that Interinvest has had in its portfolio since June 2018. The development project in Roosendaal Borchwerf I, a logistics complex of 24.100 m<sup>2</sup> of storage space, 3.200 m<sup>2</sup> mezzanine and 600 m<sup>2</sup> of offices, will be delivered in the first quarter of 2020.

<sup>1</sup> See press release 30 January 2020.

The Genk Green Logistics project, which will contribute significantly to the future realisation of Interinvest's growth plan, will be further developed in 2020. Interinvest will continue to commercialise a total of 250.000 m<sup>2</sup> of logistics real estate, which is in full swing. The new construction of a first state-of-the-art logistics building of 25.000 m<sup>2</sup> started at the beginning of 2020 and will be completed in the course of 2020.

During the first quarter of 2020, Interinvest acquired in Venlo<sup>1</sup>, the Netherlands, a portfolio of three existing building and an option on land position. This land position can be used to develop a logistics site in the future.

With regard to the office portfolio, Interinvest will only invest opportunistically in office buildings if the initial yield is attractive enough and the buildings provide the possibility of implementing the Greenhouse concept. Specific existing Interinvest office buildings can in future also be converted into multi-tenant buildings with a service-targeted approach. In this way, Interinvest continues its strategy of reorienting the office buildings into service-targeted inspiring working environments where working is an experience.

Smaller, single, non-optimal or outdated office buildings where no Greenhouse concept is possible will be divested if sufficiently interesting opportunities to do so arise. Interinvest also keeps the options open to divest logistics properties that are not adequately suited for the current and future logistics market requirements of logistics players. After all, regular divestment is necessary to further improve the quality of the assets and to continuously rejuvenate the real estate portfolio. Growth is important, but not at the expense of the yield.

## Rental activity

The occupancy rate of the Interinvest real estate portfolio was 93% as at 31 December 2019, 90% for the office buildings and 96% in the logistics portfolio.

Increasing tenant retention by extending lease duration of the lease agreements continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the occupancy rate in both segments.

In 2019, Interinvest learned that its tenant PwC will leave the Woluwe Garden office building by the end of 2021. With the successful repositioning of Greenhouse BXL, Interinvest has already proven that any departure of a major tenant does not necessarily need to be negative. During the course of 2020, Interinvest will further examine the future possibilities for this building, regarding both the redevelopment into a Greenhouse hub and divestment.

The evolution in the occupancy rate in the logistics segment will depend on matters such as the changes on the site in Herentals. Tenant Nike Europe Holding has decided not to renew the current provision agreement of approximately 40.000 m<sup>2</sup>, which expires partly in 2020 and partly in 2021. The annual rent for Nike Europe Holding represents 4% of Interinvest's total contractual rental income. The marketing of this prime location (along the E313) is fully under way. The property can also be divided into pieces measuring 10.000 m<sup>2</sup>.

<sup>1</sup> See press release 4 February 2020.

## Financing

In accordance with Interinvest's financing policy, the further growth of the real estate portfolio will be financed by a balanced combination of borrowed capital and own equity. In this regard, the debt ratio will remain within the strategic range of 45%-50% unless a distinct overheating of the logistics real estate market causes the fair value of the real estate portfolio to rise substantially. As a safety precaution, the range will be adjusted downwards to 40-45%.

At the end of 2019 Interinvest had a buffer of € 186 million of non-withdrawn credit lines available. € 33 million in credit lines will mature in the first quarter of 2020. The non-withdrawn credit lines will continue to finance development projects, future acquisitions and dividend payments in May 2020.

To guarantee the company's further growth, issues of debt instruments and share issues for financing purposes will be examined and, where possible, will always be geared towards the real estate investments pipeline.





### EPRA earnings and gross dividend

The gross dividend of € 1,53 per share for the 2019 financial year will be presented to the general meeting of shareholders as at 29 April 2020. Without taking into account the one-off indemnity received from tenant Medtronic, the EPRA earnings per share amounted to € 1,68 in 2019.

Due to asset rotation in the real estate portfolio, Interinvest anticipates limited growth in EPRA earnings per share for financial year 2020. Interinvest expects a gross dividend for financial year 2020 at the same level as for financial year 2019, namely € 1,53<sup>1</sup> per share. This represents a gross dividend yield of 6,0% based on the closing share price as at 31 December 2019 which amounted to € 25,60 and a pay-out ratio of approximately 91%<sup>2</sup> of the expected EPRA earnings. This planned gross dividend can be increased if the circumstances relating to the planned investments and/or additional leases in the real estate portfolio, which lead to a further increase in the EPRA earnings, make it possible and expedient.

- 1 Subject to approval by the annual general meeting to be held in 2021.
- 2 Interinvest Offices & Warehouses is a public regulated real estate company with a legal distribution obligation of at least 80% of the EPRA earnings, adjusted to non-cash flow elements. The gross dividend will always amount to 80% of this amount so that the RREC always comply to its legal obligations.



## Sustainability

Also in 2020, Interinvest focuses on sustainability in managing its buildings and in conducting its own operations and it pays additional attention to the “5 Ps for sustainable enterprise”: Planet, Peace, Partnership, Prosperity & People: attention for the environment, a care-free society, good understanding, technological progress and a healthy living environment.

Since 2009, Interinvest has been systematically certifying the environmental performance of its buildings step by step, based on the internationally recognised 'BREEAM In-Use' assessment method. In 2019, Interinvest checked which existing certificates were to be renewed and what actions needed to be taken to certify buildings not yet certified. Interinvest will further implement these actions in 2020, which will cause 21% of the buildings to be certified as 'BREEAM Very Good' in the first half of 2020.

Every effort is being made to achieve a 'BREEAM Very Good' classification for new construction building projects in the Netherlands in which Interinvest was involved from the start of the construction works already, such as in Braak Roosendaal or Gold Forum Eindhoven. In 2019 Interinvest managed to lease the roof surface area of seven Dutch logistics sites to be equipped with photovoltaic installations, four of which were already fitted in 2019. Interinvest continues, also in 2020, to examine which roofs lend themselves to the placement of photovoltaic installations and the total surface area of solar panels will still increase on the Interinvest's roofs.

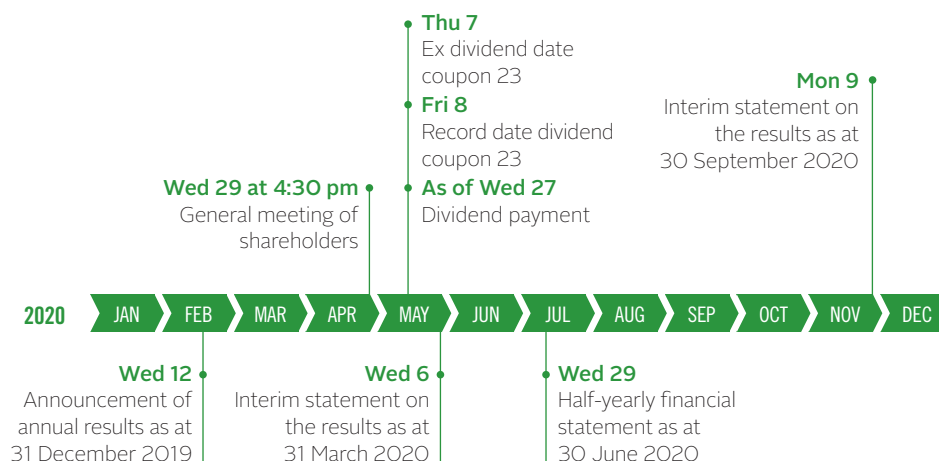
In 2020, Interinvest will also cooperate in Flux50, the cooperative program between the Flemish government, the research sector and industry to make Flanders a 'smart energy region'. Together with, for example, Quares, Engie and Continental, Interinvest forms part of the business consortium that is setting up a “testing ground” on the Mechelen Campus office site and its immediate vicinity to analyse whether a smart grid environment can be implemented in the longer term for exchanging power with one another.

With its Greenhouse formula, Interinvest focuses on the community events in all Greenhouse locations between co-workers, tenants of serviced offices and traditional offices, as well as employees from the surrounding offices. The community events in the three Greenhouse locations will be further reinforced in 2020 by, for example, referring to the app that announces Greenhouse activities and that also serves as a CRM tool that functions to establish contact with new business relations. There is the further intention of expanding the co-working community, with interchangeability of workplaces with other providers<sup>1</sup> at locations where Interinvest does not offer co-working.

<sup>1</sup> Partnership with co-working network Bar d'Office. More information regarding the different locations spread over Flandres and Brussels on [www.bardoffice.eu/locations](http://www.bardoffice.eu/locations).



## 4. Financial calendar 2020



The annual report for the financial year of 2019 will be available on the company's websites of 27 March 2020 ([www.intervest.be](http://www.intervest.be)).

**Intervest Offices & Warehouses nv (referred to hereafter as "Intervest")** is a public regulated real estate company (RREC) founded in 1996, of which the shares have been listed on Euronext Brussels (INTO) since 1999. Intervest invests in high-quality office buildings and logistics properties that are leased to first-rate tenants. The properties in which Intervest invests consist primarily of up-to-date buildings that are strategically located, often in clusters. The office segment of the real estate portfolio focuses on the central cities of Antwerp, Mechelen, Brussels and Leuven and their surroundings; the logistics segment of the portfolio in Belgium is located on the Antwerp - Brussels - Nivelles, Antwerp - Limburg - Liège, and Antwerp - Ghent - Lille axes and, in the Netherlands, on the Moerdijk - 's Hertogenbosch - Nijmegen, Rotterdam - Gorinchem - Nijmegen and Bergen-op-Zoom- Eindhoven - Venlo axes. Intervest distinguishes itself when leasing space by offering more than square metres only. The company goes *beyond real estate* by offering "turnkey solutions" (a total solution tailored to and with the customer), extensive service provision, co-working and serviced offices.

**For more information, please contact:**

INTERVEST OFFICES & WAREHOUSES NV, public regulated real estate company under Belgian law, Gunther GIELEN, ceo, or Inge TAS, cfo. Tel.: + 32 3 287 67 87.

<https://www.intervest.be/en>

Annexes: Financial statements<sup>1</sup>

## Consolidated income statement

in thousands €	2019	2018
Rental income	66.143	47.920
Rental-related expenses	-166	-53
<b>NET RENTAL INCOME</b>	<b>65.977</b>	<b>47.867</b>
Recovery of property charges	707	729
Recovery of rental charges and taxes normally payable by tenants on let properties	13.462	9.919
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-774	-529
Rental charges and taxes normally payable by tenants on let properties	-13.462	-9.919
Other rental-related income and expenses	1.198	606
<b>PROPERTY RESULT</b>	<b>67.108</b>	<b>48.673</b>
Technical costs	-939	-1.059
Commercial costs	-334	-166
Charges and taxes on unlet properties	-672	-587
Property management costs	-4.800	-4.019
Other property charges	-784	-563
<b>Property charges</b>	<b>-7.529</b>	<b>-6.394</b>
<b>OPERATING PROPERTY RESULT</b>	<b>59.579</b>	<b>42.279</b>
General costs	-3.777	-2.749
Other operating income and costs	89	24
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>55.891</b>	<b>39.554</b>
Result on disposals of investment properties	5.364	0
Changes in fair value of investment properties	22.307	7.033
Other result on portfolio	-5.661	-2.472
<b>OPERATING RESULT</b>	<b>77.901</b>	<b>44.115</b>
Financial income	77	45
Net interest charges	-8.543	-8.039
Other financial charges	-35	-11
Changes in fair value of financial assets and liabilities (ineffective hedges)	-3.065	-1.615
<b>Financial result</b>	<b>-11.566</b>	<b>-9.620</b>
<b>RESULT BEFORE TAXES</b>	<b>66.335</b>	<b>34.495</b>
Taxes	-587	-390
<b>NET RESULT</b>	<b>65.748</b>	<b>34.105</b>

<sup>1</sup> The statutory auditor has confirmed that his full audit, which has been finalised on merit, has not brought to light any significant correction that should be implemented in the accounting information included in this press release.

in thousands €	2019	2018
<b>NET RESULT</b>	<b>65.748</b>	<b>34.105</b>
<b>Minority interests</b>	<b>-17</b>	<b>-9</b>
<b>NET RESULT - Group share</b>	<b>65.765</b>	<b>34.114</b>
<b>Note:</b>		
EPRA earnings	46.820	31.168
Result on portfolio	22.010	4.561
Changes in fair value of financial assets and liabilities (ineffective hedges)	-3.065	-1.615
<b>RESULT PER SHARE</b>	<b>2019</b>	<b>2018</b>
Number of shares at year-end	24.657.003	24.288.997
Number of shares entitled to dividend at year-end	24.657.003	24.288.997
Weighted average number of shares	24.516.858	19.176.981
Net result (€)	2,68	1,78
Diluted net result (€)	2,68	1,78
EPRA earnings (€)	1,91	1,63

## 2. Consolidated statement of comprehensive income

in thousands €	2019	2018
<b>NET RESULT</b>	<b>65.748</b>	<b>34.105</b>
<b>Other components of comprehensive income (recyclable through income statement)</b>	<b>0</b>	<b>0</b>
<b>COMPREHENSIVE INCOME</b>	<b>65.748</b>	<b>34.105</b>
<b>Attributable to:</b>		
Shareholders of the parent company	65.765	34.114
Minority interests	-17	-9

### 3. Consolidated balance sheet

ASSETS in thousands €	31.12.2019	31.12.2018
<b>NON-CURRENT ASSETS</b>	<b>894.262</b>	<b>867.582</b>
Intangible non-current assets	465	508
Investment properties	892.813	866.504
Other tangible non-current assets	714	400
Financial non-current assets	252	156
Trade receivables and other non-current assets	18	14
<b>CURRENT ASSETS</b>	<b>24.601</b>	<b>19.582</b>
Trade receivables	11.962	10.120
Tax receivables and other current assets	5.974	5.092
Cash and cash equivalents	2.156	1.972
Deferred charges and accrued income	4.509	2.398
<b>TOTAL ASSETS</b>	<b>918.863</b>	<b>887.164</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>SHAREHOLDERS' EQUITY</b>	<b>524.433</b>	<b>477.208</b>
<b>Shareholders' equity attributable to shareholders of the parent company</b>	<b>523.859</b>	<b>476.617</b>
Share capital	222.958	219.605
Share premiums	173.104	167.883
Reserves	62.032	55.015
Net result for the financial year	65.765	34.114
<b>Minority interests</b>	<b>574</b>	<b>591</b>
<b>LIABILITIES</b>	<b>394.430</b>	<b>409.956</b>
<b>Non-current liabilities</b>	<b>274.065</b>	<b>297.951</b>
Provisions	1.875	0
Non-current financial debts	255.472	288.573
<i>Credit institutions</i>	220.556	253.725
<i>Other</i>	34.916	34.848
Other non-current financial liabilities	8.627	3.460
Trade debts and other non-current debts	1.211	3.010
Deferred tax - liabilities	6.880	2.908
<b>Current liabilities</b>	<b>120.365</b>	<b>112.005</b>
Provisions	1.875	0
Current financial debts	88.137	87.282
<i>Credit institutions</i>	23.137	30.631
<i>Other</i>	65.000	56.651
Other current financial liabilities	68	152
Trade debts and other current debts	7.785	5.249
Other current liabilities	3.970	1.774
Deferred charges and accrued income	18.530	17.548
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>918.863</b>	<b>887.164</b>