



**INTERVEST**  
OFFICES & WAREHOUSES

**BEYOND  
REAL  
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# DEGROOF PETERCAM

REAL ESTATE SEMINAR  
26 September 2017



**INTERVEST**  
OFFICES & WAREHOUSES







**INTERVEST**  
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1. Nature of the portfolio
2. Important developments in 2017
3. Financial results 30 June 2017
4. Property market
5. Outlook

## Agenda

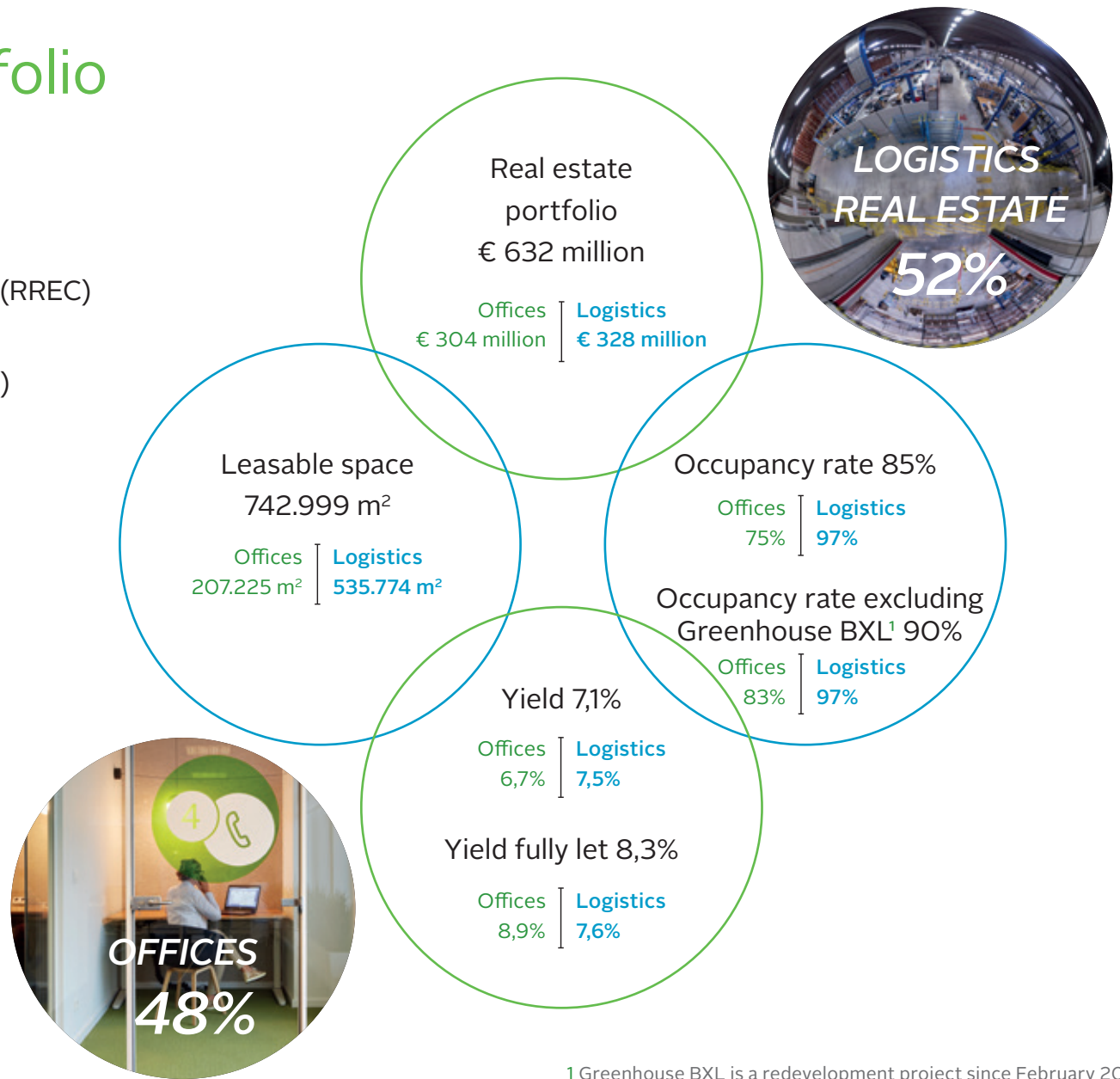


Oevel ►

# Nature of the portfolio

## Some key figures

- Public Regulated Real Estate Company (RREC)
- Listed on Euronext (INTO) - 1999
- Specialising in logistics real estate (52%) & offices (48%)



<sup>1</sup> Greenhouse BXL is a redevelopment project since February 2017.

Figures as at 30 June 2017

# Nature of the portfolio

## Strategy

- March 2016, announcement growth strategy
- Strong ambition: from € 611 million to € 800 million by the end of 2018
- Proportion 60% logistics and 40% offices
- Based on 2 pillars:
  - Expansion logistics real estate
  - Reorientation in offices portfolio
- Founded on policy choices regarding financing resources:
  - Gross dividend of € 1,40 for 2016, 2017 and 2018
  - Debt ratio between 45% and 50%



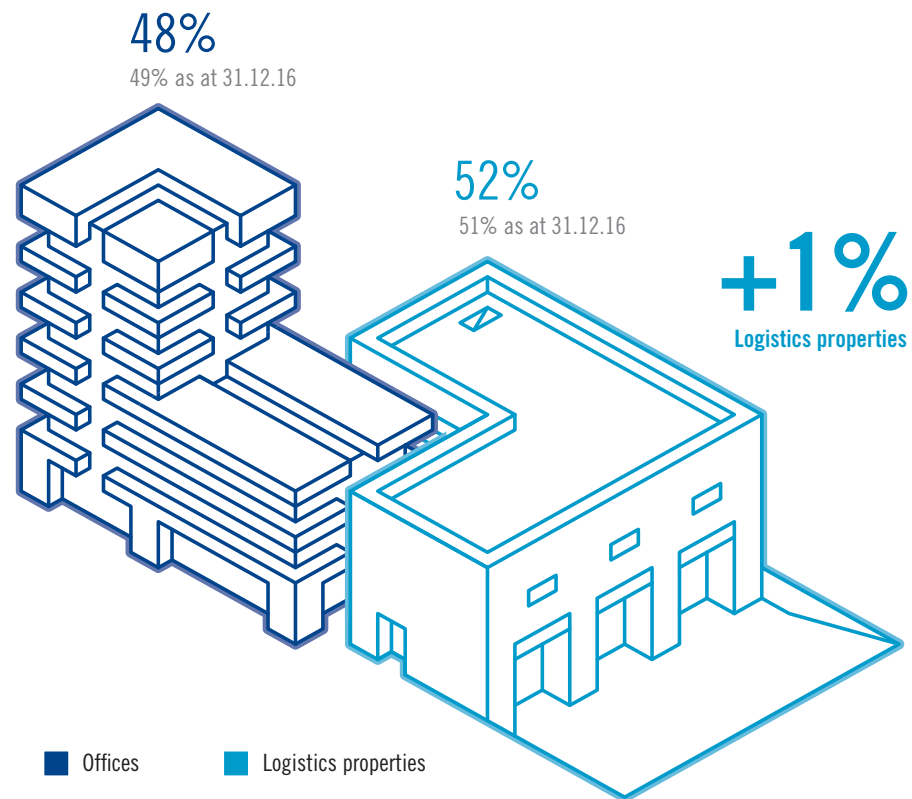


# Nature of the portfolio

## Offices & Warehouses

Nature of the real estate portfolio as at 30 June 2017:

- 21 logistics properties
- 12 offices



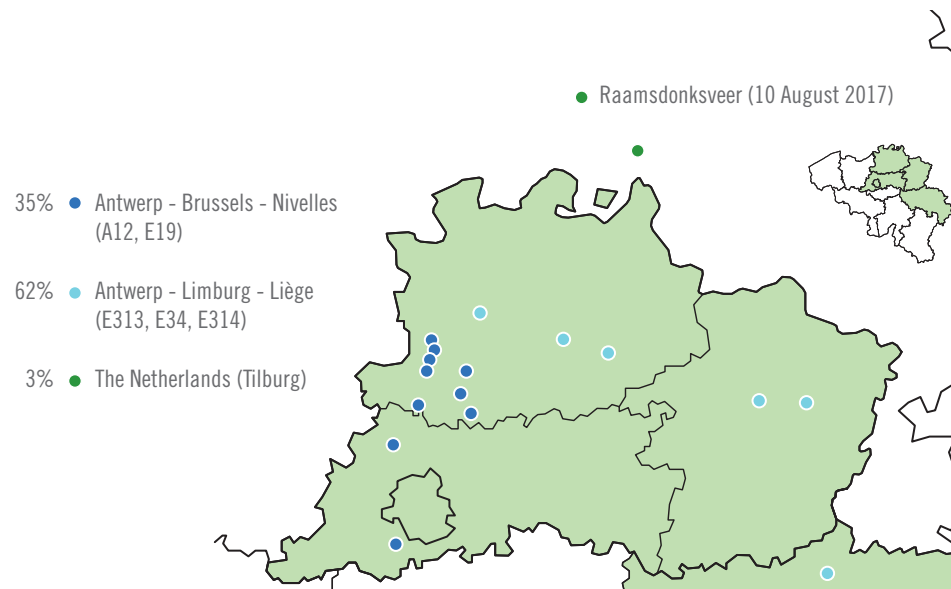


# Nature of the portfolio

## Geographical spread logistics

In Belgium focus on two major logistics axes:

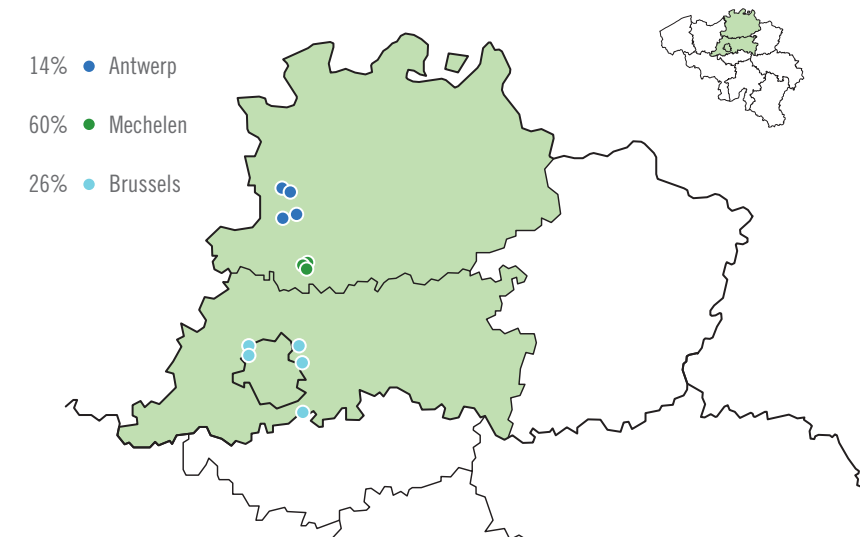
- Antwerp-Brussels-Nivelles axis (E19 and A12) and
- Antwerp-Limburg-Liège axis (E313)



Figures as at 30 June 2017

## Geographical spread offices

Strategic focus on axis Antwerp-Mechelen-Brussels with important share E19: 60%



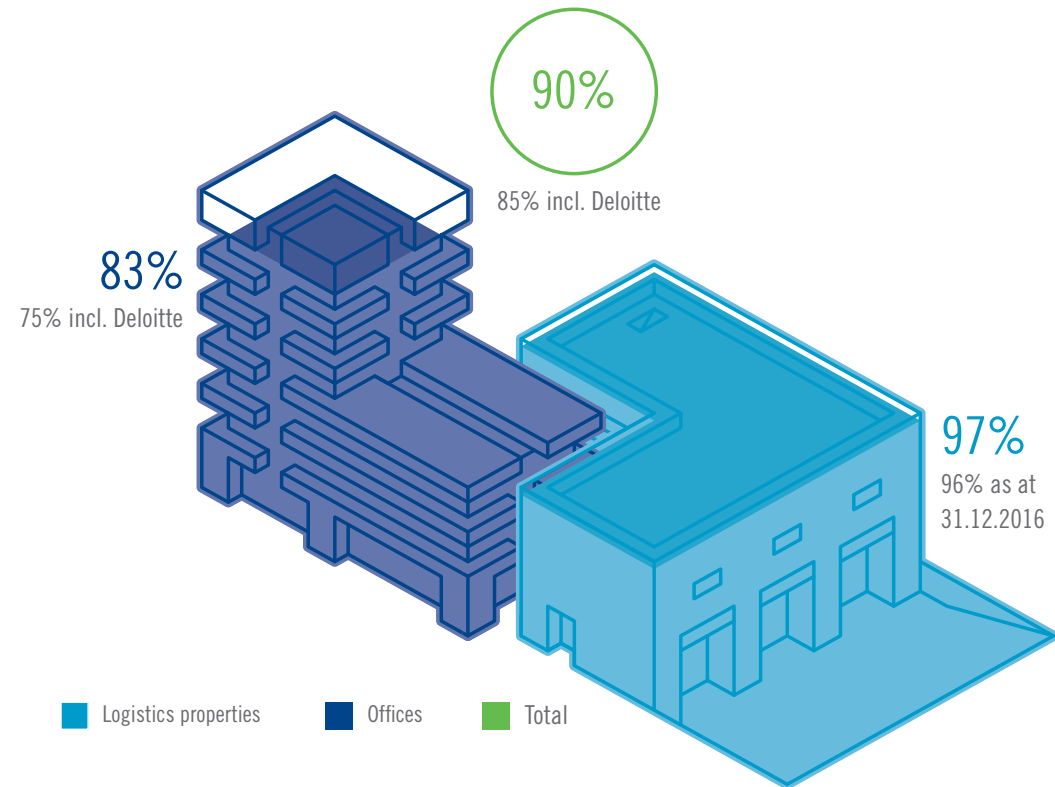


*Our geographical scope, 150 km around Antwerp (Belgium, the Netherlands and Germany)*

Figures as at 30 June 2017

# Nature of the portfolio

## Occupancy rate<sup>1</sup>



<sup>1</sup> Excluding Greenhouse BXL, a redevelopment project since February 2017.

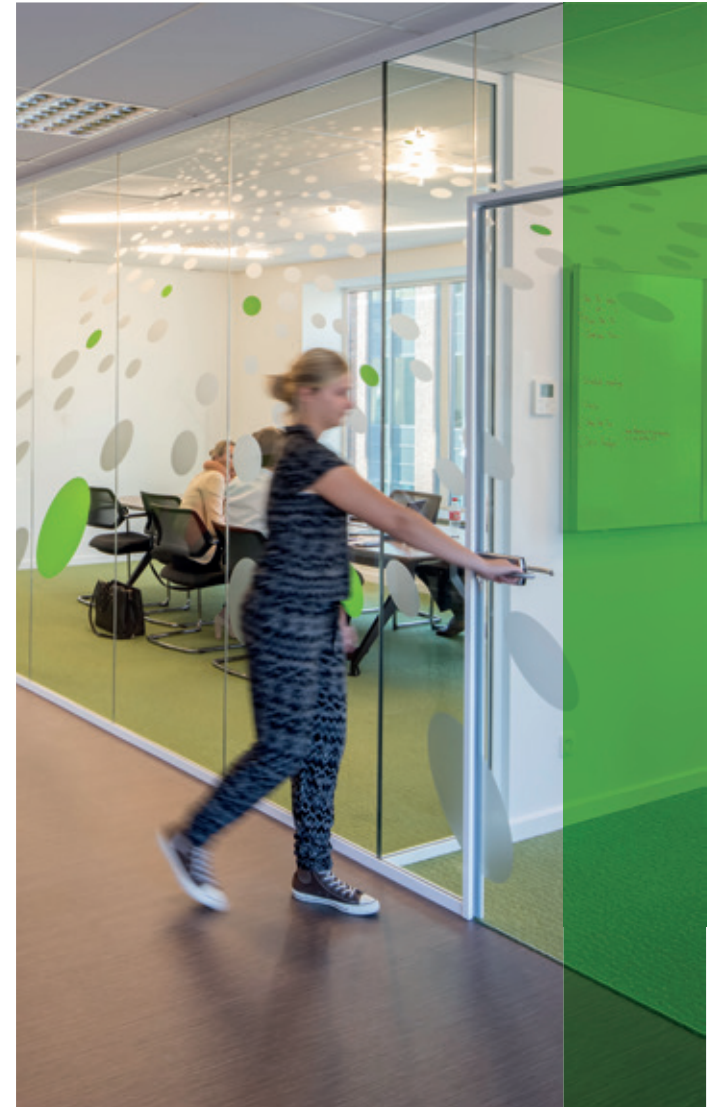
Figures as at 30 June 2017



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Mechelen Campus - RE:flex ▶



# Important activities in 2017

## Overview

- Acquisition of a logistics complex in Oevel of 11.660 m<sup>2</sup> and a distribution hub in Aarschot of 13.770 m<sup>2</sup>
- First expansion into the Netherlands with acquisition of logistics site in Tilburg of 13.300 m<sup>2</sup>
- Completion of new distribution centre of 12.200 m<sup>2</sup> on Herentals Logistics 3
- Building works for redevelopment of Greenhouse BXL with a third RE:flex according to schedule, expanded with acquisition of adjacent building
- Allocation of redevelopment former Ford site (zone B) in Genk to 'Genk Green Logistics'
- Acquisition of a second logistics site of 20.500 m<sup>2</sup> in Raamsdonksveer, the Netherlands

Merchtem - ZEB Logistics ▶



# Important activities in 2017

## Acquisition Oevel/Aarschot

### Oevel:

- 10.840 m<sup>2</sup> storage space, 410 m<sup>2</sup> mezzanine, 410 m<sup>2</sup> offices
- 100% leased until 2022: Vos Logistics

### Aarschot:

- 2 logistics buildings: 11.570 m<sup>2</sup> warehouse space, 600 m<sup>2</sup> office space, 1.600 m<sup>2</sup> small storage space
- 100% leased: key tenant is BPost
- Weighted average lease term: 5,9 years to first break

### Together:

- Investment value: € 12,75 million
- Annual rental income: € 0,96 million
- Gross initial yield: 7,5%
- Transaction includes capital increase through a contribution in kind

▼ Oevel, Vos Logistics



▼ Aarschot, BPost



# Important activities in 2017

## Acquisition Tilburg, the Netherlands

- First acquisition in the Netherlands
- 11.400 m<sup>2</sup> warehouse space, 1.200 m<sup>2</sup> offices, 700 m<sup>2</sup> mezzanine
- Investment value: € 9,4 million
- 100% leased to Dutch Bakery (as from 01.01.2017 fixed term of 15 years, triple net agreement)
- Annual rental income: € 0,64 million
- Gross initial yield: 6,8%
- Structured through a subsidiary of Intervest in the Netherlands: Intervest Tilburg 1

Tilburg - Dutch Bakery ▶





# Important activities in 2017

## Logistics development project Herentals

- Development of land reserve in Herentals: newly built distribution centre of 12.200 m<sup>2</sup>
- Investment: circa € 4 million
- Long-term lease agreement for 15 years with 1<sup>st</sup> termination possibility after 9 years with lessee Schrauwen Sanitair en Verwarming
- Building works started 1<sup>st</sup> quarter 2017 and are finalised

Herentals - Schrauwen Sanitair en Verwarming ►





# Important developments in 2017

## Diegem Campus to become Greenhouse BXL

- As at 31 January 2017 offices free after departure Deloitte
- Repositioning and multi-tenant approach
- Innovative, inspiring and services oriented concept
- Clear distinction from traditional offices segment
- Building permit received
- Start building works 1<sup>st</sup> quarter 2017
- To be built patio: lively meeting space with potential for event organising
- Co-working lounge, grand café, restaurant, large meeting rooms, auditorium and concierge services
- Acquisition vacant building for conversion into an extra open space with a park, a relaxing area and an underground car park adjacent to Greenhouse BXL

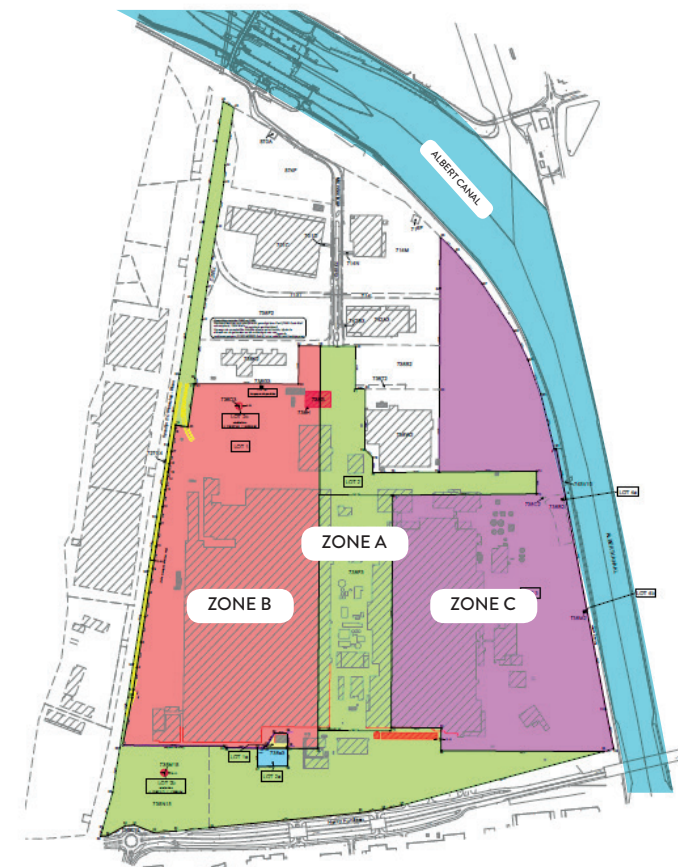
Diegem - Greenhouse BXL ▶



# Important developments in 2017

## Redevelopment Ford site Genk

- As at 30 June 2017 Flemish Government selects Genk Green Logistics as preferred bidder for redevelopment of one of the most large-scale trimodal logistics hubs in Flanders.
- To be set up joint venture with Intervest and Group Machiels and cooperation with developer MG Real Estate and DEME Environmental Contractors
- Complementary expertise in development of large-scale company premises
- Genk Green Logistics will be ultimate investor
- Strategically located in logistics corridor Antwerp-Limburg-Liège
- Total surface 133 hectares
  - Zone B: Genk Green Logistics, 42 hectares, trimodal access
  - Zone A: public domain and common purposes
  - Zone C: De Vlaamse Waterweg
- Development potential of 250.000 m<sup>2</sup>
  - Distributed among various buildings, over estimated period of five years
- Finalization of contractual agreement with Flemish Government can start
- Clear development plan with focus on e-commerce
- Reference project related to sustainability and spatial quality



▲ Genk - Ford site layout

# Important activities in 2017

## Acquisition second logistics site in the Netherlands

- 20.500 m<sup>2</sup> distribution centre in Raamsdonksveer
- Under long-term lease with Leen Bakker, furniture and home decoration retailer
- Investment value: € 14 million
- Annual rental income: over € 1 million
- Gross initial lead: 7,2%
- Structured through Raamsdonksveer 1, a subsidiary of Interinvest in the Netherlands.

Raamsdonksveer ▶





# Important activities in 2017

## Rental activity

### Limited rental activity

- 9 lease agreements with new or existing customers for +/- 43.000 m<sup>2</sup> (compared to 124.000 m<sup>2</sup> in 22 transactions in first half 2016)
- In 2016 Nike Europe prolongation counted for 50.912 m<sup>2</sup>.

### Offices

- 3 new leases for 1.336 m<sup>2</sup>, prolongation of 3 leases for 991 m<sup>2</sup>

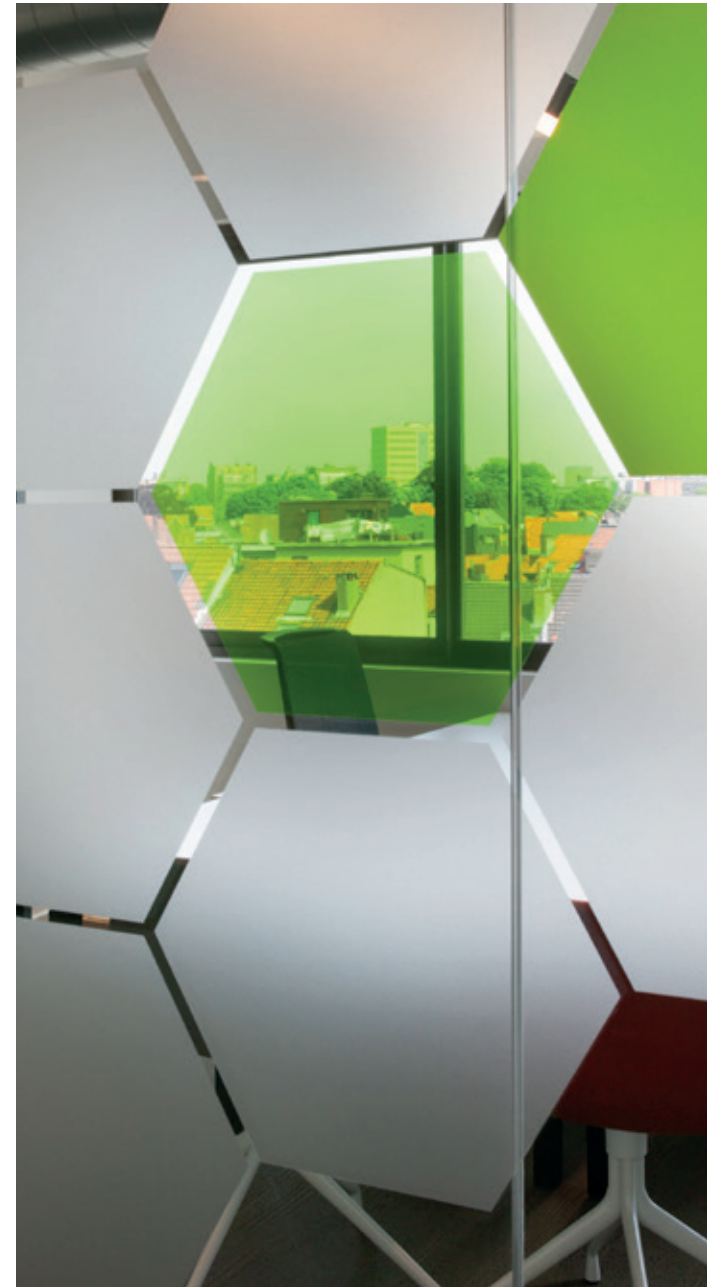
### Logistics portfolio

- prolongation or expansion of 41.171 m<sup>2</sup> in 3 transactions

### Main transactions first semester 2017

- prolongation of Feeder One Belgium in Wommelgem for 24.180 m<sup>2</sup>
- prolongation of Covedien AG in Opglabbeek for 13.101 m<sup>2</sup>
- expansion of Toyota Material Handling Europe Logistics in Wilrijk for 3.890 m<sup>2</sup>

Greenhouse Antwerp - Managed Offices ▶

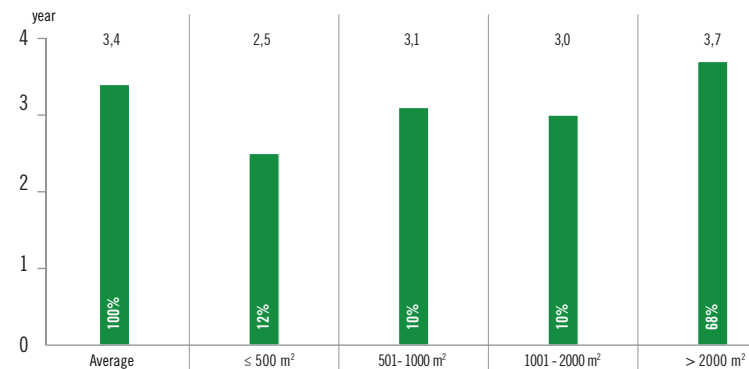




# Duration lease agreements per 30 June 2017

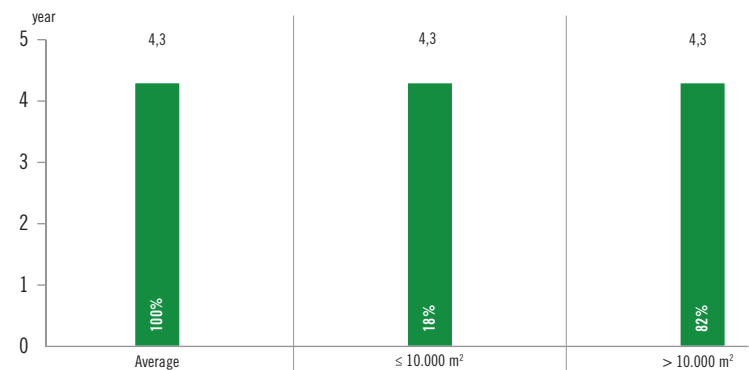
## Portfolio offices

- Average remaining duration of the lease agreements in the offices portfolio: 3,4 years (3,6 years as at 31 December 2016)
- Leases > 2.000 m<sup>2</sup> (69% of the portfolio): 3,7 years (4,1 years as at 31 December 2016)



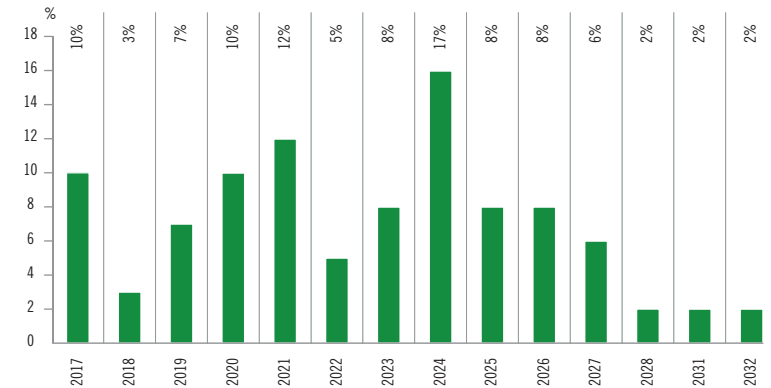
## Portfolio logistics real estate

- Average remaining duration of the lease agreements in the logistics portfolio: 4,3 years (4,1 years as at 31 December 2016)
- Leases > 10.000 m<sup>2</sup> (82% of the portfolio): 4,3 years (4,0 years as at 31 December 2016)



## Final expiry dates per 30 June 2017

- 10% of the rental contracts has a final expiry date in the second half of the year 2017
- Mainly due to the expiry date of Fiege in Puurs (3%) and Ceva Logistics in Boom (2%)
- 3% of the remaining 5% will be extended or taken up by new or existing customers





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Liège - CooperVision ▶

# Financial results 30 June 2017

## Consolidated income statement

- Rental income decrease:  
sale of 5 buildings June 2016 and vacancy Greenhouse BXL (Deloitte)
- More property charges: technical costs and larger work force
- More general costs: IFRIC 21 Stock exchange tax (timing difference), dedicated management committee and increase of staff
- Changes in fair value of investment properties: increase offices portfolio (€ 2,8 million) and decrease logistics portfolio (€ -8,2 million)
- Decrease financial result: new interest rate swaps and divestments in 2016

in thousands €	30.06.2017	30.06.2016
Rental income	20.999	23.140
Rental-related expenses	43	-17
Property management costs and income	520	197
<b>PROPERTY RESULT</b>	<b>21.562</b>	<b>23.320</b>
Property charges	-3.331	-2.905
General costs and other operating income and costs	-1.587	975
<b>OPERATING RESULT BEFORE RESULT ON PORTFOLIO</b>	<b>16.644</b>	<b>19.440</b>
Result on disposals of investment properties	0	-12.796
Changes in fair value of investment properties	-5.417	-993
Other result on portfolio	260	14
<b>OPERATING RESULT</b>	<b>11.487</b>	<b>5.665</b>
Financial result (excl. changes in fair value)	-3.537	-4.607
Changes in fair value of financial assets and liabilities (ineffective hedges)	744	-449
Taxes	-20	0
<b>NET RESULT</b>	<b>8.674</b>	<b>609</b>
EPRA earnings	13.087	14.833
Result on portfolio	-5.157	-13.775
Changes in fair value of financial assets and liabilities (ineffective hedges)	744	-449



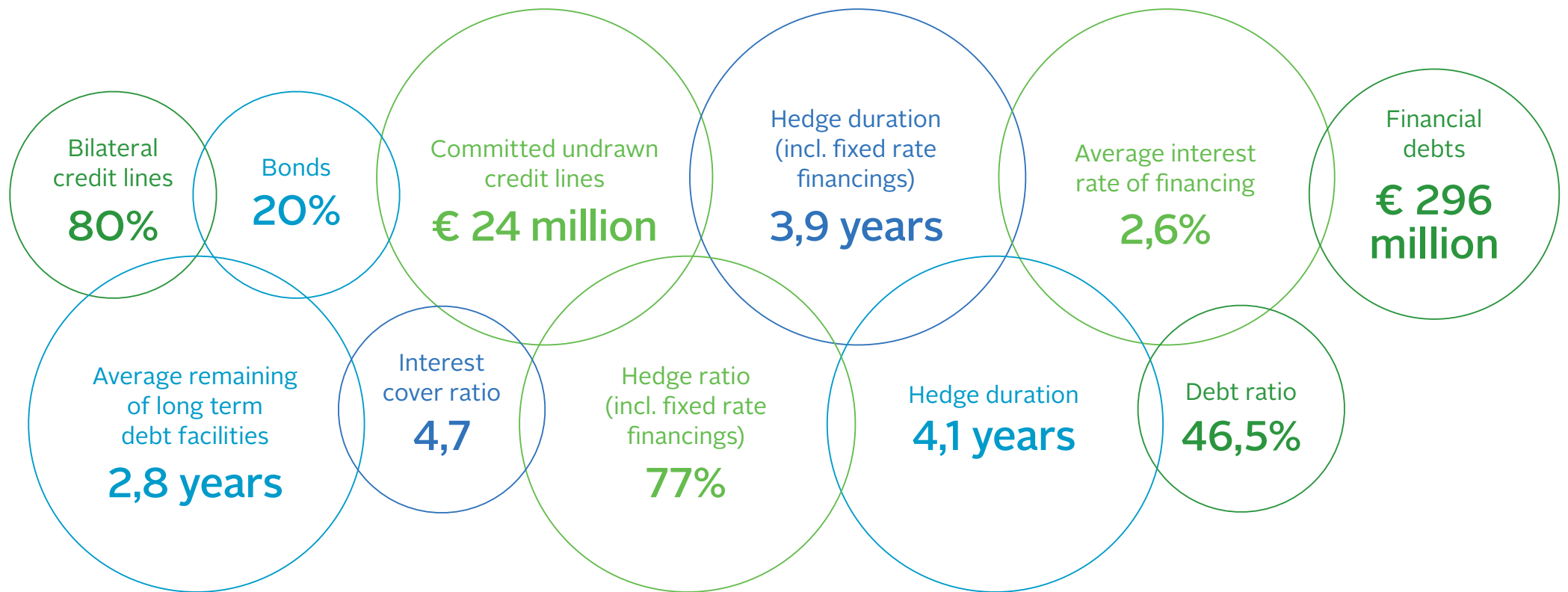
# Financial results 30 June 2017

## Financial KPI's

DATA PER SHARE	30.06.2017	31.12.2016	30.06.2016
Number of shares entitled to dividend	17.740.407	16.784.521	16.784.521
EPRA result (€)	0,74	1,73	0,88
Net value (fair value) (€)	18,78	19,43	18,24
Net asset value EPRA (€)	19,64	20,37	19,18
Market capitalisation (million) (€)	397	401	428
Share price on closing date (€)	22,40	23,90	25,50
Premium to net value (fair value) (%)	19%	23%	40%

# Financial results 30 June 2017

## Financial structure

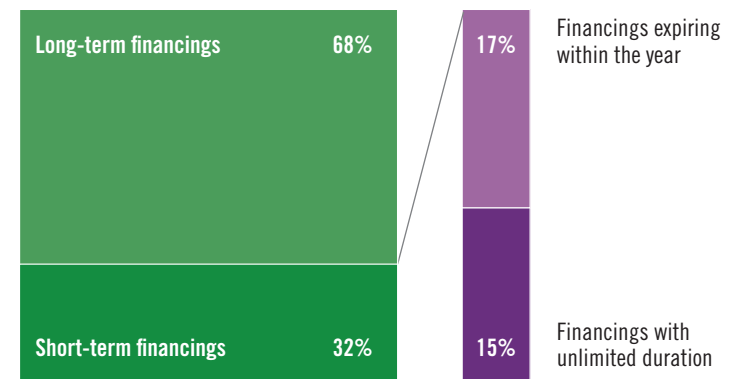


Figures as at 30 June 2017

# Financial results 30 June 2017

## Financial structure

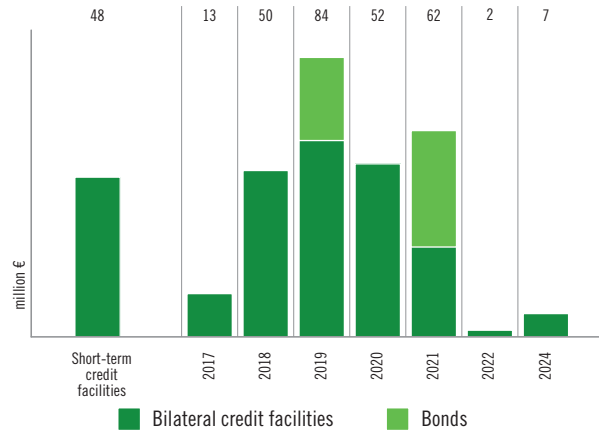
- 68% long-term financing agreements with average remaining duration of 2,8 years
- 32% short-term financing agreements, 15% consisting of financings with unlimited duration and for 17% of financings expiring within the year (mainly first quarter of 2018)



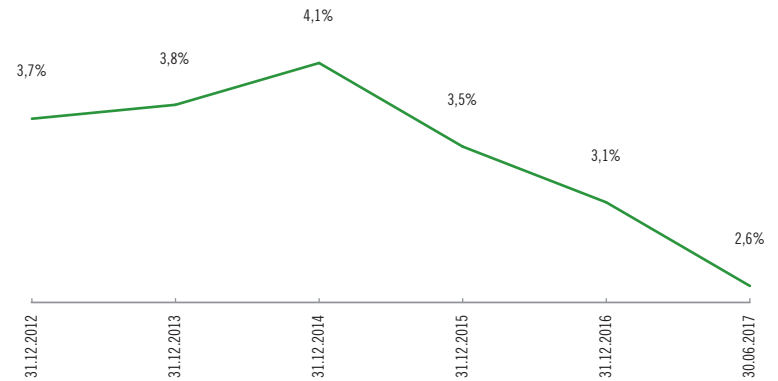
Figures as at 30 June 2017

# Financial results 30 June 2017

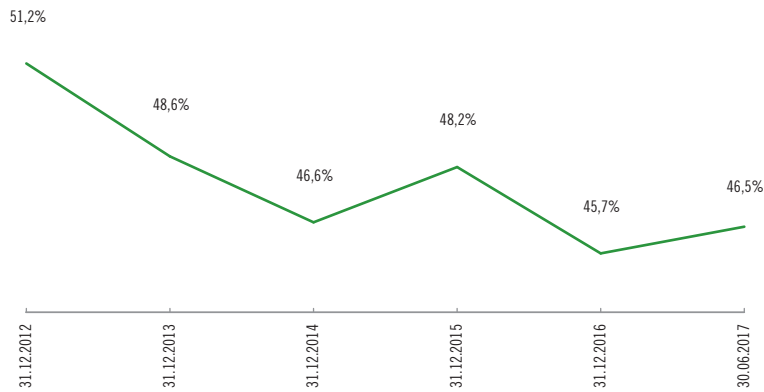
## Debt maturities



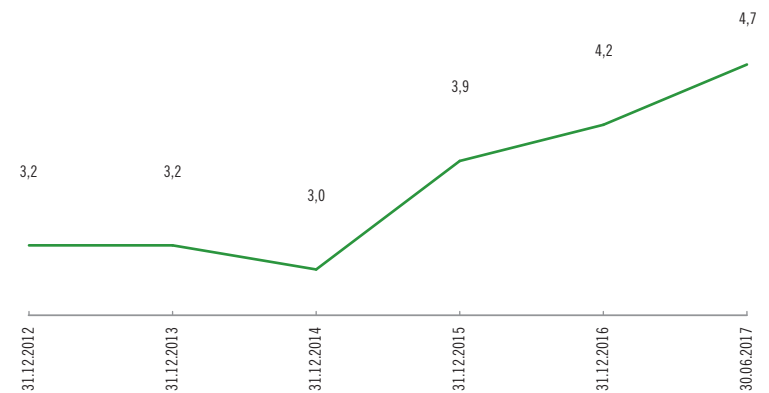
## Evolution average cost of debt



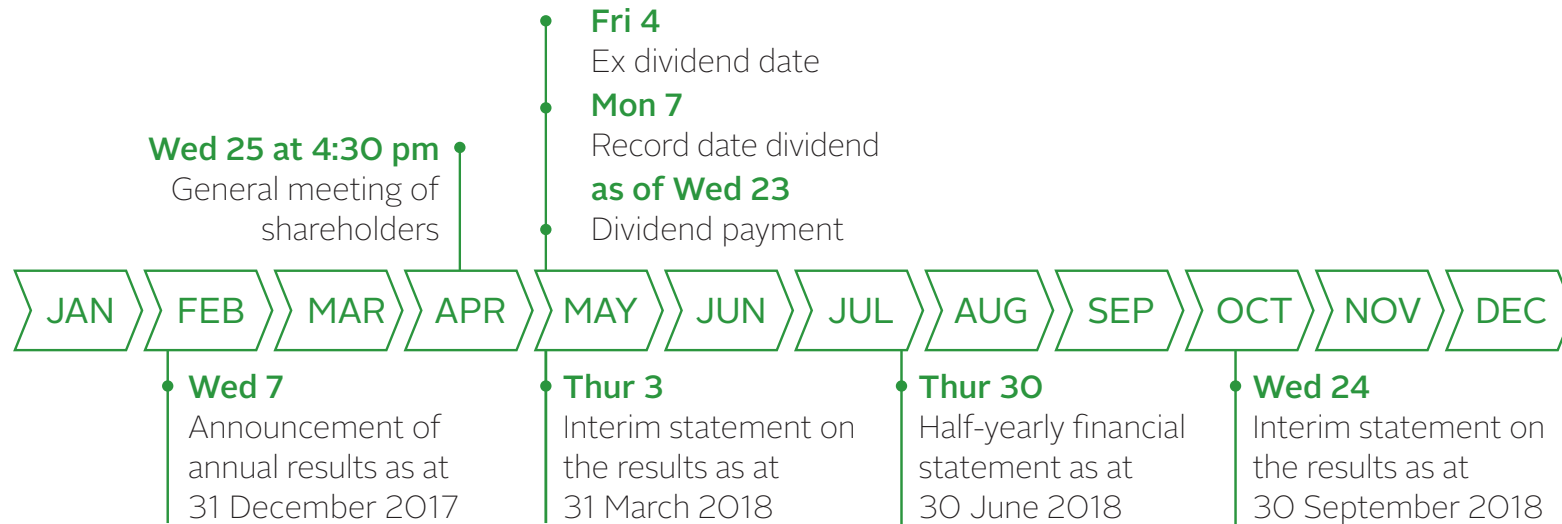
## Evolution debt ratio



## Evolution interest cover ratio



# Financial calendar







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Mechelen Campus - RE:flex ▶

# Property market

## Offices

### Trends

- Increase of service-oriented offices, co-working lounges and fully-furnished offices
- Brussels and periphery pipeline of > 10.000 m<sup>2</sup>
- Similar trend noticeable in Mechelen & Antwerp
- Suppliers of traditional offices entering this segment in which Interinvest is a pioneer

### Investment market

- Prime yields under further pressure, amount to 4,4% for long term rentals in CBD
- Top yield periphery: 7,25%

Antwerpen - Gateway house ▶



# Property market

## Offices

### Rental market

- Diverse market dynamics related to type of building and sub-market
- Brussels
  - Take up of 214.600 m<sup>2</sup> in Brussels, in line with average take up last 5 years
  - Decrease in availability office space in Brussels to 8,7%, lowest level since 2007, especially Grade A offices (< 30.000 m<sup>2</sup>)
  - Grade B offices becoming more competitive
- Periphery
  - Prime rents +/- € 185/m<sup>2</sup>
  - Considerable activity, supply of large areas of high-quality buildings relatively limited
  - Take up +/- 29.500 m<sup>2</sup>
- Antwerp
  - 5 major transactions, take up > 35.000 m<sup>2</sup>

Intercity Business Park - Biocartis ▶





# Property market

## Logistics real estate

### Trends

- Growing demand, increasingly targeting advanced complexes
- Consolidation and e-commerce main drivers of activity
- Focus on multi-modal sites
- Substantial part of activity by logistics companies building for own use

### Investment market

- Yields under pressure
- Demand for high-quality logistics investments and low interest rate result in high prices
- Yields for the best products at +/- 6%

Wilrijk - Toyota Material Handling Europe ▶



# Property market

## Logistics real estate

### Rental market

- Limited availability of 5,8%, except on Antwerp-Brussels axis, temporarily more availability
- Limited availability up-to-date logistics real estate
- Substantial part of market targets build-to-suit solutions
- In general, rental rates stable
- Pressure on rental rates for less recent buildings
- Comparison of rental rates for existing buildings with newly built projects put on market at competitive conditions

Liège - CooperVision





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Inter Access Park - Edwards ▶



# Outlook

## Growth plan

Continued focus on growth plan based on reorientation in offices portfolio and expansion of logistics real estate.

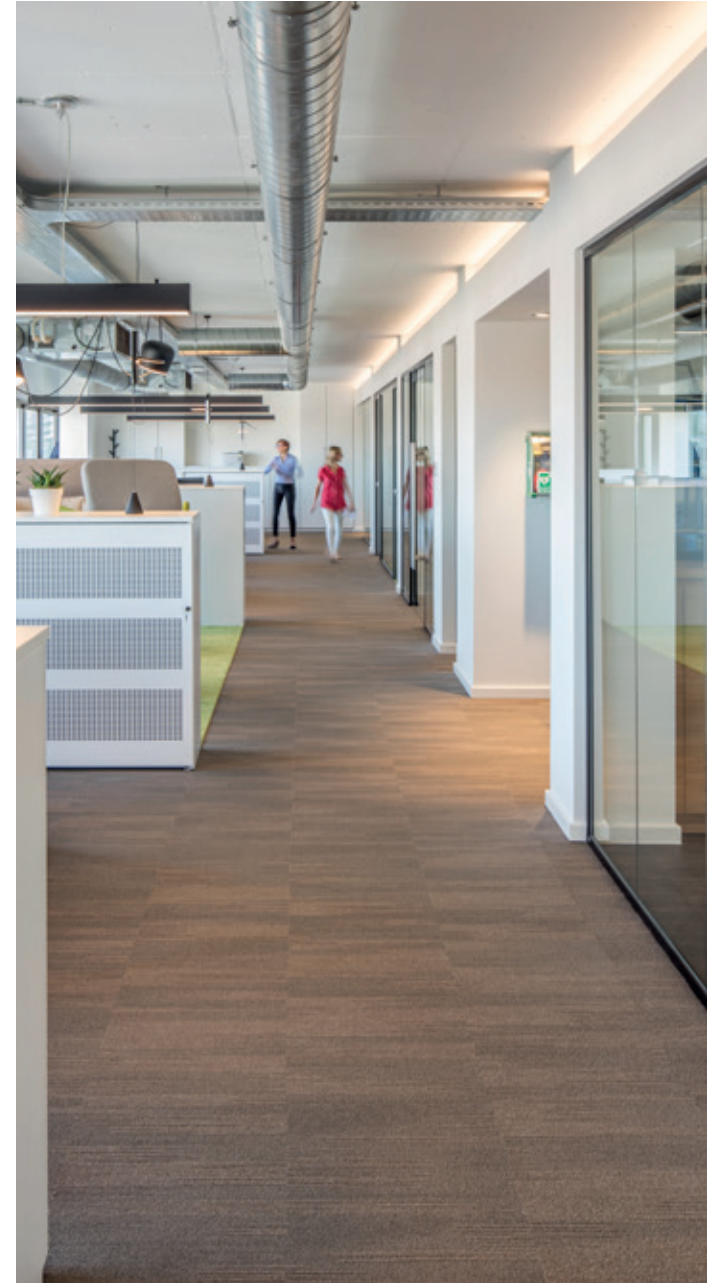
### Offices

- Redevelopment Greenhouse BXL into innovative, inspiring and service-oriented multi-tenant campus with third RE:flex, works expected to be finished by Q2 2018, first tenants expected in 2017

### Logistics

- Pipeline, including potential acquisitions in the Netherlands
- Allocation of redevelopment of Ford site to Genk Green Logistics: contractual agreement to be negotiated with Flemish Government and start of commercialisation

Greenhouse Antwerp ▶



# Outlook

## Financing

- Debt ratio to be kept between 45% and 50%: 46,5% as at 30 June 2017 means investment capacity of € 45 million (to upper limit of pre-set range) of which € 14 million used in Q3 2017
- Matching of real estate acquisitions with debt and equity issuance

## Letting

- Tenant retention by extending lease terms and stabilising/improving occupancy rate key challenges in asset management
- Minimum expected occupancy rate at the end of 2017: 86%

## Results 2017

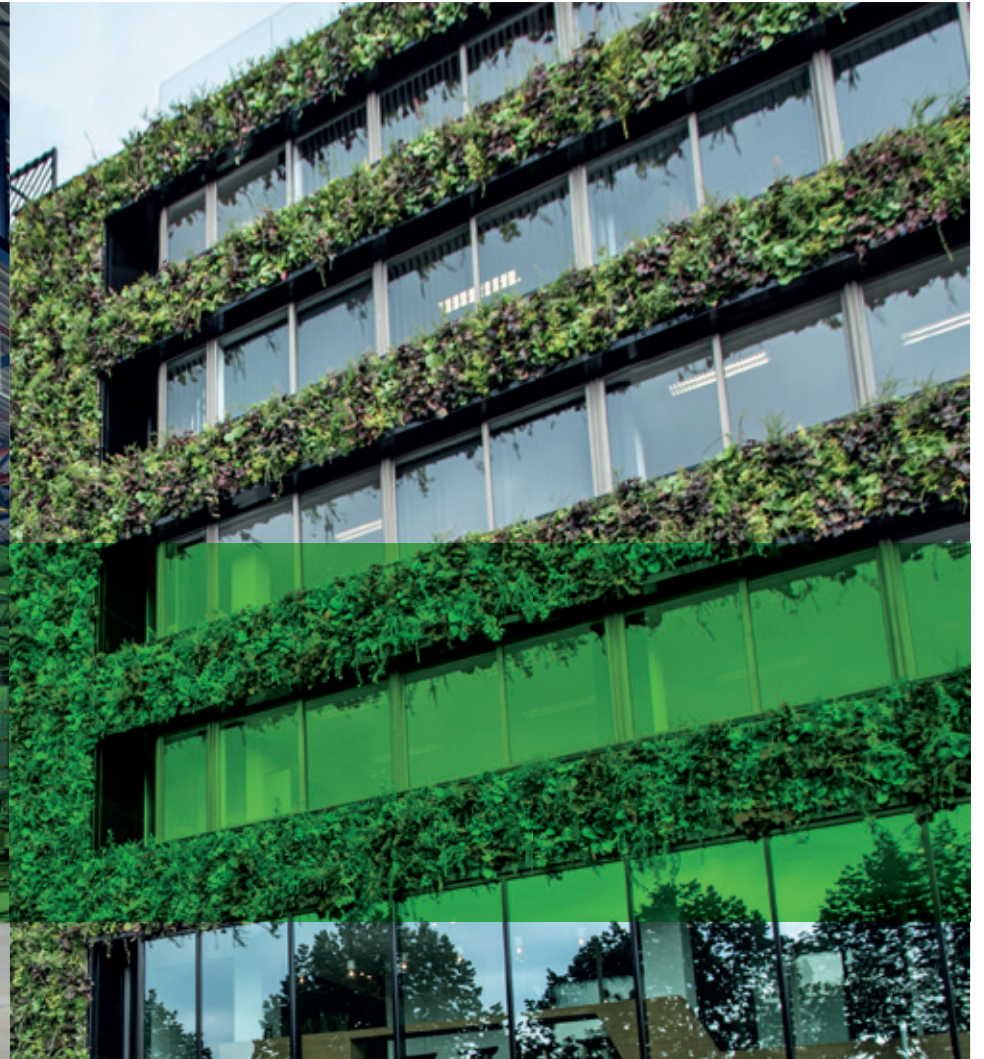
- EPRA earnings for 2017 expected to be between € 1,50 and € 1,58 per share (€ 1,73 for 2016)
- Gross dividend of minimum € 1,40 per share for 2017 (and 2018) represents a gross dividend yield of +/- 6,25 % based on closing share price of € 22,40 as at 30 June 2017

Puurs - Delhaize Group ▶





THANK YOU



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