

## INTERIM REPORT BY THE MANAGER FOR THE PERIOD 01.07.2015 – 30.09.2015

- **The net current result over 9M 2015 amounts to 65.8 million euros or 3.64 euros per share, which implies an increase per share of 16.2% in comparison with 9M 2014.**
- **Following the strong first nine months and the announced acquisitions, WDP increases the ambition for the net current result for 2015 to 4.85 euros per share (approximately 88 million euros), an increase of 18% compared to 2014.**
- **WDP also increases its dividend forecast for 2015 to 3.90 euros per share, an anticipated increase of 15% in comparison with 2014.**

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### Summary<sup>1</sup>

- The net current result over 9M 2015 amounts to 65.8 million euros, an increase of 29.0% in comparison with 9M 2014 (51.0 million euros). The net current result per share<sup>2</sup> over 9M 2015 increased by 16.2% to 3.64 euros, compared to 3.13 euros in 9M 2014.
- The occupancy rate<sup>3</sup> was 97.5% on 30 September 2015, which is stable compared to 97.6% as at 31 December 2014. The average duration (until the first termination date) of the lease contracts of the WDP portfolio is 6.5 years (including solar panels).
- On 30 September 2015 the gearing ratio was 57.6%, compared to 55.8% at the end of 2014. The fair value of the portfolio<sup>4</sup> was 1,845.3 million euros, in comparison with 1,567.3 million euros at the end of 2014.
- The NAV (EPRA)<sup>5</sup> was 41.8 euros on 30 September 2015, compared to 39.2 euros on 31 December 2014.

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<sup>1</sup> As a consequence of the entry into force of 'IFRS 11 Joint Arrangements', the results and balance sheet impact of the joint venture WDP Development RO, in which WDP holds 51%, were processed according to the equity accounting method as of 1 January 2014. With regard to the statistics in connection with reporting on the portfolio, the proportional part of WDP in the portfolio of WDP Development RO (51%) is shown.

<sup>2</sup> Based on the weighted average number of outstanding shares, i.e. 18,071,377 during 9M 2015.

<sup>3</sup> The occupancy rate is calculated in relation to the rental values of the leased buildings and the non-leased premises and includes incomes from solar panels. Projects under construction and/or renovation are not taken into account.

<sup>4</sup> The portfolio value is composed of investment properties, investment properties under development for own account with the purpose of being rented out, assets held for sale and the fair value of the solar panels. If the solar panels are not taken into consideration, the portfolio value amounts to 1,758.1 million euros, compared to 1,492.1 million euros at the end of 2014.

<sup>5</sup> Financial performance indicator calculated according to the Best Practices Recommendations of EPRA (European Real Estate Association). See [www.epra.com](http://www.epra.com).

- The total investment volume within the scope of the 2013-16 growth plan currently amounts to approximately 715 million euros. On the basis of this package of investments, nearly 90% of the envisaged portfolio growth (by approximately 800 million euros to 2.0 billion euros) has been identified, and WDP is on track for achieving the recently raised targets as set in the 2013-16 growth plan.<sup>6</sup>
- After the announcement<sup>7</sup> of the multimodal site WDPort of Ghent – the first of its kind in Flanders – WDP and its partner the Ghent Port Authority announced their first development project, the start of the construction of a new storage facility of more than 20,000 m<sup>2</sup> for the Distrilog Group. Completion of the project is planned for the second quarter of 2016 (an anticipated investment of approximately 10 million euros).
- WDP has submitted an application for a dual listing on Euronext Amsterdam. This emphasises the importance WDP attaches to its core market, the Benelux, and more specifically to its growing Dutch share – currently the same weight as its traditional home market, Belgium – in the property portfolio. It is expected that this second listing will become effective on 18 November 2015. WDP will not issue any new shares. WDP's reference market continues to be Euronext Brussels.<sup>8</sup>
- The previously announced extension of the existing hedging instruments<sup>9</sup> has made it easier to monitor profits and has led to an immediate saving, resulting in a drop of the average cost of debt to 2.8%.
- The ambition for the envisaged net current result for 2015 has been raised to 4.85 euros per share (previously 4.70 euros), which means an increase of 18% in comparison with 2014. Approximately 12% (0.50 euros per share) of the envisaged increase of 18% is related to the strong growth of the portfolio through acquisitions, an accelerated income from completed pre-let development projects and a higher income from the solar panels due to a sunny summer. 6% (0.25 euros per share) has been driven by the reduction in the cost of debt.
- Consequently, an increase in the dividend for 2015 (payable in 2016) is anticipated to 3.90 euros gross per share (previously 3.75 euros); again an increase, and this time by 15% in comparison with 2014, based on a low pay-out ratio of approximately 80%.

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<sup>6</sup> See press release dated 11 February 2015.

<sup>7</sup> See press release dated 15 May 2013.

<sup>8</sup> The shares will be collected and managed in the central order book of the Euronext group.

<sup>9</sup> To be more precise, a number of existing Interest Rate Swaps were extended by flattening them over time in a cash-neutral manner.

## 2. Operational and financial activities during Q3 2015

### 2.1. Occupancy rate and lettings

WDP has been able to maintain the high occupancy rate. On 30 September 2015 the portfolio had an occupancy rate of 97.5%, compared to 97.6% at the end of 2014. Regarding the maturity of the existing leases, 95% of the 11% of leases with a maturity date in 2015 have now been extended (compared to more than 70% at the start of the year). This reaffirms the trust customers have in WDP.

### 2.2. Acquisitions and disinvestments

#### 2.2.1. Acquisitions

##### *The Netherlands*

*Hasselt, Hanzeweg*: multimodal hub in the Zwolle region (Hasselt), consisting of a container terminal with a surface area of approximately 23,000 m<sup>2</sup> (based on a long-term 20-year lease), combined with a cross-dock warehouse of approximately 10,000 m<sup>2</sup>, which has been let on the basis of a ten-year fixed lease to Westerman Logistics, a logistics service provider for the Benelux region and North Germany, as well as a distribution centre of approximately 20,000 m<sup>2</sup>, which accommodates the knocked-down<sup>10</sup> activities of Scania Logistics Netherlands, producer of heavy vehicles, serving its production site, also situated in Zwolle. This property was acquired in the course of the third quarter of 2015 and concerns an investment budget of approximately 25 million euros.

*Veghel, Eisenhowerweg 15*: WDP signed a purchase agreement in July 2015 in order to acquire a plot of land of approximately 8,500 m<sup>2</sup> adjacent to the existing site for 1.5 million euros, for the future realisation of a project subject to lease agreements.

All these acquisitions were made at prices in accordance with the fair value as determined in the estimate reports of independent property experts.

#### 2.2.2. Disposals

No disposals were concluded in the course of the third quarter of 2015.

An amount of 0.7 million euros in *Assets held for sale* are currently recognised in the balance sheet. This concerns a plot of land in Wieze that is to be sold. WDP also entered into a partnership with project developer L.I.F.E. to convert the existing Hungaria building into a residential tower block. *I love*

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<sup>10</sup> 'Complete Knocked Down' or 'CKD' is a production process in the automotive industry. After all the parts have been manufactured, packed in crates and shipped, they are assembled in a local assembly plant in the country of destination.

*Hungaria* will be ready in the spring of 2018. In terms of this project, WDP will sell this site phasely, in association with L.I.F.E.<sup>11</sup>

### **2.3. Projects that were completed in the third quarter of 2015**

#### *Belgium*

As anticipated, no projects were completed in Belgium in the course of the third quarter of 2015. See 2.4. *Developments under construction – Belgium* for an overview on the projects under construction.

#### *The Netherlands*

As anticipated, no projects were completed in the Netherlands in the course of the third quarter of 2015. See 2.4. *Developments under construction – the Netherlands* for an overview on the projects under construction.

#### *Romania*<sup>12</sup>

*Brasov*: the area for the existing tenant Inter Cars has been doubled. The investment budget for this 5,000 m<sup>2</sup> is approximately 2 million euros<sup>13</sup>. Inter Cars has signed a ten-year lease for the new build, and has also extended the contract of its existing buildings for the same period.

*Ploiesti*: new build of 12,000 m<sup>2</sup> for Federal-Mogul, an internationally renowned manufacturer and supplier for the automotive sector. Federal-Mogul has signed a ten-year fixed lease. The investment budget is approximately 7 million euros<sup>14</sup>.

### **2.4. Developments under construction**

#### *Belgium*

*Londerzeel, Nijverheidsstraat 13*: redevelopment into a state-of-the-art deep-freeze warehouse with 30,000 pallet spaces for Lantmännen Unibake, an international bakery group, on the basis of a twenty-year lease. The investment is estimated at approximately 18 million euros. In mid-June the adjoining production site, owned by Lantmännen Unibake, was destroyed by a major fire. WDP's deep-freeze warehouse was saved, but it did sustain minor damage, resulting in a delay in completion. The cost of the damage is covered by the insurance. This development project is completed at the end of October.

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<sup>11</sup> See press release dated 30 April 2015.

<sup>12</sup> These projects are completed via WDP Development RO, a 51-49 joint venture with Jeroen Biermans, entrepreneur and Romania expert.

<sup>13</sup> On the basis of 100% of the investment.

<sup>14</sup> On the basis of 100% of the investment.

*Bornem, Sluisweg 32:* approximately 18,000 m<sup>2</sup> of warehouse space, which was completed at the beginning of October 2015, as part of the multimodal FMCG campus for DHL Supply Chain. The investment budget is approximately 10 million euros.

*Willebroek, Victor Dumonlaan:* construction of the second phase of this logistics site for Damco (anticipated completion in the second quarter of 2016), as well as the development of a third phase subject to lease agreements, with a total surface area of 25,000 m<sup>2</sup>. The investment amount is approximately 14 million euros.

*WDPort of Ghent:* after the announcement<sup>15</sup> of the multimodal site WDPort of Ghent – the first of its kind in Flanders – WDP and its partner the Ghent Port Authority announced their first development project, namely the start of the construction of a new storage facility of more than 20,000 m<sup>2</sup> for the DISTRILOG Group. Completion of the project is planned for the second quarter of 2016 (an anticipated investment of approximately 10 million euros).

#### *The Netherlands*

*Soesterberg, Centurionbaan:* on an industrial estate along the A28, WDP is developing a new industrial building for Hypsos, specialist in live communication. A warehouse with offices of more than 7,200 m<sup>2</sup> is being developed at a site of more than 1.1 ha. It will be a high-end building, customised to suit the tenant, on the basis of a long-term lease contract to be completed in the fourth quarter of 2015. The investment budget is more than 7 million euros.

*Barendrecht, Dierensteinweg 30 and Breda, IABC:* in Barendrecht, WDP is constructing a new build at the location at Dierensteinweg as an expansion of the existing Retail DC of The Greenery. The new build will also accommodate the logistic activities of Hagé International, the import division of The Greenery. A second new build is being developed for the existing crate washing facility of Euro Pool System, where The Greenery's crates are washed. The two buildings, with a total surface area of approximately 40,000 m<sup>2</sup>, are expected to be completed before the end of 2016. In Breda, WDP is developing a new build location of approximately 20,000 m<sup>2</sup>. The location will partly operate as Zachtfruit DC for The Greenery. This building is expected to be completed in the course of the fourth quarter of 2016. In the meantime, the logistics operation of The Greenery Zachtfruit will continue to be based at the current location. The lease contracts of the existing tenants at this site remain effective. WDP will redevelop the acquired section of the site in the future. Subject to further expansion after redevelopment, WDP anticipates a gross rent yield of at least 7% during the first few years. The investment budget is approximately 26 million euros, spread out over the next two years.

*Papendrecht, Nieuwland Parc:* new build project extending the sale-and-rent-back operation<sup>16</sup>, consisting of a warehouse with offices with a total surface area of more than 7,000 m<sup>2</sup>, constructed

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<sup>15</sup> See press release dated 15 May 2013.

<sup>16</sup> See '2.4. Transactions and realisations – Acquisitions – Netherlands (Alblasserdam)' in the Interim financial report published on 7 August 2015.

by Heembouw, expected to be completed by the end of 2015. Tenant Staay Food Group has signed a fifteen-year fixed lease. The investment budget is over 13 million euros.

*Alphen aan den Rijn, H.K. Onnesweg 3:* renovation of a total surface area of approximately 4,000 m<sup>2</sup> for the tenant Santa Fe Relocations, expected to be completed in the fourth quarter of 2015. The investment budget is approximately 1.7 million euros.

#### *Romania<sup>17</sup>*

*Braila:* WDP is developing a warehouse of approximately 16.000 m<sup>2</sup> of storage space on a plot of concession located near the Danube in Braila. After phased completion (scheduled in the autumn 2015), the space will be rented by the Japanese company Yazaki, a renowned international supplier to the automotive industry, on the basis of a long-term lease of fifteen years, with an option to extend. Yazaki is currently already active at several locations in Romania. This project requires an investment of approximately 9 million euros<sup>18</sup>.

*Ramnicu Valcea:* Faurecia, a global player in the development and supply of car parts, will move into a newly to be developed warehouse of approximately 12,000 m<sup>2</sup> (anticipated completion: Q1 2016) at this site, strategically situated along Pan-European Corridor IV – one of the Pan-European corridors, important in the transport sector – on the basis of a ten-year fixed lease. WDP anticipates an investment amount of approximately 8 million euros for this project<sup>19</sup>.

*Sibiu (1):* also situated along Pan-European Corridor IV and in the immediate vicinity of Sibiu's international airport, the construction is underway of a logistics warehouse of approximately 8,000 m<sup>2</sup> for supply to the railway sector by tenant Siemens. Siemens has entered into a ten-year rental commitment for this purpose. WDP anticipates that this new build will be completed in the course of the second quarter of 2016. The investment budget is approximately 5 million euros<sup>20</sup>.

*Sibiu (2):* WDP will develop a strategic hub, consisting of a warehouse with offices of approximately 4,500 m<sup>2</sup> and a large car park for DPD, a current tenant in Courcelles, Belgium. DPD has signed a fifteen-year fixed lease. WDP anticipates completion in the course of the second quarter of 2016. The investment budget is approximately 3 million euros<sup>21</sup>.

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<sup>17</sup> These projects are completed via WDP Development RO, a 51-49 joint venture with Jeroen Biermans, entrepreneur and Romania expert.

<sup>18</sup> On the basis of 100% of the investment.

<sup>19</sup> On the basis of 100% of the investment.

<sup>20</sup> On the basis of 100% of the investment.

<sup>21</sup> On the basis of 100% of the investment.

## **2.5. Sustainability**

Within the framework of WDP's strategy of increasing the sustainability of the portfolio, a green energy programme has been initiated, involving the installation of solar panels in the Netherlands, with a total capacity of approximately 30 MWp. WDP anticipates that this project will have been rolled out by the end of 2016, in collaboration with the tenants. During the first phase, WDP invests in a PV installation with a total capacity of 2.5 MWp on the roof of the bespoke, ultramodern e-commerce warehouse of wehkamp in Zwolle.

## **2.6. Management of financial resources**

WDP concluded a private placement of bonds with a maturity of seven years for a total amount of 92.2 million euros. The amount of 54.4 million euros or 59% of the total issue was placed against a fixed interest rate, and 37.8 million euros or 41% was placed against a variable interest rate. The bonds with a fixed interest rate were issued against an issue price of 99.361% and offer an annual gross yield of 2.601%. The bonds with a variable interest rate were issued against 100% and will have a six-monthly interest payment<sup>22</sup>. The net yields of this issue will be used by WDP for general corporate purposes, in particular the growth of the WDP group and the diversification of its financing sources. This issue enables the average debt duration to be extended. These transactions were closed on 2 July 2015.

## **2.7. Post balance sheet events**

WDP has submitted an application for a dual listing on Euronext Amsterdam. This emphasises the importance WDP attaches to its core market, the Benelux, and more specifically to its growing Dutch share - currently the same weight as its traditional home market, Belgium - in the property portfolio. It is expected that this second listing will become effective on 18 November 2015. WDP will not issue any new shares. WDP's reference market continues to be Euronext Brussels. The shares will be collected and managed in the central order book of the Euronext group. ABN AMRO Bank acts as listing agent.

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<sup>22</sup> *The interest of the bonds with a variable interest rate will be calculated on the basis of a margin of 175 basis points above EURIBOR 6 months.*

### 3. Financial results

#### 3.1. Summary

The net current result of WDP for the first nine months of 2015 amounts to 65.8 million euros. This result means an increase of 29.0% in comparison with the result of 51.0 million euros in the same period in 2014. The net current result per share amounts to 3.64 euros, an increase of 16.2% compared to 3.13 euros over the same period last year, taking into account the weighted average number of outstanding shares over this period<sup>23</sup>. With this result, WDP is performing above the initial expectations for 2015.<sup>24</sup>

This increase in the net current result is driven by the continued growth of the WDP portfolio in 2014-15 based on, among other things, the achieved acquisition volume, an accelerated income from completed pre-let development projects and a higher income from the solar panels due to a sunny summer and the consistently high occupancy rate. Moreover, the operating costs were kept under control, and have been substantially reduced following the active management of the cost of debt.

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<sup>23</sup> The weighted average number of outstanding shares in the first nine months of 2015 was 18,071,377, taking into account the creation of 681,828 new shares following the acquisition of the site in Bornem, and 386,788 new shares based on the optional dividend.

<sup>24</sup> See the press release of 12 February 2014 and the 2014 Annual Financial Report.



### 3.2. Key figures

KEY FIGURES		
<b>OPERATIONAL</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
Fair value of property portfolio (solar panels inclusive) (in million euros)	1 845,3	1 567,3
Gross initial yield (incl. vacancies) <sup>1</sup> (in %)	7,8	8,0
Net initial yield (EPRA) <sup>2</sup> (in %)	7,1	7,3
Average lease term (until first break) <sup>3</sup> (in y)	6,5	7,1
Occupancy rate <sup>4</sup> (in %)	97,5	97,6
Like-for-like rental growth <sup>5</sup> (in %)	-0,8	0,0
Operating margin <sup>6</sup> (in %)	92,3	91,8
<b>FINANCIAL</b>	<b>30.09.2015</b>	<b>31.12.2014</b>
Gearing ratio <sup>7</sup> (in %)	57,6	55,8
Interest Coverage Ratio <sup>8</sup> (in x)	4,2	3,3
Average cost of debt (in %)	2,9	3,5
Average remaining duration of outstanding debt (in y)	3,6	3,5
Average remaining duration of long term credit facilities (in y)	4,1	4,1
Hedge ratio <sup>9</sup> (in %)	76	82
Average remaining term of hedges <sup>10</sup> (in y)	7,0	6,7
<b>RESULT (in million euros)</b>	<b>30.09.2015</b>	<b>30.09.2014</b>
Property result	92,4	76,9
Operating result (before result on the portfolio)	85,4	70,5
Financial result (excl. IAS 39)	-19,5	-19,1
Net current result (incl. participation joint ventures) (EPRA)	65,8	51,0
Result on the portfolio (incl. participation joint ventures) (IAS 40)	12,9	11,6
Revaluation of financial instruments (incl. participation joint ventures) (IAS 39)	7,1	-13,9
Write-down and depreciation of solar panels (incl. participation joint ventures) (IAS 16)	-2,6	0,0
Net result (IFRS)	83,2	48,7
<b>DETAILS PER SHARE (in euros)</b>	<b>30.09.2015</b>	<b>30.09.2014</b>
Net current result (EPRA) <sup>2,11</sup>	3,64	3,13
Result on the portfolio (IAS 40)	0,71	0,71
Revaluation of financial instruments (IAS 39)	0,40	-0,85
Write-down and depreciation of solar panels (IAS 16)	-0,14	0,00
Net result (IFRS)	4,60	2,99
NAV (IFRS) <sup>11</sup>	38,4	32,8
NAV (EPRA) <sup>2,11</sup>	41,8	36,7
NNNAV (EPRA) <sup>2</sup>	37,9	32,3

<sup>1</sup> Calculated by dividing the annualised contractual gross (cash) rents by the fair value. The fair value is the value of the property portfolio after deduction of transaction costs (mainly transfer tax).

<sup>2</sup> Financial performance indicators calculated according to EPRA's (European Public Real Estate Association) Best Practices Recommendations. See also [www.epra.com](http://www.epra.com).

<sup>3</sup> Including solar panels that are taken into account at the remaining weighted average duration of green energy certificates.

<sup>4</sup> Calculated based on the rental values of leased properties and the non-leased surfaces, including the income from solar panels. Projects under construction and/or renovation projects are not considered.

<sup>5</sup> Evolution of the net rental income on a constant portfolio basis. Calculated according to the EPRA Best Practices Recommendations. See also [www.epra.com](http://www.epra.com).

<sup>6</sup> The operating margin is calculated by dividing the operating result (before result on the portfolio) by property result. Based on the comparison between 9M 2015 and 9M 2014.

<sup>7</sup> For the method of calculating the gearing ratio, refer to the RD of 13 July 2014 on Regulated Real Estate Companies.

<sup>8</sup> Defined as operating result (before result on the portfolio) divided by interest changes, minus interest and dividends collection, minus compensation for financial leasing and others.

<sup>9</sup> Percentage of debt at fixed interest cost or debts covered against fluctuations in interest rates by derivative financial products.

<sup>10</sup> Remaining term of interest rate hedges entered into to hedge the debt against interest rate fluctuations.

<sup>11</sup> NAV = Net Asset Value before profit distribution for the current financial year.

### 3.3. EPRA metrics

EPRA KEY PERFORMANCE MAESURES*	30.09.2015	31.12.2014
EPRA result (in euros per share)**	3,64	3,13
EPRA NAV (in euros per share)	41,8	39,2
EPRA NNNAV (in euros per share)	37,9	34,6
EPRA Net Initial Yield (in %)	7,1	7,3
EPRA Topped-up Net Initial Yield (in %)	7,1	7,3
EPRA vacancy rate (in %)	2,7	2,6
EPRA Cost Ratio (including direct vacancy costs) (in %)	9,5	9,4
EPRA Cost Ratio (excluding direct vacancy costs) (in %)	9,1	9,1

\* Financial performance indicator calculated according to EPRA's (European Public Real Estate Association) Best Practices Recommendations. Please see [www.epra.com](http://www.epra.com).

\*\* Based on the comparison between 9M 2015 and 9M 2014.

### 3.4. Notes to the income statement of 30 September 2015

#### Property result

The *property result* amounts to 92.4 million euros in the first nine months of 2015, an increase of 20.2% compared to the same period last year (76.9 million euros). This increase is a result of the further growth of the portfolio in 2014-15, primarily in Belgium and the Netherlands through acquisitions and the completion of pre-leased projects. With an unchanged portfolio, the level of rental income has slightly decreased year by year (-0.8%)<sup>25</sup>. This property result also includes 7.4 million euros of income from solar panels (as compared to 6.1 million euros in the same period last year, when there was less solar radiation and on the basis of a smaller capacity installed). The property result also includes a decrease under the item *Other operating income/expenses* as a consequence of the application of the IFRIC 21 standard, whereby as at 1 January 2015 the real estate withholding tax is recognised in full as debt and expense, and the recharge of the real estate withholding tax to the tenants is recognised in full as receivable and income. As a consequence, the net effect of these

<sup>25</sup> Calculated according to EPRA Best Practices Recommendations. See [www.epra.com](http://www.epra.com).

property taxes for a financial year is fully charged to the profit and loss account of as from 1 January of the financial year<sup>26</sup>.

### **Operating result (before the result on the portfolio)**

The *operating result (before the result on the portfolio)* amounts to 85.4 million euros in the first nine months of 2015, an increase of 21.0% compared to the same period last year (70.5 million euros). Property and other general charges amounted to 7.1 million euros over the first nine months, representing an increase of 0.7 million euros compared to the charges in the same period in 2014. WDP succeeded in continuing to keep costs under control, as a result of which the operating margin<sup>27</sup> over 9M 2015 amounts to 92.3% – in line with the same period in 2014 (91.8%).

### **Financial result (excluding IAS 39)**

The *financial result (excluding IAS 39)* is -19.5 million euros over the first nine months of 2015, a limited increase in comparison with last year (-19.1 million euros), in spite of a higher amount of outstanding financial debts. The total financial debt was 1,042.5 million euros on 30 September 2015, compared to 863.8 million euros at the end of 2014. The average interest charges were 2.9% during the first nine months of 2015, compared to 3.5% during the same period in 2014, as a result of the recent extension of the existing hedging instruments, which improves visibility on the profit and provides an immediate cost saving.

### **Net current result (EPRA)**

The *net current result (EPRA)* of WDP for the first nine months of 2015 amounts to 65.8 million euros. This result means an increase of 29.0% in comparison with the result of 51.0 million euros in 2014. This is an increase by 16.2% per share, from 3.13 euros to 3.64 euros.

### **Result on the portfolio (IAS 40)**

The *result on the portfolio (IAS 40)* over the first nine months of 2015 amounts to +12.9 million euros<sup>28</sup>, or +0.71 euros per share<sup>29</sup>. For the same period last year, this result amounted to +11.6 million euros or +0.71 euros per share. This yields the following results by country for the first nine months of 2015: Belgium (-2.3 million euros), the Netherlands (+17.4 million euros), France (-2.1 million euros) and Romania (-0.1 million euros).

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<sup>26</sup> The impact of fully taking charge of these taxes in the first nine months of 2015 is approximately -0.4 million euros. The application of the IFRIC 21 standard was effective for the first time in the half-yearly figures. This entry method does not influence the result of the full financial year, but only affects the distribution in the interim quarterly results. The standard was not applied retrospectively. If the standard had been applied in the previous financial year, the result for the first nine months of 2014 would have been 0.3 million euros lower.

<sup>27</sup> The operating margin is calculated by dividing the operating result (before result on the portfolio) by the property result.

<sup>28</sup> This includes the share in the result of the portfolio of joint ventures.

<sup>29</sup> Based on the weighted average number of outstanding shares, i.e. 18,071,377, during the first nine months of 2015.

### **Revaluation of financial instruments (IAS 39)<sup>30</sup>**

The impact of IAS 39 amounted to +7.1 million euros or +0.4 euros per share during the first nine months of 2015 (compared to -13.9 million euros or -0.85 euros per share during the first nine months in 2014). This positive impact is the result of the change in fair value of the interest rate hedges concluded (mainly Interest Rate Swaps) as of 30 September 2015, as a result of a slight increase in the long-term interest rates in the course of 2015.

The change in the fair value of these interest rate hedges is recognised in full in the income statement and not in shareholder's capital. Since this impact involves a non-cash and unrealised item, it is excluded from the financial result in the analytical presentation of the results and is shown separately in the income statement.

### **Depreciation and impairment of solar panels (IAS 16)**

The solar panels are valued on the balance sheet at fair value on the basis of the revaluation model in accordance with IAS 16 *Tangible fixed assets*. Under IAS 16, WDP has to include a depreciation component in its IFRS accounts, based on the remaining life of the PV installations. The depreciation is calculated on the basis of the fair value as at the previous balance sheet date. Then this net carrying value is revalued once again towards fair value. This revaluation is recognised directly in the shareholders' equity, unless the value falls below the initial cost (in which case the depreciation is recognised in the result). The depreciation component over the first nine months of 2015 is -2.6 million euros. Since this impact involves a non-cash and unrealised item, it is excluded from the operating result in the analytical presentation of the results and is shown separately in the income statement.

### **Net result (IFRS)**

The net current result together with the result on the portfolio (IAS 40) and the revaluation of the financial instruments (IAS 39) lead to a *net result* in the first nine months of 2015 of 83.2 million euros (compared to 48.7 million euros in the first nine months of 2014).

The difference between the net result of 83.2 million euros and the net current result of 65.8 million euros can be attributed to the positive change in the fair value of the interest rate hedging instruments (IAS 39 result) and the positive value fluctuation of the portfolio (IAS 40).

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<sup>30</sup> The impact of IAS 39 (non-cash item) is calculated based on the mark-to-market (M-t-M) value of the interest rate hedges concluded.

### 3.5. Balance sheet

#### Additional notes to the balance sheet as at 30 September 2015

##### Property portfolio<sup>31</sup>

According to independent real estate experts Stadim, Cushman & Wakefield, DTZ Zadelhoff and BNP Paribas Real Estate, the fair value<sup>32</sup> of the WDP property portfolio, in compliance with IAS 40, is at 1,758.1 million euros on 30 September 2015, compared to 1,492.1 million euros at the start of the financial year (including the *Assets held for sale* item). Together with the valuation at fair value of the investments in solar panels<sup>33</sup>, the total portfolio value evolved to 1,844.6 million euros compared to 1,567.3 million euros at the end of 2014.

This value of 1,758.1 million euros includes 1,641.4 million euros of completed buildings (*standing portfolio*). The projects under development represent a value of 68.6 million euros with projects in Belgium in Londerzeel, Bornem and Willebroek, in the Netherlands in Soesterberg, Barendrecht, Breda and Papendrecht, and in Romania in Braila, Ramnicu Valcea and Sibiu (2). In addition, there are land reserves in Sint-Niklaas, Courcelles, Heppignies, Libercourt and the land bank in Romania, with a fair value of 47.9 million euros.

The implemented investments in solar panels were valued at a fair value of 86.5 million euros as at 30 September 2015.

The overall portfolio is currently valued at a gross rental yield of 7.6%<sup>34</sup>. The gross rental yield after addition of the estimated market rental value for the non-let parts is 7.8%.

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<sup>31</sup> As a consequence of the entry into force of 'IFRS 11 Joint Arrangements', the results and balance sheet impact of the joint venture WDP Development RO, in which WDP holds 51%, were processed according to the equity accounting method as of 1 January 2014. As regards the statistics in connection with reporting on the portfolio, the proportional part of WDP in the portfolio of WDP Development RO (51%) are always shown.

<sup>32</sup> For the precise valuation method used, we refer to the BEAMA press release dated 6 February 2006 (<http://www.beama.be>).

<sup>33</sup> The investments in solar panels are valued in compliance with IAS 16 by applying the revaluation model.

<sup>34</sup> Calculated by dividing the annualised contractual gross (cash) rents by the fair value. The fair value is the value of property investments after deduction of transaction costs (mainly transfer tax).

PORTFOLIO STATISTICS BY COUNTRY	Belgium	Netherlands	France	Romania	Total
Number of lettable sites	70	54	8	3	135
Gross lettable area (in m <sup>2</sup> )	1 532 361	1 287 582	140 304	25 953	2 986 200
Land (in m <sup>2</sup> )	2 837 957	2 187 196	376 174	953 193	6 354 520
Fair value (in million euros)	822,1	817,3	79,0	40,3	1 758,7
% of total fair value	47%	46%	5%	2%	100%
% change in fair value for the first nine months	-0,3%	2,1%	-2,6%	-0,2%	0,7%
Vacancy rate (EPRA) <sup>1,2</sup>	3,6%	1,0%	10,8%	0,0%	2,7%
Average lease length till first break (in year) <sup>2</sup>	4,4	7,3	3,2	9,7	5,9
WDP gross initial yield <sup>3</sup>	7,8%	7,8%	8,3%	8,9%	7,8%
Effect of vacancies	-0,3%	-0,1%	-0,9%	0,0%	-0,2%
Adjustment gross to net rental income (EPRA)	-0,4%	-0,2%	-0,2%	0,0%	-0,3%
Adjustments for transfer taxes	-0,2%	-0,3%	-0,2%	-0,1%	-0,3%
EPRA net initial yield <sup>1</sup>	7,0%	7,1%	7,0%	8,8%	7,1%

<sup>1</sup> Financial performance indicator calculated according to EPRA's (European Public Real Estate Association) Best Practices Recommendations. Please see [www.epra.com](http://www.epra.com).

<sup>2</sup> Excluding solar panels.

<sup>3</sup> Calculated by dividing the annualised contractual gross (cash) rents by fair value. The fair value is the value of the property investments after deduction of transaction costs (mainly transfer tax).

## NAV per share

The NAV (EPRA) per share was 41.8 euros on 30 September 2015. This represents an increase of 2.6 euros compared to NAV (EPRA) per share of 39.2 euros as at 31 December 2014. The NAV (IFRS) per share was 38.4 euros on 30 September 2015, compared to 35.2 euros on 31 December 2014.

## 3.6. Financial position<sup>35</sup>

The total (non-current and current) financial debts rose from 863.8 million euros on 31 December 2014 to 1,078.6 million euros at the end of September 2015. The debts and liabilities, as included in the calculations of the gearing ratio according to the Royal Decree of 13 July 2014 regarding Regulated Real Estate Companies, rose from 876.8 million euros to 1,064.3 million euros. At the same time, the

<sup>35</sup> As a consequence of the entry into force of 'IFRS 11 Joint Arrangements', the results and balance sheet impact of the joint venture WDP Development RO, in which WDP holds 51%, were processed according to the equity accounting method as of 1 January 2014.

balance sheet total rose from 1,570.3 million euros on 31 December 2014 to 1,847.5 million euros. As a result, the gearing ratio evolved from 55.8% at the end of December 2014 to 57.6% in the course of the third quarter of 2015.

The weighted average term of WDP's outstanding financial debts on 30 September 2015 equates to 3.6 years<sup>36</sup>. If only the total drawn and non-drawn long-term credits are taken into account, the weighted average term amounts to at least 4.1 years<sup>37</sup>. On 30 September 2015, the total amount of non-drawn and confirmed long-term credit facilities was 110 million euros<sup>38</sup>. The average cost of the debt was 2.9% over the first nine months of 2015 and has dropped further to 2.8%. De Interest Coverage Ratio<sup>39</sup> equals 4.2x for the same period, compared to 3.3x for the whole 2014 financial year. The hedge ratio, which measures the percentage of financial debts with a fixed-rate or variable interest rate and subsequently hedged, mainly by means of Interest Rate Swaps (IRS), was 76%, with a weighted average hedge maturity period of 7 years.

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<sup>36</sup> Including the short-term debts, consisting mainly of the commercial paper programme, which is fully covered by backup facilities.

<sup>37</sup> For some credits, the credit provider may decide to extend the credit by means of an extension option. If this option is to be executed, the weighted average term of the long-term credits is 4.3 years.

<sup>38</sup> This does not include the credit facilities at the European Investment Bank for financing pre-leased projects in Romania, and the credit facilities for hedging the commercial paper programme.

<sup>39</sup> Defined as operating result (before result on the portfolio), divided by interest costs, minus interest income and dividends, minus income from financial leases and similar.

#### **4. Outlook**

On the basis of the profit realised in the first nine months of 2015, the acquisition volume of the past couple of months and the outlook for the rest of the financial year, WDP increases its ambition of the anticipated rise of the net current result (EPRA) to 4.85 euros per share (previously 4.70 euros; approximately 88 million euros, previously approximately 85 million euros), which means an increase by 18% compared to 2014<sup>40</sup>.

Approximately 12% (0.50 euros per share) of the envisaged increase of 18% is related to the strong growth of the portfolio through acquisitions, an accelerated income from completed pre-let development projects and a higher income from the solar panels due to a sunny summer. 6% (0.25 euros per share) has been driven by the reduction in the cost of debt. The total weighted average cost of debt has dropped further to 2.8%. This growth realisation is based on a capital structure that remains constant, with a debt ratio of approximately 56%.

This anticipated growth should also allow for another rise in dividend, by 15% to 3.90 euros gross per share (previously 3.75 euros), based on a low pay-out ratio of approximately 80%.

In 2015, 11% of the contracts reach the first following expiry date; 95% of those contracts have already been extended. Based on currently available information and the present rental market situation, WDP assumes a minimum average occupancy rate of 97% for 2015.

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<sup>40</sup> This profit forecast is based on the current situation, barring presently unforeseen circumstances (such as a further deterioration of the economic and financial climate), and a normal number of hours of sunshine.



## 5. FINANCIAL STATEMENTS – Key figures as at 30 September 2015 – analytical (Results and Balance Sheet)

### 5.1. Consolidated results

<b>CONSOLIDATED RESULTS</b>	<i>2015.SEP</i>	<i>2014.DEC</i>	<i>2014.SEP</i>
<i>(in euros x 1 000)</i>			
Rental income, net of rental-related expenses	85 227	93 438	70 220
Income from solar energy	7 350	6 819	6 124
Other operating income/costs	-145	1 567	523
<b>Property result</b>	<b>92 432</b>	<b>101 824</b>	<b>76 867</b>
Property charges	-2 592	-2 830	-2 139
General company expenses	-4 482	-5 535	-4 195
<b>Operating result (before result on the portfolio)</b>	<b>85 358</b>	<b>93 458</b>	<b>70 533</b>
Financial result (excl. IAS 39)	-19 512	-25 378	-19 070
Taxes on net current result	-184	-152	-89
Deferred tax on net current result	-469	-479	-354
Participation in the result of associates and joint ventures	554	-113	-60
<b>NET CURRENT RESULT (EPRA)</b>	<b>65 746</b>	<b>67 337</b>	<b>50 961</b>
<b>RESULT ON THE PORTFOLIO (IAS 40)</b>			
Movement in the fair value of investment property (+/-)	13 064	20 145	11 617
Result on disposal of investment property (+/-)	-13	13	13
Participation in the result of associates and joint ventures	-136	-455	-9
<b>Result on the portfolio (IAS 40)</b>	<b>12 915</b>	<b>19 703</b>	<b>11 621</b>
<b>REVALUATION OF FINANCIAL INSTRUMENTS (IAS 39)</b>			
Revaluation of financial instruments	7 140	-19 375	-13 900
<b>Revaluation of financial instruments (IAS 39)</b>	<b>7 140</b>	<b>-19 375</b>	<b>-13 900</b>
<b>DEPRECIATION OF SOLAR PANELS (IAS 16)</b>			
Depreciation of solar panels	-2 289	-2 556	n.r.
Participation in the result of associates and joint ventures	-319	-360	n.r.
<b>Depreciation of solar panels (IAS 16)</b>	<b>-2 607</b>	<b>-2 916</b>	<b>n.r.</b>
<b>NET RESULT (IFRS)</b>	<b>83 194</b>	<b>64 750</b>	<b>48 682</b>

KEY RATIOS	2015.SEP	2014.DEC	2014.SEP
<i>(in euros)</i>			
Net current result (EPRA)/share*	3,64	4,10	3,13
Result for the portfolio (IAS 40)/share*	0,71	1,20	0,71
Revaluation of financial instruments (IAS 39)/share*	0,40	-1,18	-0,85
Depreciation of solar panels (IAS 16)/share*	-0,14	-0,18	n.r.
Net result (IFRS)/share*	4,60	3,94	2,99
Net current result/share**	3,55	3,87	3,08
<b>Proposed payment</b>		<b>59 291 390</b>	
Dividend payout ratio (versus net current result)***		87,9%	
Gross dividend/share		3,40	
Net dividend/share		2,55	
Weighted number of shares	18 071 377	16 432 763	16 278 212
Number of outstanding shares at the end of the period	18 507 260	17 438 644	16 539 564

\* Calculation based on the weighted average number of shares.

\*\* Calculation based on the number of shares entitled to dividend.

\*\*\* The dividend payout ratio is calculated based on the consolidated result. Dividend is distributed on a statutory basis by WDP Comm.VA.

<b>CONSOLIDATED RESULTS</b>		
	Q3 2015	Q3 2014
<i>(in euros x 1 000)</i>		
Rental income, net of rental-related expenses	31 061	25 087
Income from solar energy	2 837	2 298
Other operating income/expenses	47	185
<b>Property result</b>	<b>33 946</b>	<b>27 571</b>
Property costs	-906	-758
General company expenses	-1 607	-1 411
<b>Operating result (before result on the portfolio)</b>	<b>31 432</b>	<b>25 402</b>
Financial result (excl. IAS 39)	-7 146	-7 149
Taxes on net current result	-64	-49
Deferred taxes on net current result	-169	-104
Participation in the result of associates and joint ventures	265	-16
<b>NET CURRENT RESULT (EPRA)</b>	<b>24 317</b>	<b>18 085</b>
<b>RESULT ON THE PORTFOLIO (IAS 40)</b>		
Movement in the fair value of investment property (+/-)	5 263	9 730
Result on disposal of investment property (+/-)	-13	0
Participation in the result of associates and joint ventures	17	279
<b>Result on the portfolio (IAS 40)</b>	<b>5 267</b>	<b>10 009</b>
<b>REVALUATION OF FINANCIAL INSTRUMENTS (IAS 39)</b>		
Revaluation of financial instruments	-7 241	-2 857
<b>Revaluation of financial instruments (IAS 39)</b>	<b>-7 241</b>	<b>-2 857</b>
<b>DEPRECIATION OF SOLAR PANELS (IAS 16)</b>		
Depreciation of solar panels	-796	n.r.
Participation in the result of associates and joint ventures	-106	n.r.
<b>Depreciation of solar panels (IAS 16)</b>	<b>-902</b>	<b>n.r.</b>
<b>NET RESULT (IFRS)</b>	<b>21 441</b>	<b>25 236</b>
<b>KEY RATIOS</b>		
	Q3 2015	Q3 2014
<i>(in euros)</i>		
Net current result (EPRA)/share*	1,31	1,09
Result for the portfolio (IAS 40)/share*	0,28	0,61
Revaluation of financial instruments (IAS 39)/share*	-0,39	-0,17
Depreciation of solar panels (IAS 16)/share*	-0,05	n.r.
Net result (IFRS)/share*	1,16	1,53
Net current result/share**	1,31	1,09
Number of shares outstanding at end of period	18 507 260	16 539 564
Weighted average number of shares	18 507 260	16 539 564

\* Calculation based on the weighted average number of shares.

\*\* Calculation based on the number of shares entitled to dividend.

## 5.2. Consolidated balance sheet

<b>CONSOLIDATED BALANCE SHEET</b>	<i>2015.SEP</i>	<i>2014.DEC</i>	<i>2014.SEP</i>
<i>(in euros x 1 000)</i>			
Intangible fixed assets	113	93	118
Investment properties	1 717 369	1 461 814	1 365 351
Other tangible fixed assets (incl. solar panels)	75 304	63 699	64 505
Financial fixed assets	27 914	13 573	13 608
Trade debtors and other fixed assets	3 276	4 500	5 575
Participation in the result of associates and joint ventures, equity method	3 332	3 333	1 536
<b>Fixed assets</b>	<b>1 827 308</b>	<b>1 547 013</b>	<b>1 450 693</b>
Assets intended for sale	681	1 346	1 231
Trade receivables	10 339	6 125	7 667
Tax receivables and other current assets	6 208	13 922	5 691
Cash and cash equivalents	732	234	390
Defferals and accruals	2 193	1 691	3 244
<b>Current assets</b>	<b>20 152</b>	<b>23 318</b>	<b>18 222</b>
<b>TOTAL ASSETS</b>	<b>1 847 460</b>	<b>1 570 331</b>	<b>1 468 915</b>
Capital	143 568	135 329	128 477
Share premiums	304 426	239 399	196 261
Reserves	179 508	174 016	169 402
Net result for the financial year	83 194	64 750	48 682
<b>Liabilities</b>	<b>710 696</b>	<b>613 494</b>	<b>542 822</b>
Long term liabilities	881 991	734 328	723 339
Long term financial debt	816 743	664 928	658 854
Other long term liabilities	65 248	69 400	64 485
Short term liabilities	254 774	222 509	202 754
Short term financial debt	225 779	198 886	179 404
Other short term liabilities	28 994	23 623	23 350
<b>Liabilities</b>	<b>1 136 765</b>	<b>956 837</b>	<b>926 093</b>
<b>TOTAL LIABILITIES</b>	<b>1 847 460</b>	<b>1 570 331</b>	<b>1 468 915</b>

KEY RATIOS	2015.SEP	2014.DEC	2014.SEP
<i>(in euros)</i>			
NAV (IFRS)/share	38,4	35,2	32,8
NAV (EPRA)/share	41,8	39,2	36,7
Share price	69,3	62,7	57,1
Premium/Discount with regard to NAV (EPRA)	65,9%	60,0%	55,6%
<i>(in euros x million)</i>			
Fair value of the portfolio (incl. solar panels)*	1 845,3	1 567,3	1 467,9
Debts and liabilities included in the gearing ratio	1 064,3	876,8	853,1
Balance total	1 847,5	1 570,3	1 468,9
Gearing ratio**	57,6%	55,8%	58,1%

\* Including the proportional share of WDP in the portfolio of WDP Development RO (51%).

\*\* For the method used in the calculation of the gearing ratio, refer to the RD on Regulated Real Estate Companies.

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Image gallery: [www.wdp.eu/pictures](http://www.wdp.eu/pictures)

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*WDP develops and invests in logistics property (warehouses and offices). WDP's property portfolio amounts to more than 3 million m<sup>2</sup>. This international portfolio of semi-industrial and logistics buildings is spread over more than 130 sites at prime logistics locations for storage and distribution in Belgium, France, the Netherlands and Romania. More information about WDP can be found at [www.wdp.eu](http://www.wdp.eu).*

*WDP Comm. VA – BE-REIT (Public Regulated Real Estate Company under Belgian law).  
Company number 0417.199.869 (Brussels Trade Register)*

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