BEYOND
REAL
ESTATE

ANNUAL REPORT 2018

INTERVEST
OFFICES & WAREHOUSES

Alternative performance measures and the term "EPRA earnings"

Alternative performance measures are criteria used by Intervest to measure and monitor its operational performance. This Annual Report 2018 uses the measures; however, they are not defined by an act or in the generally accepted accounting principles (GAAP). The European Securities and Markets Authority (ESMA) issued guidelines which, as of 3 July 2016, apply on the use and explanation of the alternative performance measures. The concepts which Intervest considers to be alternative performance measures are included in the last chapter of this Annual Report 2018, called "Terminology and alternative performance measures". The alternative measures are indicated with a ✪ and include a definition, objective and reconciliation as required by the ESMA guidelines.


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Risk factors

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Raamsdonksveer - Welzorg

Most important risk factors and internal control and risk management systems

In 2018, the board of directors of Intervest Offices & Warehouses (referred to hereafter as “Intervest”) as always focused attention on the risk factors with which Intervest must contend: market risks, operational, financial and regulatory risks.

Permanent changes in the real estate and financial markets require continuous monitoring of the market, operational, financial and regulatory risks in order to safeguard the results and financial situation of Intervest.

This chapter describes the most important risks that the company faces. On the following pages, the first column states the risk. The second column describes its possible influence on the activities of Intervest, which can arise if the risk materialises. The third column provides an overview of the measures that Intervest takes in order to limit and control any potential negative impact of these risks to the highest extent possible[1].

The measures taken and the impact on the figures of these risks are described in detail in separate chapters of this Annual report.

Readers are reminded that these risks are continuously evaluated and that new risks can be identified.
This list is therefore non-exhaustive and based on the information that was available at the time this report was published.

In addition, it should be noted that risk management is not an exercise that takes place with a certain frequency, but that it is integral to how the company is managed. This comprises daily financial and operational management, analysis of new investment files, formulating the strategy and objectives, but also establishing strict procedures for decision-making. Understanding of and defending against risks that arise from internal as well as external factors is essential for achieving a total return in the long term.

1 The number under *Limiting factors* and control refers to the *Potential impact* in the adjacent column.

1. Market risks

Description of the risks	Potential impact	Limiting factors and control	Note
Economic climate Material deterioration of economic situation (including inflation).	1. Decreased demand for offices, storage and distribution space. 2. Increased vacancy rate and/or lower lease rates when re-renting. 3. Decrease in fair value of the property and as a result also a decrease of the net value. 4. Possible bankruptcies of tenants. 5. Negative impact on the operational result and cash flow by additional financial costs (caused by a rise in the interest rates), which is higher or faster than the increase in rental income.	• Excellent location of the properties, and focus on strategic logistical hubs or on secondary locations having growth potential. (2/3) • Diversified tenant base with limited exposure to a sole tenant, good sectoral spread of tenants, and a market-compliant average contractual rental. (4) • Quality of tenant base with mainly big national and international companies and a limited annual provision for doubtful debtors (1/4). • Standard clause included in the lease agreements in terms of which the indexation is linked to the health index. (5)	Property report » 1.Composition of the portfolio
Type of real estate Decreased attractiveness of the investment properties due to matters such as deteriorating economic conditions, oversupply of certain real estate segments or changing standards for the sustainability standards of the buildings or in society.	1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental. 2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. 3. Not achieving the yield objectives of the investment properties.	• Adequate sectoral and regional spread. Strategic choice for investments in the office sector and the logistics sector. When making investment decisions, adequate sectoral spread is the aim, with a sufficient percentage of investments in liquid real estate markets, as well as a limitation of the exposure of investments in a certain place/region. (1/2/3)	Property report » 1.Composition of the portfolio
		• Proactive follow-up and years of experience. The investment properties are valued on a quarterly basis by independent property experts. In this way, trends in the real estate market become visible quickly and measures can be taken proactively. In addition, Intervest is deeply anchored in the market and possesses strong knowledge of the market stemming from years of experience and its own commercial teams. (1/2/3)	Property report » 3.Valuation of the portfolio by the property experts
Time of investment and divestment Making a transaction (investing/divesting in real estate) entails the inherent risk that, if the transaction takes place at the wrong juncture within the economic cycle, a property could be purchased for a price that is higher than its fair value, or conversely, that it could be sold for a price that is lower than its fair value.	1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental. 2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. 3. Not achieving the yield objectives of the investment properties.	• Clear periods of economic boom lead to higher market prices which may, at a later date, be subject to negative adjustments. During this period of economic boom, a more moderate policy will be applied regarding investments. During periods of economic recession, the fair value and occupancy rate of investment properties usually decline. However, once the economy picks up again, a more active investment policy is followed in anticipation of the increasing value of investment properties and a more active rental market. In this regard, due care is taken to prevent the debt ratio of the company from rising above the legally permitted levels. (1/2/3)	Report of the board of directors » 2.Investment strategy
		• Adequate sectoral and regional spread. (1/2/3) • Real estate that is to be purchased and sold must be valued before acquisition or sale by an independent property expert. (1/2/3)	Property report » 1.Composition of the portfolio

Description of the risks	Potential impact	Limiting factors and control	Note
Deflation A decrease in economic activity leading to a general decrease in prices.	1. Decrease of rental income, among other things due to downward pressure on market lease levels and a decreased or negative indexation.	• Clause in most lease agreements that stipulates a minimum for the basic rent or states that negative indexation cannot take place. (1)	/
Volatility on the financial markets External volatility and insecurity on the international markets.	1. More difficult access to the equity markets to raise new capital/equity capital and reduction of the options that concern debt financing. 2. Fluctuations in the share price. 3. Less liquidity available in the debt capital markets in relation to refinancing outstanding bond loans.	• Frequent dialogue with capital markets and financial counterparties as well as transparent communication with clear targets. (1/2/3) • Follow-up and management of all risks that could have a negative impact on the perception of investors and financiers of the company. (1/3) • Working towards building up long-term relationships with financial partners and investors. (1/3)	Report of the management committee » 4.Financial structure

2. Operational risks

Description of the risks	Potential impact	Limiting factors and control	Note
Investment risk Risk of erroneous investment decisions and inappropriate policy choices.	1. Operating result and cash flow affected by lowered review of rental prices, increase of vacancy rate and commercial costs of re-rental. 2. Decrease in fair value of investment properties, mainly caused by increasing vacancy rate, unpaid rents, decrease of the rental prices when concluding new lease agreements or when extending existing lease agreements, along with technical characteristics relating to real estate such as soil contamination and energy performance. 3. Decrease of the net value and increase of the debt ratio.	• Internal checking measures: careful assessment of the risk profile based on market research, estimate of future yields, screening of existing tenants, study of environmental and permit requirements, analysis of tax risks, etc. (1/2/3) • Constant monitoring of changes in economic, real-estate specific and regulatory trends, for example, regarding tax legislation, regulations regarding RRECs, etc. (1/2/3) • In accordance with article 49, §1 of the RREC Act, an independent property expert values each acquisition or sale of real estate. (2) • Close supervision of the safeguards put in place during the transaction, regarding both duration and value. (1) • Technical, administrative, legal, accounting and tax due diligence for each acquisition based on continuous analysis procedures, usually with support from external specialised consultants. (1/2/3) • Experience of the management and supervision by the board of directors, during which a clear investment strategy is defined with a long-term vision and consistent management of the capital structure. (1/2/3)	Report of the management committee » 2.Important developments in 2018, » 2.2 Investments in 2018

Description of the risks	Potential impact	Limiting factors and control	Note
Repurchase risk Risk that, when certain conditions for economic development are not (no longer) met, a right of repurchase granted to the government will be exercised while an industrial site is being developed (within the framework of the Economic Exercise Act of 30 December 1970 (economische expansiewet) and the Decree on Spatial Economy dated 13 July 2012 (Decreet Ruimtelijke Economie)).	1. Decrease in fair value of investment properties when a real estate project disappears from the Intervest real estate portfolio at a predetermined price (formula) because a right of repurchase is exercised.	• Internal checking measures: careful assessment of the risk profile based on market research, estimate of future yields, screening of existing tenants, study of environmental and permit requirements, analysis of tax risks, etc. (1) • In accordance with article 49, §1 of the RREC Act, an independent property expert values each acquisition or sale of real estate. (1)	/
Construction and development risk Risks specifically related to development and reconversion projects, such as solvency of the contractors, obtaining the necessary permits, etc.	1. Inability to obtain the necessary permits. 2. Significant delays leading to loss of potential income. 3. Substantial excess of investment budgets. 4. In case of developments at risk: prolonged periods of vacancy. 5. Not achieving the intended return on developments.	• For each acquisition, all licenses and capabilities are analysed during legal and administrative due diligence tests, which are usually supported by external specialist consultants. (1) • Prior deliberation with the relevant departments of the municipality and/or city. (1) • Strict monitoring of projects in progress where penalty clauses are implemented and imposed on third parties if they do not comply with contracts. (2/3/5) • Hiring of reputable contractors with adequate solvency and presentation of the necessary guarantees. (3/5) • Only limited risk developments are initiated. In other words - subject to exceptions - a project is only launched if it is pre-leased and fully financed and the necessary permits are simultaneously available or if a rental guarantee is obtained from the developer. (4/5)	Report of the management committee » 2.Important developments in 2018, » 2.2 Investments in 2018 2.3 Development potential 7. Outlook 2019
Negative changes in the fair value of the buildings Negative revaluation of the real estate portfolio.	1. Negative influence of the net result and the net value. 2. Negative evolution of the debt ratio. 3. Impact on the ability to pay out a dividend if the cumulative variations exceed the distributable reserves.	• The real estate portfolio is assessed every quarter by independent experts, so that trends become visible quickly and measures can be taken proactively. (1/2) • Investment policy that is aimed at high quality real estate at strategic logistical hubs and at locations with growth potential. (1) • Well diversified portfolio. (1) • Clearly defined and careful management of the capital structure. (2/3) • The fluctuations in fair value of the investment properties relate to a non-materialised and non-cash item. (3)	Report of the board of directors » 2.Investment strategy Property report » 3.Valuation of the portfolio by the property experts

Description of the risks	Potential impact	Limiting factors and control	Note
Rental risk The risk that a building will not be able to be rented for the previously calculated rent (which may or may not result in vacancy). This risk is influenced by the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target group and users, the quality of the real estate, the quality of the tenant and the lease agreement.	1. Operating result and cash flow damaged by downward amendments to rental prices, increase of vacancy rate and commercial costs or re-rental, increase of property charges that are at the expense of the owner, such as service charges that cannot be passed on and property tax. 2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio. 3. Not achieving the intended yields.	• Mitigating the impact of the economic situation on the results by: ∘ Spreading the duration of lease agreements and conducting a periodic analysis of the vacancy risk by using a calendar of lease agreements' expiry dates. The company strives to maintain a balanced distribution of the duration of the lease agreements and timely anticipation of future lease terminations and agreement revisions. (1/3) ∘ Spreading the risk according to tenants and quality of the tenants, in order to limit the risk of bad debts and improve income stability. (1/3) ∘ Sectoral spreading of investment properties in which tenants are well spread across a large number of different economic sectors. (1/2/3) ∘ Location and quality of investment properties, with offices located on the Antwerp-Brussels axis, which is the most important and most liquid office region in Belgium, and a logistics portfolio at strategic logistical hubs in Belgium and the Netherlands. (1/2/3) • Allocation of a risk profile to each investment property, which is regularly evaluated (based on the company's own local knowledge and data from external parties and/or property valuers). Depending on the risk profile, a certain yield must be realised over a certain period, which is compared with the expected yield based on the internal yield model. On the basis of this, an analysis is made of which objects require additional investment, where the tenant mix must be adapted and which premises are eligible for sale. (1/2/3)	Property report » 1.Composition of the portfolio
		• Lease agreements contain protective elements such as rental deposits and/or bank guarantees of the tenants, clauses for automatic annual indexation of the rental prices in conformance with the health index and often a mandatory compensation payment from the tenant in case of early termination of the agreement. (1/3)	Financial report » Note 4 Property result » Recovery of property charges

Description of the risks	Potential impact	Limiting factors and control	Note
Risks relating to the deteriorated condition of the buildings and the risk of major works Risk of constructional and technical deterioration in the life cycle of buildings: the state of the buildings deteriorates due to wear and tear of various parts because of normal ageing and constructional and technical ageing.	1. Operating result and cash flow damaged by downward amendments to rental prices, increase of vacancy rate and commercial costs for re-rental, increase of property charges that are at the expense of the owner, such as service charges that cannot be passed on and property tax. 2. Maintenance and renovation costs and investments are necessary to achieve the rental price estimated beforehand. 3. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.	• Proactive policy regarding maintenance of the buildings. (1) • Constant monitoring of the investment plan in order to guarantee the quality of the portfolio. (1/2/3) • Ad hoc redevelopment and renovation of outdated buildings alongside regular investments in quality and sustainability. (1/2/3) • At the time of the termination of the lease agreement, the tenant (in accordance with the contractual agreements made in the lease agreement) must pay the company a refurbishment fee for rental damage. Rental damage is determined by an independent expert, who compares the incoming inventory of fixtures with the outgoing inventory of fixtures. This compensation for damages can be used to prepare the newly vacant space for occupation by the next tenant. (1) • Sale of outdated buildings. (1/2/3)	Report of the management committee » 2.Important developments in 2018 » 2.2 Investments in 2018
Cost control risk Risk of unexpected volatility and an increase in operating costs and maintenance investments.	1. Operating result and cash flow impacted, unexpected fluctuations in the property charges.	• Periodic comparison of maintenance budgets with the current situation. (1) • Approval procedures when entering into maintenance and investment obligations, in which one or multiple quotations are requested from various contractors based on the amount. The technical department then conducts a comparison of the price, quality and timing of the works. Depending on the size of the amount quoted for the works to be carried out, there are various levels of approval within the company. (1) • Proactive policy regarding maintenance of the buildings and constant screening of the buildings by the technical managers and the commercial teams in their daily discussions with the tenants. (1) • Timely drawing up and close monitoring of investment budgets over the long term for comprehensive renovations and upgrades. (1)	Financial report » Note 5 Property charges
Insurance risk (destruction risk) The risk of inadequate insurance cover when buildings are destroyed by fire or other disasters.	1. Operating result and cash flow affected by loss of rental income and possible tenant loss. 2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.	• The real estate portfolio is insured for reconstruction value (which is the cost price for rebuilding to new state of the building), excluding the premises on which the buildings are located. (2) • The insurance policies mostly also include additional guarantees for the real estate becoming unfit for use, such as loss of rental income, costs for maintenance and cleaning up the property, claims of tenants and users and third-party claims. The lost rental income is reimbursed as long as the building has not been rebuilt. (1) • Close supervision of the coverage and timely renewal of the insurance contracts (1/2)	Property report » 2.Composition of the portfolio » 2.2 Insured value

Description of the risks	Potential impact	Limiting factors and control	Note
Debtor's risk The risk that the rent cannot be collected (any longer) due to solvency problems.	1. Operating result and cash flow impacted by loss of rental income and write-off of uncollected trade receivables, as well as by an increase of the costs that cannot be passed on to the tenant due to vacancy and legal costs. 2. Decrease in fair value of the investment properties and as a result also of the net value and increase of the debt ratio.	• Clear procedures for screening tenants when new lease agreements are concluded. (1/2) • Deposits or bank guarantees are always insisted upon when entering into lease agreements. In the standard lease agreement for offices, a rental deposit or bank guarantee is usually applied that equals 6 months of rent in value, and one that equals 4 months of rent in value for logistics buildings. (1) • Strict debtor management in order to safeguard timely collection of lease receivables and adequate follow-up of rent arrears. (1) • Rents are payable in advance on a monthly or quarterly basis. For rental charges and taxes which may be contractually passed on to the tenants, a quarterly provision is requested. (1)	Financial report » Note 14 Current assets » Trade receivables Note 4 Property result » Rental-related expenses
Legal and tax risks: contracts and company-law reorganisations Inadequate contracts concluded with third parties.	1. Negative impact on operating result, cash flow and net value. 2. Not achieving the yield objectives of the investment properties. 3. Reputational damage.	• If the complexity so requires, contracts to be concluded with third parties are checked by external consultants. (1/2/3) • Insurance against liability arising from the activities or investments by means of a third-party liability insurance that covers physical injury and material damage. Furthermore, the directors and members of the management committee are insured for directors' liability. (1/2) • Corporate reorganisations (merger, demerger, partial demerger, contribution in kind, etc.) are always subject to a due diligence exercise, guided by external consultants to minimise the risk of legal and financial errors. (1/2/3)	Property report » 2.Composition of the portfolio » 2.2 Insured value
Turnover of key staff Risk of key staff leaving the company.	1. Negative influence on existing professional relationships. 2. Loss of decisiveness and efficiency levels in the management decision-making process.	• Remuneration in line with the market. (1/2) • Working in teams, avoiding individuals being responsible for important and strategic tasks. (1/2) • Clear and consistent procedures and communication. (1/2)	Financial report » Note 7 Personnel benefits
Risk of concentration Risk of concentration of (the activities of) the tenants or concentration of investments in one or several buildings.	1. Operational earnings and cash flow affected by the departure of a tenant or if a specific sector is hit by economic decline. 2. Decrease in fair value of the real estate investments, resulting in a decrease in the net value.	• Diversified tenant base with a restriction on the maximum exposure to one tenant and good sectoral spread of tenants. (1/2) • Adequate sectoral and regional spread of the investment properties. (1/2) • In accordance with the RREC Act, a maximum of 20% of the assets may be invested in real estate that forms one single property entity, with certain exceptions. (1/2)	Property report » 1.Composition of the portfolio

Description of the risks	Potential impact	Limiting factors and control	Note
IT risk Risk related to information technology, such as break-in on the IT network, cyber criminality, phishing, etc.	1. Negative impact on the functioning of the organisation. 2. Reputational damage caused by the loss of business-sensitive information. 3. Negative impact on the earnings caused by the loss of operational and strategic data.	• Daily back-ups to limit data loss in time. (1/2/3) • Preventive training on cyber criminality for the employees. (1/2/3) • Investing in a secured IT environment. (1/2/3) • Support from external specialised consultants for IT-related services. (1/2/3)	/
Risk associated with internationalising the Group Risk that the investments abroad will lead to an increase in the operational and regulatory risks because of insufficient knowledge of the international context.	1. Increasing complexity of managing the daily activities (knowledge of the foreign market, physical, cultural and language barriers, etc.). 2. Increase in the regulatory risks in the various countries.	• Relying on local consultants who provide assistance in international development relating to knowledge of the market and regulations. (1/2) • Implementing the necessary structures and procedures to guarantee fluent international development (e.g. specialised acquisition team). (1/2)	/
External communication risk Risk that Intervest is put in a negative light due to incorrect communication (including road shows and the press).	1. Reputational damage caused by the provision of incorrect information. 2. Negative impact on the share price of the Intervest share.	• All external communication (e.g. annual report, press, road shows, etc.) is duly prepared and follows the internal approval flow before it is communicated. (1/2) • The dissemination of transparent internal communication. (1)	/

3. Financial risks

Description of the risks	Potential impact	Limiting factors and control	Note
Financing risk A relative increase in borrowed capital compared to shareholders' equity can result in a higher yield (known as "leverage"), but simultaneously brings increased risk.	1. Being unable to meet interest and repayment obligations of borrowed capital and other payment obligations when yields from real estate are disappointing and when the fair value of investment properties decreases. 2. Not obtaining financing with new borrowed capital or only against very unfavourable terms. 3. The forced sale of investment properties against less favourable conditions in order to be able to meet payment obligations, with a negative impact on the results and net value.	• Balanced ratio of shareholders' equity and borrowed capital for financing real estate while keeping the debt ratio between 45% and 50%. This may be temporarily derogated from should specific market conditions require it. (1/2/3) • A balanced spread of refinancing dates of the long-term financing with a weighted average duration ranging between 3,5 and 5 years. This may be temporarily derogated from should specific market conditions require it. (1/2) • Aiming at safeguarding access to the capital market through transparent provision of information, regular contacts with financiers and shareholders (and potential shareholders) and increasing the liquidity of the share. (1/2/3)	Report of the management committee » 4.Financial structure

Description of the risks	Potential impact	Limiting factors and control	Note
Banking covenant risk Risk of failure to comply with certain financial parameters within the framework of the credit facility agreements and to observe the legal requirements that apply to the company: the bank credit facility agreements are subject to compliance with financial ratios that mainly concern the consolidated financial debt level or the financial interest charges. These ratios limit the amount that might still be borrowed. In addition, there is a restriction on borrowing capacity due to the maximum debt ratio that the regulations on RRECs allow.	1. Cancellation, renegotiation, termination or financing agreements which become due and payable at an accelerated rate by financial institutions when ratios imposed are no longer observed.	• Careful financial policy with continuous monitoring in order to fulfil financial parameters. (1) • Follow-up of the changes in the debt ratio at regular intervals and prior analysis of the influence of every intended investment operation on the debt ratio. (1) • Drawing up a financial plan with an implementation scheme as soon as the consolidated debt ratio as defined in the RREC Royal Decree amounts to over 50%, pursuant to art. 24 of the RREC Royal Decree. (1)	Report of the management committee » 4.Financial structure
Liquidity risk Risk of insufficient cash flows not being able to meet daily payment obligations.	1. EPRA earnings and cash flow influenced by increase of the cost of debts due to higher bank margins. 2. Financing for interest payments, capital or operational costs being unavailable. 3. Impossibility to finance acquisitions or developments.	• Limiting this risk by means of the measures mentioned under operational risks, which reduces the risk of loss of cash flows due to e.g., vacancy or tenant bankruptcy. (1) • Sufficient credit margin with financiers to absorb fluctuations in liquidity requirements. In order for the company to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. (1/2/3) • Constant dialogue with financing partners in order to build up a sustainable relationship with them. (2) • Conservative and careful financing strategy with balanced distribution of due dates, diversification of the financing sources and financing partners. (1/2)	Report of the management committee » 4.Financial structure
Interest rate volatility Future fluctuations in the leading short and/or long-term interest rates on the international financial markets.	1. EPRA earnings and cash flow influenced by increase of the costs of debts. 2. Fluctuations in the value of the financial instruments that serve to cover the debts. 3. Potential negative influence on the net value.	• High level of hedging against fluctuations in interest rates by means of derivative financial instruments (such as Interest Rate Swaps). (1) • Follow-up of the evolution of interest rates and monitoring its impact on the effectiveness of hedging those risks. (1) • Aiming at a balanced distribution of interest reviewing dates and a duration of at least 3 years for long-term financing. This may be temporarily derogated from should specific market conditions require it. (1) • The fluctuations in fair value of the hedging instruments concern a non-realised and non-cash item (if the products are held until due date and are not settled prematurely). (2/3)	Report of the management committee» 4.Financial structure Financial report » Note 18 Financial instruments

Description of the risks	Potential impact	Limiting factors and control	Note
Risk associated with the use of financial derivatives In case of unfavourable market developments (for example a sharp decline in interest rates), derivatives receive a negative value in order to hedge the interest rate risk.	1. Complexity and volatility of the fair value of the hedging instruments and therefore also of the net result and net value. 2. Counterparty risk towards the party with whom the financial derivatives have been concluded (see also “Risk associated with banking counterparties”).	• Fluctuations in fair value of the hedging instruments allowed have no impact on the cash flow since these financial derivatives are kept until the due date of these contracts. Only settlement before the due date would result in extra charges. (1) • All financial derivatives are only used for hedging purposes. No speculative instruments are used. (1)	Report of the management committee » 4.Financial structure Financial report » Note 18 Financial instruments
Risk associated with banking counterparties / Credit risk The conclusion of financing contracts or the use of a hedging instrument with a financial institution gives rise to a counterparty risk if this institution remains in default.	1. EPRA earnings and cash flow impacted by additional financial costs and in some extreme circumstances termination of the refinancing contract or the hedging instrument. 2. Loss of deposits.	• Relying on various reference banks in the market to ensure a certain diversification of sources of financing and interest rate hedges, with particular attention for the price-quality ratio of the services provided. (1/2) • Regular revision of the banking relations and exposure to each of them. (1/2) • Tight control of cash position so that the cash position at financial institutions is in principle limited and the cash surplus is used to reduce financial debts, unless it has already been designated for new investments. (2)	Report of the management committee » 4.Financial structure Financial report » Note 17 Non-current and current financial debts
Risk associated with the debt capital markets The risk of being shut out of the international debt capital market should investors fear that the company’s credit standing is too low to comply with the annual interest payment obligation and the repayment obligation on the expiry date of the financial instrument to be applied. Risk that the debt capital market will be too volatile to convince investors to purchase the company’s bonds.	1. Financing of the day-to-day operations and further growth of the company being unavailable.	• Proactively maintaining good relations with current and potential bondholders and shareholders as well as with current and potential bankers by means of transparent disclosure of information, regular contacts with financiers and shareholders (and potential shareholders) and by increasing the liquidity of the share. (1) • Policy to keep the debt ratio between 45% and 50% (regardless of the legal stipulation for RRECs allowing a debt ratio of 65%). (1)	Report of the management committee » 4.Financial structure

Description of the risks	Potential impact	Limiting factors and control	Note
Financial reporting risk Risk that the financial reporting of the company contains material inaccuracies that would lead to stakeholders being informed incorrectly regarding the operational and financial results of the company. Risk that the timing of financial reporting stipulated by regulations is not respected.	1. Reputational damage. 2. Stakeholders making investment decisions that are not based on the right information, which in turn can result in claims being filed against the company.	• Each quarter, a complete closing and consolidation of the accounts is prepared and published. These quarterly figures are always analysed in detail and checked internally. (1/2) • Discussion of these figures within the management committee and checking their completeness and correctness by, among others, analyses of rental incomes, operational costs, vacancy rate, leasing activities, change of the value of the buildings, outstanding debts, etc. Comparisons with forecasts and budgets are discussed. (1/2) • The management committee presents the financial statements to the audit committee each quarter, along with a comparison of annual figures, budget, and explanations for derogations. (1/2) • Checking of the half-yearly figures and the annual figures by the statutory auditor. (1/2)	Financial report » 7.Statutory auditor's report
Financial budgeting and planning risk Risk that the forecast and intended growth will not be achieved due to incorrect assumptions.	1. Negative influence when making strategic decisions. 2. Negative influence of the financial and operational management. 3. Reputational damage.	• Quarterly updates on the budgeting model, including a comparison of the closing and consolidation of the accounts. (1/2/3) • Testing the hypotheses in the budgeting model every quarter with any new circumstances and making adjustments where necessary. (1/2/3) • Checking the budgeting model every quarter to detect any programming or human errors in good time. (1/2/3) • Continuously monitoring the parameters that might influence the result and the budget. (1/2/3)	/

4. Regulatory risks

Description of the risks	Potential impact	Limiting factors and control	Note
Status of public and institutional RRECs Subject to the stipulations of the Act of 12 May 2014 on regulated real estate companies and the Royal Decree of 13 July 2014 on regulated real estate companies that are amended from time to time. Risk of loss of recognition of the public and institutional RREC status.	1. Loss of the benefit of the transparent tax system for RRECs. 2. Loss of recognition is viewed as an event that causes credit to become due before their due date. 3. Negative impact on the share price of the Intervest share.	• Continuous attention of the board of directors and the management committee for regulations surrounding RRECs and retention of the public RREC status. As such, among other things the distribution requirement and funding limits are calculated or determined periodically and on an ad hoc basis when refinancing, investing and preparing the dividend proposal. (1/2/3)	General information » 7.RREC - legal framework Report of the management committee » 2.Important developments in 2018 » 2.3 Development potential » 7.Outlook 2019
New, and adjustments to different types of, legislation New legislation and regulations could enter into force or possible changes in the existing legislation and regulations or their interpretation and application by agencies (including tax administration) or courts could occur[1].	1. Negative influence on the activities, the result and profitability, the net value, the financial situation and the outlook.	• Continuous monitoring of existing, any changes to or new future legislation, regulations and requirements and their compliance, with the support of specialised external consultants. (1)	/
Dividend risk Article 617 of the Companies Code stipulates that no pay-out may be made if, as a result of the pay-out, the net assets of the company dropped or would drop to below the amount of the deposited sum, if this is higher, of the capital called for, increased by all the reserves which, according to the law or the articles of association, may not be paid out.	1. Partial or total incapacity to pay out a dividend if the cumulative negative changes in the fair value of investment properties exceed the available reserves. This leads to a lower dividend (yield) than expected for the shareholder or none at all. 2. Volatility in the share price. 3. Overall weakening of confidence in the share or in the company in general.	• Intervest has sufficient distributable reserves to ensure dividend distribution. (1) • At least 80% of the adjusted positive net result, reduced by the net decrease in the debt burden during the course of the financial year must be paid out as return on capital. (2/3) • Development of solid long-term relationships with investors and financial institutions that facilitates dialogue on a regular basis. (2/3)	Financial report » 8.Statutory annual accounts » 8.6 Attachments to the statutory annual accounts

1 As with existing practices within tax administration, in particular those mentioned in circular Ci.RH.423/567.729 of 23 December 2004 of the Belgian Ministry of Finances on calculating the exit tax, which, among others, specifies that the actual value of the real estate upon which the exit tax is calculated is determined by taking into account the registration fees or VAT that would be applied upon a sale of the real estate in question, which can differ from (which includes being lower than) the fair value of these assets as determined for IFRS purposes in the financial statements.

Description of the risks	Potential impact	Limiting factors and control	Note
Compliance risk The risk of an inadequate level of compliance with relevant legislation and regulations and the risk of employees not acting with integrity.	1. Negative influencing of the entire business and operations, the result, the profitability, the financial position and forecast. 2. Reputational damage.	• Extra attention is paid to screening integrity when recruiting new staff. Awareness is created around this risk among staff, ensuring that they have sufficient knowledge about changes in the relevant legislation and regulations, supported by external legal advisers. To ensure a corporate culture of integrity, an internal code of conduct and whistle-blowing rules have been defined. (1/2) • Adequate internal control mechanisms based on the “four eyes” principle. These mechanisms are intended to limit the risk of behaviour without integrity. (1/2) • Presence of an independent compliance function (pursuant to article 17, §4 of the RREC Act) focused on examining and promoting compliance with the rules relating to the integrity of its business activities. The rules concern those resulting from the company’s policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner. (1/2)	Report of the board of directors » 3.Corporate Governance statement » 3.4 Other parties involved » Independent control functions
Risk of expropriation Expropriation within the framework of public expropriations by competent government authorities.	1. Loss in value of the investments and forced sale at a loss. 2. Loss of income due to lack of reinvestment opportunities.	• Continuous dialogue with the government in order to come to constructive solutions in the interest of all shareholders. (1/2)	/

History and milestones

1996

Foundation

1999

Acquisition of the Atlas Park and Airway Park office buildings in the Brussels periphery

2001

Acquisition of office buildings in Antwerp, Mechelen (including Mechelen Business Tower) and the Brussels periphery (including Woluwe Garden)

2002

Acquisition of logistics portfolio containing 18 properties

Acquisition of office buildings in the Brussels periphery and at Mechelen Campus (phase 1)

Acquisition of logistics sites in Puurs and Merchtem

2005

Acquisition of office buildings at Mechelen Campus (phase 2)

2007

Acquisition of office buildings at Mechelen Campus (phase 3) and Exiten in the Brussels periphery.

Divestment of 6 office buildings (such as Atlas Park and Airway Park)

Acquisition of logistics site Herentals Logistics 1

2008

Acquisition of logistics site Herentals Logistics 2

2010

Sale of office buildings in Ghent

2011

Investment in logistics sites in Huizingen, Oevel and Houthalen

Construction of development project at Herentals Logistics 2

Divestment of semi-industrial building in Eigenlo in Sint-Niklaas

Name change, addition: “& Warehouses”

2012

Partial redevelopment of Wilrijk 1 into Peugeot showroom

Acquisition of second logistics site in Oevel

Opening of 1st RE:flex at Mechelen Campus

2013

Construction of a new adjoining building that connects existing logistics sites in Oevel

Divestment of semi-industrial building in Kortenberg

2014

Acquisition of logistics site in Opglabbeek

Divestment of semi-industrial building in Meer

2015

Acquisition of logistics site in Liège

Divestment of semi-industrial building in Duffel

2016

Opening of Greenhouse Antwerp, with 2nd RE:flex

Divestment of 5 non-strategic properties in the Brussels periphery

Acquisition at Generaal de Wittelaan 11C, Intercity Business Park

2017

Acquisition of logistics sites in Oevel, Aarschot and Zellik.

New construction of logistics development in Herentals 3

Acquisition of logistics sites in Tilburg and Raamsdonksveer (NL)

2018

Expansion of the logistics real estate portfolio with six properties in the Netherlands and one property in Belgium

Acquisition of distribution centre in Tilburg (NL)

Acquisition of a new built-to-suit-project in Vuren (NL)

Acquisition of distribution centre in Raamsdonksveer (NL)

Near Eindhoven Airport (NL), acquisition of Silver Forum distribution centre, existing property and development project of Gold Forum

Foundation
Genk Green Logistics nv as iRREC

Purchase of zone B of the former Ford site Genk

Redevelopment of the office building Diegem in **Greenhouse BXL**

Acquisition office building

Ubicenter Leuven, Philipssite

Intervest in brief

Greenhouse Antwerp

1

Unique combination of 2 segments:

60% logistics and 40% offices

Strong risk spread

2

Beyond real estate:

reorientation of offices and “unburdening” of customers

Internal dynamic real estate management

3

31% portfolio growth in 2018
+
€ 57 million committed projects in the pipeline

Solid growth plan

4

Future development:

250.000 m^2 logistics buildings on the former Ford site in Genk

Growth potential

5

6,8% dividend yield
+
43,5% debt ratio

Attractive returns & balanced financing

Listed RREC since 1999

€ 867 million in investment properties

€ 500 million market capitalisation

Strategic vision

Growth of the real estate portfolio	Focus on 2 segments: logistics and offices	Investing in logistics in the Netherlands and Belgium
Reorientation of offices with focus on services	Further improvement of the quality of the buildings	Maintaining a healthy debt ratio of 45% - 50%

Logistics real estate

Focus on investing in modern clustered logistics sites on locations with multimodal accessibility, with a geographical orientation that maximises synergy benefits.

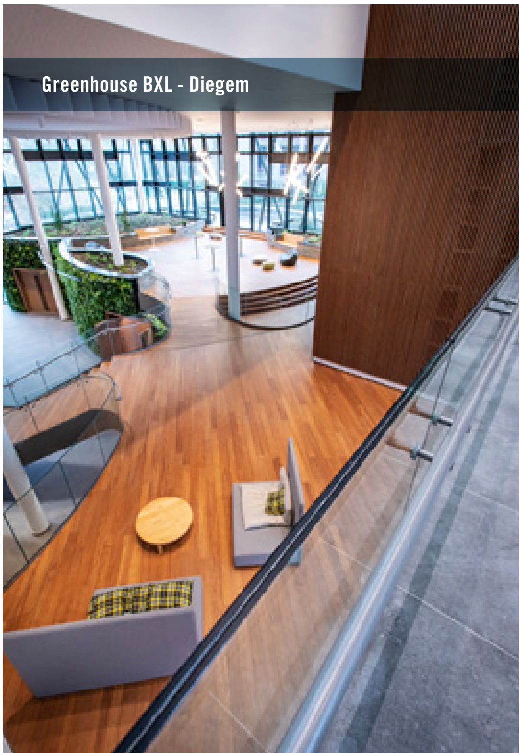
Offices

Investment in inspiring multitenant offices in easily accessible locations in the greater metropolitan areas of Flanders. Buildings where working and experience go hand in hand with a service-oriented and flexible approach to tenants.

Beyond real estate

In the strategic move away from the simple letting of m^2 towards the supplying of flexible solutions and extensive service provision, Intervest continues along that path with the concept of Greenhouse hub and turn-key solutions: *beyond real estate*.

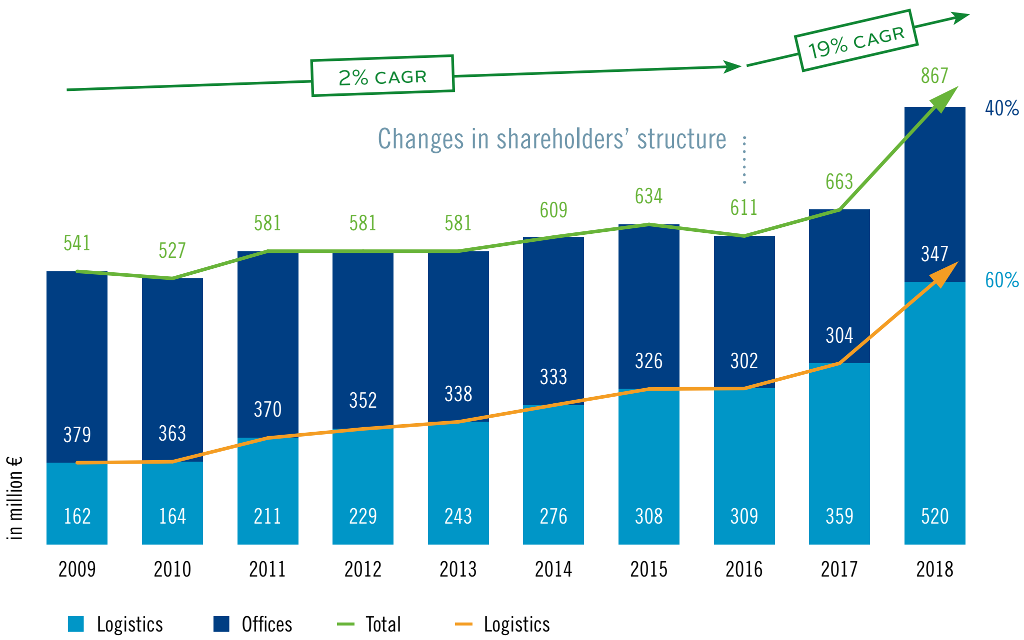
Intervest "unburdens" its customers and offers them added value by listening to what they want, by thinking along with them and by thinking ahead.



Strong growth of real estate portfolio

2016-2018 strategic growth plan fully realised.
Growth of 31% or € 204 million in real estate portfolio.

- The fair value of the total real estate portfolio amounts to € 867 million
- Acquisition of eight sites for € 186 million in the Netherlands and Belgium
- Pipeline of three developments in 2019 for € 57 million.



2019 Growth Plan

Further growth of the real estate portfolio to € 1 billion by the end of 2019.

- Substantial development potential for logistics real estate in the Netherlands and Belgium, with projects in the pipeline and Genk Green Logistics.
- Further growth to a real estate portfolio of € 1,3 billion by the end of 2021.

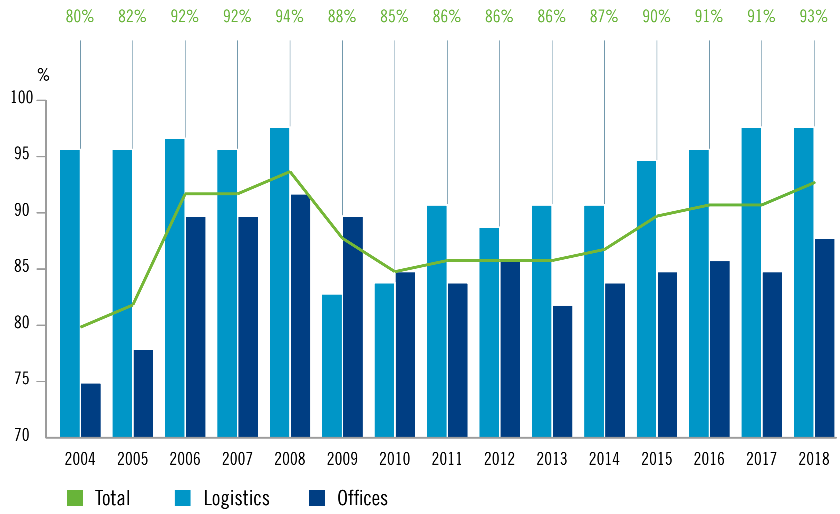
Expected rise in the EPRA earnings per share: 3% for 2019

Minimum gross dividend for 2019: € 1,50 per share

Occupancy rate follows the economic cycle

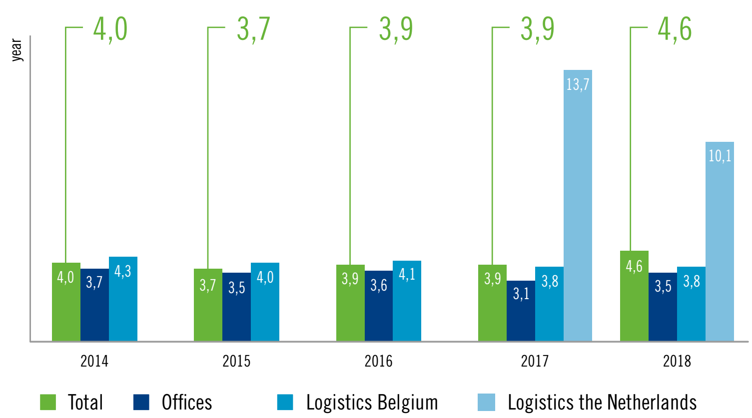
The occupancy rate improved by 2 percentage points to 93%

- Logistics portfolio occupancy rate stable at 98%
- Office portfolio occupancy rate from 85% to 88%



Average remaining duration of lease agreements[1]

Increase by 0,7 year or 18% due to acquisitions and leases in the real estate portfolio.



1 Average remaining duration of the agreements until the next expiry date

Results 2018

14% increase in EPRA earnings and 3% growth in EPRA earnings per share.

RESULTS (€ 000)	2018	2017
EPRA earnings	31.168	27.430
Result on portfolio	4.561	-7.363
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119
Net result (share of the Group)	**34.114**	**21.186**

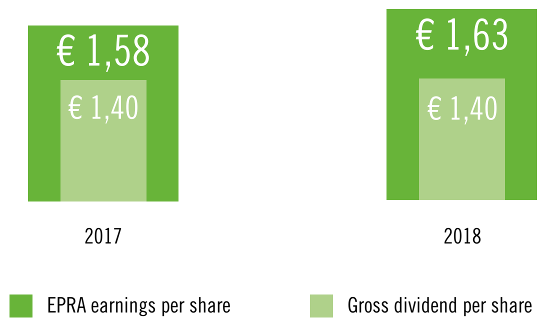
RESULTS PER SHARE	2018	2017
Number of shares at year end	24.288.997	18.405.624
Weighted average number of shares	19.176.981	17.409.850
EPRA earnings per share based on weighted average number of shares (€)	1,63	1,58

Dividend distribution

Gross dividend established at € 1,40 per share for 2018

Gross dividend yield of 6,8%.

RESULTS PER SHARE	2018	2017
Number of shares entitled to dividend - coupon 21	18.891.443	n.v.t.
Number of shares entitled to dividend - coupon 22	24.288.997	n.v.t.
Pay-out ratio (%)	86%	89%
Gross dividend - coupon 21 (€)	1,28	1,40
Gross dividend - coupon 22 (€)	0,12	n.v.t.
Gross dividend - total (€)	**1,40**	**1,40**
Net dividend - coupon 21 (€)	0,8960	0,9800
Net dividend - coupon 22 (€)	0,0840	n.v.t.



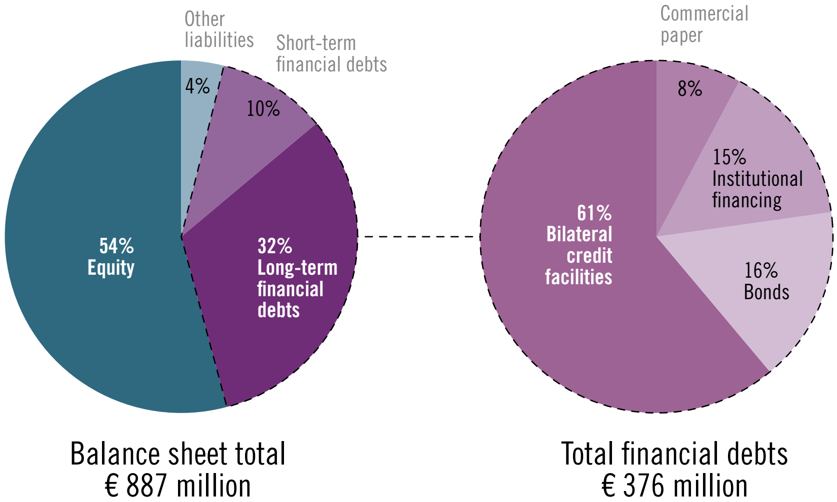
Financing structure

Successful capital increase of 29% or € 99,9 million.

- Further strengthening of the equity by € 10 million through the optional dividend.
- Optional dividend, where 57,5% of the shareholders opted for shares.

KEY FIGURES PER SHARE	31.12.2018	31.12.2017
Number of shares at year-end	24.288.997	18.405.624
Net value (fair value) (€)	19,62	19,52
Net value (investment value) (€)	20,35	20,35
Share price on closing date (€)	20,60	22,49
Premium with regard to net value (fair value) (%)	5%	15%

Further diversification of financing sources by launching commercial paper programme for a maximum of € 70 million.



43,5%
debt ratio

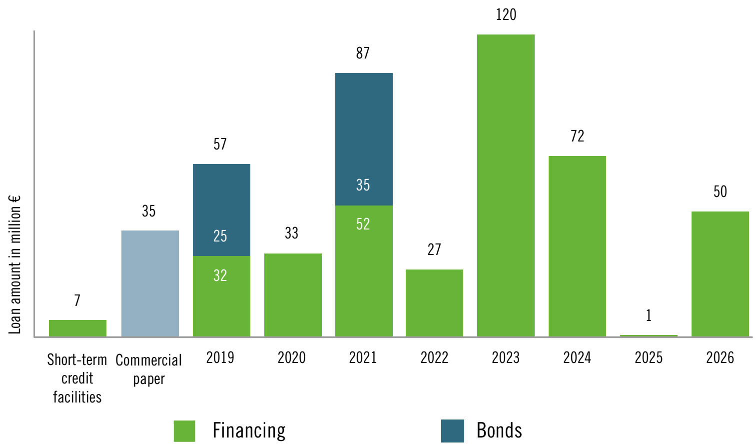
€ 113 million
non-withdrawn
credit lines

2,4% average
financing cost

€ 500 million
market
capitalisation

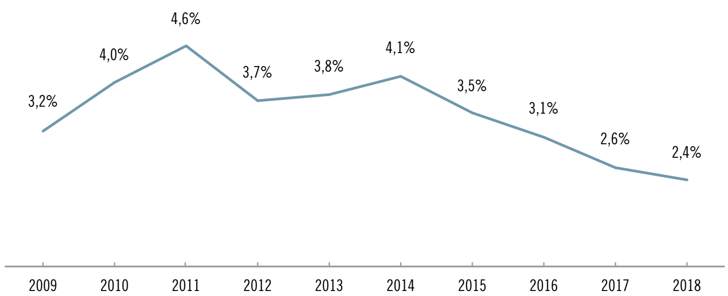
Expiry dates calendar financing

Duration of the long-term financing: 4,4 years.



Average interest rate of the financing

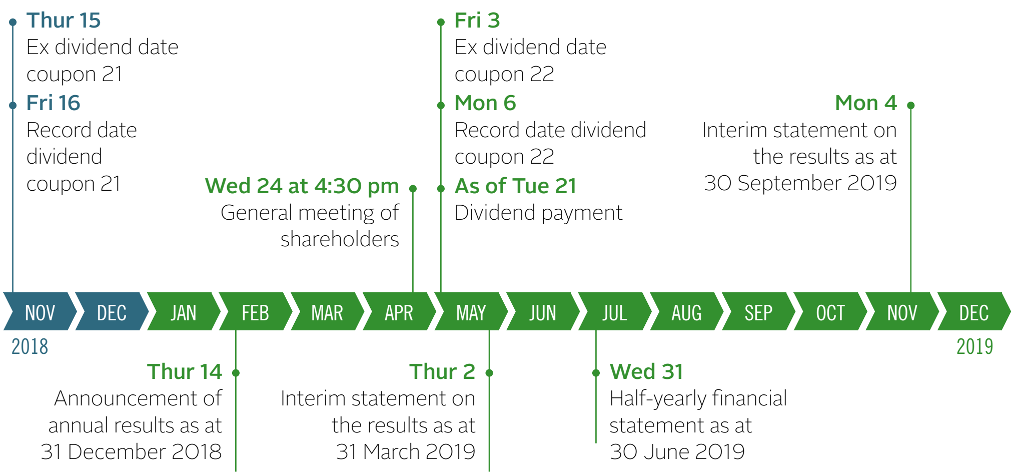
Consistent decrease in the average interest rate of the financing to 2,4%.



EPRA key figures

EPRA KEY FIGURES PER SHARE	31.12.2018	31.12.2017
EPRA earnings (in € per share) (Group share)	1,63	1,58
EPRA NAV (in € per share)	19,88	19,62
EPRA NNNAV (in € per share)	19,49	19,28
EPRA Net Initial Yield (NIY) (in %)	6,2%	6,0%
EPRA Topped-up NIY (in %)	6,4%	6,2%
EPRA Vacancy rate (in %)	6,7%	13,8%
EPRA cost ratio (including direct vacancy costs) (in %)	17,4%	19,0%
EPRA cost ratio (excluding direct vacancy costs) (in %)	16,2%	17,6%

Financial calendar 2019[1]



1 Any changes to the financial calendar that might be required will be disclosed in a press release that can be consulted on the company website, www.intervest.be.

Greenhouse BXL

Letter to shareholders

Greenhouse BXL

Dear Shareholders

Following the significant change in its shareholder structure in 2016, Intervest Offices & Warehouses (hereinafter "Intervest") set its own course. The growth plan communicated at the beginning of 2016, based on the reorientation of the office portfolio and the expansion of logistics real estate, has in the meantime been achieved, with an annual average growth rate of 12% of the real estate portfolio.

Intervest also successfully implemented its **strategic growth plan** and achieved a number of key milestones. After all, the real estate portfolio more than achieved the assumed value of € 800 million, the total leasable space has in the meantime extended to over 1 million m² and the company's market capitalisation has exceeded the threshold of € 500 million.

Fair value of real estate portfolio

€ 867 million

In 2018 the real estate portfolio experienced a growth of 31% or € 204 million, mainly due to acquisitions and redevelopments, in line with the strategy and , in this way, it grew from € 663 million as at 31 December 2017 to € 867 million as at the end of 2018. In addition, Intervest has committed **developments in the pipeline** in the Netherlands of € 57 million with three logistics projects in the Netherlands (Roosendaal and Eindhoven) that will be delivered in the course of 2019.

End 2019 to

€ 1 billion

Intervest will pursue its investment strategy and expects the real estate portfolio to expand to a fair value of € 1 billion by the end of 2019 and € 1,3 billion by the end of 2021.

The **fair value of the existing real estate portfolio** (excluding acquisitions) increased slightly in 2018 by € 4 million or 0,6%[1]. The offices experienced a decrease in value by 1% due to the sharpening of the yields. The fair value of the logistics portfolio increased by 2% as a result of the stronger yields, both in Belgium and the Netherlands.

Leasable area of over

1 million m²

The ratio of the real estate segments in the portfolio at the end of the year 2018 corresponded to the strategy stated: **60%** was invested in **logistics real estate** and **40%** in **office buildings** (54% and 46% respectively at the end of 2017). In 2018, the real estate portfolio was expanded by approximately 230.000 m² and exceeded a significant threshold as at 31 December 2018 with a total leasable space of over 1.022.948 m².

Acquisitions in 2018 for

€ 186 million

In 2018 Intervest realised a total of eight **new acquisitions** for a total amount of € 186 million, of which six are logistics sites in the Netherlands, one in Belgium and an office site in Belgium.

The logistics real estate portfolio in the Netherlands was further expanded in its logistics hotspots, with the formation of clusters in the Southern Netherlands, namely in Tilburg, Raamsdonksveer, Roosendaal, Vuren and Eindhoven. The portfolio in the Netherlands now totals 196.000 m², amounts to € 154 million and consists of eight sites, all of which have an occupancy rate of 100%.

The acquisitions in the logistics portfolio are a strategically intended mix of more expensive investments in finished buildings having long-term lease agreements, on the one hand, and, on the other hand, developments and built-to-suit projects where a better yield can be achieved, obviously always with due regard for and the limitation of the risks related to such developments. 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 must be closely monitored.

1 Compared with the fair value of the investment properties as at 31 December 2017, with unchanged composition of the portfolio.

Intervest sees possibilities of investing at 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.

In 2018, successful developments were realised in **reorienting the office portfolio** through the Greenhouse concept, according to which the offices are used as pioneering, inspirational meeting places where working and well-being come together. The construction work of Greenhouse BXL in Diegem with a third Greenhouse Flex (co-working lounge) has been fully completed and the site is operational. Over 80% of the leasable space is let. Many of these leases commence in 2019 and will generate rental income as from then. Marketing is fully under way.

Within this framework, Intervest also acquired the service-oriented office complex Ubicenter in December 2018. Ubicenter is a contemporary multi-tenant office complex of 23.150 m² on the Philipssite on the outskirts of Leuven. The office has a foyer, a company restaurant, an auditorium and a business centre operated by MC Square, which blends in perfectly with the Greenhouse flexible business hub concept of Intervest in Antwerp, Mechelen and Brussels.

In both its market segments, Intervest is positioning itself *beyond real estate* and is acting as a real estate partner which does more than simply let square metres of office or logistics space. Intervest “unburdens” its customers and offers them added value by listening to what they want, by thinking along with them and by thinking ahead. The many positive reactions from the customers to matters such as turn-key solutions serve as an encouragement to Intervest in further expanding this approach.

Intervest will also actively pursue its sustainability strategy in 2019 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 installing photovoltaic installations on the roofs of Dutch logistics properties. Intervest also continues to take actions to maintain its sustainable business operations with the 17 United Nations Sustainable Development Goals (SDGs) as a guideline.

In 2018 Intervest lay the foundation for the company’s further growth with the development of **‘Genk Green Logistics’**. This project has a **future development potential** of approximately 250.000 m² state-of-the-art logistics real estate on zone B on the former Ford-site, spanned over a period of five years. The Ford site is an exceptional investment opportunity because of its location, size and multi-modal accessibility. This year, particular attention was paid to acquiring the site for an amount of € 3 million, developing the cooperation with Group Machiels, creating the company Genk Green Logistics and its accreditation as institutional RREC (IRREC) and the application to be accredited as brownfield site. It is expected that demolition will start in the first quarter of 2019 and that construction works for the first logistics building will start in the second semester of 2019.

The **occupancy rate** of the total real estate portfolio of Intervest amounted to 93% as at 31 December 2018, which means that there is an increase of 2 percentage points compared to the end of the year 2017 (91%). There was an increase of 3% to 88% in the occupancy rate for the office portfolio as at 31 December 2018 (85% at the end of the year 2017, including Greenhouse BXL). The occupancy rate of the logistics portfolio remained stable at 98% as at 31 December 2018 (98% as at the end of the year 2017).

Occupancy rate

93%

The increase in the occupancy rate was mainly due to the occupancy of 80% of the leased Greenhouse BXL, the lease of the entire Greenhouse Mechelen (tower building on Mechelen Campus) and the acquisition of various fully leased logistics sites.

38 lease agreements

It has been an active year for **lease transactions**. In 2018, a total of **38 long-term lease agreements** were entered into or extended, representing 15% of the rental income.
In the office portfolio, agreements for 32.600 m² or 21% of the rental income in the office segment were signed. 22.800 m² or 15% is made up of new leases or extensions. This caused the WALB offices (average remaining duration of the lease agreements until the next expiry date) to increase to 3,5 years (3,1 years as at 31 December 2017). Moreover, in the office segment, **38 flexible contracts** were entered into for Greenhouse Flex and serviced offices in Brussels, Mechelen and Antwerp.

38 flexible contracts

In the logistics segment, 72.200 m² were recorded, which represents 10% of the rental income of the logistics segment. 6% relates to new leases. In addition, in the logistics segment, temporary contracts for 35.200 m² or 9% of the rental income were concluded or extended by an indefinite duration or by less than one year. The WALB logistics increased from 4,4 years as at 31 December 2017 to 5,5 years as at 31 December 2018. This is a consequence of the acquisitions in the Netherlands, which have an extended effect on the WALB logistics of 1,4 year.

Capital increase

€ 99,9 million

In November 2018, Intervest performed a successful **capital increase** with irreducible allocation right in the amount of € 99,9 million to finance the established investments in the pipeline in the total amount of € 197 million. In December 2018, € 128 million of this amount in the pipeline was immediately converted into real estate investments generating immediate rental income.

Furthermore, the **shareholders' equity** was also reinforced by € 10 million in May 2018 due to the optional dividend, whereby 57,5% of the shareholders opted for shares.

Debt ratio

43,5%

The growth of the real estate portfolio was partly financed by the capital increase and partly by borrowed capital. This produced a strong balance sheet structure, whereby the **debt ratio** of Intervest was 43,5% as at 31 December 2018 (44,6% as at 31 December 2017).

Market share value

€ 500 million

The capital increase in November 2018 caused the **market capitalisation** of Intervest to reach the mark of € 500 million as at 31 December 2018.

Expansion financing portfolio

Within the framework of financing the growth of the real estate portfolio, the financing portfolio of Intervest also expanded by € 88 million or 22% in 2018. A **commercial paper programme** was hereby initiated for a maximum amount of € 70 million (€ 30 million of which was used as at 31 December 2018). This commercial paper contributed to the diversification of the financing sources and the further optimisation of the financing cost. In 2018, Intervest also concluded new bilateral credit lines and extended financing with its financing partners. This caused the average duration of the long-term financing to remain semi-stable at 4,4 years at the end of the year 2018.

Hedge ratio

84%

In keeping with the expansion of the financing portfolio, additional rate swaps for a notional amount of € 100 million, each lasting between 5 and 7 years, were purchased as interest risk hedging. The hedging ratio amounted to 84% at the end of the year 2018 and was in keeping with the Intervest strategy to have a **hedging ratio** of at least 80%.
The average duration of the interest rate swaps was extended from 3,6 years to 4,2 years as at 31 December 2018.

Average financing cost

2,4%

This financing, interest rate hedging and optimisation have caused the **average financing cost** of Intervest to decrease from 2,6% in 2017 to 2,4% in 2018.

At year-end 2018, a buffer of € 113 million of **non-withdrawn credit lines** was available to finance committed acquisition projects in the pipeline in the amount of € 57 million, the repayment of the bond loan in the amount of € 25 million, which will mature as at 1 April 2019 and the dividend payment in May 2019. In January 2019, Intervest concluded additional financing for an amount of € 25 million for a duration of 7 years.

€ 113 million of unused credit lines available

Because of the limited **debt ratio** of 43,5% as at 31 December 2018, Intervest can still invest approximately € 115 million with borrowed capital before reaching the top of the strategic range of 45%-50%.

The **strategic growth plan** that is based on the reorientation of the office portfolio and the expansion of the logistics real estate was successfully continued in 2018 and led to the increase in the EPRA earnings in 2018.

The **EPRA earnings** for financial year 2018 rose by 14% compared to financial year 2017. The rental income increased by 11% pursuant to the acquisitions of financial years 2017 and 2018 and the leases in the existing real estate portfolio. The increase in the rental income is partly compensated by the limited increase in the real estate costs and the higher financing costs as a result of the growth of the real estate portfolio. The operational margin improved by almost 2% and increased from 81% in 2017 to 83% in 2018.

Increase in EPRA earnings

14%

Operational margin

+2% points

The **EPRA earnings per share** rose by 3% and amounted to € 1,63 for 2018 compared to € 1,58 for 2017. This was despite a rise of 10% of the weighted average number of shares caused by the capital increase of November 2018 and the optional dividend in May 2018.

EPRA Earnings per share

€ 1,63

In accordance with the strategy announced, the **gross dividend** for financial year 2018 will amount to € 1,40 per share (€ 1,40 for 2017), which means that there is a **gross dividend yield** of 6,8% based on the closing rate for the Intervest share as at 31 December 2018, which amounted to € 20,60. The **net asset value** (fair value) amounted to € 19,62 as at 31 December 2018, compared to € 19,52 as at 31 December 2017, which means that the share was listed at a premium of 5% as at 31 December 2018.

Gross dividend

€ 1,40

For **financial year 2019** Intervest provides a growth of 3% in EPRA earnings per share. From a strategic point of view, Intervest wants to keep sufficient liquid assets from the operational activities available in the company to develop the Greenhouse concept and other innovations and renovations in its buildings. It is for this reason that Intervest has decided to plan a gross dividend of minimum **€ 1,50[1] per share** for financial year 2019. This represents a gross dividend yield of 7,3% based on the closing price.
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.

Gross dividend in 2019

€ 1,50

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

You can count on us to facilitate the company's continued growth according to the roadmap set out. In this context, the trust that you and the clients continue to put in us is exceptionally important, as is the sustained commitment of our staff. We would like to take this opportunity to express our sincere gratitude and thank everyone for this.

The board of directors

Jean-Pierre Blumberg
Chairman of the board of directors

Report of the board of directors

Liège - Herstal

1. Investment strategy

Intervest is a high-quality, specialised player in both the office market and the **logistics real estate segment** as in the **office market**. A unique combination on the Belgian market, with sufficient critical mass, which offers the advantage of a strong risk spread and which seeks attractive and long-term returns for shareholders.

In line with this strategy, Intervest announced a strong **growth plan** in March 2016 to expand its real estate portfolio to approximately € 800 million over a period of 3 years, so that it represents approximately € 500 million in logistics real estate and approximately € 300 million in offices by the end of 2018. In so doing, the objective was a strategic shift to a ratio of approximately **60% logistics real estate and 40% office buildings.**

After these objectives were **successfully achieved** in 2018, Intervest will **continue** its strategic growth plan **unabated** in 2019, 2020 and 2021 with the reorientation of its office portfolio and the expansion of the logistics portfolio. Permanent changes in the real estate and financial markets are the reason why Intervest carefully monitors its strategy and approach every year and refines it without affecting the essence in the process.

Specifically, Intervest wants to continue its investment strategy by expanding the real estate portfolio to include a **fair value of € 1 billion** by the end of **2019** and **€ 1,3 billion** by end **2021.**

There will be additional investments in logistics real estate at strategic locations and this will parallel the reorientation and further development of the Greenhouse concept in the office portfolio, consisting of divesting non-strategic buildings and reinvesting in buildings having a distinctive character attributable to their multi-functional, architectural, sustainable and qualitative properties.

The rental markets and investment markets of office buildings and logistics real estate are subject to different dynamics. The office rental market is late-cyclical, whereas logistics real estate reacts more rapidly to **economic trends**. This means that the evolutions of office and real estate value experience different movements, which are also based on structural societal changes.

It has been proven in the past that combining the two segments generates **high dividend yield**. In future this will also continue to be one of the areas on which Intervest will focus, in addition to creating long-term value, both in the office segment and in logistics real estate.

In this regard, as a real estate partner, Intervest goes beyond investing in and merely letting square metres. The company focuses on **providing service and supplying flexible solutions** so that customers can focus on their core activities. Intervest can unburden its customers and offer them added value, go *beyond real estate*, by listening to what they want, by thinking along with them and by thinking ahead.

By providing **turn-key solutions,** Intervest gives its customers the option of furnishing their space while taking into account the evolving ways of working, technological developments and the changing dynamics of their approach to the market. An in-house innovation team is responsible for providing total tailored solutions, ranging from planning, organisation and the coordination of work to budget monitoring. Besides providing a pleasant and accessible working environment, delivering the necessary support **service provision** in both the business and private sectors is also key to "unburdening" the customer.

Intervest goes beyond real estate, beyond the square metres of office or logistics space.

A proactive **customer-oriented service** is reflected throughout the organisation. All critical functions required for the management of real estate customers and real estate are available in house: rental, finance and administration, operational services and facility management. A helpdesk is available to customers 24/7 for day-to-day real estate management.

Logistics real estate portfolio: growth in logistics corridors in a radius of 150 km around Antwerp and in parts of the Netherlands.

Geographically, Belgium and its neighbouring countries are optimally located as a **logistical hub in Europe**, in view of the presence of the major European main ports in the Rhine Delta and the proximity of a service area with strong purchasing power within a radius of 500 km. This has also led to serious development of the logistics real estate market. Demand for logistics real estate will continue to increase as a result of overall growth in the European economy and e-commerce growth.

In terms of new acquisitions or developments, Intervest has in Belgium previously focused priority **on the two most important logistics axes in Belgium**: Antwerp - Brussels - Nivelles and Antwerp - Limburg - Liège. The company already has a distinct, strong presence on these axes, making it an important discussion partner for its customers in these market segments. By further developing the positions on these axes, it is possible to anticipate the changing needs of current and new customers as regards surface area or location.
Recently, a **third logistics axis** was added to the focus of Intervest, namely the Antwerp - Ghent - Lille logistics axis, where an initial presence was recorded at the end of 2018 with the acquisition of a logistics site in Ghent. The intention here too is to further develop the position of Intervest on this logistics axis. Other locations in Belgium, the Netherlands and possibly Germany connecting to these axes are also being considered.

Intervest aims to establish **building clusters**, i.e. various locations in close proximity to one another, in order to be able to offer customers efficient and optimal service provision. Not only does such clustering apply to existing locations, it will also play a role in the geographic growth of the portfolio as a logical complement to the current core areas.

The growth of Intervest in this area will be achieved by acquiring **high-quality real estate, developments of land positions preferably on multimodal accessible locations and by developing its own portfolio.** To achieve these developments, Intervest will examine the possibility of setting up **spare land** in the vicinity of its clusters already in existence in Belgium and the Netherlands.

To maximise synergy benefits for both customers and Intervest, the strategy of Intervest for the logistics segment is aimed at investing in modern clustered logistics sites on locations with multimodal accessibility with a clear geographic focus.

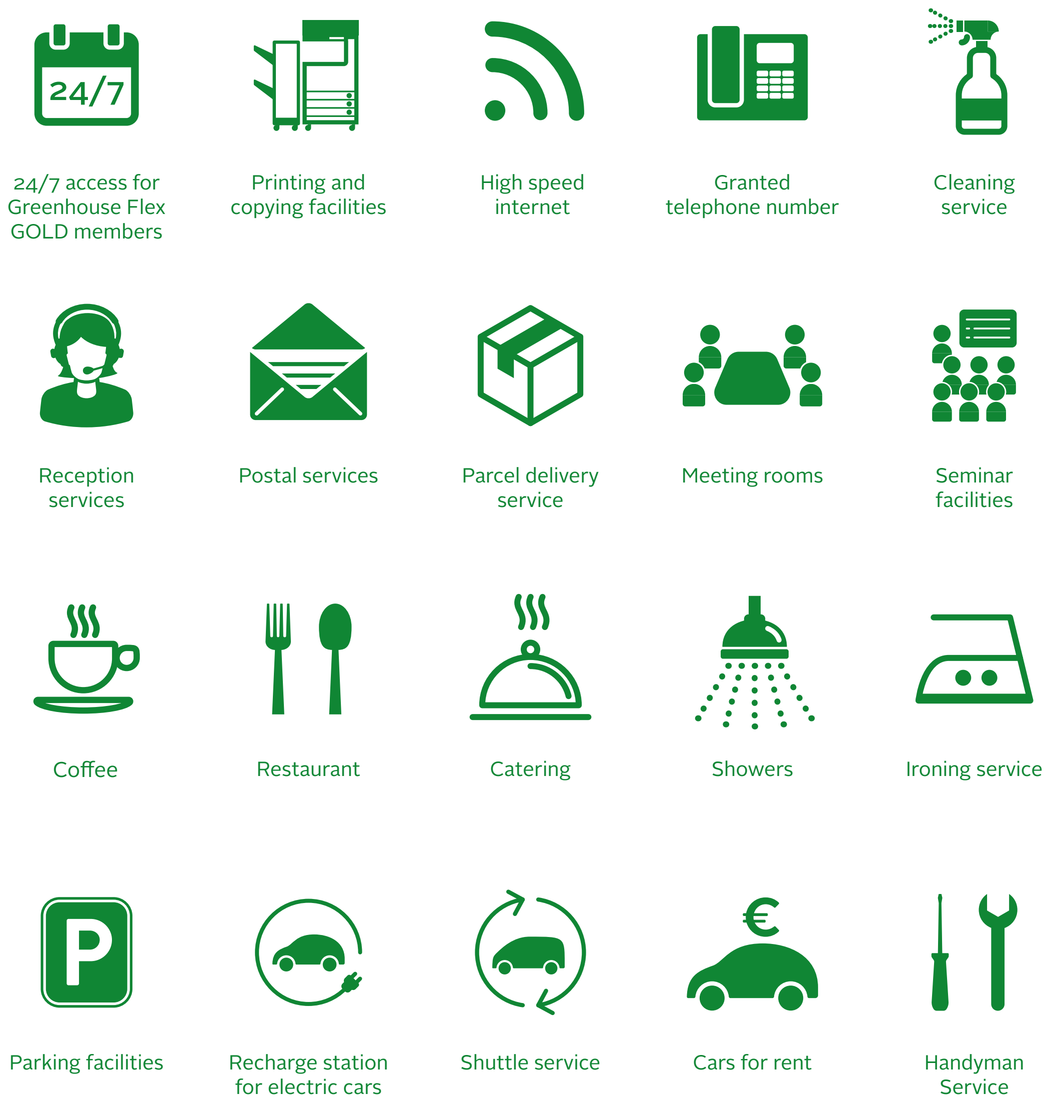
Office portfolio: efficiently tapping into a changing rental market and reorientation of types of buildings while further developing the Greenhouse formula

In the highly competitive environment of the office market, Intervest distinguishes itself by focusing on the constantly evolving needs of customers. They are no longer just looking for space. What they want is an **all-in-one solution** where **service provision** and **additional functionalities** make all the difference: shared meeting rooms, facilities to hold events, restaurant, gym, a general environment for experience and the like. Offering these facilities links up logically with the changing way of working and technology and the accompanying increasing need for flexibility and mobility to work anywhere and anytime.

Intervest actively taps into this by redeveloping existing office buildings with the **Greenhouse concept. Greenhouse** is a concept that is aimed at encouraging people to meet and interact, in a professional atmosphere, with a high level of flexibility and extensive service provision while still paying due attention to well-being and energy efficiency.

With regard to the re-orientation relating to the office portfolio, Intervest will in future continue to focus on strategic locations, both in the **city centre** and on **campuses outside the city** mainly on the Antwerp - Mechelen - Brussels axis. New investments in the office market will target buildings of a distinctive character, where working is an experience.

The strategy of Intervest in the office market is aimed at reorienting the office buildings towards multi-tenant buildings with service-oriented, inspiring work environments, in easily accessible places in and around central cities in Flanders.



Beyond real estate - a wide range of facilities and services

Rotation in the portfolio

The objective to let the portfolio grow to € 1 billion by 31 December 2019 and to € 1,3 billion by the end of 2021 is subject to asset rotation in the office portfolio whereby smaller, detached, non-optimal or outdated buildings where the Greenhouse concept is impossible, will be divested if there are sufficiently worthwhile opportunities to do so. However, Intervest always wishes to retain an essential share in the office segment.

Intervest 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. Divestments on a regular basis are after all necessary to continuously improve and rejuvenate the portfolio quality.

Portfolio characteristics

Intervest has a mixed real estate portfolio of € 867 million, which consists of 60% logistics real estate and 40% office buildings (as at 31 December 2018).

A large portfolio clearly offers a number of benefits.

- It helps to spread the risk for the shareholders. After all, potential geographic fluctuations in the market can be absorbed by investing in real estate in different areas.
- The company is less dependent on one or a small number of major tenant(s) or project(s) and the risk is spread over a large number of tenants and properties. The tenants also operate in widely divergent sectors of the economy, such as the pharmaceutical and computer industries, media, consultancy, telecommunications, the travel and food industries.
- The achieved economies of scale make it possible to manage the real estate portfolio more cost-efficiently. This relates, for instance, to costs of maintenance and repair, (long-term) renovation costs, consultancy fees, publicity costs, etc.
- The increase in the size of the total portfolio puts the management in a stronger negotiating position when discussing new lease terms and offering new services, alternative locations, etc.
- It makes it possible for a specialised management committee to use its knowledge of the market to pursue an innovative and creative strategy, resulting in an increase in shareholder value. It doesn't just generate growth in rental income, but also boosts the value of the portfolio itself. This kind of active management can lead to the renovation and optimisation of the portfolio, negotiations on new lease terms, an improvement in tenant quality, being able to offer new services, etc.

Every acquisition must be checked against real estate and financial criteria.

Real estate criteria:

- quality of the buildings (construction, finishing and number of parking spaces)
- location, accessibility, visibility and mobility
- quality of the tenants
- compliance with the statutory and regulatory provisions (permits, soil contamination, etc.)
- re-letting potential.

Financial criteria:

- sustainable contribution to the result per share
- exchange ratio based on investment value
- prevention of dilution of the dividend yield.

The free float of the share of Intervest was 85% as at 31 December 2018.

Share liquidity

Liquidity is determined by the extent to which the shares can be traded on the stock market. Companies with high liquidity are more likely to attract large investors, which improves growth opportunities.

High liquidity makes it easier to issue new shares (for increasing capital, contributions of property or mergers), which is also tremendously important for growth. To improve its liquidity, Intervest has concluded a liquidity agreement with Bank Degroof Petercam and ING Bank. The liquidity of most Belgian RRECs is fairly low. A major reason for this is that RRECs are often too small - in terms of both market capitalisation and free float - to gain the attention of international and professional investors.

In addition, shares in RRECs are generally purchased as long-term investments rather than on a speculative basis, which reduces the number of transactions.

2. Corporate governance verklaring

2.1. General

This corporate governance statement is in line with the provisions of the Belgian 2009 Corporate Governance Code ("2009 Code") and the Act of 6 April 2010 amending the Belgian Companies Code. The Royal Decree of 6 June 2010 stipulated the 2009 Code as the sole applicable code. This Code can be found on the Belgian Official Gazette website and at www.corporategovernancecommittee.be.

Intervest treats the Belgian Corporate Governance Code 2009 as a reference code.
Intervest's board of directors has laid down corporate governance principles in a number of guidelines:

- the Corporate Governance Charter
- the code of conduct
- the whistle-blowing rules
- the trading regulations for the prevention of abuse of insider knowledge and prevention of market abuse.

The complete Corporate Governance Charter, reviewed for the last time in July 2016, sets out the important internal procedures for the management entities of Intervest. The Corporate Governance Charter, as well as the other directives, are available at www.intervest.be.

The terms of the Belgian Corporate Governance Code 2009 may only be deviated from when specific circumstances require it.
If such an event occurs, the deviation is explained, in accordance with the "comply or explain" principle, in the annual report. The board of directors of the company has deemed that it is sometimes justified for the company not to follow certain terms of the Corporate Governance Code 2009.

According to the "comply or explain" principle it is indeed permitted to take into account the relatively small size and own characteristics of the company, particularly regarding the already rigid legislation relating to RRECs.

In 2018, the company deviated from the following stipulations of the Belgian Corporate Governance Code 2009 ("explain"):

Provisions 5.3 and 5.4 on the operation of committees (including Appendices D and E)

The board of directors decided not to set up an appointment committee or a remuneration committee as the company fulfils two (average number of employees < 250 persons and annual net turnover < € 50 million) of the three criteria determined by Article 526 quater of the Belgian Companies Code. It is the opinion of the board that tasks of these committees are tasks of the full board of directors and this in derogation of clause 5.4/1 as recorded in Annex E of the Code 2009 which stipulates that the remuneration committee consists exclusively of non-executive directors. Consequently, the remuneration committee of the board of directors consists of all members of the board of directors. The limited size of the board makes an efficient debate on these subjects possible.

Clause 2.9 Company secretary

The board of directors has not designated a company secretary, who advises the board of directors regarding all administrative matters and takes care of the communications within and between the management entities of the company, as provided for by clause 2.9. The limited size of the company and the board of directors make such a position unnecessary.

2.2. Management entities

Board of directors

	Address	Mandate	Start	End	Attendance
Jean-Pierre Blumberg Chairperson, independent director	Plataandreef 7 2900 Schoten Belgium	First mandate	April 2016	April 2019	11/12
Marleen Willekens Independent director	Edouard Remyvest 46 b1 3000 Leuven Belgium	First mandate	April 2016	April 2019	11/12
Chris Peeters Independent director	August Van Landeghemstraat 72 2830 Willebroek Belgium	Second mandate	April 2016	April 2019	12/12
Jacqueline Heeren - de Rijk Independent director	Stationsstraat 33 2910 Essen Belgium	First mandate	April 2016	April 2019	11/12
Johan Buijs Director	IJsseldijk 438 2921 BD Krimpen a/d Ijssel The Netherlands	Third mandate	April 2018	April 2021	12/12
Gunther Gielen Director	Korte Welvaart 57 3140 Keerbergen Belgium	First mandate	April 2016	April 2019	9/12

As at 31 December 2018, the board of directors comprised six members, four of whom are independent directors, all four fulfilling the conditions of Article 526ter of the Belgian Companies Code.

The directors are appointed for a period of three years, but their appointment can be revoked at any time by the general meeting.

The directors are non-executive directors.

JEAN-PIERRE BLUMBERG

Chairman, independent director

Jean-Pierre Blumberg has been an independent director and chairperson of the board of directors of Intervest since 2016.

Employment history

Jean-Pierre Blumberg, born in 1957, attained a licentiate in law at the KU Leuven and a Master of Laws, LLM at Cambridge University.
He started his career in 1982 as employee at De Bandt, van Hecke, Lagae (currently Linklaters LLP), where he became partner in 1990. He was then National Managing Partner at Linklaters LLP from 2001 to 2008. He was a member of the Executive Committee Linklaters LLP and Managing Partner Europe from 2008 to 2012. He was a member of the International Board of Linklaters LLP until 2016. In addition, he was Senior Partner in the Corporate and M&A Practice Group in Belgium and co-head of global M&A, lecturer at the University of Antwerp, guest lecturer at the KU Leuven, ad hoc lecturer at the AMS Management School and member of the High Level Expert Group on the Future of the Belgian Financial Sector. Jean-Pierre Blumberg is an author and co-author of various articles in national and international legal and tax journals and has attained various distinctions.

Current mandates

Chairman of the board of directors and member of the audit committee of Intervest (listed), chairman of the board of directors of Vastned Retail Belgium nv (listed), chairman of the board of directors of TINC nv (listed), chairman of the board of directors of Genk Green Logistics nv, independent director of Bank Delen nv.

Previous mandates during the past 5 years

Independent director of CMB (Compagnie Maritime Belge).

MARLEEN WILLEKENS

Independent director

Marleen Willekens has been an independent director of Intervest and chairman of the audit committee since 2016.

Employment history

Prof. Dr Marleen Willekens, born in 1965, attained an M.A. in Business Economics at Ghent University (1987) and then started her career in the financial sector, as an intern at Bank Brussels Lambert.
She decided to start working in the academic world in 1989, where she attained a Ph.D. in Industrial and Business Studies at the University of Warwick. After having attained her doctorate, she was appointed lecturer in the Accountancy research group of the Faculty of Economics and Business at the KU Leuven in 1995, where she has been a full professor since 2009. She was professor at Tilburg University from 2006 to 2008 and she has also been a part-time professor of Auditing at the BI Norwegian Business School in Oslo since 2012. Marleen Willekens gives lectures on subjects such as Auditing, Financial Accounting and Accounting for Managers at KU Leuven, and also gives guest lectures at numerous foreign universities, in MBA and executive programmes. She is also an author and co-author of various Articles and books in the field of auditing and accounting. She has received various awards, both locally and abroad for her research in this field

Current mandates

Member of the board of directors and chairperson of the audit committee of Intervest (listed), member of the board of directors and chairperson of the audit committee of Aedifica nv (listed), chairperson of the Dutch jury (NL3) of the examination of suitability for registered auditor.

Previous mandates during the past 5 years

Independent director DCL (Paris).

CHRIS PEETERS

Independent director

Chris Peeters has been an independent director of Intervest since 2016.

Employment history

Prof. Dr Chris Peeters was born in 1960. In 1982, he graduated in applied economic science (TEW, Toegepaste Economische Wetenschappen) and obtained a Master's degree in TEW in 1990. He is affiliated with the University of Antwerp, where he teaches the courses Public Policy, Transport Economy and Logistics, and functions as an adviser for companies and government bodies both within and outside Europe. Prof. Dr Chris Peeters is an author and co-author of more than 30 books and a number of articles on strategy and policy. He is an internationally recognised expert concerning strategic decision-making and policy advice. He is the chairman/managing director and senior partner of Policy Research Corporation bv.

Current mandates

Member of the board of directors and of the audit committee of Intervest (listed), chairperson/managing director of J.P. Willebroek nv, member of the advisory board of the Limburgs Energie Fonds bv, manager of EMSO bvba (European Maritime Surveys Organisation), chairperson of the board of directors of Policy Research Corporation bv, chairperson of Military Talent for Business Solutions bv, chairperson of the board of directors of the vzw Cluster for Innovation in Defence, Safety and Security (Cidss. be), chairperson of the board of directors of NetN3 nv and manager of Marvic Corporation bvba.

Previous mandates during the past 5 years

Member of the board of directors and of the audit committee of Vastned Retail Belgium nv (listed).

EMSO bvba, permanently represented by Chris Peeters, was admitted as a director as per the decision of the board of directors of 21 December 2007. By decision of the annual general meeting of 2 April 2008, the co-opt decision of the board of directors of 21 December 2007 was ratified and EMSO bvba, permanently represented by Chris Peeters, was appointed independent director of Intervest with effect from 1 January 2008 and ending immediately after the general annual meeting which was held in 2011 and on which the annual accounts as at 31 December 2010 were approved. Then, EMSO bvba, permanently represented by Chris Peeters, was reappointed independent director of Intervest by decision of the annual general meeting of 24 April 2013, with this mandate ending immediately after the annual general meeting that was held in the year 2016.

Additional information about bankruptcies in which a director was involved during the past five years

Chris Peeters is involved in the bankruptcy of Asopus Corporation nv as a managing director (date of bankruptcy: 26 September 2014) and Asopus Institute nv (date of bankruptcy: 26 September 2014). The trade activities of both of those companies concerned consultancy in the field of business management and operational management. Both companies already had a track record of almost 20 years, which in principle implied a successful business model. However, decreasing turnover and an increasingly heavy burden of expenses led to the two companies being declared bankrupt. The bankruptcy of Asopus Corporation nv and Asopus Institute nv did not lead to any liability of the boards of directors of the two companies at the date of this annual report's publishing.

By way of a statement towards the company, Chris Peeters has confirmed to the company, under oath, that no error can be ascribed to the respective boards of directors in general and to him personally as a member of the respective boards of directors with regard to the bankruptcy of Asopus Corporation nv and Asopos Institute nv, and that he has not committed any grave errors that contributed to the bankruptcies of the two companies mentioned.

As a permanent representative of the managing director of nv EM, Achelos Enterprises bv, Chris Peeters is also involved in the bankruptcy of nv EM. This bankruptcy was declared on 19 November 2015. Due to the economic crisis the purchase/sale of luxury motor boats sharply declined, which ultimately led to bankruptcy of the company. Also in this context, the bankruptcy did not lead to any liability of Chris Peeters and/or the boards of directors of this company at the date of publishing this current report. Chris Peeters has made a sworn declaration to the company that no error can be ascribed to him personally, nor as a member of the board of directors with regard to the bankruptcy of nv EM.

JACQUELINE HEEREN - DE RIJK

Independent director

Jacqueline Heeren-de Rijk has been an independent director of Intervest since 2016.

Employment history

Jacqueline Heeren-de Rijk was born in 1952. She followed the professional skills training course for national and international professional goods transport and then trained as transport specialist of hazardous substances at the Stichting Scheepvaart en Transportonderwijs (Shipping and Transport College foundation). As from 1994, she held the position of director/manager at Jan de Rijk nv (trade name Jan de Rijk Logistics). Since 1995 she has been a director at Euroute Holding nv and since 2005 she has been director at Europand bv and Euroroute Investment bv. She has been a member of the Economic Board West Brabant of REWIN West Brabant regional development company since the second half of 2017.

Current mandates

Member of the board of directors of Intervest (listed), board member and treasurer of Nederland Distributieland, vice-chairperson of the sector board Stichting Nationale en Internationale Wegvervoer Organisation zbo, board member of the Multimodal Coordination and Advice Centre Brabant.

Previous mandates during the past 5 years

Director of Europand Eindhoven bv.

JOHAN BUIJS

Director

Johan Buijs has been a non-independent director of Intervest since 2011.

Employment history

Johan Buijs, born in 1965, studied civil engineering at the Delft University of Technology. He started his career in 1989 as a structural engineer at the D3BN civil engineers consultancy. Afterwards, he worked as a structural engineer/project manager at Royal Haskoning and as a project manager and director of D3BN Rotterdam and manager of D3BN infrastructure. He continued his career as the head of the building department and, as of January 2005, as statutory director of Wereldhave Management Holding bv. In 2006, Johan Buijs was appointed statutory director of Wereldhave nv. He was the general manager leading NSI nv until August 2016. He currently works as ceo and co-founder of Spark Real Estate bv.

Current mandates

Member of the board of directors of Intervest (listed), member of the statutory auditors of Stadsherstel Historisch Rotterdam nv, member of the board of statutory auditors of Matrix Innovation Centre.

Previous mandates during the past 5 years

Director at IVBN, the Vereniging van Institutionele Beleggers in Vastgoed (Association of Institutional Real Estate Investors).

GUNTHER GIELEN

Director

Gunther Gielen has been a non-independent director of Intervest since 2016.

Employment history

Gunther Gielen, who was born in 1973, attained a business engineering degree at the KU Leuven, followed by a Master of Finance at the University of Antwerp. From 1997 to 1999 he was an analyst of advanced financial products and derivatives at Bacob. From 1999 to 2002 he was an equity analyst at Artesia Banking Corporation. From 2002 to 2006 he was senior risk manager of equities and real estate at Dexia and from 2006 to 2010 he was principal risk manager of ALM equities and real estate. From 2010 to 2013 he was head of the expertise centre risk management equities and real estate at Dexia conso (later Belfius conso). From 2013 to 2014 he was head of portfolio management at Belfius Insurance Invest. Since May 2014 he has held the position of managing director of Belfius Insurance Invest nv. Since June 2018 he has held the position of managing director of Auxipar SA.

Current mandates

Member of the board of directors of Intervest (listed), managing director and chairperson of the board of directors of Auxipar sa, member of the board of directors of Technical Property Fund 2 SPPICAV, member of the board of directors of Coquelets sa, member of the board of directors of Legros-Renier Les Amarantes Seigneurie de Loverval sa, member of the board of directors of LFB SA, member of the board of directors of Immo Malvoz sprl, member of the board of directors of Immo Zeedrift nv, member of the board of directors of Belfius Insurance Invest nv, member of the board of directors of L'Economie Populaire scrl, member of the board of directors of ImmoActivity SA, member of the board of directors of Interfinance cvba, manager of Offico Immo bvba, member of the board of directors of De Haan Vakantiehuizen nv.

Previous mandates during the past 5 years

Member of the board of directors of Promotion Leopold nv, member of the board of directors of AIS Consulting nv.

Operation of the board of directors

To the extent necessary, it is specified that, during the past five years, not one of the directors:

- has been convicted in relation to fraud-related offences
- in his or her capacity as member of a board, management or supervisory body, or, as member of a board, has been involved in a bankruptcy, suspension of payment or liquidations, with the exception of Chris Peeters as outlined above
- has been the object of official and publicly voiced accusations and/or sanctions imposed by legal or supervisory authorities, or declared unfit by a legal institution to act as the member of a board, management or supervisory body of an issuing institution or unfit to act in the context of the management or performance of activities of an issuing institution.

There are no family relations extending to the second degree of kinship among the members of the board of directors.

The board of directors held twelve meetings during the year 2018. The most important agenda items that the board of directors deliberated and decided upon in 2018 were:

- approval of the quarterly, half-yearly and annual figures
- approval of the annual accounts and statutory reports
- approval of the budgets for 2018 and the business plan for 2019
- discussion of the real estate portfolio (including investments and divestments, tenant matters, valuations and the like)
- the public offering for subscription to new shares for an amount of € 99,9 million in the context of a capital increase in cash within the limits of the authorised capital with irreducible priority allocation rights
- capital increase by the issue of an optional dividend within the framework of the authorised capital.

Since the Act of 28 July 2011[1], quotas have been imposed in Belgium in order to ensure that women have a seat on the board of directors of listed companies (Article 518bis of the Belgian Companies Code). As a result, Intervest ensured that at least one third of the members of the board of directors are female. In 2016, the composition of its board of directors was thoroughly analysed as a result of the then modified shareholders' structure. The profiles and competences needed and preferred were established based on this analysis, and suitable board members were selected.

Audit Committee

Three independent directors had a seat on the audit committee in 2018:

- Marleen Willekens (chairperson) (attendance 5/5)
- Jean-Pierre Blumberg (attendance 4/5)
- Chris Peeters (attendance 5/5).

These independent directors fulfil all nine of the independence requirements of Article 526ter of the Belgian Companies Code in 2018. The duration of their appointment on the audit committee has not been specified but coincides with the period of the director's mandate.

The audit committee is charged with following assignments:

- monitoring of financial reporting
- supervision of the internal control
- monitoring of the statutory audit of the annual accounts and the consolidated annual accounts, including the monitoring of questions and recommendations formulated by the statutory auditor
- assessment and monitoring of the independence of the statutory auditor, paying particular attention to the provision of additional services within the company.

The members of the audit committee are qualified. At least one member of the committee is qualified in the area of accountancy and/or auditing (Marleen Willekens). In addition, the audit committee is qualified as a whole. This is the case on two levels: in the field of Intervest's activities and in the field of accounting and audits.

The audit committee met five times in 2018. The most important agenda items of the audit committee in 2018 were:

- discussion of the quarterly, half-yearly and annual figures
- analysis of the annual accounts and statutory reports
- discussion of the budgets
- monitoring the statutory audit of the (consolidated) annual accounts and the analysis of the supervising statutory auditor's recommendations
- analysis of the efficiency of the internal control mechanisms and the company's risk management.

The committee reports its findings and recommendations directly to the board of directors.

1 Act of 28 July 2011 amending the Act of 21 March 1991 on the reform of certain economic public companies, the Belgian Companies Code and the Act of 19 April 2002 rationalising the operation and management of the National Lottery to guarantee the presence of women on the boards of autonomous public enterprises, listed companies and the National Lottery.

Management committee

As at 31 December 2018, the management committee comprised:

- Jean-Paul Sols, chief executive officer, chairperson of the management committee (mandate started 2006)[1]
- Inge Tas, chief financial officer (mandate started 2006))
- Marco Hengst, chief investment officer (mandate started 1 May 2016).).

Pursuant to Article 524bis of the Belgian Companies Code and Article 15 of the company's articles of association, the board of directors has delegated management authority. The rules pertaining to the composition and operation of the management committee are described in more detail in the company's Corporate Governance Charter that is available at www.intervest.be.

Chapter 6 of the Corporate Governance Charter explains the composition of the management committee, as well as the task allocation, the chairpersonship, the manner of meeting, deliberating and voting, the competences, the reporting obligation and the method of assessment.

The members of the management committee are also the effective leaders of the company as referred to in Article 14, §3 of the RREC Act. The members of the management committee are appointed for an indefinite period.

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Management committee from left to right:
Jean-Paul Sols, Inge Tas and Marco Hengst

Evaluation of management entities

Under the direction of the chairman, the board of directors periodically reviews its size, composition, operation and efficiency. It carries out the same review with respect to the audit committee and the interaction with the management committee. For the purposes of such reviews, the board of directors can be assisted by external experts.

During this evaluation process:

- the functioning and leadership of the board of directors is assessed
- whether major subjects are thoroughly prepared and discussed is verified
- the actual contribution and involvement of each director during discussions and decisions is assessed
- the composition of the board of directors with respect to the desired composition of the board is assessed
- the functioning and composition of the audit committee is discussed
- the collaboration and communication with the management committee is evaluated.

Should the aforementioned assessment procedures reveal certain points of weakness, the board of directors will need to offer appropriate measures to address this. This can lead to changes in the composition or the functioning of the board of directors or the audit committee.

Conflicts of interest

As far as the prevention of conflicts of interest is concerned, the company is subject to statutory rules (Articles 523 and 524 of the Belgian Companies Code and Articles 36 to 38 of the RREC Act) and to the rules set out in its articles of association and its Corporate Governance Charter.

In this regard, Article 17 of the articles of association of the company states the following:
"*The directors, persons charged with the day-to-day management and authorised agents of the company shall respect the rules relating to conflicts of interest provided for in Articles 36, 37 and 38 of the RREC Act and in the Companies Code, as these may be amended, where appropriate.*"

Conflicting interests of a proprietary nature of directors and members of the management committee

The board of directors, management committee and each individual member strictly undertake to exclude any potential conflict of interest,

1 On 26 September 2018, the board of directors decided to terminate the mandate of Jean-Paul Sols BVBA, represented by its permanent representative, Jean-Paul Sols, as a member of the management committee (mandate from 2006 to 2018) and to appoint Jean-Paul Sols as a natural person as member of the management committee, in the position of ceo and chairman of the management committee. This amendment took effect on 31 December 2018 and was published in the Belgian Official Gazette on 26 December 2018.

regardless of whether it is of a patrimonial, professional or any other nature, and want to carefully comply with the legal rule of Article 523 of the Belgian Companies Code regarding conflicts of interest between the company and a director.

If, for example, a director of the company, due to other director mandates held by him or for any other reason, has a proprietary interest that is in conflict with a decision or transaction falling under the authority of the board of directors, Article 523 of the Belgian Companies Code shall be applicable and the director in question shall be requested not to participate in the deliberations on decisions or transactions or in the voting (Article 523, §1 in fine).

If a director or member of the management committee, directly or indirectly, has a proprietary interest that is in conflict with a transaction or decision falling under the authority of the board of directors or the management committee, the member in question must inform the chairperson and the members of this in advance. In this case, the concerned member may not participate in the deliberations and voting on the transaction in question.

The statement as well as the justification for the conflict of interest shall be recorded in the minutes. With a view to its publication in the annual report, the nature of the decision or transaction is accounted for in the minutes. The minutes also outline the proprietary consequences for the company resulting from this decision. The report of the auditor, to be drawn up in accordance with Article 143 of the Belgian Companies Code, contains a separate description of the financial implications for the company.

Conflict of interest regarding a major shareholder

In case of a potential conflict of interest with a major shareholder of the company, the procedure defined in Article 524 of the Companies Code shall be applicable. Article 524 of the Companies Code requires that operations with related companies - with certain exceptions - must be submitted for advice to a committee of independent directors, assisted by an independent expert.

Conflict of interest regarding certain persons referred to in Article 37 of RREC Act

Article 37 of the RREC Act also provides that the Financial Services and Markets Authority (FSMA) must be notified beforehand by the RREC of planned transactions by the RREC or one of its perimeter companies if one or more of the following persons, directly or indirectly, acts or act as counterparty at such transactions or draws or draw any proprietary benefit from them: persons who exercise control over the public RREC or own a share of it; the promoter of the public RREC; other shareholders of all perimeter companies of the public RREC; and the directors, business managers, members of the management committee, persons responsible for the day-to-day management, effective leaders or representatives; and the persons affiliated with all these parties.

These planned transactions must hold an interest for the public RREC, be in line with its strategy and must be executed under normal market conditions. These transactions must be promptly disclosed.

Pursuant to Article 49, § 2 of the RREC Act, when a real estate transaction takes place with the above-mentioned persons, the company is bound by the valuation made by the property expert.

The provisions of Articles 36 and 37 of the RREC Act do not apply to:

- transactions involving a sum that is less than the lowest amount of either 1% of the consolidated assets of the public RREC or € 2.500.000
- the acquisition of securities by the public RREC or one of its perimeter companies in the context of a public issue by a third-party issuer, for which a promoter or one of the persons referred to in Article 37, §1 acts as intermediary within the meaning of Article 2, 10°, of the Act of 2 August 2002
- the acquisition of or subscription to the shares in the public RREC issued as a result of a decision by the general meeting by the persons referred to in Article 37, §1
- transactions involving the liquid assets of the public RREC or one of its perimeter companies, provided the person acting as counterparty has the capacity of intermediary within the meaning of Article 2, 10°, of the Act of 2 August 2002 and these transactions are executed under normal market conditions.

Application in 2018

In this context, the board of directors wishes to mention that the procedure to prevent conflicts of interest was applied in December 2018 with regard to the acquisition of a logistics site located in Roosendaal, where independent director Jacqueline Heeren-de Rijk has an interest of a proprietary nature. A detailed description of the procedures followed in accordance with Article 524 of the Belgian Companies Code can be found in Note 24 of the Financial report.

2.3. Remuneration report

Appointment and remuneration committee

Intervest does not have an appointment and remuneration committee. The board of directors of the company is of the opinion that the relevant tasks of the appointment committee and remuneration committee should be regarded as a task for the entire board of directors. Herewith, Intervest derogates from the recommendations of the Belgian Corporate Governance Code 2009 (also see paragraph on "Comply or Explain" principle). Indeed, the limited size of the board makes it possible to deliberate efficiently on these topics. On the other hand, the issue of appointments or remuneration in the company requires too little additional attention to justify a separate committee and the related additional expenses that would go along with it.

Remuneration policy for the board of directors

The board of directors is responsible for implementing the remuneration policy for its members and for the members of management. The remuneration of the directors must be brought before the general meeting for approval.

The policy is based on the following principles:

- the remuneration policy for directors and members of the management committee is in accordance with all the applicable regulations and in particular with those contained in the RREC Act. The total remuneration level and structure should be such that qualified and competent persons can be recruited and retained
- the remuneration structure, in terms of fixed income and variable income, if any, is such that the interests of the company are promoted over the medium and long term
- the remuneration policy takes into account the responsibilities and time spent by directors and members of management.

Other things being equal, the remuneration policy shall remain applicable for the next two financial years.

Basic fees 2018

Directors

In 2018, the annual fixed remuneration of directors amounts to € 20.000 per year for a member of the board of directors (€ 25.000 per year for the chairperson of the board of directors, VAT excluded).

No additional allowances are paid for serving as a member or as a chairperson of a committee.

No employment contract has been concluded with any of the directors and no termination compensation is applicable. Pursuant to Article 35, §1 of the RREC Act, the directors' fees are not related, either directly or indirectly, to the transactions carried out by the company. The directors do not own shares of the company (except Gunther Gielen who owns 1.279 shares of Intervest) nor have any options been granted to the directors on shares of the company.

Members of the management committee

The amount of the fixed remuneration granted as remuneration in 2018 to the three members of the management committee amounted to € 836.245, of which € 333.816 is for the chairperson of the management committee, who is also the ceo of Intervest, and a total of € 502.429 for the other two members of the management committee (including reimbursement of expenses and pension plan).

No options have been granted to the management committee on shares of the company.

VAT does not apply to these types of remuneration.

Variable remuneration paid in 2018 for 2017

The members of the management committee were in 2017 able to be eligible for an annual combined bonus of maximum € 200.000.

In 2017, the bonus criteria were in the area of implementing the growth strategy (10%), monitoring of debt ratio (10%), optimisation of the organisation's operations (10%), achieving the figures budgeted for EPRA earnings, operating result before result on portfolio and earnings per share (25%), achieving the figures budgeted for leases (20%) and achieving an occupancy rate objective (5%). Additionally, each management member had individual objectives (20%), which are linked to specific aspects for the deployment of the corporate strategy.

Based on targets achieved in 2017, a total variable remuneration of € 178.550 (excluding VAT) was awarded. No reclamation rights are foreseen for the variable remuneration.

In addition to this regular variable remuneration, a member of management may be eligible for additional variable remuneration, which may be granted for exceptional performance. No additional variable remuneration has been paid for 2017.

Overview of paid remuneration of the directors and members of the management committee

DIRECTORS in thousands €	2018 (payable in 2019)	2017 (paid in 2018)
Jean-Pierre Blumberg	25	25
Marleen Willekens	20	20
Chris Peeters	20	20
Jacqueline Heeren - de Rijk	20	20
Johan Buijs	20	20
Gunther Gielen	20	20
TOTAL	**125**	**125**

MEMBERS OF THE MANAGEMENT COMMITTEE in thousands €	2018	2017
Jean-Paul Sols bvba, ceo	**403**	**389**
Fixed remuneration	334	324
Variable remuneration (for previous financial year)	69	65
Pension obligations	0	0
Inge Tas, cfo	**334**	**317**
Fixed remuneration	232	226
Variable remuneration (for previous financial year)	65	59
Pension obligations	37	32
Marco Hengst, cio	**278**	**223**
Fixed remuneration	206	160
Variable remuneration (for previous financial year)	45	39
Pension obligations	27	24
Luc Feyaerts bvba, coo (until 31/3/2017)	**0**	**91**
Fixed remuneration (including non-deductible VAT)	0	54
Variable remuneration (for previous financial year)	0	37
Pension obligations	0	0
TOTAL	**1.015**	**1.020**

SHARES OWNED	31.12.2018	31.12.2017
Gunther Gielen	1.279	1.279
Jean-Paul Sols	13.732	0

Basic remuneration for 2019 and variable remuneration for 2018

The annual fixed remuneration for directors remains unchanged compared to the above-mentioned remunerations for 2018.

As at 1 January each year, the annual fixed remuneration of the members of the management committee is (i) indexed according to the normal index of consumer prices, where the basic index is that of the month preceding the month in which the agreement came into effect, and the new index that of the month preceding the month in which the indexation takes place (ii) increased by 1 percent. This represents an increase of 3,14% as at 1 January 2019.

The three members of the management committee may be eligible for an annual variable remuneration of a joint maximum of € 215.000.

In 2018, the bonus criteria were in the area of implementing the growth strategy (10%), monitoring the debt ratio (10%), achieving the figures budgeted for EPRA earnings, operating result before result on portfolio and earnings per share (20%), achieving the figures budgeted for leases (20%) and achieving an occupancy rate objective (10%). Additionally, each management member has individual objectives (30%), which are linked to specific aspects for the deployment of the corporate strategy.

Based on targets achieved in 2018, a total bonus of € 215.000 was awarded. An additional exceptional variable remuneration amounting to 8,3% of the annual fixed remuneration is provided. No reclamation rights are foreseen for the variable remuneration.

Variable long-term remuneration plan

In principle, the board of directors has decided to approve a variable long-term remuneration plan for all members of the management committee for the financial years 2017 to 2019 inclusive.

The variable long-term payment has the following characteristics.

- Period of 3 years (end date 31 December 2019)
- Payment in accordance with maximum amounts fixed in advance (maximum per year of between 25% and 30% of the fixed annual remuneration, including pension obligation for natural persons)
- Allocation criteria:
    - 70% based on the total shareholder's return of Intervest for the financial years 2017 to 2019 inclusive, graded, compared to the average total shareholder's return of a group of sectors determined in advance
    - 30% to be determined by the board of directors as it deems fit based on the services by the management committee, the company's particular situation and the market in general.
- Remittance of the payment of 50% in cash and 50% in Intervest shares in the first quarter of 2020, whereby a lock-up period of 2 years applies for the shares.

Duration and conditions for termination

The members of the board of directors are appointed for a period of three years, but their appointment can be revoked at any time by the general shareholders' meeting. No termination compensation is applicable.

The members of the management committee are appointed for an indefinite period and the termination compensation is equivalent to twelve months' fixed remuneration (except for gross negligence or deliberate error, in which case no compensation will be payable).

Oevel

2.4. Other parties involved

Statutory auditor

The statutory auditor, appointed by the general meeting of shareholders, is Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA (civil company in the form of a limited liability cooperative) and is represented by Rik Neckebroeck, statutory auditor.

Property experts

The real estate portfolio is evaluated every quarter by three independent experts, namely: Cushman & Wakefield, CBRE Valuation Services (Belgium) and CBRE Valuation Advisory B.V. (the Netherlands), each for a part of the real estate portfolio, based on a rotation principle.

Independent control functions

As part of its internal controls, each public RREC must implement internal audit procedures, a risk management policy and an integrity policy. This is supervised by the person responsible for the internal audit function, the risk management function and the compliance function, respectively, in accordance with Article 17, §3, 4 and 5 of the RREC Act (known jointly as the "independent control functions").

In the context of the conversion of the status of Intervest to an RREC, on 27 October 2014 persons were appointed who are responsible for the internal audit function, the risk management function and the compliance function.

Independent internal audit function

The internal audit can be understood as an independent evaluation function, embedded in the organisation, aimed at examining and evaluating the proper operation, the effectiveness and the efficiency of the processes and procedures applied by the company in performing its activities. The person responsible for the internal audit can provide the various members of the organisation with analyses, recommendations, advice, evaluations and information concerning the activities examined in connection with the execution of their responsibilities.

This internal audit concerns, among other things, the operation, effectiveness and efficiency of processes, procedures and activities relating to:

- operational matters: quality and suitability of systems and procedures, organisational structures, policies and methods and resources used in relation to objectives
- financial matters: reliability of accounting, the financial statements and the financial reporting process, and compliance with applicable (accounting) regulations
- management matters: quality of the management function and staff services in the context of the company's objectives
- risk management and compliance.

Intervest has appointed the external consultant PwC Bedrijfsrevisoren cvba in early 2018 (represented by its permanent representative, Marc Daelman) as the party responsible for the internal audit, with Johan Buijs, non-executive director of Intervest, being appointed to control the internal audit function as exercised by PwC from within the company. He is therefore to be regarded as having the final responsibility for the internal audit. The mandate of PwC as external consultant is for 3 years and ends on 31 December 2020.

Independent risk management function

In the context of the risk management policy, the company will ensure that the above risks to which it is exposed (market risks, operational, financial and regulatory risks) are assessed, controlled and monitored in an effective manner.

With this aim in mind, Intervest has charged a person with the risk management function who is responsible for, among other things, preparing, developing, monitoring, updating and implementing the risk management policy and risk management procedures.

Since the conversion of the status of the company to public RREC, the independent risk management function has been carried out by Inge Tas, member of the management committee and cfo. The mandate has an indefinite duration.

Independent compliance function

Rules regarding compliance and integrity are included in the function of the compliance officer. In accordance with principles 3.7 and 6.8 together with Annex B to the Belgian Corporate Governance Code 2009 of the Corporate Governance Commission, the company has appointed Inge Tas, member of the management committee and cfo, as compliance officer, responsible for supervising compliance with the rules on market abuse as imposed by, among other things, the Act of 2 August 2002 on supervision of the financial sector and financial services and Directive 2003/6/EC on insider dealing and market manipulation. The compliance officer also ensures that the company complies with the laws, regulations and rules of conduct that apply to it. To ensure a corporate culture of integrity, Intervest Offices & Warehouses nv has defined an internal code of conduct and whistleblowing rules.

Article 17, §4 of the RREC Act stipulates that the public RREC *"must take the necessary measures to be able at all times to access an appropriate independent compliance function so as to ensure compliance by the public RREC, its directors, senior management, employees and agents with the laws relating to the integrity of the business of a public RREC"*. Article 6 of the Royal Decree on RREC stipulates that the public RREC *"must take the necessary measures to be able to permanently access an appropriate independent compliance function. The compliance function is appropriate when it ensures with reasonable certainty compliance by the public RREC, its directors, senior managers, employees and agents with the laws relating to the integrity of the business of a public RREC".*

The "independent compliance function" can be understood as an independent function within the company focused on examining, and promoting, compliance by the company with the rules relating to the integrity of its business activities. The rules concern those resulting from the company's policy, the status of the company and other legal and regulatory provisions. In other words, this concerns an element of corporate culture, with an emphasis on honesty and integrity and adherence to high ethical standards in business. In addition, both the company and its employees must behave with integrity, i.e. honestly, reliably and in a trustworthy manner.

Inge Tas, member of the management committee and cfo, was appointed head of the independent compliance function. The mandate has an indefinite duration.

2.5. Information pursuant to Article 34 of the Royal Decree of 14 November 2007 [1]

Capital structure [2]

Ordinary shares (INTO)

Number	Capital (in €)	%
24.288.997	€ 221.331.564,48	100%

The share capital amounts to € 221.331.564,48 and is distributed among 24.288.997 shares that have been fully paid up, each of which represents an equal part of the shares. These are 24.288.997 ordinary shares without mention of the nominal value.

There are no legal or statutory restrictions on the transfer of securities, and none for the execution of voting rights either.

There are no securities to which special controlling powers have been attached.

Share option plan

The company has no share option plan.
The company has a variable long-term remuneration plan for the members of the management committee, as outlined in the Corporate Governance Statement in the Report of the board of directors. A part of this variable long-term remuneration plan will be paid in the form of Intervest shares.

Shareholder agreements

To the Company's knowledge, no shareholders act in mutual consultation. The Company has no knowledge of any shareholder agreements that can give rise to a restriction of the transfer of securities and/or the execution of the right to vote.

Authorised capital

On 15 May 2017, the Company's general meeting of shareholders granted the board of directors the authorisation to increase the company's registered capital in one or more times by an amount of:

- one hundred and fifty-two million nine hundred and forty-seven thousand six hundred and twenty euros and thirty-five cents (€ 152.947.620.35), (a) if the capital increase to be achieved concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their preferential right, and (b) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their priority allocation (as referred to in the Act of 12 May 2014 on regulated estate companies); and
- thirty million five hundred and eighty-nine thousand five hundred and twenty-four euros and seven cents (€ 30.589.524,07) for any form of capital increase other than those intended and approved in point I above, with a maximum of € 152.947.620,35 in total, effective for a period of five years from the date of the publication of the authorisation in the Appendices of the Belgian Official Gazette on 8 June 2017. The authorisation is valid until 8 June 2022.

The authorised capital cannot be used to increase the capital in application of Article 607 of the Belgian Companies Code within the scope of a public bid to purchase the company's shares.

For every capital increase, the board of directors shall set the price, any issue premium and the conditions of issuance for the new shares, unless the general meeting itself should decide. The capital increases can lead to the issuance of shares with or without voting rights.

If the capital increases decided upon by the board of directors as a result of this authorisation contain an issue premium, the amount of this share premium must be placed on a dedicated unavailable account, called "share premiums", which along with the capital constitutes the guarantee towards third parties and will not be able to be decreased or cancelled unless a meeting convened in accordance with the conditions of attendance and majority decides upon a capital decrease, with the exception of a conversion into capital as provided above.

Until now, the board of directors has made use of the authorisation provisionally given it to use amounts of the authorised capital for the purpose of:

- the capital increase by bringing in, in kind, (immovable property) that was decided upon on 22 December 2017 amounting to € 6.061.737,31, excluding a share premium of € 7.708.254,59
- the capital increase by bringing in, in kind, (optional dividend) that was decided upon as at 22 May 2018 amounting to € 4.426.987,22 excluding a share premium of € 5.571.167,80.
- the capital increase by cash contribution with the possibility of exercising irreducible allocation rights amounting to € 49.184.784,01, which was decided on 30 November.

Thus, the board of directors can still increase the share capital by € 93.274.111,76 within the

1 With regard to the obligations of issuers of financial instruments who are allowed to trade on the regulated market -see also the Act of 1 April 2007 on public takeover bids.

2 As at the closing date of this Annual Report.

framework of the authorised capital. (a) if the capital increase to be achieved concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their preferential right, and (b) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their priority allocation (as referred to in the Act of 12 May 2014 on regulated estate companies) or € 20.100.799,54 for any other type of capital increase.

Capital increase

All capital increases will be implemented pursuant to Articles 581 to 607 of the Belgian Companies Code, subject to that which is stated hereafter with respect to the pre-emptive right.

In addition, the company must comply with the stipulations concerning the public issue of shares stipulated in Articles 26 and 27 of the RREC Act.

In case of a capital increase through a contribution in cash and without prejudice to Articles 592 to 598 of the Belgian Companies Code, the pre-emptive right may only be limited or withdrawn if a priority allocation right is granted to the existing shareholders at the time of allocating new securities.
This priority allocation right satisfies the following conditions:

1. it is related to all newly issued securities
2. it is granted to the shareholders in proportion to the part of the capital represented by their shares at the time of the transaction
3. a maximum price per share is announced at the latest on the eve of the opening of the public subscription period
4. in such a case, the public subscription period must be at least three trading days.

Capital increases realised through contributions in kind are subject to the provisions of Articles 601 and 602 of the Belgian Companies Code. Moreover, pursuant to Article 26 §2 of the RREC Act, the following conditions must be met:

1. the identity of the contributor must be mentioned in the report referred to in Article 602 of the Belgian Companies Code as well as in the notice of the general meeting convened with regard to the capital increase
2. the issue price may not be less than the lowest value of (a) a net value dating from not more than four months before the date of the contribution agreement or, at the discretion of the company, before the date of the capital increase deed, and (b) the average closing price during the thirty calendar days prior to this same date
3. for application of the previous sentence, it is permitted to subtract an amount from the amount in the sense of point (b) of the previous section that corresponds with the part of non-paid out gross dividend to which the new shares might not give a right, on condition that the board of directors specifically justifies the amount of the cumulated dividend that is to be subtracted in its special report and adds an explanation of the financial conditions of the transaction in its annual financial report
4. except if the issue price or exchange ratio and the related conditions are determined no later than on the working day following the conclusion of the contribution agreement and communicated to the public mentioning the time within which the capital increase will effectively be implemented, the capital increase deed shall be executed within a maximum period of four months
5. the report referred to under 1° must also explain the impact of the proposed contribution on the situation of former shareholders, particularly as far as their share of the profits, net asset value and capital is concerned, as well as the impact on the voting rights.

The above does not apply to the transfer of the right to dividends in the context of the distribution of an optional dividend, insofar as this is actually made available for payment to all shareholders.

Decision-making bodies

The mandates of the directors are revocable ad nutum. If one or multiple mandates are declared void, the remaining directors, convened in a meeting of the board of directors, can provide temporary replacement thereof until the following meeting of the general meeting of shareholders, which will then proceed to undertake final appointment.

For amendment of the articles of association, there is no regulation other than that stipulated by the Belgian Companies Code.

Purchase of shares

In accordance with Article 9 of the articles of association, the company can acquire its own fully paid-up shares and keep them in pledge by virtue of the decision by the general meeting in accordance with the provisions of the Companies Code. This same general meeting can establish terms for the disposal of these shares.

In addition, the board of directors may, for a period of three years from the moment that the decision was published in the Appendices to the Belgian Official Gazette, i.e. as from 8 June 2017, acquire own company shares for the company's account where such acquisition is necessary to indemnify the company against serious and imminent harm. "Serious and imminent harm" does not however mean a public takeover bid of equity shares of the company in the sense of Article 607 of the Belgian Companies Code.

Neither Intervest, nor its perimeter companies, owned any of its own shares as at 31 December 2018.

Agreements in case of changed control after a public takeover bid

There are no important agreements to which Intervest is a party and that enter into force, undergo amendments or end in the event that a change of control takes place over the company after a public takeover bid, with the exception of valid clauses contained in the financing agreements.

Diegem - Greenhouse BXL

3. Sustainable business and corporate social responsibility

Intervest attaches a great deal of importance to sustainability and achieves the sustainability of its investment properties based on the 17 sustainable development objectives of the United Nations that encourage action in 5 areas: Planet, Peace, Partnership, Prosperity and People.

Diegem - Greenhouse BXL - Atrium with green wall

3.1. Sustainable buildings

PLANET

Sustainable consumption and production

Sustainability performance buildings

Since 2009, Intervest has been systematically certifying the environmental performance of its buildings step by step, based on the internationally recognised BREEAM-In-Use assessment method (Building Research Establishment Environmental Assessment Methodology). Buildings are assessed based on their building physics, operational management, business management and operation. BIU certificates are valid for 3 years.

At the beginning of 2018, 13 Intervest buildings had a BREEAM certificate. (6 office buildings and 7 logistics properties). In order to renew existing certificates and request certificates for buildings not yet certified, Intervest had 24 assessments carried out in 2018, spread over 8 buildings. The Intervest internal quality manager processes these analyses and converts them into concrete measures that improve the quality and energy efficiency of the building. Based on this, Intervest will request new and additional certificates from BREEAM in the course of 2019.

Every effort is being made to achieve a BREEAM Very Good classification for new construction building projects in the Netherlands in which Intervest was involved from the start of the construction works already, such as in Braak Roosendaal or Gold Forum Eindhoven.

Greenhouse BXL & turn-key solutions projects

Intervest opted for sustainable materials in redeveloping Greenhouse BXL and various turn-key solutions projects.

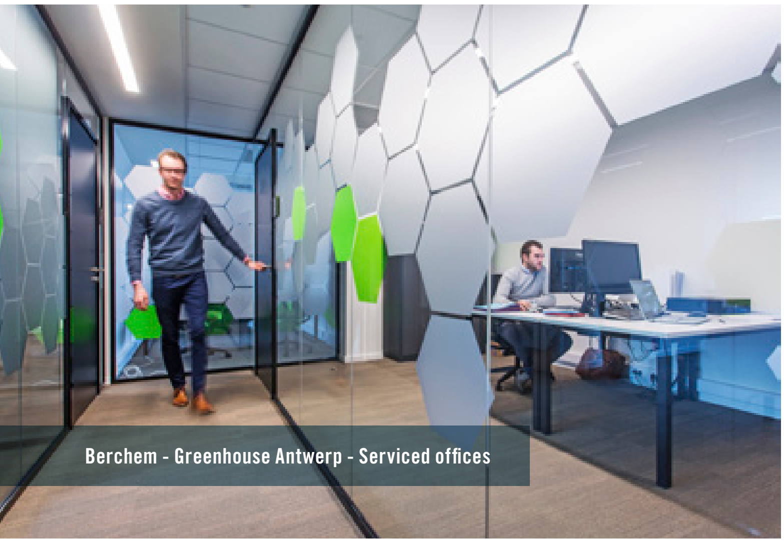
Just like Greenhouse Antwerp, the façade of Greenhouse BXL was decorated with a vertical plant wall and the atrium was also fitted with a wall covered with real plants. The office building is surrounded by various plant gardens and there is a terrace on the green roof, which is a buffer basin for temporary water storage used to irrigate the plants of the façade. The green façade ensures better climate control of the auditorium through inertia.

Intervest has always opted for sustainable solutions with cradle-to-cradle certified materials for finishing and fitting: Desso carpets, Gyproc walls, Cotto D' Este ceramic floor tiles and Steelcase ergonomic office furniture. Cradle-to-cradle means that raw materials can be reused completely and indefinitely without losing their value.

Bamboo was chosen for doors, floors and wall coverings because this quickly growing type of grass grows to maturity in just six years and therefore has a limited impact on the environment.

The spaces were decorated with works of art by own employees or business relations.

Energy conserving solutions were selected for the cooling, heating and ventilation techniques in Greenhouse BXL, without thereby losing sight of user comfort. The atrium was equipped with a combination of intelligently controlled awnings and automatically opening window wings, which reduces energy consumption for cooling. The heating consists of a combination of modulating high-speed gas boilers that generate heat in an energy-efficient manner.



Berchem - Greenhouse Antwerp - Serviced offices

Mechelen - Mechelen Campus - Aper'eau

PEACE

Good dialogue between all stakeholders

Intervest maintains good contacts with its tenants. Intervest keeps in touch with what tenants need by regularly consulting and listening to customers. Intervest is responding to the specific needs of its tenants by expanding the range of serviced offices and the extensive services package.

PARTNERSHIP

Social commitment

With its Greenhouse formula, Intervest focuses on the community feeling, not only with the co-workers, tenants of serviced offices and traditional offices, but also with employees from the surrounding offices.

In 2018, the coordinating website www.greenhouse-offices.be was introduced and Intervest appointed a Hospitality Coordinator to encourage the community activity at the three Greenhouse locations of Antwerp, Mechelen and Brussels. In the past year, Intervest organised various workshops, training courses and events, some of which were in cooperation with existing tenants or organisations such as VOKA or BNI.

The first match of the Belgian team was projected on a large screen in Greenhouse Mechelen for the football fans. For the second year in a row, Mechelen Campus played host to Aper'eau Mechelen, an aperitif and food truck formula where colleagues can end their working week in an informal, relaxed way and get to know the people from the companies around them.

In Greenhouse Antwerp, there is the "after-work drink Thirstdays" every second Thursday of the month.

In 2019 Greenhouse BXL will be fully operational and the events area, the atrium and the auditorium will be appropriate locations for various events.

The community appraoch will be further developed in 2019 by means of an app that announces Greenhouse activities and a CRM tool that can be used to establish new business relationships. Intervest also intends to involve the Ubicenter office complex in Leuven, which was acquired in 2018, in the Greenhouse community feeling.

Zellik - Photovoltaic installation

Berchem - Greenhouse Antwerp - Greenhouse Café

PROSPERITY

High-quality working environment and renewable energy

Beyond real estate

Intervest goes *beyond real estate* and wants to unburden its tenants. Intervest distinguishes itself by providing services 24/7 with a helpdesk for its tenants. Tenants can request services and interventions by telephone or via a web tool. The web tool makes it possible to monitor the status of the request. This service covers all office and logistics buildings, including cleaning and technical interventions.

The Greenhouse locations in Antwerp, Mechelen and Brussels focus on additional service provision for flexi-workers and tenants of both serviced and traditional offices. They can use co-working spaces, modern meeting and event spaces, ironing service, gymnasium facilities, restaurant and parcel service.

Energy policy

All purchased electricity is 100% certified green. In Belgium, Intervest itself generates green energy by means of solar energy over approximately 300.000 m² roof space spread over 11 roofs of logistics buildings and an office building. Intervest itself is usually not the owner of the photovoltaic installations and has allocated long-term building rights to operate such installations to companies specialised in renewable energy systems. Only installations on the roofs of the logistics halls in Herstal and Zellik are personally owned and operated by Intervest.

The total installed capacity is 12,5 megawatts peak (MWp), by means of which a CO2 reduction of approximately 3.100 tons per year is achieved.

In the Netherlands, Intervest requested a "Stimulation for Sustainable Energy Production" subsidy to install a solar centre on several roofs of its logistics properties. This subsidy has in the meantime been granted for the premises of Dutch Bakery in Tilburg and the property in Raamsdonksveer. Intervest will conclude a building agreement with Rooftopenergy, the largest developer and operator of solar power plants in the Netherlands, for the installation and operation of the solar power plants. In this way, Intervest can sustainably generate electricity without investing its own resources and it can supply real, sustainable energy to its tenants.

Intervest is also committed to stimulate energy consumption among its tenants. Roofs are systematically renewed and provided with additional insulation. LED light fittings were installed in 2018 for logistics tenant Rogue in Schelle and office tenants Protime in Aartselaar, Technicolor in Edegem and Tormans and Galapagos at Mechelen Campus. Last year, Intervest financed LED light fittings and an energy control system (EMS) on the gas air heaters for logistics tenants Mirka in Opglabbeek.

Furthermore, Intervest will also cooperate in Flux50, the joint venture between the Flemish government and the research sector and industry to make Flanders a "smart energy region". Together with companies such as Quares, Engie and Continental, Intervest forms part of the business consortium that will analyse the possibilities on the Mechelen Campus office site and its immediate vicinity to create a smart grid environment in the long term where energy can be exchanged with one another and peak moments can be managed.

Sustainable mobility

The public charging plazas for 10 electric cars that Intervest installed together with Allego at Mechelen Campus and Intercity Business Park are gaining increasing interest among the tenants and more than half of the 30 private charging stations have in the meantime been rented. Greenhouse BXL also has 2 charging stations for electric cars. Intervest also makes an electric "shared car" and shuttle available in both Mechelen and Brussels, which employees of the tenants can use.

In consultation with its tenants, Intervest is investigating whether there is also a possibility of installing charging plazas in other locations or using shared cars or shuttles.

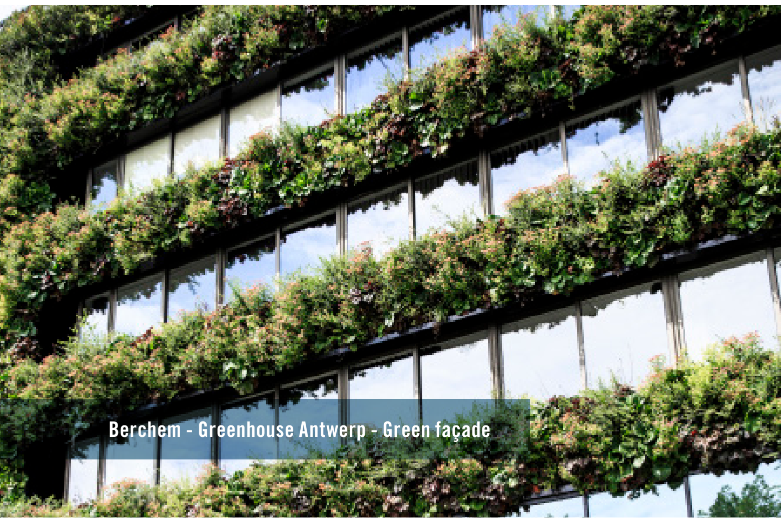
PEOPLE

Healthy and safe working environment with equal opportunities for all

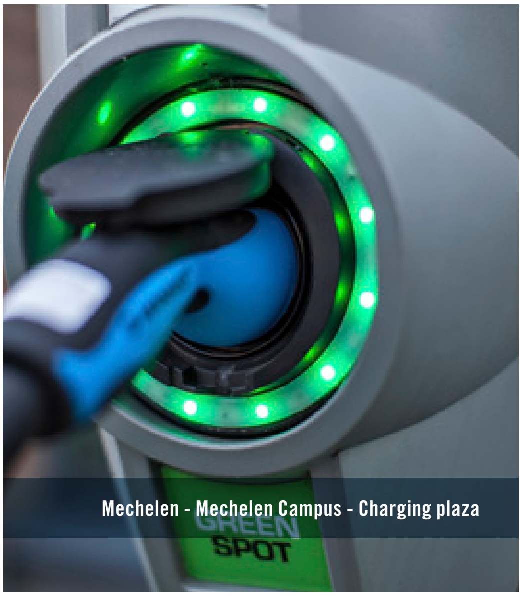
To guarantee the safety of its tenants, Intervest organises joint evacuation exercises in all multi-tenant office and logistics buildings and monitors any recommendations and action points together with its tenants.

3.2. Sustainable company

Intervest also does its utmost to make its own operational management sustainable. During the past year and under the guidance of VOKA, additional attention was paid to this with a view to achieving the VOKA Charter for sustainable enterprise.



Berchem - Greenhouse Antwerp - Green façade



Mechelen - Mechelen Campus - Charging plaza

PLANET

Sustainable consumption and production

Intervest finds care for the environment extremely important. Intervest's offices are located in Greenhouse Antwerp. During the renovation in 2015 - as was the case with Greenhouse BXL - cradle-to-cradle certified materials were used, all lighting fixtures were replaced with LED lighting and the front façade consists of the characteristic vertical plant garden. More greenery in the city means a healthier living environment with less air pollution and more biodiversity.

Intervest continuously optimises its sorting policy and makes its employees aware of the importance of sorting properly.

PEACE

Good dialogue between all stakeholders

PwC analysed the structure of Intervest with the aim of optimising communication. Clear, open and structured communication is paramount.

Intervest attaches considerable importance to honesty, integrity and openness in its business dealings, both in the internal environment and externally in relations with the various stakeholders.

PARTNERSHIP

Social commitment

Every year, Intervest encourages good causes and volunteer work, preferably for causes in which its employees are closely involved.

Run To Walk Again

To Walk Again is a foundation that collects funds for people with a physical disability to offer them post-rehabilitation and sports facilities. To Walk Again has been organising the Run To Walk Again in September every year since 2001. During this event, a team of runners runs seven marathons non-stop for two days. One of the marathons is completed by a disabled person on a handbike.

The Jasper on Wheels team has been able to count on Intervest's support for six years in a row now. Jasper on Wheels is the team formed around a basketball player who due to an unfortunate fall during a game suffered a spinal cord injury in the neck and is paralysed from the chest down. In the 2018 edition, Intervest also supported two other teams, Fartlek I and II. Employees and their families actively participated as runners and cyclists and together completed three marathons, one of which was at night.

To Walk Again will use the collected funds to purchase, among other things, a step robot that will be used in the post-rehabilitation process for the physically disabled.

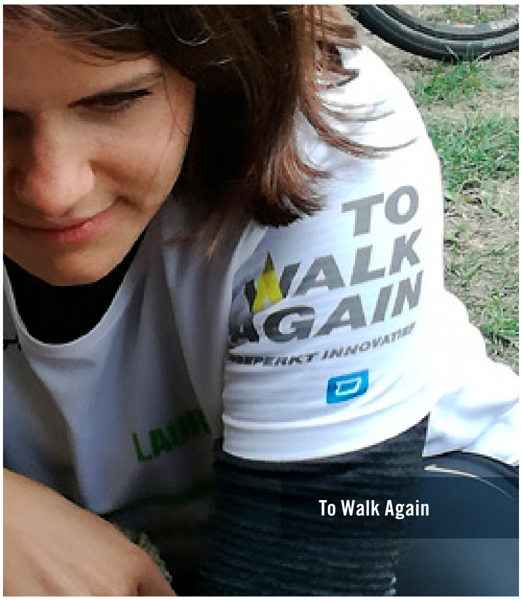
Red Nose Day

The third Rode Neuzen Dag (Red Nose Day) was on 30 November 2018. Rode Neuzen Dag is a benefit campaign organised by VTM, Qmusic, Belfius cross the whole of Flanders to raise money to improve the support and guidance of young people having psychological problems. This year the focus was on supporting schools and teachers to make psychological problems an acceptable discussion point and to give young people who have psychological problems all the opportunities possible.

Intervest purchased 2.000 Rode Neuzen (Red Noses).

Red Nose Day

Run To Walk Again - Team on Wheels



To Walk Again

Dier in de Kou (Animals out in the Cold)

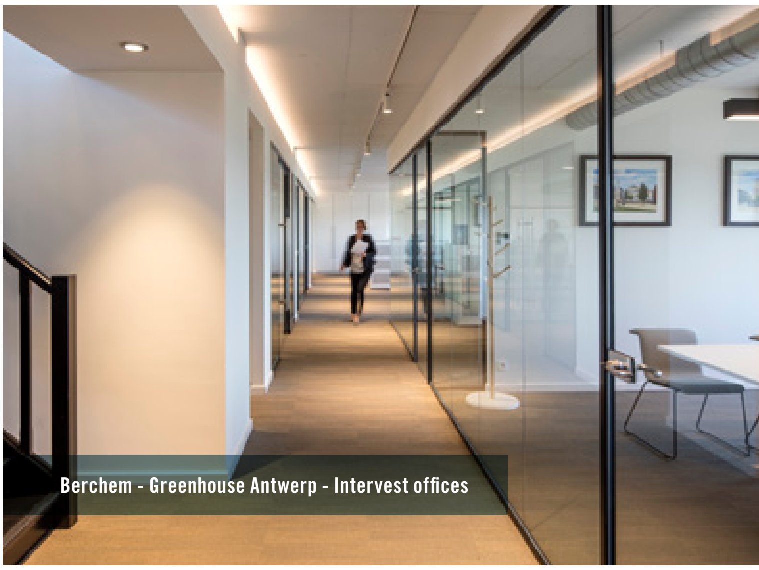
DIER IN DE KOU

Intervest supports
Dier in de Kou, a non-profit organisation that cooperates with animal shelters and other animal organisations to prevent or relieve animal suffering. The organisation also aims to raise awareness regarding animal care, adoption and welfare.

PROSPERITY

Qualitative working environment

Intervest's pleasant offices are geared towards the "new way of working", let in a great deal of light and give employees the opportunity to take short breaks. During the past year, the terraces have also been attractively designed and put to use to have lunch outside in a relaxed atmosphere during the hot summer months.



Berchem - Greenhouse Antwerp - Intervest offices

PEOPLE

Healthy and safe working environment with equal opportunities for all

In 2018, Intervest participated in "the fittest company in Belgium", donated a fitbit to all its employees and encouraged them to get more exercise, for example, by weekly Start-To-Run and boot camp sessions.

Immorun

Report of the management committee

Aper'eau - Greenhouse Mechelen

1. The market for offices and logistics real estate

The boom in the real estate market did not decrease in 2018. On the contrary, 2018 became a record year in terms of investment volume and the rental market is also still on the rise.

1.1. Offices

Rental market

The office rental market performed above average for the third year in a row in 2018. A total of 763.000 m² were marketed in 923 individual transactions, which is approximately 16% higher than the ten-year average.

The remarkable thing in 2018 was the significant increase in the number of deals. 80% of the transactions involved a surface area of less than 1.000 m². The average surface area per transaction fluctuated around 830 m², which is approximately 10% smaller than in 2017. The reason for this is undoubtedly the increasing success of flexible office space.

In 2018, public authorities were less active and the active private sector accounted for 80% of the total take-up. But brokers expect a few large public tenders in 2019 for a total of approximately 300.000 m².

Brussels and periphery

On the **Brussels** office market a total of 415.000 m² was commercialised over 409 transactions, which is an increase of 3% compared to 2017. The vacancy rate for the entire Brussels office market is at its lowest in more than 15 years and amounts to approximately 8%, which is in contrast to the vacancy in the periphery, which remains considerable, especially in older offices. There is virtually no vacancy in high-quality office properties.

Public authorities are increasingly opening satellite offices in provincial capitals, making their share of the Brussels market only 21% in 2018, whereas this was still 34% in 2017. In the past year, private companies accounted for 327.600 m² of the total take-up (79% of all transactions), of which 17% (71.500 m²) was by operators of flexible office formulas.

Rental prices in Brussels are around € 150/m² on average with an outlier in the Leopold district of € 315/m². In 2018, the Leopold District was by far the most active region in the Brussels Region (109 transactions over 109.000 m²).

The average rental prices for high-quality buildings on the Brussels periphery are approximately € 125/m². The prime rent for new high-quality buildings amounts to between approximately € 140 and approximately € 185 in the vicinity of the airport.

Regional markets

Even though the Brussels office market remained the most dynamic, the regional markets were also particularly active in 2018. The reason for this is the growing mobility problem, as a result of which companies prefer several small offices to one central location in the capital. Locations near railway stations are also becoming increasingly important.

The **Antwerp** office market performed well with a take-up of 150.000 m² divided over 198 deals. This is indeed a decrease of 24% compared to record year 2017 (197.000 m²) when the mega deal with the Local Police represented a quarter of the take-up. With this persistently high take-up and limited vacancy (approximately 9%), the Antwerp office market proves to be the second largest office market in the country. The average rent rose from € 100/m² in 2017 to € 110/m² and the prime rent also increased and went from € 150/m² in 2017 to € 160/m² in 2018.

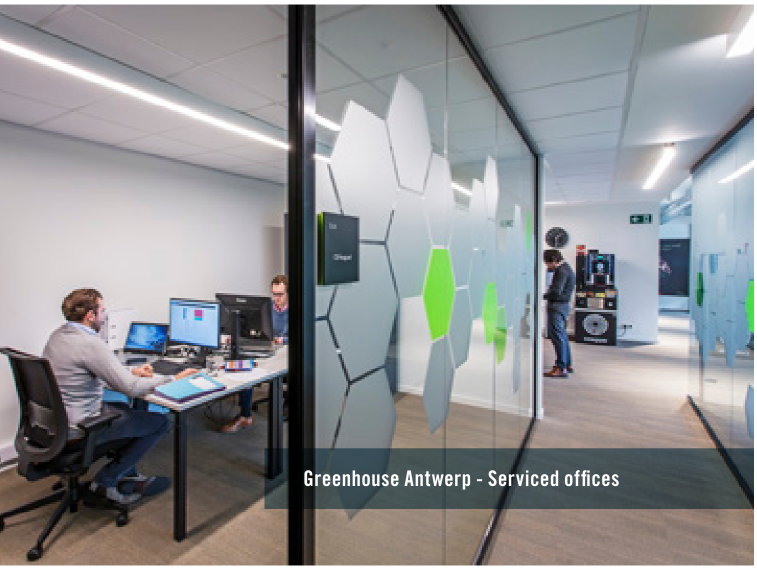
The office market in Mechelen, which disappointed in 2017 with a take-up of barely 5.000 m², experienced a real upturn. The take-up increased tenfold to 52.000 m² and the number of transactions tripled to 37. Mechelen is rightly the fourth largest office market in Flanders and is closely following the heels of Ghent, where the take-up comprised 55.000 m² in 2018.

Investment market

The Belgian investment market also experienced a record year with a total investment volume of € 5.240 million across all real estate sectors.

On the Brussels office market, the average yield for properties with a 6/9 lease term fluctuates around an unprecedented yield of 4,25% and up to 3,75% when a long-term lease agreement was concluded with a renowned tenant.

In Antwerp, Ghent and Mechelen, the average yield comes to 5,25%-6,5% and to 4,5% for offices with long-term lease agreements.



Greenhouse Antwerp - Serviced offices

Greenhouse BXL - FM Congres

Tenants' expectations

In 2018, brokers also confirmed what Intervest has believed in for years: offices are no longer a cost item for companies, but a means of attracting new employees and offering all employees a good work-life balance. Companies are looking for pleasant offices in easily accessible locations with an appropriate range of services.

The report entitled "The future of property management - 2018 CBRE Global Tenant Survey" once again proves that property management is crucial to keeping tenants. Good property management is a combination of well-thought-out management of the buildings (including maintenance, safety and sustainability), correct rental and cost administration, adequate facilities (including restaurant, meeting facilities and parking), comprehensive services (including network opportunities and reception) and technological support for the services and facilities.

Intervest has distinguished itself in this respect for several years now by going *beyond real estate* and focusing on unburdening customers: turn-key solutions, a 24/7 service with helpdesk and co-working facilities at the three Greenhouse locations in Belgium. A la carte service is also possible. The relationship with the tenant is key here.

Serviced offices and co-working formulas are becoming more successful and suppliers of such formulas are taking on an ever greater share of the office market. Brokers expect that this phenomenon will not remain limited to smaller surface areas and that such formulas will also be offered on medium-sized surfaces in the short term. Offices like Greenhouse are very much in demand in the north-east of Brussels but the supply of these types of offices is still rather limited[1].

Traditional office layouts remain the norm - with lease terms of 3/6/9 years, 6/9 or longer periods for large companies, but as an owner-investor it is important to anticipate the changing market in which flexible solutions for offices are becoming increasingly important.

Due to a lack of a suitable product, 2018 was characterised by a large number of lease renewals, which often goes unnoticed in the take-up figures.

1 Antoine Brusselmans (Cushman & Wakefield) in Expertise news 17 January 2019

1.2. Logistics

The Belgian logistics market is concentrated around four axes. The main axis is (1) Antwerp - Brussels - Nivelles, followed by (2) Antwerp - Limburg - Liège, (3) Antwerp - Ghent and (4) Namur - Charleroi - Liège, respectively.

Rental market

Belgium

The logistics real estate market performed exceptionally well in the past year with 62 transactions spread over 809.344 m², which is 65% higher than in 2017 and 15% higher than the ten-year average of 702.000 m². The take-up was only higher in 2016 (996.000 m²) and 2011 (992.000 m²). 49 transactions took place on Flemish territory, 12 in Wallonia and only 1 in Brussels. E-commerce players are looking for suitable locations in addition to the traditional logistics service providers.

The best locations for traditional logistics service providers are near container and barge terminals, airports, rail network and the main transport corridors from mainland to hinterland. In 2018, investments were made at both Brussels Airport and Liège Airport, and the port of Antwerp also continued to grow. Demand for logistics hubs near urban areas is also rising for growing e-commerce.

Vacancy is limited to 2% on the logistics corridors. Rental prices fluctuate around € 30/m², but top rents for state-of-the-art properties at multi-modal locations amount to as much as approximately € 49/m², with outliers at Brucargo of up to approximately € 62/m². Brokers expect rents to increase further due to rising demand for e-commerce, higher construction costs, higher land prices and land scarcity.

The Netherlands

The Dutch logistics real estate market is one of the most active and best developed in Europe thanks to its central location and well-developed road infrastructure. International freight traffic arrives in the ports of Rotterdam and Amsterdam and is transported to the various logistics hotspots along the most important water, rail and motorways in the South-East Netherlands, to then be transported to the rest of the Netherlands and Europe.

Total take-up increased by 18% in 2018 to 2,6 million m² (2,2 million m² in 2017) spread over 140 transactions. Over the past two years, new-build buildings - mainly built-to-suit - formed 75% of the total take-up. The most active players on the market are the logistics service providers with 886.000 m². Food accounts for 316.000 m² and e-commerce for 285.000 m².

Vacancy fell to 3,4%, which corresponds to 940.000 m² (4,6% in 2017) and is historically low since the average vacancy rate was 4,8% over the period 2013-2017. In the region around Eindhoven and West Brabant - where the vast majority of Intervest properties are located - vacancy rates are often even lower than 1,5%.

The average rental price in the Netherlands remains stable but is high and fluctuates around € 45/m². Prime rents amount to approximately € 55/m².

Eindhoven - Silver Forum

Investment market

Belgium

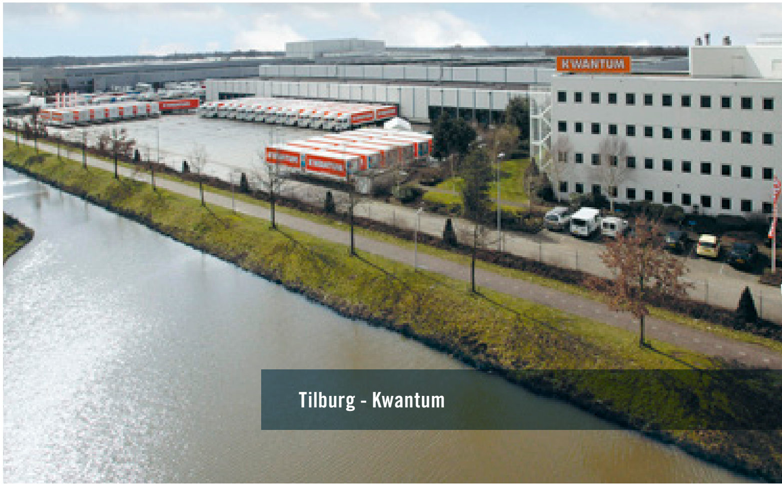
The growing interest of international investors, but a lack of suitable leased investment product, generated unprecedented prime yields of up to 5% on the Antwerp - Brussels - Nivelles corridor, 6% on the Antwerp - Limburg - Liège corridor, 6,25% on the Antwerp - Ghent corridor and 6,75% on the Namur - Charleroi - Liège corridor. According to a recent survey by Jones Lang Lasalle, the majority of investors (89%) believes that these prime yields will maintain this level or decrease even further.

Pre-let turnkey solutions are coveted investment products but developments at risk are not shied away from either. Genk Green Logistics - the cooperation between Intervest and Group Machiels - is a development of 250.000 m² on the multi-modal zone B of the Ford site in Genk, which will be developed on a turnkey basis.

The Netherlands

The Dutch investment market is dominated by international investors (89%) and has experienced explosive growth since 2013. The investment volume almost tripled from € 1 billion in 2013 to € 2,8 billion in 2018 (€ 2,9 billion in 2017).

Due to the continued demand from investors, yields remained under pressure and the prime yield decreased from 6,7% in 2013 to 4,5% at the end of 2018. No further decrease in yields is expected in 2020.



Tilburg - Kwantum

Genk Green Logistics - Artist impression

Tenants' expectations

The expectations of the tenants are closely related to tenant typology and also depend significantly on the tenant's specific activities.

The international 3PL organisations are strongly focused on efficiency and cost reduction in order to be commercially as effective as possible compared to their competitive colleagues. This results in downward pressure on rents for existing buildings because their activities in new buildings can often be realised more cheaply due to their modern layout and energy efficiency. They tend to be extremely risk-averse and try to always fully cover financial risks within the minimum contract term with their customers (often three years or less). By clustering multiple customers at one location, they try to further improve efficiency levels and reduce costs.

Retailers and retail producers (such as Michael Kors, VF Europe, Nike, Estée Lauder, Skechers, etc.) are largely focused on ensuring continuity in their logistics chain within a uniform logistics environment. They often opt for new-build solutions according to their specific size and have a greater focus on the long term.

The demand for space by industrial producers that take care of their own logistics is often more specific than that of retailers due to the technical nature of their product. Focus on guaranteeing long-term continuity of their operations is however also paramount. In general, shipper and distributor demand for surface area is limited; however, they require a very large number of loading gates for their buildings. They typically serve a very large number of customers from a single location, leading them to approach business operations from the medium-long term.

Atypical showroom users (such as, for example, Peugeot, Facq, Van Marcke and Metro) look for locations with excellent visibility.

However, various trends such as scaling-up and electronic commerce are still setting ever higher and different demands for logistics real estate. Such demands can only be met to a limited extent in the present buildings, which has led to an increased demand for new builds. This means that, despite the considerable increase in the take-up of logistics real estate, the vacancy of outdated current real estate is on the rise. This is because a substantial part of the existing stock no longer meets the end users' current demands.

For reasons of efficiency, distribution centres are going to be increasingly located at multi-modally accessible locations close to container terminals (barge) and large waterways (Albert Canal, Rhine). In this way incoming goods can be grouped and be supplied in large flows from the main ports to be later distributed ("congestion-free") via a denser network towards the European regions with the most purchasing power (Ruhr area, Paris, Benelux). Taking the congestion issue into account, national distribution centres in the Benelux will be located on the Amsterdam - Brussels axis, and European distribution centres will more probably be located in the east of the Benelux region (North Brabant, Dutch Limburg, Belgian Limburg and Liège). In order to scale up, there will be an ever-increasing number of logistics clusters for multiple customers. As a result, changing demands of individual customers at a location can be dealt with.

Due to growing e-commerce logistics, facilities for cross docking and city distribution centres will increasingly be located at the edges of the urban centres. If the delivery speed of e-commerce activities continues to rise, however, smaller-scale (and more environmentally friendly) warehouses will also be created inside city centres. In view of the fact that approximately 30% (compared to 10% now) of the total consumption will be spent through electronic commerce in 5 years' time, growth of both types of logistics centres is inevitable.

Sources: Expertise news 17 January 2019 - JLL's Invest in Belgium 2018 - JLL Investors Survey January 2019 - The future of property management 2018 CBRE Global Tenant Survey - CBRE's Belgian Real Estate Market January 2019 - CBRE Marketview Belgium Logistics Q4 2018, CBRE Logistics Market Report Netherlands Q4-2018

2. Important developments in 2018

2.1. Occupancy rate and leases in 2018

The **occupancy rate** of the total real estate portfolio of Intervest amounted to 93% as at 31 December 2018, which means that there is an increase of 2 percentage points compared to the end of the year 2017 (91%).

There was an increase of 3 percentage points to 88% in the occupancy rate for the office portfolio as at 31 December 2018 (85% at the end of the year 2017, including Greenhouse BXL). The occupancy rate of the logistics portfolio remained stable at 98% as at 31 December 2018 (98% as at the end of the year 2017).

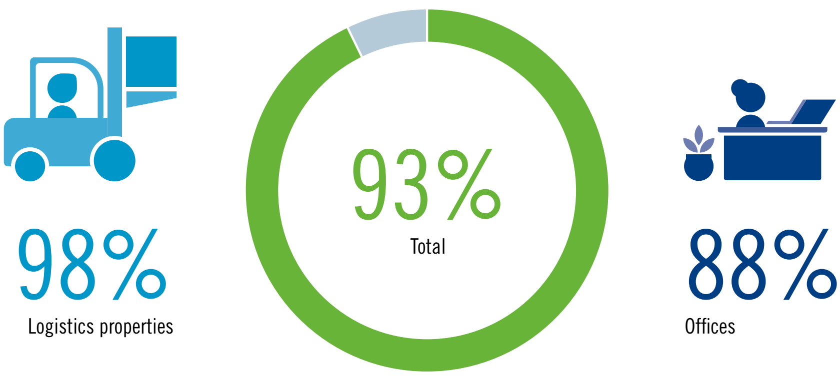
The increase in the occupancy rate was mainly due to the occupancy of 80% of the leased Greenhouse BXL, the lease of the entire Greenhouse Mechelen (tower building on Mechelen Campus) and the acquisition of various fully leased logistics sites.

With regard to **leases**, Intervest extended or renewed a total of 15% of the rental income in 2018 for long-term rental income. This was 9% in 2017. 38 rental transactions for 105.000 m² were concluded with new or existing tenants. The lease activity in 2018 focused mainly on agreements with new tenants, i.e. 8% of the rental income (3% in 2017) in 18 transactions. With regard to expansions and extensions, Intervest concluded 20 transactions, which represent 45.400 m² or 6% of the rental income (6% in 2017).

In the **office portfolio**, Intervest leased 32.600 m² in 30 transactions, which represents 21% of the rental income of the office segment. This was 6% in 20 transactions in 2017. This concerns a mix of new tenants (12% of office rental income), as well as extensions and expansions with current tenants (9% of office rental income), such as Galapagos and Cochlear in Mechelen and Rexel in Zellik.

The most important new lease agreements were concluded for Greenhouse BXL, 80% of which was pre-leased upon opening: 13.875 m² was allocated to co-working lounges, overarching services and six new tenants (Cazimir, Owens & Minor, Essity, Konica Minolta, Goodyear and Roche). Greenhouse Mechelen (tower building at Mechelen Campus) has been fully leased in the past year by current tenant Galapagos and newcomer Unit-T.

Moreover, in the office segment, 38 flexible contracts were concluded for Greenhouse Flex and serviced offices in Brussels, Mechelen and Antwerp, where the flexibility of the new Greenhouse Flex formula that provides the subscribers with the possibility of using the co-working lounges in the three Greenhouse locations in Antwerp, Brussels and Mechelen has led to an increase in the number of co-workers. The serviced offices in Greenhouse Antwerp were already previously fully leased and those in Greenhouse BXL are being put into service from the start of 2019.



In the **logistics portfolio**, 72.200 m² were leased in eight transactions, which represents 10% of the rental income of the logistics segment. This was 12% in 10 transactions in 2017. Here, too, agreements are mainly entered into with new tenants, namely 6% of the logistics rental income, and, in this way, it was possible to provide for anticipatory occupancy of a few sites that were expected to become vacant, with the result that the degree of occupancy in the logistics segment remained stable compared to the end of 2017.

In Boom, 18.500 m² of logistics space that had become vacant in July was already taken up again by Dynalogic in the second half of the year. Iron Mountain signed up for an extension of 6.388 m² at this same location. In Opglabbeek, current tenant Mirka signed an extension for 14.872 m² and new tenant Scania signed up for 13.100 m². Thyssen Krupp Plastics signed for an extension of the building at Dellingstraat in Mechelen (7.088 m²). Puurs remains largely leased by a temporary extension by Fiege (7.570 m²).

Besides these long-term leasing and extension agreements, in the logistics segment, temporary contracts for 35.200 m² or 9% of the rental income of the logistics segment were also concluded or extended by an indefinite period or a period of less than one year.

2.2. Investments in 2018

In 2016, Intervest set the objective of making the real estate portfolio grow to over € 800 million and to take the ratio of the logistics portfolio to 60% of the total real estate portfolio. At the end of 2018, this objective was achieved and the total real estate value amounts to € 867 million. The growth is focused on **logistics clusters** within a radius of 150 km from Antwerp and **contemporary, service-oriented office buildings** in easily accessible locations.

In **Belgium**, Intervest acquired a logistics site in Ghent and a multi-tenant office building in Leuven. Intervest also completed the works to redevelop Greenhouse BXL with a third Greenhouse Flex.

In **the Netherlands** Intervest acquired six new logistics sites in Vuren, Tilburg, Raamsdonksveer, Roosendaal and Eindhoven. 30% of the logistics real estate portfolio is now located in the Netherlands.

In total, Intervest achieved € 186 million **new acquisitions** and € 10 million of **expansions on existing** sites in 2018.

The newly acquired sites together have a leasable space of approximately 227.000 m² and generate a rental income flow of over € 12 million annually. These acquisitions have an average gross initial yield of 6,4%.

The transactions were financed with existing credit lines and the capital increase, which was successfully completed in November, due to which Intervest raised € 99,9 million in capital. The investment value of the transactions achieved is in line with the valuation by the company's independent property expert.

Diegem - Greenhouse BXL - Greenhouse Flex

Logistics real estate in Belgium

Intervest's investment strategy targets clusters on easily accessible logistics locations. The Flemish Havenbedrijf Gent - which merged into North Sea Port with the Dutch Zeeland Seaports - is an expansive logistics area on the Antwerp - Ghent - Lille axis that fits into this investment strategy. In 2018, Intervest took its first step in this important logistics area.

Gent, Eddastraat 21: sale-and-lease-back in the port of Ghent

In Belgium, Intervest expanded its logistics portfolio to the Ghent seaport area (part of North Sea Port) by achieving a sale-and-lease-back operation. Intervest acquired the shares of the real estate company which owns a logistics site and is the concessionaire of the site, owned by the Haven Gent. The easily accessible pharmaceutical site of 38.000 m^2- of which approximately 40% was renovated in 2018 - is composed of three adjoining units and the roofs are fully equipped with a photovoltaic installation. From the time that it was acquired in December 2018, an international logistics service provider leased the entire site for a fixed period of 10 years.

The purchase value of the real estate owned by the real estate company amounted to € 23 million and generates annual rental income corresponding to an initial gross yield of 5,9%.

"With this transaction in Ghent, Intervest's scope will be extended to the expansive North Sea Port area. This transaction therefore facilitates further growth possibilities for Intervest, the objective being to set up a new logistics cluster here."

- Jean-Paul Sols, ceo Intervest

Logistics real estate in the Netherlands

In 2018, Intervest focused on forming logistics clusters in the Netherlands.

In 2018, West-Brabant was once again pronounced as the primary logistics hotspot[1] in the Netherlands.

Intervest has taken up an important position in the expansive **Roosendaal** and in **Raamsdonksveer** it extended its position in the Dombosch business park to a cluster of three sites.

In **Tilburg**, Intervest expanded its investment properties on the Vossenberg II industrial site with an additional site on the Katsbogten industrial site. Thanks to the centralised location, good infrastructure, accessibility and international-level entrepreneurial climate, Tilburg is the second most important logistics hub[2] in the Netherlands.

Intervest also took up an important position in **Eindhoven**, which is ideally located for distribution activities in the south of the Netherlands, thanks to the various motorways, an airport for both passenger and freight transport and a railway node to be found there.

Vuren, Hooglandseweg 6: built-to-suit pharmaceutical distribution centre

In June 2018, Intervest acquired the shares of the Vastgoed Vuren bv real estate company, which is the owner of a built-to-suit distribution centre in Vuren, and the accompanying land. Vuren is easily accessible via the A15 and A27. The new construction project of 13.760 m^2 consists of various climate-controlled storage areas and a custom two-storey office section for the pharmaceutical wholesaler The Medical Export Group (MEG). The warehouses are suitable for storing pharmaceutical products and temperature-sensitive goods. MEG has concluded a triple net lease agreement for a fixed period of 10 years starting from delivery in the third quarter of 2018.

The total investment amounted to € 12,8 million and provides an annual rental income of € 0,8 million, which corresponds to a gross initial yield of 6,5%.

The Netherlands - Vuren - New construction project

1 - 2 Source: www.Logistiek.nl - https://www.logishousing/nieuws/2018/05/west-brabant-prolon- geert-logistic-hotspot-no-1-position-101163402

The Netherlands- Eindhoven - Silver Forum

The Netherlands - Raamsdonksveer - Welzorg

Raamsdonksveer, Zalmweg 41: first logistics cluster in the Netherlands

In July 2018, Intervest purchased the second logistics site in Raamsdonksveer consisting of approximately 35.000 m² of warehouse and mezzanine and approximately 700 m² of offices. The distribution centre has been leased by Dome Vastgoed since 2015 and operated by Welzorg, the second largest provider of mobility aids in the Netherlands. This site borders the distribution centre acquired by Intervest in 2017, and so a strategic building cluster originated at this location.

The purchase price amounts to € 24 million and generates an annual rental income of € 1,2 million, which represents a gross initial return of 5,1%.

This site was purchased together with Silver Forum in Eindhoven by way of a transaction subject to registration rights.

Eindhoven, Flight Forum 1800 - 1950: Silver Forum distribution centre

Pursuant to the purchase of the Silver Forum, Intervest has acquired an important position on the strategically located and multi-modal easily accessible Flight Forum on the site of Eindhoven Airport.

Silver Forum includes a total leasable space of approximately 23.100 m² consisting of a warehouse and mezzanine, approximately 5.600 m² of separate offices and has approximately 200 parking spaces around the building. The building has a strikingly organic shape with a silver-coloured curved finish to the façade. Since 2002, the entire distribution centre has been leased to the listed high-tech company ASML, global leader in the manufacture of machines for semiconductors.

The purchase value amounted to € 16,4 million and the site generates an annual rental income of € 1,8 million, which represents a gross initial yield of 10,8%.

This site was purchased together with the site at Zalmweg 41 in Raamsdonksveer by way of a transaction subject to registration rights.

Raamsdonksveer, Steurweg 2: cluster reinforcement due to sale-and-lease-back

In the middle of December 2018, Intervest purchased a third site on the Dombosch industrial site in Raamsdonksveer by achieving a sale-and-lease-back operation for the headquarters of Itsme bv, wholesaler and service provider for electronic and mechanical components. The distribution centre with separate accompanying office building has a surface area of approximately 14.500 m². Itsme leases the entire site from the purchase date for a fixed term of 12 years under a triple net regime.

The total investment amounted to € 10,7 million and provides an annual rental income of € 0,8 million, which corresponds to a gross initial yield of 7,2%.

The Netherlands - Raamsdonksveer - Steurweg

The Netherlands- Tilburg - Kwantum distribution centre

The Netherlands- Roosendaal - Leemstraat

Tilburg, Belle van Zuylenstraat 10-11: cluster formation due to sale-and-lease-back

At the end of 2018, Intervest added a second site in Tilburg to its portfolio. Intervest has become the owner of the head office of home retailer Kwantum, part of Homefashion Group, by way of a sale-and-lease-back operation. The site is located on the Katsbogten industrial site and consists of a distribution centre with separate accompanying office building jointly spanning 28.000 m². Kwantum has from the purchase date leased the entire site for a fixed period of 10 years under a triple net regime and will renovate the office building, make it more sustainable, expand it and simultaneously modernise the distribution centre during the first year of the agreement. Kwantum is the market leader in wall, window and floor products and has its own webshop and over 100 fully owned stores in the Benelux.

The total investment amounted to € 22,1 million and provides an annual rental income of € 1,3 million, which corresponds to a gross initial yield of 5,7%.

Roosendaal, Leemstraat 15: sale-and-lease-back of extensive logistics complex

At the end of December, Intervest concluded a sale-and-lease-back agreement for a logistics site in Roosendaal of a total of approximately 38.200 m² of storage space and accompanying offices, located on a site of over 13 hectares on the industrial site of Majoppeveld Noord. The site accommodates the head office and one of the most important distribution centres of Jan de Rijk Logistics, a leading transport and logistics service provider.

The site will is fully rented by Jan de Rijk Logistics under a triple net regime for a fixed term of 15 years from the purchase date.

The total investment amounted to € 38,5 million and provides an annual rental income of € 2,1 million, which corresponds to a gross initial yield of 5,5%.

Offices in Belgium

In 2018, Intervest further implemented its strategy to invest in inspiring multi-tenant offices at easily accessible locations in large agglomerations in Flanders.

Leuven, Philipssite 5: multi-tenant Ubicenter office building

Intervest acquired the service-oriented office complex Ubicenter in December 2018. Ubicenter is a contemporary office complex of 23.150 m² on the Philipssite on the outskirts of Leuven, of which over 95% is leased to 12 tenants. The building features a foyer, a company restaurant, an auditorium and a business centre operated by MC Square. The office complex fits in with Intervest's flexible business hub concept, Greenhouse, which combines traditional office spaces with extensive service provision, serviced offices, co-working, shared meeting rooms and event spaces in Antwerp, Mechelen and Brussels.

The total purchase value amounted to € 33,7 million and provides an annual rental income of € 2,8 million, which corresponds to a gross initial yield of 8,2%. The transaction is structured as a transfer of a long-lease right that runs until 2099, with the city of Leuven holding the residual property rights.

Project realised in 2018

Diegem, Berkenlaan 8: redevelopment of Greenhouse BXL with third Greenhouse Flex

Intervest positions itself as a real estate company which does more than simply lease square metres. Intervest goes *beyond real estate*. By listening to the customer, brainstorming with them and making plans for the future, Intervest is able to "unburden" its customers and offer them added value.

Greenhouse symbolises the "new way of working" where custom offices, serviced offices and co-working lounges are combined with modern meeting and event rooms and additional services. The concept encourages interaction between visitors, fixed and flexible tenants.

Intervest reoriented the Greenhouse Antwerp office building into a successful and innovative multi-tenant service-oriented and inspiring office building that combines traditional office space with flexible workspace in 2016 already. In Mechelen the office tower building on Mechelen Campus - where the flexible working concept was first introduced in 2012 - was renamed Greenhouse Mechelen in 2018.

Leuven - Ubicenter

Diegem - Greenhouse BXL

Flex-time workers can go to the three Greenhouse locations in: Antwerp, Mechelen and Brussels. As a matter of fact, in the second half of 2018, the number of flex-time workers strongly increased. In 2018, a total of 38 flexible contracts were concluded with co-workers or tenants of serviced offices.

The departure of the tenant in the building in Diegem at the beginning of 2017 gave Intervest the opportunity to realise the same redevelopment at this location too. This high-quality building in an easily accessible location has proved extremely suitable to **reposition** it as a Greenhouse location. After being thoroughly renovated, Greenhouse BXL opened its doors in the fourth quarter of 2018. Greenhouse BXL is imposing with a glass entrance hall that functions as a multi-functional meeting place and event area. Furthermore, there are various meeting and event rooms, including an auditorium with a capacity of 200 people and two restaurants. The Grand Café "The Velvet Corner" has a wide range of healthy club sandwiches and salads on offer. The company restaurant "The Greenery" has a more extensive menu. Tenants can call on a service desk, which ensures a personalised approach when it comes to their needs.

The first tenants Cazimir and Owens & Minor moved in in 2018 and at the beginning of 2019 Greenhouse BXL will welcome Essity, Konica Minolta and Goodyear, followed by Roche at the end of 2019. The total occupancy rate as at 31 December 2018 amounted to 80% and only about 10% of the leasable space is still available as traditional office space up for lease.

Diegem - Greenhouse BXL - Velvet Corner

The first tenants of the serviced offices also moved in to the new office building.

The total investment in this redevelopment project amounted to € 10 million, of which € 8 million was achieved in 2018 and € 2 million in 2017.

At the beginning of 2017, Intervest also bought the adjacent empty building at Berkenlaan 7 at the land price of € 1,8 million with the intention of demolishing the existing building and integrating the site with Greenhouse BXL by possibly creating an additional open space with a park, leisure opportunities and an underground car park. These reorientation works will be further developed and carried out in 2019.

Diegem - Greenhouse BXL - The Greenery

2.3. Development potential for 2019

In Belgium, Intervest is working on redeveloping zone B of the Ford site in Genk and in the Netherlands, Intervest has three committed logistics developments in the pipeline that will be completed in 2019. After they have been completed, these developments will expand the clusters that Intervest intends to form in the Netherlands.

Belgium

"Genk Green Logistics": redevelopment of zone B of the former Ford site in Genk to start

Genk Green Logistics is the cooperative company between Intervest, on the one hand, and Group Machiels, on the other, which together with developer MG Real Estate and DEME Environmental Contractors will be 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 entire Ford site measures an area of 133 hectares. The site has tri-modal access via the Albert Canal, rail and the proximity of the E314 and E313. The large scale of the site and its tri-modal access are unique trump cards to put Genk Green Logistics on the map as a logistics hotspot. Genk Green Logistics has purchased the site on zone B of the Ford site, which is 42 hectares. Zone A is to become a public domain reserved for community events. Zone C is the property of De Vlaamse Waterweg.

Genk Green Logistics is planning **a full new development project** at zone B, which will consist of a state-of-art logistics complex of approximately 250.000 m² after full development. This surface area is intended to be developed in phases, spread over different buildings, over an expected period of 5 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. Genk Green Logistics will also be open to other logistics needs or the smart manufacturing industry.

Together with its partners, Genk Green Logistics pools expertise in the investment, development and remediation of large-scale industrial sites. The partners in and of Genk Green Logistics therefore also aim to develop the project in cooperation with all stakeholders into a total concept that will strengthen the wider region.

Genk - Genk Green Logistics - Artist impression

In the course of 2018, a few important steps were taken in the redevelopment of the former Ford site in Genk.

- The private purchase and sales agreement with the Flemish government was concluded on 25 May 2018 and the authentic deed was executed on 24 September 2018, by virtue of which Genk Green Logistics became owner of zone B with the commitment to redevelop this zone into a logistics hub.
- On 26 July 2018 the FSMA granted Genk Green Logistics a licence as institutional regulated real estate company (IRREC) in accordance with Belgian law. The public limited company Genk Green Logistics was founded on 30 August 2018, with Intervest and Group Machiels as shareholders.
- Genk Green Logistics started marketing the new build development in zone B.
- In August 2018, Genk Green Logistics submitted an application to Flanders Innovation & Entrepreneurship to obtain a brownfield agreement in order to facilitate the redevelopment process. The application file was declared admissible and founded in December 2018.

Vlaamse Waterweg will still be carrying out demolition, remediation and infrastructure works in zone A in the first few years but Genk Green Logistics can simultaneously start the demolition and construction works for the new build developments in large parts of zone B. Genk Green Logistics strongly believes in the commercial attractiveness of the region and the benefits that the large-scale project can offer the logistics service providers and it will also start the first building of approximately 20.000 m² without pre-leasing. The first building will be operational in 2020.

In the course of 2019 and 2020, Genk Green Logistics will pay its contribution in the amount of € 12 million to the demolition, remediation and infrastructure works in phases, based on the progress of the works. Intervest will systematically communicate detailed information regarding financing, yields and other preconditions as the various phases progress.

Depending on the precise outcome, the final investment value of the project will vary between € 120 million and € 150 million.

Genk- Genk Green Logistics - Artist impression

The Netherlands

Roosendaal, Braak 1: acquisition of a site to develop logistics project

In January 2018, Intervest concluded a private agreement subject to the usual suspensive conditions for the purchase of a site of 3,9 hectares on the industrial site Borchwerf I in Roosendaal. In cooperation with a specialised developer, Intervest will build a state-of-the-art logistics complex on this site, consisting of over 24.100 m² of storage space, 3.200 m² of mezzanine and 600 m² of offices. The site will be transferred to Intervest in 2019, following demolition works and prepared for construction, after which the construction works can be started. Delivery is expected by the fourth quarter of 2019.

The complex is being marketed. The final purchase price will depend on the rental situation at the time the building is delivered and will vary between € 18,3 million and € 20,9 million. At this point in time, it is estimated that the building will generate approximately € 1,3 million rental income per year and that the gross initial yield will vary between 7,1% and 6,2%, depending on the duration of the lease agreement to be concluded.

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

Intervest entered into a turn-key purchase agreement in November 2018 subject to the usual suspensive conditions for the purchase of a logistics development near Eindhoven Airport, on a parcel of approximately 33.000 m².

Gold Forum is a state-of-the-art sustainable logistics project development of approximately 21.000 m² and will form one whole architectural and functional unit with the Silver Forum purchased in 2018, which will create a complete logistics complex of almost 50.000 m². Just like Silver Forum, Gold forum will be given a strikingly organic shape but with a gold-coloured curved finish to the façade.

The logistics building is being developed by and at the risk of Kero Vastgoed, a Dutch property developer from the Eindhoven region. Delivery is expected by the third quarter of 2019, the moment at which Intervest will acquire the building. Kero Vastgoed provides a rental guarantee of € 1,2 million per year for two years after the purchase date.

The total purchase value will amount to € 18,9 million and will provide an annual rental income of € 1,2 million, which corresponds to a gross initial yield of 6,2%.

Roosendaal, Blauwhekken 2: third logistics site in Roosendaal

In November 2018, Intervest entered into an agreement for the acquisition of a BREEAM Very Good certified new construction built-to-suit project on the Borchwerf II industrial site subject to the usual suspensive conditions. The new construction project of 17.800 m² for production and distribution activities will be delivered in the first quarter of 2019, at the moment at which Intervest will become owner, and the triple net lease starts for a fixed period of 15 years.

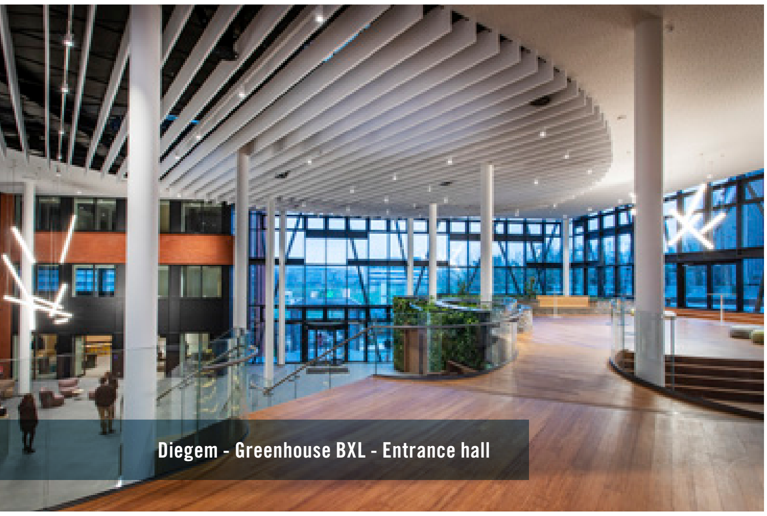
The new warehouse will be given a striking look with an excellent awning at the front and glass spanning the entire height of the building. A photovoltaic installation will be fitted on the roof.

With this acquisition, Intervest takes up a third position in Roosendaal and thus further develops its formation of clusters in the top logistics hotspot in West-Brabant.

The total purchase value will amount to € 16,8 million and will provide an annual rental income of € 1,2 million, which corresponds to a gross initial yield of 5,7%.

Eindhoven - Flight Forum - Gold & Silver Forum

Eindhoven - Gold Forum - Artist impression


Diegem - Greenhouse BXL - Entrance hall


Mechelen - Mechelen Campus - Ultimo offices


Wommelgem - Feeder One offices

2.4. Beyond real estate: turn-key solutions

Customers are increasingly calling on Intervest's turn-key solutions team for both new leases and extensions. The turn-key solutions team offers customers fully customised interior solutions. They work out the optimal layout for the office or logistics space, provide interior design advice, coordinate the works and closely follow the pre-determined timing and the allocated budget. Intervest "unburdens" its tenants and tenants are making increasing use of this.

In 2018, the turn-key solutions team focused primarily on the redevelopment of Greenhouse BXL. The thorough conversion of the one-tenant office building to the service-oriented, inspiring multi-tenant office building that has become Greenhouse BXL today requires careful planning and coordination. The team explored the best layout and how the spaces could be furnished flexibly and professionally yet still pleasantly, ergonomically and sustainably by combining colours and materials. The result is hallways with striking walls, conference corners that emanate a cosy homely atmosphere, an unforced Grand Café Velvet Corner and a playful company restaurant, The Greenery. The largest entrance hall has a glass skylight letting in natural light, a wall covered with real plants which provides oxygen and the direct access to an outdoor patio which gives extra breathing space.

At Mechelen Campus, the tenant, Ultimo, experts in process optimisation through software solutions, called on Intervest to expand their office space. They operate in the competitive IT market, so an unforced office setting that appeals to recent graduates is crucial for them.

The newly leased spaces by Galapagos at Intercity Business Park in Mechelen and Mitiska at Inter Access Park in Dilbeek were incorporated more traditionally in their current office space.

For logistics customer, Feeder One, Intervest finalised the redesign of its logistics centre and office space in Wommelgem, which was started in 2018, into a more sustainable and energy-efficient concept.

3. Financial resultats 2018

3.1. Summary

Intervest's EPRA earnings for the financial year 2018 amounted to € 31,2 million. This result signifies an increase of 14% compared to the earnings of € 27,4 million in 2017. The EPRA earnings per share rose by 3% and amounted to € 1,63 for 2018 compared to € 1,58 for 2017. This was despite a rise of 10% of the weighted average number of shares caused by the capital increase of November 2018 and the optional dividend in May 2018.

This rise in the EPRA earnings is mainly due to the 11% rise in the rental income due to the acquisitions of financial years 2017 and 2018 and the leases in the existing real estate portfolio, partly compensated by the limited increase in the real estate costs and the higher financing costs as a result of the growth in the real estate portfolio.

The operational margin improved by almost 2 percentage points from 81% in 2017 to 83% in 2018. The average interest rate of the financing decreased from 2,6% in 2017 to 2,4% in 2018 because of credit renewals and the issue of a commercial paper programme.

3.2. Key figures

Number of shares	2018	2017
Number of shares at end of period	24.288.997	18.405.624
Number of shares entitled to dividend at end of period	24.288.997	17.740.407
Number of shares entitled to dividend coupon 21	*18.891.443*	*nvt*
Number of shares entitled to dividend coupon 22	*24.288.997*	*nvt*
Weighted average number of shares	19.176.981	17.409.850
Result per share - Group share		
Net result (€)	1,78	1,22
EPRA earnings based on the weighted average number of shares (€)	1,63	1,58
Pay-out ratio* (%)	86%	89%
Gross dividend** (€)	1,40	1,40
Percentage withholding tax (%)	30%	30%
Net dividend (€)	0,9800	0,9800
Balance sheet information per share - Group share		
Net value (fair value) (€)	19,62	19,52
Net asset value EPRA (€)	19,88	19,62
Share price on closing date (€)	20,60	22,49
Premium with regard to fair net value (%)	5%	15%
Debt ratio		
Debt ratio (max 65%)	43,5%	44,6%

* 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 investments properties and debt reductions.

** Subject to approval by the annual general meeting to be held in 2019.

3.3. Consolidated income statement

in thousands €	2018	2017
Rental income	47.920	43.349
Rental-related expenses	-53	-4
Property management costs and income	806	623
Property result	**48.673**	**43.968**
Property charges	-6.394	-6.162
General costs and other operating income and costs	-2.725	-2.729
Operating result before result on portfolio	**39.554**	**35.077**
Changes in fair value of investment properties	7.033	-7.274
Other result on portfolio	-2.472	-89
Operating result	**44.115**	**27.714**
Financial result (excl. changes in fair value of financial assets and liabilities)	-8.005	-7.467
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119
Taxes	-390	-180
NET RESULT	**34.105**	**21.186**
Minority interests	-9	0
NET RESULT - Group share	**34.114**	**21.186**
Note:		
EPRA earnings	31.168	27.430
Result on portfolio	4.561	-7.363
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119

Analysis of the results[1]

Intervest's strategy is based on a reorientation of the office portfolio and a growth of the logistics real estate portfolio. For the 2018 financial year, the **rental income** of Intervest amounted to € 47,9 million, an increase of € 4,6 million or 11% as compared to the 2017 financial year (€ 43,3 million).

The rental income in the logistics portfolio increased by € 4,0 million. This is an increase of 17% compared to 2017. The increase is mainly the result of investments in 2017 which contributed to the result for a full year in 2018, as well as new logistics acquisitions in 2018 in Vuren, Eindhoven, Raamsdonksveer, Roosendaal, Tilburg and Ghent, which caused the rental income to increase further. In 2017, the extensions achieved in the existing sites in Herentals and Herstal also contributed to the rental income increase.

The rental income in the office segment increased slightly by € 0,6 million as a result of new leases of vacant properties in places such as Mechelen Campus Tower and Woluwe Garden. The leases in Greenhouse BXL will gradually contribute to the company's rental income during the course of 2019. The acquisition of Ubicenter in Leuven in December 2018 will also contribute to the result for a full year in 2019.

Rental income in the logistics real estate portfolio increased by 17% as a result of acquisitions in the Netherlands and by 2% in the office portfolio as a result of leases in the existing portfolio.

The **property charges** for financial year 2018 amounted to € 6,4 million (€ 6,2 million). The limited rise of € 0,2 million was caused primarily by (i) the € 0,5 million increase in property management costs of the real estate due to the expansion of the Intervest team as a result of the growth of the real estate portfolio, and (ii) partially compensated by lower technical costs.

The **general costs and other operating income and costs** amounted to € 2,7 million for financial year 2018 and have therefore remained at the same level as last year (€ 2,7 million).

The increase in rental income, combined with the limited increase in property charges and stable general costs, means that the **operating result before the portfolio result** increased by € 4,5 million or 13% to € 39,6 million in 2018 (€ 35,1 million). This has caused an improvement from 81% in 2017 to 83% in 2018 in Intervest's operating margin for financial year 2018.

Intervest did not divest any invest properties in financial year 2018.

The **changes in the fair value of investment properties** amounted to € 7,0 million in 2018 (€ -7,3 million). Positive changes in the fair value are the result of:

- the increase of 2% or € 7,4 million in fair value of the logistics portfolio as a result of stronger yields in the Netherlands and Belgium, as well as of the increases on the acquisitions of 2018
- the decrease in fair value of the office portfolio by € -0,4 million, consisting of a general value decrease of 1% or € 2,3 million (due to the adjustment of the yields, partly compensated by an increase in the fair value of Greenhouse BXL and Mechelen Campus Tower as a result of the leases achieved) and the increase on the acquisition in Leuven in 2018 in the amount of € 1,9 million.

In 2018, **the other result on portfolio** amounted to € -2,5 million (€ -0,1 million) and primarily comprised the provision for deferred tax on non-realised increases 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 2018 amounted to € -8,0 million (€ -7,5 million). The increase of the financing costs is a result of the growth of the real estate portfolio. The refinancing carried out in 2017 and 2018 to optimise the financing structure, together with the commercial paper programme that was implemented in July 2018, jointly partially compensated the increased costs and a decrease of Intervest's average financing cost.

1 Comparable figures for financial year 2017 between brackets.

The average interest rate for financing amounted to 2,4%, including bank margins for 2018 financial year (2,6% in 2017).

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 € -1,6 million (€ 1,1 million).

The **net result** of Intervest for financial year 2018 amounted to € 34,1 million (€ 21,2 million) and can be divided into:

- the **EPRA earnings** of € 31,2 million (€ 27,4 million) or an increase of € 3,7 million or 14% mainly due to the rise in the rental income due to the acquisitions of financial years 2017 and 2018 and the leases in the existing real estate portfolio, partly compensated by the limited increase in the property charges and the higher financing costs as a result of the growth in the real estate portfolio
- the **result on portfolio** of € 4,6 million (€ -7,4 million)
- the **changes in fair value of financial assets and liabilities (ineffective hedges)** for an amount of € -1,6 million (€ 1,1 million).

This means EPRA earnings of € 31,2 million (€ 27,4 million) for Intervest for the 2018 financial year. Taking into account the 19.176.981 weighted average number of shares, this results in **EPRA earnings per share of** € 1,63 as compared to € 1,58 per share for the 2017 financial year.

Within the scope of its growth strategy, Intervest decided in March 2016 to plan a gross dividend of a minimum of € 1,40 per share for financial years 2016, 2017 and 2018. The shareholders can be offered a **gross dividend** of € 1,40 for the financial year of 2018 (€ 1,40 for the financial year of 2017). This equals a pay-out ratio of 86% of the EPRA earnings. This represents a **gross dividend yield** of 6,8%, based on the closing share price as at 31 December 2018 (€ 20,60).

1 Subject to approval by the annual general meeting to be held in 2019.

2 Intervest Offices & Warehouses is a regulated real estate company with a legal distribution obligation of at least 80% of the operating distributable result, adjusted to non-cash flow elements, realised capital gains and capital losses on property investments and debt reductions.

3.4. Consolidated balance sheet

in thousands €	31.12.2018	31.12.2017
ASSETS		
Non-current assets	867.582	663.846
Current assets	19.582	15.572
Total assets	**887.164**	**679.418**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	**477.208**	**359.366**
Share capital	219.605	167.720
Share premiums	167.883	111.642
Reserves	55.015	58.818
Net result for the financial year	34.114	21.186
Minority interests	591	0
Liabilities	**409.956**	**320.052**
Non-current liabilities	297.951	255.584
Current liabilities	112.005	64.468
Total shareholders' equity and liabilities	**887.164**	**679.418**

Assets [1]

The fair value of the real estate portfolio as at 31 December 2018 amounted to € 867 million.

The **non-current assets** consist mainly of the real estate investments of Intervest. The **fair value of the real estate portfolio** in 2018 experienced growth of 31% and increased by approximately € 204 million due to acquisitions and redevelopments, in line with the strategy. The fair value of the real estate portfolio as at 31 December 2018 amounted to € 867 million (€ 663 million). The underlying fair value of the real estate portfolio underwent the following changes in 2018:

- the acquisition of six logistics sites in the Netherlands and one logistics site in Belgium and an office site in Belgium, with a total purchase value of € 182 million
- the acquisition by Genk Green Logistics of the site on the former Ford site in Genk for a purchase value of € 3 million
- the investments and expansions in the existing portfolio of € 10 million, mainly in Greenhouse BXL
- an increase in fair value of the existing portfolio by 0,6% or € 4 million;
- the increase in value on the acquisitions for € 3 million in 2018
- the accounting processing of the value of the user right for the "real estate held by right of use" in the amount of € 2 million, in accordance with IFRS 16, which applies as from 1 January 2018.

The **current assets** amounted to € 20 million (€ 16 million) and consist mainly of trade receivables in the amount of € 10 million, € 9 million of which for advance invoicing for the first quarter of 2019, € 5 million from tax receivables and other current assets, € 2 million from liquid assets and € 2 million from deferred charges and accrued income.

Liabilities[1]

Shareholders' equity in 2018 increased by € 118 million or 33%.

The company's **shareholders' equity** increased by € 118 million or 33% in 2018, and as at 31 December 2018 and amounted to € 477 million (€ 359 million as at 31 December 2017), represented by 24.288.997 shares (18.405.624 shares as at 31 December 2017). This increase was primarily due to:

- the capital increase with irreducible allocation right in November 2018 in the amount of € 99,9 million, with a net yield of € 98 million (after costs had been deducted) and the issue of 5.397.554 new shares entitled to dividend as from 30 November 2018

1 Comparable figures for financial year 2017 between brackets

- the optional dividend for € 10 million in May 2018 whereby the shareholders of Intervest opted, for the payment of the dividend for 57,5% of their shares for financial year 2017, 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 485.819 new shares entitled to dividend as from 1 January 2018
- the dividend payment for financial year 2017 for an amount of € 25 million in May 2018;
- the net result in the amount of € 34 million for the 2018 financial year.

As a result of these capital increases, the **share capital** of the company rose in 2018 by € 53 million to € 221 million (€ 168 million) and the **share premium** rose by € 56 million to € 168 million (€ 112 million).

The **reserves** of the company amounted to € 55 million (€ 59 million) and consist mainly of:

- the reserve for the balance of changes in fair value of real estate for € 31 million (€ 38 million), composed of the reserve for the balance of changes in the investment value of real estate for € 48 million (€ 53 million), and the reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties; indeed, in accordance with the interpretation of the RREC sector of IAS 40 (publication of the Belgian Association of Asset Managers of 8 February 2006 and the updated interpretation of the BE-REIT Association, published on 10 November 2016), the real estate portfolio is valued at fair value; the difference with the investment value is shown separately in shareholders' equity; this difference amounted to € -17 million (€ -15 million) as at 31 December 2018
- a reserve for the balance of changes in fair value of authorised hedging instruments that were not subject to hedge accounting for an amount of € -2 million (€ -3 million)
- results carried forward from previous financial years and the other reserves subject to payment of € 26 million (€ 24 million).

As at 31 December 2018, the **net value (fair value)** of a share was € 19,62 compared to € 19,52 as at 31 December 2017. The EPRA NAV per share amounted to € 19,88 as at 31 December 2018.

This means that there was an increase of € 0,26 compared to the EPRA NAV per share of € 19,62 as at 31 December 2017, mainly as a result of combining the generation of the EPRA earnings and the revaluation of the portfolio, as well as the dividend payment for the 2017 financial year.

As the stock exchange quotation of an Intervest share (INTO) was € 20,60 on 31 December 2018, the share was listed at a premium of 5% on the closing date, compared to the fair net value. In this regard the fact must be considered that as at 31 December 2018, the share was listed without coupon 21, which was detached as at 15 November 2018 and entitled the holder to a pro rata temporis dividend of € 1,28. Taking this into account, the share was quoted at a premium of 12%.

Market capitalisation reached € 500 million as at 31 December 2018.

The **non-current liabilities** amounted to € 298 million (€ 256 million) and, on the one hand, comprise non-current financial debts in the amount of € 289 million (€ 252 million) which consist of € 254 million long-term financing, the expiry date of which is after 31 December 2019, and the bond loan issued in March 2014 for € 35 million. On the other hand, the non-current liabilities also comprise the other non-current financial liabilities, representing the negative market value of € 3 million of the cash flow hedges concluded by the company to hedge the variable interest rates on the financial debts. Furthermore, as at 31 December 2018, a reserve of € 3 million was set up for deferred taxes and an amount of € 2 million for the obligations for the real estate held by right of use, in accordance with IFRS 16.

The **current liabilities** amounted to € 112 million (€ 64 million) and consist mainly of € 87 million (€ 47 million) in current financial debts (financing with an expiry date before 31 December 2019 and the bond loan of € 25 million issued in March 2014 for which the expiry date is on 1 April 2019), of € 5 million in trade debts and other current debts, and of € 18 million in accrued charges and deferred income.

4. Financial structure

4.1. Developments in 2018

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

In practice, Intervest extended its financing portfolio by € 88 million or 22% in 2018.
The further **optimisation of the financing structure** was achieved by:

- the issue of a commercial paper in July 2018 to further diversify the financing sources for a maximum amount of € 70 million (of which € 30 million was included as at 31 December 2018), with a duration of 3 months (maximum duration of 1 year). The withdrawal is fully hedged by back-up lines of the assisting banks (Belfius Bank and KBC Bank) serving as guarantee for re-financing if it appears that the placement or extension of the commercial paper is only partially possible or not possible at all; moreover, € 5 million additional back-up line is available to further expand this programme
- the conclusion and extension of bank loans that have led to keeping the average duration of the long-term credit facilities semi-stable at 4,4 years at the end of year 2018 (4,6 years at the end of year 2017)
- making its hedging strategies stronger through the current low interest rates: where the previous target hedge ratio in 2016 was still 66%, Intervest increased the aim for the hedging ratio to at least 80%. The hedging ratio amounted to 84% at the end of the year 2018 (76% as at 31 December 2017) and is the result of concluding new interest rate swaps for € 100 million, having durations of between 5 and 7 years.

This financing, interest hedging and optimisation have caused the average financing cost of Intervest to decrease from 2,6% in 2017 to 2,4% in 2018.

The (re)financing shows the confidence that financial institutions have in Intervest and its strategy. They have led to an adequate spread of the expiry calendar of the long-term financing between 2019 and 2026, while duly regarding balance between cost price, duration and diversification of the financing sources.

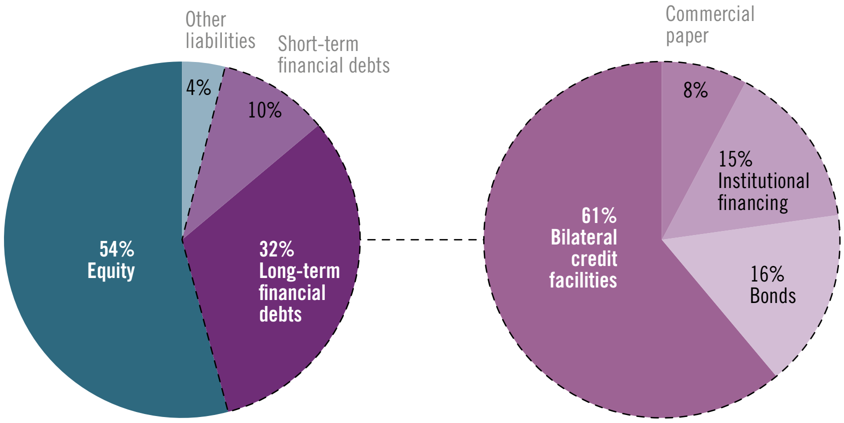
Moreover, at year-end 2018, a buffer of € 113 million of non-withdrawn credit lines was available to finance committed acquisition projects in the pipeline in the amount of € 57 million, the repayment of the bond loan in the amount of € 25 million, which will mature on 1 April 2019 and the dividend payment in May 2019. In January 2019, Intervest concluded additional financing with Triodos Bank, which is specialised in financing sustainable projects and undertakings, for an amount of € 25 million for a duration of 7 years.

The debt ratio of the company amounted to 43,5% as at 31 December 2018 (44,6% as at 31 December 2017). The decrease by 1,1 percentage point compared to 31 December 2017 was primarily the result of combining investments in the amount of € 195 million in investment properties, which amount is partly financed by borrowed capital and partly by financial resources from the capital increase and the optional dividend.

Because of the limited debt ratio of 43,5% as at 31 December 2018, approximately € 115 million can still be invested with borrowed capital before reaching the top of the strategic range of 45%-50%.

This solid capital structure was achieved by creating € 110 million new capital by issuing 32% shares during the course of 2018 within the scope of the capital increase and the optional dividend with a success rate of 57,5%.

4.2. Overview as at 31 December 2018



Balance sheet total
€ 887 million

Total financial debts
€ 376 million

Other important **characteristics of the financial structure** as at the end of 2018 are:

Credit lines

- 80% long-term credit lines with a weighted average remaining duration of 4,4 years (4,6 years at the end of year 2017) and 20% short-term credit lines (€ 100 million)
- spread of the expiry dates of credit lines between 2019 and 2026
- spread of the credit over seven European financial institutions, bondholders and a commercial paper programme.

Interest coverage ratio

- ratio of 4,9 for 2018 (4,7 for 2017).

Hedge ratio

- 84% of the credits drawn down had a fixed interest rate or were fixed by interest rate swaps and 16% had a variable interest rate
- 65% of the credit lines have a fixed interest rate, or the rate was set by interest rate swaps, 35% have a variable interest rate
- market value of financial derivatives: € 3,5 million negative.

Agreements

- no change in 2018 in the current contracted agreements
- the RREC fulfilled its agreements as at 31 December 2018.

43,5% debt ratio	€ 113 million non-withdrawn credit lines	2,4% average interest rate	84% hedge ratio
44,6% as at 31 December 2017	€ 101 million as at 31 December 2017	2,6% as at 31 December 2017	76% as at 31 December 2017

4.3. Notes on the financial structure

Short-term credit lines

As at 31 December 2018, 80% of the available credit lines of Intervest were long-term credit lines and 20% were short-term credit lines.

The short-term credit lines (€ 100 million) consist of:

- 35% (€ 35 million) commercial paper
- 30% (€ 30 million) credit facilities that fall due within one year, consisting of one credit that falls due on 1 September 2019 and that will be refinanced
- 25% (€ 25 million) bond loan that falls due on 1 April 2019 and that will be repaid from the available unused credit lines (€ 113 million)
- 8% (€ 8 million) credits with open-ended duration
- 2% (€ 2 million) repayment credits.

Long-term credit lines

The strategy of Intervest is to keep the average duration of long-term credit lines between 3,5 and 5 years, but this can be derogated from temporarily if specific market conditions require.

In 2018, Intervest continued the process of optimising the spread of the expiry dates of its credit lines by:

- entering into new financing of € 35 million with Belfius Bank, having a duration of 5 years
- entering into new financing of € 25 million with KBC Bank, having a duration of 5 years
- extending the financing of € 20 million with ING, having a duration of 4,5 years
- extending the financing with Bank Degroof Petercam by increasing the credit line by € 5 million and extending the credit by 5 years.

This weighted average remaining duration of the long-term credit lines slightly increased from 4,6 years as at 31 December 2017 to 4,4 years as at 31 December 2018.

Available credit lines

As at 31 December 2018, the company had € 113 million in non-withdrawn committed credit lines with its financiers.
This will be used over the course of 2019 for:

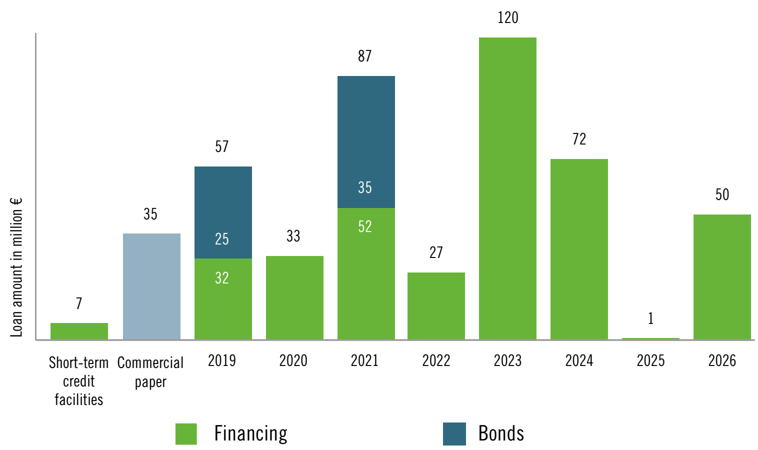
- financing the committed acquisition projects in the pipeline of € 57 million
- the repayment of the bond loan in the amount of € 25 million, which will mature on 1 April 2019
- the dividend payment in May 2019.

In January 2019, Intervest already concluded additional financing with Triodos Bank, which is specialised in financing sustainable projects and undertakings, for an amount of € 25 million for a duration of 7 years.

Intervest maintains a strict cash position so that, in principle, the cash position at financial institutions remains largely restricted and the cash balance can be applied for the reduction of financial debts. As at 31 December 2018, the company's cash position only amounted to € 1,9 million.

Expiry dates calendar credit lines

The expiry dates calendar of the credit lines as at 31 December 2018 is represented in the chart.



The weighted average remaining duration of the long-term credit lines is 4,4 years.

Hedging

Given the persistent low interest rates on the financial markets Intervest further stepped up its hedging strategy in 2018. For the composition of the loan portfolio, the strategy consisted in 2016 of aiming to achieve a ratio of one-third with a variable interest rate and two-thirds with a fixed interest rate. Intervest's current strategy is to maintain a hedging ratio of at least 80%.

As at 31 December 2018:

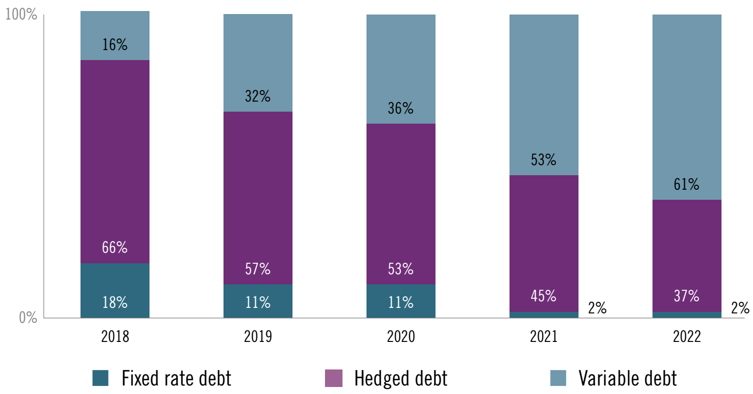
- the company concluded interest rate swaps for a total notional amount of € 250 million
- the bond loans for a total amount of € 60 million have a fixed interest rate
- the company has a credit facility agreement with a fixed interest rate for an amount of € 7 million with an initial duration of 10 years.

As at 31 December 2018, 84% of the credits withdrawn had a fixed interest rate or were fixed by interest rate swaps and 16% had a variable interest rate.

As at 31 December 2018, 65% of the credit lines of the company consisted of financing with a fixed interest rate or financing fixed by interest rate swaps, 35% had a variable interest rate. The percentage difference with the credit lines drawn down resulted from the available credit lines.

As at 31 December 2018, the weighted average interest rate of the interest rate swaps was 0,6% (0,7% in 2017).

The expiry dates calendar of hedging instruments and financing with a fixed interest rate results in the following picture:



Duration of fixed interest rates

Developments in 2018:

- as at 1 January 2018, the interest rate swaps amounted to a notional amount of € 10 million on the expiry date, with an average interest rate of 2,4%
- during the course of 2018, Intervest concluded new interest rate swaps with durations ranging from 5 to 7 years for € 100 million (see Note 18 of the Financial report for the overview and the fair value of financial derivatives as at 31 December 2018).

As at 31 December 2018, the weighted average remaining duration of the interest rate swaps was 4,2 years (3,6 in 2017).

The interest rates on the credits of the company (interest rate swaps and credits with fixed interest rates) as at 31 December 2018 are fixed for a weighted average remaining duration of 3,7 years (3,4 in 2017).

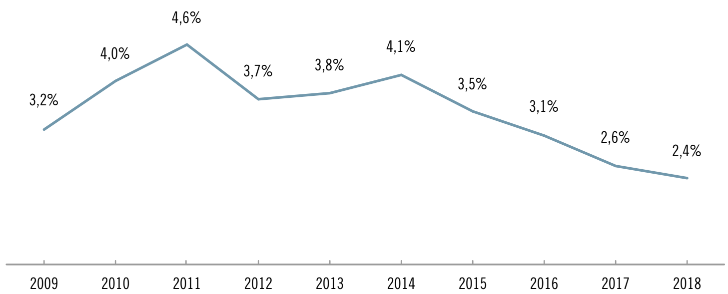
Interest rate sensitivity

For financial year 2018, the effect on the EPRA earnings of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € 0,6 million (negative € 0,6 million in 2017).

Average interest rate of the financing

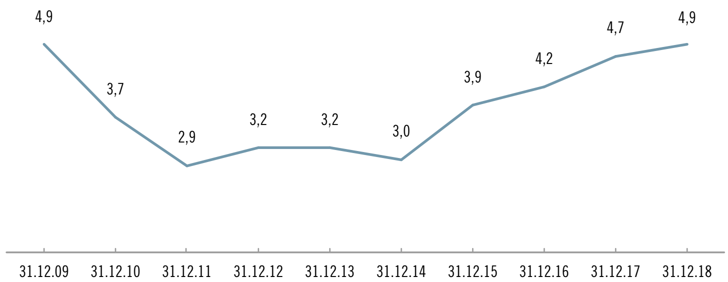
For financial year of 2018, the average interest rate of the financing of Intervest was 2,4% including bank margins (2,6% in 2017). This decrease is mainly the result of the new financing, commercial paper programme, interest hedging and other optimisation.

- The average interest rate for the non-current financial debts amounted to 2,4% in 2018 (2,9% in 2017).
- The average interest rate for the current financial debts amounted to 2,4% in 2018 (1,8% in 2017).

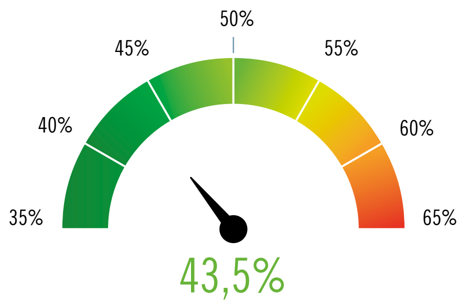


Interest coverage ratio

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 assets and liabilities). For Intervest, this ratio amounted to 4,9 for financial year 2018 (4,7 for the financial year 2017), which is higher than the 2 to 2,5 required, a protocol established in the financing agreements of the company.



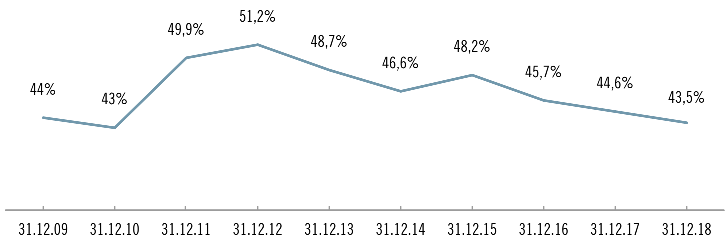
Debt ratio



The debt ratio of the company amounted to 43,5% as at 31 December 2018 (44,6% as at 31 December 2017). The decrease by 1,1 percentage point compared to 31 December 2017 was primarily the result of combining investments in the amount of € 195 million in investment properties, which amount is partly financed by borrowed capital and partly by financial resources from the capital increase and the optional dividend.

In order to guarantee a proactive policy for the debt ratio, an RREC having a debt ratio higher than 50% must prepare a financial plan pursuant to Article 24 of the RREC RD (Royal Decree). This plan contains an implementation scheme describing the measures to be taken to avoid the debt ratio exceeding 65% of the consolidated assets.

Intervest's policy is to endeavour to maintain the debt ratio between 45% and 50%.



As at 31 December 2018 the consolidated debt ratio of Intervest amounted to 43,5% with the result that the threshold of 50% was not exceeded. Such an overrun occurred the first time on 30 September 2011 with a debt ratio of 50,5%. Subsequently, the debt ratio has always fluctuated between 45% and 52%. Over the course of its history the debt ratio of Intervest has never exceeded the legal threshold of 65%.

On the basis of the current 43,5% debt ratio as at 31 December 2018, Intervest still has an additional investment capacity of approximately € 545 million, without exceeding the maximum debt ratio of 65%. The capacity for further investments amounts to approximately € 365 million before exceeding the debt ratio of 60% and € 115 million before exceeding the threshold of 50%.

Valuations of the real estate portfolio also have an impact on the debt ratio. Taking into account the current capital structure, the maximum debt ratio of 65% would only be exceeded in case of a possible decrease in value of the investment properties by approximately € 293 million or 34% compared to the real estate portfolio of € 867 million as at 31 December 2018. In case of unchanged current rents, it means an increase of the yield, used to determine the fair value of the real estate properties, of 3,8 percentage points on average (from 7,4% on average to 11,25% on average). In case of unchanged yield used to determine the fair value of the real estate properties, it means a decrease of current rents of € 21,7 million or 34%.

Intervest believes that the current debt ratio is at an acceptable level, offering sufficient margin to absorb potential decreases in value of the real estate properties.

On the basis of the current financial plan it is supposed that the debt ratio of Intervest will fluctuate in the course of 2019 between 45% and 50%, compared to 43,5% as at 31 December 2018.

This assessment takes into account the following theoretical elements:

- no investments or divestments in 2019
- profit allocation which takes into account the expected profit for financial year 2018 and the dividend payment for financial year 2018
- an optional dividend in May 2019 whereby the investment capacity herewith liberated is used for the strengthening of the balance sheet
- a stable value of the real estate portfolio of the company.

This forecast can however be influenced by unforeseen circumstances. In this respect reference is made specifically to the chapter Risk factors.

Banking counterparties

The credit portfolio of Intervest is spread over seven European financial institutions and bondholders.

Intervest maintains business relations with:

- banks providing financing: KBC Bank nv, ING Belgium nv, Belfius Bank nv, BNP-Paribas Fortis nv, NIBC Bank nv, Bank Degroof Petercam and Argenta Spaarbank nv
- banks which are counterparties for the interest rate swap hedges: ING Belgium nv, KBC Bank nv, Belfius Bank nv and BNP-Paribas Fortis nv.

5. Profit distribution 2018

The board of directors proposes that the profit of financial year 2018 of Intervest Offices & Warehouses nv be appropriated as follows.

in thousands €

Net result for financial year 2018*	34.114
ALLOCATION TO/TRANSFER FROM RESERVES	
Allocation to/transfer from the reserves for the balance of changes in fair value* of real estate properties:	
• Financial year	-15.308
• Previous financial years	0
• Realisation real estate properties	0
Allocation to the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	10.747
Allocation to the reserve for the balance of changes in fair value of authorised hedging instruments that are not subject to hedge accounting	1.615
Allocation to other reserves	0
Allocation to results carried forward from previous years	-4.072
Remuneration of capital	**27.096**

* The present profit distribution is based on the statutory figures (see 8.6 Annexes of the statutory annual accounts of the Financial report).
** Based on changes in the investment value of the investment properties.

At the general meeting of shareholders on 24 April 2019, it will be proposed that a gross dividend of € 1,40 per share be distributed.

The shareholders are offered a gross dividend of € 1,40 per share for financial year 2018. This is equal to a net dividend of € 0,98 after deduction of the 30% withholding tax.

The amount of €1,40 will be divided pro rata temporis over two coupons. Coupon no. 21 was already detached on 15 November 2018 and entitles the holder to a pro rata temporis gross dividend to the value of € 1,28 per share for the period from 1 January 2018 to 29 November 2018, inclusive. Coupon no. 22 entitles the holder to a pro rata temporis gross dividend to the value of € 0,12 per share for the period from 30 November 2018 to 31 December 2018. The ex-dividend date for coupon no. 22 is scheduled on 3 May 2019.

Taking into account the 18.891.443 coupon 21 shares and 24.288.997 coupon 22 shares that will participate in the result of financial year 2018, this means that a dividend of € 27.095.727 is available for distribution.

The pay-out of the EPRA earnings is pursuant to the RREC Act. The dividend is payable as from 21 May 2019.

6. EPRA Best Practices[1]

EPRA is the European Public Real Estate Association, and it issues recommendations to increase the transparency and consistency of financial reporting, the so-called BPR (Best Practices Recommendations). In December 2014 the EPRA's Reporting and Accounting Committee published an update of the report entitled EPRA Best Practices Recommendations ("BPR")[2]. This BPR contains the recommendations for defining the main financial performance indicators applicable to the real estate portfolio. Intervest endorses the importance of reporting standardisation of performance indicators from the perspective of improving the comparability and the quality of information for its investors and other users of the annual report. For this reason, Intervest has decided to include the most important performance indicators in a separate chapter of the annual report.

6.1. EPRA gold, again

The **Intervest 2017 Annual Report** received the EPRA BPR GOLD AWARD for the fourth time running at the EPRA conference in London.

Following the EPRA BPR guidelines provides stakeholders in the real estate sector with transparency and a framework of comparability and is highly valued in the sector as shown by **the full report on the EPRA Awards,** which can be consulted at www.epra.com.

1 These figures were not audited by the statutory auditor except the EPRA earnings, the EPRA NAV and the EPRA NNNAV.

2 The report can be consulted on the EPRA website: www.epra.com.

6.2. EPRA Key performance indicators

The auditor has verified if the “EPRA earnings”, “EPRA NAV” and “EPRA NNNAV” ratios are calculated according to the EPRA BPR definitions of December 2014, and if the financial data used for the calculation of these ratios correspond to the accounting data of the consolidated financial statement.

Table	EPRA indicators	Definitions EPRA*		31.12.2018	31.12.2017
1	EPRA earnings	Result derived from the strategic operational activities. Objective: to measure the result of the strategic operational activities, excluding (i) the changes in fair value of financial assets and liabilities (ineffective hedges), and (ii) the portfolio result (the profit or loss on investment properties that may or may not have been realised).	in thousands €	31.168	27.430
			€/share	1,63	1,58
2	EPRA NAV	Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for investment properties in the long term. Objective: after adjusting the net worth (fair value), the EPRA NAV provides the shareholder with relevant information about the fair value of the assets and liabilities within a real estate company with a long-term strategy.	in thousands €	482.981	361.207
			€/share	19,88	19,62
3	EPRA NNNAV	EPRA NAV adjusted to account for the fair value of the financial instruments, the debts and the deferred taxes. Objective: after adjusting the EPRA NAV, the EPRA NNNAV provides the shareholder with relevant information about the fair value of the assets and liabilities within a real estate company.	in thousands €	473.394	354.892
			€/share	19,49	19,28
4	(i) 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 investment properties, divided by the market value of the portfolio, increased by the estimated transaction rights and costs in the event of hypothetical disposal of investment properties. Objective: an indicator for comparing real estate portfolios based on yield.		6,2%	6,0%

Table	EPRA indicators	Definitions EPRA*	31.12.2018	31.12.2017
	(ii) 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). Objective: an indicator for comparing real estate portfolios based on yield.	6,4%	6,2%
5	EPRA vacancy-percentage	Estimated rental value (ERV) of vacant space divided by ERV of the portfolio in its entirety. Objective: to measure the vacancy of the investment properties portfolio based on estimated rental value (ERV).	6,7%	13,8%
6	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. Objective: to measure significant changes in the company's general and operational costs.	17,4%	19,0%**
	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. Objective: to measure significant changes in the company's general and operational costs, without the effect of changes in vacancy costs.	16,2%	17,6%**

* Source: EPRA Best Practices (www.epra.com).

** Figures after adaptation of the calculation of the EPRA Cost Ratio's after a thorough analysis of the EPRA definition.
Figures as published in the Annual report 2017::
EPRA cost ratio (including direct vacancy costs): 20,6%
EPRA cost ratio (including direct vacancy costs): 19,1%

6.3. Tables EPRA Key performance indicators

Table 1: EPRA earnings

in thousands €	31.12.2018	31.12.2017
Net result IFRS (group share)	**34.114**	**21.186**
Adjustments to calculate EPRA earnings		
To be excluded:		
I. Changes in fair value of investment properties	-7.033	7.274
VI. Changes in fair value of financial assets and liabilities	1.615	-1.119
Other result on portfolio	2.472	89
EPRA earnings (group share)	**31.168**	**27.430**
Weighted average number of shares	19.176.981	17.409.850
EPRA earnings (€/per share) (group share)	**1,63**	**1,58**

The EPRA earnings amounted to € 31,2 million for financial year 2018 as compared to € 27,4 million for financial year 2017 or an increase of € 3,7 million or 14%, mainly due to a rise in the rental income due to the acquisitions of financial years 2017 and 2018 and the leases in the existing real estate portfolio, which are only partly compensated by the limited increase in the real estate costs and the higher financing costs as a result of the growth in the real estate portfolio. The EPRA earnings per share rose by 3% and amounted to € 1,63 for financial year 2018 compared to € 1,58 for financial year 2017. This was despite a rise of 10% of the weighted average number of shares caused by the capital increase of November 2018 and the optional dividend in May 2018.

Tables 2 and 3: EPRA NAV and EPRA NNNAV

in thousands €	31.12.2018	31.12.2017
Net asset value (group share)	**476.617**	**359.366**
Net asset value per share (€) (group share)	19,62	19,52
Diluted net value, after the lifting of options, convertible debts and other shareholder equity instruments.	**476.617**	**359.366**
To be excluded:		
IV. Fair value of financial instruments	3.456	1.841
V.a Deferred taxes	2.908	0
EPRA NAV (group share)	**482.981**	**361.207**
Number of shares at year-end	24.288.997	18.405.624
EPRA NAV/share (€) (group share)	**19,88**	**19,62**
To be added:		
I. Fair value of financial instruments	-3.456	-1.841
II. Revaluations of the fair value of financing with fixed interest rate	-3.223	-4.474
V.a Deferred taxes	-2.908	0
EPRA NNNAV (group share)	**473.394**	**354.892**
Number of shares at year-end	24.288.997	18.405.624
EPRA NNNAV/share (€) (group share)	**19,49**	**19,28**

The EPRA NAV per share amounted as at 31 December 2018 to € 19,88. This means an increase of € 0,26 compared to the EPRA NAV per share of € 19,62 as at 31 December 2017, mainly as a result of the combination of the EPRA profit generation, the revaluation of the portfolio and the dividend distribution for financial year 2017.

The EPRA NNNAV per share amounted as at 31 December 2018 to € 19,49 compared to € 19,28 as at 31 December 2017.

Table 4: EPRA Net Initial Yield (NIY) and EPRA topped-up NIY

in thousands €	31.12.2018	31.12.2017
Investment properties and properties held for sale	866.504	662.539
To be excluded:		
Reserve of land intended for lease*	5.615	1.683
Real estate properties available for lease	**860.889**	**660.856**
To be added:		
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	28.401	17.606
Investment value of properties available for lease (B)	**889.290**	**678.462**
Annualised gross rental income	62.004	46.801
To be excluded:		
Property charges**	-7.090	-5.954
Annualised net rental income (A)	**54.914**	**40.847**
Adjustments:		
Rent expiration of rent free periods or other lease incentives	1.631	1.026
Annualised “topped-up” net rental income (C)	**56.545**	**41.873**
(in%)		
EPRA NET INITIAL YIELD (NIY) (A/B)	**6,2%**	**6,0%**
EPRA “topped-up” NET INITIAL YIELD (NIY) (C/B)	**6,4%**	**6,2%**

* As at 31 December 2018 the company has an available reserve of land in Herentals on its site Herentals Logistics 3 for the potential future construction of an additional warehouse of approximately 8.000 m². At the end of 2018, as at the end of 2017, this reserve of land is valued as clear for construction. Besides, Intervest acquired during 2018 via the perimeter company Genk Green Logistics, zone B on the former Ford site in Genk for a acquisition value of € 3 million.

** The perimeter of the property charges to be excluded for the calculation of the EPRA Net Initial Yield is recorded in the EPRA Best Practices and does not correspond with the “Property charges” as presented in the consolidated IFRS accounts.

The EPRA Net Initial Yield and the EPRA Adjusted Net Initial Yield as at 31 December 2018 increased compared to 31 December 2017 as a result of leases in the existing portfolio, compensated by acquisitions during the course of 2017 and 2018 at sharpened yields.

Table 5: EPRA vacancy rate

Segment	Leasable space (in thousands m²)	Estimated rental value (ERV) on vacancy (in thousands €)	Estimated rental value (ERV) (in thousands €)	EPRA vacancy rate (in %)	EPRA vacancy rate (in %)
				31.12.2018	31.12.2017
Offices	238	3.731	30.107	12%	24%
Logistics real estate	589	634	24.880	3%	3%
Logistics real estate the Netherlands	196	0	9.942	0%	0%
Total real estate properties available for lease	**1.023**	**4.365**	**64.929**	**7%**	**14%**

The EPRA vacancy rate as at 31 December 2017 decreased by 7 percentage points compared to 31 December 2017. The EPRA vacancy rate of the office portfolio is decreasing by 12 percentage points as a result of the leases in Greenhouse BXL and the full lease of Greenhouse Mechelen (tower building at Mechelen Campus). The EPRA vacancy rate in the logistics portfolio remains low at 3% in Belgium and there is no vacancy in the Netherlands. The EPRA vacancy rate for the total logistics portfolio is 2%.

Table 6: EPRA cost ratios

in thousands €	31.12.2018	31.12.2017
Administratieve and operational expenses (IFRS)	8.366	8.272
Rental-related expenses	*53*	*4*
Recovery of property charges	*-729*	*-881*
Costs payable by tenants and borne by the landlord for rental damage and refurbishmentg	*529*	*375*
Other rental-related income and expenses	*-606*	*-117*
Property charges	*6.394*	*6.162*
General costs	*2.749*	*2.722*
Other operating income and costs	*-24*	*7*
To be excluded:		
Compensations for leasehold estate and long-lease rights	-12	-21
EPRA costs (including vacancy costs) (A)	**8.353**	**8.251**
Vacancy costs	-587	-634
EPRA costs (excluding vacancy costs) (B)	**7.766**	**7.617**
Rental income less compensations for leasehold estate and long-lease rights (emphyteusis) (C)	**47.907**	**43.328**
(in %)		
EPRA cost ratio (including vacancy costs) (A/C)	**17,4%**	**19,0%**
EPRA cost ratio (excluding vacancy costs) (B/C)	**16,2%**	**17,6%**

As a result of a thorough analysis of the EPRA definitions, the calculation method of the EPRA cost ratio including and excluding vacancy costs was adjusted and adapted. To maintain a good comparison basis, the comparative figures for 2017 in the table above were adjusted and recalculated according to this new calculation method.

The EPRA cost ratio as at 31 December 2018 decreased compared to 31 December 2017, as a result of the higher rental income from acquisitions and the rather restricted increase in the real estate costs.

Table 7: EPRA net rental income on steady comparison base

in thousands €	31.12.2018				31.12.2017		
Segment	**Unchanged composition of the portfolio over two years**	Acquisitions & developments	Divestments	Total net rental income	**Unchanged composition of the portfolio over two years**	**Evolution in net rental income**	**Evolution in net rental income (in %)**
Offices	**20.161**	161	0	20.322	**19.445**	**716**	**4%**
Changes pursuant to indexation						272	1%
Changes in the occupancy rate						641	3%
Changes pursuant to renegotiation with current or new tenants						-79	0%
Changes to compensation for damages received						-165	-1%
Other changes						47	0%
Logistics	**21.927**	5.671	0	27.598	**22.135**	**-208**	**-1%**
Changes pursuant to indexation						263	1%
Changes in the occupancy rate						-111	-1%
Changes pursuant to renegotiation with current or new tenants						-25	0%
Changes pursuant to reduction on temporary availability agreement						-518	-2%
Changes to compensation for damages received						183	1%
Other changes							
TOTAL RENTAL INCOME for unchanged composition	**42.088**	5.832	0	47.920	**41.580**	**508**	**1%**
Reconciliation with consolidated net rental income							
Rental-related expenses				-53			
NET RENTAL INCOME				47.867			

The above table shows the change in the EPRA rental income in an unchanged portfolio composition.

The additional rental income received as a result of the acquisition of five logistics buildings in 2017 and seven logistics buildings in 2018 as well as the acquired office building in 2018 is not included in the comparison basis.

The like for like of the EPRA rental income shows an increase of 4% in the office portfolio. This is mainly due to the new rentals in vacant spaces in, among others, Mechelen Campus Tower and Woluwe Garden. The like for like of the EPRA rental income shows a decrease of 1% in the logistics portfolio. Here, the temporary provision of an empty space in Puurs results in a decrease of 2%.

Table 8: EPRA investment expenses on steady comparison base

in thousands €	31.12.2018		31.12.2017	
	Offices	Logistics	Offices	Logistics
Acquisition of investment properties	33.723	115.543	0	51.539
Acquisition of shares of real estate companies	0	37.190	0	0
Like-for-like portfolio*	9.158	1.089	878	6.452
Total	**42.881**	**153.822**	**878**	**57.991**

* The investment expenses mentioned in the "like for like portfolio" relate to investments and expansions in buildings owned by the company as at 31 December 2017.

In the logistics portfolio, five logistics sites in the Netherlands were purchased in 2018 for an amount of € 112 million, and, in addition, the land of Genk Green Logistics was purchased for € 3,5 million. Also in the logistics segment, the shares of one real estate company with real estate located in Belgium and one real estate company with real estate in the Netherlands were acquired for a total of € 37 million. One office site was purchased for € 34 million in the office portfolio. No divestments were made in 2018 financial year.

The investment expenses of € 9 million in the existing office portfolio mainly relates to expenses relating to the redevelopment of Greenhouse BXL. In the logistics portfolio, € 1 million was invested in the existing portfolio, the majority of which was for the site in Wommelgem. No investment expenses were made in the existing Dutch portfolio.

7. Outlook for 2019

After having successfully achieved its objectives in 2018, Intervest will continue to work unabatedly on its strategic growth plan regarding the reorientation of its office portfolio and expansion of the logistics real estate portfolio in 2019, 2020 and 2021. Permanent changes in the real estate and financial markets are the reason why Intervest carefully monitors its strategy and approach every year and refines it without affecting the essence in the process.

Investments and development potential

In 2019, too, Intervest will pursue its investment strategy and the company expects the real estate portfolio to further expand to a fair value of € 1 billion by the end of 2019 and € 1,3 billion by the end of 2021.

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, consist 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, just like in 2018. 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, Intervest will examine the possibility of setting up spare land in the vicinity of its clusters already in existence in Belgium and the Netherlands.

The ratio of the two real estate segments in the portfolio as at 31 December 2018 amounted to 60% logistics real estate and 40% 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 2018, Intervest already had three project developments in the pipeline in the Netherlands for an amount of € 57 million and an anticipated total rental income flow of approximately € 3,5 million per year (see chapter 2.3).

Intervest acquired Roosendaal Borchwerf II on 1 March 2019, as planned. This concerns a new built-to-suit industrial building on the industrial site of Borchwerf II measuring 17.900 m². The site consists of a production area and distribution centre of approximately 15.200 m² and has approximately 600 m² of mezzanine and 2.100 m² of office space.

These projects will be delivered over the course of 2019:

- Roosendaal Borchwerf I: a logistics complex of 24.100 m² of storage space, 3.200 m² mezzanine and 600 m² of offices.
- Eindhoven - Gold Forum: extremely sustainable logistics development of 21.000 m², adjacent to Silver Forum, the site that Intervest has had in its portfolio since June 2018.

Gold Forum Eindhoven - Artist impression

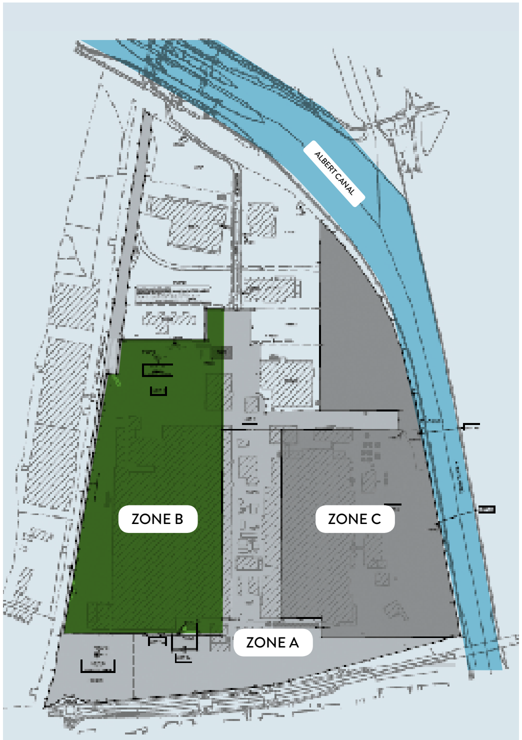
The logistics site in Zellik that Intervest acquired in December 2017 also offers the possibility of being redeveloped in 2019 or later. The site in Zellik is a strategic location on the Brussels periphery, located on the Antwerp-Brussels-Nivelles axis. The Brussels periphery remains a top location for Belgian logistics, both for national distribution and for rapid urban distribution. Intervest expects to accomplish a new state-of-the-art construction of approximately 29.000 m² of warehouse space plus accompanying offices.

In 2019, Intervest will also focus on developing the Genk Green Logistics project which will substantially contribute to achieving Intervest's growth plan in the future. De Vlaamse Waterweg will perform the remediation and demolition works and set up the infrastructure. Intervest has started marketing the site of a total of 250.000 m² of logistics real estate and expects that it can have the first logistics building of approximately 20.000 m² started in the second half of 2019.

The market for logistic real estate is being further examined in Germany. Intervest will assess whether there are any possible investment opportunities that fit in with the strategy and that provide adequate added value.

With regard to the office portfolio, Intervest 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 Intervest office buildings will in future also be converted into multi-tenant buildings with a service-targeted approach. In this way, Intervest continues its strategy of reorienting the office buildings into service-targeted inspiring working environments where working is an experience.

The objective to let the portfolio grow to € 1 billion by 31 December 2019 and to € 1,3 billion by the end of 2021 is subject to asset rotation in the office portfolio whereby smaller, detached, non-optimal or outdated office buildings where the Greenhouse concept is impossible, will be divested if there are sufficiently worthwhile opportunities to do so. Intervest also keeps the options open to divest logistics buildings 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.



Zone B - Development potential - 250.000 m²


Genk Green Logistics - Artist impression


Genk Green Logistics - Artist impression

Rental activity

The occupancy rate of the Intervest real estate portfolio was 93% as at 31 December 2018, 88% for the office buildings and 98% in the logistics portfolio.

Increasing tenant retention by extending lease duration continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the occupancy rate in the office segment. Intervest aims to keep the number of new leases, renewals and expansions in the office portfolio at a stable minimum. In January 2019, Intervest learned that its tenant PwC will leave the Woluwe Garden office building by the end of 2021. During the course of 2019, Intervest will 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 Opglabbeek. Tenant Medtronic has decided to close its logistics establishment in Opglabbeek. The annual rent for Medtronic represents 3% of Intervest's total contractual rental income. The first possibility to give notice for the agreement is 31 August 2022. Discussions are being conducted with Medtronic to further examine the options regarding any re-rental and/or early termination of the agreement by surrendering the lease agreement.

Opglabbeek - Medtronic

Beyond real estate

Intervest continues to permanently tap into changing market circumstances, adapt accordingly and combine this with solid real estate experience.

In the strategic move away from the simple letting of m² towards the provision of flexible solutions and extensive service provision, Intervest continues along that path with the concept of Greenhouse Hub and turn-key solutions: *beyond real estate*. Intervest can “unburden” its customers and offer them added value by listening to what they want, by thinking along with them and by thinking ahead. In 2019 Intervest will again aim to enter new leases or to extend existing lease agreements and implement turn-key solutions: a fully bespoke solution, ranging from fitting-out plans and supervising the works to coordinating the relocation process, within a pre-set time frame and budget.


Greenhouse BXL

Financing

In accordance with Intervest'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 bandwidth will be adjusted downwards to 40-45%.

At year-end 2018, Intervest has a buffer of € 113 million of non-withdrawn credit lines available to finance committed acquisition projects in the pipeline in the amount of € 57 million, the repayment of the bond loan in the amount of € 25 million, which will mature on 1 April 2019 and the dividend payment in May 2019.

In January 2019, Intervest concluded additional financing with Triodos Bank, which is specialised in financing sustainable projects and undertakings, for an amount of € 25 million for a duration of 7 years. By doing so, further work is done to diversify financing sources and financing partners.

In 2019, only one loan that constitutes 6% of the credit lines will need to be refinanced in the third quarter for a total amount of € 30 million.

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

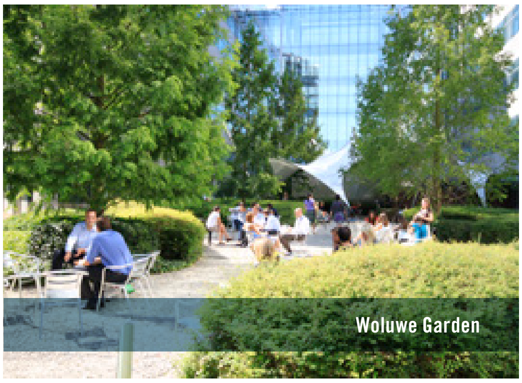
The gross dividend of € 1,40 per share that Intervest announced within the scope of its 2016-2018 growth strategy is confirmed and will be presented to the general meeting of shareholders on 24 April 2019.

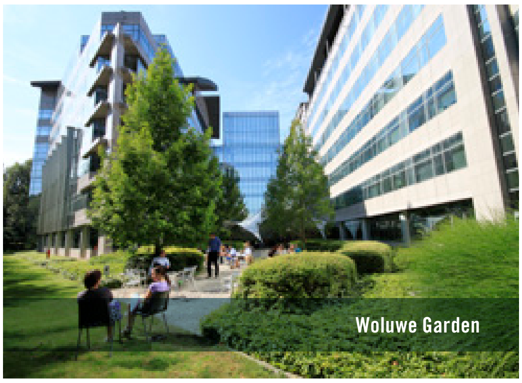
Based on the current strategic plan 2019-2021, Intervest expects the real estate portfolio to grow to € 1 billion by the end of 2019 and to € 1,3 billion by the end of 2021, taking into account possible divestments to improve the quality of the real estate portfolio.

Intervest is planning a 3% growth in EPRA earnings per share for the 2019 financial year. From a strategic point of view, Intervest wants to keep sufficient liquid assets from the operational activities available in the company to develop the Greenhouse concept and other innovations and renovations in its buildings. It is for this reason that Intervest decided to plan a gross dividend of a minimum € 1,50[1] per share. This means a gross dividend yield of 7,3% based on the closing rate of the share as at 31 December 2018, which amounted to € 20,60 and gives an average pay-out ratio of approximately 90%[2] 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 2020.
2 Intervest Offices & Warehouses is a 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 a minimum of 80% of this sum, meaning that the RREC will always fulfil its legal obligations.





Sustainability

Also in 2019, Intervest focuses on sustainability in managing its properties 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, Intervest 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, Intervest will check which existing certificates can be renewed or what actions need to be taken to certify buildings that have not yet been certified.

Every effort is being made to achieve a BREEAM Very Good classification for new construction building projects in the Netherlands in which Intervest was involved from the start of the construction works already, such as in Braak Roosendaal or Gold Forum Eindhoven. With regard to the properties newly acquired in 2017 and 2018, Intervest is examining to what extent energy can be generated by photovoltaic installations on roofs.

In 2019, Intervest will also cooperate in Flux50, the joint venture between the Flemish government, the research sector and industry to make Flanders a "smart energy region". Together with, for example, Quares, Engie and Continental, Intervest forms part of the business consortium that will analyse the possibilities on the Mechelen Campus office site and its immediate vicinity to create a smart grid environment in the long term to be able to exchange power with one another.

With its Greenhouse formula, Intervest 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 2019 by, for example, referring to an app that announces Greenhouse activities and that is also a CRM tool that provides the possibility to establish contact with new business relations. Intervest also plans to involve the Ubicenter office complex in Leuven, which was acquired in 2018, in the Greenhouse concept.

Greenhouse Antwerp

Report on the share

Eindhoven - Silver Forum

INTO
LISTED
EURONEXT

1. Stock market information[1]

Intervest Offices & Warehouses (referred to hereafter as "Intervest") has been listed on the continuous market of the Euronext Brussels stock exchange (INTO) since 1999.

The share is included in stock exchange indexes such as EPRA/NAREIT Developed Europe, EPRA/NAREIT Developed Europe REIT's and GPR 250 Europe.

1.1. Evolution of the share price over 3 years

The share of Intervest closed the financial year as at 31 December 2018 at a share price of € 20,60, compared to € 21,69 as at 31 December 2017.

This decrease can be partly explained by the capital increase with irreducible allocation rights of November 2018 for an amount of € 99,9 million. On this occasion 5.397.554 new shares were issued and coupon 21, which entitles the holder to a gross dividend for the period from 1 January 2018 to 29 November 2018 inclusive, was detached for an amount of € 1,28 per share.

The average share price of financial year 2018 amounted to € 21,69 compared to € 22,04 in financial year 2017. The share's lowest closing price was € 19,74 (as at 23 November 2018) and its highest closing price was € 22,96 (as at 30 April 2018).

1 On 15 November 2018, the past share price of Intervest was recalculated pursuant to the capital increase with irreducible priority allocation rights. The data and calculations in the 2018 Annual Report are based on the corrected closing prices, as these can currently also be consulted at www.Euronext.com.

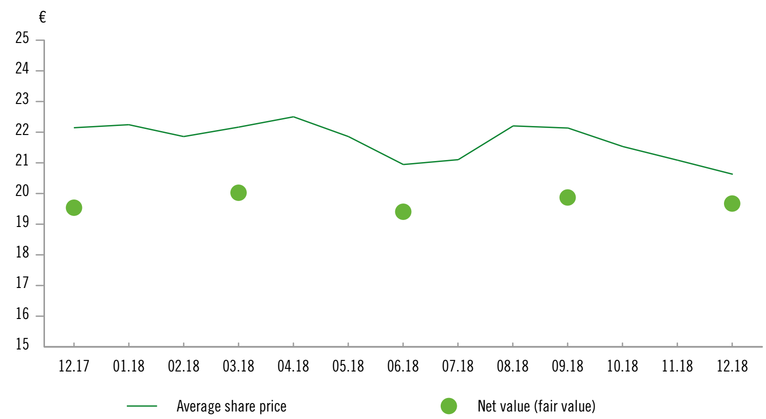
1.2. 2018 stock exchange performance compared to BEL20

On average, the share of Intervest performed better than the BEL 20 in 2018.

The ex-dividend date for the dividend covering financial year 2017 (coupon 19) was on 4 May 2018. The coupon detachment of coupon no. 21 (pro rata temporis dividend detachment in the context of the capital increase of 30 November 2018) was, as shown in the above graph, on 15 November 2018.

The market capitalisation of Intervest as at 31 December 2018 amounted to € 500 million.

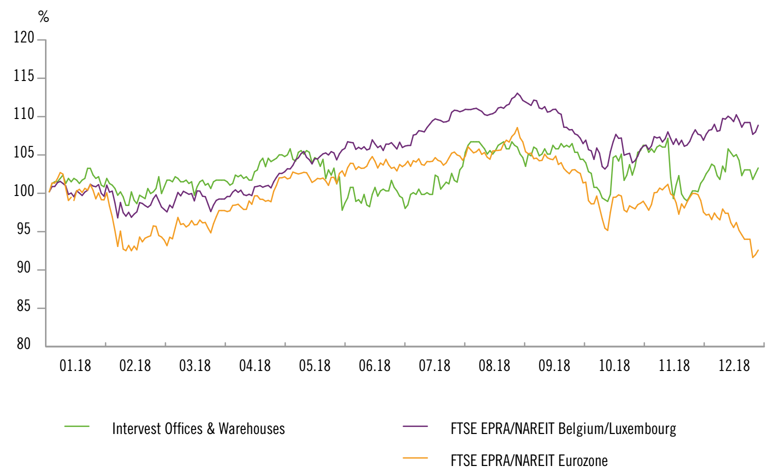
1.3. Premium of the share price with regard to net value



The share of Intervest recorded an average premium of 10% compared to the net value (fair value) and 9% with regard to the EPRA NAV during financial year 2018.

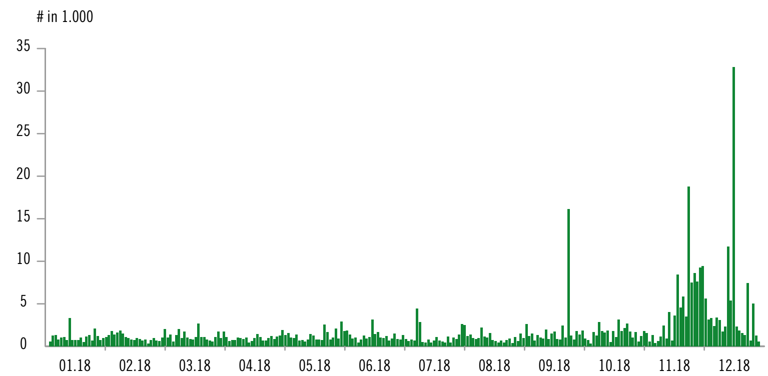
The premium as at year end 31 December 2018 amounted to 5% compared to the net value (fair value) and 4% with regard to the EPRA NAV. The net value includes the dividend for financial year 2018.

1.4. Comparison of Intervest with EPRA/NAREIT indexes - Total return



During 2018, Intervest's share performed better on average than the FTSE EPRA/NAREIT indexes. Only the FTSE EPRA/NAREIT Belgium/ Luxembourg performed better.

1.5. Traded volume Intervest



The traded volumes in 2018 were at a higher level than in 2017 with an average of 18.094 shares a day (an average of 11.323 a day). Trade in the share was significantly higher, particularly in the fourth quarter, as a result of the capital increase with irreducible priority allocation rights in November 2018 and, consequently, the achievement of the strategic objective of having the portfolio grow to € 800 million. The share turnover rate amounted to 19% in 2018 compared to 15,7% in 2017. Based on the weighted average number of shares, the turnover rate of the Intervest share is 24%.

A liquidity agreement has been concluded with ING Bank and Degroof Petercam in order to boost the marketability of the shares. In practice this happens by regularly submitting purchase and sale orders within certain margins.

2. Dividend and shares

The share price of an Intervest share was € 20,60 as at 31 December 2018, which means the shareholders were offered a gross dividend return of 6,8%.

NUMBER OF SHARES	31.12.2018	31.12.2017	31.12.2016
Number of shares at the end of the period	24.288.997	18.405.624	16.784.521
Number of shares entitled to dividend	24.288.997	17.740.407	16.784.521
Free float (%)	85%	83%	82%

STOCK MARKET INFORMATION	31.12.2018	31.12.2017	31.12.2016
Highest closing share price (€)	22,96	24,27	25,99
Lowest closing share price (€)	19,74	21,86	22,57
Share price on closing date (€)	20,6	22,49	23,90
Premium to net value (fair value) (%)	5%	15%	23%
Average share price (€)	21,69	22,85	24,23
Number of shares traded per year	4.595.938	2.898.600	4.675.888
Average number of shares traded per day	18.094	11.323	18.194
Share turnover rate (%)	19%	15,7%	27,9%

DATA PER SHARE (€)	31.12.2018	31.12.2017	31.12.2016
Net value (fair value)**	19,62	19,52	19,43
Net asset value EPRA	19,88	19,62	19,60
Market capitalisation (million)	500	414	401
Pay-out ratio (%)	86%	91%*	81%*
Gross dividend	1,40	1,40	1,40
Percentage withholding tax (%)	30%	30%	30%
Net dividend	0,9800	0,9800	0,9800
Gross dividend yield (%)	6,8%	6,2%	5,9%
Net dividend yield (%)	4,8%	4,3%	4,1%

** The net value (fair value) corresponds to the net value as determined in article 2, 23° the RREC Act.

* For financial year 2017 and financiel year 2016 the pay-out ratio was still calculated on the basis of the staturory EPRA earnigs per share counting the number of shares entitled to dividend.

3. Shareholders[1]

As at 31 December 2018, the following shareholders' structure was known to the company.

Name	Number of shares	Date of transparency notifications	% on date transparency notification
FPIM/SFPI (including Belfius Groep)	**1.788.821**	**24 August 2016**	**10,66%**
Federale Participatie- en Investeringsmaatschappij nv/ Société Fédérale de Participations et d'Investissement S.A. (FPIM/SFPI) Louizalaan 32-46A, 1050 Brussels (parent company of Belfius Bank nv)	0		
Belfius Verzekeringen nv	1.778.821		
Belfius Bank nv	10.000		
Allianz Koenigingstrasse 28 - 80802 München, Germany (Allianz SE controls Allianz Europe BV which, in its turn, controls Allianz Benelux S.A.)	**1.258.474**	**19 February 2016**	**7,75%**
Allianz SE	0		
Allianz Europe BV	1.163.236		
Allianz Benelux S.A.	95.238		
Patronale Group NV Belliardstraat 3, 1040 Brussels	**826.994**	**6 September 2018**	**4,38%**
Patronale Group NV	309		
Patronale Life NV	826.685		
BlackRock 55 East 52nd Street - New York, NY 10055, U.S.A.	**493.742**	**30 June 2015**	**3,04%**
BlackRock Asset Management Canada Ltd	7.643		
BlackRock Asset Management Ireland Ltd	239.651		
BlackRock Asset Management North Asia Ltd	321		
BlackRock Fund Advisors	134.143		
BlackRock Fund Managers Ltd	10.513		
BlackRock Institutional Trust Company, National Association	96.868		
BlackRock International Ltd	4.603		
Other shareholders under the statutory threshold	**19.920.966**		**74,17%**
TOTAL	**24.288.997**		**100%**

1 Number of shares based on the transparency notifications received until 31 December 2018 inclusive.

The free float of the share of Intervest was 85% as at 31 December 2018.

Transparency notifications in 2018

On 6 September 2018 Intervest received a transparency notification from Patronale Group nv and Patronale Life nv, from which it appears that, as a result of a merger between Patronale Group nv and Fork Capital nv, Patronale Group nv has acquired control over Patronale Life nv, and thus has 4,38% voting securities or voting rights of Intervest at group level.

On 6 November 2018 Intervest received a transparency notification from Foyer Finance SA in which it stated that the statutory threshold of 3%, the lowest threshold, was understated. Intervest received the same transparency notice from De Eik nv on 30 November 2018.

The complete notifications as well as the shareholders' structure may be consulted on the website of Intervest under the following heading: Shareholding Structure

https://www.intervest.be/en/shareholders-structure

In accordance with the applicable legal prescriptions, every natural or legal person that purchases or sells shares or other financial instruments of a company with a right to vote, be it representing capital or not, is obliged to notify the company as well as the Financial Services and Markets Authority (FSMA) of the number of financial instruments that he, she or it possesses whenever the right to vote connected to these shares reaches five percent (5%) or a multiple of five percent of the total number of voting rights at that moment or at the moment when circumstances occur that give reason for such notification to become obligatory.

Besides the legal threshold mentioned in the previous paragraph, the company also stipulates a statutory threshold of three percent (3%).

Declaration is also obligatory in case of transfer of shares, if the number of voting rights increases above or decreases below the thresholds, stipulated above, as a result of this transfer.

The denominator for these notifications in the context of transparency reporting was last amended on 30 November 2018 as a result of the capital increase with irreducible priority allocation rights and the accompanying issue of 5.397.554 new shares.

4. Financial calendar 2019

Thur 15
Ex dividend date
coupon 21

Fri 16
Record date
dividend
coupon 21

Wed 24 at 4:30 pm
General meeting of
shareholders

Fri 3
Ex dividend date
coupon 22

Mon 6
Record date dividend
coupon 22

As of Tue 21
Dividend payment

Mon 4
Interim statement on
the results as at
30 September 2019

NOV 2018 | DEC | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC 2019

Thur 14
Announcement of
annual results as at
31 December 2018

Thur 2
Interim statement on
the results as at
31 March 2019

Wed 31
Half-yearly financial
statement as at
30 June 2019

Any changes to the financial calendar that might be required will be disclosed in a press release, that can also be consulted on the company website, www.intervest.be.

Property report


Greenhouse BXL

1. Composition of the portfolio

The activities and results of Intervest Offices & Warehouses (referred to hereafter as "Intervest") depend, in part, on the evolution of the general economic climate. This is measured based on the level of growth or decline in the gross domestic product of Belgium and has an indirect impact on the occupation of commercial buildings by the private sector.

The impact of the economic situation on the results of Intervest is, however, mitigated by the composition of the portfolio, the duration of the lease agreements, the risk spread among tenants and the quality of tenants, the sectoral spreading of the portfolio and the location and quality of the buildings.

The operating and property management of all Intervest's buildings takes place on an internal basis[1] in order to insure a consistent and reliable relationship with clients. Thanks to the know-how of its own asset and property management teams, being exclusively at the service of the clients-tenants, the strategy is implemented in all investment segments. The company can rely on internal commercial, accounting, financial, human resources and communications services.

1.1. Real estate portfolio as at 31 December 2018

In 2018, the Intervest real estate portfolio experienced a growth of 31% or € 204 million, mainly due to acquisitions and redevelopments, in line with the strategy and, in this way, it grew from € 663 million as at 31 December 2017 to € 867 million as at the end of 2018. The strategic objective to enable the real estate portfolio to grow to € 800 million has therefore been more than achieved. In addition, Intervest has committed developments in the pipeline in the Netherlands of € 57 million with three logistics projects (Roosendaal and Eindhoven) that will be delivered in the course of 2019.

Real estate properties available for lease

The leasable surface area of the real estate portfolio was expanded in 2018 by 228.052 m² or 22% compared to the end of 2017 and reached a significant threshold on 31 December 2018 with a total leasable **surface area** of over 1 million m². This increase is mainly the result of the acquisition of six logistics sites in the Netherlands, more specifically in Tilburg, Roosendaal, Vuren, Eindhoven and two sites in Raamsdonksveer, and two acquisitions in Belgium, more specifically, a logistics site in Ghent and an office site in Leuven.

As at 31 December 2018 the real estate portfolio has a surface area of 1.022.948 m² (794.896 m² as at 31 December 2017).

1 With the exception of the property management at Mechelen Campus, which is carried out by Quares Property and Facility Management, and for the Dutch properties, which is carried out by Storms International Property Services.

Buildings

Logistics real estate in Belgium
Antwerp - Limburg - Liège
Aarschot - Nieuwlandlaan 321 - 3200 Aarschot
Herentals Logistics 1 - Atealaan 34b - 2200 Herentals
Herentals Logistics 2 - Atealaan 34c - 2200 Herentals
Herentals Logistics 3[2] - Atealaan 34b - 2200 Herentals
Liège - Première Avenue 32 - 4040 Liège
Houthalen - Europark 1026 - 3530 Houthalen
Oevel 1, 2 en 3 - Nijverheidsstraat 8-9-9a-11 - 2260 Oevel
Opglabbeek - Weg naar Zwartberg 231 - 3660 Opglabbeek
Wommelgem - Koralenhoeve 25 - 2160 Wommelgem
Antwerp - Ghent - Lille
Ghent - Eddastraat 21 - 9042 Ghent
Antwerp - Brussels - Nivelles
Aartselaar - Dijkstraat 1A - 2630 Aartselaar
Boom - Industrieweg 18 - 2850 Boom
Duffel - Stocletlaan 23 - 2570 Duffel
Mechelen 1 - Oude Baan 12 - 2800 Mechelen
Mechelen 2 - Dellingstraat 57 - 2800 Mechelen
Puurs - Koning Leopoldlaan 5 - 2870 Puurs
Schelle - Molenberglei 8 - 2627 Schelle
Wilrijk 1 - Boomsesteenweg 801-803 - 2610 Wilrijk
Wilrijk 2 -Geleegweg 1-7 - 2610 Wilrijk
Huizingen - Gustave Demeurslaan 69-71 - 1654 Huizingen
Merchtem - Preenakker 20 - 1785 Merchtem
Zellik - Brusselsesteenweg 464 - 1731 Zellik
Total Logistics real estate in Belgium

Logistics real estate in the Netherlands
Eindhoven Silver Forum - Flight Forum 1800-1950 - 5657 EZ Eindhoven
Raamsdonksveer - Steurweg 2 - 4941 VR Raamsdonksveer
Raamsdonksveer - Zalmweg 37 - 4941 SH Raamsdonksveer
Raamsdonksveer - Zalmweg 41 - 4941 SH Raamsdonksveer
Roosendaal - Leemstraat 15-23 Boerkensleen 23a - 4705 RT Roosendaal
Tilburg - Belle van Zuylenstraat 10-12 - 5032 MA Tilburg
Tilburg - Kronosstraat 2 - 5048 CE Tilburg
Vuren - Hooglandseweg 6 - 4214 KG Vuren
Total Logistics real estate in the Netherlands
TOTAL LOGISTICS REAL ESTATE

Year of construction or renovation	Year of latest extension or investment	Leasable space (m^2)	Occupancy rate[1] (%)
		337.120	**99%**
2005	nvt	14.602	100%
2011	nvt	17.346	91%
2012	nvt	50.912	100%
2017	nvt	12.123	100%
2000 - 2009	2017	55.468	100%
2001	2016	26.996	100%
1995 - 2013	nvt	57.774	100%
1999 - 2012	2017	77.718	100%
1998	2017	24.181	100%
		37.944	**100%**
1992-2002	2018	37.944	100%
		213.700	**94%**
1994	nvt	9.866	100%
2000	2015	24.871	100%
1998	nvt	23.386	100%
2004	nvt	15.341	100%
1998	2010	7.046	100%
2001	nvt	43.534	74%
1993	2016	8.317	87%
1986	2013	5.364	100%
1989	2016	24.521	100%
1987	1993	17.548	100%
1992	2002	7.269	100%
1994	2008	26.637	100%
		588.764	**98%**
2002	nvt	28.695	100%
1980	2008	14.581	100%
2010	nvt	20.653	100%
2002	nvt	38.573	100%
1975-2012	2012	38.128	100%
1989-1997	1997	28.493	100%
2004	2011	13.309	100%
2018	nvt	14.020	100%
		196.452	**100%**
		785.216	**98%**

1 The occupancy rate is calculated as the ratio of the estimated rental value of the leased space and the estimated rental value of the total portfolio.
2 As at 31 December 2018 the company has an available reserve of land in Herentals on its site Herentals Logistics 3 for the potential future construction of an additional warehouse of approximately 8.000 m². At the end of 2018 this reserve of land is valued as clear for construction.

Offices available for rent in Belgium	
Antwerp	
Aartselaar - Kontichsesteenweg 54 - 2630 Aartselaar	
Gateway House - Brusselstraat 59/Montignystraat 80 - 2018 Antwerp	
Greenhouse Antwerp - Uitbreidingstraat 66 - 2600 Berchem	
De Arend - Prins Boudewijnlaan 45-49 - 2650 Edegem	
Brussels	
Greenhouse BXL - Berkenlaan 7, 8a en 8b - 1831 Diegem	
Inter Access Park - Pontbeekstraat 2 & 4 - 1700 Dilbeek (Groot-Bijgaarden)	
Park Rozendal - Terhulpsesteenweg 6A - 1560 Hoeilaart	
Woluwe Garden - Woluwedal 18-22 - 1932 Sint-Stevens-Woluwe	
Exiten - Zuiderlaan 91 - 1731 Zellik	
Mechelen	
Intercity Business Park - Generaal De Wittelaan 9-21 - 2800 Mechelen	
Mechelen Business Tower - Blarenberglaan 2C - 2800 Mechelen	
Mechelen Campus - Schaliënhoevedreef 20 A-J en T - 2800 Mechelen	
Leuven	
Ubicenter - Philipssite 5 - 3001 Leuven	
TOTAL OFFICES AVAILABLE FOR RENT	
TOTAL REAL ESTATE AVAILABLE FOR RENT	

Year of construction or renovation	Year of latest extension or investment	Leasable space (m²)	Occupancy rate[1] (%)
		28.006	**86%**
2000	2016	4.140	99%
2002	2016	11.172	67%
2016		5.763	100%
1997		6.931	100%
		56.788	**91%**
2000 - 2002	2017/2018	20.257	80%
2000	2014	6.392	95%
1994	2005	2.830	86%
2000	2014	23.681	100%
2002		3.628	100%
		125.911	**84%**
1993 - 1999 / 2016	2015	54.190	78%
2001	2014	13.574	86%
2000 - 2005	2012 - 2015	58.147	88%
		27.027	**96%**
2001		27.027	96%
		237.732	**88%**
		1.022.948	**93%**

1 The occupancy rate is calculated as the ratio of the estimated rental value of the leased space and the estimated rental value of t he total portfolio..

Future development potential

In 2018 Intervest lay the foundation for the company's further growth with the redevelopment trajectory of **"Genk Green Logistics"**.
This project has a **future development potential** of approximately 250.000 m² state-of-the-art logistics real estate on Zone B of the former Ford site, spanned over a period of five years. The Ford site is an exceptional investment opportunity because of its location, size and multi-modal accessibility.
In Herentals, on its Herentals Logistics 3 site, the company also has a reserve of land offering future potential construction of an additional warehouse of approximately 8.000 m². At the end of 2018 this reserve of land is valued as clear for construction.

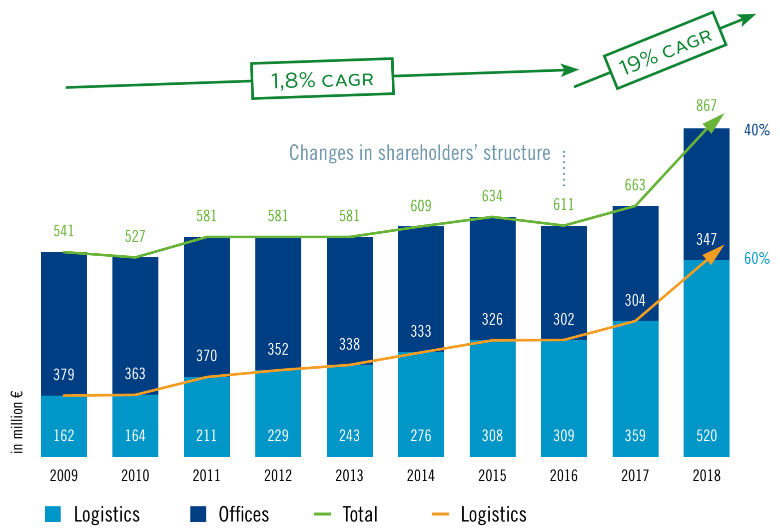
As at 31 December 2018, the company has the following land reserves in the logistics portfolio:

Location	Surface area site (m²)	Potential leasable surface area (m²)
Antwerp - Limburg - Liège		
Herentals Logistics 3	11.000	8.000
Genk Green Logistics	420.000	250.000
TOTAL	**431.000**	**258.000**

1.2. Evolution of fair value of the real estate portfolio

Total fair value increased by € 204 million.

As at 31 December 2018, the fair value of the real estate portfolio amounted to € 867 million of which 60% consists of logistics buildings and 40% of offices.



1.3. Nature of the portfolio[1]

The ratio of the real estate segments in the portfolio at the end of the year 2018 corresponded to the strategy stated: **60%** of the portfolio is invested in **logistics real estate** and **40%** in **office buildings** (54% and 46% respectively at the end of 2017).

In 2018, Intervest realised a total of eight **new acquisitions** for a total amount of € 186 million, of which six are logistics sites in the Netherlands, one in Belgium and one office site in Belgium.

Segment	Fair value	Contractual rent	Share in portfolio	Acquisition value*	Insured value
	(€ 000)	(€ 000)	(%)	(€ 000)	(€ 000)
Offices available for rent	346.769	27.021	40%	337.697	384.722
Logistics properties available for rent	511.884	36.615	59%	480.568	346.778
Real estate properties available for rent	**858.653**	**63.636**	**99%**	**818.265**	**731.500**
Logistics reserve of land	5.222	nvt	1%	5.222	nvt
Logistics real estate held by right-of-use	2.236	nvt	0%	nvt	nvt
Other logistics	393	nvt	0%	393	nvt
TOTAL	**866.504**	**63.636**	**100%**	**823.880**	**731.500**

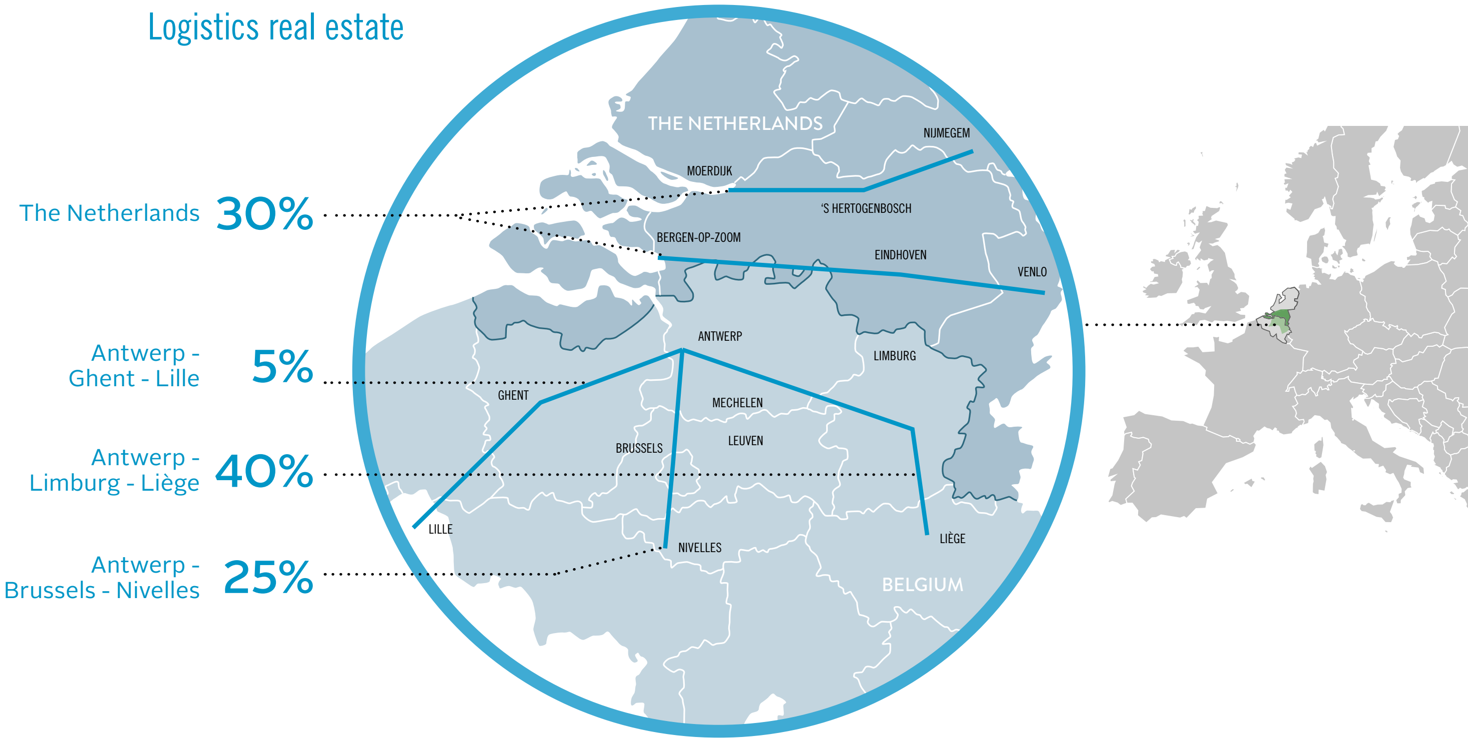
* Including activated investments.

1 Percentages based on the fair value of the investment properties at year-end.

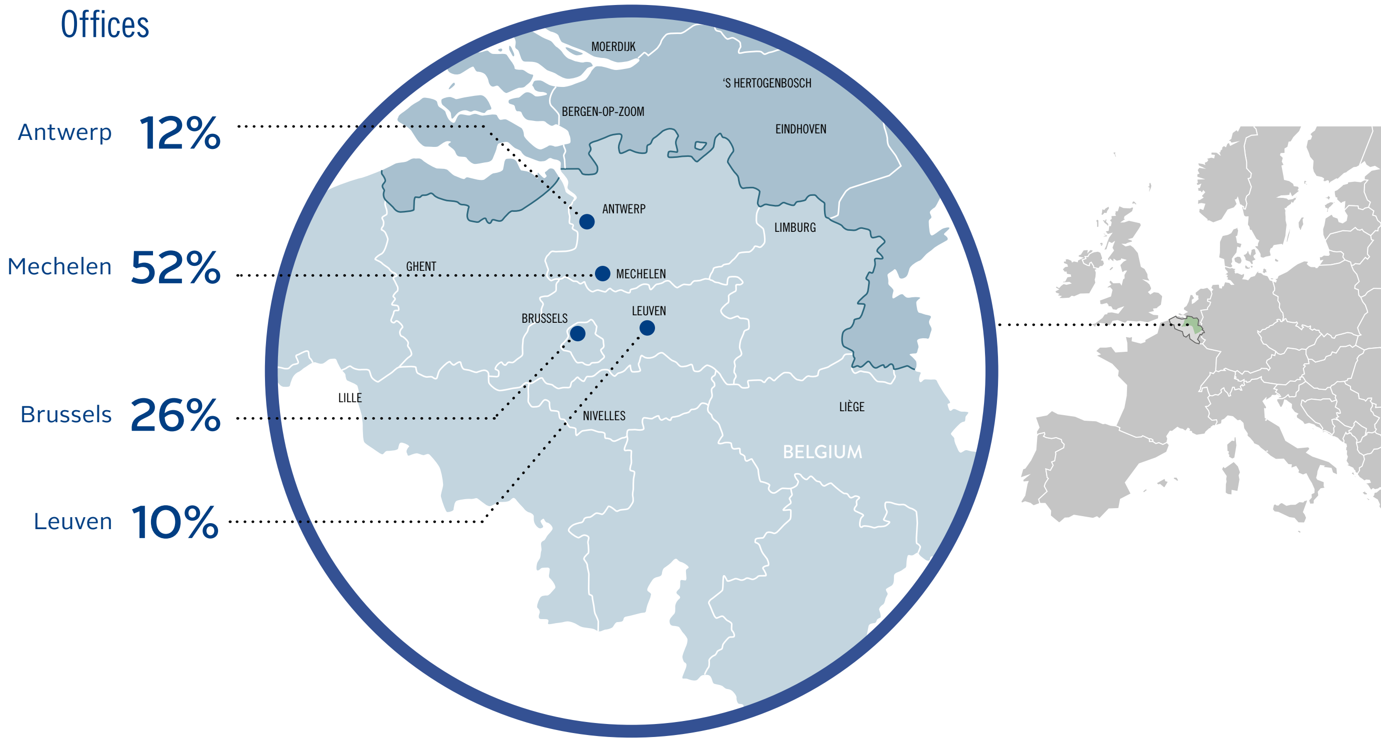
1.4. Geographical spread of the portfolio[1]

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.

Logistics real estate



Offices



1 Percentages based on the fair value of the investment properties as at 31 December 2018

Logistics real estate

The logistics segment of the portfolio in Belgium is located on the Antwerp - Brussels - Nivelles (25%), Antwerp - Limburg - Liège (40%) and Antwerp - Ghent - Lille (5%) axes and, in the Netherlands (30%), focuses on the Moerdijk - 's Hertogenbosch - Nijmegen and Bergen-op-Zoom - Eindhoven - Venlo axes.

Offices

The office segment of the portfolio focuses on the central cities of Antwerp (12%), Mechelen (52%), Brussels (26%) and Leuven (10%) and is located both in the city centre and on campuses outside the city.

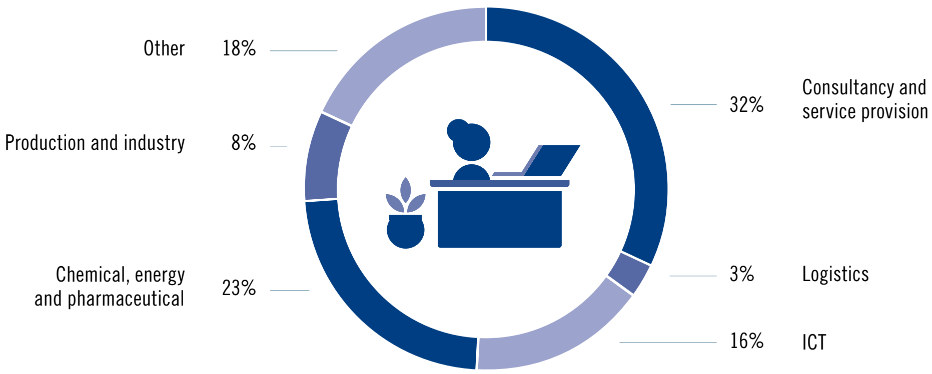
1.5. Sectoral spread of the portfolio[1]

Logistics real estate

Approximately 43% of the logistics portfolio is let to companies from outside the logistics sector, which improves the stability of the rental income, especially in periods with a less favourable economic situation.

Offices

The tenants are well spread over different economic sectors, which reduces the risk of vacancy in case of fluctuations of the economy which could hit some sectors more than others.

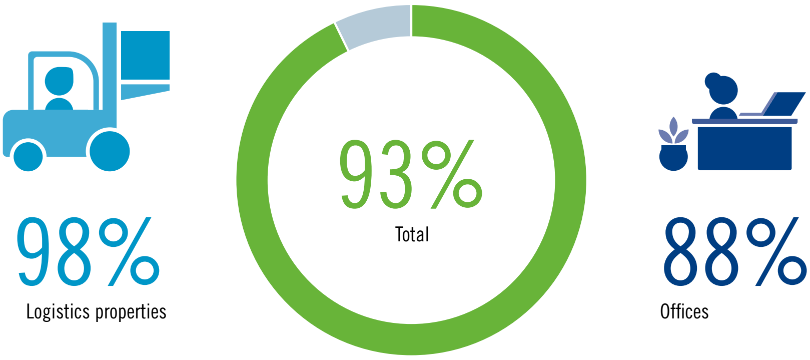


1 Percentages based on the contractual rents.

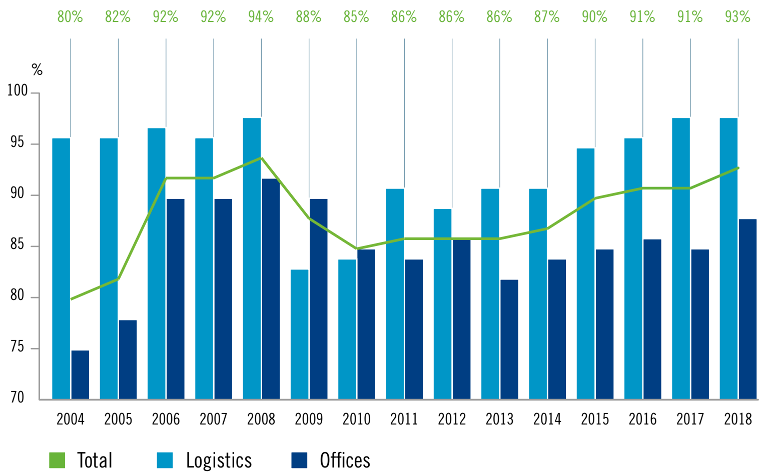
1.6. Occupancy rate

The occupancy rate of the total real estate portfolio of Intervest amounted to 93% as at 31 December 2018, which means that there is an increase of 2 percentage points compared to the end of the year 2017 (91%). There was an increase of 3 percentage points to 88% in the occupancy rate for the office portfolio as at 31 December 2018 (85% at the end of the year 2017, 76% including Greenhouse BXL). The occupancy rate of the logistics portfolio remained stable at 98% as at 31 December 2018 (98% as at the end of the year 2017).

The increase in the occupancy rate was mainly due to the occupancy of 80% of the leased Greenhouse BXL, the lease of the entire Greenhouse Mechelen (tower building on Mechelen Campus) and the acquisition of seven fully leased logistics sites.



Improvement of the total occupancy rate by 2 percentage points to 93%.



Occupancy rate follows the economic cycle

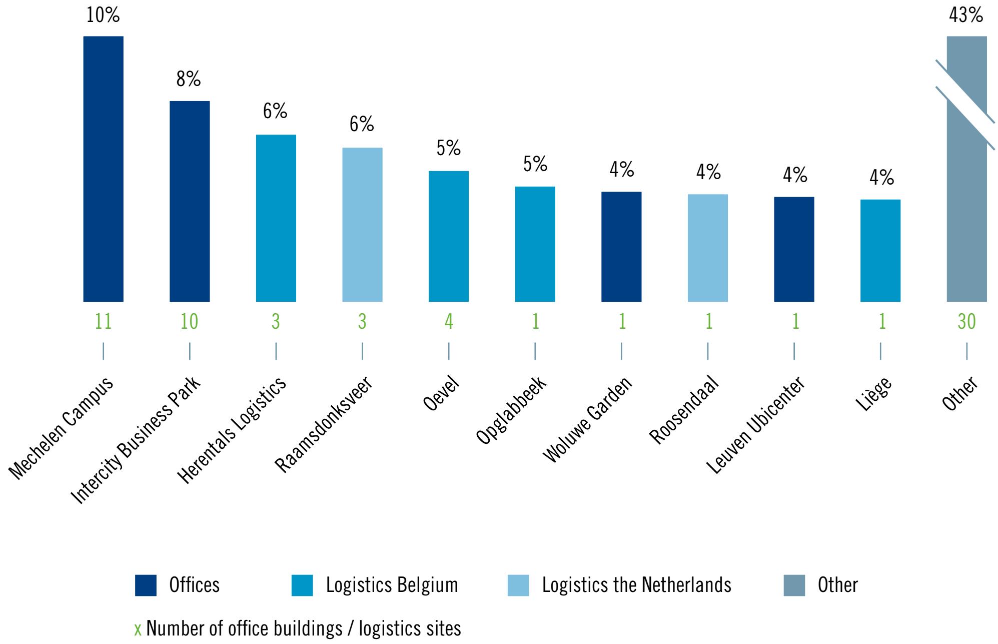
The average occupancy rate of the real estate portfolio of Intervest over the 15-year period from 2004 until 2018 was 88% with a maximum of 94% (as at 31 December 2008) and with a minimum of 80% (as at 31 December 2004).

The occupancy rate of both the logistics portfolio and of the office portfolio is currently at the top of the historical range.

1.7. Risk spread of buildings[1]

Intervest aims to obtain an optimal risk spread and tries to limit the relative share of the individual buildings and complexes in the overall portfolio.

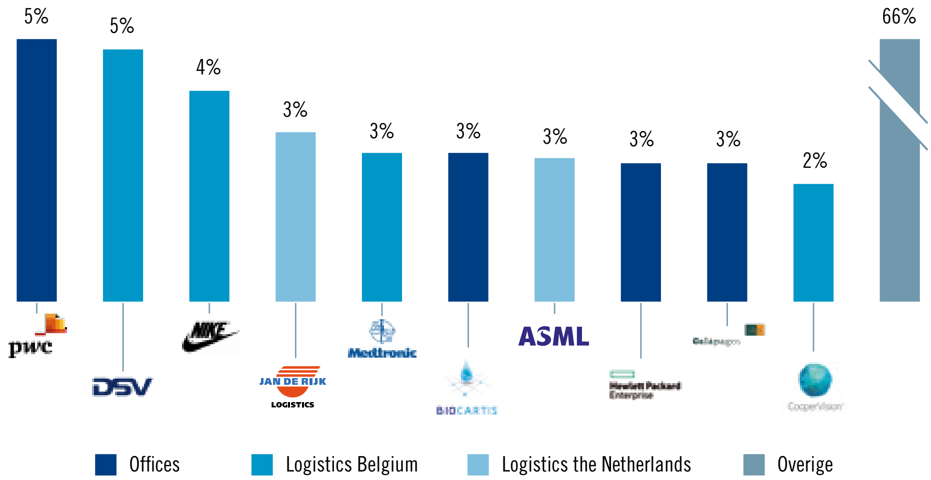
The largest complex is Mechelen Campus with a surface area of 58.149 m² but it is made up of eleven separate buildings. Woluwe Garden and Intercity Business Park are also complexes consisting of different buildings.



1.8. Risk spread by tenants[2]

The ten biggest tenants represent 34% of the rental income. These are all prominent companies in their sector which often form part of international groups. 13% of the top tenants are part of the office segment and 21% fall under the logistics segment.

Intervest rental income is spread across 220 different tenants, limiting Intervest's debtor's risk and improving the stability of the rental income.



1 Percentages based on the fair value of the investment properties as at 31 December 2018.
2 Percentages based on the contractual rents..

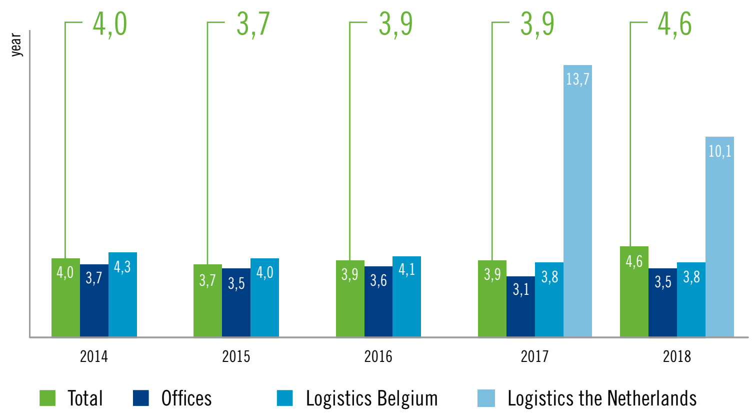
On 16 February 2018, Intervest learned via the press of Medtronic's intention of closing its logistics site in Opglabbeek. The annual rent for Medtronic represents 3% of Intervest's total contractual rental income. The first possibility to give notice for the contract is 31 August 2022. In the meantime, the first discussions are being conducted with Medtronic to further examine the options regarding any re-rental and termination of the agreement in 2022.

The lease agreement with PricewaterhouseCoopers in Woluwe Garden will expire on 31 December 2021. In the meantime, it is clear to Intervest that this tenant, which represents 5% of Intervest's contractual rental income, will not enter into a new lease agreement after this end date and will leave the property by the end of 2021. With the successful repositioning of Greenhouse BXL, Intervest has already proved that any departure of a major tenant does not necessarily need to be negative. The future possibilities for this building, regarding both the redevelopment into a Greenhouse hub and divestment, will be examined during the course of 2019.

The company is currently unclear as to whether or not Nike Europe Holding, which represents 4% of the contractual rental income, intends to renew this lease agreement ending partly in 2020 and partly in 2021.

1.9. Duration of lease agreements in portfolio[1]

Average remaining duration of the lease agreements of the entire portfolio until the next expiry date

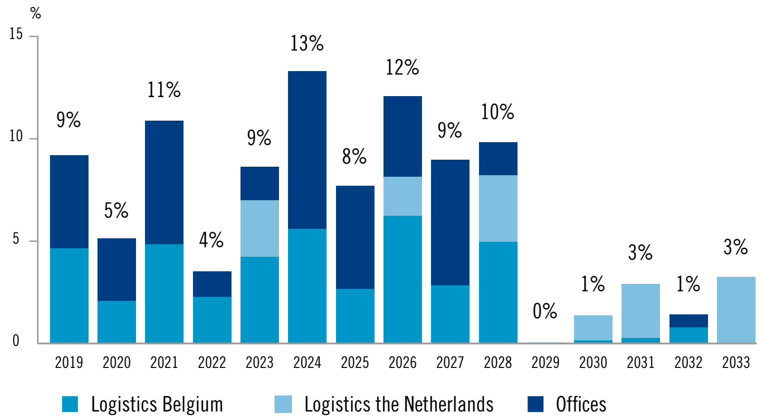


As at 31 December 2018, the average remaining duration of agreements in the entire portfolio was 4,6 years, compared 3,9 years as at 31 December 2017.

1 Calculated on the basis of contractual rents.

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 2019. Only 5% of the agreements will reach the final expiry date in 2020.

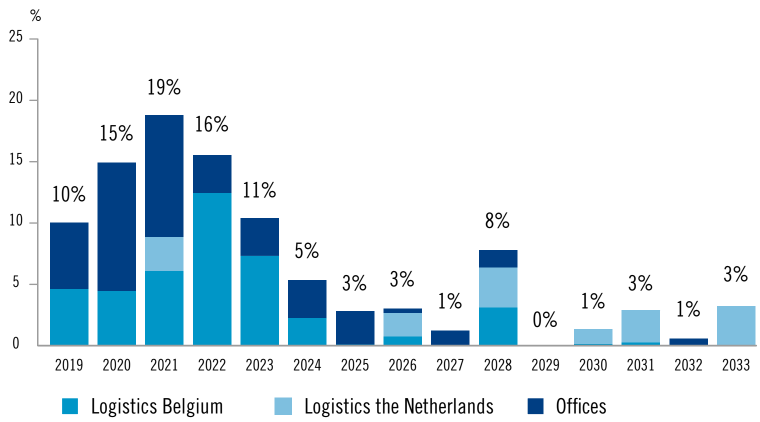


Next expiry dates of the agreements in the entire portfolio

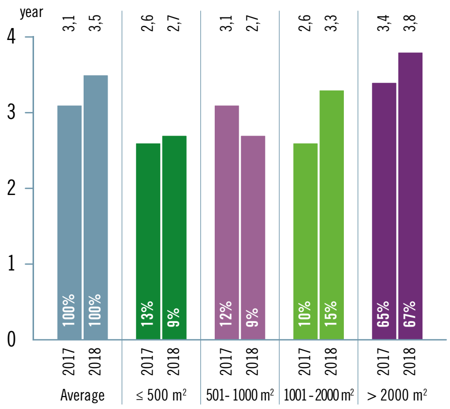
As most agreements are of the type 3/6/9, tenants have the possibility to end their lease agreements every three years. The graph gives the first expiry dates of all lease agreements (this can be the final expiry date or an interim expiry date). Because Intervest has several long-term agreements, not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

The graph shows the hypothetical scenario as at 31 December 2018 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 2018 only gave notice after a lease period of almost 8 years (14 years for the tenants who vacated in 2017).

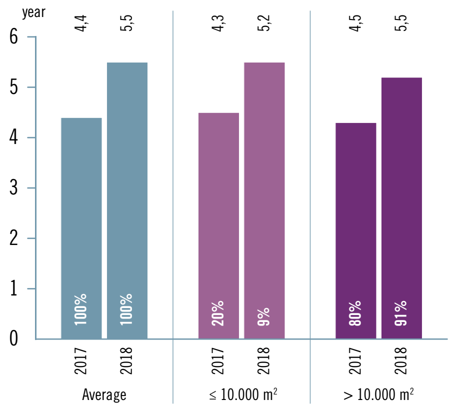
In 2019, 10% of the agreements reach their interim or final expiry date, of which 5% in the office portfolio and 5% in logistics real estate.



Offices



Logistics real estate



For the offices, the average remaining lease period duration until the next expiry date (WALL) amounted to 3,5 years as at 31 December 2018, as compared to 3,1 years as at 31 December 2017. For large office tenants (above 2.000 m²), which comprise 67% of the overall remaining rental income flow, and which therefore have a great impact on Intervest's results, the next expiry date (as at 1 January 2019) is, on average, after 3,8 years, compared to 3,4 years at the of December 2017. This improvement in the average remaining lease period is mainly caused by the newly concluded lease agreements for Greenhouse BXL, often with a fixed duration of 6 years or more, which, thus have a positive effect on the average remaining agreement duration of 0,4 years.

For the logistics properties, the average lease period duration until the next expiry date amounted to 5,5 years as at 31 December 2018, as compared to 4,4 years as at 31 December 2017. This increase is mainly due to the acquisition of five logistics sites that are leased for long terms. They increase the remaining agreement duration until the next expiry date by 1,4 years and provide a WALL logistics in the Netherlands which amounted to 10,1 years as at 31 December 2018.

For major tenants (above 10.000 m² in storage space) the next expiry date, on average, is in 5,5 years (4,5 years as at 31 December 2017).

As at 31 December 2018, the average remaining duration of lease agreements in the office portfolio was 3,5 years as compared to 3,1 years as at 31 December 2017.

For the logistics portfolio, the average duration of the agreements is 5,5 years as at 31 December 2018 as compared to 4,4 years as at 31 December 2017.

Average retention of the portfolio in 2018

Most lease agreements of the company are of 3/6/9 type. However, the effective duration of a number of large agreements is longer.

In the year 2018, 14 lease agreements, or 10% of the annual rental income, reached their final expiry date, including eight agreements or 2% in the office portfolio and six agreements or 8% in the logistics segment.

Six of these were extended by the current tenant and four new agreements were concluded to replace them. In many cases, the new tenant was already present on the site.

In the logistics segment, 2% of the annual contractual rent as at 31 December 2017, which reached the final expiry date in 2018, was not replaced by new rental. This is largely due to the site in Puurs, where the tenant Fiege occupies a smaller area. All lease agreements that reached their final expiry date have indeed been extended, replaced by new agreements or supplemented by expansions of existing agreements.

2% of the annual rental income for offices reached its maturity date in 2018. Some 1% was extended, replaced by new agreements or taken up by extensions of existing agreements.

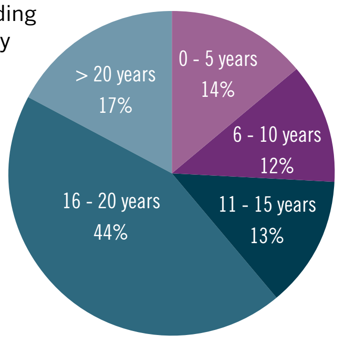
On average, the tenants who vacated in 2018 only gave notice after a lease period of approximately 8 years.

Increasing tenant retention by extending lease durations continues to be the key challenge in the area of asset management, as does further stabilising and possibly improving the occupancy rate in the office segment. Besides the leases in Greenhouse BXL in Diegem, Intervest aims to keep the number of new leases, renewals and expansions in the office portfolio stable at a minimum.

Intervest continues to permanently tap into changing market circumstances, adapt accordingly and combine this with solid real estate experience. By way of the Greenhouse concept, co-working lounges, serviced offices and turn-key solutions, Intervest continues along the path that it has chosen in the strategic change from the mere letting of m² to providing flexible solutions and extensive services: *beyond real estate*. Intervest can "unburden" its customers and offer them added value by listening to what they want, by thinking along with them and by thinking ahead.

1.10. Average age of buildings[1]

Intervest conducts a proactive policy regarding maintenance of the buildings, and the quality of the portfolio is guaranteed by a constant monitoring of the investment plan. In addition to regular investments in quality and sustainability, the sites are redeveloped and renovated to ensure the high quality of the office buildings and the logistics sites and to optimise the technical and economic life span of the buildings. For example, more than € 10 million was spent on investments in the existing portfolio in 2018.



1 Percentages are calculated based on the fair value of the properties available for lease as at 31 December 2018. The age is expressed with reference to the construction year, not taking minor renovation into account. On the other hand, the age is adjusted if a building is fully renovated.

2. Overview of the portfolio

TOTAL PORTFOLIO	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Fair value of investment properties (€ 000)	858.653	662.539	610.944	634.416	609.476
Contractual rents (€ 000)	63.636	48.588	46.337	49.849	46.556
Yield on fair value (%)	7,4%	7,3%	7,6%	7,9%	7,6%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	68.001	55.783	50.871	55.689	53.807
Yield if fully let at fair value (%)	7,9%	8,4%	8,3%	8,8%	8,8%
Total leasable space (m^2)	1.022.948	794.896	705.068	717.073	674.156
Occupancy rate (%)	93%	91%	91%	90%	87%

As at 31 December 2018 the yield of the entire portfolio amounted to 7,4%.

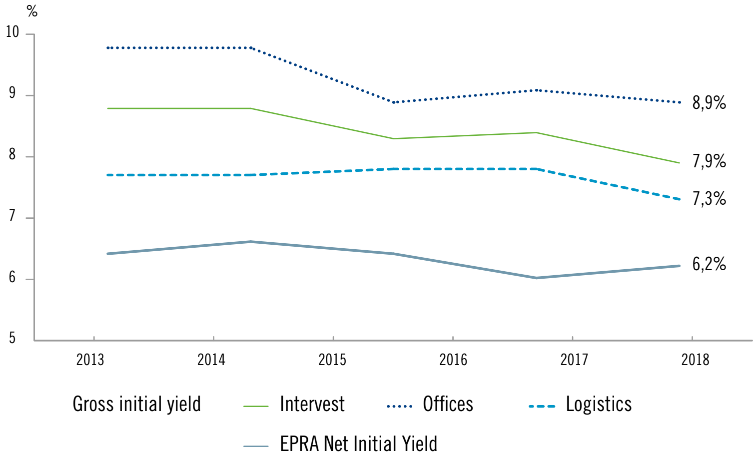
2.1. By segment

OFFICES	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Fair value of investment properties (€ 000)	346.769	304.250	301.926	326.371	332.966
Contractual rents (€ 000)	27.021	21.157	23.179	27.311	27.254
Yield on fair value (%)	7,8%	7,0%	7,7%	8,4%	8,2%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	30.752	27.772	26.808	32.059	32.652
Yield if fully let at fair value (%)	8,9%	9,1%	8,9%	9,8%	9,8%
Total leasable space (m^2)	237.732	210.457	208.716	229.669	229.669
Occupancy rate (%)	88%	85%	86%	85%	83%

LOGISTICS REAL ESTATE	31.12.2018	31.12.2017	31.12.2016	31.12.2015	31.12.2014
Fair value of investment properties (€ 000)	511.884	358.289	309.018	308.045	276.510
Contractual rents (€ 000)	36.615	27.431	23.158	22.538	19.302
Yield on fair value (%)	7,2%	7,7%	7,5%	7,3%	7,0%
Contractual rents increased by the estimated rental value of vacant properties (€ 000)	37.249	28.011	24.063	23.630	21.155
Yield if fully let at fair value (%)	7,3%	7,8%	7,8%	7,7%	7,7%
Total leasable space (m^2)	785.216	584.439	496.352	487.404	444.487
Occupancy rate (%)	98%	98%	96%	95%	91%

2.2. Change in the yield on fair value

The calculation of the yield on fair value in this graph was based on the company's contractual rents, increased by the estimated rental value of the company's vacancy. The average gross yield when fully letting the real estate properties available for lease amounted to 7,9% as at 31 December 2018 (8,4% as at 31 December 2017). For the logistics segment, there was a decrease from 7,8% to 7,3%. As far as the office portfolio is concerned, there is a decrease from 9,1% to 8,9%.



2.3. Insured value

The real estate portfolio of Intervest is insured for a total reconstruction value of € 732 million, excluding the premises on which the buildings are located, compared to a fair value of the real estate investments of € 867 million on 31 December 2018 (even though premises are included in that value). The insured value of the offices is € 385 million and that of the logistics portfolio is € 347 million.

The insurance policies also include additional guarantees for the real estate becoming unfit for use, such as loss of rental income, costs for maintenance and cleaning up the property, claims of tenants and users and third-party claims. The lost rental income is reimbursed as long as the building has not been rebuilt, provided that this is done within a reasonable period as determined by the expert. With these additional guarantees, the insured value amounts to € 1,2 billion. This insured value is split into € 764 million for the offices and € 433 million for the logistics portfolio.

Intervest is insured against liability arising from its activities or its investments under a third-party liability insurance policy covering bodily injury up to an amount of € 12,4 million and material damage (other than that caused by fire and explosion) of up to € 0,6 million. Furthermore, the directors and members of the management committee are insured for directors' liability, covering losses up to an amount of € 30 million.

2.4. Sensitivity analysis

In the case of a hypothetical negative adjustment of 1 percentage point (from 7,4% to 8,4% on average) to the yield used by property experts for determining the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate would decrease by € 102 million or 12%. This would raise the debt ratio of the company by 6 percentage points to around 49%.

If this is reversed, and a hypothetical positive adjustment of 1 percentage point (from 7,4% to 6,4% on average) is made to this yield, the fair value of the real estate would increase by € 134 million or 16%. This would lower the debt ratio of the company by 6 percentage points to around 38%.

3. Valuation of the portfolio by property experts

As at 31 December 2018, the valuation of the current real estate portfolio of Intervest has been carried out by the following property experts:

- Cushman & Wakefield, represented by Fouad Ben Tato and Kris Peetermans
- CBRE Valuation Services, represented by Pieter Paepen and Kevin Van de Velde
- CBRE Valuation Advisory bv, represented by Hero Knol and Willem Rodermond

The property experts analyse rental, sale and purchase transactions on a permanent basis. This makes it possible to correctly analyse real estate trends on the basis of prices actually paid and thus to put together market statistics.

For the assessment of real estate properties, the market, location and some **characteristics** of real estate are taken into account.

The market

- supply and demand of tenants and buyers of comparable real estate properties
- yield trends
- expected inflation
- current interest rates and expectations in terms of interest rates.

The location

- environmental factors
- parking availability
- infrastructure
- accessibility by private and public transport
- facilities such as public buildings, shops, hotels, restaurants, pubs, banks, schools, etc.
- (construction) development of similar real estate properties.

The real estate

- operating and other expenses
- type of construction and level of quality
- state of maintenance
- age
- location and representation
- current and potential alternative uses.

Subsequently, there are 4 important **valuation methods** that are being applied: updating the estimated rental income, unit prices, discounted cash flow analysis and cost method.

Updating the estimated rental income

The investment value is the result of the yield (or capitalisation rate, that represents the gross yield required by a buyer) applied to the estimated rental value (ERV), adjusted for the net present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease agreements.

For buildings that are partially or completely vacant, the valuation is calculated on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions. The costs method is applied to buildings for which the property expert considers it more appropriate to do so.

Buildings to be renovated, buildings being renovated or planned projects are evaluated based on the value after renovation or after work has been finished, minus the amount of the remaining work to be done, the fees of architects and engineers, interim interest payments, the estimated vacancy rate and a risk premium.

Unit prices

The investment value is determined based on the unit prices of the object per m² for office space, storage space, archives, number of parking spaces, etc., all based on the market and building analysis described above.

Discounted cash flow analysis

The investment value is calculated based on the net present value of the net future rental income of every property. Thus, costs and provisions that are to be expected annually are taken into account for each property, as well as ongoing lease agreements, the expected completion time of the construction or renovation works, and their impact on the effective collection of the rents. This stream of income, as well as the selling value excluding transaction costs, are actualised (discounted cash flow) based on the interest rates on the capital markets, with a margin added that is specific to the type of the property investment (the liquidity margin). The impact of changing interest rates and expected inflation are thus taken account of in the estimate in a conservative way.

Costs method

This gives a value based on the estimated current costs of reproducing or creating a property of the same quality, utility and transferability, but with modern construction tools.

The real estate portfolio is divided as follows:

Property expert	Fair value (€ 000)	Investment value (€ 000)
Cushman & Wakefield	346.768.665	355.437.881
CBRE Valuation Services	360.422.156	369.432.710
CBRE Valuation Advisory	153.249.483	163.958.810
TOTAL*	860.440.304	888.829.401

*The total of the reports of the property experts is composed of the real estate available for lease increased by the land value of Herentals Logistics 3, valued as clear for construction.

Finding Cushman & Wakefield[1]

For the part of the real estate portfolio of Intervest valued by Cushman & Wakefield, Cushman & Wakefield determined an investment value of € 355.437.881 and a fair value of € 346.768.665 as at 31 December 2018.

Fouad Ben Tato
Associate
Valuation & Advisory
Cushman & Wakefield

Kris Peetermans
Partner
Valuation & Advisory
Cushman & Wakefield

Finding of CBRE Valuation Services[2]

For the part of the real estate portfolio of Intervest valued by CBRE Valuation Services, CBRE Valuation Services determined an investment value of € 369.432.710 and a fair value of € 360.422.156

Pieter Paepen, MRICS
RICS registered valuer
Senior Director
CBRE Valuation Services

Kevin Van de Velde

Associate Director
CBRE Valuation Services

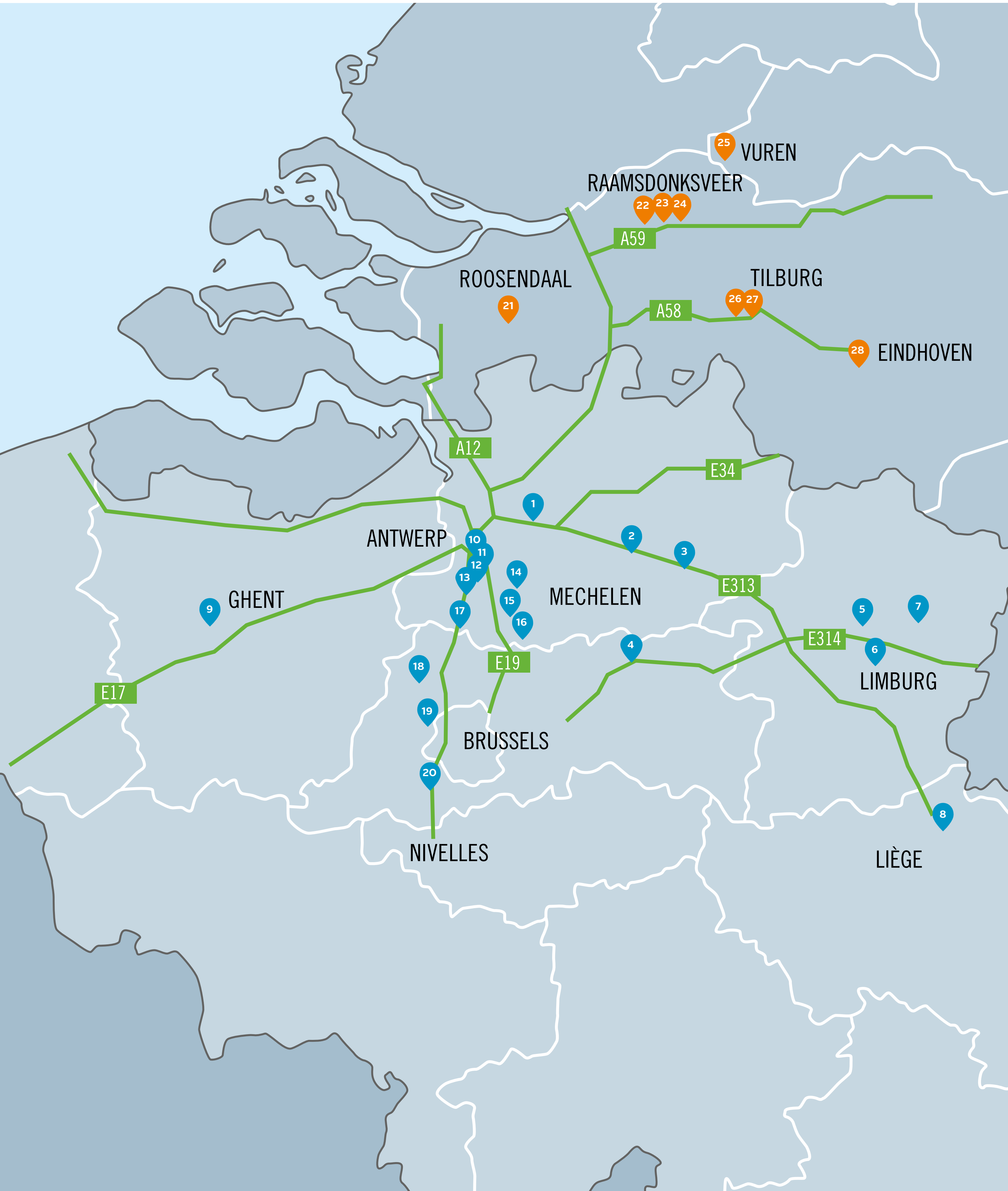
Finding of CBRE Valuation Advisory[3]

For the part of the real estate portfolio of Intervest valued by CBRE Valuation Advisory, CBRE Valuation Advisory determined an investment value of € 163.958.810 and a fair value of € 153.249.483 as at 31 December 2018.

Drs. H.W.B. Knol MSc MRICS RT
RICS registered valuer
Director

Drs. W.F.A. Rodermond MRE MRICS
RICS registered valuer
Senior Director

1, 2, 3 The property experts have agreed to the inclusion of their conclusions in this Annual Report.


VUREN
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4. Description of the logistics properties

Location of the logistics properties in Belgium[1]

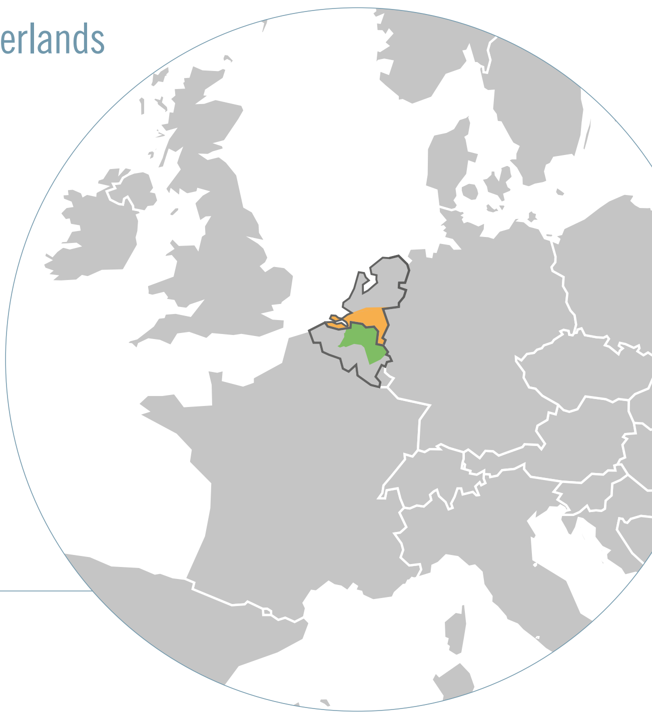
Antwerp - Limburg - Liège

Antwerp - Ghent - Lille

Antwerp - Brussels - Nivelles

1 Classification per logistics axis: Antwerp - Limburg - Liège, Antwerp - Ghent - Lille and Antwerp - Brussels - Nivelles

Location of the logistics properties in the Netherlands

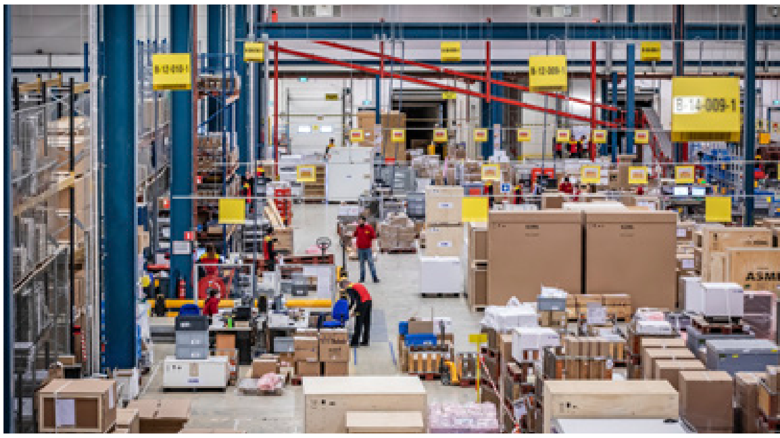


Logistics real estate

Intervest's logistics properties in Belgium are mainly located on the logistics axes of Antwerp - Limburg - Liège, Antwerp - Brussels - Nivelles and Antwerp - Ghent - Lille.

In the Netherlands, the properties are located to the south of the Rotterdam - Nijmegen line.

With its pronounced strong presence and cluster formation on these important logistics axes, Intervest is a relevant discussion partner that can optimally respond to the changing needs of existing and new customers.



Logistics real estate in Belgium

Aarschot

Address
Nieuwlandlaan 321
3200 Aarschot
Surface area
14.602 m²
Year constructed
2005
Occupancy rate
100%

Distribution hub near Leuven at 4 km from the slip road to the E314. Ideally located for last-mile distribution activities. The site consists of two logistics buildings and two smaller storage rooms. 80% of the site has been operated by bpost as a regional distribution centre since the start of 2017.

Aartselaar

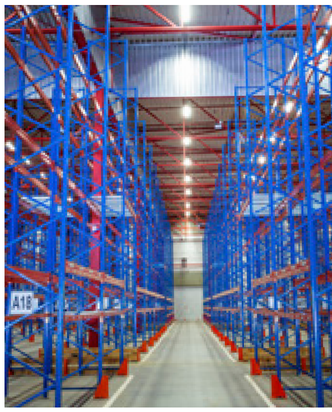
Address
Dijkstraat 1A
2630 Aartselaar
Surface area
9.866 m²
Year constructed
1994
Occupancy rate
100%

Semi-industrial building with a large number of loading bays. Due to its good location near A12 and E19, this site is exceedingly suited for distribution activities.

Boom Krekelenberg

Address
Industrieweg 18
2850 Boom
Surface area
24.871 m²
Year constructed
2000 (partial renovation in 2015)
Occupancy rate
100%

Site with modern and efficient energy management system. Located in the Krekelenberg industrial zone with excellent access via the A12. Extremely suitable for distribution within the Benelux.
Large divisible hall with spacious office facilities and social rooms.
Fitted with modern layout and complete relighting in 2015. There is a photovoltaic installation on the roof.



Duffel

Address
Stocletlaan 23
2570 Duffel
Surface area
23.386 m²
Year constructed
1998
Occupancy rate
100%

A fully enclosed logistics building located a few kilometers from the E19. There is a photovoltaic installation on the roof.

Genk Green Logistics

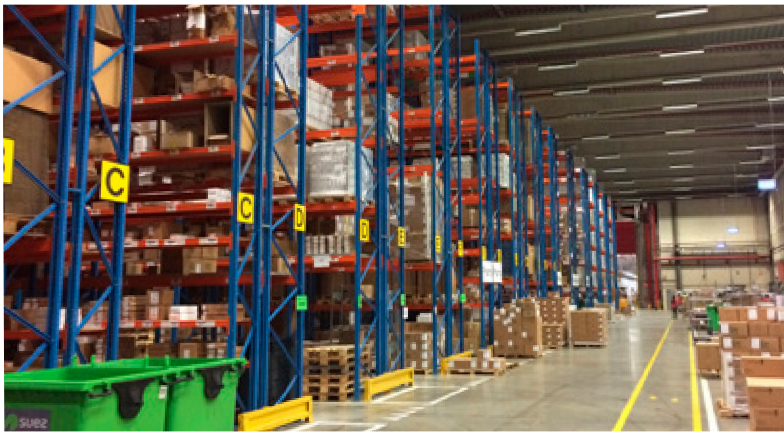
Address
Henry Fordlaan 8 + 4
3600 Genk
Potential surface area
250.000 m²
Year constructed
2019

Together with Group Machiels and via the perimeter company, Genk Green Logistics, Intervest owns zone B, a parcel of land of 42 hectares on the former Ford site. The former Ford site consists of three zones still to be developed: zone A for public domain with common functions, zone C for water-related logistics activities, including a new container terminal and zone B where Genk Green Logistics will realise a flexible, large-scale, multi-modal and sustainable logistics project with added value in cooperation with MG Real Estate and DEME Environmental Contractors.

Ghent

Address
Eddastraat 21
9042 Ghent
Surface area
37.944 m²
Renovation year
2018
Occupancy rate
100%

Easily accessible pharmaceutical site in North Sea Port (port of Ghent), fully operated by an international logistics service provider. Complex consists of three adjoining units, of which approximately 40% were completely renovated in 2018. The roofs are fully equipped with a photovoltaic installation.



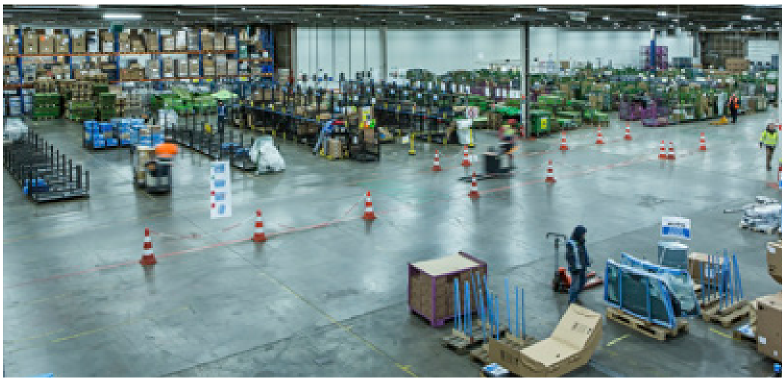
Herentals Logistics

Logistics cluster, consisting of three separate sites, with high visibility along the E313, in the Antwerp - Liège logistics corridor.

Herentals Logistics 1

Address
Atealaan 34b
2200 Herentals
Surface area
17.346 m²
Renovation year
2011
Occupancy rate
91%

Thoroughly renovated logistics building with spacious office facilities. The many loading bays make it ideally suited for cross-dock activities.



Herentals Logistics 2

Address
Atealaan 34c
2200 Herentals
Surface area
50.912 m²
Renovation year
2008 and 2012
Occupancy rate
100%

State-of-the-art logistics building being used by Nike with approximately 40.000 m² storage space, spacious mezzanine over the entire length of the building, office space and parking facilities. There is a photovoltaic installation on the roof.

Herentals Logistics 3

Address
Atealaan 34b
2200 Herentals
Surface area
12.123 m²
Year constructed
2017
Occupancy rate
100%

State-of-the-art logistics distribution centre. Developed and customised for the requirements of Schrauwen Sanitair en Verwarming in 2017, as coordinated by Intervest's turn-key solutions team.

Houthalen

Address
Europark 1026
3530 Houthalen
Surface area
26.996 m²
Year constructed
2001
Occupancy rate
100%

Modern and modular warehouse for European distribution with spacious parking spaces for trailers and passenger cars. Located in the Antwerp - Limburg - Liège logistics corridor along the E314. Partly equipped with LED lighting.

Huizingen

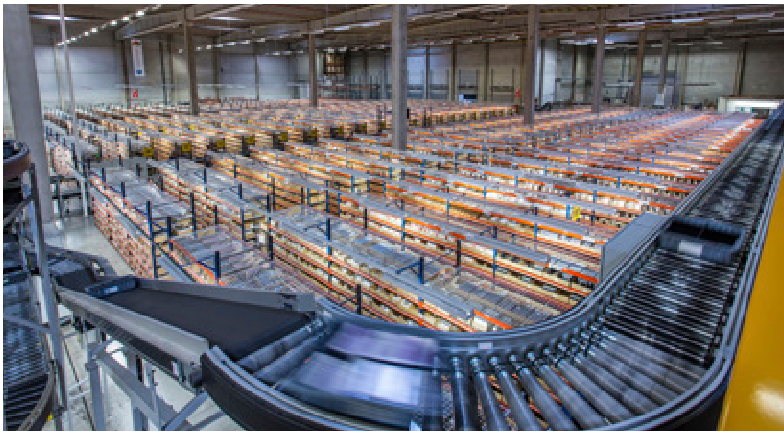
Address
Gustave Demeurslaan 69 - 71
1654 Huizingen
Surface area
17.548 m²
Year constructed
1987 - 1993
(Various renovation projects)
Occupancy rate
100%

Partly refrigerated pharmaceutical distribution warehouse located to the south of Brussels with accompanying offices and laboratories installed by user DHL Pharma Logistics.

Liège

Address
Première Avenue 32
4040 Liège
Surface area
55.468 m²
Year constructed
2000 - 2017
Occupancy rate
100%

Modern logistics complex near the cargo airport of Bierset and the container terminal TriLogiPort and with excellent access via the E313, E40, E42 and E25. The site was developed in phases and consists of various storage halls with related office facilities and a spacious external area. The most recent extension (3.600 m²) dates back to 2017 and was completed by the Intervest turn-key solutions team in consultation with one of the users, Vincent Logistics.



Mechelen 1

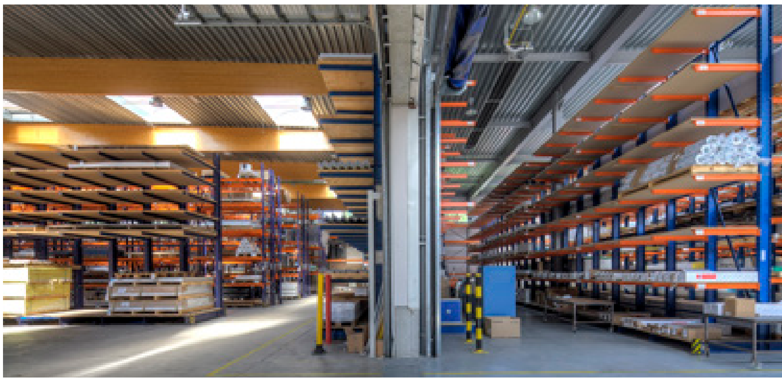
Address
Oude Baan 12
2800 Mechelen
Surface area
15.341 m²
Renovation year
2004
Occupancy rate
100%

Pharmaceutical warehouse with air conditioning throughout the storage area. Good location with direct connection to the E19. The site is equipped with a photovoltaic installation.

Mechelen 2

Address
Dellingstraat 57
2800 Mechelen
Surface area
7.046 m²
Year constructed
1998 (Expansion in 2010)
Occupancy rate
100%

Multi-functional semi-industrial property with large covered area for outdoor storage and spacious office facilities. Located near the E19 and within walking distance from the station and the city centre of Mechelen.



Merchtem

Address
Preenakker 20
1785 Merchtem
Surface area
7.268 m²
Year constructed
1992 (Expansion in 2002)
Occupancy rate
100%

Logistics building that is highly automated. Used by ZEB Logistics for clothing distribution. Located in the Merchtem Preenakker SME zone in the triangle between the E40 Brussels - Ostend, the A12 and the Brussels ring road.

Oevel

Logistics cluster, consisting of four sites, with high visibility along the E313, in the Antwerp-Liège logistics corridor. Located in the vicinity of Herentals Logistics.

Oevel 1

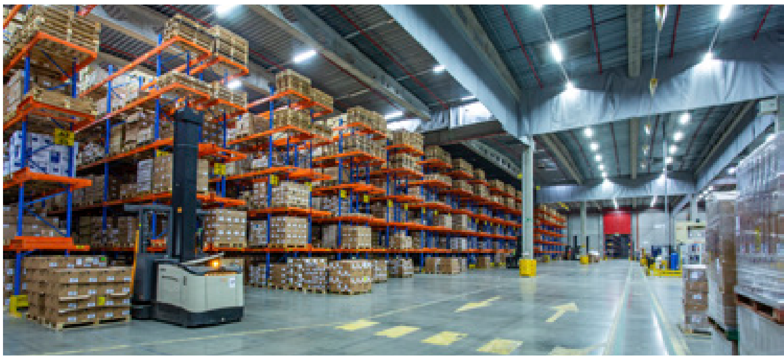
Address
Nijverheidsstraat 9
2260 Oevel
Surface area
12.159 m²
Renovation year
2004
Occupancy rate
100%

Logistics site with a high degree of automation, being used by Estée Lauder, which also operates one of its production facilities nearby.

Oevel 2

Address
Nijverheidsstraat 9a + 11
2260 Oevel
Surface area
33.955 m²
Year constructed
2007 (Expansion in 2013)
Occupancy rate
100%

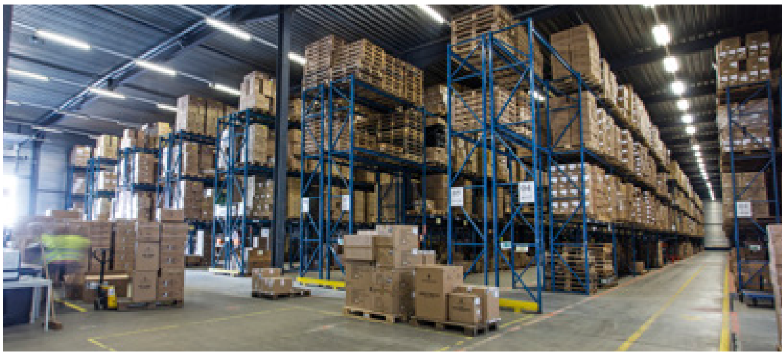
Modern logistics complex. There is a photovoltaic installation on the roof.
Tenants are DSV and Seal For Life Industries.



Oevel 3

Address
Nijverheidsstraat 8
2260 Oevel
Surface area
11.660 m²
Year constructed
1995
Occupancy rate
100%

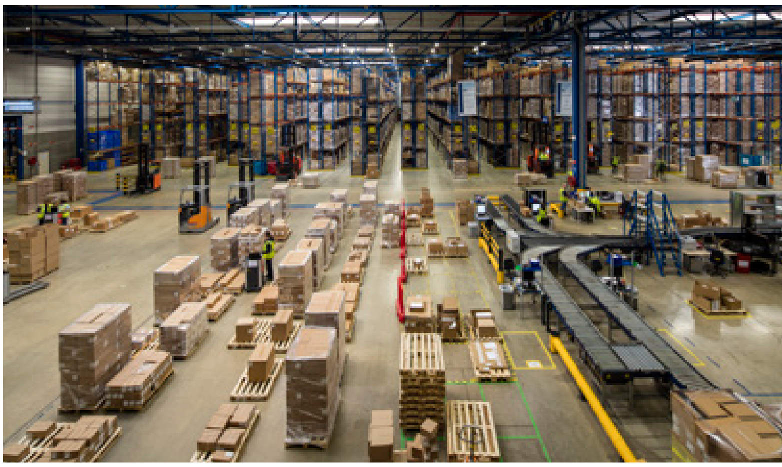
Logistics site with storage space, mezzanine and offices. Excellent location along the E313 - E314. There is a photovoltaic installation on the roof.



Opglabbeek

Address
Weg naar Zwartberg 231
3660 Opglabbeek
Surface area
77.718 m²
Year constructed
1999 - 2012
Occupancy rate
100%

Logistics site with expansion potential, located in the Antwerp - Liège logistics corridor with good access via E314. Roof was partially renovated in 2017 and is largely equipped with a photovoltaic installation.



Puurs

Address
Koning Leopoldlaan 5
2870 Puurs
Surface area
43.534 m²
Year constructed
2001
Occupancy rate
74%

Uniquely visible location along the A12 in Puurs. Logistics complex, partly being used by Delhaize Belgium for its fresh food e-commerce platform and by Fiege for fast-moving consumer products. The entire roof area is provided with a photovoltaic installation.

Schelle

Address
Molenberglei 8
2627 Schelle
Surface area
8.317 m²
Year constructed
1993 (expansion 2016)
Occupancy rate
87%

A logistics building with storage hall, offices, social spaces and a large number of loading and unloading bays easily accessible from the A12.

Intervest's turn-key solutions team, in consultation with the operator Rogue Fitness Benelux, renovated and expanded it with a showroom in 2017.

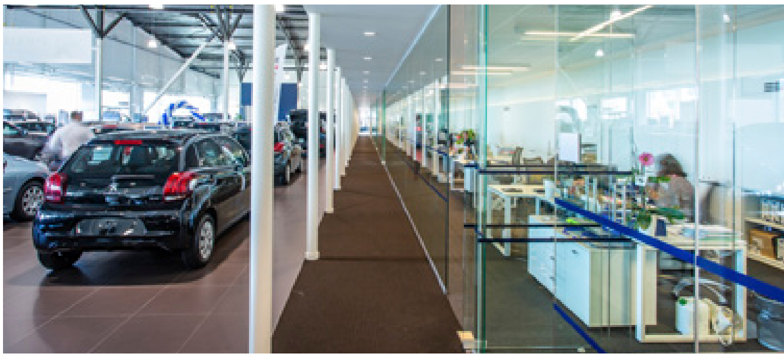
Wilrijk

Cluster with two adjoining sites along the A12, on the outskirts of Antwerp and with a good connection to Brussels.

Wilrijk 1

Address
Boomsesteenweg 801 - 803
2610 Wilrijk
Surface area
5.364 m²
Year constructed
2013
Occupancy rate
100%

In 2013, the turn-key solutions team of Intervest fully equipped the showroom with workshop for car distributor Peugeot. At top commercial location along Boomsesteenweg.



Wilrijk 2

Address
Geleegweg 1 - 7
2610 Wilrijk
Surface area
24.521 m²
Year constructed
1989 (Renovation in 2016 - 2017)
Occupancy rate
100%

Logistics complex with ideal location for urban distribution activities.

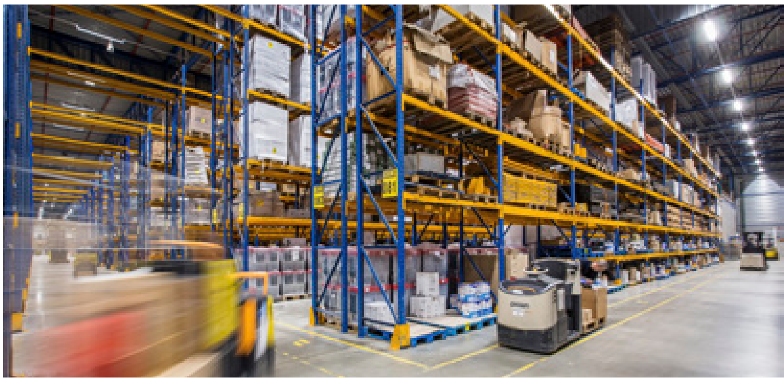
In 2016 - 2017, Intervest's turn-key solutions team, in consultation with the tenant Toyota Material Handling Europe Logistics, installed new floors, LED lighting, new sanitary facilities and additional windows for more sunlight in the office section.

Wommelgem

Address
Koralenhoeve 25
2160 Wommelgem
Surface area
24.181 m²
Year constructed
1998 (Renovation in 2017 - 2018)
Occupancy rate
100%

Located along the E313-E34, on the outskirts of Antwerp, from which vantage the site is visible.

Modern distribution complex that was renovated sustainably and energy efficiently by the turn-key solutions team of Intervest in consultation with user Feeder One in 2017-2018. Office areas were reorganised and the building was equipped with LED lighting, new HVAC and an EMS system. Roof was renovated and fitted with additional insulation.



Zellik

Address
Brusselsesteenweg 464
1731 Zellik
Surface area
26.637 m²
Year constructed
1994
Occupancy rate
100%

Logistics site on the edge of the industrial area in Zellik - Asse near the E40 and E19 motorways and the Brussels Ring Road.

A part of the roof is equipped with a photovoltaic installation.

Site offers redevelopment potential to state-of-the-art new construction of approximately 29.000 m².

Logistics real estate in The Netherlands

Eindhoven - Silver Forum

Address
Flight Forum 1800-1950
5657 EZ Eindhoven
Surface area
28.695 m²
Year constructed
2002
Occupancy rate
100%

Strategically located multi-modal logistics site at the Flight Forum business park in the dynamic environment of the airport and near the city centre of Eindhoven. Distribution centre with high-quality and modern finish and a striking oval shape with silver-coloured façade cladding. Plot was equipped with cleanrooms by tenant ASML.

In 2019, Intervest is realising a new-build project for Gold Forum at adjacent site which, together with Silver Forum, will form one whole architectural unit of 50.000 m².

Raamsdonksveer

Logistics cluster consisting of three separate sites in Dombosch industrial park near the junction of the A27 (Breda - Almere) and A59 (Moerdijk - Den Bosch).

Raamsdonksveer 1

Address
Zalmweg 37
4941 VX Raamsdonksveer
Surface area
20.653 m²
Year constructed
2010
Occupancy rate
100%

Logistics complex, which, in 2010, was built-to-suit for a home and decoration retailer organising distribution activities to supply e-commerce from the complex.

Raamsdonksveer 2

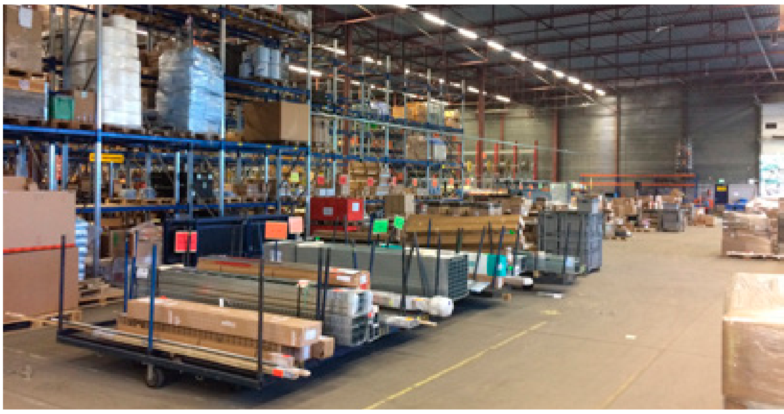
Address
Zalmweg 41
4941 VX Raamsdonksveer
Surface area
38.573 m²
Year constructed
2002
Occupancy rate
100%

Modern distribution centre with related offices and a large number of loading bays. The storage hall consists of four independent storage areas that can be connected to one another.
The offices are on the mezzanine.

Raamsdonksveer 3

Address
Steurweg 2
4941 VR Raamsdonksveer
Surface area
14.581 m²
Year constructed
1980 (Expansion in 2008)
Occupancy rate
100%

Free-standing multifunctional logistics building with a contemporary appearance. Office part on the mezzanine and separate office block next to it.



Roosendaal

Address
Leemstraat 15
4705 RT Roosendaal
Surface area
38.128 m²
Year constructed
1975 - 1985 - 2007 - 2012
Occupancy rate
100%

Large logistics complex consisting of six storage halls with related offices, workshop, hangar and caretaker residence on a site of over 13 hectares. Well located in the Majoppeveld industrial site, near exit A58 Vlissingen - Roosendaal - Eindhoven and with direct access to A17 Roosendaal - Moerdijk. Headquarters of logistics services provider Jan de Rijk.

Extension or redevelopment potential on site.

Tilburg 1

Address
Kronosstraat 2
5048 CE Tilburg
Surface area
13.309 m²
Year constructed
2004 (Renovation in 2011)
Occupancy rate
100%

Refrigerated industrial premises and production area in accordance with HACCP guidelines for the food industry. Located in Industriezone Vossenberg II with direct connection to the A58 Eindhoven - Breda motorway, in the Tilburg-Waalwijk logistics corridor. Being used by Dutch Bakery for logistics and industrial bakery activities with forwarding.

Tilburg 2

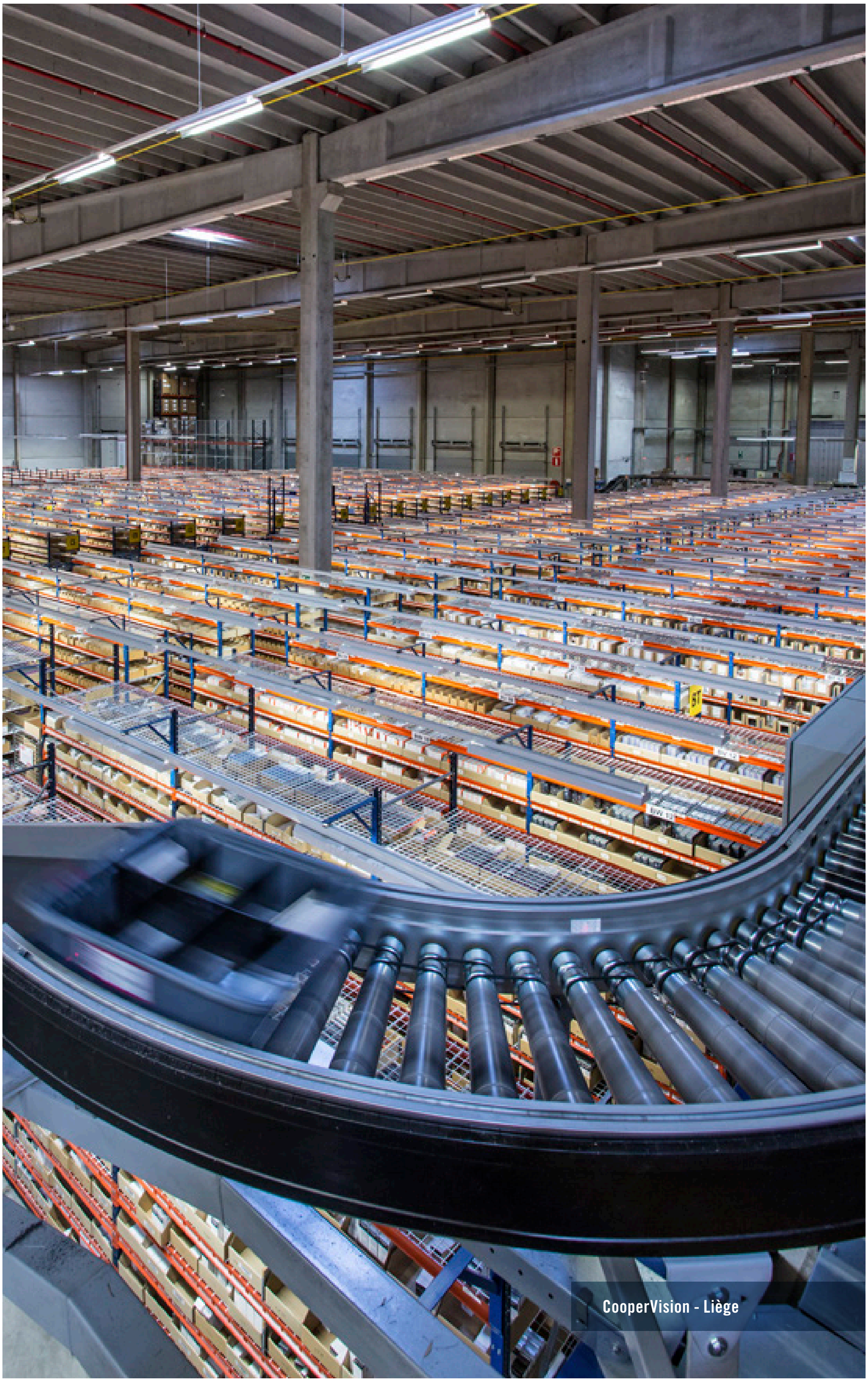
Address
Belle van Zuylenstraat 15
5032 MA Tilburg
Surface area
28.493 m²
Year constructed
1989 (Expansion 1997 - Renovation 2019)
Occupancy rate
100 %

Visibility location along A58 Vlissingen - Breda - Eindhoven, on the Katsbogten industrial site. Logistics complex, consisting of distribution centre and free-standing office building, which will be fully renovated, modernised and made more sustainable in 2019. Large number of front and rear dock shelters and sufficient parking spaces. Headquarters of home discount chain, Kwantum.

Vuren

Address
Hooglandseweg 6
4214 KG Vuren
Surface area
14.020 m²
Year constructed
2018
Occupancy rate
100%

Built-to-suit new-build project consisting of various storage areas and two-storey office section, custom-built for pharmaceutical wholesaler, The Medical Export Group, in 2018. Located on the Rotterdam - Ruhr area axis with good access via the A15 Rotterdam - Nijmegen - Ruhr area and the A2 Amsterdam - Utrecht - Eindhoven motorways. Climate-controlled and suitable for storing pharmaceutical products and temperature-sensitive goods.



CooperVision - Liège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E34
ANTWERP
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E17
GHENT
MECHELEN
E313
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E19
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LEUVEN
BRUSSELS
12

5. Description of the office portfolio

Office locations in Belgium[1]

1 Classification per region on the axes of Antwerp - Mechelen - Brussels and Brussels - Leuven.

Offices with extensive service package, serviced offices and co-working lounges

Greenhouse

Greenhouse is an innovative, inspiring and service-oriented office concept of Intervest in Antwerp, Mechelen and Brussels, where working is a pleasant experience. Greenhouse combines traditional long-term office rentals with serviced offices and co-working lounges. Greenhouse provides additional services to all tenants and users, such as common meeting and event spaces, central reception, restaurant, ironing centre, parcel service, fitness facilities, cleaning and a 24/7 technical help-desk. A Greenhouse Flex subscription gives access to the co-working lounges at the three Greenhouse locations. The long-term tenants can also use the Greenhouse services and facilities at the various locations.

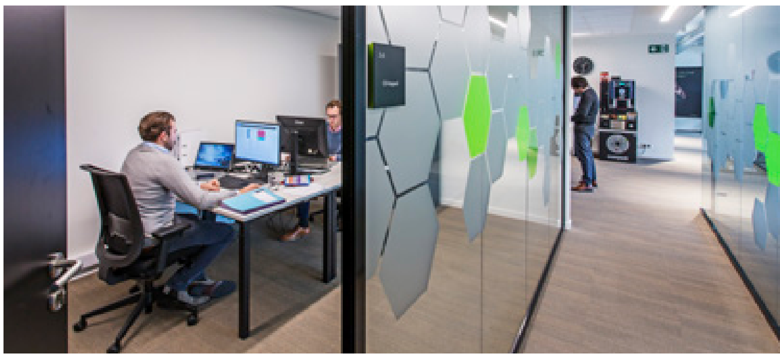
Ubicenter

One of the tenants operates a flexible business concept in office complex Ubicenter in Leuven, which Intervest purchased in 2018. Here too, traditional long-term leased offices are combined with serviced offices and co-working lounges, and there is a wide range of additional services on offer.

Berchem - Greenhouse Antwerp

Address
Uitbreidingstraat 66
2600 Berchem
Surface area
5.763 m²
Renovation year
2016
Occupancy rate
100%

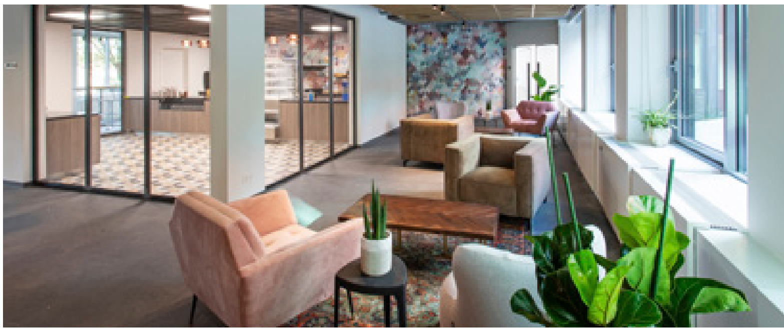
In 2016, Greenhouse Antwerp, with its eye-catching “green façade” consisting of 50.000 living plants, was completely renovated to become a landmark along the Antwerp Singel. Greenhouse Antwerp has 14 meeting rooms and event spaces that can accommodate between 2 and 24 people. The most prestigious event space, the “Greenhouse Boardroom”, is equipped with its own catering facilities. “Greenhouse Café”, the ground-floor restaurant, is a popular spot in the area to have an elaborate lunch or get a take-away meal.



Diegem - Greenhouse BXL

Address
Berkenlaan 8A + 8B
1831 Diegem
Surface area
20.257 m²
Renovation year
2017 - 2018
Occupancy rate
80%

Greenhouse BXL opened its doors at the end of 2018 after it had been thoroughly renovated. The front façade consists of a vertical plant garden, the wall in the glass atrium is covered with real plants, the building is surrounded by various plant gardens and there is a terrace on the green roof. There are charging stations for electric cars in the spacious underground car park. There are sufficient meeting rooms and event spaces, including an auditorium for 200 people and the atrium, which serves as a multi-functional meeting room and event space. There are two restaurants in the building. The grand café Velvet Corner offers a wide range of healthy sandwiches and salads, and The Greenery has a more elaborate menu. Greenhouse BXL is located next to the Brussels ring road and is very near Brussels Airport.



Mechelen Campus and Greenhouse Mechelen

Address
Schaliënhoevedreef 20 A - J and T
2800 Mechelen
Surface area
58.147 m²
Year constructed
2000-2005
Occupancy rate
88%

Greenhouse Mechelen is located at Mechelen Campus. Mechelen Campus consists of a tower building 60 metres high and 10 lower office buildings connected to two car parks: one above ground and one underground. Many offices were set up by the Intervest turn-key solutions team in consultation with the tenants.

There is a garden between the buildings. There are various charging plazas for electric cars, a pool car and a free shuttle service. Greenhouse Mechelen is housed in the tower building and offers 12 meeting rooms and event spaces, which can accommodate between 4 and 130 people.

Leuven - Ubicenter

Address
Philipssite 5
3001 Leuven
Surface area
27.027 m²
Year constructed
2001
Occupancy rate
96%

Ubicenter Leuven is a contemporary office complex that ties in with the innovative Greenhouse concept but is not operated directly by Intervest. Ubicenter also offers customised offices, co-working lounges and turn-key offices with additional service provision such as meeting rooms, reception services, daily correspondence management, telephone and fax numbers, showers and catering services. The building has a foyer, a company restaurant and an auditorium.

Ubicenter is located near the Leuven ring road, near the slip road to the E40 and E314.

Offices

Intervest's offices are in strategic locations in Flanders, both in the city centre and on campuses outside the city, mainly on the Antwerp - Mechelen - Brussels axis.

Intervest has a strongly developed market position in Mechelen, a city which, due to growing mobility issues, is increasingly forming an alternative location for Brussels.

Aartselaar

Address
Kontichsesteenweg 54
2630 Aartselaar
Surface area
4.140 m²
Year constructed
2000
Occupancy rate
99%

Ideally located between the E19 and A12. Consists of an office section, warehouse and a very spacious car park. The site offers maximum visibility as it is directly situated on the Kontichsesteenweg.

Antwerp - Gateway House

Address
Brusselstraat 59 / Montignystraat 80
2018 Antwerp
Surface area
11.172 m²
Renovation year
2002
Occupancy rate
67%

Stately building situated diagonally opposite the Antwerp Courthouse, a five-minute walk from the bustling, trendy "Het Zuid" neighbourhood. Extremely good access by public transport as well as by car.

Dilbeek - Inter Access Park

Address
Pontbeekstraat 2 & 4
1700 Dilbeek
Surface area
6.392 m²
Year constructed
2000
Occupancy rate
95%

Inter Access Park consists of two identical office buildings that offer easy access by public transport (Sint-Agatha-Berchem station), as well as by car (E40 motorway and R0 ring road).
Each building has a large, prestigious lobby and tenants can lease an entire floor or a part of it.

Edegem - De Arend

Address
Prins Boudewijnlaan 45 - 49
2650 Edegem
Surface area
6.931 m²
Year constructed
1997
Occupancy rate
100%

Located at a stone's throw from the E19, at the Kontich exit. Office complex consisting of three buildings surrounded by greenery and each of which has three floors. The efficient rectangular plateaus offer plenty of natural light.

Hoeilaart - Park Rozendal

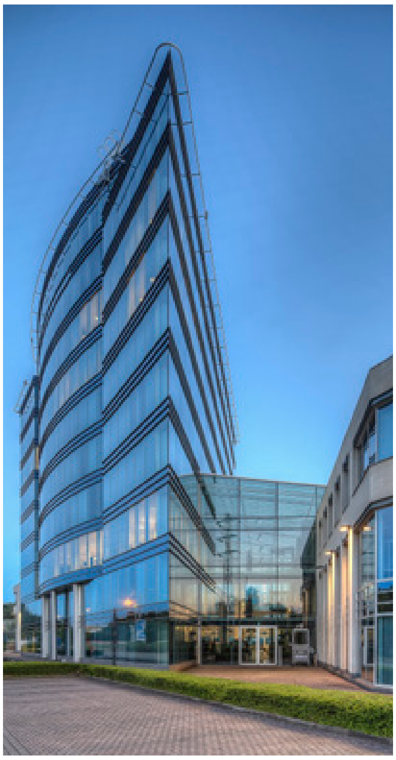
Address
Terhulpsesteenweg 6A
1560 Hoeilaart
Surface area
2.830 m²
Year constructed
1994
Occupancy rate
86%

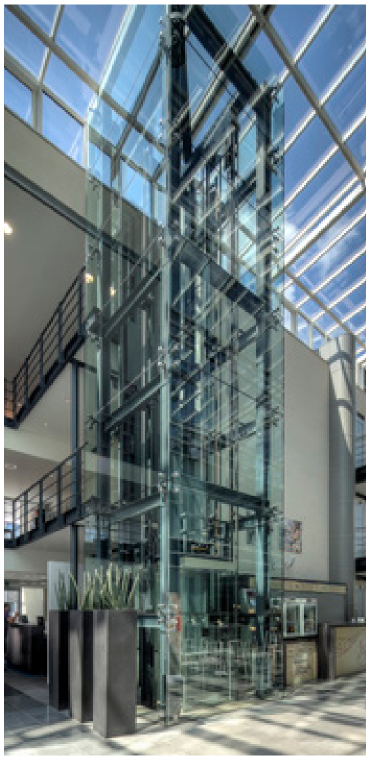
Located in a green oasis yet still close to Brussels. Excellent access by car and public transport. The luxurious lobby provides a distinguished air and the rectangular floors provide the optimal layout for designing your office.

Mechelen Business Tower

Address
Blarenberglaan 2C
2800 Mechelen
Surface area
13.574 m²
Year constructed
2001
Occupancy rate
86%

Mechelen Business Tower is a landmark along the E19 at Mechelen. The single-tenant office tower is being systematically converted into a multi-tenant office environment.





Mechelen - Intercity Business Park

Address
Generaal De Wittelaan 9 - 21
2800 Mechelen
Surface area
54.190 m²
Year constructed
1993 - 1999 (2016)
Occupancy rate
78%

Business park along the E19 Antwerp - Brussels, with more than 54.000 m² of business space spread over 10 office buildings. There are approximately 40 tenants, including a number of large companies in the life sciences sector, such as Biocartis, Galapagos and SGS Belgium. Intercity Business Park adjoins Mechelen Campus.

Woluwe Garden

Address
Woluwedal 18 - 22
1932 Sint-Stevens-Woluwe
Surface area
23.681 m²
Year constructed
2000
Occupancy rate
100%

Woluwe Garden lies in Flemish Brabant, on the edge of Brussels. The impressive lobby connects three wings, each having eight floors. Fully rented by PricewaterhouseCoopers.

Zellik - Exiten

Address
Zuiderlaan 91
1731 Zellik
Surface area
3.628 m²
Year constructed
2002
Occupancy rate
100%

Highly visible building next to exit 10 of the Brussels ring road. The rectangular floors provide the optimal layout for office design.

Financial report [1]

1. Consolidated income statement
2. Consolidated statement of comprehensive income
3. Consolidated balance sheet
4. Statement of changes in consolidated equity
5. Consolidated cash flow statement
6. Notes on the consolidated annual accounts
7. Statutory auditor's report
8. Statutory annual accounts Intervest Offices & Warehouses nv

1 The annual financial reports, the reports of the board of directors and the reports of the statutory auditor on financial years 2018, 2017 and 2016, and the interim declarations and half-yearly financial report (including reports of the statutory auditor) can be consulted on the website of the company (www.intervest.be). They can also be obtained from the registered office on request.

Oevel - Vos Logistics

Index

1. Consolidated income statement

in thousands €	Note	2018	2017
Rental income	4	47.920	43.349
Rental-related expenses	4	-53	-4
NET RENTAL INCOME		**47.867**	**43.345**
Recovery of property charges	4	729	881
Recovery of rental charges and taxes normally payable by tenants on let properties	4	9.919	12.864
Costs payable by tenants and borne by the landlord for rental damage and refurbishment		-529	-375
Rental charges and taxes normally payable by tenants on let properties	4	-9.919	-12.864
Other rental-related income and expenses	4	606	117
PROPERTY RESULT		**48.673**	**43.968**
Technical costs	5	-1.059	-1.325
Commercial costs	5	-166	-252
Charges and taxes on unlet properties	5	-587	-634
Property management costs	5	-4.019	-3.544
Other property charges	5	-563	-407
Property charges		**-6.394**	**-6.162**
OPERATING PROPERTY RESULT		**42.279**	**37.806**
General costs	6	-2.749	-2.722
Other operating income and costs		24	-7
OPERATING RESULT BEFORE RESULT ON PORTFOLIO		**39.554**	**35.077**
Changes in fair value of investment properties	9	7.033	-7.274
Other result on portfolio	10	-2.472	-89
OPERATING RESULT		**44.115**	**27.714**
Financial income		45	161
Net interest charges	11	-8.039	-7.621
Other financial charges		-11	-7
Changes in fair value of financial assets and liabilities (ineffective hedges)	18	-1.615	1.119
Financial result		**-9.620**	**-6.348**
RESULT BEFORE TAXES		**34.495**	**21.366**
Taxes	12	-390	-180
NET RESULT		**34.105**	**21.186**

in thousands €	Note	2018	2017
NET RESULT		**34.105**	**21.186**
Minority interests		**-9**	**0**
NET RESULT - Group share		**34.114**	**21.186**
Note:			
EPRA earnings		31.168	27.430
Result on portfolio	8-10	4.561	-7.363
Changes in fair value of financial assets and liabilities (ineffective hedges)	18	-1.615	1.119

RESULT PER SHARE	Bijlage	2018	2017
Number of shares at year-end	8.6	24.288.997	18.405.624
Number of shares entitled to dividend	8.6	24.288.997	17.740.407
Number of shares entitled to dividend coupon 21		*18.891.443*	*nvt*
Number of shares entitled to dividend coupon 22		*24.288.997*	*nvt*
Weighted average number of shares	8.6	19.176.981	17.409.850
Net result (€)		1,78	1,22
Diluted net result (€)		1,78	1,22
EPRA result (€)		1,63	1,58

2. Consolidated statement of comprehensive income

in thousands €	2018	2017
NET RESULT	**34.105**	**21.186**
Other components of comprehensive income (recyclable through income statement)	0	0
COMPREHENSIVE INCOME	**34.105**	**21.186**
Attributable to:		
Shareholders of the parent company	34.114	21.186
Minority interests	-9	0

3. Consolidated balance sheet

ASSETS in thousands €	Note	31.12.2018	31.12.2017
NON-CURRENT ASSETS		**867.582**	**663.846**
Intangible assets		508	501
Investment properties	13	866.504	662.539
Other tangible assets		400	611
Non-current financial assets	18	156	182
Trade receivables and other non-current assets		14	13
CURRENT ASSETS		**19.582**	**15.572**
Trade receivables	14	10.120	9.609
Tax receivables and other current assets	14	5.092	3.471
Cash and cash equivalents		1.972	728
Deferred charges and accrued income	14	2.398	1.764
TOTAL ASSETS		**887.164**	**679.418**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	Note	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY		**477.208**	**359.366**
Shareholders' equity attributable to shareholders of the parent company		**476.617**	**359.366**
Share capital	15	219.605	167.720
Share premium	15	167.883	111.642
Reserves	15	55.015	58.818
Net result of the financial year		34.114	21.186
Minority interests	22	**591**	**0**
LIABILITIES		**409.956**	**320.052**
Non-current liabilities		**297.951**	**255.584**
Non-current financial debts	17	288.573	252.371
Credit institutions		*253.725*	*192.675*
Other		*34.848*	*59.696*
Other non-current financial liabilities	18	3.460	2.020
Other non-current liabilities		3.010	1.001
Deferred tax - liabilities	19	2.908	192
Current liabilities		**112.005**	**64.468**
Current financial debts	17	87.282	46.805
Credit institutions		*30.631*	*46.805*
Other		*56.651*	*0*
Other current financial liabilities	18	152	3
Trade debts and other current debts	16	5.249	2.290
Other current liabilities	16	1.774	217
Deferred income and accrued charges	16	17.548	15.153
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**887.164**	**679.418**

DEBT RATIO in %	Note	31.12.2018	31.12.2017
Debt ratio (max. 65%)	20	43,5%	44,6%

NET VALUE PER SHARE in €	31.12.2018	31.12.2017
Net value (fair value)	19,62	19,52
Net value (investment value)	20,35	20,35
Net asset value EPRA	19,88	19,62

4. Statement of changes in consolidated equity

In thousands €
Balance sheet as at 31 December 2016
Comprehensive income of 2017
Transfers through result allocation 2016:
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Toevoeging aan de overgedragen resultaten van vorige boekjaren
• Transfer from results carried forward from previous years
Issue of shares for optional dividend financial year 2016
Issue of shares by to the contribution in kind of real estate located in Aarschot (5 May 2017)
Issue of shares by the contribution in kind of real estate located in Oevel (5 May 2017)
Issue of shares by the contribution in kind of real estate located in Zellik (22 December 2017)
Dividend financial year 2016
Balance sheet as at 31 December 2017
Ajustment of the initial state on 1 January 2018 pursuant implementation IFRS 16
Initial state 1 January 2018
Comprehensive income of 2018
Transfers through result allocation 2017:
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of the impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
Issue of shares for optional dividend financial year 2017
Issue of share for the capital increase with irreducible allocation rights
Minority interest Genk Green Logistics nv
Dividend financial year 2017
Balance sheet as at 31 December 2018

	Capital		Share premium	Total reserves	Net result of the financial year	Minority interests	TOTAL SHAREHOLDERS' EQUITY
	Paid-up capital	Cost capital increase					
	152.948	**0**	**90.821**	**61.734**	**20.582**	**0**	**326.085**
					21.186		21.186
				-15.980	15.980		0
				587	-587		0
				1.547	-1.547		0
				5.546	-5.546		0
				5.384	-5.384		0
	3.835		5.238				9.073
	1.969		3.181				5.150
	2.906		4.694				7.600
	6.062		7.708				13.770
					-23.498		-23.498
	167.720	**0**	**111.642**	**58.818**	**21.186**	**0**	**359.366**
				-152			-152
	167.720	**0**	**111.642**	**58.666**	**21.186**	**0**	**359.214**
					34.114	-9	34.105
				-4.985	4.985		0
				-2.378	2.378		0
				1.119	-1.119		0
				2.593	-2.593		0
	4.427		5.571				9.998
	49.185	-1.727	50.670				98.128
						600	600
					-24.837		-24.837
	221.332	**-1.727**	**167.883**	**55.015**	**34.114**	**591**	**477.208**

Breakdown of the reserves

In thousands €
Balance sheet as at 31 december 2016
Transfers through result allocation 2016:
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
• Transfer to other reserves
Balance sheet as at 31 December 2017
Ajustment state 31/12/2017 pursuant to IFRS 16
Initial state 01/01/2018 after implementation IFRS16
Transfers through result allocation 2017:
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of the impact on fair value of estimated transactions rightsand costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
Balance sheet as at 31 December 2018

* of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties.

	Legal reserves	Reserve for the balance of changes in fair value of real estate		Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	Other reserves	Results carried forward from previous financial years	Total reserves
		Reserve for the balance of changes in investment value of real estate properties	Reserve for the impact on fair value*				
	90	**69.506**	**-15.861**	**-4.508**	**650**	**11.857**	**61.734**
		-15.980					-15.980
			587				587
				1.547			1.547
						5.546	5.546
					5.384		5.384
	90	**53.526**	**-15.274**	**-2.961**	**6.034**	**17.403**	**58.818**
		-146	-6				-152
	90	**53.380**	**-15.280**	**-2.961**	**6.034**	**17.403**	**58.666**
		-4.985					-4.985
			-2.378				-2.378
				1.119			1.119
						2.593	2.593
	90	**48.395**	**-17.658**	**-1.842**	**6.034**	**19.996**	**55.015**

5. Consolidated cash flow statement

in thousands €	Note	2018	2017
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**728**	**412**
1. **Cash flow from operating activities**		**32.860**	**30.113**
Operating result		**44.115**	**27.714**
Interest paid		**-8.204**	**-7.802**
Other non-operating elements		**-356**	**-25**
Adjustment of result from non-cash flow transactions		**-3.970**	**7.816**
• Depreciations on intangible and other tangible assets		369	350
• Changes in fair value of investment properties	9	-7.033	7.274
• Spread of rental discounts and rental benefits granted to tenants	10	222	103
• Other result on portfolio	10	2.472	89
Change in working capital		**1.275**	**2.410**
Movement of assets		-2.701	-2.491
Movement of liabilities		3.976	4.901
2. **Cash flow from investment activities**		**-189.921**	**-32.778**
Investments in and extensions of existing investment properties	13	-10.247	-7.330
Acquisition of investment properties		-147.538	-25.019
Acquisition of shares of real estate companies		-31.970	0
Acquisitions of intangible and other tangible assets		-166	-429
3. **Cash flow from financing activities**		**158.305**	**2.981**
Repayment of loans		-51.155	-74.908
Drawdown of loans		126.032	92.233
Capital increase		98.127	0
Receipts from non-current liabilities as guarantee		139	81
Dividend paid		-14.838	-14.425
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		**1.972**	**728**

In 2018, Intervest generated a cash flow of € 33 million from operating activities. In addition, there are credit withdrawals for a net amount of € 75 million and a net cash income of € 98 million as a result of a capital increase with irreducible allocation rights in November 2018. The financial resources generated were used to acquire new sites, investments and expansions in the existing portfolio and payment of the dividend payment for financial year 2017.

6. Notes on the consolidated annual accounts

Note 1. Scheme for annual accounts of regulated real estate companies

As a listed regulated real estate company under Belgian law, Intervest Offices & Warehouses nv has prepared its consolidated annual accounts in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union. In the Royal Decree of 13 July 2014 on regulated real estate companies a scheme for both statutory annual accounts and consolidated annual accounts of the RREC is contained in Annex C.

The scheme principally means that the result on the portfolio is presented separately in the income statement. This result on the portfolio includes all movements in the real estate portfolio and mainly consists of:

- realised profits or losses on the disposal of investment properties
- changes in fair value of investment properties as a result of the valuation by property experts, being non-realised increases and/or decreases in value.

The result on portfolio will not be allocated to the shareholders, but transferred to, or from, the reserves.

Note 2. Principles of financial reporting

Statement of conformity

Intervest is a public regulated real estate company having its registered office in Belgium. The consolidated annual accounts of the company as at 31 December 2018 include the company and its perimeter companies (the "Group"). The Intervest annual accounts have been prepared and released for publication by the board of directors as at 7 March 2019 and will be submitted for approval to the general meeting of shareholders on 24 April 2019.

The consolidated annual accounts have been prepared in compliance with the "International Financial Reporting Standards" (IFRS) as approved by the European Union and according to the Royal Decree of 13 July 2014. These standards comprise all new and revised standards and interpretations published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"), to the extent to which they are applicable to the Group's activities and effectively start for financial years as from 1 January 2018.

New or amended standards and interpretations effective for the financial year starting as at 1 January 2018

The following standards amended by the IASB and published interpretations by the IFRIC are effective for the current period but do not affect the disclosure, IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions (1/1/2018); IFRS 9 Financial Instruments and subsequent amendments (1/1/2018); IFRS 15 Revenue from Contracts with Customers (1/1/2018); Amendments resulting from Annual Improvements 2014-2016 Cycle (1/1/2018); IAS 40 Investment Property- Amendments to clarify transfers or property to, or from, investment property (1/1/2018); IFRIC 22 Foreign Currency Transactions and Advanced Consideration (1/1/2018).

The following amendments are the most relevant for Intervest:

IFRS 9 - Financial instruments

IFRS 9 was published by the IASB in July 2014 and was adopted by the EU in November 2016. IFRS 9 includes provisions relating to classifying and valuing financial assets and liabilities, special financial asset depreciations as well as general provisions on hedge accounting. To a great extent, IFRS 9 replaces IAS 39 - Financial Instruments: Withdrawal and Valuation.

With regard to the special financial asset depreciations valued at amortised cost, including trade receivables, the initial application of the credit loss model under IFRS 9 will lead to premature recognition of credit losses compared to the currently applied loss model under IAS 39. Considering the relatively restricted monetary amount of outstanding due and payable trade receivables, combined with the associated low credit risk, Intervest regards the impact on the consolidated annual accounts as limited.

IFRS 15 - Yields from contracts with customers

IFRS 15 provides a unique and all-encompassing model of principles that a unit must apply to process the accounting of yields generated by a contract with a customer. When it comes into force, this new standard will replace both IAS 18 relating to yields from selling goods and providing services, as well as IAS 11 relating to negotiating projects as commissioned by third parties and the accompanying interpretations.

IFRS 15 does not have a significant impact on Intervest's consolidated annual accounts in view of the fact that lease agreements, which represent Intervest's principal source of income, fall outside the scope of IFRS 15. The principles of IFRS 15 do however apply to the non-lease components that may be included in lease agreements or in individual agreements, for example maintenance related services charged to the tenant. Considering the fact that amounts of such non-lease components are relatively limited and, in general, concern services which are recognised over time by both IAS 18 and IFRS 15, there is no significant impact here either.

Published standards and interpretations that do not yet apply in 2018 but that have in fact already been applied

IFRS 16 - Lease agreements

IFRS 16 introduces important changes regarding the accounting processing of lease agreements for the lessee, whereby the distinction between operational and financial leases ceases to exist and assets and liabilities are recognised for all lease agreements (save exceptions for short-term leases or assets having a low value), and apply to financial years as from 1 January 2019.

In contrast to the lessee's processing of the lease agreements, IFRS 16 retains almost all the provisions from IAS 17 - Lease agreements relating to the lessor's processing of the lease agreements. This means that lessors must continue to classify the lease agreements as operational or financial lease agreements.

In view of the fact that Intervest acts almost exclusively as property owner and is therefore lessor (and did not opt to make a reassessment as to whether a contract is or entails a lease agreement in comparison with IAS 17), there are no changes in this respect and Intervest will continue to value its real estate portfolio on fair value in accordance with IAS 40.

However, in some of its investments, Intervest does not hold bare ownership, but only usufruct, by way of a concession or long-term lease or similar form. A user right and accompanying obligation must be included in the consolidated balance sheet in the limited cases where Intervest is the lessee in lease agreements classified as operational leases under IAS 17 and these contracts do not fall under the exceptions as laid down in IFRS 16.

Intervest decided to apply IFRS 16 early and has processed this impact in its consolidated balance sheet, on the assets within the fair value of investment properties (held by way of the right of use of real estate) and on liabilities, including non-current liabilities and an adjustment in the initial state of reserves, as can also be seen in the statement of changes in equity. In addition, the impact on the income statement, i.e. the recurrent cost of the concessions, will be processed via the financial and portfolio result instead of via the "rental-related costs".

Published standards and interpretations that do not yet apply in 2018 and that have not yet been appliedt

Intervest has not yet applied the following new standards, amendments to standards or interpretations that are not yet in force but that may be applied sooner: Amendments resulting from Annual Improvements 2015-2017 Cycle (1/1/2019); IAS 1 & 8 Amendments regarding the definition of material (1/1/2020); IAS 19 Amendments regarding plan amendments curtailments or settlements (1/1/2019); IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures (1/1/2019); IFRS 3 Amendments to clarify the definition of a business (1/1/2020); IFRS 4 Insurance Contracts-Amendments regarding the interaction of IFRS 4 and IFRS 9 (1/1/2019); IFRS 17 Insurance contracts (1/1/2021); IFRIC 23 Uncertainty over Income Tax Treatments (1/1/2019).

The Group is currently deciding what the consequences of implementing the aforementioned amendments could be.

Presentation basis

The consolidated annual accounts are expressed in thousands of €, rounded to the nearest thousand. The consolidated annual accounts are presented before profit distribution.

The accounting principles are applied consistently.

Consolidation principles

Perimeter companies

A perimeter company is an entity over which another entity has control (exclusively or jointly). Control is having power over the entity, having the rights to the changing income from involvement in the entity, and having the possibility to use power over the entity to influence the amount of income. A perimeter company's annual accounts are recognised in the consolidated annual accounts by means of the full consolidation method from the time that control arises until such time as it ceases. If necessary, the financial reporting principles of the perimeter companies have been changed in order to arrive at consistent principles within the Group. The reporting period of the perimeter company coincides with that of the parent company.

Eliminated transactions

All transactions between the Group companies, balances and unrealised profits and losses from transactions between Group companies will be eliminated when the consolidated annual accounts are prepared. The list of perimeter companies is included in Note 22.

Business combinations and goodwill

When the Group takes control of an integrated combination of activities and assets corresponding to the definition of business according to IFRS 3 - Business combinations, assets, liabilities and any contingent liabilities of the business acquired are recognised separately at fair value on the acquisition date. The goodwill represents the positive change between the sum of the acquisition value, the previous interest in the entity which had not been previously controlled (if applicable) and the recognised minority interest (if applicable), and the fair value of the acquired net assets on the other hand. If the difference is negative ("negative goodwill"), it is immediately recognised in the result after confirmation of the values. All transaction costs are immediately charged and do not represent a part of the determination of the acquisition value.

In accordance with IFRS 3, the goodwill can be determined on a provisional basis at acquisition date and to be adjusted within the 12 following months.

After initial take-up, the goodwill is not amortised but subjected to an impairment test carried out at least every year for cash-generating units to which the goodwill was allocated. If the carrying amount of a cash-generating unit exceeds its value in use, the pursuant impairment is recognised in the result and first allocated in reduction of the possible goodwill and then to the other assets of the unit, proportional to their carrying value. An impairment loss recognised on goodwill is not to be reversed during a subsequent year.

In the event of the disposal of or in the event that control for a partial disposal of a perimeter company be lost, the amount of goodwill that is allocated to this entity is included in the determination of the result of the disposal.

When the Group acquires an additional interest in a perimeter company, which had previously been controlled by the Group at some point, or when the Group sells a part of the interest in a perimeter company without loss of control, the goodwill, recognised at the time at which control is acquired, is not influenced. The transaction with minority interests has an influence on the transferred results of the Group.

Foreign currencies

Foreign currency transactions are recognised at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currency are valued at the final rate in force on the balance-sheet date. Exchange rate differences deriving from foreign currency transactions and from the conversion of monetary assets and liabilities denominated in foreign currency are recognised in the income statement in the period when they occur. Non-monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate valid at the transaction date.

Property result

Income is valued at the fair value of the compensation received or to which title has been obtained. Income will only be recognised if it is likely that the economic benefits will be reaped by the entity and can be determined with sufficient certainty.

Rental income, the received operational lease payments and the other income and costs are recognised linearly in the income statement for the periods to which they refer.

Rental discounts and incentives are spread over the period running from the start of the lease agreement to the next possibility of terminating an agreement.

The compensation paid by tenants for early termination of lease agreements is immediately taken into result for the period in which it is definitively obtained.

Property charges and general charges

The costs are valued at the fair value of the compensation that has been paid or is due and are recognised in the income statement for the periods to which they refer.

Result on disposal and change in fair value of investment properties

The result from the disposal of investment properties is equal to the difference between the selling price and the carrying amount (i.e. the fair value determined by the property expert at the end of the previous financial year) less the selling expenses.

The changes in fair value of investment properties are equal to the difference between the current carrying amount and the previous fair value (as estimated by the independent property expert). This type of comparison is made at least four times a year for the full investment property portfolio.

Movements in fair value of the real estate properties are included in the income statement for the period in which they occur.

Financial result

The financial result consists of interest charges on loans and additional financing costs, less the income from investments.

Taxes on the result and property tax

Taxes on the result of the financial year consist of the taxes due and recoverable for the reporting period and previous reporting periods, as well as the exit tax due. The tax expense is included in the income statement unless it relates to elements that are immediately recognised in equity. In the latter case, taxes are also recognised as a charge against equity.

When calculating the taxation on the taxable profit for the year, the tax rates in force at the end of the period are used.

Withholding taxes on dividends are recognised in equity as part of the dividend until such time as payment is made.

The exit tax owed by companies that have been taken over by the real estate company is deducted from the revaluation surplus at the moment of the merger and is recognised as a liability.

Tax receivables and tax liabilities are valued at the tax rate used during the period to which they refer.

IFRIC 21 - Levies (applicable as from 1/7/2014) indicates under which circumstances a levy imposed by government must be booked in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. This interpretation has no significant impact on the consolidated annual accounts of the Group but does affect the development of the result during the financial year due to the point in time at which the property tax is recognised: with the application of IFRIC 21 the property tax is recognised fully as debt and cost as at 1 January of every financial year and the charging on of this property tax to the tenants and the recovery of property tax on vacant buildings from the government is fully recognised as receivable and income as at 1 January of every financial year. The net impact on the income statement therefore remains limited to the non-rechargeable/recoverable property tax that is fully recognised as at 1 January as a cost instead of being spread over the financial year.

Deferred tax

Deferred tax receivables and liabilities are recognised on the basis of the debt method ("liability method") for all provisional differences between the taxable basis and the carrying amount for financial reporting aims with respect to both assets and liabilities. Deferred tax receivables are only recognised if it is probable that there will be taxable profit against which the deferred tax claim can be offset. The deferred taxes are included under the "Other result on portfolio" in the income statement.

Ordinary and diluted net result per share

The ordinary net result per share is calculated by dividing the net result as shown in the income statement by the weighted average of the number of outstanding ordinary shares (i.e. the total number of issued shares less own shares) during the financial year.

To calculate the diluted net result per share, the net result that is due to the ordinary shareholders and the weighted average of the number of outstanding shares is adapted for the effect of potential ordinary shares that may be diluted.

Intangible assets

Intangible assets are recognised at cost, less any accumulated depreciation and exceptional impairment losses, if it is likely that the expected economic benefits attributable to the asset will flow to the entity, and if the cost of the asset can be measured reliably. Intangible assets are amortised linearly over their expected duration of use. The depreciation periods are reviewed at the end of every financial year at a bare minimum.

Investment properties (including transfer duties)

Definition

Investment properties comprise all buildings and lands that are leasable and generate rental income (wholly or in part), including the buildings where a limited part is kept for own use and held by right of use of real estate. Development projects(as referred to in the definition of project developments) and sites held with the aim of starting project developments with a view to subsequently leasing them and increasing their value over time, but for which no concrete building plans or development projects have yet been started (land reserve), are also considered as property investment.

Initial take-up and valuation

Initial take-up in the balance sheet takes place at the acquisition value including transaction costs such as professional fees, legal services, registration charges and other property transfer taxes. The exit tax due from companies absorbed by the company is also included in the acquisition value.

Commission fees paid for acquisitions of buildings must be considered as additional costs for these acquisitions and added to the acquisition value.

If the acquisition takes place through the acquisition of shares of a real estate company, through the non-monetary contribution of a building against the issue of new shares or by merger through takeover of a real estate company, the deed costs, audit and consultancy costs, reinvestment fees and release costs of the financing of the absorbed companies and other costs of the merger are also capitalised.

Valuation after initial take-up

After initial take-up, investment properties available for lease are valued at fair value in accordance with IAS 40. The fair value 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. The fair value is thus obtained by deducting an appropriate portion of the registration fees from the investment value:

- The investment value is the price at which the site will probably be traded between buyers and sellers who are well informed in the absence of information asymmetries and who wish to perform such a transaction, without taking into account any special agreement between them. This value is the investment value when it matches the total price to be paid by the buyer, plus any registration fees or VAT if the purchase is subject to VAT.
- Concerning the amount of the registration fees, on 8 February 2006 the Belgian Asset Managers Association (BEAMA) published a press release (see www.beama.be - publicaties - persberichten: "First application of IFRS accounting rules").

  A group of independent the property experts, who carry out the periodic valuation of the buildings of RRECs, judged that for transactions relating to buildings in Belgium with an overall value of less than € 2,5 million, registration fees of 10,0% to 12,5% must be taken into account depending on the region where these properties are located. For transactions relating to buildings with an overall value of more than € 2,5 million and given the range of methods of transfer of ownership used in Belgium, these same experts - based on a representative sample of 220 transactions performed on the market between 2002 and 2005 and representing a total of € 6,0 billion - valued the weighted average of the fees at 2,5%.

  At this time it was also decided that such percentage would be reviewed per 0,5% increment. During the course of 2016 a panel of property experts[1] and the BE-REIT Association[2] jointly decided to update this calculation in accordance with the methodology that was applied in 2006. The de facto global effect was calculated based on transactions executed by institutional parties and companies. The analysis comprises 305 larger or institutional transactions for over € 2,5 million covering the 2013, 2014, 2015 and Q1 2016 period. The volume of the analysed transactions consists of over 70% (€ 8,2 billion) of the estimated total investment volume during that period. The panel of property experts decided that the threshold of 0,5% had not been exceeded. Consequently, the percentage of 2,5% will be maintained. The percentage will be scrutinised every 5 years or, whenever there is a significant change in the tax context. The percentage will only be adjusted if the threshold of 0,5% is exceeded.

Specifically, this means that the fair value of the invest properties available for lease and located in Belgium 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).

The transfer duties for logistics real estate in the Netherlands amount to 6,0%. Intervest charges an additional 1% for the other costs (such as notary fees). For the Intervest investment properties available for lease, which are located in the Netherlands and kept through the Dutch perimeter companies, this means that the fair value of the invest properties is equal to the investment value divided by 1,07.

The difference between the fair value of property and the investment value of the property as determined by the independent property experts is taken up when acquiring the property in the income statement in the section XVIII. "Changes in fair value of investment properties."

After approval of the result allocation by the general meeting of shareholders (in April of the next financial year) this difference between the fair value of real estate properties and the investment value of real estate properties is attributed to the reserve "c. Reserve for the impact on fair value of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties" in shareholders' equity.

Holding of real estate and valuation process

Investment properties available for lease are valued by the independent property experts at investment value.
For this, the investment properties are valued each quarter on the basis of the present value of market rents and/or effective rental income, where appropriate after deduction of associated costs in accordance with the International Valuation Standards 2001 published by the International Valuation Standards Committee. Valuations are produced by updating the annual net rent received from the tenants, less the associated costs. The updating takes place on the basis of the yield factor, which depends on the inherent risk of the relevant property.

1 Consisting of Pieter Paepen (CBRE), Pierre van der Vaeren (CBRE), Christophe Ackermans (Cushman & Wakefield), Kris Peetermans (Cushman & Wakefield), Rod Scrivener (Jones Lang LaSalle), Jean-Paul Ducarme (PWC), Celine Janssens (Stadim), Philippe Janssens (Stadim), Luk van Meenen (Troostwijk-Roux Expertises) and Guibert de Crombrugghe (de Crombrugghe & Partners).

2 The BE-REIT Association is an association consolidating the 17 Belgian RRECs and was founded to further the interests of the RREC sector.

Profits or losses arising from the change in fair value of an investment property are taken up in the income statement in section XVIII. “Changes in fair value of investment properties” in the period in which they arise and when profits are distributed in the following year are allocated to the reserve “b. Reserve for the balance of changes in fair value of real estate”. When this allocation is made within this reserve for the balance of the changes in fair value of real estate, a distinction is made between variations in the investment value of the real estate and the estimated transaction costs resulting from hypothetical disposal, so that this last section always matches the difference between the investment value of the real estate and the fair value of the real estate.

Development projects

The projects are valued at fair value after initial take-up. This fair value takes into account the substantial development risks. In this context, all the following criteria must be met: there is a clear picture of the project costs to be incurred, all the necessary permits to execute the project development have been obtained and a substantial part of the project development has been pre-let (definitively signed rental contract). This fair value valuation is based on the valuation by the independent property expert (according to the commonly used methods and assumptions) and takes into account the costs still to be incurred to fully finalise the project.

Disposal of an investment property

Upon disposal of an investment property the realised profits and losses on the disposal are recorded in the income statement of the reporting period under the item “Result on disposals of investment properties”. The transfer duties are charged against the income statement after disposal. The commission fees paid to real estate agents for the sale of buildings and obligations made as a result of transactions are reduced from the obtained sales price in order to determine the realised profit or loss.

Upon profit appropriation, these realised profits or losses on the sale of investment properties as compared to the original purchase value of such investment properties are allocated under the heading “m. Other reserves”. In this way, the realised profits or losses on the sale of investment properties are regarded as available reserves.

Assets held for sale

Assets held for sale refer to real estate properties whose carrying amount will be realised through divestment and not through continued use. The buildings held for sale are valued in accordance with IAS 40 at fair value.

Other tangible assets

Definition

The non-current assets under the entity’s control that do not meet the definition of investment property are classified as “Other tangible assets”.

Valuation

Other tangible assets are initially recorded at cost and thereafter valued according to the cost model.

Additional costs are only capitalised if the future economic benefits related to the tangible assets increase.

Depreciation and exceptional impairment losses

Other tangible assets are depreciated using the linear depreciation method. Depreciation begins at the moment the asset is ready for use as foreseen by the management. The following percentages apply on an annual basis:

- installations, machinery and equipment 20%
- furniture and vehicles 25%
- ITC equipment 33%
- real estate for own use
  - land 0%
  - buildings 5%
- other tangible assets 16%

If there are indications that an asset may have suffered impairment, its carrying amount is compared to the realisable value. If the carrying amount is greater than the realisable value, an exceptional impairment loss is recognised.

Disposal and decommissioning

When tangible assets are sold or retired, their carrying amount ceases to be recorded on the balance sheet and the profit or loss is taken up in the income statement.

Impairment losses

The carrying amount of the assets of the company is reviewed periodically to determine whether there is an indication of impairment. Special impairment losses are recognised in the income statement if the carrying amount of the asset exceeds the realisable value.

Financial instruments

Trade receivables

Trade receivables are initially recorded at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for impairment losses are taken up in profit or loss for estimated non-realisable amounts when there is objective evidence that the asset is exceptionally impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial take-up.

In application of IFRS 9, credit losses are recognised prematurely in the annual accounts. Considering the relatively restricted monetary amount of outstanding due and payable trade receivables, combined with the associated low credit risk, Intervest regards the impact on the consolidated annual accounts as limited.

Financial assets under the cost model

Financial assets under the cost model are taken up or no longer recorded on the transaction date when the purchase or sale of an investment is under a contract whose terms require delivery of the asset within the time frame generally established or agreed by the market concerned. They are initially measured at fair value, plus directly attributable transaction costs.

Debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are valued at amortised cost using the effective interest rate method, less any special impairment loss recognised to reflect irrecoverable amounts. Such a special impairment loss is taken up in the income statement when and only when there is objective evidence that an asset has been exceptionally impaired. Special impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the write-off took place, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been taken up.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and do not entail any material risk of change in value as these are held at renowned financial institutions.

Financial liabilities and shareholder's equity

Financial liabilities and equity instruments issued by the Group are classified according to the economic reality of the contractual arrangements and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The principles of financial reporting related to specific financial liabilities and equity instruments are set out below.

Interest-bearing bank loans

Interest-bearing bank loans and credit overdrafts are initially valued at fair value and are subsequently valued at amortised cost, using the effective interest rate method. Any difference between the proceeds (after transaction costs) and the settlement or repayment of a loan is taken up over the term of the loan in accordance with principles of financial reporting related to financing costs, applied by the Group.

Trade debts

Trade debts are initially valued at fair value and are subsequently valued at amortised cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded in the proceeds received (after deduction of direct issue costs).

Derivatives

The Group uses derivatives to hedge its exposure to unfavourable interest rate risks arising from operational, financing and investment activities. The Group does not engage in speculative transactions nor does it issue or hold derivatives for trading purposes.

Derivatives do not qualify for hedge transactions because they do not meet the IAS 39 criterion. They are initially valued at cost price and are valued after initial take-up at fair value. Changes in the fair value of each derivative that does not qualify for hedge accounting are immediately recorded in the income statement.

Own shares

When own shares are purchased, the amount paid, including attributable direct costs, is accounted for as a deduction of shareholders' equity.

Provisions

A provision is an obligation of uncertain size or of an undefined time element. The amount recorded is the best estimate of the expenditure required to settle the existing liability by the balance sheet date.

Provisions are only taken up when there is a current obligation (legal or constructive) as a result of a past event that is likely to bring an outflow of resources whereby a reliable estimate of the amount of the obligation can be made.

Post-employment benefits

Contributions to "agreed contribution" type group insurance contracts are recorded as an expense for the reporting period during which employees rendered services entitling them to contributions. According to law, the employer must guarantee a minimum payment whereby the company has the obligation to pay additional contributions if the pension fund no longer has sufficient assets to pay the pensions of all employees for the services they have rendered.

Dividend distribution

Dividends comprise part of the reserves until such time that the general meeting of shareholders approves the dividends. The dividends are therefore recorded as a liability in the annual accounts for the period in which the dividend distribution is approved by the general meeting of shareholders.

Events after the balance sheet date

Events after the balance sheet date are events, both favourable and unfavourable, that take place between the balance sheet date and the date the financial statements are authorised for issue. Events providing information of the actual situation on the balance sheet date are incorporated in the result of the income statement.

Significant estimates and major sources of uncertainty regarding estimates

Fair value of investment properties

The fair value of the investment properties of Intervest is valued on a quarterly basis by independent property experts. The intent of this valuation by property experts is to determine the market value of a building on a certain date according to the evolution of the market and the characteristics of the buildings in question. The property experts use the principles described in the chapter "Valuation of the portfolio by property experts" in the Property report and in "Note 13. Non-current assets: investment properties" of the Financial report. The real estate portfolio is recorded in the consolidated annual accounts at fair value determined by the property experts.

Financial derivatives

The fair value of the financial derivatives of Intervest is valued on a quarterly basis by the issuing financial institute. A comprehensive description can be found in "Note 18. Financial instruments" in the Financial report.

Disputes

The company is currently involved in legal procedures, and may be again in the future. In 2018 Intervest was involved in a procedure before the Court of Appeal in Antwerp, fiscal chamber, as well as in an appeal procedure for the regional director of the large corporations control centre regarding the billing of the exit tax assessment year 1999 special. However, in its judgement dated 25 April 2017, the Antwerp Court of Appeal declared Intervest's appeal unfounded. The judgement was served on 10 November 2017. On 29 January 2018 Intervest filed a cassation appeal against the above-mentioned judgement of the Antwerp Court of Appeal dated 25 April 2017 (see Note 24 Conditional rights and obligations" of the Financial report). The company is of the opinion that this procedure will not have a significant impact on the results of the company.

Note 3. Segmented information

Segmentation by business segment

The two business segments comprise the following activities:

- The category of "offices" includes the properties that are let to companies for professional purposes as office space.
- The category of "logistics properties" includes those premises with a logistical function, storage facilities and high-tech buildings.

The category of "corporate" includes all non-allocated fixed costs borne at Group level.

Income statement

BUSINESS SEGMENT	Offices		Logistics real estate		Corporate		TOTAL	
in thousands €	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	20.322	19.749	27.598	23.600			47.920	43.349
Rental-related expenses	-9	18	-44	-22			-53	-4
Net rental income	*20.313*	*19.767*	*27.554*	*23.578*			*47.867*	*43.345*
Property management costs and income	95	507	711	116			806	623
Property result	*20.408*	*20.274*	*28.265*	*23.694*			*48.673*	*43.968*
Operating result before result on portfolio	**16.824**	**16.699**	**25.455**	**21.107**	**-2.725**	**-2.729**	**39.554**	**35.077**
Changes in fair value of investment properties	-362	1.446	7.395	-8.720			7.033	-7.274
Other result on portfolio	-411	21	-2.061	-110			-2.472	-89
Operating result of the segment	**16.051**	**18.166**	**30.789**	**12.277**	**-2.725**	**-2.729**	**44.115**	**27.714**
Financial result					-9.620	-6.348	-9.620	-6.348
Taxes					-390	-180	-390	-180
NET RESULT	**16.051**	**18.166**	**30.789**	**12.277**	**-12.735**	**-9.257**	**34.105**	**21.186**

For the description of the risk spread according to tenants by segment, please see the Property report.

The operating result before result on portfolio for the **offices** slightly increased by € 0,1 million. The operating result of the office segment decreased by € 2 million as a result of a decrease in fair value of the office portfolio of 1% or € 2,3 million (due to the adjustment of the yields, partly compensated by an increase in fair value of Greenhouse BXL and Mechelen Campus Tower as a result of the leases achieved) and the increase in value on the acquisition in Leuven in 2018 in the amount of € 1,9 million.

The operating result for result on portfolio of the **logistics segment** increased by € 4,3 million. The increase is mainly the result of investments in 2017 which contributed to the result for a full year in 2018, as well as new logistics acquisitions in 2018 in Vuren, Eindhoven, Raamsdonksveer, Roosendaal, Tilburg and Ghent, which caused the rental income to increase further. In 2017, the extensions achieved in the existing sites in Herentals and Herstal also contributed to an increase in rental income. In addition, sharpening yields in the Netherlands and Belgium, as well as capital gains on the acquisitions of 2018, led to an increase of € 18,5 million in the operating result for the logistics segment.

Key Figures

BUSINESS SEGMENT	Offices		Logistics real estate		TOTAL	
in thousands €	2018	2017	2018	2017	2018	2017
Fair value of real estate properties	346.769	304.250	519.735	358.289	866.504	662.539
Investments and expansions during the financial year (fair value)	9.158	878	1.089	6.452	10.247	7.330
Acquisition of investment properties	33.723	0	115.543	51.539	149.266	51.539
Acquisition of shares of real estate companies	0	0	37.190	0	37.190	0
Investment value of real estate properties	355.438	311.856	539.466	368.331	894.904	680.187
Total leasable space (m^2)	237.732	210.457	785.216	584.439	1.022.948	794.896
Occupancy rate (%)	88%	76%	98%	98%	93%	86%
Occupancy rate excl. redevelopment project Greenhouse BXL (%)	nvt	85%	nvt	98%	nvt	91%

Geographic segmentation

The geographic segmentation shows the operating result and the key figures divided according to the country in which they were achieved. The category of “corporate” includes all non-allocated fixed costs borne at Group level.

Income statement

GEOGRAPHIC SEGMENTATION	Investment properties Belgium		Investment properties the Netherlands		Corporate		TOTAL	
in thousands €	2018	2017	2018	2017	2018	2017	2018	2017
Rental income	44.444	42.539	3.476	810			47.920	43.349
Rental-related expenses	-53	-4	0	0			-53	-4
Net rental income	*44.391*	*42.535*	*3.476*	*810*			*47.867*	*43.345*
Property management costs and income	806	623	0	0			806	623
Property result	*45.197*	*43.158*	*3.476*	*810*			*48.673*	*43.968*
Operating result before result on portfolio	**38.922**	**37.012**	**3.357**	**794**	**-2.725**	**-2.729**	**39.554**	**35.077**
Changes in fair value of investment properties	2.435	-7.819	4.598	545			7.033	-7.274
Other result on portfolio	-521	103	-1.951	-192			-2.472	-89
Operating result of the segment	**40.836**	**29.296**	**6.004**	**1.147**	**-2.725**	**-2.729**	**44.115**	**27.714**

Key Figures

GEOGRAPHIC SEGMENTATION	Investment properties Belgium		Investment properties the Nederlands		Total	
in thousands €	2018	2017	2018	2017	2018	2017
Fair value of real estate properties	712.862	638.440	153.642	24.099	866.504	662.539
Investments and extensions during the financial year (fair value)	10.247	7.330	0	0	10.247	7.330
Acquisition of investment properties	37.157	27.985	112.109	23.554	149.266	51.539
Acquisition of shares or real estate companies	24.353	0	12.837	0	37.190	0
Investment value of real estate properties	730.553	654.401	164.351	25.786	894.904	680.187
Total leasable space (m²)	826.496	761.060	196.452	33.836	1.022.948	794.896
Occupancy rate (%)	92%	86%	100%	100%	93%	86%
Occupancy rate excl. redevelopment project Greenhouse BXL (%)	nvt	91%	nvt	100%	nvt	91%

Note 4. Property result

Rental income

in thousands €	2018	2017
Rents	49.766	45.128
Rental discounts	-1.776	-1.888
Rental benefits (“incentives”)	-115	-101
Compensation for early termination of lease agreements	45	210
Total rental income	**47.920**	**43.349**

Rental income comprises rents, income from operational lease agreements and directly associated revenues, such as rent securities granted and compensation for early terminated lease agreements minus any rental discounts and rental benefits (incentives) granted. Rental discounts and incentives are spread over the period running from the start of the lease agreement to the next possibility of terminating a lease agreement by the tenant.

Without taking into account the flex workers, Intervest rental income is spread across 222 different tenants, which limits the debtor’s risk and improves the stability of the income. The top ten tenants represent 34% (38% in 2017) of annual rent, and are often leading companies in their sector and often belong to international concerns. As at 31 December 2018, the main tenant, which belongs to the office segment, represented 5% of annual rent (6% in 2017). In 2018, there were two tenants whose annual rent on an individual basis represented 5% of the total annual rental income of Intervest (three tenants in 2017). For more information on the biggest tenants, please see the Property report - Risk spread by tenants.

For 2018 financial year, the rental income of Intervest amounted to € 47,9 million, an increase of € 4,6 million or 11% as compared to the 2017 financial year (€ 43,3 million).

The rental income in **the logistics portfolio** increased by € 4,0 million. This is an increase of 17% compared to 2017. The increase is mainly the result of investments in 2017 which contributed to the result for a full year in 2018, as well as new logistics acquisitions in 2018 in Vuren, Eindhoven, Raamsdonksveer, Roosendaal, Tilburg and Ghent, which caused the rental income to increase further. In 2017 the extensions achieved in the existing sites in Herentals and Herstal also contributed to the rental income increase.

The rental income in the **office segment** increased slightly by € 0,6 million as a result of new leases of vacant properties in places such as Mechelen Campus Tower and Woluwe Garden. The leases in Greenhouse BXL will gradually contribute to the company's rental income during the course of 2019. The acquisition of the Ubicenter in Leuven in December 2018 will also contribute to the result for a full year in 2019.

For the conclusion of new lease agreements during financial year 2018, for 82% of the agreement value, a rental discount was granted (78% in 2017). In 2018, rental discounts of an average of 8% of the annual rent were granted for new agreements (9% in 2017).

It is moreover generally stipulated that the tenant has to pay back the rent for rental discount, either partially or in full, in the event that he, she or it chooses to terminate the agreement at the agreement's first break option.

For lease agreements that were extended and/or renewed during financial year 2018, for 61% on average of the agreement value, a rental discount was granted (73% in 2017). In 2018 rental discounts of an average of 8% of the annual rent were granted for expansions and/or extensions of contracts (5% in 2017).

Overview of future minimum rental income

The value of the future minimum rental income until the first expiry date of the non-cancellable lease agreements is subject to the following collection terms.

in thousands €	2018	2017
Receivables with a remaining duration of:		
No more than one year	61.223	45.114
Between one and five years	150.209	105.369
More than five years	81.920	36.167
Total of future minimum rental income	**293.352**	**186.650**

The increase of the future minimum rental income by € 107 million or 58% compared to 31 December 2017 is the result of new rentals in Greenhouse BXL and the acquisitions of 2018, some of which have built-to-suit lease agreements that often have a longer fixed duration.

Rental-related expenses

in thousands €	2018	2017
Rent for leased assets (and leasehold remunerations)	-13	-21
Write-downs on trade receivables	-75	-36
Reversal of write-downs on trade receivables	35	53
Total rental-related expenses	**-53**	**-4**

The rental-related expenses consisted mainly of write-downs and reversal of write-downs on trade receivables that are recorded in the result if the carrying amount exceeds the estimated realisation value. This section also comprises the costs of lease for land and buildings by the company in order to continue leasing to its tenants. As a result of the application of IFRS 16, leasehold payments as from financial year 2018 are no longer included as rent-related costs but are included in the financial result.

The losses on lease receivables (with recovery) for the period 2008-2018 represent only 0,1% of total turnover. A sharp deterioration in the general economic climate can result in an increase in losses on lease receivables. The real estate company limits this risk by means of rental guarantees or bank guarantees from the tenants. The possible bankruptcy of a major tenant can represent a significant loss for the property investment fund, as can an unexpected vacancy and even a re-rental of the vacant space at a price lower than the price stated in the agreement which has not been respected.

Recovery of property charges

in thousands €	2018	2017
Obtained compensations on rental damage	253	398
Other	476	483
Management fees received from tenants	*476*	*483*
Total recovery of property charges	**729**	**881**

The recovery of property charges is mainly related to the profit taking of the compensation received from tenants for rental damage when leaving the let spaces and also the management fees that Intervest receives from its tenants for the management of let buildings and the rebilling of rental charges to the tenants, as shown in the following tables.

Recovery of rental charges and taxes

Recovery of rental charges and taxes normally payable by tenants on let properties

in thousands €	2018	2017
Recovery of rental charges borne by the landlord	5.942	8.824
Recovery of advance levies and taxes on let properties	3.976	4.040
Total recovery of rental charges and taxes normally payable by tenants on let properties	**9.919**	**12.864**

Rental charges and taxes normally payable by tenants on let properties

in thousands €	2018	2017
Rental charges borne by the landlord	-5.942	-8.824
Advance levies and taxes on let properties	-3.976	-4.040
Total rental charges and taxes normally payable by tenants on let properties	**-9.919**	**-12.864**
Total amount of recovered rental charges and taxes	**0**	**0**

Rental charges and taxes on let buildings and the recovery of these charges refer to costs for which, by law or custom, the tenant or lessee are liable.

These costs primarily comprise property taxes, electricity, water, cleaning, window cleaning, technical maintenance, garden maintenance, etc. The owner is responsible for the management of the buildings or has these activities contracted out to external property managers (for Mechelen Campus and the logistics properties located in the Netherlands).

Depending on the contractual agreements with the tenants, the landlord may or may not charge the tenants for these services. The costs are settled on a half-yearly basis. During the financial year, advances are billed to the tenants.

As a result of a one-off shift in the settlement time, the rental charges borne by the owner and the recovery of rental charges borne by the owner in 2017 consisted additionally of the costs and income of the second semester of 2016 over and above the costs and income relating to financial year 2017. This change has no financial impact on Intervest or its tenants, but it does explain why the amount of rental charges and taxes and recuperating them still amount to € 3 million lower in 2018 than in 2017, despite a growing portfolio.

Other rental-related income and expenses

in thousands €	2018	2017
Income from green enery (other than long-lease compensations)	340	48
Received coordination fees turn-key solutions	61	19
Expenses and income regarding exploitation Greenhouse Flex	-248	-210
Other	453	260
Total other rental-related income and expenses	**606**	**117**

The costs and income relating to the operation of the Greenhouse hubs comprise all operational costs such as catering (except for personnel costs) and the partial recovery of such costs. The income from the lease agreements with co-workers and users of serviced offices and the income from leasing the Greenhouse Flex meeting rooms are included in the rental income and amounted to € 0,3 million (€ 0,3 million for 2017).

The income from green energy increased sharply in 2018 as a result of the acquisition of the logistics site in Zellik in December 2017.

Note 5. Property charges

Technical costs

in thousands €	2018	2017
Recurrent technical costs	**-1.028**	**-1.311**
Maintenance and repair	-910	-1.266
Insurance premiums	-118	-45
Non-recurrent technical costs	**-31**	**-14**
Claims	-31	-14
Claims (expenses)	-243	-151
Claims (income)	212	137
Total technical costs	**-1. 059**	**-1.325**

The technical costs include maintenance and repair costs and insurance premiums. Maintenance and repair costs that can be regarded as renovation of an existing building because they improve yield or rent are not recognised as costs but are capitalised.

Commercial costs

in thousands €	2018	2017
Brokers' fees	-10	0
Publicity	-107	-166
Lawyers' fees and legal costs	-49	-86
Total commercial costs	**-166**	**-252**

Commercial costs, which include brokers' fees among other things. The brokers' fees paid to brokers after a period of vacancy are capitalised as the property experts, after a period of vacancy, reduce the estimated fees from the estimated value of the real estate property. Brokers' fees paid after an immediate re-letting, without vacancy period, are not capitalised and are recognised in the result as the property experts do not take this fee into account at the moment of valuation.

Charges and taxes on unlet properties

in thousands €	2018	2017
Vacancy charges for the financial year	-565	-680
Property tax on vacant properties	-732	-696
Recovery of property tax on vacant properties	658	622
Recovery of property tax on vacant properties for previous financial year	52	120
Total charges and taxes on unlet properties	**-587**	**-634**

The costs and taxes on unlet buildings decreased slightly during the 2018 financial year compared to the 2017 financial year. Vacancy costs for financial year 2018 represented approximately 1,2% of the total rental income of the company (1,5% in 2017).

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration.

Property management costs

in thousands €	2018	2017
External property management fees	-24	-16
(Internal) property management fees	-3.995	-3.528
Employee benefits and independent staff	*-2.545*	*-2.318*
Property expert	*-156*	*-143*
Other costs	*-1.294*	*-1.067*
Total property management costs	**-4.019**	**-3.544**

Property management costs are costs that are related to building management. These include personnel costs and indirect costs with respect to the management committee and the staff (such as office costs, operating costs, etc.) responsible for managing the portfolio and the leases, and also depreciations and impairments on tangible assets used for such management and other business expenses that can be allocated to the management of the real estate properties.

The management costs of the real estate increased by € 0,5 million due to the increased (internal) property management costs following a larger staff component within the scope of the company's growth.

Other property charges

in thousands €	2018	2017
Charges borne by the landlord	-205	-106
Property taxes contractually borne by the landlord	-317	-234
Other property charges	-41	-67
Total other property charges	**-563**	**-407**

The other property charges often relate to expenses chargeable to the Group on the basis of contractual or commercial agreements with tenants. These are largely restrictions on the payment of common charges. For financial year 2018, these commercial interventions amounted to approximately € 0,5 million on an annual basis or 1,2% of total rental income of the company (€ 0,4 million or 0,9% in financial year 2017). The increase in 2018 was mainly due to the investment properties in the Netherlands, where the property withholding tax is often borne by the landlord.

Note 6. General costs

in thousands €	2018	2017
Subscription tax	-332	-302
Auditor's fee	-87	-76
Directors' remunerations	-63	-63
Liquidity provider	-13	-15
Financial service	-36	-36
Employee benefits and independent staff	-1.356	-1.332
Consultancy fees	-231	-285
Other costs	-631	-613
Total general costs	**-2.749**	**-2.722**

General costs are all costs related to the management of the company and costs that cannot be allocated to property management. These operating costs include general administration costs, cost of personnel engaged in the management of the company as such, depreciations and impairments on tangible assets used for this management and other operating costs.

General costs amounted to € 2,7 million and remained stable compared to 2017.

For additional details on the auditor's fee, please see Note 23.

An overview of the remuneration paid to the directors is provided in the report of the board of directors - Remuneration report.
50% of the remuneration to the directors is included in the general costs, the other 50% of their work is regarded as property management costs.

Note 7. Employee benefits

in thousands €	2018 Charges for internal property management	2018 Charges related to company management	2018 TOTAL	2017 Charges for internal property management	2017 Charges related to company management	2017 TOTAL
Remuneration of employees and independent staff	**2.065**	**821**	**2.886**	**1.812**	**818**	**2.630**
Salary and other benefits paid within 12 months	1.716	709	2.425	1.284	624	1.908
Pensions and post-employment benefits after termination	45	23	68	47	22	69
Social security	292	142	434	278	130	408
Variable remunerations	88	34	122	59	27	86
Termination benefits	13	0	13	28	4	32
Other charges	-89	-87	-176	116	11	127
Remuneration of the management committee	**480**	**535**	**1.015**	**506**	**514**	**1.020**
Chairman of the management committee	202	201	403	194	195	389
Fixed remuneration	*167*	*167*	*334*	*162*	*162*	*324*
Variable remuneration	*35*	*34*	*69*	*32*	*33*	*65*
Other members of the management committee	278	334	616	312	319	631
Fixed remuneration	*206*	*232*	*438*	*212*	*228*	*440*
Variable remuneration	*45*	*65*	*110*	*76*	*59*	*135*
Pension obligations	*27*	*37*	*64*	*24*	*32*	*56*
Total employees benefits	**2.545**	**1.356**	**3.901**	**2.318**	**1.332**	**3.650**

The number of employees and self-employed personnel at year-end 2018, expressed in FTE is 28 staff members for the internal management of the property (26 in 2017) and 10 staff members for the management of the company (11 in 2017). The management team comprised three persons as at 31 December 2018 (three persons as at year end 2017).

Remuneration, supplementary benefits, termination benefits and severance compensation, and post-employment benefits for personnel in permanent employment are regulated by the Act on the labour agreements of 4 July 1978, the annual holiday Act of 28 June 1971, the joint committee for the sector that the company falls under and the collective labour agreements that have been recognised in the income statement for the period to which they refer.

Pensions and remunerations after termination of employment include pensions, contributions for group insurance policies, life and disability insurance policies and hospitalisation insurance policies. Intervest has taken out a group insurance contract of the “agreed contribution” type at an external insurance company for its employees with a permanent contract. Due to the legislation that was amended at the end of December 2015 (the Act to ensure sustainability and the social nature of the additional pensions and to strengthen its supplementary nature in relation to the retirement pensions was approved), the employer must guarantee a minimum return and therefore this contract must be classed as a “defined benefit” plan. The company contributes to this fund, which is independent from the company. Contributions for the insurance policy are financed by the company. This group insurance contract complies with the Vandenbroucke Act on pensions. The contribution obligations are included in the income statement for the period to which they pertain. For financial year 2018, these amounts are € 135.000 (€ 125.000 in 2017). As at 31 December 2018, the insurance company has confirmed that the deficit to guarantee the minimum return is not of material nature.

The remuneration for the management committee is explained in the report of the board of directors - Remuneration report.

Note 8. Result on disposals of investment properties

There were no divestments in 2017 or 2018.

Note 9. Changes in fair value of investment properties

in thousands €	2018	2017
Positive changes in fair value of investment properties	26.479	9.022
Negative changes of investment properties	-19.446	-16.296
Total changes in the fair value of investment properties	**7.033**	**-7.274**

The changes in the fair value of investment properties amounted to € 7,0 million in 2018 (€ -7,3 million). Positive changes in the fair value are the result of:

- an increase of 2% or € 7,4 million in fair value of the logistics portfolio as a result of sharpened yields in the Netherlands and Belgium, as well as of the increases on the acquisitions of 2018
- the decrease in fair value of the office portfolio by € -0,4 million, consisting of a general value decrease of 1% or € 2,3 million (due to the adjustment of the yields, partly compensated by an increase in fair value of Greenhouse BXL and Mechelen Campus Tower as a result of the leases achieved) and the increase on the acquisition in Leuven in 2018 in the amount of € 1,9 million.

Note 10. Other result on portfolio

in thousands €	2018	2017
Deferred taxes	-2.653	-192
Other	181	103
Changes to the spread of rental discounts and benefits granted to tenants	*222*	*103*
Other	*-41*	*0*
Total other result on portfolio	**-2.472**	**-89**

In 2018, the other result on portfolio amounted to € -2,5 million (€ -0,1 million) and primarily comprised the provision for deferred tax on non-realised increases on the investment properties belonging to the perimeter companies of Intervest in the Netherlands and Belgium.

Note 11. Net interest charges

in thousands €	2018	2017
Nominal interest charges on loans	**-6.277**	**-5.884**
Loans at financial institutions	-3.667	-3.375
With fixed interest rate	*-319*	*-319*
With variable interest rate	*-3.348*	*-3.056*
Bond loans	-2.277	-2.277
Interest charges on non-withdrawn credit facilities and back-up lines commercial paper	-333	-232
Costs of authorised hedging instruments	**-1.558**	**-1.568**
Authorised hedging instruments that are not subject to hedge accounting according to IFRS	-1.558	-1.568
Income from authorised hedging instruments	**90**	**91**
Authorised hedging instruments that are not subject to hedge accounting according to IFRS	90	91
Other interest charges	**-294**	**-260**
Total net interest charges	**-8.039**	**-7.621**

In 2018, the net interest charges amounted to € -8,0 million compared to € -7,6 million in 2017. The increase of the financing costs is a result of the growth of the real estate portfolio. The refinancing carried out in 2017 and 2018 to optimise the financing structure, together with the commercial paper programme that was implemented in July 2018, jointly partially compensated the increased costs and a decrease of Intervest's average financing cost.

Net interest charges classified by credit line expiry date

in thousands €	2018	2017
Net interest charges on non-current financial debts	-6.430	-6.195
Net interest charges on current financial debts	-1.609	-1.426
Total net interest charges	**-8.039**	**-7.621**

For 2018, the total average interest rate amounted to 2,4% including bank margins and interest hedging instruments, compared to 2,6% in 2017. The total average interest rate before impact of the interest hedging instruments amounted to 2,0% in 2018 (2,1% in 2017).

The average interest rate for the non-current financial debts, including bank margins, amounted to 2,4% in 2018 (2,9% in 2017). The average interest rate for the current financial debts, including bank margins, amounted to 2,4% in 2018 (1,8% in 2017). The increase in the short term is due to the bond loan of € 25 million which has shifted from long-term credit facilities to short-term credit facilities as from 1 April 2018.

The (hypothetical) future cash outflow for 2018 of the interest charges from the loans drawn down as at 31 December 2018 at a fixed interest rate or a variable interest rate as at 31 December 2018 amounted to € 7,6 million (€ 6,9 million in 2017).

For financial year 2018, the effect on the EPRA earnings of a (hypothetical) increase in interest rate by 1% gives a negative result of approximately € 0,6 million (€ -0,6 million in 2017). With an (hypothetical) increase in interest rates of 0,5%, interest costs remain stable.

Note 12. Taxes

in thousands €	2018	2017
Result before taxes	*34.495*	*21.366*
Result exempted from taxes as a result of the RREC system	*-34.495*	*-21.366*
Taxable result related to rejected expenses	*170*	*148*
Tax at the rate of 33,99%	nvt	-50
Tax at the rate of 29,58%	-50	nvt
Provision for various fiscal risks	-34	-75
Adjustment previous financial years	-14	-13
Parent company	**-98**	**-138**
Perimeter companies	**-292**	**-42**
Corporate tax	**-390**	**-180**

With the RREC Act (formerly the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator gave a transparent tax status to RRECs. If a company converts its status into that of an RREC, or if an (ordinary) company merges with a RREC, it must pay a one-off tax (exit tax). After that, the RREC is only subject to taxes on very specific elements, such as “rejected expenses”. No corporate tax is therefore paid on the majority of the profit that comes from lettings and added value on disposals of investment properties. Belgian perimeter companies are subject to the normal system of Belgian corporate tax and Dutch perimeter companies do not benefit from this favourable tax status either.

When calculating the taxation on the taxable profit for the year, the tax rates in force on the balance sheet date are used.

The increase in corporate tax for financial year 2018 is the consequence of the results primarily of the Dutch directly and indirectly held perimeter companies.

Note 13. Non-current assets

Research and development, patents and licences

No own activities were developed by the company in the area of research and development.

Investment and revaluation table investment properties

in thousands €	2018			2017		
	Offices	Logistics real estate	Total	Offices	Logistics real estate	Total
Balance sheet as at 1 January	**304.250**	**358.289**	**662.539**	**301.926**	**309.018**	**610.944**
• Recht van gebruik gehouden vastgoed bij toepassing IFRS16	0	229	229	0	0	0
Balance sheet as at 1 January (adapted)	**304.250**	**358.518**	**662.768**	**301.926**	**309.018**	**610.944**
• Acquisition of investment properties	33.723	115.543	149.266	0	51.539	51.539
• Investments and extensions in existing investment properties	9.158	1.089	10.247	878	6.452	7.330
• Acquisition of shares in real estate companies	0	37.190	37.190	0	0	0
• Changes in fair value of investment properties	-362	7.395	7.033	1.446	-8.720	-7.274
Balance sheet as at 31 december	**346.769**	**519.735**	**866.504**	**304.250**	**358.289**	**662.539**
OTHER INFORMATION						
Investment value of real estate properties	355.438	539.466	894.904	311.856	368.331	680.187

As at 1 January 2018 Intervest took up “real estate held by right of use” as a result of the application of IFRS 16. This amount of € 0,2 million represents the right of use for its logistics real estate investment in Oevel, where Intervest does not have full ownership as at 1 January 2018, but does possess long-term rights.

The **fair value of the logistics portfolio** increased in 2018 by € 161 million or 45% due to:

- the acquisition of six logistics sites in the Netherlands and one logistics site in Belgium, with a total acquisition value of € 148 million
- the acquisition by Genk Green Logistics of the site on the former Ford site in Genk for a purchase value of € 3 million
- the investments and expansions in the existing logistics portfolio for € 1 million
- an increase of 2% or € 6 million in fair value of the logistics portfolio as a result of sharpened yields in the Netherlands and Belgium
- the increases in value on the acquisitions for € 1 million in 2018
- the accounting processing of the value of the user right for the “real estate held by right of use” in the case of the acquisition in Ghent in the amount of € 2 million, in accordance with IFRS 16, which applies as from 1 January 2018.

The fair value of the office portfolio increased in 2018 by € 43 million or 14%, mainly due to:

- the acquisition of an office site in Belgium for € 34 million;
- the investments and expansions in the existing real estate portfolio of € 9 million, mainly in Greenhouse BXL
- a decrease in fair value by 1% or € 2 million of the existing office portfolio as a result of a general decrease in value due to the adjustment of the yields, which was partly compensated by an increase in fair value of Greenhouse BXL and Mechelen Campus Tower caused by the leases that were concluded
- the increase in value on the acquisition for € 2 million in Leuven in 2018.

For additional details on the changes in fair value of investment properties, please see Note 9.

Breakdown of investment properties per type

in thousands €	2018	2017
Real estate properties held for lease	858.653	660.856
Reserves of land	5.222	1.683
Real estate held by right of use	2.236	0
Other logistics (advance Roosendaal Braak - committed obligation)	393	0
Total investment properties	**866.504**	**662.539**

Besides the 250.000 m² of reserve of land that the company had on the former Ford site in Genk as at the end of 2018, it also has a remaining reserve of land of approximately 8.000 m² on its site Herentals Logistics 3, which offers an additional possibility of expansion for an extra warehouse. This reserve of land is valued as clear for construction.

As at 31 December 2018, Intervest had no assets for own use except for the space in Greenhouse Antwerp where the registered office of Intervest is located. In accordance with IAS 40.10 this space is recorded as an investment property.

As at 31 December 2018, there were no investment properties mortgaged as security for withdrawn loans and credit facilities at financial institutions. For the description of the legal mortgage established in order to guarantee the outstanding tax debt on the logistics property located in Aartselaar on Dijkstraat, please refer to “Note 24. Conditional rights and obligations”.

IFRS 13

IFRS 13 introduced a standardised framework for valuation of fair value and a disclosure requirement regarding fair value measurement when this valuation principle is required or permitted by virtue of other IFRS standards. IFRS 13 specifically defines fair value as the price that would be received for the sale of an asset or that would have to be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The disclosure requirement in IFRS 13 regarding fair value valuations also serves to replace or expand upon the requirements imposed by other IFRS standards, including IFRS 7 Financial Instruments: Disclosures.

Investment properties are recorded at fair value. The fair value is determined on the basis of one of the following levels of the hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: appraisal is based either fully or partially on information that is (not externally) observable.

The fair value of investment properties recorded in the balance sheet is exclusively the result of the valuation of the portfolio by the independent property experts.

For the value determination of fair value of the investment properties, the nature, the characteristics and the risks of the buildings and the available market information were analysed.

Due to market liquidity and difficulties in obtaining transaction information in a comparatively incontrovertible manner, the appraisal level of the fair value of the Intervest buildings according to IFRS 13 standard is equal to level 3 and this for the portfolio in its entirety.

Valuation of investment properties

The fair value of all of the company's investment properties is appraised each quarter by independent property experts. The fair value is based on the market value (i.e. adjusted for the 2,5% purchasing fees for Belgium and 7% purchasing fees for the Netherlands as described in the "Principles of financial reporting - Investment properties" - see above), which is the estimated amount for which an investment property can be sold at the measurement date by a seller to a willing buyer in a business-like, objective transaction preceded by sound negotiations among knowledgeable and willing parties.

Valuations are mainly carried out by using the rental value capitalisation method, with the exception of rental discounts and photovoltaic installations. The DCF method is used for these exceptions. If no current market prices are available in an active market, the valuations are made on the basis of a calculation of gross returns in which the gross market rents are capitalised. The valuations obtained are adjusted for the net present value (NPV) of the difference between the current actual rent and the estimated rental value at the date of valuation for the period up to the first opportunity to give notice under the current lease contracts. Rental discounts are also taken into consideration. For buildings that are partially or completely vacant, the valuation is made on the basis of the estimated rental value minus the vacancy and the costs (rental costs, publicity costs, etc.) for the vacant portions.

Intervest has no ongoing development projects, but it does have two reserves of land, namely Genk Green Logistics and Herentals Logistics 3. These reserves of land have been included at purchase price in accordance with IAS16.

The yields used are specific to the type of property, location, state of maintenance and the leasability of each property. The basis used to determine the yields is formed by comparable transactions and supplemented with knowledge of the market and of specific buildings. Comparable transactions in the market are also taken into account for the valuation of properties.

The yields described in the Property report are calculated by dividing the contractual rent increased by the estimated rental value of vacant properties by the fair value of the property available for lease expressed as a percentage. The average gross yield when fully letting the property available for lease amounted to 7,9% as at 31 December 2018 (8,4% as at 31 December 2017).

Assumptions are made per property, per tenant and per vacant unit concerning the likelihood of lease/ re-lease, number of months vacant, incentives and rental costs.

The most important hypotheses regarding the valuation of the investment properties are:

	2018	2017
Average contractual rent increased by the estimated rental value of vacant property per m² (€)		
• Offices	129	132
• Logistics real estate	47	48
Average gross yield (%)	**7,4%**	**7,3%**
• Offices	7,8%	7,0%
• Logistics real estate	7,2%	7,7%
Average gross yield if fully let (%)	**7,9%**	**8,4%**
• Offices	8,9%	9,1%
• Logistics real estate	7,3%	7,8%
Average net yield if fully let (%)	**6,8%**	**7,2%**
• Offices	7,3%	7,5%
• Logistics real estate	6,5%	7,0%
Vacancy rate (%) inclusive Greenhouse BXL	**7%**	**14%**

* The average contractual rent per building or building complex is calculated and contains various types of surfaces.

In the case of a hypothetical negative adjustment of percentage point (from 7,4% to 8,4% on average) to the yield used by property experts for determining the real estate portfolio of the company (yield or capitalisation rate), the fair value of the real estate would decrease by € 102 million or 12%. This would raise the debt ratio of the company by 6 percentage points to around 49%.

If this is reversed, and a hypothetical positive adjustment of 1 percentage point (from 7,4% to 6,4% on average) is made to this yield, the fair value of the real estate would increase by € 134 million or 16%. This would lower the debt ratio of the company by 6 percentage points to around 38%.

In the case of a hypothetical decrease in the contractual rents of the property investment fund (assuming a constant yield) of € 1 million (from € 63,6 million to € 62,6 million), the fair value of the real estate would decrease by € 13 million or 2%. This would raise the debt ratio of the company by 1 percentage point to around 44%. In the reverse case of a hypothetical increase of the current rents of the company (assuming a constant yield) of € 1 million (from € 63,6 million to € 64,6 million), the fair value of the real estate properties would increase by € 13 million or 2%. This would lower the debt ratio of the company by 1 percentage point to around 43%.

A correlation exists between evolutions in the contractual rents and the yields that are used to appraise the real estate, however, this was not factored into the sensitivity analysis above.

Valuation process for investment properties

Investment properties are recorded in the accounts on the basis of valuation reports drawn up by independent and expert property assessors. These reports have been based on information that has been provided by the company and also on assumptions and valuation models used by the property experts.

Information supplied by the company per building such as the surface area of the site, the leasable space, current rents, periods and conditions of lease agreements, service charges, investments, etc. comprise information that originates with the company's financial and management system and is subject to the company's universally applicable audit system.

These assumptions and valuation models used by the property experts relate mainly to the market situation, such as yields and discount rates. They are based on their professional assessment and observation of the market. The property experts take into account vacancy periods between six and eighteen months and, depending on the location, the type of property and the economic situation. For the logistics properties, a cost percentage is taken into account per property, which remains payable by the owner. This amounts to 2% for logistics sites in Belgium and it varies between 0,01% and 0,65% for the Netherlands because of the nature of the lease agreements (often triple net).

For a detailed description of the valuation method used by the property experts, please refer to the section of the Property Report entitled "Valuation of the portfolio by property experts".

The information provided to the property experts, as well as the assumption and the valuation models, are reviewed internally. This involves an examination of the changes in fair value during the relevant period.

With regard to the remaining duration of the current contracts, see 1.6 Property report for an overview of the average remaining contract duration of the portfolio.

Non-observable parameters	**Range**		**Weighted average**	
(input 31 december)	2018	2017	2018	2017
Estimated rental value (in €/m²)*				
• Offices	100-150 €/m²	100-155 €/m²	127 €/m²	126 €/m²
• Logistics real estate in Belgium	34-53 €/m²	37-53 €/m²	44 €/m²	65 €/m²
• Logistics real estate in the Nederlands	48-57 €/m²	-	51 €/m²	-
Yield used by the property experts (in %)*				
• Offices	7,6%-9,4%	7,8%-10,3%	8,7%	8,9%
• Logistics real estate in Belgium	5,9%-8,4%	5,9%-8,1%	6,9%	7,1%
• Logistics real estate the Nederlands	6,0%-7,0%	-	6,5%	-

* The above information contains the weighted average per building or building complex, the highest and lowest numbers shown in the range have always been eliminated.

Note 14. Current assets

Trade receivables

in thousands €	2018	2017
Trade receivables	1.102	1.724
Advance billing of rents	8.425	6.657
Invoices to issue	471	1.003
Doubtful debtors	391	350
Provision doubtful debtors	-391	-350
Other trade receivables	122	225
Total trade receivables	**10.120**	**9.609**

Intervest maintains clear procedures for screening tenants when new lease agreements are concluded. Deposits or bank guarantees are also always insisted upon when entering into lease contracts. On 31 December 2018, the actual weighted average duration of the rental deposits and bank guarantees for offices was approximately 5,4 months (or about € 10,6 million). On 31 December 2018, the actual weighted average duration of the rental deposits and bank guarantees for the logistics portfolio is approximately 4,2 months (or about € 12,6 million). Intervest therefore expects no material credit losses here.

The advance invoicing not yet due relates to invoicing for the first quarter of 2019. Intervest applies a standard due date of 30 days after invoice date for all its outgoing invoices. On 31 December 2018, only € 0,7 million of the total outstanding trade receivables actually matured.

Ageing analysis of trade receivables

in thousands €	2018	2017
Receivables < 30 days	376	1.033
Receivables 30-90 days	425	452
Receivables > 90 days	301	239
Total outstanding trade receivables	**1.102**	**1.724**

For monitoring of the debtor's risk used by Intervest, please see the description of the chapter "Risk factors" (Operating risks -debtor's risks).

Tax receivables and other current assets

in thousands €	2018	2017
Belastingen terug te vorderen	1.482	0
VAT to be reclaimed	*255*	*0*
VAT - estimated ajustments	*863*	*0*
Recoverable corporate tax the Netherlands	*364*	*0*
Taxes (withhold due to the tax status of the Group)	3.455	3.455
Recoverable corporate tax	*185*	*185*
Recoverable exit tax	*459*	*459*
Recoverable withholding tax on dividends paid and on liquidation bonuses	*2.811*	*2.811*
Other	155	16
Total tax receivables and other current assets	**5.092**	**3.471**

For the description of the Group's tax status, please see "Note 24. Conditional rights and obligations".

Deferred charges and accrued income

in thousands €	2018	2017
Incurred, non-expired property income	1.313	1.038
Recoverable property tax	*1.313*	*1.029*
Recoverable claims	*0*	*9*
Prepaid property charges	435	357
Prepaid interest and other financial costs	443	262
Other	207	107
Total deferred charges and accrued income	**2.398**	**1.764**

Intervest recovers a majority of the property tax calculated on vacant parts of buildings through objections submitted to the Flanders Tax Administration.

Note 15. Shareholders' equity

Share capital

As at 31 December 2018, the share capital amounted to € 221.331.564,48 and is divided among 24.288.997 fully paid-up shares with no statement of nominal value.

The capital item also includes € 1.727.666 costs for the capital increase of November 2018.

There were two capital increases in financial year 2018.

- 22 May 2018: optional dividend over financial year 2017 with the issue of 485.819 new shares for an amount of € 10 million, in particular, € 4,4 million in capital and € 5,6 million in issue premium. The issue price amounts to € 20,58 per share, which means that there is a discount of 7% compared to the opening price of the share on 2 May 2018. The shares created provide an entitlement to dividend as from 1 January 2018.
- 30 November 2018: capital increase with irreducible allocation right with the issue of 5.397.554 new shares for an amount of € 99,9 million, in particular, € 49,2 million in capital and € 50,7 million in issue premium. The subscription price was € 18,50 per share, which was 15% lower than the closing price of the share on 13 November 2018. The shares created provide an entitlement to dividend as from 30 November 2018.

EVOLUTION OF THE SHARE CAPITAL

Date	Transaction	Share capital movement	Total outstanding share capital after transaction	Number of shares issued	Total number of shares
		in thousands €		in units	
08.08.1996	Foundation	62	62	1.000	1.000
05.02.1999	Capital increase by contribution in kind (Atlas Park)	4.408	4.470	1.575	2.575
05.02.1999	Capital increase by incorporation of issue premium and reserves and capital reduction through the incorporation of losses carried forward	-3.106	1.364	0	2.575
05.02.1999	Share split	0	1.364	1.073.852	1.076.427
05.02.1999	Capital increase by contribution in cash	1.039	2.403	820.032	1.896.459
29.06.2001	Merger by absorption of the limited liability companies Catian, Innotech, Greenhill Campus and Mechelen Pand	16.249	18.653	2.479.704	4.376.163
21.12.2001	Merger by absorption of companies belonging to the VastNed Group	23.088	41.741	2.262.379	6.638.542
21.12.2001	Capital increase by contribution in kind (De Arend, Sky Building and Gateway House)	37.209	78.950	1.353.710	7.992.252
31.01.2002	Contribution of 575.395 Siref shares	10.231	89.181	1.035.711	9.027.963
08.05.2002	Contribution of max. 1.396.110 Siref shares in the context of the bid	24.824	114.005	2.512.998	11.540.961
28.06.2002	Merger with Siref sa; exchange of 111.384 Siref shares	4.107	118.111	167.076	11.708.037
23.12.2002	Merger by absorption of the limited liability companies Apibi, Pakobi, PLC, MCC and Mechelen Campus	5.016	123.127	1.516.024	13.224.061
17.01.2005	Merger by absorption of the limited liability companies of Mechelen Campus 2, Mechelen Campus 4, Mechelen Campus 5 and Perion 2	3.592	126.719	658.601	13.882.662
18.10.2007	Merger by absorption of the limited liability companies Mechelen Campus 3 and Zuidinvest	6	126.725	18.240	13.900.902
01.04.2009	Merger by absorption of the limited liability company Edicorp	4	126.729	6.365	13.907.267
25.05.2012	Capital increase through optional dividend financial year 2011	2.666	129.395	292.591	14.199.858
23.05.2013	Capital increase through optional dividend financial year 2012	2.051	131.447	225.124	14.424.982
28.05.2014	Capital increase through optional dividend financial year 2013	3.211	134.657	352.360	14.777.342
22.12.2014	Capital increase through contribution in kind in the framework of and including a transaction equated with demerger or partial demerger (article 77 of the Belgian Companies Code)	12.453	147.110	1.366.564	16.143.906
28.05.2015	Capital increase through optional dividend	870	147.980	95.444	16.239.350
25.05.2016	Capital increase through optional dividend	4.968	152.948	545.171	16.784.521
05.05.2017	Capital increase through contribution in kind of real estate located in Aarschot	1.969	154.917	216.114	17.000.635
05.05.2017	Capital increase through contribution in kind of real estate located in Oevel	2.906	157.823	318.925	17.319.560
22.05.2017	Capital increase through optional dividend	3.835	161.658	420.847	17.740.407
22.12.2017	Capital increase through contribution in kind of real estate located in Zellik	6.062	167.720	665.217	18.405.624
22.05.2018	Capital increase through optional dividend	4.427	172.147	485.819	18.891.443
30.11.2018	**Capital increase with irreducible allocation right**	**49.185**	**221.332**	**5.397.554**	**24.288.997**

Share premiums

SHARE PREMIUM EVOLUTION in thousands €		Capital increase	Contribution in cash	Value	Share premium
Date	**Date Transaction**				
05.02.99	Capital increase by contribution in cash	1.039	0	20.501	19.462
21.12.01	Settlement of the accounting losses as a result of the merger by acquisition of the companies belonging to the VastNed Group	0	0	0	-13.747
31.01.02	Contribution of 575.395 Siref shares	10.231	1.104	27.422	16.087
08.05.02	Contribution of max. 1.396.110 Siref shares in the context of the bid	24.824	2.678	66.533	39.031
25.05.12	Capital increase through optional dividend	2.666	0	5.211	2.545
23.05.13	Capital increase through optional dividend	2.051	0	3.863	1.812
28.05.14	Capital increase through optional dividend	3.211	0	7.075	3.864
22.12.14	Capital increase through contribution in kind in the framework of and including a transaction equated with demerger or partial demerger (article 677 of the Belgian Companies Code)	12.453	0	26.183	13.730
28.05.15	Capital increase through optional dividend	870	0	2.305	1.436
25.05.16	Capital increase through optional dividend	4.968	0	11.569	6.601
05.05.17	Capital increase through contribution in kind of real estate located in Aarschot	1.969	0	5.150	3.181
05.05.17	Capital increase through contribution in kind of real estate located in Oevel	2.906	0	7.600	4.694
22.05.17	Capital increase through optional dividend	3.835	0	9.074	5.238
22.12.17	Capital increase through contribution in kind of real estate located in Zellik	6.062	0	13.770	7.708
22.05.2018	Capital increase through optional dividend	4.427	0	9.998	5.571
30.11.2018	Capital increase with irreducible allocation right	49.185	0	99.855	50.670
Total share premium					**167.883**

The share premium amounted to € 168 million as at 31 December 2018.

Reserves

For the movement of the reserves during financial year 2018, please see the statement of changes in consolidated equity.

The reserves are composed as follows.

in thousands €	2018	2017
Legal reserves	90	90
Reserve for the balance of changes in fair value of real estate properties	30.736	38.252
Reserve for the balance of changes in investment value of real estate properties	*48.394*	*53.526*
Reserve for the impact on fair value of estimated transactions rights and costs resulting from the hypothetical disposal of investment properties	*-17.658*	*-15.274*
Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting according to IFRS	-1.841	-2.961
Other reserves	6.034	6.034
Results carried forward from previous financial years	19.996	17.403
Total reserves	**55.015**	**58.818**

Reserve for the impact on fair value of estimated transfer rights and costs resulting from the hypothetical disposal of investment properties

in thousands €	2018	2017
Balance at the end of the preceding financial year	-15.274	-15.861
Changes in the investment value of investment properties	-256	-241
Acquisitions of investment properties for the preceding financial year	-2.122	-165
Disposal of investment properties for the preceding financial year	0	993
Impact implementation IFRS 16	-6	0
Total reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	**-17.658**	**-15.274**

The difference between the fair value of the real estate property (in accordance with IAS 40) and the investment value of the real estate property as determined by the independent property experts is taken up in this item.

Note 16. Current liabilities

Trade debts and other current debts

in thousands €	2018	2017
Exit tax	580	0
Other	4.669	2.290
Suppliers	*2.569*	*1.375*
Tenants	*415*	*304*
Taxes, remunerations and social charges	*1.685*	*611*
Total trade debts and other current debts	**5.249**	**2.290**

The increase by € 2,4 million in suppliers is due to invoices still to be received for acquisitions and developments. The increase in taxes, remuneration and social security charges is a result of the acquisition and establishment of perimeter companies.

Other current liabilities

in thousands €	2018	2017
Dividends payable on previous financial years	179	179
Current liabilities to related parties	1.128	0
Miscellaneous debts	467	38
Total other current liabilities	**1.774**	**217**

Accrued charges and deferred income

in thousands €	2018	2017
Property income received in advance	14.139	12.171
Liabilities related to the compensation received for early termination of lease agreements	*1.250*	*1.250*
Received compensations for refurbishment	*0*	*21*
Rental income invoiced in advance	*10.696*	*9.058*
Provisions invoiced in advance	*885*	*732*
Other - invoiced in advance	*123*	*104*
Other deferred income	*1.185*	*1.006*
Incurred, unexpired interests and other charges	3.126	2.840
IInterests on bond loans	*1.710*	*1.710*
Other interests and financial charges	*552*	*649*
Accrued charges related to real estate properties	*864*	*481*
Other	283	142
Other accrued charges	*283*	*142*
Total accrued charges and deferred income	**17.548**	**15.153**

The accrued charges and deferred income on 31 December 2018 comprised € 14,1 million in property revenue received in advance. This concerns mainly advance invoicing for rental income and provisions for the first quarter of the following financial year, which add up to a total of € 11,7 million.

The incurred, unexpired interests and other charges amounted to € 3,1 million in 2018, and comprised, among others, the interests on the bond loan due as at 1 April 2019 on the bond loan issued in March 2014.

Note 17. Non-current and current financial debts

For the description of the Financial structure of the company, please see the Report of the management committee.

Classification by expiry date of withdrawn credit facilities

in thousands €	2018					2017				
	Debts with a remaining duration of			Total	Percentage	Debts with a remaining duration of			Total	Percentage
	< 1 year	> 1 year en < 5 years	> 5 years			< 1 year	> 1 year en < 5 years	> 5 years		
Credit institutions and institutional parties: withdrawn credit facilities	30.631	154.084	99.641	**284.356**	**76%**	46.805	119.984	72.691	**239.480**	**80%**
Bond loan	24.983	34.848	0	**59.831**	**16%**	0	59.696	0	**59.696**	**20%**
Commercial paper	30.000	0	0	**30.000**	**8%**	0	0	0	**0**	**0%**
Lease obligations*	1.668	0	0	**1.668**	**0%**	0	0	0	**0**	**0%**
TOTAL	**87.282**	**188.932**	**99.641**	**375.855**	**100%**	**46.805**	**179.680**	**72.691**	**299.176**	**100%**
Percentage	**23%**	**50%**	**27%**	**100%**		**16%**	**60%**	**24%**	**100%**	

* The lease obligation relates to the acquisition obligation in Edda21.

Guarantees regarding financing

In addition to the requirement to maintain the RREC articles of association and the fulfilment of financial ratios imposed by the RREC Act, the bank credit agreements of Intervest are subject to compliance with financial ratios which are primarily related to the company's consolidated financial debt or its financial interest charges, the prohibition on the mortgaging or pledging of real estate investments and the pari passu treatment of creditors. The financial ratios limit the amount that could still be borrowed by Intervest.

For the purpose of the financing of the company, no mortgage registrations were made and no mortgage authorisations were permitted as per 31 December 2018.

For most financing, credit institutions generally require an interest coverage ratio of more than 2 (see description of the Financial structure in the Report of the management committee).

These ratios were respected as at 31 December 2018. If Intervest were no longer to respect these ratios, the financial institutions could demand that the financing agreements of the company be cancelled, renegotiated, terminated or prematurely repaid.

Classification by expiry date of credit lines

in thousands €	2018					2017				
	Debts with a remaining duration of			Total	Percentage	Debts with a remaining duration of			Total	Percentage
	< 1 year	> 1 year en < 5 years	> 5 years			< 1 year	> 1 year and < 5 years	> 5 years		
Credit institutions and institutional parties: withdrawn credit facilities	30.631	154.084	99.641	**284.356**	**59%**	46.805	119.984	72.691	**239.480**	**60%**
Bond loan	24.983	34.848	0	**59.831**	**12%**	0	59.696	0	**59.696**	**15%**
Commercial paper: withdrawn	30.000	0	0	**30.000**	**6%**	0	0	0	**0**	**0%**
Lease obligations	1.668			**1.668**	**0%**	0	0	0	**0**	**0%**
Non-withdrawn credit lines	12.479	77.968	22.500	**112.947**	**23%**	19.300	7.150	75.000	**101.450**	**25%**
TOTAL	**99.761**	**266.900**	**122.141**	**488.802**	**100%**	**66.105**	**186.830**	**147.691**	**400.626**	**100%**
Percentage	**20%**	**55%**	**25%**	**100%**		**16%**	**47%**	**37%**	**100%**	

The table above “Classification by expiry date of credit lines” comprised an amount of € 113 million of non-drawn down credit lines (€ 101 million as at 31 December 2017). At the closing date, these did not form any actual debt, but are only potential debt in the shape of an available credit line. The share percentage is calculated as the ratio of each component to the sum of the credit lines drawn down, the credit lines not drawn down and the outstanding bond loan.

Classification by variable or fixed character of withdrawn credit facilities at financial institutions and the bond loan

in thousands €	2018		2017	
	Total	Percentage	Total	Percentage
Credit facilities with variable interest rate	59.023	16%	72.480	24%
Credit facilities covered by interest rate swaps and/or floors	250.000	66%	160.000	54%
Credit facilities with fixed interest rate	66.831	18%	66.696	22%
TOTAL	**375.855**	**100%**	**299.176**	**100%**

In the above table “Classification by variable or fixed character of withdrawn credit facilities at financial institutions and of the bond loan” the share percentage is calculated as the ratio of each component to the sum of withdrawn credit facilities.

Characteristics of the bond loans: Private placement of bonds of € 60 million

As at 19 March 2014 Intervest achieved the successful private placement of bonds for a total amount of € 60 million. The bonds have a term of 5 years (€ 25 million) and 7 years (€ 35 million) respectively, and expire respectively as at 1 April 2019 and 1 April 2021. The bonds with expiry date 1 April 2019 generate a fixed annual gross return of 3,430%, while the bonds with expiry date as at 1 April 2021 generate a fixed annual gross return of 4,057%.

The issue price of the bonds was equal to their nominal amount, being € 100.000. The bonds were placed with institutional investors.

Characteristics of the commercial paper

Intervest issued a commercial paper in July 2018 for the further diversification of the financing sources for a maximum amount of € 70 million (€ 30 million of which was withdrawn as at 31 December 2018) with a duration of 3 months (maximum duration of 1 year).

The withdrawal is fully hedged by back-up lines of the assisting banks (Belfius Bank and KBC Bank) serving as guarantee for re-financing if it appears that the placement or extension of the commercial paper is only partially possible or not possible at all. At the end of 2018, another € 5 million additional back-up line was available to further expand this programme.

Note 18. Financial instruments

The main financial instruments of Intervest consist of financial and commercial receivables and debts, cash and cash equivalents as well as interest rate swaps (IRS) and floor.

SUMMARY OF FINANCIAL INSTRUMENTS			2018		2017	
in thousands €	Categories	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL INSTRUMENTS ON ASSETS						
Non-current assets						
Non-current financial assets	C	2	156	156	182	182
Trade receivables and other non-current assets	A	2	14	14	13	13
Current assets						
Trade receivables	A	2	10.120	10.120	9.609	9.609
Cash and cash equivalents	B	2	1.972	1.972	728	728
FINANCIAL INSTRUMENTS ON LIABILITIES						
Non-current liabilities						
Non-current financial debts (interest-bearing)	A	2	288.573	291.645	252.371	256.845
Other non-current financial liabilities	C	2	3.460	3.460	2.020	2.020
Other non-current liabilities	A	2	3.010	3.010	1.001	1.001
Current liabilities						
Current financial debts	A	2	87.282	87.431	46.805	46.805
Other current financial liabilities	C	2	152	152	3	3
Trade debts and other current debts	A	2	5.249	5.249	2.290	2.290
Other current liabilities	A	2	1.774	1.774	217	217

The categories correspond to the following financial instruments:

A. financial assets or liabilities (including receivables and loans) held to maturity and measured at amortised cost
B. investments held to maturity and measured at amortised cost
C. assets and liabilities held at fair value via the income statement, with the exception of financial instruments defined as hedging instruments.

Financial instruments are recorded at fair value. The fair value is determined based on one of the following levels of the fair value hierarchy:

- level 1: measurement is based on quoted market prices in active markets
- level 2: measurement is based on (externally) observable information, either directly or indirectly
- level 3: measurement is based either fully or partially on information that is not (externally) observable.

The financial instruments of Intervest correspond to level 2 of the fair value hierarchy. The following techniques are used to appraise the fair value of Level 2 financial instruments:

- for the items “Financial non-current assets”, “Other non-current financial liabilities” and “Other current financial liabilities”, which apply to the interest rate swaps and the floor, the fair value is determined by means of observable data, namely the forward interest rates that apply to active markets, which are generally supplied by financial institutions
- the fair value of the remaining level 2 financial assets and liabilities is practically the same as their carrying amount, either because they have a short-term maturity (such as trade receivables and debts) or because they carry a variable interest rate
- when the fair value of the interest-bearing financial liabilities is calculated, the financial liabilities with a fixed interest rate are taken into account, and the future cash flows (interest and capital redemption) are discounted with a market-based yield.

Intervest employs interest rate swaps and floors to hedge potential changes in the interest charges on a portion of the financial liabilities that have a variable interest rate (the short-term Euribor rate). These interest rate swaps and floors are classified as a cash flow hedge. Intervest does not apply hedge accounting. The fluctuations in fair value of the financial instruments are included in the income statement on the line “Changes in fair value of financial assets and liabilities (ineffective hedges)” in the financial result.

Fair value of financial derivatives

As at 31 December 2018, the company was in possession of the following financial derivatives.

		Starting date	End date	Interest rate	Contractual notional amount	Hedge accounting	Fair value	
in thousands €						Yes/No	2018	2017
1	IRS	02.01.2012	01.01.2018	2,3775%	10.000	No	0	-3
2	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-53	0
3	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	-53	0
3	IRS	26.06.2015	26.06.2019	0,3300%	10.000	No	-46	0
Authorised hedging instruments							*-152*	*-3*
Other current financial liabilities							**-152**	**-3**
1	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	0	-210
2	IRS	30.04.2014	30.04.2019	1,2725%	10.000	No	0	-210
3	IRS	18.06.2015	18.06.2022	0,7800%	15.000	No	-452	-423
4	IRS	30.06.2015	30.06.2020	0,4960%	15.000	No	-176	-241
5	IRS	18.06.2015	18.06.2021	0,6300%	15.000	No	-308	-331
6	IRS	26.06.2015	26.06.2019	0,3300%	15.000	No	0	-137
7	IRS	01.12.2016	01.12.2021	0,1200%	15.000	No	-117	-24
8	IRS	01.12.2016	01.12.2022	0,2200%	15.000	No	-140	-2
9	IRS	22.03.2017	22.03.2024	0,8500%	10.000	No	-363	-302
10	IRS	22.03.2017	22.03.2024	0,4500%	10.000	No	-150	-49
11	IRS	22.03.2017	22.03.2024	04675%	10.000	No	-160	-53
12	IRS	22.03.2017	22.03.2023	0,3300%	10.000	No	-130	-38
13	IRS	15.06.2018	15.01.2025	0,6600%	15.000	No	-287	0
14	IRS	15.06.2018	17.06.2024	0,5950%	10.000	No	-178	0
15	IRS	01.10.2018	01.10.2025	0,8520%	10.000	No	-162	0
16	IRS	27.09.2018	27.09.2023	0,3930%	10.000	No	-142	0
17	IRS	27.09.2018	27.09.2025	0,6800%	10.000	No	-211	0
18	IRS	28.09.2018	30.09.2025	0,7050%	10.000	No	-200	0
19	IRS	28.09.2018	29.09.2023	0,4350%	10.000	No	-142	0
20	IRS	02.01.2019	02.01.2026	0,7275%	25.000	No	-142	0
Authorised hedging instruments							*-3.460*	*-2.020*
Other non-current financial liabilities							**-3.460**	**-2.020**
1	Floor	01.12.2016	01.02.2021	0,0%	27.500	No	156	182
Non-current financial assets							**156**	**182**
Total fair value of financial derivatives							**-3.456**	**-1.841**

Accounting process as at 31 December		
• In shareholders' equity: Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	-1.841	-2.960
• In the income statement: Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119
Total fair value of financial derivatives	**-3.456**	**-1.841**

As at 31 December 2018, the interest rate swaps had a negative market value of € -3,5 million (contractual notional amount of € 250 million), which is determined by the issuing financial institution on a quarterly basis.

In January 2018, the interest rate swaps amounted to a notional amount of € 10 million on the expiry date, with an interest rate of 2,3775%. In the second semester of 2018, new interest swaps amounting to a notional amount of € 100 million were purchased, with an average interest rate of 0,63% (maturity between 5 and 7 years). These new interest rate swaps are partly floored and partly unfloored.

Management of financial risks

The major financial risks of Intervest are the financing risk, liquidity risk and the interest rate risk.

Financing risk

For the description of this risk and its management, please see the "Financing risk" chapter in the description of the Major risk factors and internal control and risk management systems of the Report of the board of directors.

For financing real estate, Intervest always strives for a balance between shareholders' equity and borrowed capital. In addition, Intervest aims to safeguard its access to the capital market through the transparent disclosure of information, by maintaining regular contacts with financiers and (potential) shareholders and by increasing the liquidity of the share. Finally, with respect to long-term financing, it aims for a balanced spread of refinancing dates and a weighted average duration between 3,5 and 5 years. This may be temporarily derogated from should specific market conditions require it. The average remaining duration of the long-term credit agreements on 31 December 2018 is 4,4 years. Intervest has also diversified its funding sources through by using seven European financial institutions and issuing bond loans.

More information on the composition of the credit portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 17. Non-current and current financial debts" in the Financial report.

Liquidity risk

For the description of this risk and the way it is managed, please see the "Liquidity risks" chapter in the description of the Major risk factors and internal control and risk management systems in the Report of the board of directors.

The bank credit agreements of Intervest are subject to compliance with financial ratios, which are primarily related to the consolidated financial debt level of Intervest or its financial interest charges. In order to avail itself of this credit margin, the conditions of credit facilities must be complied with on a continuous basis. As at 31 December 2018, the company still had € 113 million in non-withdrawn credit lines with its lenders for the purpose of absorbing fluctuations in liquidity requirements.

More information on the composition of the credit portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 17. Non-current and current financial debts" in the Financial report.

Interest rate risk

For the description of this risk and the way it is managed, please refer to the section entitled "Interest rate risk" in the description of the major risk factors and internal control and risk management systems in the Report of the board of directors.

As a result of financing with borrowed capital, the yield is also dependent on interest rate developments. In order to reduce this risk, when composing the loan portfolio, the fund aims for a ratio of one third borrowed capital with a variable interest rate and two thirds borrowed capital with a fixed interest rate. Depending on how the interest rates develop, a temporary derogation is possible. Furthermore, for long-term borrowed capital, a balanced spread of interest rate review dates and a minimum duration of 3 years are targeted. As at 31 December 2018, the interest rates on the hedges (including financing with fixed interest rate) of the company remain fixed for a remaining average duration of 3,7 years.

More information on the composition of the credit portfolio of Intervest can be found in the section entitled "Financial structure" in the Report of the management committee and also in "Note 17. Non-current and current financial debts" and "Note 11. Net interest charges" in the Financial report.

Note 19. Deferred tax - liabilities

in thousands €	2018	2017
Provision for deferred taxes wrt Belgium	863	0
Provision for deferred taxes wrt The Nederlands	2.045	192
Total	**2.908**	**192**

The deferred taxes contain a provision for deferred taxes on non-realised increases on the investment properties belonging to the perimeter companies and the Group in Belgium and the Netherlands.

Note 20. Calculation of debt ratio

in thousands €	Note	2018	2017
Non-current financial debts	17	288.573	252.371
Other non-current liabilities		3.010	1.001
Current financial debts	17	87.282	46.805
Trade debts and other current debts	16	5.249	2.290
Other current liabilities	16	1.774	217
Total liabilities for calculation of debt ratio		**385.888**	**302.684**
Total assets (excl. financial derivatives)		**887.007**	**679.236**
Debt ratio		**43,5%**	**44,6%**

For the further description of the evolution of the debt ratio, please see the explanation of the Financial structure in the Report of the management committee.

Note 21. Related parties

The company's related parties are its shareholders and its affiliated companies as well as its perimeter companies (see Note 22), and its directors and members of the management committee.

Relation with the affiliates

in thousands €	2018	2017
Interest paid on the current account JM Construct (co-shareholder Genk Green Logistics nv)	11	0

Directors and members of the management committee

Remuneration of the directors and the members of the management committee is recognised in the items "Property management costs" and "General costs" (see Notes 5 and 6). More details of the composition of the remuneration of the members of the management committee can be found in "Note 7. Employee benefits".

in thousands €	2018	2017
Directors	125	125
Members of the management committee	1.015	1.020
Total	**1.140**	**1.145**

The directors and members of the management committee do not receive additional benefits on the account of the company.

Note 22. List of consolidated companies

The companies below are consolidated by the method of full consolidation.

Company name	Address	Enterprise number	Shareholding percentage (in %)	Value of the participation in the statutory accounts	Minority interests (in thousands €) 2018	Minority interests (in thousands €) 2017
Aartselaar Business Center nv	Uitbreidingstraat 66 2600 Berchem	BE 0466.516.748	100%	€ -646.337	0	0
Mechelen Business Center nv	Uitbreidingstraat 66 2600 Berchem	BE 0467.009.765	100%	€ 811.506	0	0
Mechelen Research Park nv	Uitbreidingstraat 66 2600 Berchem	BE 0465.087.680	100%	€ 4.133.133	0	0
Genk Green Logistics nv	Uitbreidingstraat 66 2600 Berchem	BE 0701.944.557	50%	€ 590.965	-9	0
Edda21 nv	Uitbreidingstraat 66 2600 Berchem	BE 0673.956.988	100%	€ 9.661.286	0	0
Intervest Nederland Coöperatief U.A	Verlengde Poolseweg 16 4818 CL Breda The Netherlands	NL857537349B01	100%	€ 50.638.408	0	0
Perimeter companies of Intervest Nederland Coöperatief U.A.*						
Intervest Tilburg 1 bv		NL857541122B01	100%			
Intervest Tilburg 2 bv		NL859485869B01	100%			
Intervest Raamsdonksveer 1 bv		NL857780001B01	100%			
Intervest Raamsdonksveer 2 bv		NL858924900B01	100%			
Intervest Raamsdonksveer 3 bv		NL859446013B01	100%			
Intervest Eindhoven 1 bv		NL858924894B01	100%			
Intervest Vuren 1 bv		NL856350412B01	100%			
Intervest Roosendaal 1 bv		NL859095277B01	100%			
Intervest Roosendaal 2 bv		NL859485778B01	100%			
Total minority interests					**-9**	**0**

* All Intervest companies in the Netherlands are established at Verlengde Poolseweg 16, 4818 CL Breda.

As a result of the expansion of Intervest's real estate portfolio in the Netherlands, Intervest Nederland Coöperatief U.A. was incorporated during the first semester of 2017. The other Dutch private limited companies are perimeter companies of Intervest Nederland Coöperatief U.A. and hold the real estate.

Note 23. Fee of the statutory auditor and entities affiliated with the statutory auditor

in thousands €	2018	2017
Excl. VAT		
Statutory auditor's fee	68	66
Fee for exceptional activities or specuial assignments within the company by the statutory auditor regarding		
Other control assignments	64	19
Tax advice assignments	44	5
Other assignments apart from audit assignments	0	0
Total fee of the statutory auditor and entities affiliated with the statutory auditor	**176**	**90**

Note 24. Off-balance sheet obligations

Disputed tax assessments

With the RREC Act (previously the Royal Decree of 7 December 2010 and the Royal Decree of 10 April 1995), the legislator has given RRECs a favourable tax status. If a company converts to the status of RREC or if a (normal) company merges with an RREC, it must pay a one-off tax (exit tax). After that, the RREC is only subject to taxes on very specific elements, such as “rejected expenses”. No corporate tax whatsoever is thus paid for the majority of the profit that is gained from leases and added value gained from the sale of immovable property. Since 1 January 2005, this exit tax has been set at 16,995% (16,5% + 3% crisis tax).

According to the tax legislation, the taxable basis is to be calculated as the difference between the actual value of the company’s assets and the (fiscal) book value. The Minister of Finance has decided by circular (dated 23 December 2004) that the transfer costs related to the transaction need not be taken into account when determining the fair value, but specifies that the securitisation premium remains subject to company tax. Tax assessments based on the securitisation premium would therefore indeed be owed. Intervest disputes this interpretation and has notices of objection that are pending, amounting to a total of about € 4 million.

According to the assessment register, pending tax payments plus late payment interest charges total approximately € 6,7 million. That said, an exemption has not yet been granted concerning the specific provision (since the circular letter dated 23 December 2004) that stipulates that the value of the property when transfer costs are paid by the buyer must apply when calculating the exit tax, as opposed to the value of the property when transfer costs are paid by the seller. In the opinion of Intervest, the only real tax dispute centres on the standpoint that the securitisation premium must be taken into consideration when determining the exit tax (the total tax debt then comes to roughly € 4 million instead of roughly € 6,7 million).

On 2 April 2010, in a lawsuit between another Belgian public RREC (at the time property investment fund) and the Belgian State concerning this issue, the Court of First Instance in Leuven ruled that there is no reason “why the actual value of the company’s assets on the date that it is recognised as a property investment fund by the Financial Markets and Services Authority (FSMA) could not be lower than the price of the shares that were offered to the public.”

These additional tax debts, amounting to roughly € 4 million, are being guaranteed by Siref’s two former promoters. As a result of Siref’s recognition as a property investment fund, and within the scope of the approval of the prospectus of the Siref property investment fund for purposes of obtaining approval to become exchange-listed, these promoters submitted a unilateral declaration dated 8 February 1999 to the FSMA in which they state that they will pay the exit tax that will be owed in the case of an amendment to the return. That said, in a letter dated 24 May 2012, one of these promoters disputes that Intervest can claim rights from this declaration.

In 2008, the tax authorities (the Recipient of direct taxes) took out a legal mortgage on a single logistics property on the Dijkstraat in Aartselaar as a guarantee against the outstanding tax debt. No provision was made for these disputed tax declarations.

In 2013, the tax authorities refused one of the notices of objection and Intervest submitted a petition to the Court of First Instance in Antwerp. The Court of First Instance rejected the petition of Intervest in a verdict on 3 April 2015. The company appealed against this verdict, where, in its judgement dated 25 April 2017, the Court of Appeal declared the appeal of Intervest unfounded, however, and ratified the disputed judgement dated 3 April 2015. The judgement was served on 10 November 2017. On 29 January 2018 Intervest filed a cassation appeal against the above-mentioned judgement of the Antwerp Court of Appeal dated 25 April 2017.

The processing of the other objections has been provisionally suspended.

Off-balance sheet obligations

As at 31 December 2018, Intervest had the following liabilities or obligations:

Investment liabilities in the amount of € 57 million for three projects, two of which are located in Roosendaal and one in Eindhoven.

Furthermore, via its 50% shareholding in Genk Green Logistics, Intervest indirectly has an obligation to achieve the result of providing minimum employment in the context of the GGL project. Compliance with such obligation to achieve a specific result is measured on two points in time, namely 31 December 2030 and 31 December 2036. In the event of non-compliance, a penalty of a maximum € 2 million can be imposed for Genk Green Logistics.

Furthermore, Intervest, together with JM Construct, has also undertaken to jointly and severally stand surety vis-à-vis De Vlaamse Waterweg that GGL will pay the costs of the soil remediation and construction of infrastructure for an amount of € 11 million.

Intervest has liability of € 1 million within the scope of the renovation of Greenhouse Brussels.

Conflicts of interest

Specific conflicts of interest that occurred in 2018 and that must be explained in the Annual Report in accordance with the Companies Code and/or the RREC Act are stated below.

The board of directors made a decision on 13 December 2018 regarding the acquisition of a logistics site located in Roosendaal, in which an independent director, Jacqueline Heeren-de Rijk has an interest of a proprietary nature.

Extract from the minutes:

"Prior to the meeting of the board of directors, Jacqueline Heeren-de Rijk informed all members of the board of directors by email of the fact that she has an interest of a proprietary nature that is in conflict with a decision or a transaction falling under the authority of the board of directors, i.e. with regard to the decision relating to the approval of the investment proposal regarding the purchase of a logistics site located in Roosendaal, leased to Jan de Rijk Logistics (point 4 of the agenda).

In accordance with article 523 §1 of the Belgian Companies Code, the company auditor, Deloitte Bedrijfsrevisoren bv o.v.v.e. CVBA, represented by Rik Neckebroeck, will be informed of the aforementioned conflicting interest.

Furthermore, the minutes on the decision regarding the approval of the investment proposal on the purchase of a logistics site located in Roosendaal, leased to Jan de Rijk Logistics (point 4 of the agenda) are included in the report of the board of directors to be drawn up in accordance with article 95 of the Belgian Companies Code relating to the financial year ending as at 31 December 2018.

Jacqueline Heeren-the Rijk did not attend the meeting, which automatically means that she did not participate in the deliberations on the transaction or decision, nor did she participate in the respective vote. (..)"

"The board of directors unanimously approved the investment proposal of the logistics site in Roosendaal, provided that the necessary guarantees are obtained, such as the joint and several surety by Jan de Rijk nv for all obligations of the tenant Jan de Rijk Vastgoed bv arising from the lease agreement and a maintenance declaration by the sole shareholder of Jan de Rijk nv for a minimum period of 10 years (possibly with a phasing-out scenario over time)."

On 20 December 2018, in execution of article 8 of the RREC Royal Decree, Intervest sent a press release which was published pursuant to article 37 of the RREC Act. The company stated in the press release that it is of the opinion that this transaction is in its interests, is part of its corporate strategy and is executed under normal market conditions. The purchase price of the real estate referred to in the above-mentioned press release of 20 December 2018 (excluding transaction costs) that was paid for the sale-and-lease back-operation, is lower than the fair value of that real estate as valued by the property expert less than one month before the transaction (in order to comply with article 49, § 2 of the RREC Act).

Note 25.
Events after the balance sheet date

There are no significant events to be mentioned that occurred after the closing of the accounts as at 31 December 2018.

7. Statutory auditor's report [1]

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Statutory auditor's report to the shareholders' meeting of Intervest Offices & Warehouses NV/SA for the year ended 31 December 2018 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Intervest Offices & Warehouses NV/SA, Public regulated real estate company under Belgian law ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 27 April 2016, in accordance with the proposal of the board of directors issued upon recommendation of the audit committee. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. We have performed the statutory audit of the consolidated financial statements of Intervest Offices & Warehouses NV/SA for 18 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 887 164 (000) EUR and the consolidated statement of comprehensive income shows a profit (group share) for the year then ended of 34 114 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the international standards on auditing, as made applicable by the IAASB to financial years ended on or after 15 December 2016, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

1

1 The statutory auditor has agreed to the inclusion of its report in this Annual Report. The information has been presented correctly and, to Intervest's best knowledge and insofar as it was able to deduce from the information published by the statutory auditor, no facts have been omitted that could cause the information presented to be incorrect or misleading.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Valuation of investment properties • Investment properties measured at fair value (866 504 (000) EUR) represent 98% of the consolidated balance sheet total as at 31 December 2018. Changes in the fair values of the investment properties have a significant impact on the consolidated net result for the period and equity. • The portfolio includes completed investments and properties under construction. • Acquisitions and divestments of investment properties are individually significant transactions. • The Group uses professionally qualified external valuers to fair value the Group's portfolio at three-monthly intervals. The valuers are engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') Valuation – Professional Standards. The valuers used by the Group have considerable experience in the markets in which the Group operates. • The portfolio is valued by the investment method of valuation with development properties valued by the same methodology with a deduction for all costs necessary to complete the development together with a remaining allowance for risk. The key inputs into the valuation exercise are yields and current market rent, which are influenced by prevailing market forces, comparable transactions and the specific characteristics of each property in the portfolio. • Therefore, the audit risk appears in the assumptions and critical judgment linked to those key inputs. **Reference to disclosures** We refer to the consolidated financial statements, including notes to the consolidated financial statements: Note 2, Principles of financial reporting; Note 13, non-current assets.	• We considered the internal control implemented by management and we carried out testing relating to the design and implementation of controls over investment properties. • We assessed the competence, independence and integrity of the external valuers. • We discussed and challenged the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, yields and development milestones. • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield. • We performed audit procedures to assess the integrity and completeness of information provided to the independent valuers relating to rental income, key rent contract characteristics and occupancy. • We agreed the amounts per the valuation reports to the accounting records and from there we agreed the related balances through to the financial statements. • As part of our audit procedures performed on the acquisitions and divestments of investment properties we examined significant contracts and documentation on the accounting treatment applied to these transactions. • Furthermore, we assessed the appropriateness of the disclosures provided on the fair values of investment properties.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with those charged with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to those charged with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e. Risk Factors, Corporate Governance Statement, Report of the management committee – 2. important developments in 2018, Report of the management committee – 3. Financial results 2018, Report of the management committee – 7. Outlook 2019 and Financial report are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

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Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, 8 March 2019

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck

Deloitte.

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée
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Member of Deloitte Touche Tohmatsu Limited

8. Statutory annual accounts Intervest Offices & Warehouses nv

The statutory annual accounts of Intervest Offices & Warehouses nv are prepared according to the IFRS standards and in accordance with the RREC Royal Decree of 13 July 2014. The entire version of the statutory annual accounts of Intervest Offices & Warehouses nv, along with the annual report and the report of the statutory auditor, will be deposited within the legal time frame at the National Bank of Belgium and can be obtained for free through the website of the company (www.intervest.be) or on demand at the registered office.

The statutory auditor has issued an unqualified opinion on the statutory annual accounts of Intervest Offices & Warehouses nv.

8.1. Income statement

in thousands €	2018	2017
Rental income	44.331	42.540
Rental-related costs	-48	-103
NET RENTAL INCOME	**44.283**	**42.437**
Recovery of property charges	729	881
Recovery of rental charges and taxes normally payable by tenants on let properties	9.800	12.852
Costs payable by tenants and borne by the landlord for rental damage and refurbishment	-529	-375
Rental charges and taxes normally payable by tenants on let properties	-9.800	-12.852
Other rental-related income and expenses	606	116
PROPERTY RESULT	**45.089**	**43.059**
Technical costs	-992	-1.322
Commercial costs	-166	-252
Charges and taxes on unlet properties	-587	-634
Property management costs	-3.699	-3.470
Other property charges	-522	-399
Property charges	**-5.966**	**-6.077**
OPERATING PROPERTY RESULT	**39.123**	**36.982**
General costs	-2.649	-2.655
Other operating income and costs	27	-5
OPERATING RESULT BEFORE RESULT ON PORTFOLIO	**36.501**	**34.322**
Changes in fair value of investment properties	2.253	-7.819
Other result on portfolio	132	103
OPERATING RESULT	**38.886**	**26.606**

in thousands €	2018	2017
OPERATING RESULT	**38.886**	**26.606**
Financial income	1.182	597
Net interest charges	-8.098	-7.621
Other financial charges	-9	-5
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119
Changes in fair value of financial non-current assets	3.866	628
Financial result	**-4.674**	**-5.282**
RESULT BEFORE TAXES	**34.212**	**21.324**
Taxes	-98	-138
NET RESULT	**34.114**	**21.186**
Note:		
EPRA earnings	31.168	27.430
Result on portfolio	4.561	-7.363
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119

RESULT PER SHARE	2018	2017
Number of shares at year-end	24.288.997	18.405.624
Number of shares entitled to dividend	24.288.997	17.740.407
Number of shares entitled to dividend coupon 21	18.891.443	nvt
Number of shares entitled to dividend coupon 22	24.288.997	nvt
Weighted average number of shares	19.176.981	17.409.850
Net result (€)	1,78	1,22
Diluted net result (€)	1,78	1,22
EPRA earnings based on weighted average number of shares (€)	1,63	1,58

8.2. Comprehensive income

in thousands €	2018	2017
NET RESULT	**34.114**	**21.186**
Other components of comprehensive income (recyclable through income statement)	0	0
COMPREHENSIVE INCOME	**34.114**	**21.186**

8.3. Balance sheet

ASSETS in thousands €	Note	31.12.2018	31.12.2017
NON-CURRENT ASSETS		**851.150**	**659.212**
Intangible assets		508	501
Investment properties	8.6	684.891	629.632
Other tangible assets		373	578
Financial non-current assets	8.6	165.365	28.488
Trade receivables and other non-current assets		13	13
CURRENT ASSETS		**33.031**	**19.614**
Trade receivables		9.827	9.575
Tax receivables and other current assets		19.523	7.790
Cash and cash equivalents		1.339	501
Deferred charges and accrued income		2.342	1.748
TOTAL ASSETS		**884.181**	**678.826**

SHAREHOLDERS' EQUITY AND LIABILITIES in thousands €	31.12.2018	31.12.2017
SHAREHOLDERS' EQUITY	**479.890**	**359.366**
Share capital	219.605	167.720
Share premium	167.883	111.642
Reserves	58.288	58.818
Net result of the financial year	34.114	21.186
LIABILITIES	**404.291**	**319.460**
Non-current liabilities	**299.012**	**255.392**
Non-current financial debts	288.573	252.371
Credit institutions	*253.725*	*192.675*
Other	*34.848*	*59.696*
Other non-current financial liabilities	3.460	2.020
Other non-current liabilities	6.979	1.001
Current liabilities	**105.279**	**64.068**
Current financial debts	85.614	46.805
Credit institutions	*30.631*	*46.805*
Other	*54.983*	*0*
Other current financial liabilities	152	3
Trade debts and other current debts	2.511	2.136
Other current liabilities	634	217
Deferred income and accrued charges	16.368	14.907
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**884.181**	**678.826**

DEBT RATIO in %	31.12.2018	31.12.2017
Debt ratio (max. 65%)	43,5%	44,6%

NET VALUE PER SHARE in €	31.12.2018	31.12.2017
Net value (fair value)	19,76	19,52
Net value (investment value)	20,48	20,35
Net asset value EPRA	19,99	19,62

8.4. Result allocation (according to the scheme recorded in Section 4 of Part 1 of Chapter 1 of Annex C of the RREC Royal Decree of 13 July 2014)

in thousands €	2018	2017
A. NET RESULT	**34.114**	**21.186**
B. ALLOCATION TO/TRANSFER FROM RESERVES	**-7.018**	**3.651**
1. Allocation to/transfer from the reserves for the balance of changes in fair value* of real estate properties (-/+):		
• Financial year	-15.308	4.985
• Previous financial years	0	0
• Realisation real estate properties	0	0
2. Allocation to/transfer from the reserve of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties (-/+)	10.747	2.378
5. Allocation to the reserve for the balance of changes in fair value of allowed hedging instruments that are not subject to hedge accounting (-)	1.615	-1.119
10. Allocation to/transfer from other reserves (-/+)	0	0
11. Allocation to/transfer from results carried over from previous financial years (-/+)	-4.072	-2.593
C. REMUNERATION OF CAPITAL pursuant to article 13, §1, paragraph 1 of the RREC Royal Decree	**25.363**	**22.292**
D. REMUNERATION OF CAPITAL, other than C	**1.733**	**2.545**

* Based on the changes in investment value of investment properties.

8.5. Statement of changes in statutory shareholder equity

In thousands €
Balance sheet as at 31 December 2016
Comprehensive income of 2017
Transfers through result allocation 2016
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
• Transfer to other reserves
Issue of shares by the contribution in kind of real estate located in Aarschot (5 May 2017)
Issue of shares by the contribution in kind of real estate located in Oevel (5 May 2017)
Issue of shares for optional dividend financial year 2016
Dividend financial year 2016
Issue of shares by the contribution in kind of real estate located in Zellik (22 December 2017)
Balance sheet as at 31 December 2017
Ajustment initial state pursuant to implementation IFRS 16
Initial state 1 January 2018
Comprehensive income of 2018
Transfers through result allocation 2017
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
Issue of shares for optional dividend financial year 2017
Issue of shares pursuant to capital increase November 2018
Dividend financial year 2017
Balance sheet as at 31 December 2018

	Capital					
	Paid-up capital	Costs capital increase	Share premium	Total reserves	Net result of the financial year	TOTAL SHAREHOLDERS' EQUITY
	152.948	**0**	**90.821**	**61.734**	**20.582**	**326.085**
					21.186	21.186
				-15.980	15.980	0
				587	-587	0
				1.547	-1.547	0
				5.546	-5.546	0
				5.384	-5.384	0
	1.969		3.181			5.150
	2.906		4.694			7.600
	3.835		5.238			9.073
					-23.498	-23.498
	6.062		7.708			13.770
	167.720		**111.642**	**58.818**	**21.186**	**359.366**
	0			3.121		3.121
	167.720		**111.642**	**61.939**	**21.186**	**362.487**
					34.114	34.114
				-4.985	4.985	0
				-2.378	2.378	0
				1.119	-1.119	0
				2.593	2.593	0
	4.427		5.571			9.998
	49.185	-1.727	50.670			98.128
					-24.837	-24.837
	221.332	**-1.727**	**167.883**	**58.288**	**34.114**	**479.890**

Breakdown of the reserves

In thousands €
Balance sheet as at 31 December 2016
Transfers through result allocation 2016
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
• Transfer to other reserves
Balance sheet as at 31 December 2017
Ajustment initial state pursuant to implementation IFRS 16
Initial state 1 January 2018 implementation IFRS 16
• Transfer to the reserves for the balance of changes in investment value of real estate properties
• Transfer of impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties
• Transfer of changes in fair value of financial assets and liabilities to the reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting
• Transfer from results carried forward from previous years
Balance sheet as at 31 December 2018

* from estimated transfer rights and costs resulting from the hypothetical disposal of investment properties.

	Legal reserves	Reserve for the balance of changes in the fair value of real estate		Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	Other reserves	Results carried forward from previous financial years	Total reserves
		Reserve for the balance of changes in investment value of real estate properties	Reserve for the impact on fair value*				
	90	**68.856**	**-15.640**	**-4.508**	**427**	**12.510**	**61.734**
		-15.980					-15.980
			587				587
				1.547			1.547
						5.546	5.546
					5.384		5.384
	90	**52.876**	**-15.053**	**-2.961**	**5.811**	**18.056**	**58.818**
		3.347	-226				3.121
	90	**56.223**	**-15.279**	**-2.961**	**5.811**	**18.056**	**61.939**
		-4.985					-4.985
			-2.378				-2.378
				1.119			1.119
						2.593	2.593
	90	**51.237**	**-17.657**	**-1.842**	**5.811**	**20.649**	**58.288**

8.6. Annexes to the statutory annual accounts

Movements of the number of shares

	2018	2017
Number of shares at the beginning of the financial year	18.405.624	16.784.521
Number of shares issued pursuant to the contribution of Aarschot as at 5 May 2017	0	216.114
Number of shares issued pursuant to the contribution of Oevel as at 5 May 2017	0	318.925
Number of shares distributed as optional dividend as at 22 May 2017	0	420.847
Number of shares distributed as optional dividend as at 22 May 2018	485.819	0
Number of shares entitled to dividend after detachment coupon 21 on 15 November 2018	**18.891.443**	**0**
Number of shares issued pursuant to the capital increase with irreducible allocation rights on November 2018	5.397.554	0
Number of shares entitled to dividend coupon 22 for fiscal year 2018 (Coupon 19 for fiscal year 2017)	**24.288.997**	**17.740.407**
Number of shares issued pursuant to the contribution of real estate located in Zellik as at 22 December 2017 (entitled to dividend as of financial year 2018)	0	665.217
Number of shares at year-end	**24.288.997**	**18.405.624**
Adjustments for calculation of the weighted average of the number of shares	-5.112.106	-995.774
Weighted average number of shares	**19.176.891**	**17.409.850**

The amount of the dividend to be allocated for financial year 2018 will be divided pro rata temporis between coupon nos. 21 and 22:

- coupon no. 21 was already detached on 15 November 2018 and entitles the holder to a pro rata temporis gross dividend to the value of € 1,28 per share for the period from 1 January 2018 to 29 November 2018, inclusive.
- coupon no. 22 entitles the holder to a pro rata temporis gross dividend to the value of € 0,12 per share for the period from 30 November 2018 to 31 December 2018. The ex-dividend date for coupon no. 22 is scheduled on 3 May 2019.

The 5.397.554 new shares that were issued upon the capital increase with irreducible allocation rights in November 2018, were issued without coupon no. 21 and consequently participate in the result for the financial year 2018 as from 30 November 2018.

Investment properties

The fair value of the investment properties of Intervest increased by € 55 million in 2018, and as at 31 December 2018 it amounted to € 685 million (€ 630 million as at 31 December 2017).

In 2018, the fair value of the logistics portfolio increased by approximately € 4,7 million or 1%, by € 1 million attributable to investments and expansions in the existing logistics portfolio and by € 3 million due to the increase in fair value of the existing portfolio as a result of the yields.

The fair value of the office portfolio increased by € 50,5 million or 17% compared to the end of 2017. The purchase of Ubicenter in Leuven constitutes € 33,7 million of this. In addition, there were investments and expansions in the amount of € 9,2 million in the existing portfolio, mainly in Greenhouse BXL. The changes in the value of the existing office portfolio amounted to € -1,2 million in 2018.

The opening balance sheet was increased by € 9,0 million as at 1 January 2018 as a result of the application of IFRS 16. For the offices, this relates to the right of use for a few buildings in Mechelen and Aartselaar for € 8,8 million and for logistics, the right of use for the site in Oevel for an amount of € 0,2 million. In application of IFRS 16, these rights of use are entered on the balance sheet under investment properties as “real estate held by right of use”.

in thousands €	2018			2017		
	Offices	Logistics real estate	Total	Offices	Logistics real estate	Total
Balance sheet as at 1 January	**295.442**	**334.190**	**629.632**	**293.118**	**309.018**	**602.136**
• Adjustment initial state with real estate held by right of use - implemenation IFRS 16	8.808	228	9.036	0	0	0
Balance sheet as at 1 January (ajusted)	**304.250**	**334.418**	**638.668**	**293.118**	**309.018**	**602.136**
• Acquisition of real estate properties	33.723	0	33.723	0	27.985	27.985
• Investments and expansions in existing real estate properties	9.158	1.089	10.247	878	6.452	7.330
• Changes in fair value of investment properties	-1.152	3.405	2.253	1.446	-9.265	-7.819
Balance sheet as at 31 December	**345.979**	**338.912**	**684.891**	**295.442**	**334.190**	**629.632**
OTHER INFORMATION						
Investment value of real estate	354.628	347.385	702.013	302.828	342.545	645.373

As at 31 December 2018, Intervest had no assets for own use except for the space in Greenhouse Antwerp where the registered office of Intervest is located. In accordance with IAS 40.10 this space is recorded as an investment property. For additional details on the changes in the fair value of investment properties, please see Note 9.

The investment properties can be further divided into:

in thousands €	2018	2017
Real estate held for letting	674.142	627.949
Land reserves	1.787	1.683
Real estate held by right of use	8.962	0
Total investment properties	**684.891**	**629.632**

As at the end of 2018, the company has a reserve of land of approximately 8.000 m² on its site Herentals Logistics 3 which offers an additional possibility of expansion for an extra warehouse. This reserve of land is valued as clear for construction.

As at 31 December 2018, there were no investment properties mortgaged as security for withdrawn loans and credit facilities at financial institutions. For the description of the legal mortgage established in order to guarantee the outstanding tax debt on the logistics property located in Aartselaar on Dijkstraat, please refer to Note 24. Conditional rights and obligations.

Financial non-current assets

As at 31 December 2018, the financial non-current assets comprised the value of the participations in the perimeter companies of Intervest, the fair value of a financial derivative (floor) and the loan with the perimeter company Intervest Nederland Coöperatief U.A, mainly to finance the acquisitions of the real estate held in the Dutch subsidiaries.

	2018	2017
Participation Aartselaar Business center	-646	-350
Participation Mechelen Research Park	4.133	1.921
Participation Mechelen Business Center	812	2.974
Participation Intervest Nederland Coöperatief U.A.	50.638	7.783
Participation Genk Green Logistics	591	0
Participation Edda21	9.661	0
Fair value financial derivatives	156	182
Claims against affiliated companies	100.020	15.978
Total non-current financial assets	**165.365**	**28.488**

Determination of the amount of obligatory dividend payment

The amount that is eligible for payment has been determined in accordance with article 13, §1, of the RREC Royal Decree and Chapter III of annex C of the RREC Royal Decree.

in thousands €	2018	2017
Net result	34.114	21.186
Adjustment for non-cash flow transactions included in the net result:		
• Write-downs	363	350
• Depreciations	75	36
• Reversal of depreciations	-35	-54
• Other non-monetary elements	-561	-1.472
• Result on disposals of investment properties	0	0
• Changes in fair value of investment properties	-2.253	7.819
Corrected result (A)	**31.703**	**27.865**
Profits and losses* realised on real estate during the financial year	0	0
Net gains for realisation of real estate properties non-exempted from mandatory distribution (B)	**0**	**0**
Total (A + B) x 80%	**25.363**	**22.292**
Debt reduction (-)	**0**	**0**
Distribution requirement	**25.363**	**22.292**

* Profits and losses in respect of the purchase value increased by the capitalised investment costs.

Intervest has a minimum pay-out obligation of € 25,4 million for financial year 2018.

Calculation of the result per share

	2018	2017
Net result (€ 000)	34.114	21.186
Weighted average number of shares	19.176.981	17.409.850
Ordinary net result per share (€)	1,78	1,22
Diluted net result per share (€)	1,78	1,22
EPRA earnings (€ 000)	31.168	27.430
Number of shares entitled to dividend	19.176.981	17.409.850
EPRA earnings per share (€)	**1,63**	**1,58**

Proposed dividend per share

The shareholders will be offered a gross dividend of € 1,40 per share for financial year 2018, which is exactly the same as for financial years 2017 and 2016. This gross dividend offers shareholders a gross dividend yield of 6,8% based on the closing share price as at 31 December 2018 (€ 20,60).

The amount of €1,40 will be divided pro rata temporis over two coupons. Coupon no. 21 relates to the period from 1 January 2018 to 29 November 2018. Coupon no. 22 relates to the period from 30 November 2018 to the end of financial year 2018.

18.891.443 shares are eligible for payment of coupon number 21 for an amount of € 1,28 per coupon. Coupon number 22 will be paid to 24.288.997 shares for an amount of € 0,12 per coupon. This amounts to a total payment of € 27,1 million in capital.

	2018	2017
EPRA earnings per share (€) based on weighted average number of shares	1,63	1,58
Dividend payment expressed as a percentage of the statutory EPRA earnings (%)	86%	89%
Gross dividend per share owned for an entire year (€)	1,40	1,40
Gross dividend per share via coupon 21 (€)	*1,28*	n/a
Gross dividend per share via coupon 22 (€)	*0,12*	n/a
Number of shares entitled to dividend	24.288.997	17.740.407
Number of shares entitled to dividend coupon 21	*18.891.443*	n/a
Number of shares entitled to dividen coupon 22	*24.288.997*	n/a
Remuneration of capital (€ 000)	27.096	24.837

Following the close of the financial year, the board of directors proposed the following dividend distribution. This will be presented for approval to the general shareholders' meeting on 24 April 2019. In accordance with IAS 10, the dividend distribution is not included as an obligation and has no impact on the tax on profits.

Determination of the amount pursuant to article 617 of the Companies Code

The amount, as referred to in article 617 of the Belgian Companies Code, of paid-up capital or, if this amount is higher, of the requested capital, plus all the reserves that may not be distributed according to the Act or the articles of association is determined in Chapter 4 of attachment C of the RREC Royal Decree.

in thousands €	2018	2017
Non-distributable elements of shareholder's equity for distribution of profits		
Paid-up capital	221.332	167.720
Unavailable issue premiums, according to the articles of association	167.883	111.642
Reserve for the positive balance of changes in fair value of real estate	33.576	37.823
Reserve for the positive balance of changes in the investment value of real estate	*51.234*	*52.876*
Reserve for the impact on fair value of estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	*-17.658*	*-15.053*
Reserve for the balance of changes in fair value of authorised hedging instruments not subject to hedge accounting	-1.841	-2.961
Legal reserves	90	90
Result distribution which, pursuant to Chapter I of annex C of the Royal Decree of 13 July 2014, is to be allocated to non-distributable reserve		
Changes in fair value of investment properties*	15.308	-4.985
Financial year	*15.308*	*-4.985*
Previous financial years	*0*	*0*
Changes in fair value* of investment properties due to disposal of investment properties	0	0
Estimated transaction rights and costs resulting from the hypothetical disposal of investment properties	-10.747	-2.378
Changes in fair value of financial assets and liabilities (ineffective hedges)	-1.615	1.119
Total non-distributable shareholder's equity	**423.986**	**308.070**
Statutory shareholder's equity	**479.890**	**359.366**
Planned dividend distribution	27.096	24.837
Number of shares entitled to dividend coupon 21 (coupon 19 for 2017)	18.891.443	17.740.407
Gross dividend per share (€) coupon 21	1,28	1,40
Number of shares entitled to dividend coupon 22	24.288.997	nvt
Gross dividend per share (€) coupon 22	0,12	nvt
Shareholder's equity after dividend distribution	**452.794**	**334.529**
Remaining reserves after distribution	**28.808**	**26.459**

* Based on the changes in investment value of investment properties.

For financial year 2018, €1,40 is paid out per share. The remaining reserve after payment increased by € 2,3 million compared to previous financial year.

General information

Leuven - Ubicenter

1. Identification

Name

Intervest Offices & Warehouses nv is a public RREC under Belgian law.

As at 27 October 2011 the name of the company changed from “Intervest Offices” into “Intervest Offices & Warehouses”.

In the Annual Report 2018, Intervest Offices & Warehouses is abbreviated to “Intervest” to refer to the company.

Registered office

Uitbreidingstraat 66, 2600 Antwerp-Berchem.

Reachable by phone on +32 3 287 67 67.

Company number (Antwerp RLP)

The company is registered at the Crossroads Bank for Enterprises under company number 0458.623.918.

Legal form, foundation, publication

Intervest Offices & Warehouses nv (referred to hereafter as ‘Intervest’) was founded on 8 August 1996 as a limited liability company under the name of “Immo-Airway”, by deed executed before the civil-law notary Carl Ockerman, in Brussels as published in the Appendices to the Belgian Official Gazette of 22 August 1996 under no. BBS 960822-361.

By deed executed before Eric Spruyt, notary in Brussels, and Max Bleeckx, notary in Sint-Gillis-Brussels, executed on 5 February 1999 and published in the Appendices to the Belgian Official Gazette of 24 February 1999 under number BBS 990224-79, the company’s legal form was converted from a limited liability company to a limited partnership with share capital and its name was changed to “PeriFund”.

By deed executed before Eric De Bie, notary in Antwerp-Ekeren, with the intervention of Carl Ockerman, notary in Brussels, executed on 29 June 2001 and published in the Appendices to the Belgian Official Gazette of 24 July 2001 under number BBS 20010724- 935, the company’s legal form was converted from a limited partnership with share capital to a limited liability company and its name was changed to “Intervest Offices”. By deed executed before Eric De Bie, notary in Antwerp-Ekeren on 27 October 2011, and published in the Appendices to the Belgian Official Gazette on 21 November 2011 under number 2011-11-21/ 0174565, the name was changed into “Intervest Offices & Warehouses”.

The articles of association were amended by deed executed by notary Eric De Bie on 27 October 2014, published in the Appendices of the Belgian Official Gazette under number 2014-11-14/0207173, whereby the corporate objective was changed because the company has become a public regulated real estate company in the sense of article 2, 2° of the RREC Act (and is therefore no longer a public property investment fund) and whereby also other changes to the articles of association were implemented in order to refer to the RREC instead of property investment funds legislation.

On 15 March 1999, Intervest Offices was recognised as a “public property investment fund with fixed capital under Belgian law”, abbreviated to “property investment funds under Belgian law”. Taking into account the entry into force of the Act of 19 April 2014 regarding the alternative institutions for collective investments and their managers (the “AIFMD Act”)1, the company has opted to apply for the status of public regulated real estate company, as implemented by the RREC Act, instead of the status of public property investment fund. In this context, the company submitted its permit application as public regulated real estate company to the FSMA on 17 July 2014. The company was subsequently granted the status of public regulated real estate company by the FSMA pursuant to articles 9, §3 and 77 of the RREC Act on 9 September 2014, under the suspensive condition of a change in the Articles of Association of the company and compliance with the stipulations of article 77, §2 and following of the RREC Act. Finally, on 27 October 2014, the extraordinary general meeting of shareholders in the company approved, with 99,99% of the votes, the change in the corporate objective regarding the change of status from property investment fund to public regulated real estate company, pursuant to the RREC Act. Considering that at the above-mentioned extraordinary general meeting of shareholders no right of abstention whatsoever was executed, and all suspensive conditions were fulfilled to which the change in the Articles of Association by the extraordinary general meeting of shareholders and the permit granted by the FSMA were subject, Intervest enjoys the status of public regulated real estate company as from 27 October 2014. As a public regulated real estate company, the company is no longer subjected to the stipulations of the Royal Decree of 7 December 2010

1 This act forms the conversion of the European Directive to Belgian law with regard to alternative investment funds managers with the result that this Directive is known as the “AIFMD Directive” and this law as the “AIFMD Act”.

regarding property investment funds and the Act of 3 August 2012 regarding certain forms of collective management of investment portfolios, but since 27 October 2014 the applicable legislation consists of the RREC Act and the RREC Royal Decree.

The articles of association were modified most recently by decision of 30 November 2018, drawn up in a deed executed by notary Eric De Bie and deposited at the Registry of the Commercial Court in Antwerp for announcement in the Appendices of the Belgian Official Gazette under number 2018 -12-10/0339459, whereby the board of directors increased the capital by contribution in cash with the lifting of the legal preferential right but with the allocation of irreducible priority allocation rights and within the context of the authorised capital.

The company is registered at the Financial Services and Markets Authority (FSMA).

The company draws publicly on the savings system in the sense of article 438 of the Belgian Companies Code.

Duration

The company is founded for an indefinite period.

Financial year

The financial year starts on 1 January and ends on 31 December of each year.

Inspection of documents

- The articles of association of Intervest are available for inspection at the Office of the Clerk of the Commercial Court in Antwerp, and at the company's registered office.
- The annual accounts are filed with the balance sheet centre of the National Bank of Belgium.
- The annual accounts and associated reports are sent annually to holders of registered shares and to any other person who requests them.
- The decisions regarding the appointment and dismissal of the members of the company's bodies are published in the Appendices to the Belgian Official Gazette.
- Financial announcements and notices convening the general meetings are published in the financial pres
- Relevant public company documents are available on the website www.intervest.be.

The other publicly accessible documents that are mentioned in the prospectus are available for inspection at the company's registered office.

Purpose of the company

Article 4 of the articles of association

4.1. The company has the exclusive objective of:

a. either directly, or by means of a company in which it possesses a stake pursuant to the provisions of the RREC law and the decisions and regulations made for the execution of same, to make real estate available to users; and,
b. within the bounds of the applicable legislation on regulated real estate companies, to possess real estate properties as mentioned in article 2, 5°, VI to X of the RREC Act.

Real estate in the sense of article 2, 5° of the RREC Act includes:

I. *real estate as defined in articles 517 and following of the Civil Code, and rights in rem on real estate, with the exclusion of real estate of an forestial, agricultural or mining nature;*
II. *voting shares issued by real estate companies managed exclusively or jointly by the company;*
III. *option rights to property;*
IV. *shares of public or institutional regulated real estate companies, provided that the latter are jointly or exclusively managed by the company;*
V. *rights arising from contracts under which one or more properties have been placed under a rental arrangement with the company, or any other similar rights of usufruct have been granted;*
VI. *shares of public property investment funds;*
VII. *participation rights in foreign institutions for collective property investment registered on the list referred to in article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers; units in institutions for collective property investment located in another Member State of the European Economic Area and which are not registered on the list referred to in article 260 of the Act of 19 April 2014 on alternative institutions for collective investment and their managers, insofar as they are subject to a similar control as public property investment funds;*
VIII. *shares issued by companies (i) with the status of a legal entity; (ii) resorting under the jurisdiction of another Member State of the European Economic Area; (iii) of which the shares have been admitted for trading on a regulated market and/or that are subject to a prudential control regime; (iv) of which the main activity consists of the acquisition or establishment of real estate with a view to making the same available to users, or the direct or indirect possession of holdings in companies with similar activities; and (v) which are exempt from tax on profit income arising from the activity intended by the stipulation under (iv) above, provided certain legal obligations are complied with, and which are at least mandatory for the distribution of a portion of their income among their shareholders (hereinafter "Real Estate Investment Trusts" (or "REITs")*

IX. *property certificates as defined in Article 5, §4 of the law of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market.*

In the context of making available real estate, the company may execute all activities related to the establishment, rebuilding, renovation, development, acquisition, disposal, management and exploitation of real estate.

The company develops a strategy enabling it to position itself in all stages of the value chain of the real estate sector. To this end, the company acquires and disposes of real estate and rights in rem with regard to real estate with the objective of making the same available to its users, however the company may also manage its development, (the renovation, development, expansion, establishment, etc.), and the daily management of real estate in its possession. It may be a building manager for real estate of which it is co-owner or "property manager" of a building complex of which it is one of the owners. In this context it may execute all other activities that provide added value to its real estate or to its users (facility management, the organisation of events, caretaker services, renovation activities adapted to the specific needs of the tenant, etc.). The company may also offer customised real estate solutions whereby the real estate is adapted to the specific needs of its users.

For that purpose:

a. the company exercises its activities independently, without delegating such activities to a third party other than an affiliated company in any way whatsoever, pursuant to articles 19 and 34 of the RREC law, by which means the asset management cannot be delegated;
b. it maintains direct relationships with its clients and suppliers;
c. it has, with a view to the execution of its activities in the manner stipulated by this article, operational teams at its disposal, which form a significant proportion of its workforce.

4.2. The company may incidentally or temporarily invest in securities that are not real estate in the sense of the applicable legislation on regulated real estate companies. These investments will be executed in accordance with the risk management policy adopted by the company and will be diversified, thus guaranteeing an appropriate risk diversification. The company may also own unallocated liquid assets in any currency in the form of demand deposit accounts or term deposit accounts, or in the form of any other easily negotiable monetary instrument.

The company may also conclude transactions in connection with hedging instruments, insofar as these are exclusively intended to cover interest and exchange rate risks in the context of the financing and management of the company's real estate and to the exclusion of any transactions of a speculative nature.

4.3. The company may lease or rent one or more real estate properties (as referred to in the IFRS standards). The activity of leasing real estate with a purchase option (referred to in the IFRS standards) may only be carried out as an incidental activity, unless such real estate is intended for a purpose that serves the general interest, including social housing and education (in this case the activity may be executed as the main activity).

4.4. Pursuant to intermediate legislation on the regulated real estate companies, the company may be involved in:

- purchasing, renovation, furnishing, rental, subletting, managing, exchanging, selling, subdividing the property or placing it under the system of joint ownership as described above;
- granting mortgages or other securities or guarantees only in the context of the financing of its real estate activities, pursuant to article 43 of the RREC Act;
- granting credit facilities and providing securities or guarantees in favour of a perimeter company of the company pursuant to article 42 of the RREC Act.

4.5. The company may acquire, rent or rent out, carry over or exchange all movable or immovable property, materials and accessories and generally, in accordance with the applicable legislation on regulated real estate companies, perform all commercial or financial actions that are directly or indirectly related to its objective and the exploitation of all intellectual rights and commercial properties related to it. Insofar as it is compatible with the Articles of Association of regulated real estate companies, the company may, through contributions in cash or in kind, mergers, subscriptions, participations, financial interventions or other means, participate in all existing companies or enterprises, or those yet to be formed, in Belgium or abroad, the corporate objective of which is identical to its own or the nature of which is such that it promotes its objective.

2. Extract from the articles of association[1]

Capital - Shares

Article 7 - Authorised capital

The board of directors is expressly authorised to increase the nominal capital on one or more occasions by an amount of (i) € 152.947.620,35), (a) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their preferential right, and (b) if the capital increase to be realised concerns a capital increase by cash contribution where the company shareholders have the possibility of exercising their priority allocation (as referred to in the RREC Act); and (ii) € 30.589.524,07 for any form of capital increase other than those intended and approved in point (i) above; effective for a period of five years from the date of the publication of the authorisation decision by the general meeting in the Appendices of the Belgian Official Gazette. This authorisation may be renewed.

The board of directors is authorised to increase the capital through contributions in cash or in kind or, if necessary, through incorporation of reserves or issue premiums, or by issuing convertible bonds or warrants, subject to compliance with the rules prescribed in the Belgian Companies Code, these articles of association and by the applicable legislation on regulated real estate companies. This authorisation is only related to the amount of authorised share capital and not to the issue premium.

For every capital increase, the board of directors shall propose the price, any issue premium and the issue conditions for the new shares, unless the general meeting should decide otherwise.

Article 8 - Nature of the shares

The shares are registered or in the form of dematerialised securities. A record of the registered shares, which each shareholder is entitled to inspect, is maintained at the company's registered office. Registration certificates shall be issued to the shareholders.

Any transfer inter vivos or pursuant to death, and any exchange of securities, shall be indicated in the above-mentioned register.

Shareholders may request the conversion of registered shares into dematerialised shares and vice versa, in writing, at any time and at their own cost.

Article 11 - Transparency regulations

In accordance with the applicable legal prescriptions, every natural or legal person that purchases or sells shares or other financial instruments of a company with a right to vote, be it representing capital or not, is obliged to notify the company as well as the Financial Services and Markets Authority (FSMA) of the number of financial instruments that he, she or it possesses whenever the right to vote connected to these shares reaches five percent (5%) or a multiple of five percent of the total number of voting rights at that moment or at the moment when circumstances occur that give reason for such notification to become obligatory.

Besides the legal threshold mentioned in the previous paragraph, the company also stipulates a statutory threshold of three percent (3%).

This declaration is also compulsory in the event of the transfer of shares, if as a result of this transfer the number of voting rights rises above or falls below the thresholds specified in the first or second paragraph.

Administration and supervision

Article 12 - Nomination - dismissal - vacancy

The company is managed by a board of directors consisting of at least three directors, who may or may not be shareholders. They will be appointed for a maximum of six years by the general meeting of shareholders, and their appointment may be revoked at any time by the latter. In the event that one or more directors' positions become vacant, the remaining directors have the right to fill the vacancy on a provisional basis until the next general meeting, when a definitive appointment will be made.

In application of what is determined by article 13 of the RREC Act, the board of directors is composed in such way that the company can be managed pursuant to article 4 of the RREC Act.

At least three independent directors within the meaning of article 526ter of the Belgian Companies Code must sit on the board of directors.

The senior management of the public regulated real estate company must be consigned to at least two persons.

All directors must permanently satisfy the requirements in terms of professional reliability and correct expertise, in order to carry out their function, as specified by article 14 §1 of the RREC Act. They may not fall under the application of the prohibitions referred to in article 20 of the Act of 25 April 2014 related to the statute for and supervision of credit institutions.

1 These articles are not complete, nor are they a literal rendering of the articles of association. The full articles of association may be consulted at the registered office of the company and at www.intervestoffices.be.

The members of the board of directors and the persons in charge of the senior management must satisfy the requirements of articles 14 and 15 of the RREC Act.

Notwithstanding the transitional stipulations as provided for by article 38, the members of the board of directors and the persons with a senior management mandate are exclusively natural persons.

Article 15 - Delegation of authority

In application of article 524bis of the Belgian Companies Code, the board of directors can put together a management committee, whose members are selected from inside or outside the board. The powers to be transferred to the management committee are all managerial powers with the exception of those managerial powers that might relate to the company's general policy, actions reserved to the board of directors on the basis of statutory provisions or actions and transactions that could give rise to the application of article 524 of the Belgian Companies Code. If a management committee is appointed, the board of directors is charged with the supervision of this committee.

The board of directors determines the conditions for the appointment of the members of the management committee, their dismissal, their remuneration, any severance pay, the term of their assignment and working methods.

If a management committee is appointed, it can only delegate day-to-day management of the company.

If no management committee is appointed, the board of directors can only delegate day-to-day management as provided for by article 13, fourth paragraph of the current articles of association.

The board of directors, the management committee and the managing directors charged with the day-to-day management may also, within the context of this day-to-day management, assign specific powers to one or more persons of their choice, within their respective areas of competence.

The board can determine the remuneration of each mandate-holder to whom special powers are assigned, all in accordance with the applicable legislation on regulated real estate companies.

Notwithstanding the transitional stipulations as provided by article 38, the members of the management committee are exclusively natural persons and must comply with articles 14 and 15 of the RREC Act.

Article 17 - Conflicts of interest

The directors, the persons charged with day-to-day management and the authorised agents of the company will respect the rules relating to conflicts of interests, as provided for by articles 36, 37 and 38 of the RREC Act and by the Belgian Companies Code as they may be amended.

Article 18 - Audit

The task of auditing the company's transactions will be assigned to one or more statutory auditors, appointed by the general meeting from the members of the Belgian Institute of Company Auditors for a renewable period of three years. The statutory auditor's remuneration will be determined at the time of his/her appointment by the general meeting.

The statutory auditor(s) also audits (audit) and certifies (certify) the accounting information contained in the company's annual accounts.

The statutory auditor's task may only be consigned to one or more recognised statutory auditors' companies, recognised by the FSMA. Prior approval is required from the FSMA for the appointment of auditors to the company. This approval is also required for the renewal of an assignment.

General meeting

Article 19 - General, special and extraordinary general meeting

The ordinary general meeting of shareholders, known as the annual meeting, must be convened every year on the last Wednesday of April at 4:30 p.m.

If this day is a public holiday, the meeting will be held on the next working day.

An extraordinary general meeting can be convened at any time to deliberate and decide on any matter that falls within its competence and that does not relate to amendments to the articles of association. An extraordinary general meeting can be convened before a notary at any time to deliberate and decide on amendments to the articles of association.

The general meetings are held at the company's registered office or at another location in Belgium, as announced in the notice convening the meeting.

Article 22 - Participation in the general meeting

The right to participate in the general meeting and to exercise voting rights there depends on the accounting registration of the registered shares of the shareholder on the 14th day prior to the date of the general meeting at 12 midnight (referred to hereafter as the "registration date"), either by means of their registration in the company's shareholder register or by their registration in the accounts of a certified account holder or settlement institution, irrespective of the number of shares held by the shareholder on the date of the general meeting.

The owners of dematerialised shares who wish to participate in the meeting must submit a certificate, issued by their financial intermediary or certified account holder, indicating how many dematerialised shares were registered in the name of the shareholder in their accounts on the registration date and for which the shareholder has declared he, she or it would like to participate in the general meeting. This certificate must be filed no later than six days prior to the date of the general meeting at the company's registered office or with the institutions referred to in the invitation.

The owners of registered shares who wish to participate in the meeting must inform the company of their intention to do so by regular post, fax or e-mail no later than six days prior to the date of the meeting.

Article 26 - Voting rights

Each share gives the holder the right to one vote.

If one or more shares are jointly owned by different persons or by a legal entity with a representative body consisting of several members, the associated rights may only be exercised vis-à-vis the company by a single person who has been appointed in writing to do so by all the persons holding rights. Until such a person has been appointed, all of the rights associated with those shares remain suspended.

If a share is encumbered with a usufruct, the voting rights associated with the share are exercised by the usufructuary, subject to an objection from the bare owner.

Social documents - result allocation

Article 30 - Appropriation of profit

Pursuant to article 45, 2° of the RREC Act the company distributes annually as capital at least 80% of the result as determined by the RREC Act and the decisions taken and regulations observed regarding its implementation. This obligation is not detrimental to article 617 of the Belgian Companies Code.

3. Statutory auditor

On 27 April 2017, Deloitte Bedrijfsrevisoren, bv under the form of a CVBA, member of the Institute of Registered Auditors which is represented by Rik Neckebroeck, IBR membership A01529, having an office in 1930 Zaventem, Luchthaven Nationaal 1 J, was reappointed as statutory auditor of Intervest for financial years 2016, 2017 and 2018. The mandate of the statutory auditor will end immediately after the annual meeting to be held in 2019.

The remuneration paid to the statutory auditor is determined based on market rates and independent of Intervest, in accordance with the ethical requirements and the standards of the Belgian Institute of Registered Auditors and in accordance with the applicable stipulations relating to the independence of the statutory auditor contained in the Belgian Companies Code.

The remuneration of the statutory auditor amounts to € 68.000 (excl. VAT) as from the financial year commencing as at 1 January 2018 for the survey of the statutory and consolidated annual accounts.

4. Liquidity provider

Intervest has concluded liquidity agreements with ING Bank, Marnixlaan 24, 1000 Brussels and with Bank Degroof Petercam, Nijverheidsstraat 44, 1040 Brussels to promote the negotiability of the shares. In practice this happens by regularly submitting purchase and sale orders within certain margins.

The remuneration has been set at a fixed amount of € 15.000 a year.

5. Property experts

On 31 December 2018, the property experts of the real estate company are:

- Cushman & Wakefield, 1000 Brussels, Avenue des Arts/Kunstlaan 56. The company is represented by Fouad Ben Tato and Kris Peetermans. They evaluate the office portfolio. The remuneration for financial year 2018 amounts to € 71.258 (excluding VAT).
- CBRE Valuation Services BVBA, Avenue Lloyd George/ Lloyd Georgelaan 7, 1000 Brussels, represented by Pieter Paepen and Kevin Van de Velde. They evaluate the logistics properties. The remuneration for financial year 2018 amounts to € 40.250 (excluding VAT).
- CBRE Valuation Advisory, Symphony Offices - Gustav Mahlerlaan 405, 1082 MK Amsterdam, represented by H.W.B. Knol and W.F.A. Rodermond. They evaluate the properties in the Netherlands. The remuneration for financial year 2018 amounts to € 6.000 (excluding VAT).

In accordance with the RREC Act, they value the portfolio four times a year. The fee of the property experts is independent of the value of the property and calculated on the basis of an annual fixed amount per building.

6. Property managers

Intervest performs its activities itself and does not delegate the execution of its activities to third parties, apart from the facility management at Mechelen Campus that is managed by the external manager Quares Property and Facility Management nv., even though this facility management is under supervision of the technical director of Intervest who has incorporated the necessary internal control procedures. Furthermore, the facility management of the Dutch investment properties is carried out by Storms International Property Services, under the supervision of the cio of Intervest.

7. RREC - legal framework

The status of regulated real estate company (RREC) is stipulated in the Act of 12 May 2014 regarding 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) in order to encourage public investments in real estate. The concept is very similar to that of the Real Estate Investment Trusts (REIT-USA), the Fiscale Beleggingsinstellingen (FBI-Netherlands), the Sociétés d'Investissement Immobilier Côtées (SIIC - France) and the REITs in the United Kingdom and Germany.

As a public real estate company with a separate REIT status, the RREC is subject to strict legislation with a view to the protection of its shareholders and financiers. The status provides both financiers and private investors with the opportunity of gaining access in a balanced, cost-effective and fiscally transparent manner to a diversified property portfolio.

It is the legislator's intention that RRECs guarantee optimum transparency with regard to investment properties and ensure the pay-out of maximum cash flow, while the investor enjoys a wide range of benefits.

The RREC is monitored by the Financial Services and Markets Authority (FSMA) and is subject to specific regulations, the most notable provisions of which are as follows:

- adopting the form of a limited liability company or a partnership limited by shares with a minimum capital of € 1.200.000
- company with fixed capital and fixed number of shares
- mandatorily listed with an obligatory distribution of at least 30% of the shares to the public at large
- the public RREC's sole objective is (a) either directly, or by means of a company in which it possesses a stake pursuant to the provisions of the RREC law and the decrees and regulations made for the execution of the same, to make real estate available to users; and (b) where appropriate and within the bounds of Article 7 (b) of the RREC law, to possess real estate as mentioned in article 2, 5°, VI to X of the RREC law; the RREC thus has no statutorily anchored investment policy, but develops a strategy in which its activities may extend across the entire value chain of the real estate sector
- limited ability to take out mortgages
- a debt ratio limited to 65% of total assets; if the gearing ratio exceeds 50%, a financial plan must be drawn up in accordance with the provisions of article 24 of the RREC Royal Decree. In case of a dispensation authorised by the FSMA based on article 30, §3 and §4 of the RREC Act, the consolidated debt ratio of the public RREC pursuant to the provisions of article 30 §4 of the RREC Act may not exceed 33 %.
- the annual financial interest costs arising from the debt burden may in no case exceed the threshold of 80% of the operating result before the result on the portfolio increased with the financial income of the company
- strict rules with regard to conflicts of interest
- an entry of the portfolio at market value without the possibility of depreciation
- a quarterly estimate of the real estate assets by independent experts, who are subjected to a three-year rotation system
- a spread of the risks: investing up to 20% of the assets in real estate that forms one single property entity, with certain exceptions
- an RREC may not engage in "development activities" unless this is only on an occasional basis; this means that an RREC cannot act as a property developer with the intention of erecting buildings in order to sell them afterwards and collect a development profit
- the opportunity to establish perimeter companies which can take the form of an "institutional RREC", in which the public RREC directly or indirectly holds over 25% of the authorised capital in order to be able to implement specific projects with a third party, and the financial instruments of which may only be held by the following persons: (i) qualifying investors or (ii) natural persons, on condition that the minimum amount of the subscription or of the price or performance in exchange on the part of the purchaser is determined by the King by means of a decision made at the recommendation by the FSMA, and to the extent that the subscription or the transfer is done in accordance with the above-mentioned rules, who act for their own account in both cases, and the shares of which may only be acquired by such investors;
- at least three independent directors in the sense of article 526ter of the Belgian Companies Code sit on the board of directors
- the fixed fees of directors and the actual managers may not depend on the operations and transactions carried out by the public RREC or its subsidiaries: this therefore prohibits them being granted a fee based on the turnover. This rule also applies to the variable fee. If the variable remuneration is determined according to the result, only the consolidated EPRA earnings may be used as a basis for this.

These rules aim to limit the risk for shareholders.

8. RREC - tax system

With the RREC Act the legislator has given RRECs a favourable tax status.

An RREC is subject to the normal corporate tax rate, however this only applies to a limited taxable basis, consisting of the sum of (1) the abnormal or benevolent benefits it has received (2) expenses and costs that are not deductible as professional expenses, other than depreciations and losses on shares. The results (rental income and gain from sale minus the operating expenses and financial charges) are thus exempt from corporate tax on condition that at least 80% of the operating distributable profit is paid out in accordance with article 13 §1 of the RREC Royal Decree and Chapter III of Annex C of the RREC Royal Decree. It can also be subjected to the special secret commissions tax on commissions and remunerations paid that are not properly documented in individual pay sheets and a summary statement.

The withholding tax on the dividends that are paid out by a public RREC equals 30% as from 1 January 2017, to be withheld when paying the dividend (subject to certain exemptions).

This is a discharging withholding tax for private individuals who are residents of Belgium.

If a company converts to the status of RREC, or if a (normal) company merges with an RREC or splits part of its immovable assets with a transfer to an RREC, it must pay a one-time tax (the so-called exit tax) currently of 12,75% at the moment (12,5% plus a crisis contribution of 2%). After that, the RREC is only subject to taxes on very specific elements, such as rejected expenses and abnormal benefits.
The exit tax is increased to 15% (without crisis contribution) as from assessment year 2021. This exit tax is the fiscal price that such companies must pay in order to leave the normal tax system. In terms of the tax system, this transfer is treated as a (partial) division of the company's assets by the company to the RREC. When dividing the company's assets, a company must treat the difference between the payments in cash, in securities or in any other form and the revalorised value of the paid-up capital (in other words the gain that is present in the company) as a dividend.

The Income Tax Code states that the sum paid out equals the actual value of the company's assets on the date when this transaction has taken place (art. 210, §2 Income Tax Code 1992). The difference between the actual value of the company's assets and the revalorised value of the paid-up capital is equated with a dividend paid out. The reserves that have already been taxed may be subtracted from this difference. As a rule, the remainder forms the taxable basis that is subject to the 12,75% rate.

The exit tax is calculated with due observance of the Circular Letter Ci.RH.423/567.729 of the Belgian tax administration of 23 December 2004, of which the interpretation of the practical application could always change. The "actual tax value", as the circular letter refers to it, is calculated by deducting registration fees or VAT (which would apply in case of sale of the assets) and can differ from the fair value of the property as listed on the public RREC balance sheet in accordance with IAS 40.

It is true that the tax authority still considers (see point 3 of the circular letter of 23 December 2004) that the actual value of the company's assets on the date that it is recognised as a RREC cannot be less than an amount corresponding to the value of the company's assets as would be determined in comparison with the value of the issued shares, or the price of the shares acquired or offered to the public, less the registration fees and VAT that are included in the property valuation reports. It is the intention to include the so-called securitisation premium in the taxable base of the exit tax. The securitisation premium is the premium that investors in an RREC are prepared to pay on top of the net assets reflected by the expected added value resulting from the recognition of the RREC by the FSMA. As described in Note 24 of the Financial report, Intervest disputes this interpretation.

9. Tax system in the Netherlands

Intervest incorporated a Dutch cooperatively based association named Intervest Nederland Coöperatief U.A. on 28 April 2017 to realise real estate investments in the Netherlands. Intervest has structured its Dutch investment properties in Dutch "BVs" (private limited companies).

The above-mentioned cooperatively based Dutch association named Intervest Nederland Coöperatief U.A., as well as the Dutch private limited companies, are subject to corporate tax as domestic taxpayers. Profit payments by the Dutch private limited companies to the Dutch cooperatively based association are not taxed because they fall under contribution exemption.

10. Information related to the annual financial reports of 2016 and 2017

- Consolidated annual accounts 2016: p. 198 to p. 249 of the 2016 annual financial report
- Management report covering 2016: p. 40 to p. 195 of the 2016 annual financial report
- Auditor's report covering 2016: p. 250 to p. 251 of the 2016 annual financial report
- Key figures 2016: p. 22 to p. 31
- Consolidated annual accounts 2017: p. 208 to p. 255 of the 2017 annual financial report
- Management report covering 2017: p. 40 to p. 205 of the 2017 annual financial report
- Auditor's report covering 2017: p. 256 to p. 261 of the 2017 annual financial report
- Key figures 2017: p. 22 to p. 31

11. Required parts of the annual report

In accordance with articles 96 and 119 of the Belgian Companies Code, the required parts of the Intervest annual report are presented in the following chapters:

- Risk factors
- Report of the board of directors - 2. Corporate Governance Statement
- Report of the management committee - 2. Important developments in 2018
- Report of the management committee - 3. Financial results 2018
- Report of the management committee - 7. Outlook for 2019
- Financial report

PERSONS RESPONSIBLE FOR THE CONTENT OF THE ANNUAL REPORT

Pursuant to article 13 §2 of the Royal Decree of 14 November 2007, the board of directors, composed of Jean-Pierre Blumberg (chairman), Marleen Willekens, Chris Peeters, Jacqueline Heeren-de Rijk, Johan Buijs and Gunther Gielen, declares that after taking all reasonable measures and according to its knowledge:

a. the annual accounts, prepared in accordance with the "International Financial Reporting Standards" (IFRS) as accepted by the European Union and in accordance with the Act of 12 May 2014 on regulated real estate companies, give a true and fair view of the equity, the financial position and the results of Intervest Offices & Warehouses nv and the companies included in the consolidation
b. the annual report gives a true statement of the main events which occurred during the current financial year, their influence on the annual figures, the main risk factors and uncertainties regarding the remaining months of the financial year with which Intervest Offices & Warehouses nv is confronted, as well as the main transactions between related parties and their possible effect on the annual figures if these transactions should entail significant meaning and were not concluded at normal market conditions
c. the information in the annual report coincides with the reality and no information has been omitted whereby the statement could modify the purpose of the annual report.

Terminology and alternative performance measures

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 a law or in the generally accepted accounting principles (GAAP). The European Securities and Markets Authority (ESMA) issued guidelines which, as of 3 July 2016, apply on the use and explanation of the alternative performance measures. The concepts which Intervest considers to be alternative performance measures are included in this chapter of the Press Release, called "Terminology and 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 an investment property

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

Average interest rate of the financing✪

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.)).

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 €		31.12.2018	31.12.2017
Net interest charges	A	8.039	7.616
Weighted average debt for the period	B	326.575	292.129
Average interest rate of the financing (based on 360/365) (%)	**=A/B**	**2,4%**	**2,6%**

Contractual rents

These are the gross indexed annual rents, laid down contractually in the rental agreements on the date on which the latter are concluded 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 paragraph of the Royal Decree of 13 July 2014. In this Royal Decree, the maximum debt ratio for the 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.

1 The report can be consulted on the website at www.epra.com.

EPRA and EPRA terminology

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 December 2014 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.

EPRA earnings✪	Result derived from the strategic operational activities.
EPRA Net asset value✪	Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for investment properties in the long term. In practice: total shareholders' equity attributable to the shareholders of the parent company, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares at the end of the year.
EPRA NNNAV✪	EPRA NAV adjusted to account for the fair value of the financial instruments, the debts and the deferred taxes.
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 investment properties, divided by the market value of the portfolio, increased by the estimated transfer duties and costs in the event of 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✪

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 treated as hedge accounting in accordance with IAS 39) and other non-distributable elements based on the statutory annual account of Intervest nv.

Application - The EPRA earnings measure the result of the strategic operational activities, excluding (i) the changes in fair value of financial assets and liabilities (ineffective hedges), and (ii) the portfolio result (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 €	31.12.2018	31.12.2017
Net result	34.114	21.186
Eliminated from the net result (+/-):		
• Result on disposals of investment properties	0	0
• Changes in fair value of real estate properties	-7.033	7.274
• Other result on portfolio	2.472	89
• Changes in fair value of financial assets and liabilities (ineffective hedges)	1.615	-1.119
• Other non-distributable elements based on the statutory annual account of Intervest nv.	0	0
EPRA earnings	**31.168**	**27.430**

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

Definition - The EPRA earnings per share are the EPRA earnings divided by the weighted average number of shares.

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

Reconciliation		31.12.2018	31.12.2017
EPRA earnings (in thousands €)	A	31.168	27.430
Weighted average number of shares	B	19.176.981	17.409.850
EPRA earnings per share (in €)	**=A/B**	**1,63**	**1,58**

EPRA net asset value (EPRA NAV)

Definition - Net Asset Value (NAV) adjusted to account for the fair value of investment properties and to the exclusion of certain elements that do not fit within the financial model for investment properties in the long term.

Application - Total shareholders' equity attributable to the shareholders of the parent company, adjusted for the fair value of financial instruments and deferred taxes, divided by the number of shares at the end of the year.

Reconciliation		31.12.2018	31.12.2017
Shareholders' equity attributable to the shareholders of the parent company (in thousands €)	A	476.617	359.366
The fair value of financial instruments and deferred tax (in thousands €)	B	6.364	1.842
Number of shares at end of period	C	24.288.997	18.405.624
EPRA NAV (in €)	**=(A+B)/C**	**19,88**	**19,62**

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 invest 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 located in the Netherlands and kept through the Dutch subsidiaries, this means that the fair value of the invest properties is equal to the investment value divided by 1,07.

Free float

Free float is the number of shares circulating freely on the stock exchange and publicly owned. 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.

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 an independent property expert, and including the transfer costs without deduction of the registration fee. This value corresponds to the formerly used term "value deed in hand".

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 was increased from 27% to 30% (except in case of certain exemptions) as from 1 January 2017 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✪

Definition - The net result per 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.

Reconciliation		31.12.2018	31.12.2017
Net result (in thousands €)	A	34.114	21.186
Weighted average number of shares	B	19.176.981	17.409.850
Net result per share (in €)	**=A/B**	**1,78**	**1,22**

Net value (fair value) per share

Total shareholders' equity attributable to the equity holder 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✪

Definition - Total shareholders' equity attributable to the equity holder of the parent company (therefore, after deduction of the minority interests) increased with the reserve for the impact on the fair value of estimated transfer duties 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).

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		31.12.2018	31.12.2017
Shareholders' equity attributable to share-holders of the parent company (in thousands €)	A	476.617	359.366
Reserve for the impact on fair value of estimated transfer duties and costs resulting from the hypothetical disposal of investment properties (in thousands €)	B	17.658	15.274
Shareholders' equity attributable to the shareholders of the parent company - investment value (in thousands €)	**C=A+B**	**494.275**	**374.640**
Number of shares at year-end	D	24.288.997	18.405.624
Net value (investment value) per share (in €)	**=C/D**	**20,35**	**20,35**

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✪

Definition - The operating margin is the operating profit before result on portfolio, divided by the rental income.

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 €		31.12.2018	31.12.2017
Operating profit before result on portfolio	A	39.554	35.077
Rental income	B	47.920	43.349
Operating margin (%)	**=A/B**	**83%**	**81%**

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 (RREC Act) and by the Royal Decree of 13 July 2014 on regulated real estate companies (RREC Royal Decree) in order to stimulate joint investments in real estate properties.

Result on portfolio✪

Definition - The result on portfolio comprises (i) the result on the sale of investment properties, (ii) the changes in the fair value of investment properties, and (iii) the other result on portfolio.

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 the current financial year.

Reconciliation in thousands €	31.12.2018	31.12.2017
Result on disposals of investment properties	0	0
Changes in fair value of investment properties	7.033	-7.274
Other result on portfolio	-2.472	-89
Result on portfolio	**4.561**	**-7.363**

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.

Share liquidity

The ratio between the numbers of shares traded daily and the number of capital shares.

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.

Yield of a share

The yield of a share in a certain period is equal to the gross yield. This gross yield 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).

Notes

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This annual report is not a registration document in the sense of art. 28 of the Act of 16 June 2006 on public offerings of investment instruments and the admission of investment instruments to trading on a regulated market.

Intervest Offices & Warehouses has drawn up its annual report in Dutch. However, Intervest Offices & Warehouses has also produced a translation of this annual report in French and English. The Dutch, French and English versions of this annual report are all legally binding. Intervest Offices & Warehouses, represented by its board of directors, is responsible for the translation and conformity of the Dutch-language, French-language and English-language versions. However, in the event of a conflict between the versions in different languages, the Dutch-language version shall always take precedence.

The Dutch-language version of this annual report and its French and English translations are available on the company's website (www.intervest.be).

Ce rapport annuel est également disponible en français.

Dit jaarverslag is ook beschikbaar in het Nederlands.

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