

Annual brochure 2005/2006



## mission statement

Real estate fund Leasinvest Real Estate SCA invests in high-quality and well-situated office, logistics (and semi-industrial) and retail buildings, in Belgium and the Grand Duchy of Luxembourg. Through diversification of its portfolio, the real estate fund wants to achieve a rental yield in line with market performance, consistent dividend growth and potential capital gains.

## investor profile

Leasinvest Real Estate's investor profile consists of private investors, mainly in Belgium and in the Grand Duchy of Luxembourg, and domestic and foreign institutional investors.

Leasinvest Real Estate has chosen Dutch as its official language, and only the Dutch version of the annual report forms legal evidence. The French and English versions are translations of the Dutch version of the annual report. The annual report was translated under the responsibility of Leasinvest Real Estate.

Het jaarverslag in het Nederlands is beschikbaar op de zetel van de vennootschap.

Le rapport annuel en français peut être obtenu au siège de la société.

The official document in Dutch can be found on [www.leasinvest-realestate.com](http://www.leasinvest-realestate.com) (investors - financial reports - annual) and can be obtained, upon simple request, at the company's offices.

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Brixton Business Park, Brixtonlaan, Zaventem

## Risk factors





# Risk factors

Leasinvest Real Estate's objective is to manage a profitable and diversified real estate portfolio in Belgium and in the Grand Duchy of Luxembourg, generating recurring rental and dividend income, and capital gains in the long term. Our strategy consequently has to manage and mitigate the inherent market and business risks as much as possible.

## **Risks related to the overall economic evolution**

Changes in the economy have an impact on the demand for available rentable space of our tenants, which are mostly corporates. A poor economic climate leads to a reduction in employment opportunities and therefore the demand for available rentable space. This can result in a higher vacancy rate and lower rents.

Not all countries go through the same economic cycles as Belgium. The economy, e.g. in the Grand Duchy of Luxembourg, currently grows faster than in Belgium. The acquisition of Leasinvest Immo Lux (ex-Dexia Immo Lux) during the month of March 2006 fits in that context. Luxembourg now represents 31% of the consolidated portfolio of Leasinvest Real Estate.

Not all types of buildings offices, logistics (and semi-industrial) and retail react in the same way to the business cycles. The correlation with the trend in the economic evolution is the highest for offices, followed by logistics buildings and the lowest for retail outlets.

Belgium has a number of undeniable assets for the logistics market, due to its central location, its qualified personnel, its developed road infrastructure and ports.

The acquisition of the European Distribution Center in Tongres for the Swedish multinational SKF fits in this context. Leasinvest Real Estate examines further opportunities in this niche market.

The retail landscape has substantially changed the last ten years, where franchise chains, retail warehousing, theme parks, etc. are most frequently visited by the consumer. The location and the specific shopping management are of utmost importance to define the right investment choice.

Leasinvest Real Estate wishes to further develop its portfolio with office buildings (rented in the long term) and with logistics (and semi-industrial) and retail buildings in order to further reduce the sensitivity to the economic cycles. The acquisitions in Belgium of the Extensa Group SA/AXA Belgium SA portfolio, at the end of March 2006, fits these criteria.

## **Real estate market risk**

For several years, the demand by the investment market for all kinds of buildings has been very high. The reasons therefore are still the same, namely low interest rates compared to the higher real estate yields, the search for recurring income flows, the large amount of available funds in the market, the wish of domestic and foreign institutional investors to invest a more important portion of their property in real estate and the absence of alternative investment opportunities. Properties in good locations and/or with long term lease

contracts are therefore very attractive and the acquisition yields therefore continue to decrease while the interest rates increase.

However, the rental market remains more difficult since it is related to the economy, which currently still not presents the expected upturn. Reorganisations and take overs, followed by staff layoffs often coupled with reductions in rentable available space or relocation of head offices. Therefore offices may become vacant, and it can take some time before they are leased again. Nevertheless, the occupancy rates of our Belgian and Luxembourg portfolios have increased to respectively 96.2% en 95.1%, which is the overall result of a slight improvement of the economy and our dynamic portfolio management. Especially the acquisition of the Extensa Group SA portfolio has influenced the Belgian portfolio positively.

### **Rental risk**

Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to limit the number of bad debts and bankruptcies by tenants. The breakdown per sector of our tenant portfolio is good.

The most important sectors are the services sector in Belgium and financial institutions and the services sector in the Grand Duchy of Luxembourg, followed by public institutions, non-profit organisations and international professional associations.

Therefore the vulnerability of the real estate fund to losing a tenant due to cancellation of the lease agreement or bankruptcy, for example, is reduced.

In addition, we look for creditworthy tenants and the signing of long-term lease agreements to ensure the recurrent rental income flow and therefore increase the duration of the lease agreements. During the financial years 2004/2005 and 2005/2006 the lease agreements with a first break opportunity within a year were limited. This will also be the case for the financial year 2006/2007. Important break opportunities are mainly to be found during the next financial year 2007/2008. 55.2% of the annual contractual rents are guaranteed until 30/06/09<sup>1</sup>.

The creditworthiness of our tenants' portfolio is very good. This is proven by the fact that barely no amortisations of doubtful receivables were booked in 2004/2005 and 2005/2006.

The Luxembourg portfolio has a lower duration (2,3 years)<sup>2</sup> than the Belgian portfolio (5,6 years)<sup>2</sup>. Efforts are being made to align the duration of the Luxembourg portfolio to the duration of the Belgian portfolio by applying a dynamic management.

Therefore tenant loyalty is very important to Leasinvest Real Estate. The tenants generate the rental income and define the vacancy. By a professional, dynamic and client-focused commercial and operational management we respond to tenant needs. A good example thereof is the investment in facility services, such as the opening, in November 2005, of a business center in the Riverside Business Park in collaboration with the specialised Dutch operator Taminiau Business Service.

<sup>1</sup> For more information, see page 63 and note 5 of the financial statements.

<sup>2</sup> Situation on 30/06/06.

As a consequence, Leasinvest Real Estate performs better than the market with regard to the vacancy in specific market segments in Belgium and has a vacancy of 4.3% in its Brussels office portfolio, which is better than the global vacancy in the Brussels office market of 10.8%. The vacancy rate for offices in the Grand Duchy of Luxembourg was 5.76% in 2005. These conclusions can not be extended, as such, to the other market segments (semi-industrial, logistics and retail).

### **Renovation and maintenance risk of the buildings**

Leasinvest Real Estate aims at providing efficient buildings which fulfil the requirements of the tenants and which can evolve to their future needs. If this is not, or not sufficiently, taken into account, this could jeopardize the long-term lease.

Therefore we preferably only invest in quality and technically sound buildings for which the maintenance and renovation costs are limited during the first ten years. All investments must comply with a number of technical and return criteria (including, amongst other things, technical requirements, location, accessibility by private and public transportation, and sufficient parking spaces). When analysing new investment opportunities, provisions for maintenance and renovation are always taken into account.

For each building in the portfolio, as well internally as externally, a relevant multi-annual plan for maintenance and renovation is drawn up. Where necessary, investments are being made to keep the technical quality at its level. For each acquisition of a building, a preliminary legal, technical, administrative, accounting, fiscal and environmental-technical due diligence, and if necessary a soil investigation, is carried out by our internal team, assisted, where necessary, by external consultants.

Also, each building is regularly evaluated. Buildings in the portfolio, which do no longer comply with our demands, are sold.

In general, the average age of the office buildings in the Grand Duchy of Luxembourg is higher than in Belgium, which can be explained by the controlled permit planning of the government. The Leasinvest Real Estate portfolio in Luxembourg is also, on average, older (more than ten years) resulting in an increase in age of the total portfolio.

The age of an office building can result in a weaker technical performance of a building, which is largely compensated, in the Grand Duchy of Luxembourg, by the excellent location of most of the buildings. An investment program for renovation of some of the buildings to align the technical installations of the buildings to the current Luxembourg legislation, is foreseen, by which, the buildings will be able to compete with new buildings.

### **Financing risk**

The RD of 10 April 1995 regarding sicafis imposed a maximum allowed debt ratio of 50%. This RD was modified by an RD of 21 June 2006, published on 29 June 2006, amongst other things, to bring the maximum allowed debt ratio to 65%. This positive evolution offers, as from now, the possibility to sicafis to make better use of the leverage effect of debt financing, compared to financing through equity. The consolidated debt ratio<sup>3</sup> of Leasinvest Real Estate amounted to 44.15% on 30/06/06.

<sup>3</sup> Calculated according to the RD of 21/06/06.

Leasinvest Real Estate has the necessary long-term credit facilities and back-up lines for its commercial paper lines with its banks, to cover existing and future investment needs. These credit facilities and back-up lines enable Leasinvest Real Estate to hedge its financing risk, or in other words the risk that, for example, the commercial paper market should dry up and these short-term debts would therefore become due. All credit facilities contain covenants, which mainly relate to the status as real estate fund (bevak/sicafi) and the related maximum allowed debt ratio.

The liquidity risk is limited through, on the one hand, the diversification of the financing among different bankers and, on the other hand, by diversifying the expiry dates of the credit facilities.

As no reimbursement is provided in any of the credit facilities before the expiry date (these are namely "bullet loans"), the net cash flow of Leasinvest Real Estate is more than sufficient to cover the interest costs.

Leasinvest Real Estate aims at keeping its proportion between short term financing (through issuing commercial paper and bank advances) and long term bank loans at 50% - 50%. On 30/06/06 this proportion was 53% - 47%.

#### **Interest rate risk**

The hedging policy is intended to cover the interest rate risk for approximately 80% of the financial debts. Since Leasinvest Real Estate's debt financing is based on a floating interest rate, there is an interest rate risk if the interest rate would rise, which would increase the financing cost. This interest rate risk is hedged using financial instruments such as spot and forward interest rate collars and interest rate swaps.

The expiry dates for the interest rate hedges lie between 2008 and 2013. The fixed interest rates of the interest rate swaps lie between 3.15% and 3.87%, excluding the credit margin. During the 2005/2006 financial year, following the acquisition of the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux), three new collars and an interest rate swap were contracted, for the hedging of the floating interest rates of the additional long term debts.

#### **Exchange risk**

Leasinvest Real Estate is only active in the EURO-zone, namely in Belgium and in the Grand Duchy of Luxembourg and has no exchange risk.



# Important events in the development of Leasinvest Real Estate

## **1999/2000**

- Leasinvest Real Estate SCA was granted the real estate fund (bevak/sicafi) status by the Banking and Finance Commission (currently the Banking, Finance and Insurance Commission) on 07/06/99.
- Listing on the first market of the Brussels' Stock Exchange.

## **2000/2001**

- Acquisition of 3 buildings of Phase I of the Axxes Business Park.

## **2001/2002**

- Acquisition of the remaining buildings of Phase I of the Axxes Business Park.
- Acquisition of Brussimmo SA (rue de Trèves 74, Brussels) and Ekiport SA (Route de Lennik 451, Anderlecht).
- Listing in the NextPrime segment of Euronext.

## **2002/2003**

- Divestment of smaller, non-strategic buildings.

## **2003/2004**

- Merger by absorption of Brussimmo SA (rue de Trèves 74, Brussels) and Ekiport SA (Route de Lennik 451, Anderlecht).
- Entering into the long term lease of 27 years with the European Union concerning the building rue de Trèves 74.

## **2004/2005**

- Entering into the framework agreement with Axa Belgium SA in order to sustain further growth.
- Acquisition of the majority of the shares of Square de Meeûs 5-6 SA.
- Contribution in kind of the building Montoyer 63 through the partial splitting-up of Extensa Group SA (ex-Leasinvest SA).
- Sale of the long-term lease receivables concerning rue de Trèves 74.

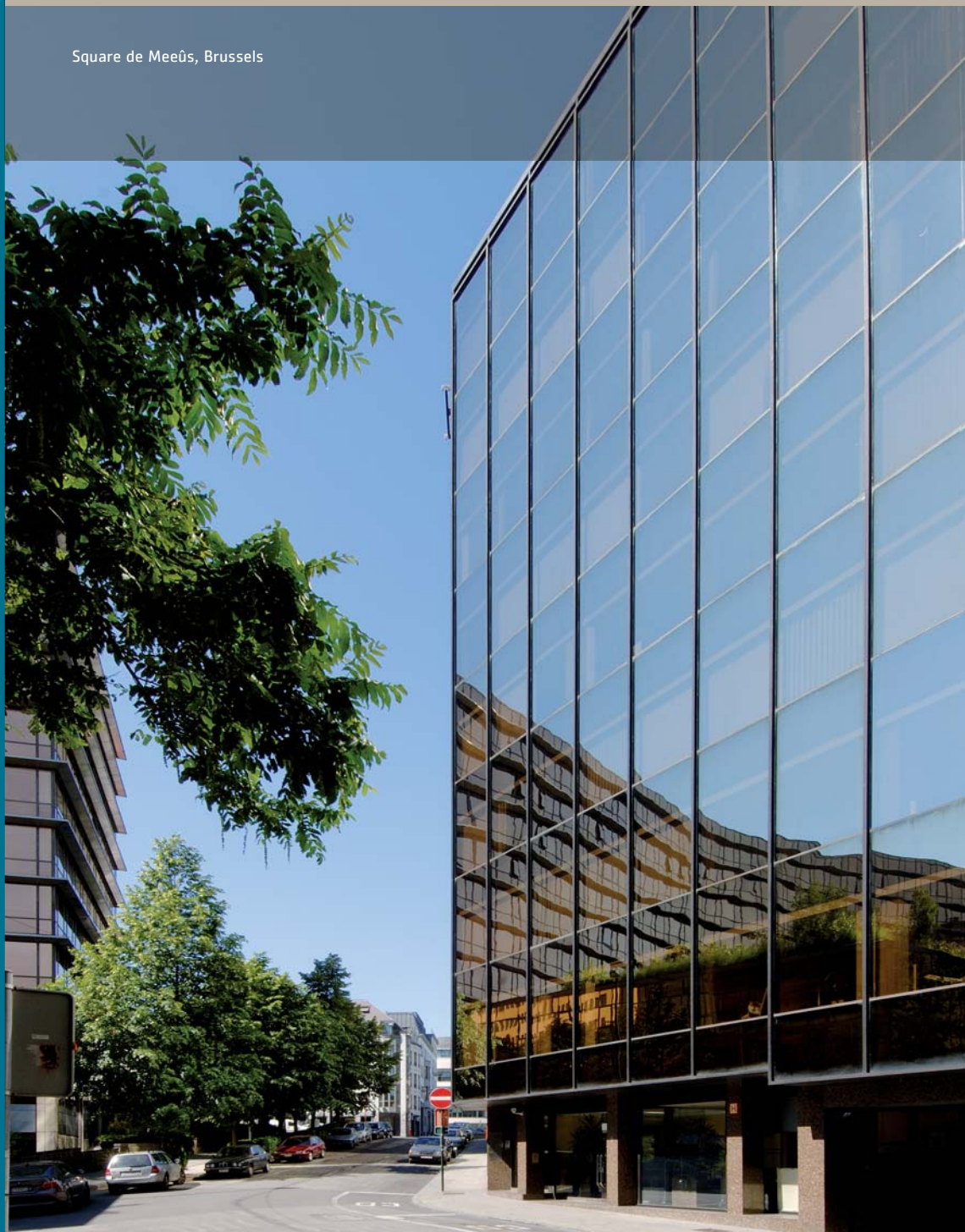
## **2005/2006**

- Acquisition of a participation of 51.13% in the Luxembourg sicav Leasinvest Immo Lux, ex-Dexia Immo Lux ((joint-)owner of 13 buildings in the Grand Duchy of Luxembourg) and of 100% of Leasinvest Immo Lux Conseil, ex-Dexia Immo Lux Conseil (March 2006).
- Launch of a public take over bid for the acquisition of the remaining Leasinvest Immo Lux (ex-Dexia Immo Lux) shares, held in the public, resulting in an additional 38.99%, or a total of 90.12% in Leasinvest Immo Lux (ex-Dexia Immo Lux).
- Acquisition of a portfolio of buildings (Malines, Tongres) of Extensa Group SA (ex-Leasinvest SA) through the contribution in kind of the shares by AXA Belgium SA and, as a consequence, the realisation of the investment program of AXA Belgium SA.



# Letter to the shareholders

Square de Meeûs, Brussels



# Letter to the shareholders

Ladies and Gentlemen,

During the past financial year 2005/2006, Leasinvest Real Estate has increased the fair value of its consolidated real estate portfolio<sup>4</sup> by 74%, from 268.58 million EUR to 467.18 million EUR. Within this framework, an important foreign acquisition was also made in the Grand Duchy of Luxembourg, and a record profit compared to the previous year was achieved, as well in absolute terms as in terms of result per diluted share.

## **Adjustment of the strategy**

Leasinvest Real Estate wishes to grow further through focused acquisitions at acceptable yields. The real estate portfolio will furthermore be diversified as well geographically as by type of assets and more specifically, towards logistics and retail buildings.

## **Foreign expansion**

Leasinvest Real Estate has acquired, in different phases, 90.12% of Leasinvest Immo Lux (ex-Dexia Immo Lux).

On 22/03/06 Leasinvest Real Estate has acquired the joint controlling participation of Dexia Bank Belgium and Ethias Group for a total of 51.13% in the listed sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) and their participation of 100% in Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA. This acquisition for a value of approximately 111 million EUR has been entirely paid in cash. The capitalisation and distribution shares of Leasinvest Immo Lux (ex-Dexia Immo Lux) are listed on the Luxembourg stock exchange and, until 15 September 2006, on Euronext Brussels. The price was 3,150.20 EUR and 1,467.57 EUR (coupon number 15, equal to a gross dividend of 70 EUR, detached) for respectively the capitalisation and distribution shares. The transaction price was based on a price, for 100% of the shares Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil), of 177.3 million EUR.

On 15/05/06 a voluntary public take over bid started, at the same conditions in Belgium and the Grand Duchy of Luxembourg, for all remaining capitalisation and distribution shares of Leasinvest Immo Lux (ex-Dexia Immo Lux), which was reopened on 09/06/06 at the same conditions.

<sup>4</sup> This consolidated real estate portfolio takes into account the integral consolidation of the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) and Square de Meeûs 5-6 SA, in which Leasinvest Real Estate held, respectively, 90.12% and 50.07% on 30/06/06.

On 29/06/06, at the ending of the public take over bid, Leasinvest Real Estate owned 90.12% of the shares of Leasinvest Immo Lux (ex-Dexia Immo Lux). The total investment of the public take over bid amounted to approximately 52 million EUR. Leasinvest Immo Lux (ex- Dexia Immo Lux) owns, except for thirteen well situated office, logistics and retail buildings in the Grand Duchy of Luxembourg, in ownership or joint-ownership, also cash. The occupancy rate of the Luxembourg portfolio amounted to 95.1% on 30/06/06. Luxembourg represents 31% of the consolidated real estate portfolio of Leasinvest Real Estate.

### **Domestic growth**

On 29/05/06 AXA Belgium SA has contributed in kind its participation (100% -1 share) in three real estate companies, previously acquired from Extensa Group SA (ex-Leasinvest NV), against 763,407 newly created shares of Leasinvest Real Estate. This concerns well-situated 100% long term leased office and logistics buildings to high-quality tenants. The equity rose consequently by 47.7 million EUR. In addition, a building in Forest (Brussels) was also acquired directly.

### **Dynamic commercial approach**

Our dynamic commercial policy, which includes anticipating the needs of our clients, together with the major acquisitions during the financial year, have led to a substantial increase of the occupancy rate of the consolidated real estate portfolio in one year, from 91.15% to 95.87%.

### **Transfer to IFRS**

The past financial year 2005/2006 is the first financial year during which Leasinvest Real Estate reports its consolidated figures under IFRS. Due to this transfer, Leasinvest Real Estate had to deduct an amount from its equity, which corresponds to the fixed estimated transaction costs in case of hypothetical alienation of investment properties of 2.5% on the investment value of the real estate portfolio. The fair value of the real estate portfolio amounted to 467.18 million EUR on 30/06/06, or the investment value estimated by the independent real estate experts minus the fixed estimated transaction costs in case of hypothetical alienation of investment properties of 2.5%<sup>5</sup>.

### **Excellent results**

Amongst other things, due tot the important foreign acquisitions mentioned above, with effect on the accounts as from 01/01/06, the consolidated recurring net result increased (this is, making abstraction of the portfolio result and one-off items (for the financial year 2005/2006 the badwill<sup>6</sup>)) by 44% from 9.86 million EUR to 14.2 million EUR or from 3.24 EUR to 4.27 EUR per diluted share (+ 31.8%). The entire annual impact of the acquisitions will only be fully felt during the current financial year.

In 2005/2006 we again realised, just like the previous year, a positive net portfolio result, which evolved from 3.3 million EUR in 2004/2005 to 3.9 million EUR in 2005/2006. The revaluation of the portfolio is due to a combination of different factors. Next to the important positive changes in value on our retail portfolio, the decrease of the expected yields on the long term leased buildings largely compensated the negative value changes on office parks.

<sup>5</sup> For the impact of IFRS see note 38 on page 101. For two buildings with an estimated investment value of less than 2.5 million EUR, a transaction cost of 10% was deducted. These fixed estimated transaction costs have also been applied to the Luxembourg portfolio.

<sup>6</sup> For more information on badwill see note 37 in chapter 7 Financial statements.

The net result rose by 77.8% from 13.1 million EUR to 23.3 million EUR. The share of the group of this amount is 19.7 million EUR (30/06/05: 12.4 million EUR, + 58.4%). Per diluted share, the net profit, share of the group, amounts to 5.94 EUR (compared to 4.09 EUR the previous financial year). This is a record profit since the creation of our real estate fund.

The increasing trend of the net asset value per share (including dividend) and calculated based on the fair value, has been sustained compared to the previous financial year, or an increase from 55.41 EUR to 59.28 EUR.

#### **The evolution of the share**

In an environment of decreasing interest rates, the average share price of our share registered an increase of 11.4% (from 59.33 EUR to 66.12 EUR). In comparison with the closing price on 30/06/05, the closing price on 30/06/06 represents an increase of 2.33%, or from 64.40 EUR to 65.90 EUR.

The number of shares was increased at the end of May 2006, from 3,249,221 to 4,012,628 by the contribution in kind of the companies mentioned above. These additional shares have a diluting effect, which is largely compensated by the investments mentioned above.

#### **RB regarding real estate funds (sicafis)**

On 29/06/06 the modification of the RD on sicafis was published in the "Moniteur Belge". This modification mainly included the approval of the BEAMA annual scheme<sup>7</sup> for the annual accounts of sicafis drawn up according to IFRS and the increase of the maximum allowed debt ratio from 50% to 65%.

Thanks to this recent increase of the maximum allowed debt ratio, Leasinvest Real Estate has a theoretical investment capacity of 288 million EUR.

We wish to thank all our clients, suppliers and shareholders for their confidence and support. We would also like to thank our employees for their continuing efforts without which we would not have been able to achieve these results.

Jean-Louis Appelmans  
managing director

Baron Bertrand  
chairman

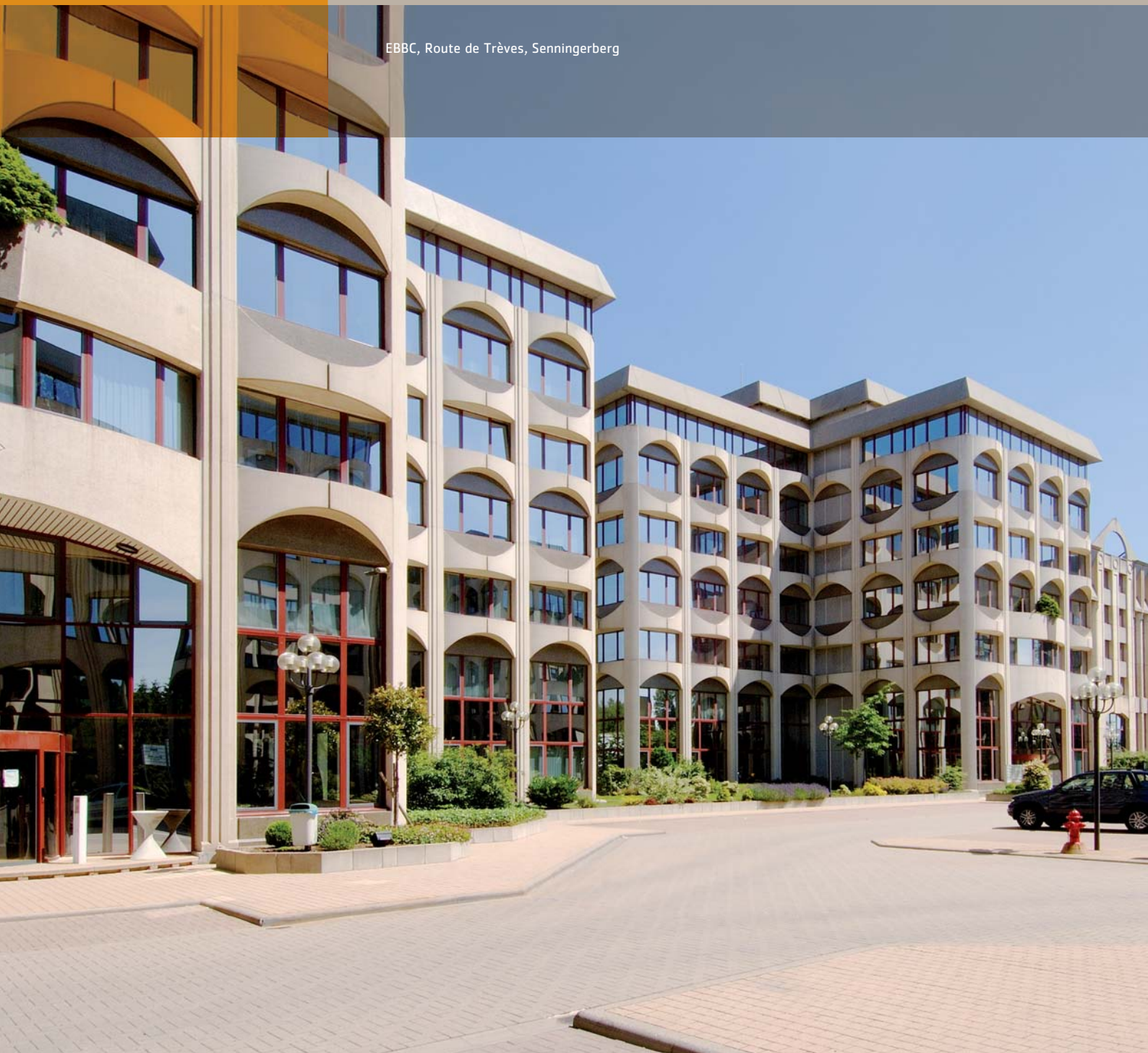
<sup>7</sup> BEAMA = Belgian Asset Managers Association. See [www.beama.be](http://www.beama.be).





# Key figures

EBBC, Route de Trèves, Senningerberg



# Key figures

The key figures on 30/06/06 and on 30/06/05 concern IAS/IFRS key figures, on 30/06/04 BGAAP key figures.

The consolidation scope on 30/06/2006 has been modified compared to 30/06/2005 following the acquisitions of the past financial year. On 30/06/06 Leasinvest Real Estate includes, additionally<sup>8</sup>, through integral consolidation, the following participations: the Luxembourg sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA, Warehouse Finance SA, De Leewe SA and Logistics Finance I SA. Also through integral consolidation, Leasinvest Real Estate Facility Services SA is included, a company established during the past financial year.

The consolidated annual accounts comprise, unless stated differently, next to the share of the group, also the minority interests.

The figures on 30/06/04 are statutory figures. During the financial year ending on 30/06/04, Leasinvest Real Estate has merged its subsidiaries, Brussimmo SA and Ekiport SA.

## Real estate portfolio<sup>(1)</sup>

Total area (in m <sup>2</sup> above ground)	30/06/06	30/06/05	30/06/04
Offices	144,961	104,262	98,891
Logistics	67,287	27,589	27,589
Retail	21,313	14,454	14,455
Semi-industrial	51,026	40,522	40,522
<b>Total</b>	<b>284,587</b>	<b>186,827</b>	<b>181,457</b>
	30/06/06	30/06/05	30/06/04
Fair value (x 1,000 EUR) <sup>(2)(3)</sup>	467,182	268,584	n/a
Investment value (x 1,000 EUR) <sup>(3)(4)</sup>	479,170	275,460	257,488
Occupancy rate <sup>(5)</sup>	95.87% <sup>(6)</sup>	91.15%	94.13%
Rental yield (fair value)	7.45% <sup>(6)</sup>	7.32%	n/a
Rental yield (investment value)	7.26% <sup>(6)</sup>	7.14%	7.70%

(1) The increase from 2005 to 2006 in the different sections is due to the acquisitions of which details can be found on p 37 (management report).

(2) Fair value: the investment value as defined by an independent real estate expert and from which the transaction costs have been deducted; the fair value is the accounting value under IFRS.

(3) Fair value and investment value estimated by real estate valuers Cushman & Wakefield /Winsinger en Associates.

(4) The investment value corresponds to the previously used term "investment value" and is the value as defined by an independent real estate expert and from which the transaction costs have not been deducted.

(5) The occupancy rate has been calculated based on the estimated rental value (all buildings of the Leasinvest Real Estate portfolio have been taken into account). Definition of occupancy rate in chapter 9 Glossary – 9.3 Terminology on page 123.

(6) The occupancy rate and the rental yield take into account 100% of the consolidated portfolio, while Leasinvest Real Estate owned 50% + 1 share in Square de Meeûs 5-6 SA (in the meanwhile, Leasinvest Real Estate owns 100% of the shares) and 90.12% in Leasinvest Immo Lux (ex-Dexia Immo Lux). Both participations are integrally consolidated.

8 On 30/06/05 only the participation in Square de Meeûs 5-6 SA was integrally consolidated.

## Key results

(in 1,000 EUR)	IAS/IFRS Consolidated 30/06/06	IAS/IFRS Consolidated 30/06/05	BGAAP Statutory 30/06/04
Rental income	23,958	19,868	20,399
Property result	23,818	19,421	19,780
Operating result before portfolio result (EBIT) <sup>(1)</sup>	23,195	14,269	15,427
Net current result <sup>(2)</sup>	19,402	9,787	11,485
Net current result, share of the group	16,963	9,538	11,485
Portfolio result	3,923	3,331	-3,140
Portfolio result, share of the group	2,760	2,910	-3,140
Net result	23,325	13,118	8,345
Net result, share of the group	19,723	12,448	8,345
Net cash flow, share of the group	9,823	10,286	12,595

(1) Earnings Before Interest and Taxes.

(2) Net result minus result on the portfolio.

## Balance sheet

(in 1.000 EUR)	IAS/IFRS Consolidated 30/06/06	IAS/IFRS Consolidated 30/06/05	BGAAP Statutory 30/06/04
Total shareholder's equity	262,555	188,019	148,945
Shareholder's equity, part of the group	237,849	180,048	148,945
Balance sheet total	483,659	274,960	267,604
Debt ratio (%) <sup>(1)</sup>	44.15	28.92	41.06

(1) For 30/06/06 and 30/06/05 the debt ratio is calculated according to the RD of 21 June 2006; for 30/06/04 according to the RD of 10 April 1995 (based on BGAAP figures).

### Data per share<sup>(1)</sup>

(in EUR)	IAS/IFRS Consolidated 30/06/06	IAS/IFRS Consolidated 30/06/05	BGAAP Statutory 30/06/04
Number of listed shares (#)	3,249,221	2,830,371	2,830,371
Number of issued shares (#)	4,012,628	3,249,221	2,830,371
Pro rata number of shares	3,318,241	3,047,255	2,830,371
Net asset value, share of the group <sup>(2)</sup>			
- based on fair value	59.28	55.41	n/a
- based on investment value	62.10	57.47	56.35
Rental income	7.22	6.52	7.21
Property result	7.18	6.37	6.99
Operating result before portfolio result (EBIT) <sup>(3)</sup>	6.99	4.68	5.45
Net current result	5.85	3.21	4.06
Net current result, share of the group	5.11	3.13	4.06
Portfolio result	1.18	1.09	-1.11
Portfolio result, share of the group	0.83	0.95	-1.11
Net result	7.03	4.30	2.95
Net result, share of the group	5.94	4.09	2.95
Net cash flow, share of the group	2.96	3.38	4.45

(1) Data per diluted share for 30/06/06 and 30/06/05, the results per diluted share are calculated taking into account the pro rata of the number of shares.

30/06/06: following the capital increase which took place with the bringing in of the Extensa Group SA portfolio by AXA Belgium SA, 763,407 new shares were created. These are entitled to dividends as from 29/05/06.

30/06/05: following the capital increase which took place with the acquisition of Montoyer 63, 418,850 new shares were created. These are entitled to dividends as from 23/12/04.

(2) In case of IFRS figures: before distribution of the result.

(3) Earnings Before Interest and Taxes.

### Key ratios<sup>(1)</sup>

(in EUR)	30/06/06	30/06/05	30/06/04
Share price on coupon date <sup>(2)</sup>		65	56.50
Coupon date	23/10/06	24/10/05	25/10/04
Price / cash flow (PCF)		19.23	12.70
Price / earnings (PER)		20.77	13.92
Price at end of financial year	65.90	64.40	54.10
Price / cash flow (PCF)	22.26	19.05	12.16
Price / earnings (PER)	12.90	20.58	13.33

(1) PCF and PER have been calculated compared to the net cash flow and earnings (= net current result), "share of the group".

(2) No figures available for 30/06/06 because the annual report precedes the coupon date.

### Evolution of the number of shares

Initial number of shares Brixton Zaventem	61,250
New number of shares <sup>(1)</sup>	864,808
Acquisition of own shares and annulment of the acquired shares	-24,603
Contribution in kind of the "Extensa buildings" on 08/06/99	727,818
Contribution in kind of the Vierwinden Business Park	191,574
<b>Total before the offering</b>	<b>1,759,597</b>
Capital increase	370,851
Merger with Brixton Louise	394,672
Merger with Kapex	4
Decrease of the capital	
<b>Number of shares after the offering</b>	<b>2,525,124</b>
Contribution in kind buildings D4 and D5 of the Axxes Business Park on 28/06/01	200,500
Contribution in kind building D2 of the Axxes Business Park on 14/12/01	104,742
Merger with Brussimmo on 28/11/03	2
Merger with Ekiport on 28/11/03	3
<b>Number of issued shares on 30/06/04</b>	<b>2,830,371</b>
Partial splitting-up (Montoyer 63) on 23/12/04	418,850
<b>Number of issued shares on 30/06/05</b>	<b>3,249,221</b>
Contribution in kind of buildings Extensa-portfolio on 29/05/06	763,407
<b>Number of issued shares on 30/06/06</b>	<b>4,012,628</b>

[1] On 31/12/98 the registered capital of Brixton Zaventem amounted to 2,921,652 EUR, represented by 61,250 shares. On 04/05/99 there has been decided to divide the capital of Brixton Zaventem into 864,808 shares.

### Leasinvest Real Estate on the stock exchange

(in EUR)	30/06/06	30/06/05	30/06/04
Number of listed shares (#)	3,249,221	2,830,371	2,830,371
Number of issued shares (#)	4,012,628	3,249,221	2,830,371
Pro rata number of shares (#)	3,318,241	3,047,255	2,830,371
Market capitalisation based on closing price	264,432,185	209,249,832	153,123,071
Closing price	65.90	64.40	54.10
Highest price	73.35	64.45	57.50
Lowest price	62.05	54.00	52.50
Average price	66.12	59.33	55.25
Annual traded volume (#)	706,725	1,055,903	653,805
Average monthly traded volume (#)	58,894	87,992	54,484
Annual turnover	46,728,657	62,646,725	35,653,537
Velocity <sup>(1)</sup> (%)	21.75	37.31	23.10
Gross dividend	3.75	3.72	3.73
Net dividend	3.19	3.16	3.17
Dividend yield (%)	5.67	6.27	6.75
Pay-out ratio (%)	114	93	93

[1] Annual traded volume / total number of listed shares.



Rue du Curé, Diekirch



Route d'Esch 25, Luxembourg



**Mercure**  
Avenue de la Gare 41, Luxembourg



**Extensa Square**  
Rue Colonel Bourg 149, 153-155, Evre





Avenue Louise 250, Brussels

## Corporate governance





# Corporate governance

## 4.1 Decision-making entities

Pursuant the provisions of the RD of 10 April 1995 on real estate funds (sicafi/bevak) Leasinvest Real Estate is managed in the exclusive interest of its shareholders.

### The statutory manager

Real estate fund Leasinvest Real Estate is controlled by its limited (managing) partner and sole statutory manager, Leasinvest Real Estate Management SA, with registered office in 2018 Antwerp, Mechelsesteenweg 34 (Company Number 0466.164.776), a 100%-subsidiary of Extensa Group SA (ex-Leasinvest SA). The only activity of the manager is (and has always been) the management of Leasinvest Real Estate and the possession of a few shares of subsidiaries of Leasinvest Real Estate. Leasinvest Real Estate Management SA had a shareholder's equity of 432,456.85 EUR on 30/06/06.

Extensa Group SA (ex-Leasinvest SA) is the founder and promoter of Leasinvest Real Estate. Extensa Group SA (ex-Leasinvest SA) is active in real estate investment and development for the corporate and residential market and is a 100% subsidiary of the listed investment group Ackermans & van Haaren.

### Term of the mandate

Leasinvest Real Estate Management SA was appointed as the sole statutory manager for an unspecified term with a minimum of 15 years.

The mandate is irrevocable until the general meeting of shareholders which will be held in 2014. After that, the mandate may be revoked provided that the attendance and majority conditions necessary to amend the articles of association are fulfilled, without the manager having a right of veto on this point. The statutory manager may resign at any time. The mandate of the manager may also be withdrawn under a court order as a result of a petition on legal grounds, initiated by the general meeting of shareholders.

Leasinvest Real Estate Management SA employed eight persons on 30/06/06, who are responsible for general management, commercial contacts with tenants and real estate agents, accounting, legal affairs and administration.

### Authority

The statutory manager is authorised to perform all management actions which are necessary or serve to realise Leasinvest Real Estate's objective, with exception for those actions for which only the general meeting of shareholders is authorised according to the law. The statutory manager manages the company through its collegial board of directors, which has appointed a managing director.

### Remuneration of the manager

The remuneration of the statutory manager has been stipulated at 0.415% of the investment value of the portfolio and amounted to 1,352,135 EUR for the past financial year. No other remuneration is attributed to the statutory manager.

## The board of directors of the statutory manager<sup>9</sup>

### Composition of the board of directors

The board of directors of the statutory manager, Leasinvest Real Estate Management SA is, at present, composed of ten directors, of whom four directors appointed on the proposal of Extensa Group SA, four independent directors and two directors appointed on the proposal of AXA Belgium SA.

The independent directors have the special task, based on the Corporate Governance Charter, of safeguarding the interests of all shareholders of Leasinvest Real Estate and ensuring that they are treated equally.

Within the framework agreement signed in July 2004 between AXA Belgium SA, Leasinvest Real Estate Management SA, Leasinvest Real Estate and Extensa Group SA (ex-Leasinvest SA), it has been agreed that AXA Belgium SA would subscribe to 1,154,047 new shares by the contribution in kind of real estate or real estate companies.

Through the contribution in kind by AXA Belgium SA of its participation (minus one share) in three companies, in Leasinvest Real Estate, AXA Belgium SA has fully realized the investment program to which it had committed in the framework agreement mentioned above.

Within the framework agreement entered into with AXA Belgium SA it has been agreed that a maximum of four directors proposed by AXA Belgium SA can be appointed as the participation of AXA Belgium SA increases up to 1,154,047 shares. This agreement has also been incorporated in the articles of association of the statutory manager.

During the past financial year already two directors proposed by AXA Belgium SA have been appointed. The aforementioned framework agreement also contains certain transfer limitations and pre-emption rights.

The board of directors is chaired by Luc Bertrand, chairman of the executive committee of Ackermans & van Haaren.

1) The independent directors<sup>10</sup> are:



1. Eric De Keuleneer, managing director of Credibe SA.
2. Bernard de Gerlache de Gomery, independent director of companies, including Floridienne SA and Sipef SA.
3. Christophe Desimpel, managing director of De Speyebeek SA.
4. Marcus Van Heddeghem, managing director of Redevco Belgium SCS.

Messrs. de Gerlache de Gomery, De Keuleneer, Van Heddeghem and Desimpel have explicitly been appointed as independent directors in the sense of art. 524 §2 of the Statute book of companies (as modified by the Corporate Governance Law of 2 August 2002). They meet the criteria of independence fixed in the Corporate Governance Charter.

<sup>9</sup> Statements from the directors and the management: see chapter 12 Statements.

<sup>10</sup> The addresses of the directors can be obtained, upon simple request, at the offices of the company.

2) The directors<sup>11</sup> proposed by Extensa Group SA are:



1. Luc Bertrand, chairman of the executive committee of Ackermans & van Haaren SA, chairman of the board of directors of Leasinvest Real Estate Management SA.
2. Jean-Louis Appelmans, CEO and managing director of Leasinvest Real Estate Management SA.
3. Jan Suykens, CFO of Ackermans & van Haaren SA.
4. Kris Verhellen, CEO<sup>12</sup> of Extensa Group SA (ex-Leasinvest SA).

3) The directors<sup>11</sup> proposed by AXA Belgium SA are:



1. Guy Van Wymersch-Moons, general manager of real estate of AXA Belgium SA.
2. Thierry Rousselle, general manager of real estate of AXA Belgium SA.

#### **Term of the mandate**

Messrs. Appelmans, Suykens, Verhellen, de Gerlache de Gomery and Van Heddeghem have been appointed as directors as from 03/06/99; Messrs. Bertrand and De Keuleneer as from 18/06/99;

By a decision of the ordinary general meeting of shareholders, held on 18/10/04, their mandates have been extended for six years. Mr. Desimpel has been appointed as a director as from 20/10/03. Messrs. Rousselle and Van Wymersch have been appointed as from 26/01/06.

All mandates of the directors expire at the general meeting of shareholders of 2010.

#### **Meetings of the board**

The articles of association provide that the board of directors should meet, at least four times per year. Major transactions can require several meetings of the board. Thus, the board of directors has met seven times during the past financial year.

Prior to the meeting, each director receives the documents to prepare the agenda items on which the board will have to give its opinion.

The global attendance quotient was 90%. The attendance quotient of the members was, for Messrs. Bertrand, Suykens, Appelmans, Desimpel and de Gerlache de Gomery: 100%, for Mr. Van Heddeghem 70%, for Messrs. Verhellen and De Keuleneer 85% and, for Messrs. Van Wymersch and Rousselle (since 2006): 100%.

<sup>11</sup> The addresses of the directors can be obtained, upon simple request, at the offices of the company.

<sup>12</sup> Via SITAS SPRL, which appointed Mr. Verhellen as its permanent representative.



### **Competences of the board of directors**

The board of directors defines the policy of the sicafi and has the authority to perform all acts which are useful or necessary to fulfil the company objective, with exception for those affairs for which only the general meeting is authorised according to the law.

Next to the mandatory matters, such as drawing up the accounts, the annual and half-yearly report and press releases or the preparation of general meetings, the board of directors yearly treats the approval of the budgets, interim results and previsions, investments and possible divestments.

In 2005/2006, the following specific items on the agenda have been treated by the board of directors:

- the drawing up of the Corporate Governance Charter;
- the investment in the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) through the take over of the controlling interest of Dexia and Ethias and the launch of the public take over bid;
- the contribution in kind, in Leasinvest Real Estate by AXA Belgium SA of its participation in three companies, which AXA Belgium SA took over from Extensa Group SA (ex-Leasinvest SA) and the realisation of the investment program of AXA Belgium SA.

Preliminary to the meeting, the directors receive an agenda with the list of items to be treated, accompanied by documentation, in order to prepare the meetings of the board of directors. The treated subjects by the board of directors are extensively explained by the management, preliminary to the deliberation.

In the process of preparing certain decisions, the board of directors is advised by the audit committee, the appointments & remuneration committee or the committee of independent directors. Next to that, the directors can request the advice of an independent expert.

The minutes of the meetings present a summary of the deliberations, specify the decisions taken and mention the possible reservation of certain directors. The minutes are kept at the offices of the statutory manager.

The board can decide in a valid way, if the majority of its members are present or represented.

It is always the aim to take decisions by unanimity.

If for a certain decision, no consensus can be reached, the decision of the board of directors is taken simply on the majority of votes of the present or represented directors, and in case of abstaining votes from one or more amongst them, simply on the majority of votes of the other present or represented directors, except in case of:

- a) decisions on the definition of the strategy of Leasinvest Real Estate:  
these decisions are only taken if the simple majority is formed by at least three of the four independent directors and by at least the majority of the directors appointed on the proposal of Extensa Group SA (ex-Leasinvest SA) (or a linked company) and as far as there is no conflict of interest between them in the sense of art. 523 of the Statute book of companies.
- b) decisions on the proposal for appropriation of the result of Leasinvest Real Estate and proposals to amend the articles of association of Leasinvest Real Estate: these decisions are only taken on an extraordinary majority of eighty percent of the votes of the present or represented directors.

### Consultative committees<sup>13</sup>

During the current financial year 2005/2006 consultative committees were established by the board of directors, as intended by the "Code Lippens"; these were further explained in the Corporate Governance Charter.

Also, a statutory committee of independent directors was established, holding specific authorities, larger than those defined in art. 524 of the Statute book of companies.

The function of the consultative committees is purely advising. They are in charge of examining specific matters and advising the board of directors.

The board supervises the consultative committees and grants them all means and powers necessary to fulfil their task effectively. After notifying the president, each consultative committee can, as far as it considers it necessary, appoint one or more external advisers or experts to support the execution of its mission.

The committees aim at taking decisions concerning the advice, by unanimity.

If for a certain decision, no consensus can be reached, the decision on the advice is taken simply on the majority of votes.

### Audit committee

The supervising mission of the audit committee and the related reporting duty concerns Leasinvest Real Estate and its subsidiaries.

The audit committee sees to it that the financial reporting of Leasinvest Real Estate presents a truthful, sincere and clear view of the situation and outlook of Leasinvest Real Estate. The audit committee controls more specifically the annual and periodical financial statements before they are published and sees to a correct and consistent application of the accounting standards and valuation rules of Leasinvest Real Estate. Furthermore, the audit committee evaluates the systems of internal control and risk management established by the management.

Finally, the audit committee evaluates the independency of the auditor and recommends on the internal and external audit.

The audit committee is exclusively composed of non-executive directors and half of its members are independent directors.

The members of the audit committee are:

1. Eric De Keuleneer, independent director
2. Marcus Van Heddeghem, independent director
3. Jan Suykens, (Ackermans & van Haaren SA), president of the audit committee
4. Thierry Rousselle (AXA Belgium SA)

The audit committee met twice during the past financial year. The attendance quotient of the members of the committee was, globally, 62.5%, and individually, for Mr. Rousselle 50% and for Mr. Suykens and Mr. De Keuleneer 100%. Mr. Van Heddeghem was excused.

Amongst other things, the following items on the agenda were considered by the audit committee:

- approval of the internal rules;
- the application of the IFRS-standards and IFRS-accounting plan and IFRS-reporting;
- the real estate valuation issue "fair value".

13 The integral text of the latest version of the Corporate Governance Charter can be found on the website [www.leasinvest-realestate.com](http://www.leasinvest-realestate.com).

The auditor is invited to the meetings of the audit committee. Except if the audit committee stipulates differently, the CEO has the right to attend the meetings of the audit committee.

#### **Appointments & remuneration committee**

The appointment & remuneration committee sees to an objective and professional development of the appointment procedure and assists the board regarding the remuneration of the members of the board and the management and advises accordingly regarding the remuneration policy.

The appointment & remuneration committee consists exclusively of non-executive directors and half of its members are independent directors.

The members of the appointment & remuneration committee are:

1. Bernard de Gerlache de Gomery, independent director
2. Christophe Desimpel, independent director
3. Luc Bertrand (Ackermans & van Haaren NV), president of the appointments & remuneration committee
4. Guy Van Wymersch-Moons (AXA Belgium SA)

The appointments & remuneration committee met once during the past financial year. The global attendance quotient was 75%, and individually, for Messrs. Desimpel, Bertrand and Van Wymersch 100%. Mr. de Gerlache de Gomery was represented.

Except if the appointments & remuneration committee stipulates differently, the CEO is entitled to attend the meetings of the the appointment & remuneration committee.

Amongst other things, the following items on the agenda were considered to by the appointments & remuneration committee:

- the development of the internal rules;
- the definition of the remuneration policy for the independent directors, the managing director and the personnel;
- the appointment of two directors on the proposal of AXA Belgium SA.

#### **Committee of independent directors**

The committee of independent directors is composed of all independent directors of the board of directors. The committee is presided by one of its members, in principle, the member having most seniority in his function.

Based on the Corporate Governance Charter a specific mission was assigned to the committee of independent directors. This mission has been defined in the articles of association (art. 8 of the articles of association of the statutory manager).

The committee of independent directors intervenes in the cases defined in art. 524 of the Statute book of companies.

Furthermore, this committee is always consulted prior to each project of decision or operation of the board of directors, related to one of the following matters:

- decisions or operations to which art. 523 of the Statute book of companies is applied;
- modification of the purpose or the investment policy of the sicafi;
- in case of large transactions regarding the sicafi, as far as these are related to more than 30% of the estimated value of the real estate portfolio of the sicafi, at the moment of the realisation of the transaction;
- important modifications in the organisation of the sicafi or the statutory manager, resulting in a modification of the licence of Leasinvest Real Estate as a sicafi.

The committee reports on these matters, in written, in justification of its advice, to the board of directors. The board of directors mentions, if the case arises, in the minutes, on which grounds the advice of the committee was not followed. The written advice remains attached to the minutes of the board of directors.

The committee of independent directors met four times during the past financial year. The global attendance quotient of the members amounted to 100%.

The committee of independent directors has formulated a written advice, prior to the decisions taken by the board of directors, with regard to the acquisition project by Leasinvest Real Estate of the shares of three companies of Extensa Group SA (ex-Leasinvest SA) and the direct acquisition of a building, based on, maximum, the estimated investment value. The acquisition scenario regarding the acquisition of the shares has been modified afterwards. The decision of the report of the committee of independent directors is integrally reproduced hereafter, under the section "Conflicts of interest".

Furthermore, the committee of independent directors has given a written advice, prior to the decision taken by the board of directors regarding the projected amendment of the investment policy, which will be presented to the extraordinary general meeting of shareholders, and regarding the acquisition of Leasinvest Immo Lux (ex-Dexia Immo Lux), which should be considered as a "major" transaction as defined in the Corporate Governance Charter, relating to more than 30% of the estimated value of the real estate portfolio, at the moment of the realisation of the transaction.

#### **Supervision of the daily management**

At least 2 members (physical persons) of the board of directors are in charge of securing the collegial supervision of the daily management of the real estate fund according to art 4 § 1, 5° of the RD on real estate funds (sicafo/bevak). During the past financial year, this assignment has been entrusted to the managing director, Jean-Louis Appelmans, CEO, and a second director, Kris Verhellen.

#### **Daily management – Executive management**

The daily management during the past financial year was entrusted to the executive management. Taking into account the current size, activities and needs of Leasinvest Real Estate, the executive management is currently composed of the managing director, Jean-Louis Appelmans, assisted hereto by Michel Van Geyte, commercial manager, to whom specific mandates have been given regarding specific tasks of daily management.

Leasinvest Real Estate will, at the latest on 13/02/07, comply with the provisions of art. 38 of the Law of 20 July 2004 regarding certain forms of collective management of investment portfolios, which stipulates that the actual direction of Leasinvest Real Estate should be assured by at least two physical persons, appointed hereto in accordance with the valid legal provisions.

#### **Jean-Louis Appelmans (CEO)**

Jean-Louis Appelmans (53) is, since its establishment in 1999, managing director of Leasinvest Real Estate Management SA and, since end 2002, also the permanent representative. He was CEO of Extensa Group SA (ex-Leasinvest SA) from 1989 to 2005. He fulfils a number of other mandates in the following listed companies: sicafo Retail Estates (independent director) and Leasinvest Immo Lux, ex-Dexia Immo Lux (director). Previously he worked in corporate banking at Crédit Lyonnais Belgium (1986-1989) and Chase (currently JPMorgan Chase) from 1979 to 1986.

#### **Michel Van Geyte**

Michel Van Geyte (40) is commercial manager of Leasinvest Real Estate Management SA since August 2004. Previously, he worked at Knight Frank as a managing partner and has fifteen years of experience in real estate.

### **Management**

The members of the management, other than the CEO, are:

Michel Van Geyte	commercial manager
Micheline Paredis	legal manager
Ingrid Theuninck	financial manager

### **The permanent committee**

The permanent committee meets regularly to discuss the current affairs of Leasinvest Real Estate, to ensure appropriate communication and to monitor the implementation of the decisions of the board of directors. The permanent committee consists at least of the managing director, the commercial manager, the legal advisor, the financial manager and the real estate manager.

### **The investment committee**

The investment committee will meet according to the agenda and prepares the investment and divestment decisions for the board of directors. The investment committee consists of the managing director, the legal, technical and commercial advisors and the financial manager.

AXA Belgium SA can attend the meetings, with an advisory vote, of the investment committee and permanent committee, as long as AXA Belgium SA holds a minimum participation of 10% in Leasinvest Real Estate.

### **External representation**

The statutory manager, Leasinvest Real Estate Management SA, represents the company in all affairs judicially and extrajudicially.

### **Permanent representative**

In accordance with the provisions of article 61, §2, of the Statute book of companies, the statutory manager has appointed a permanent representative among its directors, charged with the execution of the mandate of the statutory manager, in name and on behalf of Leasinvest Real Estate Management SA, and who is authorised to represent and legally bind the real estate fund in relation to third parties, acting solely, without infringing the provisions of art. 18 of the RD of 10 April 1995 on real estate funds (sicafi/bevak), nor any other provision applicable on collective investment companies.

Since the end of 2002 Jean-Louis Appelmans has been appointed permanent representative of Leasinvest Real Estate Management SA within the framework of its mandate as statutory manager, without infringing art. 18 of the aforementioned RD.

### **Decisive actions for its real estate**

Pursuant art. 18 of the aforementioned RD, the real estate fund is represented by its statutory manager, acting through its permanent representative, together with one director, acting jointly, for each decisive action for its real estate in the sense of art. 2,4° of the RD previously mentioned.

### **Remuneration**

During the past financial year, the directors of the statutory manager of Leasinvest Real Estate SCA, received, directly and/or indirectly, for all services rendered on behalf of the statutory manager, remunerations for a total amount of 400,065.46 EUR(\*).

(\*) After the advice of the appointments & remuneration committee, held after the closing of the financial year 2005/2006, it has been decided to grant a variable remuneration, which will only be paid during the financial year 2006/2007.



### 1) Non-executive directors

The following remunerations were granted, on an individual base, to the non-executive directors, during the past financial year:

- to Messrs. De Keuleneer, de Gerlache de Gomery, Desimpel and Van Heddeghem, independent directors, a total amount of 74,000.00 EUR was paid as follows:
  - a fixed remuneration of 12,500.00 EUR per financial year;
  - an additional fixed remuneration of 4,000.00 EUR per financial year as a member of the audit committee or the appointment & remuneration committee;
  - and an additional remuneration of 2,000.00 EUR per financial year as a member of the committee of independent directors.

These last remunerations, within the framework of the advising committees, are fixed, no matter the number of meetings of each committee held during the financial year.

- to Mr. Verhellen a remuneration of 3,025.00 EUR, for services rendered, was paid during the past financial year, indirectly via Sitas SPRL.

### 2) Executive director – CEO

Mr. Appelmans has fixed and variable remunerations covering his functions of member of the board of directors and CEO and has a hospitalisation insurance and a savings scheme. He does not receive stock options or other share-related remunerations.

The following remunerations were paid to the CEO, on an individual basis, directly and indirectly, during the past financial year:

(in EUR)	Fixed	Variable	Total
Jean-Louis Appelmans:	248,040.46	75,000.00(*)	323,040.46
of which savings scheme:	40,932.16		40,932.16

The management contracts contain the usual possibilities for giving notice and related settlements.

### 3) Other members of the management

The members of the management, who are not directors of the statutory manager, are all employees of the statutory manager. They receive a fixed and variable remuneration and a hospitalisation insurance and a group insurance. They also have a company car at their disposal. The members of the management have no stock options or other share-related remunerations. Taking into account the equivalent social status of Mr. Van Geyte and the other members of the management, the remunerations are hereafter presented globally.

On a global basis, the following amounts for remunerations and other benefits were paid, directly or indirectly, to the members of the management (other than the CEO), during the past financial year:

(in EUR)	Fixed	Variable	Total
Management:	373,465.00	80,000(*)	453,465.00
of which savings scheme:	20,800.00		20,800.00

The employment contracts with the statutory manager do not contain any extraordinary settlements.

(\*) After the advice of the appointments & remuneration committee, held after the closing of the financial year 2005/2006, it has been decided to grant a variable remuneration, which will only be paid during the financial year 2006/2007.

#### 4.2 Corporate Governance Charter<sup>14</sup>

On 09/12/04 the Corporate Governance Committee, on the initiative of the Banking, Finance and Insurance Commission, Euronext Brussels and the FEB has announced the Belgian Corporate Governance Code (the "Code Lippens").

The Corporate Governance Charter of Leasinvest Real Estate, established in execution of this code, aims at defining the rules for an efficient internal functioning and organisation of the management of the real estate fund, without infringing the legal provisions concerning the functioning and authorities of the board of directors (including the legal supervision and management authorities of each member of the board of directors) and the provisions of the RD on real estate funds (sicafi/bevak).

The Corporate Governance Charter is also available on the website ([www.leasinvestreal-estate.com](http://www.leasinvestreal-estate.com)).

The Charter will be updated, as many times as necessary, in function of the development of the policy on corporate governance in order to communicate a correct image of the management of the real estate fund (sicafi/bevak) at any given moment.

The Charter will be amended in order to reflect the rules imposed by the RD of 5 March 2006 concerning insider trading and market manipulation.

#### Comply or Explain – Derogations of the Corporate Governance Charter compared to the "Code Lippens"

Generally, it should be clear that the "Code Lippens" only provides recommendations which should be adapted to the particular structure and/or particular activities of Leasinvest Real Estate as a real estate fund (sicafi).

Leasinvest Real Estate' Charter differs of the recommendations of the Code, only for a limited number of items.

The corporate governance principles are mainly applied to the management structure of the statutory manager, because of the particular management structure of Leasinvest Real Estate SCA.

#### Composition of the audit committee and appointments & remuneration committee

The composition of the audit committee and appointments & remuneration committee do not follow the recommendations of 5.3.1 of appendix D, respectively of 5.4.1 of appendix E of the Corporate Governance Code: the Code prescribes that the remuneration committee should be exclusively composed of non-executive directors; for both committees, at least the majority of the members should be independent.

The board of directors has decided to not entirely follow this recommendation. The Corporate Governance Charter prescribes that only half of the members of these committees should be independent directors. This derogation of the "Code Lippens" is acceptable, taking into account the relatively limited number of members of the board of directors (ten members, maximum twelve, of whom four independent directors); this structure does not prevent an efficient deliberation and decision-making by the board of directors.

#### Frequency of the meetings of the appointments & remuneration committee

The appointments & remuneration committee meets at least once a year, instead of at least twice a year, as prescribed by the Code, as a second annual meeting is unnecessary due to the relatively limited number of members of the board of directors and of the personnel of the statutory manager.

<sup>14</sup> The integral text of the latest version of the Corporate Governance Charter can be found on the website [www.leasinvest-realestate.com](http://www.leasinvest-realestate.com).

#### **Term of the mandate of the directors**

The directors have been reappointed in 2004 for a term of six years. As from the reappointment in 2010 the mandates of the directors will be limited to a maximum of four years as foreseen by the Code.

#### **Evaluation of the directors**

Prior to the reappointment of a director, his individual contribution is evaluated, and not yearly, as the Code prescribes, and the evaluation of the composition and the functioning of the board of directors takes place every four years instead of every two or three years. Both derogations seem justified to the board of directors, due to the nature of the activities of Leasinvest Real Estate, which are focused on real estate investments, which allow a less frequent evaluation.

#### **The submission of proposals by a shareholder**

The required minimum percentage of shares that a shareholder should own to be able to submit proposals for the general meeting, is 20%, and not a maximum of 5%, as foreseen in recommendation 8.9 of the Code. The board has chosen not to comply with this recommendation as the shareholders of Leasinvest Real Estate can ask all questions, related to the items of the agenda, to the board of directors and the auditor during the general meeting of shareholders.

### **4.3 Settlement of conflicts of interest**

During the past financial year, no situations have occurred in which the provisions of articles 523 and 524 of the Statute book of companies had to be applied.

The committee of independent directors has nevertheless given a written advice, prior to the decisions taken by the board of directors regarding the project of acquisition by Leasinvest Real Estate of the shares of three companies of Extensa Group SA (ex-Leasinvest SA), owner of an office and logistics building in Malines (Wolters Kluwer) and a distribution centre in Tongres (SKF), and the direct acquisition of a building in Forest, based on maximum the estimated investment value of the real estate portfolio. The aforementioned acquisition scenario regarding the acquisition of the shares by Leasinvest Real Estate has been modified afterwards to a contribution in kind by AXA Belgium SA of its participation (minus one share) in those three companies.

The modification of the acquisition scenario resulted in the fact that the procedure of art. 524 of the Statute book of companies did no longer have to be applied as the contribution in kind by AXA Belgium SA of the shares in the three companies is not qualified as a transaction as defined in article 524 §1 of the Statute book of companies, and the acquisition of the building in Forest can be considered as a usual transaction which has taken place under the conditions and with the securities usually granted for similar transactions. Furthermore, the building has been acquired at the price, estimated by the independent expert.

The decision of the report of the independent directors is as follows: "The committee of independent directors (the Committee) of Leasinvest Real Estate was composed of Messrs. Marcus Van Heddeghem, Eric De Keuleneer, Christophe Desimpel and Bernard de Gerlache de Gomery, assisted by Bollen, Mathay & C° as independent financial experts.

The mission of the committee was to compare the project of acquisition of all the shares of the three "société anonymes" and the acquisition of a building, to the criteria of art. 524 of the Statute book of companies.

The committee has examined the comments regarding the companies and the real estate. Furthermore, the committee has received full explanations of the management regarding the price proposal and the consequences of the transactions for Leasinvest Real Estate.

Finally, the committee was assisted by Bollen, Mathay & C° for the analysis of all these data and was backed by their financial, accounting and fiscal input.

It is the opinion of the committee that the proposed price for the take over of all the shares and the acquisition of the building has been defined at market conditions and that the transaction project can lead to an increase of the average duration of the leases, an improvement of the risk profile and an increase of the yield per share.

The committee is thus in favour of the transaction project and advises the board accordingly.”

The Banking, Finance and Insurance Commission is informed in advance by the real estate fund if, for a transaction with the real estate fund (or with a company which it controls) the promoter is acting as an opposing party and in case any advantage is obtained by the promoter. The same applies to directors and persons charged with the daily management. The interest of the planned transaction for the real estate fund has to be proved, and that it fits within the investment policy of the real estate fund. Finally, the intended transactions are carried out at normal market conditions.

The possibility that potential conflicts of interest arise between the directors of the statutory manager<sup>15</sup> or members of the management and Leasinvest Real Estate, due to, among other things, the functions they hold in other companies in the real estate sector, is estimated as being very small.

The board of directors declares, that, to his knowledge, no such situations occurred during the past financial year 2005/2006.

In its Corporate Governance Charter Leasinvest Real Estate has subscribed to the policy that a director, or member of the management (or their closest relatives) who, directly or indirectly, has an interest non-related to the patrimony, that is opposed to, or, has a parallel interest, related or not to the patrimony, to a decision or transaction of Leasinvest Real Estate, that person should immediately inform the chairman. He will then decide whether he reports on the matter to the board of directors.

During the past financial year 2005/2006 the chairman received no notification requiring the application of this policy.

#### **Code of conduct for financial transactions**

The board of directors has published its policy regarding the prevention of market abuse in its Corporate Governance Charter.

A procedure has been established concerning transactions in Leasinvest Real Estate-shares by the directors, members of the management or personnel.

During the past financial year this procedure did not have to be followed.

The Corporate Governance Charter will be amended to reflect the rules imposed by the RD of 5 March 2006.

#### **4.4 General meeting**

Leasinvest Real Estate assures an equal treatment of all shareholders and respects their rights. The statutory manager encourages the shareholders to personally attend the meeting. On the demand of one or more shareholders who represent, individually, or jointly, 1/5 of the subscribed capital, the statutory manager is obliged to convene a special or extraordinary general meeting.

15 A functional conflict of interest could occur in the capacity of directors appointed on the proposal of Extensa Group SA, if operations are carried out between Extensa Group SA and/or the statutory manager and Leasinvest Real Estate; or in the capacity of directors appointed on the proposal of AXA Belgium SA, if operations are carried out or decisions are taken, for which AXA Belgium SA has an interest that is opposed to an interest of the statutory manager and/or Leasinvest Real Estate.

The invitations to the general meeting mention the agenda and proposals of decision and is published in the *Moniteur Belge* and at least one national newspaper, at least twenty-four days before the meeting.

The invitations are sent, fifteen days before the meeting, by ordinary mail, to the registered shareholders, unless they have consented, explicitly and written, to receive the invitation via an other communication tool.

The minutes of the general meeting and the results of the votes are published on the website of Leasinvest Real Estate, as soon as possible after the general meeting.

#### **4.5 Audit of the annual accounts – auditor**

The auditor, appointed by the general meeting of shareholders, audits the annual accounts and the semester reports.

Ernst & Young, approved Auditors, member of the 'Institut des Réviseurs d'Entreprises', Avenue Marcel Thiry 204, 1200 Brussels, was the auditor for the past three financial years. Ernst & Young, represented by Mrs. Danielle Vermaelen, partner, were reappointed in 2005 for a term of three years to fulfil the function of auditors, till the annual meeting of 2008. The remuneration of the auditor for verification of the annual accounts for the past financial year has been estimated at 18,829.75 EUR (VAT exc.). In addition a remuneration of 350.00 EUR (VAT excl.) has been paid for due diligence of Square de Meeûs SA and 30,400.00 EUR (VAT excl.) for the contribution in kind, in Leasinvest Real Estate, by AXA Belgium SA. The remuneration for the audit of the subsidiaries of Leasinvest Real Estate amounted to 7,003.85 EUR (VAT excl.).

#### **4.6 Valuation of the portfolio**

The quarterly valuations of the real estate portfolio are made by two independent valuers. In the event of a conflict arising between the real estate agent's activity and that of the property valuer, the other expert shall make the valuation. The value of the real estate portfolio is determined by Cushman & Wakefield and Winssinger & Associates. The past exercise, a remuneration of 294,681.52 EUR (VAT excl.) (the value of the remuneration is defined as follows: 0.00625% on the investment value for quarterly valuations and 0.0625% for special assignments) has been paid to the valuers by Leasinvest Real Estate.

Cushman & Wakefield are represented by Mr. Eric Van Dyck and Mr. Kris Peetermans. Cushman & Wakefield VOF (company number 0418.915.383) is a subsidiary of the offices in The Netherlands ('General partnership existing under the laws of The Netherlands'), registered office at Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands. The administrative and registered office of Cushman & Wakefield VOF are established at Avenue des Arts 58 boîte 7, 1000 Brussels (the company is registered in Brussels, by the number 416 303). Since the foundation on 04/12/78 of the office in Belgium, there has always been a valuation department. The company values offices, retail and industrial properties in Belgium and Luxemburg.

In 2003 the name Healey & Baker has been transformed in Cushman & Wakefield Healey & Baker. In 2006 the name Cushman & Wakefield Healey & Baker has been transformed in Cushman & Wakefield. Cushman & Wakefield Healey & Baker is not supervised by an official authority.

Winssinger & Associates is represented by Mr. Philippe Winssinger. Winssinger & Associates SA (company number 0422.118.165), with registered office at the Avenue Louise 380, 1050 Brussels, has been founded on 20/11/81 for an unspecified term and is subject to Belgian legislation. Today Winssinger & Associates is, among other things, the most important valuer of listed real estate funds and of properties of insurance groups. Winssinger & Associates is associated with one of the most important international networks for valuations (DTZ group), allowing Winssinger & Associates to closely follow the evolution of the foreign real estate markets.



Winssinger & Associates is a member of the Royal Institute of Chartered Surveyors (RICS) Belux, and is not supervised by an official authority.

#### **4.7 Depositary Leasinvest Real Estate**

ING Bank SA, having its registered office at court Avenue Marnix 24, 1000 Brussels, subject tot the supervision of the Banking, Finance and Insurance Commission, was appointed as the depositary of Leasinvest Real Estate, in accordance with the provisions of art. 12 onward of the RD on real estate funds (sicafi/bevak).

In its capacity as the depositary, ING Bank must comply with the obligations imposed by the Law of 20 July 2004 and the RD of 10 April 1995 regarding real estate funds (sicafis). The depositary is put in possession of all official documents and deeds relating to changes in the assets of the real estate fund, and ensures that any change in the real estate portfolio is incorporated into the inventory. The remuneration of the depositary for the past financial year amounted to 52,683.05 EUR. The remuneration of the depositary is set on the basis of the investment value of the portfolio of Leasinvest Real Estate according to the tranches set out below:

<b>Total investment value of the real estate portfolio</b>	<b>remuneration of the depositary (VAT excl.)<sup>(1)</sup></b>
Between 0 EUR and 125 million EUR	0.03%
More than 125 million EUR	0.01%

(1) Percentages applicable on the respective tranches.

#### **4.8 Liquidity Provider**

ING Financial Markets has been appointed as liquidity provider.

Avenue Monterey 20, Luxembourg



**EBBC**  
Route de Trèves 6, Senningerberg



**l'Oréal**  
Route de Lennik 451, Anderlecht



**CFM**  
Rue Guillaume Kroll, Luxembourg



# Management report

Motstraat-Zeustestraat, Malines



# Management report<sup>16</sup>

## 5.1 Important events during the financial year 2005/2006

### Leasinvest Immo Lux (ex-Dexia Immo Lux)

Leasinvest Real Estate has acquired, in different phases, 90.12% of Leasinvest Immo Lux (ex-Dexia Immo Lux).

On 22/03/06 Leasinvest Real Estate has acquired the joint participation of Dexia Bank Belgium and Ethias group of a total of 51.13 % in the listed sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) and their participation of 100% in Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA. The capitalisation and distribution shares of Leasinvest Immo Lux (ex-Dexia Immo Lux) are listed on the Luxembourg stock exchange and, until 15/09/06, on Euronext Brussels.

This acquisition of a value of approximately 111 million EUR has been entirely paid in cash.

The price was 3,150.20 EUR and 1,467.57 EUR (coupon number 15, equal to a gross bruto of 70 EUR, detached) for respectively, the capitalisation and distribution shares.

The transaction price was based on a price, for 100% of the Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) shares, of 177.3 million EUR.

<sup>16</sup> The text mentioned hereafter comprises an extract of the report of the statutory manager to the ordinary general meeting of shareholders of Leasinvest Real Estate which will be held on 16/10/06, with regard to the consolidated IFRS figures for the financial year 2005/2006 and the related comments, which are integrally reported.

The statutory annual accounts, drawn up according to the Belgian law on annual accounts, which will be presented for approval to the general meeting of shareholders of Leasinvest Real Estate on 16/10/06, as well as the comments in the annual report are not integrally reported in this annual brochure. The statutory annual accounts, the annual report of the statutory manager and the report of the auditor concerning the statutory annual accounts of the financial year 2005/2006 can be obtained on simple demand, for free, by anyone who asks, at the office of the company and can be consulted on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)).

In the statutory annual accounts the real estate is valued at the investment value. According to the BEAMA press release of 08/02/06 investment properties should be recorded in the statutory annual accounts at their fair value instead of their investment value. The statutory annual accounts of Leasinvest Real Estate, drawn up according to BGAAP, deviate from this and the investment properties have been recorded at the investment value, just like it has been the case in the previous financial years. The consolidated annual accounts are drawn up according to IFRS for the financial year 2005/2006.

The RD of 21 June 2006 fixes the application of IFRS for the drawing up of the statutory annual accounts as from the financial years beginning on or after 1 January 2007. To the sicafis, the possibility is given to apply IFRS already as from the financial years beginning on or after 1 January 2005. The manager of Leasinvest Real Estate has decided to bring its statutory annual accounts under IFRS as from the financial year 2006/2007, thus earlier than required.

Our auditor has approved our statutory annual accounts without reservations. It is the manager's opinion that it is simpler to execute the transfer from BGAAP to IFRS in the statutory annual accounts, in one operation without the intermediary step as foreseen in the BEAMA press release mentioned above.

However, for reasons of comparability with the consolidated IFRS-figures, restated statutory IFRS-figures have been drawn up for the financial years 2004/2005 and 2005/2006 (entirely under IFRS). These IFRS-figures are reported hereafter in chapter 7 Financial Statements after the consolidated comments.

All risk factors, characteristic for Leasinvest Real Estate, are reported in the separate chapter 1 Risk factors upfront in this annual brochure on page 5.

On 15/05/06 a voluntary public take over bid has been launched, at the same conditions in Belgium and in the Grand Duchy of Luxembourg, on all remaining capitalisation and distribution shares of Leasinvest Immo Lux (ex-Dexia Immo Lux), which was reopened on 9 June, at the same conditions.

On 29/06/06, at the end of the public take over bid, Leasinvest Real Estate owned 90.12% of the shares of Leasinvest Immo Lux (ex-Dexia Immo Lux). The total investment of the public take over bid amounted to approximately 52 million EUR.

Leasinvest Immo Lux (ex-Dexia Immo Lux) is a real estate investment fund with variable capital (sicav) established in the Grand Duchy of Luxembourg. Leasinvest Immo Lux (ex-Dexia Immo Lux) owns thirteen building with a total surface of 48,651 m<sup>2</sup> which are exclusively situated in the Grand Duchy of Luxembourg. The buildings are mostly multi-tenant and consist of offices (78%), a semi-industrial building (15%) and two supermarkets (7%). Geographically, the buildings are well spread across the Grand Duchy of Luxembourg: city (78%) and periphery (22%).

#### Acquisition of Extensa Group SA portfolio

##### Acquisition of a building in Forest

On 29/03/06 Leasinvest Real Estate acquired, in cash, directly from Extensa Group SA (ex-Leasinvest SA), at a price of 2.7 million EUR a semi-industrial building composed of offices and logistics spaces, situated at the rue Lusambo in Forest (Brussels) and also the long lease on the ground.

##### Capital increase by Axa Belgium SA

On 29/03/06 AXA Belgium SA acquired 100% of the shares of three subsidiaries of Extensa Group SA, the promoter of Leasinvest Real Estate. AXA Belgium SA has then contributed in kind<sup>17</sup> these shares on 29/05/06 in Leasinvest Real Estate against newly issued shares of the same type as the existing shares. Consequently, the shareholder's equity rose by 47.7 million EUR.

This contribution in kind fitted within the framework agreement signed in July 2004 between AXA Belgium SA, Leasinvest Real Estate Management SA, Leasinvest Real Estate and Extensa Group SA (ex-Leasinvest SA), in which had been agreed that AXA Belgium SA would subscribe to 1,154,047 new Leasinvest Real Estate-shares by the contribution in kind of real estate or real estate companies.

Through this contribution in kind the investment program to which AXA Belgium SA had agreed in the framework agreement mentioned above, has been fully realised.

17 100% minus 1 share. AXA Belgium SA has sold 1 share to a subsidiary of Leasinvest Real Estate, resulting in Leasinvest Real Estate owning 100%, directly or indirectly.



#### **Composition of the acquired portfolio**

The portfolio consists of an office complex and a logistics center in Malines of respectively approximately 14,000 m<sup>2</sup> and 6,000 m<sup>2</sup>. The offices are leased and the logistics center is rented, both to Wolters Kluwer Belgium SA. Furthermore, the portfolio consists of a distribution center composed of storage halls and offices, situated Heesterveldweg in Tongres, with a total surface of approximately 26,000 m<sup>2</sup>. For this building, a sale & rent back transaction has been concluded with SKF SA. All buildings are 100% rented.

#### **5.2 Important events which occurred after the closing of the financial year**

##### **By two subsequent transactions, Leasinvest Real Estate has become a 100% shareholder of Square de Meeûs 5-6 SA**

The statutory manager has the intention to propose to the general meeting of shareholders of Leasinvest Real Estate to proceed to the merger by take over of Square de Meeûs 5-6 SA, as well as to adapt the statutory investment policy as recorded in art. 5 of the articles of association. The text project of art. 5 of the articles of association, as it will be presented to the general meeting, can be consulted on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)) as from the date on which the registered shareholders will be summoned to the extraordinary general meeting which will have to deliberate and decide upon these amendments of the articles of association.

#### **5.3 Statement with regard to research and development**

During the past financial year, no specific research and development activities were carried out, nor by Leasinvest Real Estate, nor by the companies which are part of the consolidation scope of the company.

## 5.4 Summary of the financial statements

### Consolidated balance sheet

(in 1,000 EUR)		Period 30/06/06 IFRS	Period 30/06/05 IFRS
	Note		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>469,946</b>	<b>269,881</b>
Investment properties	19	467,182	268,584
Development projects		101	
Other tangible assets	20	54	72
Non-current financial assets	21,22	2,609	1,225
<b>CURRENT ASSETS</b>		<b>13,713</b>	<b>5,080</b>
Current financial assets		2,616	31
Trade receivables	23	4,697	2,357
Tax receivables and other current assets	24	357	425
Cash and cash equivalents	25	5,518	1,986
Deferred charges and accrued income	26	526	282
<b>TOTAL ASSETS</b>		<b>483,659</b>	<b>274,960</b>
<b>LIABILITIES</b>			
<b>TOTAL SHAREHOLDER'S EQUITY</b>	cfr. statement of mutation	<b>262,555</b>	<b>188,019</b>
<b>SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE MOTHER COMPANY</b>		<b>237,849</b>	<b>180,048</b>
Capital	27	44,126	35,729
Subscribed capital		44,126	35,729
Share premium account	27	70,611	31,280
Reserves	27	99,051	98,840
Result	28	30,597	22,202
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	29	-6,910	-6,686
Change in fair value of financial assets and liabilities	30	375	-1,317
On hedge instruments			
<b>MINORITY INTERESTS</b>	<b>31</b>	<b>24,706</b>	<b>7,970</b>
<b>LIABILITIES</b>		<b>221,104</b>	<b>86,942</b>
<b>NON-CURRENT LIABILITIES</b>		<b>95,581</b>	<b>31,898</b>
Provisions		27	
Non-current financial debts	32	94,800	29,800
a. Credit institutions		94,800	29,800
Other non-current financial liabilities	33	82	1,443
Other non-current liabilities		672	656
<b>CURRENT LIABILITIES</b>		<b>125,523</b>	<b>55,043</b>
Provisions		0	0
Current financial debts	32	108,524	42,697
c. Other		108,524	42,697
Trade debts and other current debts	33	8,529	5,494
Exit Tax		2,450	0
Others		6,079	5,494
Other current liabilities		1,004	885
Accrued charges and deferred income	34	7,466	5,967
<b>TOTAL SHAREHOLDER'S EQUITY, MINORITY INTERESTS AND LIABILITIES</b>		<b>483,659</b>	<b>274,960</b>

## Consolidated results

(in 1,000 EUR)			Period 30/06/06 IFRS	Period 30/06/05 IFRS
	Note			
(+)	Rental income	5	23,958	19,868
(+)	Write-back of lease payments sold and discounted		0	0
(+/-)	Related rental expenses	5	1	-151
NET RENTAL INCOME			23,959	19,717
(+)	Recovery of property charges	6	31	369
(+)	Recovery income of charges and taxes normally payable by tenants on let properties	7	3,457	2,702
(-)	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	6	-129	-668
(-)	Charges and taxes normally payable by tenants on let properties	7	-3,500	-2,702
(+/-)	Other rental-related income and expenditure		0	3
PROPERTY RESULT			23,818	19,421
(-)	Technical costs	8	-2,152	-2,012
(-)	Commercial costs	9	-179	-464
(-)	Charges and taxes on un-let properties	10	-1,019	-506
(-)	Property management costs	11	-1,494	-1,155
(-)	Other property charges		-242	-138
PROPERTY CHARGES			-5,086	-4,275
PROPERTY OPERATING RESULT			18,732	15,146
(-)	Corporate operating charges	14	-770	-877
(+/-)	Other current operating income and expenditure	37	5,234	
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO			23,195	14,269
(+/-)	Gains or losses on disposals of investment property	12	0	1,126
(+/-)	Changes in fair value of property investment	13	3,923	2,205
OPERATING RESULT			27,118	17,600
(+)	Financial income	15	2,286	1,825
(-)	Interest charges	16	-4,592	-6,210
(-)	Other financial charges	17	-700	-402
FINANCIAL RESULT			-3,006	-4,786
PRE-TAX RESULT			24,112	12,814
(+/-)	Corporate taxes	18	-787	-430
(+/-)	Exit tax		0	734
TAXES		-787	304	
NET RESULT			23,325	13,118
Attributable to:				
Minority interests			3,602	670
Group shares			19,723	12,448

Also see statement of mutation.

## Results per share

(in EUR)	30/06/06	30/06/05
Profit per share, share of the group <sup>(1)</sup>	5.94	4.09
Profit per diluted share, share of the group <sup>(1)</sup>	5.94	4.09

(1) Net result, share of the group, divided by the weighted average number of shares.

## Comments to the consolidated balance sheet and results of the financial year 2005/2006

The consolidation scope on 30/06/06 has been modified compared to 30/06/05 following the acquisitions of the past financial year. On 30/06/06 Leasinvest Real Estate includes, additionally<sup>18</sup>, through integral consolidation, the following participations: the Luxembourg sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux (ex-Dexia Immo Lux) Conseil SA, Warehouse Finance SA, De Leewe SA and Logistics Finance I SA. Also through integral consolidation, Leasinvest Real Estate Facility Services SA is included, a company established during the past financial year.

The consolidated results and these comments relating to the financial year 2005/2006 comprise, unless stated differently, next to the share of the group<sup>19</sup>, also the minority interests, namely the minority interests in the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) SA and in Square de Meeûs 5-6 SA.

The contribution to the consolidated results of the acquisitions Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux (ex-Dexia Immo Lux) Conseil SA, Warehouse Finance SA, De Leewe SA and Logistics Finance I SA amounts (next to other components taken into account through badwill<sup>20</sup>) to 6 months.

### a. Results

The rental income for the financial year 2005/2006 amounts to 23.9 million EUR, or a net increase of 20.6% compared to the previous year. Through Leasinvest Immo Lux (ex-Dexia Immo Lux) rental income rose by 26.3%, while the existing portfolio knew a decrease in turnover with 5.8%, mainly due to divestments at the end of the financial year 2004/2005. Per diluted<sup>21</sup> share the rental income reaches 7.22 EUR (6.52 EUR on 30/06/05) or an increase of 10.7%.

The operating result before the portfolio result rose by 62.6% from 14.3 million EUR to 23.2 million EUR. Per diluted<sup>21</sup> share this results in 6.99 EUR compared to 4.68 EUR on 30/06/05, or an increase of 49.3%. Next to the increase of the rental income mentioned above, this is mainly due to badwill<sup>20</sup> realized on the acquisitions of the financial year 2005/2006.

The portfolio result has risen by 17.7% from 3.3 million EUR to 3.9 million EUR. Contrary to the financial year ended on 30/06/05, no divestments took place and the portfolio result consists of a net positive evolution of the value of the real estate of 3.9 million EUR compared to 2.2 million EUR on 30/06/05.

The net financial result amounted to -3 million EUR and is 37% lower than the -4.79 million EUR of the financial year 2004/2005. Ignoring the one off-costs occurred during the financial year 2004/2005, the net financial result amounted to -4 million EUR. The difference of +1 million EUR, is due to the extended consolidation scope on the one hand and to positive revaluations of the hedging instruments on the other hand.

18 On 30/06/06 only the participation in Square de Meeûs 5-6 SA was integrally consolidated.

19 Leasinvest Real Estate has on 30/06/06 a participation of 90.12% in Dexia Immo Lux and of 50.07% in Square de Meeûs 5-6 SA.

20 Badwill or negative goodwill equals the amount by which the stake of the acquiring party in the fair value of the acquired identified assets, liabilities and conditional liabilities, exceeds the cost price of the business combination on the date of the transaction. See further on note 37.

21 Through the capital increase which has occurred with the contribution in kind of the Extensa Group SA portfolio by AXA Belgium SA, 763,407 new shares were issued. These shares are entitled to dividends as of 29/05/06. The results per diluted share are calculated taking into account the pro rata of the number of shares.

The net result has substantially increased from 13.1 million EUR to 23.3 million EUR (+ 77.8%), while the share of the group thereof amounted to 19.7 million EUR (30/06/2005: 12.4 million EUR, + 58.4%). The acquisitions contribute, including the badwill, 7.8 million EUR to this amount, the balance of 11.9 million EUR is the net result, share of the group, of the group before the acquisitions of the financial year. The recurring net result, i.e. making abstraction of the portfolio result and the badwill, amounted to 14.2 million EUR, or 4.27 EUR per diluted share. On 30/06/05 the recurring net result, also making abstraction of the portfolio result and one-off items, amounted to 9.86 million EUR or 3.24 EUR per diluted share.

Per diluted<sup>22</sup> share the net result, share of the group, amounts to 5.94 EUR (compared to 4.09 EUR the previous financial year) or a rise of 45.5 %.

The net cash flow<sup>23</sup>, share of the group amounted to 9.8 million EUR compared to 10.3 million EUR on 30/06/05. The net cash flow, share of the group, per diluted share results in 2.96 EUR compared to 3.38 EUR on 30/06/05.

#### **b. Balance sheet**

The shareholder's equity, share of the group was 237.8 million EUR on 30/06/06 compared to 180 million EUR at the end of the previous financial year. The increase is largely due to the contribution in kind by AXA Belgium SA of 3 companies, resulting in an increase of the shareholder's equity of 47.7 million EUR. Per share the net asset value on 30/06/06 amounts to 59.28 EUR in comparison with 55.41 EUR the previous year, or an increase of 6.97%. Based on the investment value of the real estate portfolio the net asset value amounts to 62.10 EUR (57.47 EUR on 30/06/05).

The minority interests have risen from 7.9 million EUR to 24.7 million EUR, which mainly results from the minority interests in Leasinvest Immo Lux (ex-Dexia Immo Lux).

The debt ratio according to the RD of 21 June 2006 increased from 28.92% to 44.15% mainly by the acquisition in cash of Leasinvest Immo Lux (ex-Dexia Immo Lux) SA. Thanks to the increase of the maximum allowed debt ratio from 50% to 65%, Leasinvest Real Estate still has a remaining investment capacity of 288 million EUR.

The fair value of the real estate portfolio has been estimated by the real estate experts at 467.18 million EUR, the investment value at 479.17 miljoen EUR, or an increase of 73.9% compared to the previous financial year. For the buildings in the Grand Duchy of Luxembourg, the fixed transaction costs of 2.5%, which were adopted for the Belgian real estate (see BEAMA press release of 08/02/06), have also been applied. The Statutory Manager of Leasinvest Real Estate Management SA judges that this method can be used.

<sup>22</sup> Following the capital increase which took place with the contribution in kind of the Extensa Group SA portfolio by AXA Belgium SA, 763,407 new shares were created. These are entitled to dividends as from 29/05/06. The results per diluted share are calculated taking into account the pro rata of the number of shares.

<sup>23</sup> Net cash flow = net result plus additions to amortizations, depreciations on trade debtors and the additions to and withdrawals on provisions minus negative and positive changes in the fair value of investment properties minus the other non-cash elements.

## 5.5 Dividend

The profit for appropriation of the current financial year 2005/2006 amounts to 8,979,023.36 EUR. Taking into account the profit carried forward from the past financial year of 10,677,697.23 EUR the profit for appropriation results in 19,656,720.59 EUR.

The board of directors of the statutory manager proposes to the ordinary general meeting of shareholders to appropriate the profit of 19,656,720.59 EUR as follows:

- 7,213,316.84 EUR to be carried forward to the next year and
- 12,443,403.75 EUR to distribute as dividends.

The proposed dividend amounts to over 114%<sup>24</sup> of the non-consolidated result (compared to 92.9% the previous year), and is considerably higher than the minimum 80% of the result as imposed by the RD of 10 April 1995 on real estate closed-end funds (sicafi).

Consequently the gross dividend is 3.75 EUR, compared to 3.72 EUR the previous year and net, free of withholding tax, 3.19 EUR (compared to 3.16 EUR the previous year) according to the entitlement to the dividends of all 4,012,628 shares<sup>25</sup>.

Subject to the approval of the ordinary general meeting, dividends will be distributed on presentation of coupon nr. 7 as from 23/10/06 at the branches of ING Bank, Dexia Bank, Fortis Bank and Bank Degroof.

## 5.6 Outlook

Given the important growth of the real estate portfolio, realised at the end of 2005/2006, of which the full annual impact will be felt during the current financial year 2006/2007, except in case of unforeseen circumstances, a good net result before portfolio result and without taking into account exceptional transactions (e.g. badwill) is expected for the financial year 2006/2007.

## 5.7 Financial instruments

Leasinvest Real Estate values its participations in its statutory annual accounts at the acquisition price. Trade receivables are valued at their face value, after deduction of write-downs due to doubtful receivables or uncollectable receivables.

On a consolidated level, Leasinvest Real Estate owns short term investments, valued at market value. Debts are recorded at their face value.

Leasinvest Real Estate has no exchange rate risk. The only hedges which Leasinvest Real Estate has, are interest rate hedges.

The hedging policy is aimed at protecting the interest rate risk for approximately 80% of the financial debts. In view of the fact that Leasinvest Real Estate's debt financing is based on a floating interest rate, the risk is real that, with an increase of the floating interest rate, the financing costs increase. This interest rate risk is hedged by financial instruments, such as spot and forward interest rate collars and interest rate swaps. The expiry dates for the interest rate hedges lie between 2008 and 2013. The fixed interest rates of the interest rate swaps lie between 3.15% and 3.87%, excluding the credit margin.

<sup>24</sup> Compared to the consolidated net result minus badwill minus result on the portfolio, the pay out would amount to 88% on 30/06/06; for 30/06/05 125% compared to the consolidated net result minus result on the portfolio minus exit tax.

<sup>25</sup> Following the capital increase which took place with the contribution in kind of the Extensa Group SA portfolio by AXA Belgium SA, 763,407 new shares were created. These are entitled to dividends as from 29/05/06.



During the financial year 2005/2006, following the acquisition of the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux), three new collars and an interest rate swap were contracted, hedging the floating interest rates of the additional long-term debts.

#### **5.8 Discharge**

At the general shareholders' meeting the proposal is made to discharge the statutory manager and the auditor for the execution of their mandates during the financial year ended on 30/06/06.



Rue Jean Monnet, Luxembourg

## Real estate report



# Real estate report

## 6.1 Real estate market<sup>26</sup>

### Office investment market

#### Belgium

The investment climate in Belgium remains on edge but due to a lack of high-quality investment products, the investment volume has decreased from 2.2 billion EUR (2004) to 1.7 billion EUR in 2005.

The lack of re-investment possibilities and the complexity of certain transactions further decrease the offer and slow down the investment rhythm. Yet it looks like the slight interest rate increase since the beginning of the year, will not slow down the attraction of the investment capital for real estate. Despite the fact that German investors lost a lot of market share, they remain, together with the Irish investors (20%) at the top of the list of foreign funds, which, jointly, exceeded (33%) the Belgian investors. Furthermore, other markets, such as Antwerp, gain attraction. Since last year, the yields have reached their lowest level, but the downward trend for offices has now also started for logistics and retail products. 2006 predicts a similar trend as the last three years, although we can see some stabilisation. During the first half of 2006, a transaction volume in the office market of 580 million EUR was recorded, which confirms the trend of the last for years.

#### Grand Duchy of Luxembourg

Due to the strong improvement of the economic situation during the last Quarter of 2005, the outlook for 2006 is favourable, with an economic growth of 4.4% in 2006 and 4.9% in 2007 and 2008. This outlook is linked, however, to a balanced growth rate in the US and other economic growth countries (China, Russia, India and Brazil).

Thanks to this positive outlook, a positive impact on private and public investments (5% of GDP) is expected. The employment rate would increase by 3% per year.

The financial sector is again solidly growing, which has a direct effect on the demand for additional office space. Moreover, a number of multinationals have established their headquarters in Luxembourg because of its central location, the fiscal climate and the presence of European institutions.

The Grand Duchy of Luxembourg recorded an investment volume of 265 million EUR in 2005. In 2006 the investment market thoroughly changed with the transaction of Leasinvest Immo Lux (ex-Dexia Immo Lux), which already accounted for 147.37 million EUR in real estate investments. Due to the recent transactions on Kirchberg and Howald, the investment volume for the first half of the year has already reached 650 million EUR, which indicates a record year for Luxembourg.

26 Sources: Expertise, Research CBRE, King Sturge Brussels Report 2006, Jones Lang LaSalle Industrial Report 2005, Snapshots Q3-Q4 2005 & Q1-Q2 2006 of Cushman & Wakefield, Jones Lang LaSalle Luxembourg City Profile H1 2006.

## Office rental market

### Brussels

The last two months of 2005 the take-up has risen to a substantially improved level, from 450,000 sqm in 2004 to 630,000 sqm in 2005. This positive result is mainly due to a number of important transactions at the end of 2005, such as the Madou tower (40,000 sqm), the rue Genève (16,000 sqm) and the D4 and D5 (together 40,000 sqm), all linked to the European institutions.

Nevertheless, we also notice a number of major transactions in the private sector, of which the leases to HP and Honeywell on the Square Hermes are one of the most important. The vacancy rate is around 11%, despite the improved take-up, which indicates that the take-up in the private sector represents shifts and consolidations.

This trend has continued during the first half of 2006 during which the Brussels market recorded a take-up of 283,000 sqm of which 28% by the public sector.

During the coming years, the vacancy rate will certainly not decrease, knowing that more than 500,000 sqm will be completed during the coming year, of which half speculative. Overall, the rents remained stable, but the incentives, such as rent-free periods have not decreased, which indicates that the situation is not restored.

### Antwerp

The Antwerp office market recorded a good year with a take-up of 100,000 sqm in 2005. The completion of the "Kievitplein" resulted in an important take-up by the Flemish Community and the fact that Borealis established its headquarters in "Mechelen Campus". The vacancy rate slightly decreased from 7.4% to 7.2%.

### Ghent

If we do not take into account the take-up of 30,000 sqm of the Flemish Community in the "Zuidertoren", Ghent had a good year 2005 with 30,000 sqm. The city of Ghent stimulates new development projects which might result in a real risk of over-supply in the future. Yet, the rents remain stable and the real estate investors remain cautious.

### Grand Duchy of Luxembourg

The consumption price index which stands at 2.5% (also due to the oil prices) is also used to index the rents. The "health index" for yearly adjustment of the rents is not applied. The take-up in 2005 was around 108,000 sqm and in the first half of 2006 around 85,000 sqm, which indicates a positive trend. The average take-up is 750 sqm, which still confirms the right proportions of our portfolio. The rents remain stable and slightly increase in the centre, as a consequence of the lack of supply. The vacancy rate of 5.76% in 2005 decreased to 5% in the first half of 2006, which is a result of the improving real estate market.

## Logistics & semi-industrial market Belgium

In Belgium there are four important axes where logistics and distribution companies are established, namely Antwerp-Brussels, Antwerp-Ghent, Antwerp-Limburg-Liège and Mons-Charleroi- Liège. Belgium keeps its first-rate position for logistics activities thanks to its central location, good infrastructure and high-quality labour market.

The demand for this type of buildings has slightly decreased in 2005 due to the limited economic growth and the downward evolution of production activities. The first quarter of 2006 an increasing take-up was recorded. Despite a lower take-up, the offering has further decreased at the end of 2005. The average vacancy rate was 7% at the end of 2005. In comparison, the vacancy of our Belgian logistics and semi-industrial portfolios was respectively 0% and 7%.

The rents for logistics, as well as semi-industrial buildings experience a downward pressure due to the feeble demand.

Leasinvest Real Estate has made additional investments during the financial year 2005/2006 in this markt, namely a logistics building rented to SKF Tongres (Limbourg) and a distribution building in Malines, rented to Wolters-Kluwer. The other buildings of Leasinvest Real Estate are mainly situated in Zaventem (Vierwinden site and a part of the Brixton Business park) and Anderlecht (3 buildings in the Riverside Business Park).

It needs to be clarified that in the current annual brochure the term “logistics buildings” is used for storage spaces over 10,000 sqm and distribution centres over 5,000 sqm. These buildings have sufficient loading docks (1/1,000 sqm), a minimum free height of 8 m and the floors have a minimum bearing capacity of 3 tonnes/sqm. The respective office portion is limited (<10% of the total constructed surface area).

All buildings, which do not meet these criteria are described in this annual brochure as “semi-industrial buildings”.

### Retail market Belgium

The rent level of retail real estate in Belgium ranks at number 25 worldwide, and compared with other shops, there is an under capacity of shopping centers. In 2005 the rents have increase by 10% on average. The newer concepts, such as outlet centers, theme parks and retailparks are performing well.

In the investment market the yields have substantially decreased, as well for retail warehousing, as for shopping streets, which indicates a higher interest of foreign funds in Belgian retail real estate. Yields under 5% for top locations are no longer an exception.

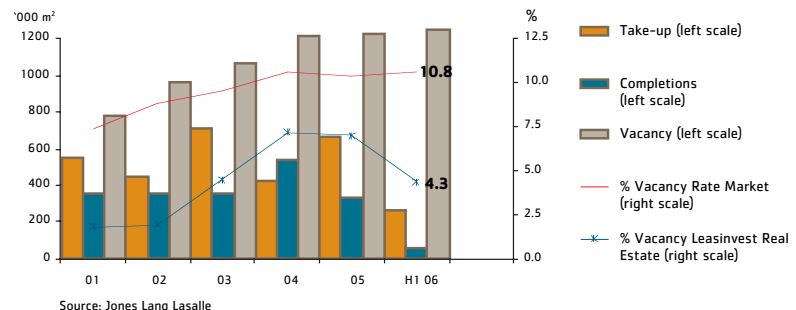
## 6.2 Leasinvest Real Estate versus the market

The overview hereafter is limited to the two largest market segments where Leasinvest Real Estate is active in, namely the office market in Brussels and the Grand Duchy of Luxembourg, which represent respectively 35.2% and 24.1% or 59.3% of the total portfolio.

The conclusions presented hereafter concern the office market in Brussels and the Grand Duchy of Luxembourg and can not, just like that, be applied to the other market segments.

### 6.2.1 Belgium

#### Office rental market Brussels

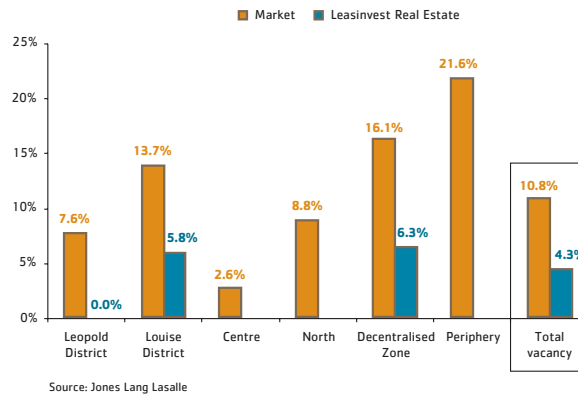


The occupancy rate of our offices portfolio in Brussels is performing extremely well with a vacancy of 4.3% compared with a vacancy rate of 10.8% on the Brussels office market.

Due to the commercial efforts, namely the initiatives taken in the Riverside Business Park (Business Center, quality of the environment) and the extensions by current tenants, the vacancy remains at a good level.



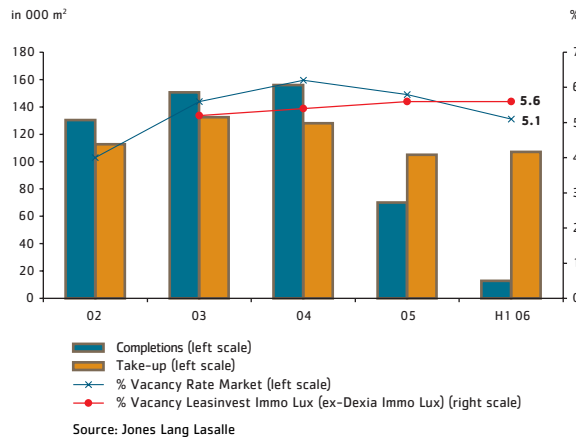
### Office rental market Brussels (1H 2006): vacancy per district versus Leasinvest Real Estate



The main vacancy in the Brussels' office market remains in the periphery (21,6%) and in the decentralised area (16.1%) of Brussels. Leasinvest Real Estate has no offices in the periphery and performs better than the market in the decentralised area with a vacancy of 6.3%.

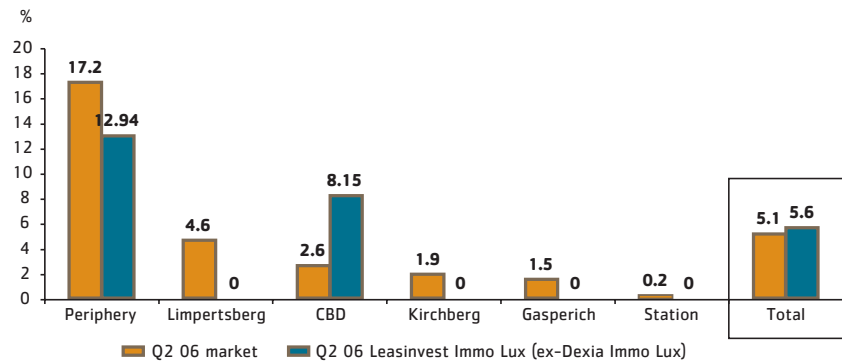
#### 6.2.1 Grand Duchy of Luxembourg

### Office rental market Luxembourg



The vacancy rate of the Leasinvest Real Estate portfolio in the Grand Duchy of Luxembourg (Leasinvest Immo Lux, ex-Dexia Immo Lux) was better than the market, the three previous years; only during the first semester of 2006 the vacancy slightly surpassed the market vacancy rate.

#### Office rental market Luxembourg (1H 2006): vacancy per district

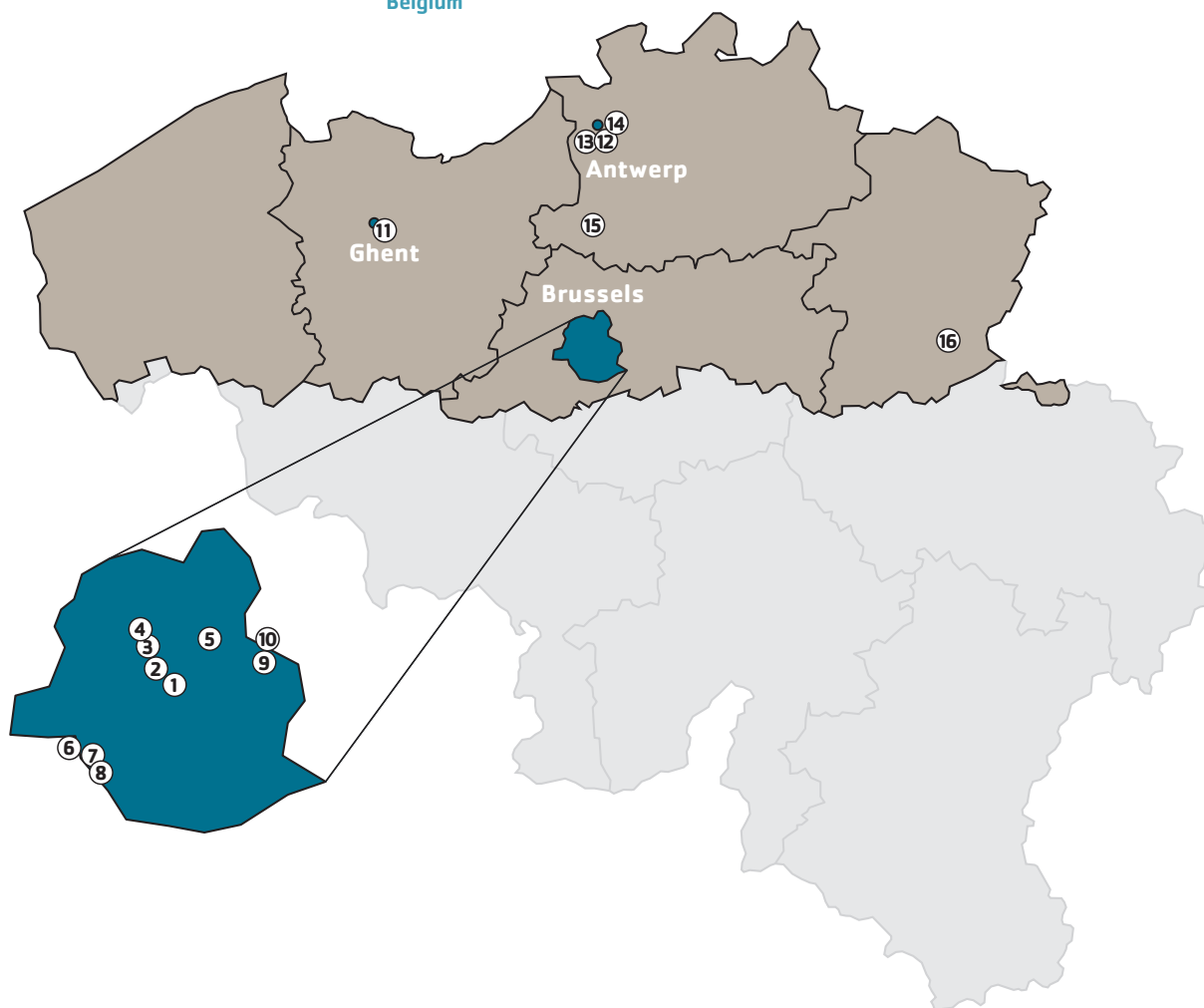


Source: Jones Lang Lasalle

Leasinvest Real Estate has only ten office buildings in the Grand Duchy of Luxembourg, which does not contribute to a representative sample over the districts. Concerning the vacancy rate per district, Leasinvest Real Estate (Leasinvest Immo Lux, ex-Dexia Immo Lux) performs better than the market in all districts, except for the central business district (three buildings). In the meanwhile, new rents have been concluded, resulting in the fact that the vacancy is expected to be equal to the market vacancy.

### 6.3 Real estate portfolio

#### Belgium



#### **Square de Meeûs 5-6, 1000 Brussels**

Very well situated office building

**Year of construction** 1974, important renovations in different phases (period 1996-2002)

**Area rented** 5,965 sqm



#### **Avenue Louise 250, 1000 Brussels**

Prestige office complex consisting of 12 floors

**Year of construction** 1975/76, 4 of the 12 floors entirely renovated since the end of 2000

**Area rented** 9,948 sqm



#### **rue Montoyer 63, 1000 Bruxelles**

Extremely well situated office building

**Year of construction** 1974, partially renovated in 2003

**Area rented** 6,745 sqm



#### **Avenue Louise 66, 1000 Brussels**

Office complex opposite the Conrad Hotel, consisting of 2 interconnected buildings and 1 commercial ground floor

**Year of construction** 1974/75, renovated in 1987, 6 floors renovated in 2001

**Area rented** 3,593 sqm



**Extensa Square / rue Colonel Bourg  
149, 153-155, 1140 Evere**

Prestige office complex consisting of 3 buildings, 2 of which are owned by Leasinvest Real Estate

**Year of construction** 1991 (I) / 1996 (II)  
**Area rented** 12,218 sqm



**Axxes Business Park / Guldensporen-  
park 22-40, 9820 Merelbeke**

Business park in a newly landscaped park alongside the E40 motorway, consisting of 7 new buildings

**Year of construction** 2000/01  
**Area rented** 23,388 sqm



**Route de Lennik 451, 1070 Anderlecht**

New office building in the Erasmus Science Park in Anderlecht

**Year of construction** 2002  
**Area rented** 15,132 sqm



**Prins Boudewijnlaan 7, 2550 Kontich**

Distribution centre

**Year of construction** 1989, extended in 2000  
**Area rented** 27,589 sqm



**Riverside Business Park,  
Internationalelaan 55, 1070 Anderlecht**

Business park in a verdant setting consisting of 12 buildings, 9 of which are office buildings and 3 are semi-industrial units

**Year of construction** 1992/96 – partial renovation in 2005  
**Area rented** 26,826 sqm



**Delta Business Park, Kontichsesteen-  
weg / Technologiepark Satenrozen,  
Satenrozen 1A boîte 1, 2550 Kontich**

Business park in a newly landscaped park where Leasinvest Real Estate is the owner of one office building

**Year of construction** 2000  
**Area rented** 1,792 sqm



**Lusambostraat, 1190 Forest**

Semi-industrial building consisting of offices and storage

**Year of construction** 1993  
**Area rented** 3,191 sqm



**Schranshoevebaan 18, 2160 Wommelgem**

A single office building with semi-industrial space in Wommelgem

**Year of construction** 1993  
**Area rented** 2,394 sqm



**Brixton Business Park / Brixtonlaan  
1-30, 1930 Zaventem**

Business park alongside the E40 motorway, consisting of 6 semi-industrial buildings and 1 large retail space

**Year of construction** 1975/88, renovations carried out as required for new tenants  
**Area rented** 36,122 sqm



**Motstraat-Zeustestraat, 2800 Malines**

Office building and logistics centre

**Year of construction** 2002  
**Area rented** 21,537 sqm



**Vierwinden Business Park / Leuvense-  
steenweg 532, 1930 Zaventem**

Semi-industrial business park

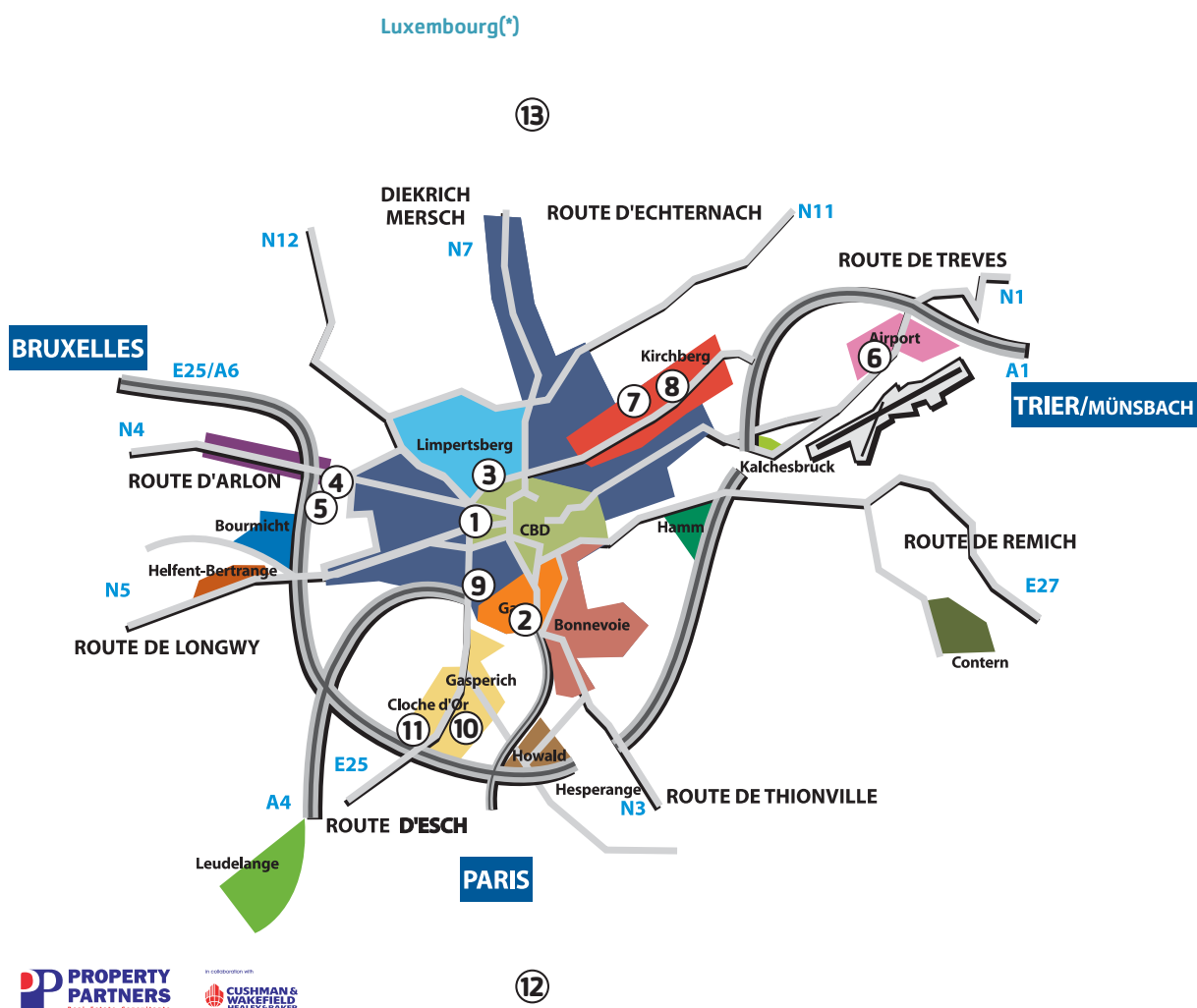
**Year of construction** 1973, renovated in 1994 and 1998  
**Area rented** 13,623 sqm



**SKF, 3700 Tongres**

Distribution centre consisting of storage halls and offices

**Year of construction** 1993/2003  
**Area rented** 25,872 sqm



#### Avenue Monterey 20, 2163 Luxembourg

Office building with standing, situated at the Boulevard Monterey, one of the most prestigious locations in Luxembourg

Year of construction 2001  
Area rented 1,555 sqm



#### Avenue Pasteur 16, 2520 Luxembourg

Office building situated nearby the well-known Glacis, in a semi-shopping street

Year of construction 1980  
Area rented 4,928 sqm



#### Mercure, Avenue de la Gare 41, 1611 Luxembourg

3 office floors of a complex with shopping galleries, apartments and offices

Year of construction 1989  
Area rented 807 sqm



#### Aubépines, Route d'Arlon 283, 1150 Luxembourg

Corner building situated at the entry of Luxembourg along the Route d'Arlon in Strassen

Year of construction 1990  
Area rented 2,530 sqm

(\*) Co-ownership: Aubépines, Avenue de la Gare, Diekirch, EBBC, Kennedy, Kiem and Monterey





#### **Rue du Kiem 145, 8080 Strassen**

Is part of a complex of three buildings and is situated parallel to the Route d'Arlon in Strassen nearby Aubépinés

**Year of construction** 2002  
**Area rented** 1,834 sqm



#### **Rue Emile Bian 1, 1235 Luxembourg**

Stand-alone building amidst the business park area Cloche d'Or, considered to be one of the new poles of the European Community

**Year of construction** 1990  
**Area rented** 3,864 sqm



#### **EBBC, Route de Trèves 6, 2633 Senningerberg**

Is part of an office complex of six buildings nearby the airport of Luxembourg

**Year of construction** 1988  
**Area rented** 4,474 sqm



#### **CFM, Rue Guillaume Kroll, 1822 Luxembourg**

Industrial complex which serves as service centre, distributor, wholesale in sanitary fittings, on the one hand, and office complex of 3,400 sqm on the other hand

**Year of construction** 1990  
**Area rented** 13,826 sqm



#### **Rue Jean Monnet 4, 2180 Luxembourg**

Flagship of the portfolio due to its location, architecture and excellent finishing

**Year of construction** 1992  
**Area rented** 3,866 sqm



#### **Place Schwarzenweg, 3474 Dudelange**

Commercial building consisting of galleries, commercial spaces, bakeries, reserves, sales points, offices and a cafeteria

**Year of construction** 1991  
**Area rented** 3,759 sqm



#### **Avenue J.F. Kennedy 43, 1855 Luxembourg**

Exceptional location at the heart of Kirchberg, next to the Auchan shopping centre

**Year of construction** 1999  
**Area rented** 2,270 sqm



#### **Rue du Curé, 9217 Diekirch**

Mixed-use building commercial/residential

**Year of construction** 1994  
**Area rented** 3,100 sqm



#### **Route d'Esch 25, 1470 Luxembourg**

Situated nearby Dexia Luxembourg's head offices at the route d'Esch

**Year of construction** 1992  
**Area rented** 1,839 sqm

## 6.4 Composition of the real estate portfolio

### 6.4.1 Geographical classification Belgium – Grand Duchy of Luxembourg (primary segmentation)

	Fair value (mio EUR)	Investment value (mio EUR)	Share in the portfolio based on the fair value (%)	Contractual rents (mio EUR/year)	Rental yield based on fair value (%)	Rental yield based on investment value (%)	Occupancy rate (%) <sup>(1)</sup>
Belgium	323.19	331.44	69	24.35	7.53	7.35	96
Grand Duchy of Luxembourg	143.99	147.73	31	10.45	7.26	7.08	95
<b>Grand total</b>	<b>467.18</b>	<b>479.17</b>	<b>100</b>	<b>34.80</b>	<b>7.45</b>	<b>7.26</b>	<b>96</b>

### 6.4.2 segmentation based on type of buildings (secondary segmentation)

	Fair value (mio EUR)	Investment value (mio EUR)	Share in the portfolio based on the fair value (%)	Contractual rents (mio EUR/year)	Rental yield based on fair value (%)	Rental yield based on investment value (%)	Occupancy rate (%) <sup>(1)</sup>
<b>Offices</b>							
Offices Brussels	164.60	168.72	35.23	11.92	7.24	7.06	95
Offices Malines	27.12	27.80	5.80	1.99	7.34	7.16	100
Offices Antwerp	4.73	5.01	1.01	0.44	9.30	8.78	99
Offices Ghent	36.65	37.57	7.84	3.14	8.57	8.36	94
Offices Grand Duchy of Luxembourg	112.76	115.72	24.14	8.13	7.21	7.03	94
<b>Total offices</b>	<b>345.86</b>	<b>354.82</b>	<b>74.02</b>	<b>25.62</b>	<b>7.41</b>	<b>7.22</b>	<b>95</b>
<b>Logistics</b>							
Logistics Belgium	31.35	32.13	6.71	2.71	8.65	8.43	100
Logistics Grand Duchy of Luxembourg	20.97	21.49	4.49	1.42	6.77	6.61	100
<b>Total logistics</b>	<b>52.32</b>	<b>53.62</b>	<b>11.20</b>	<b>4.13</b>	<b>7.89</b>	<b>7.70</b>	<b>100</b>
<b>Semi-industrial<sup>(2)</sup></b>	<b>38.24</b>	<b>39.20</b>	<b>8.19</b>	<b>3.31</b>	<b>8.66</b>	<b>8.44</b>	<b>93</b>
<b>Retail</b>							
Retail Belgium	20.50	21.01	4.39	0.83	4.05	3.95	100
Retail Grand Duchy of Luxembourg	10.26	10.52	2.20	0.91	8.87	8.65	100
<b>Total retail</b>	<b>30.76</b>	<b>31.53</b>	<b>6.59</b>	<b>1.74</b>	<b>5.65</b>	<b>5.51</b>	<b>100</b>
<b>Grand total</b>	<b>467.18</b>	<b>479.17</b>	<b>100</b>	<b>34.80</b>	<b>7.45</b>	<b>7.26</b>	<b>95.87</b>

(1) Occupancy rate = (estimated rents – estimated rents on vacancy) + estimated rents.

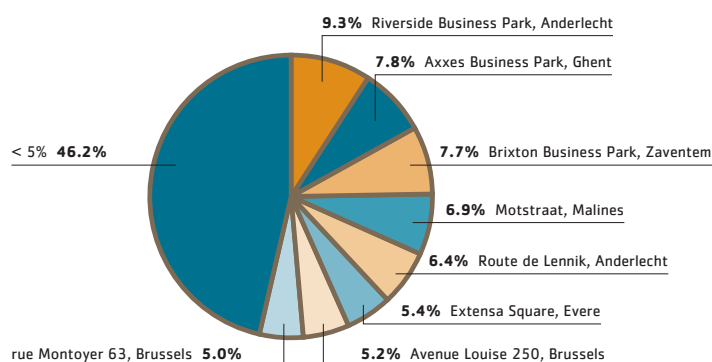
(2) Excluding Belgium.

### 6.4.3 Total breakdown of the real estate portfolio<sup>(1)</sup>

	Total surface (in sqm)	Contractual rents (mio EUR/year)	Occupancy rate (%)	Contractual rents + contractual rents on vacancy (mio EUR/year)	Estimated rental value (mio EUR/year)
<b>Offices</b>					
Square de Meeûs 5-6	5,965	1.24	100	1.24	1.14
rue Montoyer 63	6,745	1.64	100	1.64	1.49
Avenue Louise 250	9,948	1.88	97	1.93	1.58
Avenue Louise 66	3,593	0.45	86	0.52	0.48
Riverside BP - Phase I, III and IV	21,645	2.47	85	2.90	2.90
Extensa Square	12,218	2.11	100	2.11	1.85
Route de Lennik, Anderlecht	15,132	2.14	100	2.14	2.05
<b>Total offices Brussels</b>	<b>75,246</b>	<b>11.92</b>	<b>95</b>	<b>12.46</b>	<b>11.48</b>
WKB, Motstraat	14,174	1.99	100	1.99	1.89
<b>Total offices Malines</b>	<b>14,174</b>	<b>1.99</b>	<b>100</b>	<b>1.99</b>	<b>1.89</b>
Delta Business Park	1,792	0.21	97	0.22	0.20
Schranshoevebaan 18, Wommelgem	2,394	0.23	100	0.23	0.20
<b>Total offices Antwerp</b>	<b>4,186</b>	<b>0.44</b>	<b>99</b>	<b>0.45</b>	<b>0.40</b>
Axxes BP	23,388	3.14	94	3.30	2.94
<b>Total offices Ghent</b>	<b>23,388</b>	<b>3.14</b>	<b>94</b>	<b>3.30</b>	<b>2.94</b>
Aubépines	2,530	0.84	100	0.84	0.64
Bian	3,864	0.97	100	0.97	1.02
EBBC	4,474	1.68	90	1.82	1.36
ESCH	1,839	0.59	100	0.59	0.56
Kennedy	2,270	0.80	100	0.80	0.70
Kiem	1,834	0.28	62	0.46	0.49
Mercure	807	0.22	100	0.22	0.15
Monnet	3,866	1.32	100	1.32	1.37
Monterey	1,555	0.64	100	0.64	0.54
Pasteur	4,928	0.81	85	1.00	1.30
<b>Total offices Grand Duchy of Luxembourg</b>	<b>27,967</b>	<b>8.13</b>	<b>94</b>	<b>8.65</b>	<b>8.12</b>
<b>Total Offices</b>	<b>144,961</b>	<b>25.63</b>	<b>95</b>	<b>26.85</b>	<b>24.83</b>
<b>LOGISTICS</b>					
SKF, Tongres	25,872	1.14	100	1.14	1.04
Prins Boudewijnlaan 7	27,589	1.57	100	1.57	1.35
<b>Total Logistics Belgium</b>	<b>53,461</b>	<b>2.71</b>	<b>100</b>	<b>2.71</b>	<b>2.39</b>
CFM	13,826	1.42	100	1.42	1.71
<b>Total Logistics Grand Duchy of Luxembourg</b>	<b>13,826</b>	<b>1.42</b>	<b>100</b>	<b>1.42</b>	<b>1.71</b>
<b>Total Logistics</b>	<b>67,287</b>	<b>4.13</b>	<b>100</b>	<b>4.13</b>	<b>4.10</b>
<b>SEMI-INDUSTRIAL</b>					
Riverside BP - Phase II	5,181	0.47	100	0.47	0.44
Brixton BP	21,668	1.31	89	1.45	1.35
Vierwinden BP	13,623	0.83	91	0.90	0.77
Alcan, Lusambostraat, Forest	3,191	0.20	100	0.20	0.20
WKB, Zeutestraat	7,363	0.50	100	0.50	0.38
<b>Total Semi-industrial Brussels + Malines</b>	<b>51,026</b>	<b>3.31</b>	<b>93</b>	<b>3.52</b>	<b>3.13</b>
<b>Total Semi-industrial</b>	<b>51,026</b>	<b>3.31</b>	<b>93</b>	<b>3.52</b>	<b>3.13</b>
<b>Retail</b>					
Brixton BP - Unit 4/5/6	14,454	0.83	100	0.83	2.02
<b>Total Retail Belgium</b>	<b>14,454</b>	<b>0.83</b>	<b>100</b>	<b>0.83</b>	<b>2.02</b>
Diekirch	3,100	0.59	100	0.59	0.45
Dudelange	3,759	0.32	100	0.32	0.35
<b>Total Retail Grand Duchy of Luxembourg</b>	<b>6,859</b>	<b>0.91</b>	<b>100</b>	<b>0.91</b>	<b>0.80</b>
<b>Total Retail</b>	<b>21,313</b>	<b>1.74</b>	<b>100</b>	<b>1.74</b>	<b>2.82</b>
<b>GRAND TOTAL</b>	<b>284,587</b>	<b>34.80</b>	<b>95.87</b>	<b>36.24</b>	<b>34.88</b>

(1) Classification of buildings according to their main destination.

#### 6.4.4 Overview of the buildings with a share of more than 5% in the total real estate portfolio



#### 6.4.5 Insured value

(in millions EUR)	Offices	Logistics	Semi-industrial	Retail	Total
Belgium	203.6	17.0 <sup>(1)</sup>	36.0	8.6	265.2
Grand Duchy of Luxembourg	433.1 <sup>(2)</sup>	19.2	0.0	23.7 <sup>(2)</sup>	476.0 <sup>(2)</sup>
<b>Total</b>	<b>636.7</b>	<b>36.2</b>	<b>36.0</b>	<b>32.3</b>	<b>741.2</b>

(1) Excluding SKF: takes care of the insurance of the buildings by means of a group insurance for a total amount of 500,000,000 EUR.

(2) These amounts take into account 100% of the insured value, while Leasinvest Immo Lux (ex-Dexia Immo Lux) is co-owner of the buildings: Aubépines, Avenue de la Gare, Diekirch, EBBC, Kennedy, Kiem & Monterey. The total insured value for the buildings, which Leasinvest Immo Lux (ex-Dexia Immo Lux) owns for 100%, amounts to 75,176,649 EUR.

### 6.5 Valuation report

#### valuation update as at 30 June 2006 of the Leasinvest Real Estate SCA portfolio<sup>27</sup>

Hereafter is presented a literal reproduction of the conclusions of real estate Cushman & Wakefield (the amounts have been round off)

"We are pleased to report our valuation of the investment value of the Leasinvest Real Estate SCA portfolio as at 30 June 2006.

Our valuation has been prepared on the basis of the information provided to us by Leasinvest Real Estate SCA. Such information is supposed to be correct and complete, and on there being no undisclosed matters which would affect our valuation.

Our valuation methodology is the capitalisation of the market rent with corrections to take into account the difference between the current rent and the market rent. We based ourselves on comparables that were available at the date of valuation.

The values were determined taking current market parameters into account.

<sup>27</sup> The valuation report has been reproduced with the agreement of Cushman & Wakefield and Winsinger & Associés.

We would like to draw your attention on the following points:

1. The portfolio consists of business parks, offices and semi-industrial buildings or distribution centres, situated in Brussels, Zaventem, Mechelen, Antwerp, Ghent (Merelbeke) and in the Grand Duchy of Luxembourg.
2. The average of the current rental income (+ the market rent on vacant space) is 3.89% higher than the market rent (respectively 4.20% and 3.19% for the Belgian and Luxembourg portfolio).
3. The occupancy rate<sup>28</sup> of the total portfolio is 95.87% (respectively 96.19% and 95.14% for the Belgian and the Luxembourg portfolios)

For all buildings of Leasinvest Real Estate SCA, we determined the following values, as at 30 June 2006, including the part that has been valued by Winssinger & Associates:

1. an investment value of 479,170,000 EUR (four hundred and seventy-nine million one hundred and seventy thousand euros), with respectively 331,400,000 EUR and 147,730,000 EUR as investment values for the Belgian and Luxembourg portfolios).
2. a fair value of 467,190,000 EUR (four hundred and sixty-seven million one hundred and ninety thousand euros), with respectively 323,200,000 EUR and 143,990,000 EUR as fair values for the Belgian and Luxembourg portfolios).

On this basis, the initial yield of the complete portfolio in terms of investment value is 7.26% (with respectively 7.35% and 7.08% for the Belgian and Luxembourg portfolios) and the initial yield of the complete portfolio in terms of fair value is 7.45% (with respectively 7.53% and 7.26% for the Belgian and Luxembourg portfolios).

Cushman & Wakefield

## 6.6 Overview of the rental transactions

Hereafter follows a limitative summary of the rental transactions which took place during the past financial year 2005/2006.

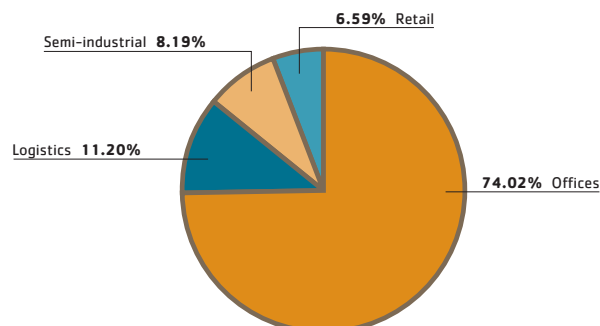
(in sqm)	+	-	=
	New	Terminated	Extended
Avenue Louise 66	251	251	251
Avenue Louise 250	300		4,133
Brixton Business Park	4,740		2,220
Axxes Business Park	1,648	198	638
Riverside Business Park	2,550	880	2,090
Delta Business Park	290		
<b>Subtotal</b>	<b>9,779</b>	<b>1,329</b>	<b>9,332</b>
EBBC Luxembourg	765		
Pasteur Luxembourg		1,670	
<b>Subtotal</b>	<b>765</b>	<b>1,670</b>	
<b>Total</b>	<b>10,544</b>	<b>2,999</b>	<b>9,332</b>

<sup>28</sup> The occupancy rate is valid on the date of the valuation and does not take into account future availability (already known or not) nor with future new contracts (signed or not). This figure is calculated on the basis of the following formula: (estimated market rent of all let areas) / (estimated market rent of the complete portfolio).



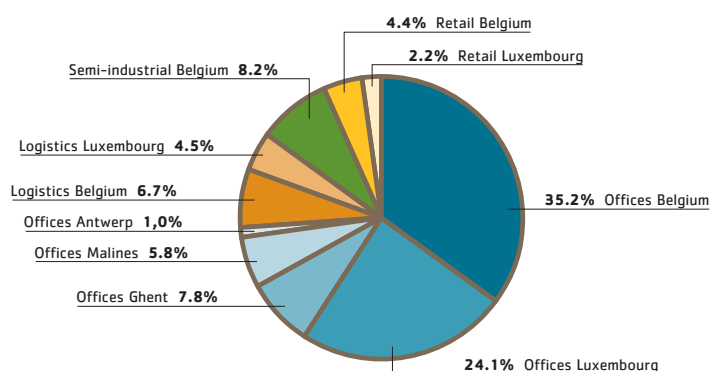
## 6.7 Analysis of the real estate portfolio based on the fair value

### Type of assets



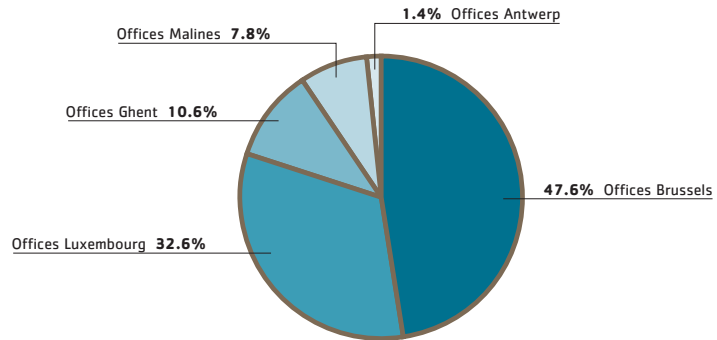
The major part of the real estate portfolio of Leasinvest Real Estate consists of offices, namely 74.02%, followed by logistics (11.20%), semi-industrial (8.19%) and retail (6.59%). The retail part in the Brixton Business Park in Zaventem, has been extended by two supermarkets in the Grand Duchy of Luxembourg. The logistics part comprises a distribution centre situated Prins Boudewijnlaan in Kontich and the two recently acquired buildings in Tongres and in Luxembourg.

### Portfolio breakdown



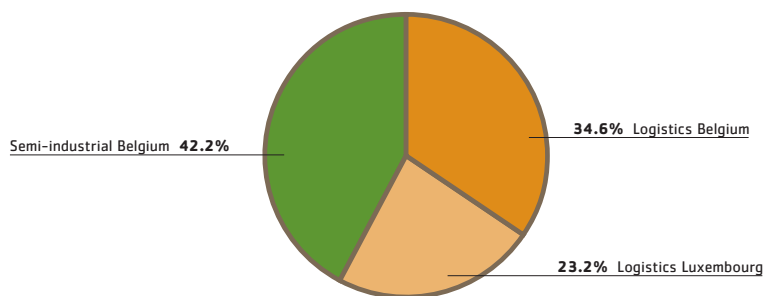
The offices in Brussels are the largest portion of the total portfolio, with 164.6 million EUR or 35.2%. After the acquisition of the Leasinvest Immo Lux (ex-Dexia Immo Lux) portfolio, the offices in the Grand Duchy of Luxembourg are the second largest part, with 24.1% or 112.8 million EUR. The semi-industrial part in Belgium is third with 38.2 million EUR of 8.2% of the total portfolio. The Axxes Business park in Merelbeke (Gent) with 7.8% or 36.7 million EUR is fourth.

### Offices portfolio



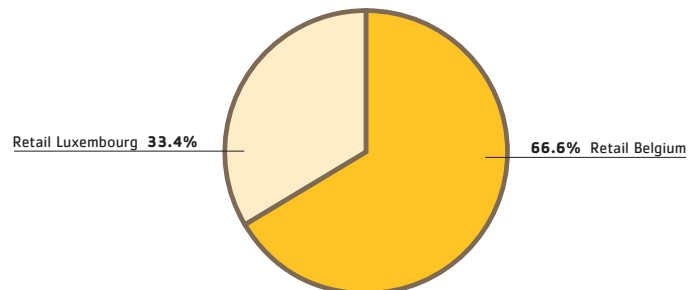
Just as it is the case for our total portfolio, the offices portfolio in Brussels is the major part with 164.6 million EUR or 47.6%. The offices in Luxembourg represent 32.5% of the portfolio. Thereafter follow the offices in Ghent, in Malines and in Antwerp.

### Logistics/semi-industrial portfolio



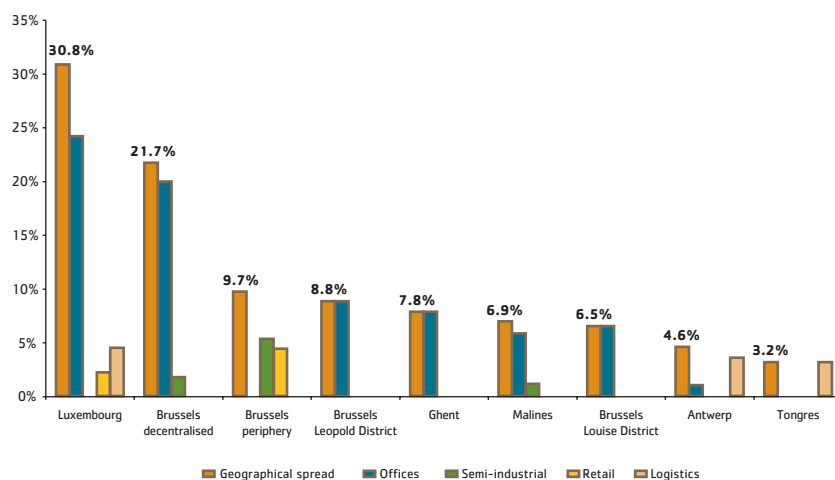
The major part consists of the semi-industrial buildings in Belgium situated in the Brixton Business Park and the Vierwinden Business Park, both situated in Zaventem, followed by the logistics buildings in Belgium (namely the buildings of SKF in Tongres and a building at the Prins Boudewijnlaan in Kontich) and the logistics building in the Grand Duchy of Luxembourg.

### Retail portfolio



Retail in Belgium is mainly represented by the shops in the Brixton Business Park in Zaventem.

### Type of assets according to geographical breakdown



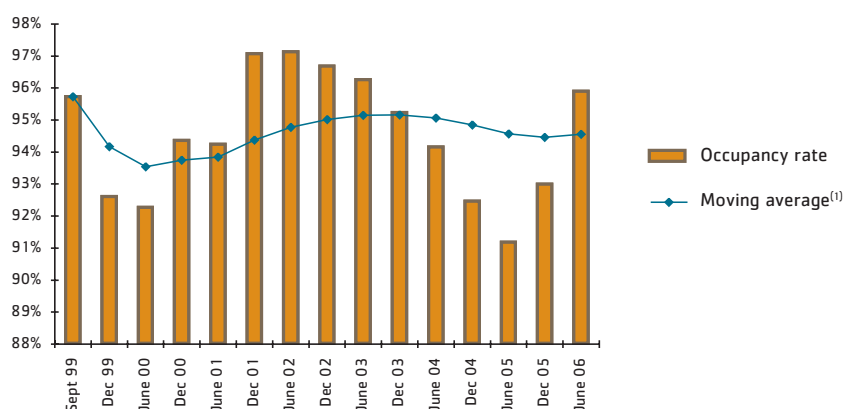
At the end of the financial year the Grand Duchy of Luxembourg represented 74.3% of all investments. Through the acquisition of the Leasinvest Immo Lux (ex-Dexia Immo Lux) portfolio, all percentages have substantially changed compared with the previous year. Luxembourg represents 30.8% of the total portfolio, of which 24.1% are offices, 4.5% logistics and 2.2% retail.

The decentralised area of Brussels mainly consists of offices (19.9% of 21.7%). The part of Ghent amounts to 7.8% and consists entirely of offices; the same is true for the Leopold District and the Louise District, namely 8.8% and 6.5% of offices.

Furthermore, a smaller part of the portfolio is situated in the Antwerp region (mainly a logistics building).

After the contribution in kind of three companies of Extensa Group SA, Leasinvest Real Estate is also present in the Malines region (6.9%) and in Tongres (3.2%, an entirely logistics part), since this financial year.

### Occupancy rate



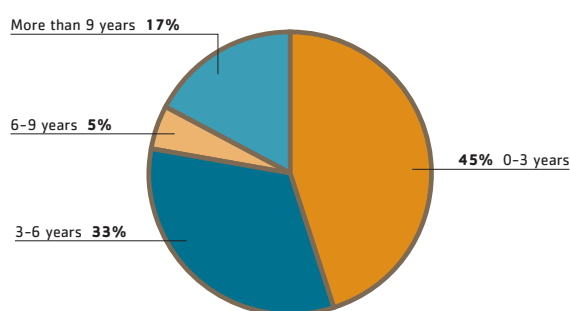
(1) A moving average is a type of average value based on a weight of the current occupancy rate and the previous occupancy rates.

The considerable increase of the occupancy rate since the end of the financial year ending on 30/06/05 is the result of successful commercial efforts concerning our current portfolio, the fact that intensive renovation investments of the previous financial years have increased the appeal of the portfolio and a consequence of the acquisitions of portfolios with a high occupancy rate. The portfolio of the four buildings of Extensa Group SA had an

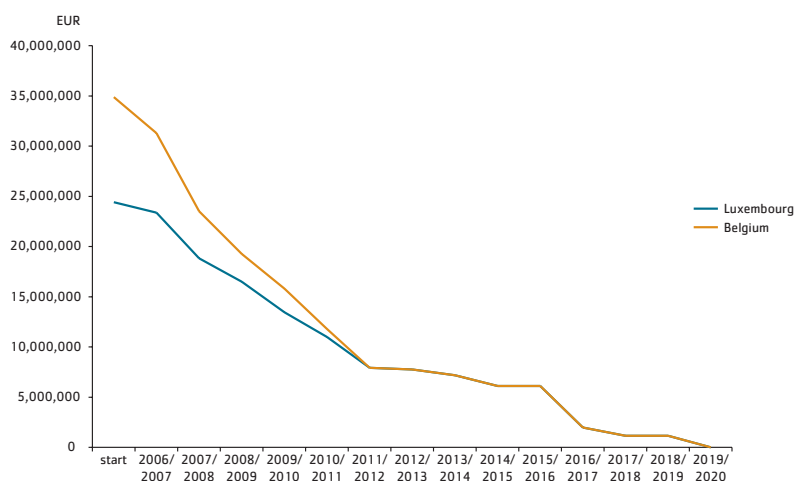
occupancy rate of 100%; the Luxembourg portfolio of Leasinvest Immo Lux (ex-Dexia Immo Lux) had an occupancy rate of 95.1%.

Despite the difficult rental market, Leasinvest Real Estate has succeeded in substantially improving the historical lowest occupancy level of 91.15% on 30/06/05.

#### Remaining lease terms and contractually guaranteed rental income



The graph is based on the first break date of the current leases and on the contractual rents. 55,2% of the annual contractual rents is guaranteed until 30/06/09<sup>29</sup>. The part of the leases with a remaining term of less than 3 years has actually decreased from 57% on 30/06/05 to 45% on 30/06/06, and this, despite the lower average duration of the Leasinvest Immo Lux (ex-Dexia Immo Lux) portfolio, which is 2.3 years, which proves that our proactive commercial approach, combined with the acquisitions of the Extensa portfolio keeps the remaining lease terms at its level.

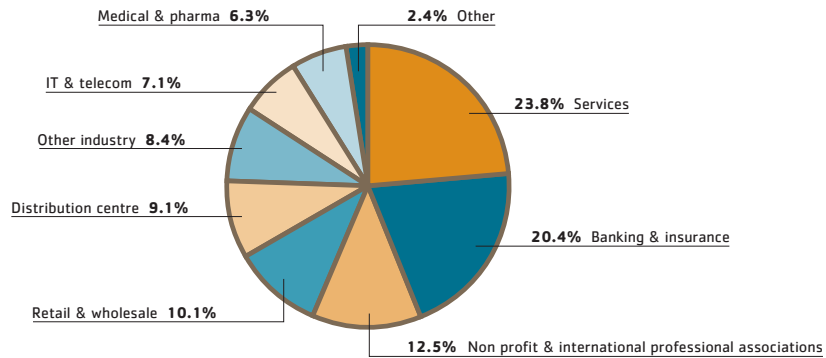


For the coming three years, Leasinvest Real Estate can secure 55.2% of the rental income until the first break. The biggest risks are in the Grand Duchy of Luxembourg (3/4 can end the lease within three years) where a number of important tenants are close to their first break, but where Leasinvest Real Estate has now a positive outlook on possible extensions.

Furthermore, the strategy of Leasinvest Real Estate remains to start discussions with the tenant one and a half or two years before the end of their brake date.

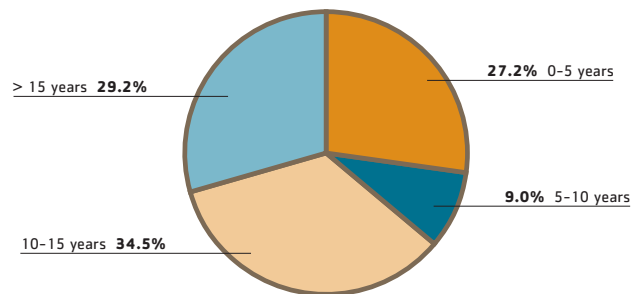
<sup>29</sup> For more information see note 5 of the financial statements.

### Type of tenants



Due to the acquisition of the Luxembourg portfolio, the proportion of the banking and services sectors has increased to 44% of the portfolio. Leasinvest Real Estate has always had a diversified portfolio in terms of type of tenants. The increase of tenants in the banking and services sectors is due to the important growth figures of these sectors.

### Average age



The average age of the offices buildings in the Grand Duchy of Luxembourg is higher than in Belgium, which is due to the controlled permit planning of the government.

The Leasinvest Real Estate portefeuille in Luxembourg is older on average (more than ten years) resulting in the fact that the total portfolio has increased in age: 36.3% of the portfolio is younger than ten years, of which 27.2% younger than five years; the previous financial year 71.6% of the buildings was younger than ten years, of which 44.9% even younger than five years.

The age of an office building can be related to a weaker performance of the technical aspects of a building, which is largely compensated in Luxembourg, by the excellent location of the majority of the buildings.

An investment program for renovation of some buildings, to align the technical installations of the buildings to the current Luxembourg legislation is foreseen, which will result in the fact that the buildings will be able to compete with new buildings.

## Technical management of the buildings

### Belgium

The real estate management of Leasinvest Real Estate is carried out by Bopro Real Estate Services SPRL. The management contract has been renewed on 01/01/06 for a term of eighteen months. After that period, the management contract is always automatically extended, provided that no notice is given six months before the expiry date.

The normal property management consists of administrative, financial and technical activities. As long as the management contract is still in force, the manager can be charged with carrying out project management tasks.

The administrative and financial management consists of:

- Verification of compliance with the leases and the internal regulations.
- Updating rental tenancy schedules.
- Calculating, requesting and monitoring the payments of rents due and each tenant's share of common charges, property tax and insurance premiums and drawing up the annual final accounts of rent and charges, and if necessary, charging against the rental guarantees provided.
- Calculating and monitoring the establishment and updating of rental guarantees.
- Management of any overdue rent and charges.
- Arranging for reports on the state of the premises to be drawn up and monitoring them at the start and end of leases; recovery of any damage recorded from the tenant or the party liable.
- Managing the insurance portfolio.

The technical management implies:

- Regular inspection of the buildings with a view to maintaining them in good rental condition.
- Maintenance of the common areas and the technical facilities.
- Taking the necessary protective measures.
- Handling claims with the insurance companies.

As from this year a customer satisfaction survey is started, to measure comfort level, quality of service by the manager and owner and communication with the tenant, which will result in an annual quantified satisfaction indicator of the tenants.

For its normal management assignment, Bopro Real Estate Services receives 3% (excluding 21% VAT) of the rents of the buildings managed by them. For unlet premises, a management fee of 1.5% excluding 21% VAT is charged. This fee is included in the rental charges paid by the tenants.

Extra performances and/or services (e.g. facility management in case of moving) that are not included in the normal management may be charged by the real estate manager based on the scales produced by the Professional Institution. Leasinvest Real Estate has paid a remuneration of 49,129.34 EUR (VAT excl.) to Bopro Real Estate Services during the past financial year.

Bopro Real Estate Services SPRL (company number BE 0455.502.892, company under Belgian law) is directed by its two managers, Peter Garré and Philip Borremans and is a 100% subsidiary of Bopro SA.

Bopro Real Estate Services SPRL is not subject to the supervision of an official instance. Since its foundation on 21/06/95 the company has been active as a real estate manager. The registered and administrative offices are situated at Zandvoortstraat C27/20, 2800 Malines.



### **Grand Duchy of Luxembourg**

In the long run it is the intention to conclude a management contract with one technical real estate manager, for the technical management of the buildings. The centralisation in reporting, quality of execution and uniform service is extremely important in order to bring the management to an acceptable quality level.

The centralisation of the technical management will be subcontracted to Property Partners for a term of five years. For buildings in co-ownership this centralisation will be implemented in phases, taking into account the current syndic-agreements.

For its normal real estate management assignment, Property Partners will receive a management fee of 2% on average of the annual rental income, where an adapted price is fixed for buildings in co-ownership.

Property Partners is part of the Cushman & Wakefield network. Property Partners SA (company number 1999 2228 302 – commercial register RCB 72.368, company of Luxembourg law) was founded in 1999 by Pitt Pirrotte and is now managed by its current three partners, Pitt Pirrotte, Vincent Bechet and Frank Rosenbaum.

The company is a real estate consulting firm; technical and administrative management of professional real estate is part of their activities.

The registered office is situated at 12, rue Jean Engling in the Grand Duchy of Luxembourg. Property Partners SA is not subject to the supervision of an official instance.

### **Investment advice**

For its investments, Leasinvest Immo Lux (ex-Dexia Immo Lux) is advised by Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) under an agreement concluded on 14/01/99 for an unspecified term, and which can be ended by each party provided that a notice of six months is given.

Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) has to submit an investment plan for real estate and other values of a different nature, to Leasinvest Immo Lux (ex-Dexia Immo Lux), in accordance with the investment policy, developed by the board of directors of Leasinvest Immo Lux (ex-Dexia Immo Lux). The mission of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) comprise (but is not limited to) finding real estate that corresponds to the investment plan defined by Leasinvest Immo Lux (ex-Dexia Immo Lux) and which it could acquire, and making divestment proposals for buildings, which could be sold.

Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) has to keep Leasinvest Immo Lux (ex-Dexia Immo Lux) posted of the developments on the financial markets and assist the company by means of advice and recommendations in the management of its investment properties, in accordance with the defined investment policy.

For these services Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) receives an annual fee of:

- 0.75%, payable in fourth parts at the end of each quarter and calculated on the gross value of the real estate assets of Leasinvest Immo Lux (ex-Dexia Immo Lux) as they have been estimated, at the end of each quarter, by the independent real estate experts;
- a maximum of 0.50%, payable in fourth parts at the end of each quarter, calculated on the average net value of the other assets of Leasinvest Immo Lux (ex-Dexia Immo Lux) at the end of each quarter;
- next to that, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) will receive a premium equal to 5% of the net gain on sold buildings.

Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) owns a participation of 60 shares in Leasinvest Immo Lux (ex-Dexia Immo Lux).

Leasinvest Real Estate has not the intention to modify the agreements between Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil).

Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) is a 100% subsidiary (directly and indirectly) of Leasinvest Real Estate.



# Financial statements

CFM, Rue Guillaume Kroll, Luxembourg



# Financial statements

## Consolidated balance sheet

(in 1,000 EUR)		Period 30/06/06 IFRS	Period 30/06/05 IFRS
	Notes		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment properties	19	469,946	269,881
Development projects		467,182	268,584
Other tangible assets	20	101	
Non-current financial assets	21,22	54	72
<b>CURRENT ASSETS</b>		<b>2,609</b>	<b>1,225</b>
Current financial assets		<b>13,713</b>	<b>5,080</b>
Trade receivables	23	2,616	31
Tax receivables and other current assets	24	4,697	2,357
Cash and cash equivalents	25	357	425
Deferred charges and accrued income	26	5,518	1,986
<b>TOTAL ASSETS</b>		<b>483,659</b>	<b>274,960</b>
<b>LIABILITIES</b>			
<b>TOTAL SHAREHOLDER'S EQUITY</b>	cfr. statement of mutation	<b>262,555</b>	<b>188,019</b>
<b>SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE MOTHER COMPANY</b>		<b>237,849</b>	<b>180,048</b>
Capital	27	44,126	35,729
Subscribed capital		44,126	35,729
Share premium account	27	70,611	31,280
Reserves	27	99,051	98,840
Result	28	30,597	22,202
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	29	-6,910	-6,686
Change in fair value of financial assets and liabilities	30	375	-1,317
On hedge instruments			
<b>MINORITY INTERESTS</b>	<b>31</b>	<b>24,706</b>	<b>7,970</b>
<b>LIABILITIES</b>		<b>221,104</b>	<b>86,942</b>
<b>NON-CURRENT LIABILITIES</b>		<b>95,581</b>	<b>31,898</b>
Provisions		27	
Non-current financial debts	32	94,800	29,800
a. Credit institutions		94,800	29,800
Other non-current financial liabilities	33	82	1,443
Other non-current liabilities		672	656
<b>CURRENT LIABILITIES</b>		<b>125,523</b>	<b>55,043</b>
Provisions		0	0
Current financial debts	32	108,524	42,697
c. Other		108,524	42,697
Trade debts and other current debts	33	8,529	5,494
Exit Tax		2,450	0
Others		6,079	5,494
Other current liabilities		1,004	885
Accrued charges and deferred income	34	7,466	5,967
<b>TOTAL SHAREHOLDER'S EQUITY, MINORITY INTERESTS AND LIABILITIES</b>		<b>483,659</b>	<b>274,960</b>

## Consolidated results

(in 1,000 EUR)			Period 30/06/06 IFRS	Period 30/06/05 IFRS
	Notes			
(+)	Rental income	5	23,958	19,868
(+)	Write-back of lease payments sold and discounted		0	0
(+/-)	Related rental expenses	5	1	-151
<b>NET RENTAL INCOME</b>			<b>23,959</b>	<b>19,717</b>
(+)	Recovery of property charges	6	31	369
(+)	Recovery income of charges and taxes normally payable by tenants on let properties	7	3,457	2,702
(-)	Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	6	-129	-668
(-)	Charges and taxes normally payable by tenants on let properties	7	-3,500	-2,702
(+/-)	Other rental-related income and expenditure		0	3
<b>PROPERTY RESULT</b>			<b>23,818</b>	<b>19,421</b>
(-)	Technical costs	8	-2,152	-2,012
(-)	Commercial costs	9	-179	-464
(-)	Charges and taxes on unlet properties	10	-1,019	-506
(-)	Property management costs	11	-1,494	-1,155
(-)	Other property charges		-242	-138
<b>PROPERTY CHARGES</b>			<b>-5,086</b>	<b>-4,275</b>
<b>PROPERTY OPERATING RESULT</b>			<b>18,732</b>	<b>15,146</b>
(-)	Corporate operating charges	14	-770	-877
(+/-)	Other current operating income and expenditure	37	5,234	
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>			<b>23,195</b>	<b>14,269</b>
(+/-)	Gains or losses on disposals of investment property	12	0	1,126
(+/-)	Changes in fair value of property investment	13	3,923	2,205
<b>OPERATING RESULT</b>			<b>27,118</b>	<b>17,600</b>
(+)	Financial income	15	2,286	1,825
(-)	Interest charges	16	-4,592	-6,210
(-)	Other financial charges	17	-700	-402
<b>FINANCIAL RESULT</b>			<b>-3,006</b>	<b>-4,786</b>
<b>PRE-TAX RESULT</b>			<b>24,112</b>	<b>12,814</b>
(+/-)	Corporate taxes	18	-787	-430
(+/-)	Exit tax		0	734
<b>TAXES</b>		<b>-787</b>	<b>304</b>	
<b>NET RESULT</b>			<b>23,325</b>	<b>13,118</b>
Attributable to:				
Minority interests			3,602	670
Group share			19,723	12,448

See also statement of mutation.

## Results per share

(in EUR)	30/06/06	30/06/05
Net result per share, share of the group <sup>(1)</sup>	5.94	4.09
Net result per diluted share, share of the group <sup>(1)</sup>	5.94	4.09

(1) Net result, share of the group, divided by the weighted average number of shares.

### Consolidated cash flow statement (see also note 25)

(in 1,000 EUR)	Comments	30/06/06 IFRS	30/06/05 IFRS
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>25</b>	<b>1,986</b>	<b>6,456</b>
<b>1. Cash flow from operating activities</b>		<b>11,200</b>	<b>9,704</b>
Profit of the financial year before interests and taxes		27,001	17,845
Interests received		1,607	1,818
Interests paid		-4,496	-6,115
Taxes	-787	-430	
Amendment of the profit for non-cash elements		-8,939	-2,899
Depreciations and write-downs		107	40
- Depreciations and write-downs on intangible and other tangible assets (+/-)		35	22
- Write-downs on current assets (-)		72	18
Other non-cash elements		-9,045	-2,939
- Changes in fair value of investment properties (+/-)		-3,712	-2,205
- Other non-current transactions		-5,333	0
- Write-back exit tax provision		0	-734
Change in requirements working capital:		-3,187	-515
* Movements in asset items:		-3,889	-119
- Current financial assets		-2,593	3
- Trade receivables		-1,527	40
- Tax receivables and other current assets		440	-335
- Deferred charges and accrued income		-208	173
* Movements in liability items:		702	-396
- Trade debts and other current debts		447	226
- Other current liabilities		119	-605
- Accrued charges and deferred income		137	-18
<b>2. Cash flow from investment activities</b>		<b>-177,543</b>	<b>-8,080</b>
Investment properties		-3,007	-728
Development projects		-101	0
Other tangible assets		-16	-95
Non-current financial assets		-212,534	-7,853
Effect in consolidation of new participations		38,115	596
<b>3. Cash flow from financing activities</b>		<b>169,877</b>	<b>-6,094</b>
Change in financial liabilities and financial debts			
Increase (+) / Decrease (-) of financial debts		135,243	-19,189
Increase (+) / Decrease (-) of other financial liabilities		-1,360	1,443
Change in other liabilities			
Increase (+) / Decrease (-) in other liabilities		16	0
Variation of capital (+/-)		8,397	4,606
Variation of share premium account (+/-)		39,331	19,214
Dividend of the previous financial year		-11,328	-10,557
Increase (+) / Decrease (-) in fair value of financial assets and liabilities			
- on hedge instruments		1,691	-1,317
Increase (+) / Decrease (-) of transaction costs		-2,114	-293
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>25</b>	<b>5,518</b>	<b>1,986</b>



### Statement of mutation of shareholder's equity

See also the consolidated results

(in 1,000 EUR)	Capital	Share premium account	Reserves + Result	Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	Change in fair value of financial assets and liabilities	Shareholder's equity attributable to the shareholders of the parent company	Minority interests	Total shareholder's equity
<b>Book value under Belgian standards for financial reporting on 30 June 2004</b>	<b>31,123</b>	<b>12,066</b>	<b>105,756</b>	<b>0</b>	<b>0</b>	<b>148,945</b>		<b>148,945</b>
IFRS Amendments						0		0
- Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties				-6,583		-6,583		-6,583
- Write-back of short term provisions			2,838			2,838		2,838
- Incorporation of the proposed dividend in the result			10,557			10,557		10,557
<b>Book value under IFRS on 30 June 2004</b>	<b>31,123</b>	<b>12,066</b>	<b>119,152</b>	<b>-6,583</b>	<b>0</b>	<b>155,758</b>		<b>155,758</b>
- Distribution of dividend of the previous financial year			-10,557			-10,557		-10,557
- Partial splitting-up (Montoyer 63)	4,606					4,606		4,606
- Partial splitting-up (Montoyer 63)		19,214				19,214		19,214
- Profit of the financial year 2004-2005			12,448			12,448		12,448
- Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties				-104		-104		-104
- Change in fair value of financial assets and liabilities					-1,317	-1,317		-1,317
- Participation Square de Meeûs 5-6 SA						0	7,970	7,970
<b>Book value under IFRS on 30 June 2005</b>	<b>35,729</b>	<b>31,280</b>	<b>121,043</b>	<b>-6,686</b>	<b>-1,317</b>	<b>180,048</b>	<b>7,970</b>	<b>188,018</b>
- Distribution of dividend of the previous financial year			-11,328			-11,328		-11,328
- Capital increase contribution in kind of Extensa Group SA portfolio	8,397					8,397		8,397
- Capital increase contribution in kind of Extensa Group SA portfolio		39,331				39,331		39,331
- Profit of the financial year 2005-2006			19,723			19,723		19,723
- Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties				-224		-224		-224
- Change in fair value of financial assets and liabilities					1,691	1,691		1,691
- share in the result of Square de Meeûs 5-6 SA						0	1,756	1,756
- Participation Leasinvest Immo Lux (ex-Dexia Immo Lux) SA						0	14,980	14,980
- Various			210			210		210
<b>Book value under IFRS on 30 June 2006</b>	<b>44,126</b>	<b>70,611</b>	<b>129,648</b>	<b>-6,910</b>	<b>375</b>	<b>237,849</b>	<b>24,706</b>	<b>262,555</b>

### Note 1. General business information

Leasinvest Real Estate SCA is a real estate fund (sicafi/investment company with fixed capital), under Belgian Law, with its administrative offices in Antwerp.

The consolidated annual accounts of Leasinvest Real Estate of the financial year ending on 30/06/06 comprise Leasinvest Real Estate and its subsidiaries. The statutory and consolidated annual accounts were authorised for issue by the board of directors on 24/08/06 and will be proposed to the annual general meeting of shareholders for approval, on 16/10/06. The statutory annual accounts are prepared according to Belgian GAAP and the consolidated annual accounts under IFRS.

Leasinvest Real Estate is included in the consolidation of Extensa Group SA, in its turn included in Ackermans & van Haaren SA.

### Note 2. Significant accounting principles

#### IFRS VALUATION RULES

##### A. STATEMENT OF COMPLIANCE

The consolidated financial statements are prepared in accordance with International Reporting Standards and IFRIC interpretations, entering into force as of 30 June 2006, as adopted by the European Commission.

In accordance with IFRS 1, Leasinvest Real Estate has made use of the exemption from the requirement to restate comparative information in the opening balance as of 1 July 2004 for the standards IAS 32 Financial Instruments: Disclosure and Presentation" and IAS 39 Financial Instruments: Recognition and Measurement".

##### B. BASIS OF PREPARATION

The consolidated financial statements are presented in Euro, rounded to the nearest thousand, except when otherwise indicated. The consolidated financial statements are prepared on the historical cost basis, except for financial instruments and assets stated at fair value. The opening balance sheet as of 1 July 2004 is prepared in accordance with IFRS 1.

##### C. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Leasinvest Real Estate and its subsidiaries.

#### Subsidiaries

Subsidiaries are those enterprises controlled by the group. Control exists when Leasinvest Real Estate, directly or indirectly, holds more than half of the voting rights of an entity, unless, in exceptional circumstances, clearly can be demonstrated that these voting rights do not include governing power. Governing power is also present if Leasinvest Real Estate controls half or less than half of the voting rights, if it disposes of:

- a) the governing power on more than half of the voting rights based on an agreement with other investors;
- b) the governing power to govern the financial and operating policies of the entity, pursuant to the law or an agreement;
- c) the governing power to appoint or dismiss the majority of the members of the board of directors or the equivalent decision-making entity, and the governing power on the entity is held by that board of directors or decision-making entity; or

d) the governing power to give the majority of the votes, during the meetings of the board of directors or the equivalent decision-making entity, and the governing power on the entity is held by that board of directors or decision-making entity.

The financial statements of subsidiaries are fully consolidated from the date of acquisition until the date that such control ceases.

The financial statements of the subsidiaries cover the same accounting period as these for Leasinvest Real Estate, using uniform IFRS accounting policies.

All intra-group transactions, unrealized intra-group profits and losses on transactions between group entities are eliminated. Unrealized losses are eliminated in full, unless there is an evidence of impairment.

New acquisitions are accounted for by applying the purchase method, in accordance with IFRS 3.

#### D. GOODWILL

Goodwill is the excess of the cost of the business combination over the group's interest in the fair value of the identifiable acquired assets, liabilities and contingent liabilities of the subsidiaries at the time of the acquisition. The cost of the business combination includes the price of acquisition and all directly attributable transaction costs.

Goodwill is not amortized, but has to be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Negative goodwill (badwill):

Badwill or negative goodwill equals the amount by which the stake of the party acquiring, in the fair value of the acquired identifiable assets, liabilities and contingent liabilities, exceeds the price of the business combination on the date of the transaction. This negative goodwill has to be recorded in the results, immediately, by the party acquiring.

#### E. INTANGIBLE ASSETS

Intangible assets with a finite useful life are carried at cost less any accumulated depreciation and any possible impairment losses.

Intangible assets are depreciated over their estimated useful life using the straight-line method. The estimated useful life, as well as the residual value is reviewed annually.

Intangible assets with an indefinite useful life also carried at cost, are not depreciated but are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Formation expenses are recognized as expense when incurred.

#### F. OTHER TANGIBLE FIXED ASSETS

The other tangible fixed assets, excluding real estate, are carried at acquisition value less any accumulated depreciation and any possible impairment losses.

Other tangible fixed assets are depreciated using the straight-line method over their economic useful life. The estimated economic useful life, as well as the residual value is reviewed annually.

## G. INVESTMENT PROPERTIES

Investment properties are properties held to earn rental income for the long term. Investment properties are stated at fair value in accordance with IAS 40. After the acquisition of a building, every gain or loss arising from a change in fair value is recognized in profit or loss.

An external, independent real estate valuer determines, upon request of management, every three months, the investment value of the property, (this corresponds to the previously used term 'investment value', i.e. costs, transfer taxes and fees included. The valuers carry out their valuation on the basis of the method of calculating the present value of the rental income in accordance with the International Valuation Standards 2005, issued by the International Valuation Standards Committee as set out in the corresponding report.

In accordance with the opinion of the working group of the Belgian Association of Asset Managers "BEAMA"<sup>30</sup>, Leasinvest Real Estate applies the following principles to the investment value to determine the fair value:

1. For transactions relating to buildings in Belgium with an overall value lower than 2.5 million EUR, transfer taxes of 10 % need to be taken into account (Flemish Region) or 12.5% (Brussels Capital and Walloon Region).
2. For transactions relating to buildings in Belgium with an overall value higher or equal to 2.5 million EUR, and considering the range of methods of property transfer that are used, the fixed estimated transaction cost percentage for hypothetical disposal of investment properties is 2.5%.

It is the opinion of the statutory manager, Leasinvest Real Estate Management SA, that for the definition of the fair value of the real estate situated in the Grand Duchy of Luxembourg with a value higher than 2.5 million EUR, the fixed transfer taxes of 2.5% applicable on real estate in Belgium, can be applied.

Property investments are no longer recorded on the balance sheet when the investment property is disposed of or permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property are recognized in profit or loss in the year during which the retirement or disposal occurs.

### **Subsequent expenditure**

The expenditure incurred by the owner to refurbish a property is accounted for in two different manners, depending on their nature.

The expenses relating to repair and maintenance that do not add additional functions, nor raise the level of comfort of the building, are accounted for as expenses of the ordinary activities of the financial year and are therefore deducted from the operational result.

On the other hand, renovations and significant improvements of the investment property are measured at fair value for:

- \* major renovations: i.e. renovations that are done once in 25 to 35 years and that consist of an almost total reconstruction of the building with, mostly, the re-usage of the existing structural work and the application of the latest building techniques. After this major renovation, the building is considered as new and is included as such in the presentation of the patrimony.

30 For a correct application of IAS 40 on Belgian real estate funds (sicafris), see BEAMA press release of 08/02/06 and [www.beama.be](http://www.beama.be).

- \* Significant improvements: i.e. occasional work that adds functions to the building or raises the level of comfort significantly, so that it can increase the rental price and consequently the estimated rental value. The costs of such work are also recognized as assets on the balance sheet to the extent that an expert acknowledges a corresponding increase in value of the building.

#### H. IMPAIRMENT OF FIXED ASSETS (EXCL. INVESTMENT PROPERTIES)

Leasinvest Real Estate assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, an estimate will be made as to the recoverable amount of the asset.

An asset is impaired when the book value is higher than the recoverable value by reducing its book value with an exceptional depreciation amount to the respective recoverable value.

The recoverable value of an asset is defined as the higher of its fair value less costs to sell (supposing a non-forced sale) or its value in use (based on the current cost of the estimated future cash flows). The resulting impairment losses are recognized immediately in profit or loss.

Earlier booked impairment losses, except for goodwill and shares held-for-sale, are reversed through profit or loss if there has been a change in the valuation used to determine the recoverable value of the asset since the recognition of the last impairment loss. Earlier booked impairment losses for goodwill can not be reversed, earlier booked impairment losses for shares held-for-sale can, depending on the type of instrument, be reversed through shareholder's equity of profit or loss.

#### I. FINANCIAL INSTRUMENTS

##### **Financial assets measured at fair value**

The fair value changes of the financial assets recorded at fair value, are taken into the income statement.

##### **Financial assets held-for-sale**

Financial assets held-for-sale and bonds are recorded at fair value. The fair value changes are recognized in equity until the time of the sale or the impairment loss, whereby the cumulative revaluation is taken into profit or loss.

When a decline in fair value of a financial asset held-for-sale is recognized in equity and there is objective evidence that the asset is impaired, cumulative loss previously recognized in equity, has to be removed from equity and recognized in profit or loss.

##### **Financial assets held-to-maturity**

Financial assets held-to-maturity are measured at amortized cost.

##### **Interest-bearing loans and receivables**

Interest-bearing loans are measured at amortized cost using the effective interest method whereby the difference between acquisition cost and the reimbursement value pro rata temporis is recognized in profit or loss based on the effective interest rate. Long-term receivables are revalued based on their discounted value according to the current interest rate at the time of their emission.

##### **Trade payables and receivables/ Other debts and receivables**

These accounts are measured at par value, less impairment loss for uncollectible receivables.

##### **Cash and cash equivalents**

Cash and cash equivalents, consisting of cash at banks, cash in hand and short-term investments (< 3 months) are recognized at par value.

## **J. DERIVATIVE FINANCIAL INSTRUMENTS**

Leasinvest Real Estate uses financial instruments in order to hedge its exposure to interest rate risk arising from the operational, financial and investment activities.

Derivative financial instruments are recognized initially at cost and are revaluated to fair value at the subsequent reporting date.

Changes in fair value of derivative financial instruments, which are not formally attributed as hedging instrument or do not qualify for hedge accounting, are taken into profit or loss.

### **Cash flow hedges**

The effective portion of gains or losses from fair value changes of derivative financial instruments, specifically attributed to hedge the exposure to variability in cash flows associated with a recognized asset or liability or a highly probable forecasted transaction, is recognized directly in equity. The ineffective portion is recognized in profit or loss.

The moment the forecasted transaction occurs, the cumulative gain or loss on the hedging instrument is taken out of equity and is reclassified into profit or loss.

If the hedge results in the recognition of a non-financial asset or a non-financial liability, the amounts recognized in equity are removed and included in the initial cost of the related non-financial asset or liability.

Cumulative gains or losses related to expired hedging instruments remain included in equity, for as long as it is probable that the forecasted transaction will occur. Such transactions are accounted for as explained in the above paragraph. When the hedged transaction is no longer probable, all cumulative unrealized gains or losses at that time, are taken into profit or loss.

## **K. ISSUED CAPITAL AND RESERVES**

### **Shares**

The costs relating to a capital transaction with the issuance of new shares are deducted from capital.

### **Repurchase of own shares**

Repurchased own shares are deducted from equity at acquisition cost. A subsequent sale or disposal does not have an impact on result; gains and losses related to own shares are recognized directly in equity.

### **Dividends**

Dividends are recognized as a liability when they are approved by the general meeting of shareholders.



#### L. PROVISIONS

If Leasinvest Real Estate or a subsidiary has a present (legal or constructive) obligation as a result of a past event, and it is probable that the settlement of this obligation will require an outflow of resources embodying economic benefits, and the amount of the obligation can be reliably estimated, a provision is recognized on balance sheet date.

In case the difference between par value and present value is material, a provision is recognized for the present value of the estimated expenses based on the discount rate, and taking into account the current market assessments of the time value of money and the risks specific to the liability.

If Leasinvest Real Estate expects that (some or all of) a provision will be reimbursed, for example under an insurance contract, the reimbursement is only recognized as a separate asset when it is virtually certain that it will be received.

The expense relating to any provision is presented in the income statement, net of any reimbursement.

#### M. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are disclosed, if their impact is material.

#### N. TAXES

##### **Income tax**

Income tax on the profit or loss for the financial year comprises current and deferred tax. Both taxes are recognized in the income statement and under liabilities in the balance sheet, except to the extent that they relate to items recognized directly in equity, in which case they are recognized in equity. The tax amount is calculated based on the legal tax rates and tax legislation in force.

Deferred taxes are calculated using the balance sheet liability method, applied on the temporary differences between the book value of the recognized assets and liabilities and their fiscal value. Deferred taxes are recorded based on the expected taxes rates.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except to the extent that the deferred tax liability arises from the original recognition of goodwill or the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction neither affects the accounting profit nor the taxable profit.
- except in respect to taxable temporary differences associated to investments in subsidiaries, branches and associates, where the group is able to control the timing of the reversal of temporary difference and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forwards of unused tax credits or tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be offset. The book value of the deferred income tax assets is assessed at each balance sheet date and deducted to the extent that is no longer probable that sufficient taxable profit is available against which all or some of the deferred taxes can be offset.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the year when the temporary differences will be realized or settled, based on tax rates that have been enacted or substantively enacted at balance sheet date.

**Exit tax**

The exit tax is the tax on gains arising upon the merger of a real estate fund (sicafi) with an entity that is not a real estate fund (sicafi). When the latter first enters in the scope of consolidation, the exit tax is recorded as a liability. Every subsequent adjustment to the exit tax liability is recognized in the income statement.

**O. DISCONTINUED OPERATIONS**

The assets, liabilities and net results of discontinued operations are separately reported under one heading in the consolidated balance sheet and the consolidated income statement. The same reporting is also valid for assets and liabilities held-for-sale.

**P. EVENTS AFTER THE BALANCE SHEET DATE**

It is possible that certain events that occur after balance sheet date provide additional evidence over the financial position of an entity (adjusting events). This information permits the improvement of estimates and allows to better reflect the current situation on balance sheet date. These events require an adjustment of the balance sheet and the result. Other events after balance sheet data are disclosed if their impact is potentially important.

**Q. EARNINGS PER SHARE**

The group calculates both basic and diluted earnings per share in accordance with IAS 33. Basic earning per share is calculated based on the weighted average number of outstanding shares during the year.

**R. REVENUE**

Rental income comprises the gross rental income.

**S. FINANCIAL RESULT**

The net finance costs comprise the interest payable on loans, calculated using the effective interest rate method, as well as gains or losses on hedging instruments that are recognized in the income statement. Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset. Dividend income is recognized in the income statement on the day that the dividend is declared.

**V. SEGMENT REPORTING**

The primary segmentation splits up the group in two geographical segments, namely Belgium and the Grand Duchy of Luxembourg.

The secondary segmentation splits up the group based on the type of asset, namely offices, logistics (and semi-industrial) and retail. Only key figures are presented for the secondary segmentation.

### Note 3. Financial risk management

#### Financing risk

The RD of 10 April 1995 regarding sicafis imposed a maximum allowed debt ratio of 50%. This RD was modified by an RD of 21 June 2006, published on 29 June 2006, amongst other things, to bring the maximum allowed debt ratio to 65%. This positive evolution offers, as from now, the possibility to sicafis to make better use of the leverage effect of debt financing, compared to financing through equity. The consolidated debt ratio<sup>3</sup> of Leasinvest Real Estate amounted to 44.15% on 30/06/06.

Leasinvest Real Estate has the necessary long-term credit facilities and back-up lines for its commercial paper lines with its banks, to cover existing and future investment needs. These credit facilities and back-up lines enable Leasinvest Real Estate to hedge its financing risk, or in other words the risk that, for example, the commercial paper market should dry up and these short-term debts would therefore become due. All credit facilities contain covenants, which mainly relate to the status as real estate fund (bevak/sicafi) and the related maximum allowed debt ratio.

The liquidity risk is limited through, on the one hand, the diversification of the financing among different bankers and, on the other hand, by diversifying the expiry dates of the credit facilities.

As no reimbursement is provided in any of the credit facilities before the expiry date (these are namely "bullet loans"), the net cash flow of Leasinvest Real Estate is more than sufficient to cover the interest costs.

Leasinvest Real Estate aims at keeping its proportion between short term financing (through issuing commercial paper and bank advances) and long term bank loans at 50% - 50%. On 30/06/06 this proportion was 53% - 47%.

#### Interest rate risk

The hedging policy is intended to cover the interest rate risk for approximately 80% of the financial debts. Since Leasinvest Real Estate's debt financing is based on a floating interest rate, there is an interest rate risk if the interest rate would rise, which would increase the financing cost. This interest rate risk is hedged using financial instruments such as spot and forward interest rate collars and interest rate swaps.

The expiry dates for the interest rate hedges lie between 2008 and 2013. The fixed interest rates of the interest rate swaps lie between 3.15% and 3.87%, excluding the credit margin. During the 2005/2006 financial year, following the acquisition of the sicav Leasinvest Immo Lux (ex-Dexia Immo Lux), three new collars and an interest rate swap were contracted, for the hedging of the floating interest rates of the additional long term debts.

#### Renting & tenant risk

Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to limit the number of bad debts and bankruptcies by tenants. Our tenant spread by sector of our portfolio is good.

The most important sectors are the services sector in Belgium and financial institutions and the services sector in the Grand Duchy of Luxembourg, followed by public institutions, non-profit organisations and international professional associations.

Therefore the vulnerability of the real estate fund to losing a tenant due to the termination of the lease agreement or bankruptcy, for example, is reduced.

<sup>3</sup> 1 Calculated according to the RD of 21/06/06.

In addition, we look for creditworthy tenants and the signing of long-term lease agreements to ensure the recurrent rental income flow and therefore increase the duration of the lease agreements. Important break opportunities are mainly to be found during the next financial year 2007/2008. 55.2% of the annual contractual rents are guaranteed until 30/06/09<sup>32</sup>.

The creditworthiness of our tenants' portfolio is very good. This is proven by the fact that barely any write-offs were booked due to bad debts in 2004/2005 and 2005/2006.

The Luxembourg portfolio has a lower duration (2.3 years)<sup>33</sup> than the Belgian portfolio (5.6 years)<sup>33</sup>. Efforts are being made to align the duration of the Luxembourg portfolio to the duration of the Belgian portfolio by applying a dynamic management.

#### Note 4. Segment information

The primary segmentation splits up the group in two geographic segments, namely Belgium and the Grand Duchy of Luxembourg. The Luxembourg segment corresponds to the Leas-invest Immo Lux (ex-Dexia Immo Lux) sicav portfolio.

The category "corporate" comprises all non-assigned fixed costs carried on group level, and the financing costs.

The secondary segmentation splits up the group based on the type of asset, namely offices, logistics (and semi-industrial) and retail. For the secondary segmentation, only key figures are presented.

<sup>32</sup> For more information see page 63 and note 5 of the financial statements.

<sup>33</sup> Situation on 30/06/06.

## PRIMARY SEGMENTATION

### 4.1 Consolidated results Geographical segmentation (primary segment)

(in 1,000 EUR)	Belgium		Luxembourg		Corporate		TOTAL	
	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05
(+) Rental income	18,724	19,868	5,234				23,958	19,868
(+) Write-back of lease payments sold and discounted	0	0					0	0
(+/-) Related rental expenses	1	-151					1	-151
<b>NET RENTAL INCOME</b>	<b>18,725</b>	<b>19,717</b>	<b>5,234</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,959</b>	<b>19,717</b>
(+) Recovery of property charges	31	369					31	369
(+) Recovery income of charges and taxes normally payable by tenants on let properties	3,457	2,702					3,457	2,702
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	-129	-668					-129	-668
(-) Charges and taxes normally payable by tenants on let properties	-3,500	-2,702					-3,500	-2,702
(+/-) Other rental-related income and expenditure	0	3					0	3
<b>PROPERTY RESULT</b>	<b>18,584</b>	<b>19,421</b>	<b>5,234</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23,818</b>	<b>19,421</b>
(-) Technical costs	-2,152	-2,012					-2,152	-2,012
(-) Commercial costs	-179	-464					-179	-464
(-) Charges and taxes on unlet properties	-693	-506	-326				-1,019	-506
(-) Property management costs	-1,333	-1,155	-161				-1,494	-1,155
(-) Other property charge	-218	-138	-24				-242	-138
<b>PROPERTY CHARGES</b>	<b>-4,575</b>	<b>-4,275</b>	<b>-511</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,086</b>	<b>-4,275</b>
<b>PROPERTY OPERATING RESULT</b>	<b>14,009</b>	<b>15,146</b>	<b>4,723</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,732</b>	<b>15,146</b>
(-) Corporate operating charges					-770	-877	-770	-877
(+/-) Other current operating income and expenditure	433		4,900		-99		5,234	0
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>14,442</b>	<b>15,146</b>	<b>9,623</b>	<b>0</b>	<b>-869</b>	<b>-877</b>	<b>23,195</b>	<b>14,269</b>
(+/-) Gains or losses on disposals of investment properties	0	1,126					0	1,126
(+/-) Changes in fair value of property investment	3,923	2,205					3,923	2,205
<b>OPERATING RESULT</b>	<b>18,365</b>	<b>18,476</b>	<b>9,623</b>	<b>0</b>	<b>-869</b>	<b>-877</b>	<b>27,118</b>	<b>17,600</b>
(+) Financial income					2,286	1,825	2,286	1,825
(-) Interest charges					-4,592	-6,210	-4,592	-6,210
(-) Other financial charges					-700	-402	-700	-402
<b>FINANCIAL RESULT</b>			<b>0</b>	<b>0</b>	<b>-3,006</b>	<b>-4,786</b>	<b>-3,006</b>	<b>-4,786</b>
<b>PRE-TAX RESULT</b>	<b>18,365</b>	<b>18,476</b>	<b>9,623</b>	<b>0</b>	<b>-3,875</b>	<b>-5,662</b>	<b>24,112</b>	<b>12,814</b>
(+/-) Corporate taxes					-787	-430	-787	-430
(+/-) Exit tax					0	734	0	734
<b>TAXES</b>			<b>0</b>	<b>0</b>	<b>-787</b>	<b>304</b>	<b>-787</b>	<b>304</b>
<b>NET RESULT</b>	<b>18,365</b>	<b>18,476</b>	<b>9,623</b>	<b>0</b>	<b>-4,662</b>	<b>-5,359</b>	<b>23,325</b>	<b>13,118</b>
attributable to: minority interests							3,602	670
group shares							19,723	12,448

#### 4.2 Consolidated balance sheet Geographical segmentation (primary segment)

(n 1,000 EUR)	Belgium		Luxembourg		Corporate		TOTAL	
	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05
<b>ASSETS</b>								
Investment properties	323,194	268,584	143,988				467,182	268,584
Other assets	11,881	6,377	4,596				16,477	6,377
<b>ASSETS PER SEGMENT</b>	<b>335,075</b>	<b>274,960</b>	<b>148,584</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>483,659</b>	<b>274,960</b>
<b>LIABILITIES</b>								
Non-current financial liabilities					94,800	29,800	94,800	29,800
Current financial liabilities					108,524	42,697	108,524	42,697
Other liabilities	12,828	11,669	727		4,225	2,776	17,780	14,445
<b>LIABILITIES PER SEGMENT</b>	<b>12,828</b>	<b>11,669</b>	<b>727</b>	<b>0</b>	<b>207,549</b>	<b>75,273</b>	<b>221,104</b>	<b>86,942</b>

#### Other segment information

(in 1,000 EUR)	Belgium		Luxembourg		Corporate	
	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05
<b>INVESTMENT PROPERTIES</b>						
Investments	49,776	38,429	143,988		193,764	38,429
<b>OTHER TANGIBLE ASSETS (OTHER)</b>						
Investments	20	94			20	94
Depreciations	-33	-22			-33	-22
Disposals	-5	0			-5	0
Net accounting value at the end of the financial year	54	72			54	72

The fair value of the investments in investment properties on 30/06/06 amounted to 193.8 million EUR. This concerns the acquisition, on the one hand, of the business combinations Leasinvest Immo Lux (ex-Dexia Immo Lux) sicav Luxembourg) and three companies of the Extensa Group SA portfolio (Belgium), namely Warehouse Finance, De Leewe and Logistics Finance I. The fair value of the real estate portfolio of the business combination Leasinvest Immo Lux (ex-Dexia Immo Lux) amounted to 144 million EUR on 30/06/06 and of the real estate of the three other companies, to 47.1 million EUR. On the other hand, Leasinvest Real Estate has invested in the direct acquisition of a building in Forest (Alcan) (2.7 million EUR); the fair value on 30/06/06 amounted to 2.65 million EUR.

For more information on the business combinations (IFRS 3), see note 37.

#### 4.3 Main key figures Geographical segmentation (primary segment)

(in 1,000 EUR)	Belgium		Luxembourg		Corporate	
	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05
Fair value of the investment properties	323,194	268,584	143,988		467,182	268,584
Investment value of the investment properties	331,440	275,460	147,730		479,170	275,460
Yield (in fair value) of the segment	7.53%	7.32%	7.26%		7.45%	7.32%
Yield (in investment value) of the segment	7.35%	7.14%	7.08%		7.26%	7.14%
Total rentable surface (sqm)	235,935	196,067	48,651		284,586	196,067
Occupancy rate	96.19%	91.15%	95.14%		95.87%	91.15%
Weighted average duration till first break possibility (# years)	5.6	5.2	2.3		4.6	5.2

## SECONDARY SEGMENTATION (segmentation per type of asset)

### Main key figures

#### Segmentation per type of asset (secondary segment)

(in 1,000 EUR)	Offices		Logistics (and semi-industrial)		Retail		TOTAL	
	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05	30/06/06	30/06/05
Rental income	18,237	14,743	4,445	4,166	1,276	959	23,958	19,868
Fair value of the investment properties	345,865	202,106	90,556	48,517	30,761	17,961	467,182	268,584
Investment value of the investment properties	354,820	207,320	92,820	49,730	31,530	18,410	479,170	275,460
Yield (in fair value) of the segment	7.41%	6.79%	8.21%	8.27%	5.65%	4.63%	7.45%	7.32%
Yield (in investment value) of the segment	7.22%	6.62%	8.01%	8.07%	5.51%	4.52%	7.26%	7.14%
Occupancy rate	95%	84%	97%	88%	100%	100%	95.87%	91.15%
Weighted average duration till first break possibility (# years)	4.2	4.3	4.2	4.3	8.8	12.8	4.6	5.2

During the financial year 2005/2006 a number of investments took place, namely the direct acquisition of a property in Forest, the acquisition of three buildings of the Extensa Group SA portfolio (through contribution in kind of companies) and the acquisition of the Luxembourg portfolio of Leasinvest Immo Lux (ex-Dexia Immo Lux) sicav (through the acquisition of shares).

For more information on the business combinations (IFRS 3), see note 37.

The fair value of the real estate investments in offices amounted to 139.9 million EUR on 30/06/06, in logistics (and semi-industrial) buildings, to 43.6 million EUR and in retail buildings to 10.3 million EUR. Concerning the other assets, other than investment properties, it is irrelevant to apply segmentation per type.

#### Note 5. Rental income and rental-related expenses

(in 1,000 EUR)	30/06/06	30/06/05
<b>Rental income</b>		
Rents	23,958	19,760
Guaranteed income	0	0
Rental rebates	0	108
Rental incentives	0	0
Compensation for early termination of the leases	0	0
Compensation for financial leasing and comparable items	0	0
<b>TOTAL</b>	<b>23,958</b>	<b>19,868</b>
<b>Write-back of lease payments sold and discounted</b>	<b>0</b>	<b>0</b>
<b>Rental-related expenses</b>		
Rent payable on rented premises	0	-108
Write-downs on trade receivables	-14	-66
Write-backs of write-downs on trade receivables	15	23
<b>TOTAL</b>	<b>1</b>	<b>-151</b>
<b>Net rental income</b>	<b>23,959</b>	<b>19,717</b>



The increase of the total rental income (20.6%) is mainly due to the acquisition of Leasinvest Immo Lux (ex-Dexia Immo Lux). By the integral consolidation on 30/06/06, of the half-yearly figures of Leasinvest Immo Lux (ex-Dexia Immo Lux), the contribution to the "rental income" is six months. The results of the companies acquired from the Extensa Group SA portfolio (ex-Leasinvest NV) were not integrally consolidated on 30/06/06; as a consequence, there is no contribution of this acquisition concerning the "rental income".

For more information on the business combinations (IFRS 3), see note 37.

The table below shows how much of the rental income on an annual basis could fall off, if each tenant having a break possibility, would also effectively leave the building and no new lease would be concluded.

(in 1,000 EUR)	30/06/06
Within one year	3,583
Between one and five years	19,511
More than five years	11,704
<b>TOTAL</b>	<b>34,798</b>

#### Note 6

(in 1,000 EUR)	30/06/06	30/06/05
<b>Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease</b>	<b>-129</b>	<b>-668</b>
<b>Recovery of property charges</b>	<b>31</b>	<b>369</b>
Compensations received for rental damage	31	293
Recovery of refurbishment costs at end of lease	0	76
<b>TOTAL</b>	<b>-98</b>	<b>-299</b>

#### Note 7

(in 1,000 EUR)	30/06/06	30/06/05
<b>Recovery income of charges and taxes normally payable by tenants on let properties</b>	<b>3,457</b>	<b>2,702</b>
Rebilling of rental charges paid by the landlord	463	445
Rebilling of taxes on let properties	2,994	2,257
<b>Rental charges and taxes normally payable by tenants on let properties</b>	<b>-3,500</b>	<b>-2,702</b>
Rental charges paid by the landlord	-506	-445
Taxes on let properties	-2,994	-2,257
<b>RENTAL CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES</b>	<b>-43</b>	<b>0</b>

The normal rental conditions usually stipulate that most of these charges and taxes are paid by the tenants through rebilling by the landlord. It concerns, among other things, property tax and other taxes. Almost all charges and taxes, normally paid by the tenant, can be rebilled.

#### Note 8. Technical costs

(in 1,000 EUR)	30/06/06	30/06/05
<b>Recurring technical costs</b>	<b>-2,059</b>	<b>-2,012</b>
Maintenance	-2,033	-1,936
Compensation for total guarantees		
Insurance premiums	-26	-76
<b>Non-recurring technical costs</b>	<b>-93</b>	<b>0</b>
Major repairs (building contractors, architects, engineering, ...)	-76	0
Claims	-17	0
<b>TOTAL</b>	<b>-2,152</b>	<b>-2,012</b>

Leasinvest Real Estate disposes of a ten year maintenance and renovation planning for the total portfolio. Because the buildings would continue to respond to the ever increasing demands for comfort and image, each year a number of maintenance and renovation works are carried out. This mainly happens before a new tenant comes into the premises.

#### Note 9. Commercial costs

(in 1,000 EUR)	30/06/06	30/06/05
Letting fees paid to real estate agents	-128	-367
Marketing expenses	-4	-13
Lawyer fees and legal expenses	-46	-84
<b>TOTAL</b>	<b>-179</b>	<b>-464</b>

The letting fees for real estate agents of the financial year ending on 30/06/05 were considerably lower because of the divestments of the financial year on the one hand, and the re-letting of one of the Extensa Square buildings following the departure of Mobistar, on the other hand.

#### Note 10. Charges and taxes on unlet properties

(in 1,000 EUR)	30/06/06	30/06/05
Charges on unlet properties of the financial year	-652	-340
Property taxes on unlet properties	-367	-166
<b>TOTAL</b>	<b>-1,019</b>	<b>-506</b>

The costs of unlet properties are costs related to vacant spaces, which can not be recovered and are thus paid by the landlord. The increase from 30/06/06 compared to 30/06/05 is related to the increase of the portfolio.

#### Note 11. Property management costs

(in 1,000 EUR)	30/06/06	30/06/05
External management costs	-891	-1,155
Costs of the internal management of the property	-603	0
<b>TOTAL</b>	<b>-1,494</b>	<b>-1,155</b>

Leasinvest Real Estate has no own personnel. The statutory manager, Leasinvest Real Estate Management SA, is responsible for the management of the real estate fund, and had, on 30/06/06 a staff of seven persons under the direction of the permanent representative/CEO (eight in total).

The total management costs are the management fee of the statutory manager and the fee for internal investment advice of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil).

#### Note 12. Gains or losses on disposals of investment properties

(in 1,000 EUR)	30/06/06	30/06/05
Net gains on investment properties (selling price – Transaction costs)	0	26,214
Book value of real estate sold	0	-25,088
<b>TOTAL</b>	<b>0</b>	<b>1,126</b>

The realised gains for the financial year ending on 30/06/05 are a consequence of the sale of the long lease receivables for the building at the rue de Trèves in Brussels and leased to the Committee of the Regions, and the sale of a smaller building at the Kontichsesteenweg 38 in Aartselaar.

#### Note 13. Changes in fair value of property investment

(in 1,000 EUR)	30/06/06	30/06/05
Positive changes in fair value of investment properties	7,043	6,875
Negative changes in fair value of investment properties	-3,120	-4,670
<b>TOTAL</b>	<b>3,923</b>	<b>2,205</b>

The positive changes on 30/06/06 are mainly due to the buildings Square de Meeûs 5-6, route de Lennik and the Brixton Business Park. The negative changes on 30/06/06 are mainly due to the buildings Axxes Business Park, Riverside Business Park and Vierwinden Business Park.

#### Note 14. General corporate charges

(in 1,000 EUR)	30/06/06	30/06/05
ICB tax	-186	-212
Despositary	-53	-54
Auditor fees	-26	-49
Liquidity provider	-9	-9
Other expenses	-496	-553
<b>TOTAL</b>	<b>-770</b>	<b>-877</b>

The general corporate charges group the “overhead” costs of the company, which has as such nothing to do with its actual activities, namely generate rental income. Those are the expenses that the real estate fund has to carry as a legal, listed entity and are mainly related to all sorts of obligations/rules concerning transparency, liquidity of the share and financial communication.

#### Note 15. Financial income

(in 1,000 EUR)	30/06/06	30/06/05
Interests and dividends received	592	132
Income from financial leasing and comparable items	45	7
Income from derivative financial instruments	1,015	1,687
Change in the fair value of financial assets	634	0
Net realised gains on the disposal of financial assets	0	0
Net realised gains on the disposal of financial leasing receivables and comparable items	0	0
<b>TOTAL</b>	<b>2,286</b>	<b>1,825</b>

The interests and dividends received are almost exclusively interests from temporary, short term deposits of cash surpluses. The main part of the financial income consists of floated interests received from interest rate swaps, for which Leasinvest Real Estate always pays a fixed interest rate. This fixed interest rate can be found under the section "costs of financial instruments for hedging" of the interest charges (see note 16). Interests are only accounted as income as from the settlement date.

#### Note 16. Interest charges

(in 1,000 EUR)	30/06/06	30/06/05
Nominal interest charges on loans	-3,082	-2,381
Interest charges on non-current financial debts	-987	-564
Interest charges on current financial debts	-2,095	-1,817
Recomposition of the nominal amount of the financial debts	0	0
Costs of derivative financial instruments	-1,414	-3,735
Other interest charges	-96	-95
<b>TOTAL</b>	<b>-4,592</b>	<b>-6,210</b>

#### Note 17. Other financial charges

(in 1,000 EUR)	30/06/06	30/06/05
Bank costs and other commissions	-700	-402
<b>TOTAL</b>	<b>-700</b>	<b>-402</b>

#### Note 18. Income taxes

(in 1,000 EUR)	30/06/06	30/06/05
<b>Company</b>	<b>-439</b>	<b>-266</b>
Pre-tax result	24,112	12,814
Result exempted from income tax due to the sicafi regime	11,218	11,703
Taxable result based on non-deductible costs	510	701
Tax rate of 33.99%	167	238
Income tax provision	300	0
Withholding tax	9	16
Previous tax year adjustment	-37	12
<b>Subsidiaries</b>	<b>-348</b>	<b>-164</b>
<b>TOTAL</b>	<b>-787</b>	<b>-430</b>

Real estate funds (sicafis) enjoy a special fiscal regime, which makes that corporate taxes are only applicable on non-deductible expenses and, on abnormal and benevolent advantages and special amounts.

Subsidiaries do not enjoy this special regime.

#### Note 19. Investment properties (fair value method)

(in 1,000 EUR)	30/06/06	30/06/05
<b>Balance at the end of the previous financial year</b>	<b>268,584</b>	<b>250,905</b>
Acquisitions	193,764	38,429
Of which through business combinations(*)	191,110	38,429
Disposals	0	-24,337
Increase/(decrease) of the fair value	4,834	3,586
<b>Balance at the end of the financial year</b>	<b>467,182</b>	<b>268,584</b>

(\*) more information on the business combinations (IFRS 3); see note 37

<b>Other information</b>		
Investment value of the property	479,170	275,460
Rental income and operating charges		
Rental income of investment properties	23,958	19,868
Direct operating charges (incl. maintenance and repair) of let properties(*)	-2,421	-2,678
Indirect operating charges (incl. maintenance and repair) of let properties(*)	-292	-235
Liabilities relating to acquisitions		
Contractual liabilities for acquisition of investment properties, construction and development of investment properties	0	0
	0	0

(\*) Excluding management fee.

The IAS 40 standard stipulates that investment properties are being accounted for at their fair value (fair value model) in the financial statements. Thereto, the real estate funds (sica-fi) had to adapt the presentation of their investment properties in the balance sheet.

The fair value is the price at which a building could be exchanged between knowledgeable and willing parties, acting in normal competitive conditions. This value should be considered from the point of view of the seller, after deduction of the transfer costs.

The fair value has been defined by independent real estate valuers in a two-step approach: in a first step the valuers determine the investment value of the property (corresponds to the previously used term "investment value"), based on the present value of the future net rental income. This investment value corresponds to a price, which a third party investor would pay to acquire the property for receiving the rental income and thus to achieve a return on his investment.

In a second step, the valuers have estimated a level of transaction costs ("transfer taxes"), which would be paid by a future hypothetical disposal of a property. The investment value less the estimated transaction costs is the fair value in the meaning of the IAS 40 standard.

In Belgium, the transfer of ownership of a property is subject to the payment of transfer rights, of which the amount depends on the way the ownership is transferred, the nature of the buyer and the location of the property. The effective percentage of the transfer costs varies thus from 0 to 12.5%. As a result the effectively paid amount of transaction costs is only known at the moment the transfer is completed.

The definition of the level of transaction costs has been carried out by all<sup>34</sup> valuers involved in the valuation of Belgian real estate funds (sicafris), based on a representative sample of 220 market transactions, which took place between 2003 and 2005, representing an amount of 6 billion EUR. The weighted average transaction costs/transfer taxes amounted to 2.5%.

This percentage will be reviewed annually, and if necessary adapted by tranches of 0.5%. This percentage is applicable on all assets with a value equal to or exceeding 2.5 million EUR.

For transactions with a value inferior to 2.5 million EUR, transaction costs of 10% or 12.5% would apply, depending on the Region in which the buildings are located<sup>35</sup>.

Concerning the incorporation, at fair value, of the real estate portfolio in the Grand Duchy of Luxembourg, it is Leasinvest Real Estate's opinion that the same methodology can be applied, resulting in the fact that transaction costs of 2.5% were taken into account for buildings equal to or exceeding 2.5 million EUR and the real percentage of transaction costs, applicable in Luxembourg for buildings inferior to 2.5 million EUR.

On the date of the first application of the IAS/IFRS standards, namely on 01/07/04, the transaction costs amounted to 6.58 million EUR on an investment value of 257.5 million EUR. This amount has been booked under a separate caption of the shareholder's equity, entitled "Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties".

On 30/06/06 these transaction costs, deducted from the investment value, amount to 6.9 million EUR, or 1.72 EUR per share.

34 Cushman & Wakefield, Healey & Baker, de Crombrughe & Partners, DTZ and Winssinger & Vennoten, Stadim and Troostwijk-Roux.

35 See also the BEAMA press release of 08/02/06 and [www.beama.be](http://www.beama.be).

## Note 20. Other tangible assets

(in 1,000 EUR)	30/06/06
<b>Tangible assets for own use</b>	<b>0</b>
<b>Other</b>	
<b>Changes in other tangible assets, other financial year 2005</b>	
<b>Opening balance</b>	<b>0</b>
Gross amount	0
Accumulated depreciations (-)	0
Accumulated extraordinary write-downs	0
Investments	94
Acquisitions through business combinations	0
Transfers and disposals (-)	0
Transfers by splitting-up (-)	0
Depreciations (-)	-22
Extraordinary write-downs (incorporated) written-back in the results	0
Other increase (decrease)	0
<b>Closing balance</b>	<b>72</b>
<b>Changes in other tangible assets, other financial year 2006</b>	
<b>Opening balance</b>	<b>72</b>
Gross amount	94
Accumulated depreciations (-)	-22
Accumulated extraordinary write-downs	0
Investments	20
Acquisitions through business combinations	0
Transfers and disposals (-)	-5
Transfers by splitting-up (-)	0
Depreciations (-)	-33
Extraordinary depreciation (incorporated) written-back in the results	0
Other increase (decrease)	0
<b>Closing balance</b>	<b>54</b>

### Other information

See also the IFRS valuation rules in note 2. The section "other" consists specifically of "equipment" and is written off in a linear way over a period of three years (at 33.3%).

## Note 21. Non-current financial assets

(in 1,000 EUR)	30/06/06	30/06/05
Available for disposal	0	0
Loans and receivables	163	190
Other	690	679
Derivative financial instruments (see note 22)	1,754	356
Participations in associated companies	3	
<b>TOTAL</b>	<b>2,609</b>	<b>1,225</b>

Regarding the treatment of the non-current financial assets in the accounts, see the IFRS valuation rules in note 2.



## Note 22. Derivative financial instruments

The entire risk policy is explained in the annual report 2005/2006. Taken into account that the debt financing of Leasinvest Real Estate is based on a floating interest rate, the risk is real that, as the interest rates increase, the financing costs would rise. To limit the risks of an increase of the floating interest rates, Leasinvest Real Estate has partially hedged its loans with the financial products mentioned below:

Type	Notional amount	Strike price	Duration
<b>Options</b>			
<b>Spot options</b>			
acquisition CAP	25,000,000	3.50%	2010
disposal FLOOR	25,000,000	1.70%	2010
acquisition CAP	40,000,000	5.00%	2011
disposal FLOOR	40,000,000	3.15%	2011
acquisition CAP	30,000,000	4.50%	2013
disposal FLOOR	30,000,000	3.00%	2013
acquisition CAP	10,000,000	4.75%	2013
disposal FLOOR	10,000,000	3.00%	2013
<b>Forward start</b>			
acquisition CAP	20,000,000	4.00%	2011
disposal FLOOR	20,000,000	2.00%	2011
<b>Swaps</b>			
	Notional amount	Fixed interest rate	Duration
IRS	20,000,000	3.38%	2009
IRS	20,000,000	3.15%	2008
IRS	15,000,000	3.87%	2011

Regarding the swaps, hedge accounting is applied and the effectiveness of the hedges is proven. These swaps hedge commercial paper issues at floating interest rates, repriced at short term intervals (typically three months or less). The swaps are effective hedges, the caps, floors and collars are non-effective hedges, because Leasinvest Real Estate has chosen not to execute the effectiveness test. The swaps concern cash flow hedges. Concerning the incorporation in the accounts, we refer to the IFRS valuation rules in note 2.

The fair value of the derivative financial instruments on conclusion date is composed as follows:

(in 1,000 EUR)	30/06/06		01/07/05 <sup>(1)</sup>	
	Assets <sup>(2)</sup>	Liabilities <sup>(3)</sup>	Assets <sup>(2)</sup>	Liabilities <sup>(3)</sup>
Bought caps	1,379	0	356	0
Sold floors		-82		-126
Interest Rate Swaps	375			-1,317
<b>Total</b>	<b>1,754</b>	<b>-82</b>	<b>356</b>	<b>-1,443</b>

(1) Date of first application of IAS 39: see also the IFRS valuation rules in note 2.

(2) See note 21.

(3) See note 33.

Changes in the fair value of the hedge instruments:

Effective part of the fair value (cfr. Section in the shareholder's equity) (see note 30)	
<b>Balance on 01/07/05</b>	<b>-1,317</b>
Variation in the effective part of the fair value of derivative financial instruments	1,692
Transfer to the income statement	0
<b>Balance on 30/06/06</b>	<b>375</b>
Non-effective part of the fair value	
<b>Balance on 01/07/05</b>	<b>-43</b>
Variation in the non-effective part of the fair value of derivative financial instruments	641
<b>Balance on 30/06/06</b>	<b>598</b>

#### Note 23. Trade receivables

(in 1,000 EUR)	30/06/06	30/06/05
Trade receivables	3,309	2,180
To be re-invoiced to tenants	1,383	171
Doubtful receivables	5	5
<b>TOTAL</b>	<b>4,697</b>	<b>2,357</b>

The increase of the trade receivables is related to the acquisitions of the financial year 2005/2006 and the invoices to make within the framework of the re-invoicing to tenants of property and regional taxes.

#### Note 24. Tax receivables and other current assets

(in 1,000 EUR)	30/06/06	30/06/05
Taxes	219	394
Salaries and social security	0	0
Other	138	31
<b>TOTAL</b>	<b>357</b>	<b>425</b>

The taxes for 30/06/06 concern VAT, for 30/06/05 almost exclusively income tax.

#### Note 25. Cash and cash equivalents (see also the consolidated cash flow statement)

(in 1,000 EUR)	30/06/06	30/06/05
Cash	2,825	169
Cash equivalents	2,693	1,817
<b>TOTAL</b>	<b>5,518</b>	<b>1,986</b>

The cash equivalents concern, on the one hand, short term deposits, of which the term varies from one day to a maximum of one month and, on the other hand, subscriptions to commercial paper, with a duration of maximum three months.

As well the deposits as the subscriptions to commercial paper take place depending on the company's immediate need for cash.

The deposits yield an interest based on the short term deposit interest rate, while the commercial paper are remunerated based on the short term interest rate (Euribor) increased by a margin.

## Note 26. Deferred charges and accrued income – assets

(in 1,000 EUR)	30/06/06	30/06/05
Accrued and not due rental income		
Rent free periods and incentives to be spread over the firm tenure of the leases		
Prepaid property charges	255	105
Prepaid interests and other financial charges	253	177
Other	18	
<b>TOTAL</b>	<b>526</b>	<b>282</b>

## Note 27. Share capital, share premium account and reserves

### A Subscribed capital

#### a) Evolution subscribed capital since the creation of the real estate fund (sicafi)

Date		Issued capital (in 1,000 EUR)	Number of shares
31/12/98	Initial capital Brixton Zaventem	2,922	61,250
04/05/99	New number of shares <sup>(1)</sup>		864,808
07/05/99	Acquisition of own shares and annulment of the acquired shares		-24,603
08/06/99	Contribution in kind of the "Extensa buildings"	2,788	727,818
08/06/99	Contribution in kind of the Vierwinden Business Park	9,370	191,574
	<b>Total before the offering</b>	<b>15,080</b>	<b>1,759,597</b>
01/07/99	Capital increase	20,334	370,851
01/07/99	Merger with Brixton Louise	7,561	394,672
01/07/99	Merger with Kapex		4
01/07/99	Decrease of the capital	-15,209	
	<b>Capital and number of shares after the offering</b>	<b>27,765</b>	<b>2,525,124</b>
28/06/01	Contribution in kind buildings D4 and D5 of the Axxes Business Park	2,206	200,500
14/12/01	Contribution in kind D2 of the Axxes Business Park	1,152	104,742
28/11/03	Merger with Brussimmo		2
28/11/03	Merger with Ekiport		3
	<b>Issued capital and number of issued shares on 30/06/04</b>	<b>31,123</b>	<b>2,830,371</b>
23/12/04	Partial splitting-up (Montoyer 63)	4,606	418,850
	<b>Issued capital and number of issued shares on 30/06/05</b>	<b>35,729</b>	<b>3,249,221</b>
29/05/06	Contribution in kind of buildings Extensa-portfolio	8,397	763,407
	<b>Issued capital and number of issued shares on 30/06/06</b>	<b>44,126</b>	<b>4,012,628</b>

(1) On 31/12/98 the registered capital of Brixton Zaventem amounted to 2,921,652 EUR, represented by 61,250 shares. On 04/05/99 it has been decided to divide the capital of Brixton Zaventem into 864,808 shares.

#### b) Categories of shares

Leasinvest Real Estate has only one category of shares, namely ordinary shares. Holders of ordinary shares are entitled to receive the declared dividend and to one vote per share on the annual meetings of shareholders of Leasinvest Real Estate. All shares are fully paid. The shares are bearer shares or registered shares or, in case of preliminary appointment of an account holder by the statutory manager, in the form of dematerialised titles. For more information on the nature of the share, see 11 Articles of association.

#### c) Authorised capital

The statutory manager is authorised to increase the registered capital on the dates and subject to the conditions he will define, in one or more times, for a total amount of 31,122,909.49 EUR. More on this: see 11 Articles of association.

#### d) Costs related to capital increases

For the financial years ending on 30/06/05 and 30/06/06 no costs related to a capital transaction or issuing of new shares have been deducted from the capital.

#### B Share premium accounts

(in 1,000 EUR)			
Date	Transaction		
28/06/01	Contribution in kind buildings D4 and D5 of the Axxes Business Park	7,710	
14/12/01	Contribution in kind building D2 of the Axxes Business Park	4,356	
23/12/04	Partial splitting-up (Montoyer 63)	19,214	
	<b>Share premium account on 30/06/05</b>		<b>31,280</b>
29/05/06	Contribution in kind buildings Extensa-portfolio	39,331	
	<b>Share premium account on 30/06/06</b>		<b>70,611</b>

#### C Reserves

(in 1,000 EUR)	30/06/06	30/06/05
Legal reserves	612	612
Non-distributable reserves	85,005	84,794
Tax-exempt reserves		
Available reserves	13,434	13,434
<b>TOTAL</b>	<b>99,051</b>	<b>98,840</b>

The changes in value of the portfolio are recorded under the non-distributable reserves, in accordance with the note of the Commission for Accounting Standards.

#### Note 28. Comments on the number of shares, dividends and profit per share (EPS)

##### 28.1 Changes in the number of shares

	30/06/06 Number of shares	30/06/05 Number of shares
Number of shares at the beginning of the financial year	3,249,221	2,830,371
Creation of new shares following the partial splitting-up (Montoyer 63)		418,850
Creation of new shares following the contribution in kind (part of) Extensa portfolio	763,407	
Number of shares at the end of the financial year	4,012,628	3,249,221
Number of shares entitled to dividends (pro rata)	3,318,241	3,047,255
Weighted average number of shares at the end of the financial year	3,318,241	3,047,255

## 28.2 Calculation of the amount of the mandatory dividend distribution (cfr. RD 10/04/95) (according to the statutory annual accounts)

(in 1,000 EUR)	30/06/06	30/06/05
<b>Net operating result according to the statutory annual accounts</b>		
Net result	11,075	14,658
Non-current transactions included in the net result		
+ Depreciations	35	22
+ Write-downs	72	18
- Write-back of write-downs		
+/- Other non-monetary elements	1,800	-3,572
+/- Result disposal of real estate		-1,126
+/- Changes in the fair value of property investments	-2,096	-1,361
<b>= Net operating result</b>	<b>10,886</b>	<b>8,639</b>
<b>Minimum mandatory = 80%</b>	<b>8,709</b>	<b>6,911</b>
<b>Dividend (proposal)</b>	<b>12,443</b>	<b>11,328</b>

## 28.3 Calculation of the profit and dividend per share (EPS en DPS)

The calculation of the basis result per share on the closing date is based on the net profit, share of the group, and on the weighted average number of issued shares during the financial year and is calculated as follows: (this calculation follows the IFRS valuation rules)

(in EUR)		30/06/06	30/06/05
Net profit, share of the group (1,000 EUR)	(a)	19,723	12,448
Weighted average number of shares at the end of the financial year	(b)	3,318,241	3,047,255
Net profit, share of the group (EUR) <sup>(1)</sup>	(a)/(b)	5.94	4.09
Distributable profit per share (EUR) <sup>(2)</sup>		3.28	2.84
		<b>proposal 2006</b>	<b>paid 2005</b>
Gross dividend attributable to the ordinary shareholders (EUR)		12,443,404	11,328,475
Gross dividend per share (EUR) <sup>(3)</sup>		3.75	3.72
Net dividend per share (EUR)		3.19	3.16
			<b>paid 2004</b>
			10,557,284
			3.73
			3.17

(1) The net profit per share, is the net result, share of the group, as published in the results account, divided by weighted average number of shares.

(2) The distributable profit per share is the amount that is taken into consideration to calculate the mandatory distribution, divided by the number of shares entitled to dividends.

(3) The dividend distribution has been calculated in accordance with the RD of 10 April 1995 and based on the statutory annual accounts established according to the Belgian accounting standards. For the financial year ending on 30/06/06 a gross dividend of 3.75 EUR (net 3.19 EUR) will be proposed to the general meeting of shareholders of 16/10/06.

## 28.4 Result

(in 1,000 EUR)	30/06/06	30/06/05
Result carried forward from the previous financial years	10,874	9,754
Result of the financial year	19,723	12,448
Result to be carried forward	7,280	1,120
Proposed dividend	12,443	11,328
	<b>30,597</b>	<b>22,202</b>

**Note 29. Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties**

(in 1,000 EUR)	30/06/06	30/06/05
Balance at the end of the previous financial year	-6,686	-6,583
Change in fair value of property investments	-224	-854
Impact of disposal of property investments		751
<b>TOTAL</b>	<b>-6,910</b>	<b>-6,686</b>

**Note 30. Change in fair value of financial assets and liabilities**

(in 1,000 EUR)	30/06/06	30/06/05
On financial assets available for disposal		
On derivative financial instruments	375	-1,317
<b>TOTAL</b>	<b>375</b>	<b>-1,317</b>

**Note 31. Minority interests**

(in 1,000 EUR) Company	Percentage of participation	30/06/06	30/06/05
Leasinvest Immo Lux (ex-Dexia Immo Lux) sicav	90.12%	14,980	
Square de Meeûs 5-6 SA	50.07%	9,723	7,970
Leasinvest Real Estate Facility Services SA	99%	3	
<b>Total minority interests</b>		<b>24,706</b>	<b>7,970</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>262,555</b>	<b>188,019</b>

**Note 32. Non-current financial debts, section "a. credit institutions" current financial debts, section "c. other"**

Breakdown according to the expiry date of the credit lines and their draw-downs

(in 1,000 EUR)	30/06/06 Debts with a residual duration of				30/06/05 Debts with a residual duration of			
	Less than 1 year	More than 1 year less than 5 years	More than 5 years	Total	Less than 1 year	More than 1 year less than 5 years	More than 5 years	Total
<b>Non-current financial debts</b>								
Credit lines		125,000	30,000	155,000		75,000		75,000
Credit draw-downs		64,800	30,000	<b>94,800</b>		29,800		<b>29,800</b>
% share (credit lines/credit draw-downs)		51.8%	100.0%	61.2%		39.7%		39.7%
<b>Current financial debts</b>								
Commercial paper program			160,000	160,000			110,000	110,000
Commercial paper draw-downs	108,524			<b>108,524</b>	42,697			<b>42,697</b>
Back-up credit lines	54,100	50,000		104,100	35,000	40,000		75,000
% share CP / backup credit lines				104.2%				56.9%
% share CP / CP program				67.8%				38.8%

All credit lines are based on a floating interest rate, for which the rent risk is mainly covered by derivative financial instruments.

For details: see note 22.

**Note 33.****Other non-current financial liabilities**

(in 1,000 EUR)	30/06/06	30/06/05
Derivative financial instruments	82	1,443
Other	0	0
<b>TOTAL</b>	<b>82</b>	<b>1,443</b>

**Trade debts and other current debts**

(in 1,000 EUR)	30/06/06	30/06/05
<b>Exit tax</b>	<b>2,450</b>	
<b>Other</b>		
Suppliers	5,022	4,054
Tenants	0	0
Taxes, salaries and social security	1,057	1,439
<b>TOTAL</b>	<b>8,529</b>	<b>5,494</b>

**Note 34. Accrued charges and deferred income – liabilities**

(in 1,000 EUR)	30/06/06	30/06/05
Property income received in advance	6,472	5,290
Interests and other charges accrued and not due	609	519
Other	385	158
<b>TOTAL</b>	<b>7,466</b>	<b>5,967</b>

**Note 35. Consolidation scope**

The subsidiaries mentioned below are all part of the consolidation scope using the integral consolidation method. This consists in incorporating integrally, on 30 June, as well the assets as the liabilities, as the results of the subsidiaries. The minority interests are recorded under a separate caption in the balance sheet and the income statement. Concerning the incorporation into the accounts (balance sheet and results) of the acquisitions of the financial year 2005/2006, see IFRS 3, note 37 concerning business combinations.

Name & address of the administrative offices	VAT or national number	Directly or indirectly part of the capital in ownership and voting rights (in%)	Annual accounts per
<b>Square de Meeûs 5-6 SA</b> Avenue de Tervueren 72 - 1040 Brussels	BE 866.486.251	50.07%	30 June
<b>Leasinvest Real Estate Facility Services SA</b> Mechelsesteenweg 34/8 -2018 Antwerp	BE 878.901.063	99.00%	30 June(*)
<b>Warehouse Finance SA</b> Mechelsesteenweg 34/8 -2018 Antwerp	BE 419.819.463	100.00%	31 December
<b>De Leewe SA</b> Mechelsesteenweg 34/8 -2018 Antwerp	BE 457.482.583	100.00%	31 December
<b>Logistics Finance I SA</b> Mechelsesteenweg 34/8 -2018 Antwerp	BE 418.979.325	100.00%	31 December
<b>Leasinvest Immo Lux (ex-Dexia Immo Lux) Sicav</b> 69, Route d'Esch - L-2953 Luxembourg	LU 16372655	90.12%	31 December
<b>Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil)</b> 69, Route d'Esch - L-2953 Luxembourg	LU 10355144	100.00%	31 December

(\*) first annual closing on 30/06/07.



### Note 36. Related party transactions

The related companies with which Leasinvest Real Estate transacts business are its subsidiaries (see note 35), the parent company (Extensa Group SA) and the statutory manager Leasinvest Real Estate Management SA.

The statutory manager Leasinvest Real Estate Management SA employs the personnel and receives a management fee of 0.415% of the investment value of the portfolio.

#### Acquisitions of Extensa Group SA

On 29/05/06 AXA Belgium SA has contributed in kind three companies in Leasinvest Real Estate against 763,407 newly issued shares of Leasinvest Real Estate. The shareholder's equity as a consequence, was increased by 47.7 million EUR. AXA Belgium SA has previously bought these companies from Extensa Group SA (ex-Leasinvest SA).

On 29/03/06 Leasinvest Real Estate acquired, in cash, directly from Extensa Group SA (ex-Leasinvest SA), for a price of 2.7 million EUR, a semi-industrial building composed of offices and logistics spaces, situated in Forest (Brussels), rue Lusambo and the long lease on the land.

Between Leasinvest Real Estate and Leasinvest Immo Lux (ex-Dexia Immo Lux) an inter-company loan was concluded for an amount of 38 million EUR for an unspecified term based on euribor + 70 bp. On 30/06/06 the outstanding amount reached 37.7 million EUR.

#### Events after the closing of the balance sheet

By two consecutive transactions Leasinvest Real Estate has become a 100% shareholder of Square de Meeûs 5-6 SA.

The statutory manager has taken the decision to propose to the general meeting of shareholders of Leasinvest Real Estate to proceed to the merger by take over of Square de Meeûs 5-6 SA, and to amend the statutory investment policy as defined in art. 5 of the articles of association. The project text of art. 5 of the articles of association as it will be presented to the general meeting, can be consulted on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)) as from the date on which the registered shareholders will be invited to the extraordinary general meeting which has to deliberate on and decide of this amendment of the articles of association.

### Note 37

The acquisitions of the past financial year concern "business combinations" recorded in the financial statements according to the "purchase method" in accordance with IFRS 3.

#### Acquisition Leasinvest Immo Lux (ex-Dexia Immo Lux) & Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil)

Leasinvest Real Estate has acquired a controlling interest of 90.12% in Leasinvest Immo Lux (ex-Dexia Immo Lux) in 2006.

The capital of Leasinvest Immo Lux (ex-Dexia Immo Lux) is represented by two categories of shares, namely capitalisation & distribution shares. The acquisition of the participation, related to both categories of shares, took place in two phases:

- a first phase was the acquisition of a controlling interest (51.13%) at the end of March for 112.28 million EUR (including acquisition costs)
- the second phase of the acquisition, in the last quarter of the financial year, was the public take over bid on the remaining shares which were still in the market at that time. During this second phase, an additional interest of 38.99% was acquired for 52.7 million EUR.

As Leasinvest Immo Lux (ex-Dexia Immo Lux) had no quarterly closing at the end of March 2006 the 51.13% of Leasinvest Immo Lux (ex-Dexia Immo Lux) is accounted for based on the balance sheet of 01/01/06.

The additional stake (38.99%) has only been recorded on 30/06/06.

As a consequence, Leasinvest Immo Lux (ex-Dexia Immo Lux) has only contributed to the results of Leasinvest Real Estate for six months, which amounts to 1.9 million EUR for 51.13%.

(in 1,000 EUR) Dexia Immo Lux	01/01/06	30/06/06
Investment properties(*)	144,546	143,988
Current assets	39,848	42,305
<b>Total assets</b>	<b>184,394</b>	<b>186,293</b>
Shareholder's equity	183,763	185,557
Current liabilities	631	736
<b>Total of the shareholder's equity and liabilities</b>	<b>184,394</b>	<b>186,293</b>

(\*) At fair value, according to the opinion of the statutory manager and the independent real estate expert of Leasinvest Real Estate.

The participations of 51.13%<sup>36</sup> and 38.99%<sup>36</sup> represent respectively a value of 113.8 million EUR and 54.9 million EUR of the shareholder's equity on respectively 01/01/06 and 30/06/06.

The difference with the acquisition price results in a total negative goodwill of 3.7 million EUR, which is recorded in the results according to IFRS 3. This negative goodwill is mainly due to the transaction costs of 2.5% applied in Belgium for the definition of the fair value (also on the Luxembourg portfolio: see IFRS valuation rules) and which are lower than the transaction costs taken into account in Luxembourg.

#### Acquisition Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA

At the same time as the acquisition of the controlling interest in Leasinvest Immo Lux (ex-Dexia Immo Lux) at the end of March 2006, Leasinvest Real Estate has acquired 100% of the shares of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA for 0.16 million EUR. The shareholder's equity of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) on 31/12/05 amounted to 1.29 million EUR, resulting in a negative goodwill of 1.1 million EUR. In accordance with IFRS 3 this negative goodwill is recorded in the results. Additionally, a result of six months was accounted for 0.62 million EUR.

#### Acquisition Extensa Group NV portfolio

Logistics Finance I, De Leeuwe SA and Warehouse Finance, three companies from Extensa Group SA, have been contributed in kind by AXA Belgium SA on 29/05/06 for 100% - one share against the issuing of new shares.

These companies have been accounted for in the consolidation, for the first time, on 30/06/06.

(in 1,000 EUR)	30/06/06
Investment properties	47,122
Current assets	7,103
<b>Total assets</b>	<b>54,225</b>
Shareholder's equity	48,326
Current liabilities	5,899
<b>Total shareholder's equity and liabilities</b>	<b>54,225</b>

<sup>36</sup> The percentages of 51.13% and 38.99% (in terms of number of shares) correspond to, respectively 61.9% and 29.6% in terms of relation in the shareholder's equity.

The value of the contribution in kind of these companies, increased by the acquisition costs, amounts to 47.89 million EUR.

As a consequence, a negative goodwill of 0.43 million EUR is accounted for in the results, mainly due to the difference in valuation of the investment properties on the moment of the acquisition on the one hand, and on 30/06/06 on the other hand.

For the impact of the business combinations for an entire reporting period, see note "pro forma financial statements".

#### **Note 38. First application of IFRS and reconciliation**

In execution of the regulation of the European Union number 16/06/02 of 19 July 2002, Leasinvest Real Estate SCA establishes its consolidated accounts, as from the financial year 2005/2006, according to IFRS standards, as these are approved by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee (IFRIC) and as far as they are ratified by European Union.

In accordance with the EU regulation and the provisions of IFRS 1 "First application of the International Financial Reporting Standards", the transfer date for Leasinvest Real Estate is determined on 01/07/04, as Leasinvest Real Estate closes its financial year on 30/06. According to IFRS 1 Leasinvest Real Estate applies IFRS as from 01/07/05. This is the first annual reporting period for the consolidated accounts under IFRS.

Hereafter the main differences between the Belgian accounting Law (BGAAP) and IFRS are presented for Leasinvest Real Estate, the impact of the identified restatements on the shareholder's equity in the opening balance sheet on 01/07/04, on 30/06/05 and on the results for the financial year 2005/2006.

IFRS 1 provides a number of exemptions which can be invoked. Leasinvest Real Estate has decided to invoke the exemption to providing both sets of figures in the opening balance sheet on the transfer date in regard to the IAS (International Accounting Standards) Standard 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement.' The first application of these standards is therefore postponed until 01/07/05.

The financial instruments are thus recorded in the comparative figures according to the applicable rules of the Belgian accounting law.

#### **IMPACT OF THE IDENTIFIED RESTATEMENTS:**

##### **1 . Derivative financial instruments**

Leasinvest Real Estate's policy on interest rate risk consists of hedging the impact of fluctuations in interest rates on the results and on cash flow and at the same time keeping the total interest cost as low as possible. Therefore Leasinvest Real Estate finances its operations on the basis of floating interest rates, by the issue of commercial paper and using long-term credit lines which are also based on floating interest rates. Approximately 80% of its financing is hedged against fluctuations using derivative financial instruments, particularly interest rate swaps and interest rate collars.

These products are not recorded in the balance sheet under Belgian accounting rules. According to IAS/IFRS standards, they must be included in the balance sheet at fair value. Leasinvest Real Estate has opted to apply hedge accounting. For those derivative financial instruments which under IAS/IFRS criteria are considered as an effective hedge, fluctuations in the fair value are directly included in shareholder's equity under a separate heading for hedge instruments. Fluctuations of the derivative financial instruments which do not pass the 'effectiveness test' according to the criteria in the IAS 39 'Financial Instruments: Recognition and Measurement' are recorded in the income statement. Taking into account the prospective application of the IAS 32 and 39 standards, this has no impact on the opening balance sheet. The impact on the shareholder's equity on 30/06/05 amounts to -1.3 million EUR.

The impact on the results on 30/06/05 -43,000 EUR

## **2. Provisions for maintenance and renovation works**

The provisions for maintenance and renovation works in the balance sheet under Belgian accounting rules do not satisfy the accounting criteria for a provision under IFRS (IAS 37 "Provisions, conditional assets and liabilities"). These must be fully transferred into shareholder's equity.

The impact on the shareholder's equity on 01/07/04: 2.8 million EUR

The impact on the shareholder's equity on 30/06/05: zero

The impact on the results on 30/06/05: -2.8 million EUR

## **3. Dividends**

According to Belgian accounting standards, the dividend on the closing date of the financial year must be recorded under the heading "other current liabilities". According to IFRS rules, the dividend is kept in shareholder's equity until it is approved by the general meeting of shareholders. In other words, the balance sheet is recorded before appropriation of the result, under IFRS.

The impact on the shareholder's equity on 01/07/04: 10.6 million EUR

The impact on the shareholder's equity on 30/06/05: 11.3 million EUR

The impact on the results on 30/06/05: zero

## **4. Valuation of the investment properties**

The investment properties of Leasinvest Real Estate must be recorded at 'fair value' according to IAS/IFRS (see also IFRS valuation rules).

The impact on the shareholder's equity on 01/07/04: -6.6 million EUR

The impact on the shareholder's equity on 30/06/05: -6.9 million EUR

The impact on the results on 30/06/05: zero

## **Total impact of all IFRS restatements**

The impact on the shareholder's equity on 01/07/04: 6.8 million EUR

The impact on the shareholder's equity on 30/06/05: 3.1 million EUR

The impact on the results on 30/06/05: -2.9 million EUR

**First application of the IAS/IFRS accounting standards**  
Reconciliation of the opening balance sheet on 01/07/04

(in 1,000 EUR)	01/07/04		
	BE GAAP	Restatements	IFRS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>258,239</b>	<b>-6,583</b>	<b>251,656</b>
Investment properties	257,488	-6,583	250,905
Other tangible assets	0	0	0
Non-current financial assets	751	0	751
<b>CURRENT ASSETS</b>	<b>9,365</b>	<b>0</b>	<b>9,365</b>
Current financial assets	34	0	34
Trade receivables	2,415	0	2,415
Tax receivables and other current assets	71	0	71
Cash and cash equivalents	6,456	0	6,456
Deferred charges and accrued income	390	0	390
<b>TOTAL ASSETS</b>	<b>267,604</b>	<b>-6,583</b>	<b>261,021</b>
<b>LIABILITIES</b>			
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>148,945</b>	<b>6,813</b>	<b>155,758</b>
<b>SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE MOTHER COMPANY</b>	<b>148,945</b>	<b>6,813</b>	<b>155,758</b>
Capital	31,123	0	31,123
Subscribed capital	31,123	0	31,123
Share premium account	12,066	0	12,066
Reserves	101,768	0	101,768
Result	3,989	13,395	17,384
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	-6,583	-6,583
Change in fair value of financial assets and liabilities			
On hedge instruments	0	0	0
<b>MINORITY INTERESTS</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>	<b>118,659</b>	<b>-13,395</b>	<b>105,263</b>
<b>NON-CURRENT LIABILITIES</b>	<b>42,940</b>	<b>0</b>	<b>42,940</b>
Provisions	734	0	734
Non-current financial debts	41,550	0	41,550
a. Credit institutions	41,550	0	41,550
Other non-current financial debts	0	0	0
Other non-current liabilities	656	0	656
<b>CURRENT LIABILITIES</b>	<b>75,719</b>	<b>-13,395</b>	<b>62,323</b>
Provisions	2,838	-2,838	0
Current financial debts	50,137	0	50,137
c. Other	50,137	0	50,137
Trade debts and other current debts	5,206	0	5,206
Exit Tax	1,907	0	1,907
Other	3,299	0	3,299
Other current liabilities	11,594	-10,557	1,037
Accrued charges and deferred income	5,944	0	5,944
<b>TOTAL SHAREHOLDER'S EQUITY, MINORITY INTERESTS AND LIABILITIES</b>	<b>267,604</b>	<b>-6,583</b>	<b>261,021</b>

Concerning the IFRS restatements on 01/07/04, we refer to the text in note 38 "First application of IFRS and reconciliation".

## Reconciliation of the consolidated balance sheet on 30/06/05

(in 1,000 EUR)	30/06/05		
	BE GAAP	Restatements	IFRS
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>	<b>276,401</b>	<b>-6,520</b>	<b>269,881</b>
Investment properties	275,460	-6,876	268,584
Other tangible assets	72	0	72
Non-current financial assets	869	356	1,225
<b>CURRENT ASSETS</b>	<b>5,475</b>	<b>-396</b>	<b>5,080</b>
Current financial assets	31	0	31
Trade receivables	2,357	0	2,357
Tax receivables and other current assets	425	0	425
Cash and cash equivalents	1,986	0	1,986
Deferred charges and accrued income	677	-396	282
<b>TOTAL ASSETS</b>	<b>281,876</b>	<b>-6,916</b>	<b>274,960</b>
<b>LIABILITIES</b>			
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>184,926</b>	<b>3,093</b>	<b>188,019</b>
<b>SHAREHOLDER'S EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE MOTHER COMPANY</b>	<b>176,766</b>	<b>3,283</b>	<b>180,048</b>
Capital	35,729	0	35,729
Subscribed capital	35,729	0	35,729
Share premium account	31,280	0	31,280
Reserves	98,840	0	98,840
Result	10,917	11,285	22,202
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	0	-6,686	-6,686
Change in fair value of financial assets and liabilities			
On hedge instruments	0	-1,317	-1,317
<b>MINORITY INTERESTS</b>	<b>8,160</b>	<b>-190</b>	<b>7,970</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>	<b>30,456</b>	<b>1,443</b>	<b>31,898</b>
Provisions	0	0	0
Non-current financial debts	29,800	0	29,800
a. Credit institutions	29,800	0	29,800
Other non-current financial debts	0	1,443	1,443
Other non-current liabilities	656	0	656
<b>CURRENT LIABILITIES</b>	<b>66,494</b>	<b>-11,451</b>	<b>55,043</b>
Provisions	0	0	0
Current financial debts	42,697	0	42,697
c. Other	42,697	0	42,697
Trade debts and other current debts	5,494	0	5,494
Exit Tax	0	0	0
Other	5,494	0	5,494
Other current liabilities	12,214	-11,328	885
Accrued charges and deferred income	6,090	-123	5,967
<b>TOTAL SHAREHOLDER'S EQUITY, MINORITY INTERESTS AND LIABILITIES</b>	<b>281,876</b>	<b>-6,916</b>	<b>274,960</b>

## Reconciliation of the consolidated results for the financial year ending on 30/06/05

**Consolidated results**

(in 1,000 EUR)	30/06/05		
	BE GAAP	Restatements	IFRS
(+) Rental income	19,868	0	19,868
(+) Write-back of lease payments sold and discounted	0	0	0
(+/-) Related rental expenses	-151	0	-151
<b>NET RENTAL INCOME</b>	<b>19,717</b>	<b>0</b>	<b>19,717</b>
(+) Recovery of property charges	369	0	369
(+) Recovery income of charges and taxes normally payable by tenants on let properties	2,702	0	2,702
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	-668		-668
(-) Charges and taxes normally payable by tenants on let properties	-2,702	0	-2,702
(+/-) Other rental-related income and expenditure	3	0	3
<b>PROPERTY RESULT</b>	<b>19,420</b>	<b>0</b>	<b>19,420</b>
(-) Technical costs	-2,012	0	-2,012
(-) Commercial costs	-464	0	-464
(-) Charges and taxes on unlet properties	-506	0	-506
(-) Property management costs	-1,155	0	-1,155
(-) Other property charges	2,700	-2,838	-138
<b>PROPERTY CHARGES</b>	<b>-1,437</b>	<b>-2,838</b>	<b>-4,275</b>
<b>PROPERTY OPERATING RESULT</b>	<b>17,984</b>	<b>-2,838</b>	<b>15,146</b>
(-) Corporate operating charges	-877	0	-877
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>17,107</b>	<b>-2,838</b>	<b>14,269</b>
(+/-) Gains or losses on disposals of investment property	1,126	0	1,126
(+/-) Changes in fair value of property investment	2,205	0	2,205
<b>OPERATING RESULT</b>	<b>20,438</b>	<b>-2,838</b>	<b>17,600</b>
(+) Financial income	1,825	0	1,825
(-) Interest charges	-6,210	0	-6,210
(-) Other financial charges	-359	-43	-402
<b>FINANCIAL RESULT</b>	<b>-4,743</b>	<b>-43</b>	<b>-4,786</b>
<b>PRE-TAX RESULT</b>	<b>15,695</b>	<b>-2,881</b>	<b>12,814</b>
(+/-) Corporate taxes	-430	0	-430
(+/-) Exit tax	734	0	734
<b>TAXES</b>	<b>304</b>	<b>0</b>	<b>304</b>
<b>NET RESULT</b>	<b>15,999</b>	<b>-2,881</b>	<b>13,118</b>
Attributable to:			
Minority interests	670	0	670
Group shares	15,329	-2,881	12,448

Concerning the IFRS restatement on 30/06/05, we refer to the text in note 38 "First application of IFRS and reconciliation".



## **Report of the auditor**

### **Statutory auditor's report to the general meeting of Leasinvest Real Estate SCA on the consolidated financial statements for the year ended 30 June 2006**

In accordance with the legal and statutory requirements, we report to you on the performance of the audit mandate which has been entrusted to us.

We have audited the consolidated financial statements for the year ended 30 June 2006, prepared in accordance with the International Financial Reporting Standards, as adopted for application in the European Union, and with the legal and regulatory requirements applicable in Belgium, which show a balance sheet total of 483.659(000) EUR and a profit for the year (minority interests included) of 23.325(000) EUR. We have also carried out the specific additional audit procedures required by law.

The preparation of the consolidated financial statements and the assessment of the information to be included in the consolidated directors' report, are the responsibility of the board of directors.

Our audit of the consolidated financial statements was carried out in accordance with the auditing standards applicable in Belgium, as issued by the Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren.

#### **Unqualified audit opinion on the consolidated financial statements**

The above mentioned auditing standards require that we plan and perform our audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. We have examined, on a test basis, the evidence supporting the amounts included in the consolidated financial statements. We have assessed the accounting policies, the consolidation principles, the significant accounting estimates made by the company and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the year ended 30 June 2006 give a true and fair view of the group's assets, liabilities, financial position, results of operations and cash flows, in accordance with International Financial Reporting Standards, as adopted for application in the European Union, and with the legal and regulatory requirements applicable in Belgium.

**Additional certifications and information**

We supplement our report with the following certifications and information which do not modify our audit opinion on the consolidated financial statements:

The consolidated directors' report includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the group is facing, and of its situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious contradictions with the information of which we became aware during our audit.

Brussels, 25 September 2006

Ernst & Young Reviseurs d'Entreprises SCC  
Statutory auditor  
represented by

Danielle Vermaelen  
Partner

## Statutory annual accounts restated under IFRS<sup>37 38</sup>

### Statutory balance sheet<sup>(1)</sup>

(in 1,000 EUR)	Period 30/06/06	Period 30/06/05
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	<b>479,802</b>	<b>262,183</b>
Investment properties	258,180	253,374
Development projects	0	
Other tangible assets	54	72
Non-current financial assets	221,568	8,737
<b>CURRENT ASSETS</b>	<b>7,079</b>	<b>3,148</b>
Current financial assets	2,588	31
Trade receivables	3,747	2,340
Tax receivables and other current assets	30	418
Cash and cash equivalents	383	111
Deferred charges and accrued income	331	247
<b>TOTAL ASSETS</b>	<b>486,881</b>	<b>265,331</b>
<b>LIABILITIES</b>		
<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>229,460</b>	<b>179,567</b>
Capital	44,126	35,729
Subscribed capital	44,126	35,729
Share premium account	70,611	31,280
Reserves	100,715	98,408
Result	20,254	21,963
Impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-6,620	-6,496
Change in fair value of financial assets and liabilities	375	-1,317
On hedge instruments		
<b>LIABILITIES</b>	<b>257,421</b>	<b>85,763</b>
<b>NON-CURRENT LIABILITIES</b>	<b>133,229</b>	<b>31,898</b>
Provisions	0	
Non-current financial debts	132,475	29,800
a. Credit institutions	94,800	29,800
c. Other	37,675	0
Other non-current financial debts	82	1,443
Other non-current liabilities	672	656
<b>CURRENT LIABILITIES</b>	<b>124,192</b>	<b>53,865</b>
Provisions	0	0
Current financial debts	113,108	42,697
c. Other	113,108	42,697
Trade debts and other current debts	4,803	5,372
Exit Tax	0	0
Other	4,803	5,372
Other current liabilities	880	885
Accrued charges and deferred income	5,400	4,910
<b>TOTAL SHAREHOLDER'S EQUITY, MINORITY INTERESTS AND LIABILITIES</b>	<b>486,881</b>	<b>265,331</b>

(1) The non-consolidated annual accounts of the the financial years closing on 30/06/05 and 30/06/06 have been restated under IFRS. A copy of the statutory annual accounts under BGAAP is available, on simple demand and free of charge, at the registered office of the company.

37 The annual brochures, comprising the statutory and consolidated annual accounts, the annual report and the report of the auditor for the financial years 2003/2004 and 2004/2005 and the half-yearly reports including the report of the auditor, concerning the financial years 2003/2004, 2004/2005 and 2005/2006, can be consulted on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com) - investors - financial reports). The annual brochure 2005/2006 can also be consulted on the website of Euronext ([www.euronext.com](http://www.euronext.com)).

38 The presented figures of the statutory annual accounts under IFRS are non-audited figures.

### Statutory results

(in 1,000 EUR)	30/06/06	30/06/05
(+) Rental income	17,548	19,174
(+) Write-back of lease payments sold and discounted	0	0
(+/-) Related rental expenses	1	-151
<b>NET RENTAL INCOME</b>	<b>17,549</b>	<b>19,023</b>
(+) Recovery of property charges	31	369
(+) Recovery income of charges and taxes normally payable by tenants on let properties	2,916	2,341
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	-129	-668
(-) Charges and taxes normally payable by tenants on let properties	-2,916	-2,341
(+/-) Other rental-related income and expenditure	0	3
<b>PROPERTY RESULT</b>	<b>17,451</b>	<b>18,726</b>
(-) Technical costs	-2,076	-2,012
(-) Commercial costs	-179	-464
(-) Charges and taxes on unlet properties	-693	-506
(-) Property management costs	-1,301	-1,135
(-) Other property charges	-189	-138
<b>PROPERTY CHARGES</b>	<b>-4,438</b>	<b>-4,255</b>
<b>PROPERTY OPERATING RESULT</b>	<b>13,013</b>	<b>14,471</b>
(-) Corporate operating charges	-723	-854
(+/-) Other current operating income and expenditure	-1,796	
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>10,494</b>	<b>13,617</b>
(+/-) Gains or losses on disposals of investment property	0	1,126
(+/-) Changes in fair value of property investment	2,096	1,361
<b>OPERATING RESULT</b>	<b>12,590</b>	<b>16,104</b>
(+) Financial income	4,633	1,816
(-) Interest charges	-4,593	-6,210
(-) Other financial charges	-476	-402
<b>FINANCIAL RESULT</b>	<b>-436</b>	<b>-4,795</b>
<b>PRE-TAX RESULT</b>	<b>12,154</b>	<b>11,309</b>
(+/-) Corporate taxes	-439	-266
(+/-) Exit tax	0	734
<b>TAXES</b>	<b>-439</b>	<b>468</b>
<b>NET RESULT</b>	<b>11,715</b>	<b>11,777</b>

The RD of 21 June 2006 fixes the application of IFRS for the drawing up of the statutory annual accounts as from the financial years beginning on or after 1/01/07. To the sicafis, the possibility is given to apply IFRS already as from the financial years beginning on or after 1/01/05. The manager of Leasinvest Real Estate has decided to bring its statutory annual accounts under IFRS as from the financial year 2006/2007, thus earlier than required.

Our auditor has approved our statutory annual accounts without reservations. It is the manager's opinion that it is simpler to execute the transfer from BGAAP to IFRS in the statutory annual accounts, in one operation without the intermediary step as foreseen in the BEAMA press release of 08/02/06 ([www.beama.be](http://www.beama.be)).

However, for reasons of comparability with the consolidated IFRS-figures, restated statutory IFRS-figures have been drawn up with an opening balance sheet on 01/07/05. The comparative figures for the financial year 2005/2006 are also presented.

The impact of the main differences between the Belgian accounting law (BGAAP) and IFRS are presented hereafter for the opening balance sheets on 30/06/05 and 30/06/06 (comparable financial year), and for the results of the financial year 2005/2006.

#### 1. 1. Derivative financial instruments

The impact on the statutory IFRS figures is identical as for the consolidated figures (see also note 38)

SE on 30/06/05: -1.36 million EUR

SE on 30/06/06: +0.97 million EUR

Results on 30/06/06: +0.64 million EUR

#### 2. Dividends

Impact on the SE on 30/06/05: +11.3 million EUR

Impact on the SE on 30/06/06: +12.4 million EUR

#### 3. Valuation of investment properties

The real estate portfolio of Leasinvest Real Estate is recorded at fair value, in accordance with IAS/IFRS.

Impact on the SE on 30/06/05: -6.5 million EUR

Impact on the SE on 30/06/06: -6.6 million EUR

#### Reconciliation shareholder's equity 30/06: BGAAP to IFRS

(in 1,000 EUR)	30/06/06	30/06/05
<b>Shareholder's equity BGAAP</b>	<b>176,094</b>	<b>222,665</b>
Results: proposed dividend	11,328	12,443
Impact on fair value of estimated transaction costs	-6,496	-6,620
Change in fair value of financial assets and liabilities (on derivative financial instruments)	-1,317	375
Results over income statement	-43	597
<b>Shareholder's equity IFRS</b>	<b>179,567</b>	<b>229,460</b>

#### Reconciliation results 30/06: BGAAP – IFRS

(in 1,000 EUR)	Financial year 05/06
<b>Results BGAAP</b>	<b>11,075</b>
Change in fair value of financial assets	598
Annulment of depreciations	42
<b>Results IFRS</b>	<b>11,715</b>

### Report of the auditor<sup>39</sup>

The auditor has made an unqualified report on the statutory annual accounts under BGAAP of Leasinvest Real Estate on 30/06/06, comparable to his statement on the consolidated annual accounts.

### ADDENDUM: Pro Forma financial information

This pro forma financial information has been drawn up to indicate in which way the acquisitions of the past financial year could have affected the assets and the profit of Leasinvest Real Estate if both transactions had been concluded at the beginning of the reporting period, namely on 01/07/05 and had contributed to the results for an entire year.

The acquisitions of the past financial year, for which this pro forma financial information is drawn up, concern on the one hand the contribution in kind of three companies of the Extensa Group SA portfolio by AXA Belgium SA, and on the other hand, the acquisition of the majority (90.12%<sup>40</sup>) of the shares of the Luxembourg sicav Leasinvest Immo Lux (ex-Dexia Immo Lux) (together with Leasinvest Immo Lux (ex-Dexia Immo Lux) Conseil SA).

The pro forma financial information is only drawn up for illustrative purposes. Moreover, it is inherent to the nature of pro forma financial information that this information concerns a hypothetical situation and, as a consequence, does not present the real financial position or results of the company. In the legal consolidation, the first incorporation in the consolidation scope of the new companies, has happened on<sup>41</sup>:

- 31/12/05 for the first 51.13% of Leasinvest Immo Lux (ex-Dexia Immo Lux) and for 100% of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil)
- 30/06/06 for the second part of 38.99% of Leasinvest Immo Lux (ex-Dexia Immo Lux)
- 30/06/06 for the companies contributed in kind by AXA Belgium SA (Logistics Finance SA, De Leeuwe SA and Warehouse Finance SA)

As a consequence, for Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) results for six months have been recorded, for Leasinvest Immo Lux (ex-Dexia Immo Lux) six months at 51.13% and no results for the companies contributed in kind by AXA Belgium. Furthermore, on the different transactions, a total negative goodwill (badwill) of 5.3 million EUR has been realised, which has been recorded in the results. (see note 37 regarding "business combinations").

The objective of this pro forma financial information is to present an income statement for which the results of all the acquired companies have been recorded for an entire year (Leasinvest Immo Lux (ex-Dexia Immo Lux) however for 90.12%), under the assumption that the companies were acquired on 01/07/05.

### Acquisition Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) on 01/07/05

Assumptions:

- The acquisition price of the shares is not modified, however these are calculated based on the balance sheets on 31/12/05. The distribution shares Leasinvest Immo Lux (ex-Dexia Immo Lux) in the possession of Leasinvest Real Estate are not entitled to dividends distributed at the end of 2005 (acquisition distribution shares ex-coupon).

<sup>39</sup> The integral statutory figures, the comments, the report of the auditor and the valuation rules for the financial year 2005/2006, filed with the National Bank of Belgium, can be obtained, on simple request and free of charge at the administrative office of the company and can be consulted on the website ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)).

<sup>40</sup> The percentage of 90.12% (in terms of number of shares) corresponds to 92.01% in terms of relation in the shareholder's equity on 30/06/05.

<sup>41</sup> The statutory annual accounts and the reports of the auditor can be obtained on simple request and free of charge at the company's administrative office.

- As we do not adapt the acquisition price of the shares, we suppose that the fair value of the acquired underlying real estate on 01/07/05 is exactly the same as on 31/12/05.

The companies are recorded for the first time on 01/07/05. The shareholder's equity of Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) on 01/07/05 look as follows:

(in 1,000 EUR)	Leasinvest Immo Lux	Leasinvest Immo Lux Conseil
Shareholder's equity 31/12/05 <sup>(*)</sup>	181,969	1,292
Results 1 July 2005 → 31 December 2005	4,147	617
Shareholder's equity 01/07/05	177,822	675

(\*) For Leasinvest Immo Lux (ex-Dexia Immo Lux) the shareholder's equity is recorded on 31/12/05 excluding dividend, because the shares are acquired ex-coupon. The Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) shares are acquired cum-coupon, reason why we present the shareholder's equity including dividend. This always concerns revalued shareholder's equity under IFRS, for which, among other things, the investment properties are valued at fair value by Leasinvest Real Estate's real estate valuer, in accordance with the IFRS valuation rules.

On 01/07/05 the participations Leasinvest Immo Lux, ex-Dexia Immo Lux, (90,12%) and Leasinvest Immo Lux Conseil, ex-Dexia Immo Lux Conseil, (100%) represent respectively a value of 163.6 million EUR and 0.675 million EUR in the shareholder's equity of the companies. Compared with the acquisition prices (165 million EUR<sup>42</sup> for the participation in Leasinvest Immo Lux (ex-Dexia Immo Lux) and 0.16 million EUR for Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil)) we obtained a positive goodwill for Leasinvest Immo Lux (ex-Dexia Immo Lux) of 1.4 million EUR and a badwill of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) of 0.5 million EUR.

The difference of the badwill in the legal consolidation (3.7 million EUR for Leasinvest Immo Lux (ex-Dexia Immo Lux) and 1.1 million EUR for Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil)) with the goodwill/badwill in the pro forma financial information corresponds to the results of the companies that is additionally acknowledged in the pro forma consolidated results account of Leasinvest Real Estate, namely 0.6 million EUR of result of Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) and 5.2 million EUR result of Leasinvest Immo Lux (ex-Dexia Immo Lux). The 5.2 million EUR of result of Leasinvest Immo Lux (ex-Dexia Immo Lux) is obtained as follows:

90.12% x 4.1 million EUR =	3.7 million EUR
(part of Leasinvest Real Estate)	
Extra acknowledgment of result of	
1/01/06 - 30/06/06 (90.12% - 51.13%) =	1.4 million EUR
<b>Total</b>	<b>5.2 million EUR</b>

As the extra acknowledgment of results of Leasinvest Immo Lux (ex-Dexia Immo Lux) in the pro forma consolidation is at the basis of the positive goodwill on Leasinvest Immo Lux (ex-Dexia Immo Lux), this one is entirely recorded as a cost, in accordance with IAS 36 I 9. As a consequence, an earlier accounting of these companies only results in a shift in the income statement, but has no impact on the net result (share of the group).

#### Acquisition of three companies of Extensa Group SA on 01/07/05

Assumptions:

- The acquisition price of the companies is not modified;
- We suppose that the fair value of the real estate concerned is equal on 01/07/05 and 30/06/06, as no fundamental changes occurred to the buildings since 01/07/05.

42 Including activated acquisition costs.



The companies are recorded for the first time on 01/07/05. The total shareholder's equity of the three companies on 01/07/05 is resumed as follows:

(in 1,000 EUR)	Three companies of Extensa Group SA
Shareholder's equity 30/06/06 <sup>(*)</sup>	48,326
Result 1 July 2005 → 30 June 2006	1,967
Shareholder's equity 01/07/05	46,356

<sup>(\*)</sup> This concerns revaluated Shareholder's equity under IFRS, for which the investment properties are valued at fair value by Leasinvest Real Estate's real estate expert according to the IFRS valuation rules.

Compared with the acquisition price (47.9 million EUR) a positive goodwill of 1.53 million EUR is obtained at the first recording on 01/07/05. The difference with the badwill in the legal consolidation (0.43 million EUR) corresponds to twelve months of result acknowledged in the pro forma income statement (1.96 million EUR). Because the positive goodwill is really the result of the recognition of this result, the goodwill is recorded as a cost in accordance with IAS 36 I 9. As a consequence, an earlier recording in the consolidation only has an impact on the presentation of the income statement, but no impact on the net result (share of the group).

#### Additional interest charges for Leasinvest Real Estate

If Leasinvest Real Estate had acquired Leasinvest Immo Lux (ex-Dexia Immo Lux) and Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) on 01/07/05, it would have to conclude a bank loan earlier, resulting in more interest charges (3.37 million EUR) deducted from the result.

#### Conclusion

The pro forma consolidation for which the companies acquired during the past financial year are consolidated as from the beginning of the financial year has no impact on the net result (share of the group), but only on the composition of the result, except for the additional interest charges on the bank loan (3.37 million EUR). The badwills recorded in income in the legal consolidation are namely replaced by the results of the companies concerned and the recording in costs of the goodwill.

The impact on the consolidated balance sheet is limited to the decrease of cash equivalents with the extra paid interests on the one hand, and a decrease of the shareholder's equity for a same amount on the other hand.

### Pro forma financial information

(in 1,000 EUR)			Pro forma adjustments Interest charges	Pro forma adjustments Extensa Group SA	Pro forma adjustments LIL / LIL Conseil	Pro forma figures
	30/06/06					
(+) Rental income	23,958			3,612	5,234	32,803
(+) Write-back of lease payments sold and discounted	0					0
(+/-) Related rental expenses	1					1
<b>NET RENTAL INCOME</b>	<b>23,959</b>			<b>3,612</b>	<b>5,234</b>	<b>32,804</b>
(+) Recovery of property charges	31					31
(+) Recovery income of charges and taxes normally payable by tenants on let properties	3,457			313	0	3,770
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	-129					-129
(-) Charges and taxes normally payable by tenants on let properties	-3,500			-312	0	-3,812
(+/-) Other rental-related income and expenditure	0					0
<b>PROPERTY RESULT</b>	<b>23,818</b>			<b>3,613</b>	<b>5,234</b>	<b>32,664</b>
(-) Technical costs	-2,152					-2,152
(-) Commercial costs	-179					-179
(-) Charges and taxes on unlet properties	-1,019			0	-326	-1,345
(-) Property management costs	-1,494			0	603	-891
(-) Other property charges	-242					-242
<b>PROPERTY CHARGES</b>	<b>-5,086</b>			<b>0</b>	<b>278</b>	<b>-4,808</b>
<b>PROPERTY OPERATING RESULT</b>	<b>18,732</b>			<b>3,613</b>	<b>5,511</b>	<b>27,856</b>
(-) General corporate costs	-770			-565	-993	-2,328
(+/-) Other current operating income and expenditure(*)	5,234			-1,967	-5,803	-2,536
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>23,195</b>			<b>1,082</b>	<b>-1,285</b>	<b>22,991</b>
(+/-) Gains or losses on disposals of investment property	0					0
(+/-) Changes in fair value of property investment	3,923					3,923
<b>OPERATING RESULT</b>	<b>27,118</b>			<b>1,082</b>	<b>-1,285</b>	<b>26,914</b>
(+) Financial income	2,286			283	539	3,109
(-) Interest charges	-4,592	-3,371		-965	0	-8,928
(-) Other financial charges	-700			-94	-223	-1,017
<b>FINANCIAL RESULT</b>	<b>-3,006</b>	<b>-3,371</b>		<b>-776</b>	<b>316</b>	<b>-6,837</b>
<b>PRE-TAX RESULT</b>	<b>24,112</b>	<b>-3,371</b>		<b>306</b>	<b>-969</b>	<b>20,078</b>
(+/-) Corporate taxes	-787			-306	-70	-1,163
(+/-) Exit tax	0					0
<b>TAXES</b>	<b>-787</b>			<b>-306</b>	<b>-70</b>	<b>-1,163</b>
<b>NET RESULT, SHARE OF THE GROUP</b>	<b>19,723</b>	<b>-3,371</b>		<b>0</b>	<b>0</b>	<b>16,352</b>
Net result, minority interests	3,602	0		0	-1,039	2,563

(\*) The pro forma restatements concern the replacement of badwills recorded in income in the legal consolidation on 30/06/06 by the results of the companies concerned and the recording in costs of the positive goodwill.

### Report of the auditor concerning the pro forma financial information

#### **Auditor's report to the Board of Directors of Leasinvest Real Estate SCA on the pro-forma financial information represented on the pages 111 till 114 of the annual report 2005-06 of Leasinvest Real Estate Comm. V.A.**

In accordance with the "Regulation No 809/2004 of the Commission dated 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council" we report on our assignment with respect to the pro forma financial information set out on the pages 111 till 114 of the annual report 2005-06 of Leasinvest Real Estate Comm V.A. This information has been prepared for illustrative purposes only and provides information about how the 2005-2006 acquisitions might have affected the financial information presented if these acquisitions occurred on July 1, 2005.

It is the responsibility solely of the directors of Leasinvest Real Estate CVA to prepare the pro forma financial information in accordance with the "Regulation No 809/2004 of the Commission dated 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council".

We conducted our work in accordance with the general auditing standards applicable in Belgium, as issued by the Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren. Our work consisted primarily of comparing the unadjusted financial information (column 1 of the pro forma income statement on page 114) with the source documents, assessing the evidence supporting the adjustments (column 2, 3 and 4 of the pro forma financial income statement on page 114) and documenting and discussing the pro forma financial information with the directors of the company.

In our opinion :

- the pro forma financial information has been properly compiled on the basis stated on pages 111 till 113 of the annual report 2005-06 of Leasinvest Real Estate Comm. VA;
- such basis is consistent with the accounting policies of the company, and
- the adjustments are appropriate for the purposes of the pro forma financial information.

Brussels, September 25, 2006

Ernst & Young Bedrijfsrevisoren BCV  
represented by

Danielle Vermaelen  
Partner



# Leasinvest Real Estate on the stock exchange

l'Oréal, Route de Lennik, Anderlecht



# Leasinvest Real Estate on the stock exchange

## 8.1 Financial calendar

### Financial calendar (financial year 2005/2006)

General Meeting	16/10/06
Analysts' meeting for annual results	16/10/06
Dividend payable from	23/10/06

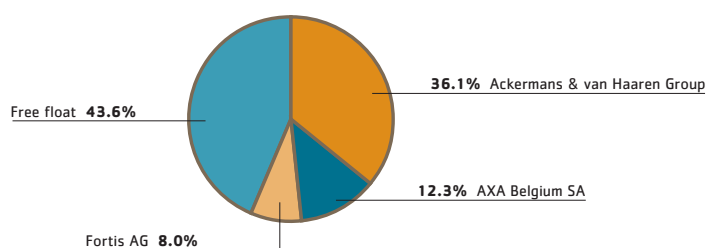
### Financial calendar (financial year 2006/2007)

Trading update Q1 (30/09/06)	24/11/06
Announcement of half-year results (31/12/06)	23/02/07
Trading update Q3 (31/03/07)	18/05/07
Announcement of annual results (30/06/07)	24/08/07
General Meeting	15/10/07
Analysts' meeting for annual results	15/10/07
Dividend payable from	22/10/07

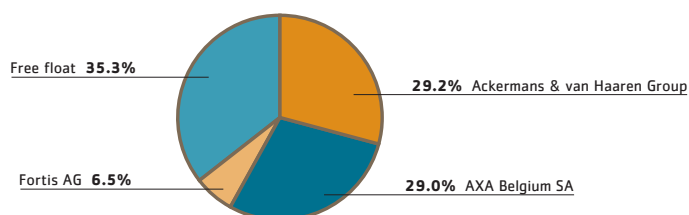
## 8.2 Shareholders

The shares of Leasinvest Real Estate are listed on Euronext Brussels in Belgium.

### Number of listed shares (3,249,221)(\*)



### Number of issued shares (4,012,628)(\*)

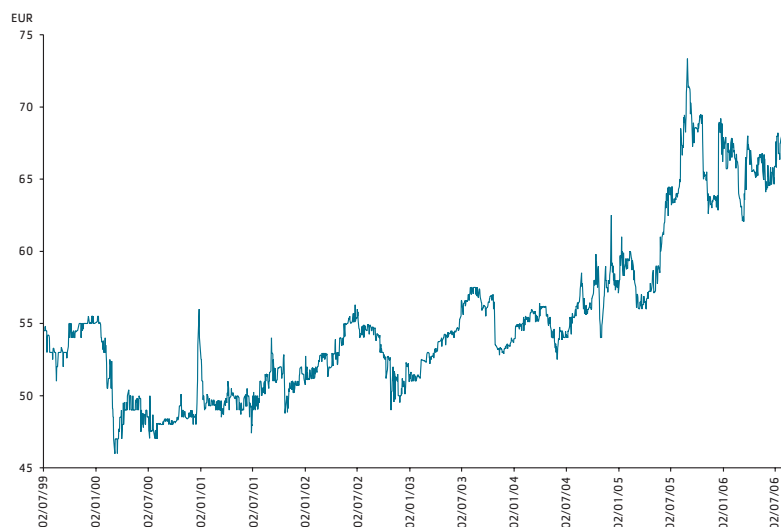


The listing on Euronext Brussels of the 763,407 newly created shares as a consequence of the contribution in kind by AXA Belgium SA has been postponed till the end of October 2006. Leasinvest Real Estate Management SA had six shares of Leasinvest Real Estate on 30/06/06.

(\*) In the periodical communications and trading updates, the net asset value per share is communicated.

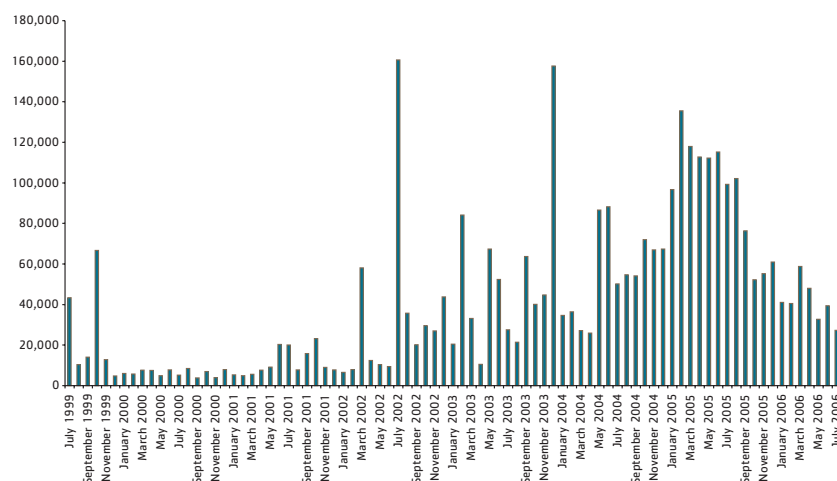
### 8.3 Key figures for the share on the stock market

#### Evolution of the share price since the IPO on 02/07/99



The past financial year record share prices were achieved for Leasinvest Real Estate. The highest price ever recorded since the IPO was reached on 09/08/06 and amounted to 74 EUR. This is even 14.8% higher than the highest share price level of the financial year ending on 30/06/05. The average share price amounted to 66.12 EUR and the lowest share price was 62.05 EUR.

#### Monthly volume of the Leasinvest Real Estate share since the IPO on 02/07/99



The results in terms of traded volume and turnover of the Leasinvest Real Estate share have decreased this year, compared to the previous year. The average transaction volume per month decreased from 87,992 shares the previous financial year to 58,894 shares during this financial year. On an annual basis, a total of 33.1% less shares were traded compared with the previous year, namely 706,725 shares.

This trend has also consequences regarding the velocity of the share, which decreased from 37.3% per 30/06/05 to 21.75% per 30/06/06.

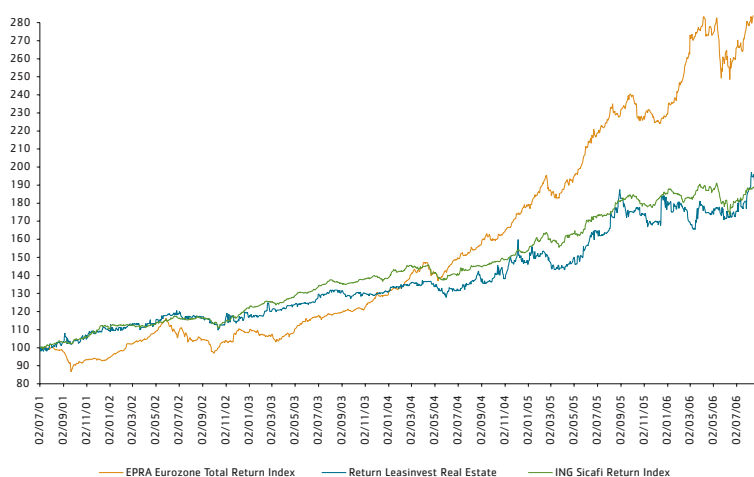
### Comparison of return of Leasinvest Real Estate with the return on Bel20 and OLO 10Y Return Index<sup>43</sup>



The return of the Leasinvest Real Estate share, the BEL20 Index and the Portfolio of Belgian OLO 10Y Return Index are shown on this graph as base 100 on 02/07/01. The return of Leasinvest Real Estate permanently exceeds the return of the BEL20 Index over the last five financial years.

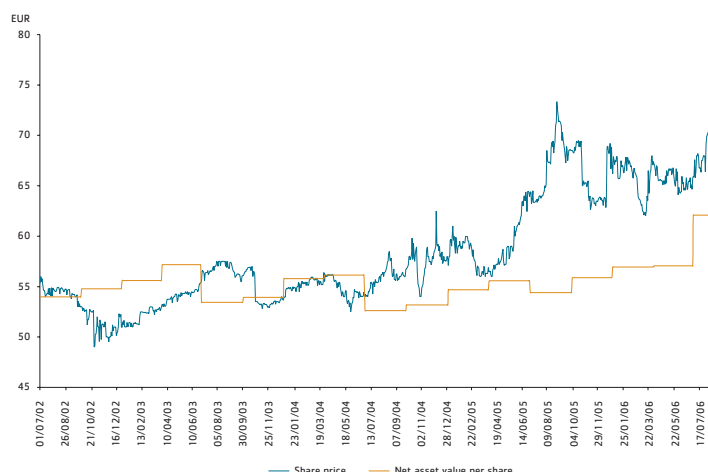
Since July 2003 Leasinvest Real Estate records, systematically, a higher return than the OLO 10Y index. The difference has mainly increased since the end of May 2005.

### Comparison of return of Leasinvest Real Estate with the return of the EPRA Eurozone Total Return and ING Sicafi Return Indexes<sup>43</sup>



<sup>43</sup> Indexes to consult in the financial newspapers, i.e. l'Echo and De Tijd in the stock market pages.

### Price premium / discount Leasinvest Real Estate share since 01/07/02 compared with net asset value



Since the beginning of the financial year 2004/2005 the Leasinvest Real Estate share recorded, continually, a price premium, which amounted to 9.8% for the financial year 2004/2005 and 17.9% for the past financial year 2005/2006. This phenomenon is typical for the European real estate sector.

Since July 2004 AXA Belgium SA, one of the major institutional real estate investors, has entered into the capital of Leasinvest Real Estate. This was an important signal for the market, which is also reflected in the share price. The acquisitions of the past financial year have further increased the premium, a clear sign of the confidence of the market in the Leasinvest Real Estate share.

### 8.4 Analysts covering the share

#### Jean-Baptiste Van Ex

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E Jean-Baptiste.VanEx@degroef.be

Last advice (01/07/06): hold

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#### Mickaël Van den Hauwe

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E mickael.vandenhauwe@dexia.be

Last advice (28/08/06): neutral



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T +31 20 527 9144

E [matthijs.storm@nl.fortis.com](mailto:matthijs.storm@nl.fortis.com)

Last advice (11/09/06): hold



# Glossary

Avenue J.F. Kennedy, Luxembourg



# Glossary

## 9.1 Real estate fund (sicafi)

The main characteristics of a SICAF Immobilière are as follows (RD of April 10, 1995):

- closed-end fixed capital real estate investment company
- stock exchange listing
- activity limited to real estate investment
- risk diversification: no more than 20% of total assets invested in a single property. In certain cases a derogation can be obtained by the Banking, Finance and Insurance Commission; such a derogation has until present not been granted to Leasinvest Real Estate.
- debt ratio limited to 65% of the market value of the company's assets
- a sicafi cannot grant loans unless to subsidiaries
- quarterly valuation of the real estate portfolio by an independent real estate expert (fair value)
- properties carried at fair value - no depreciation
- distribution of at least 80% of the result as defined in the RD of 10 April 1995, with regard to the limitations provided by art. 617 of the Statute book of companies
- taxable basis for corporate taxes consists of the sum of the disallowed expenses and abnormal and benevolent advantages
- withholding tax of 15% on dividend (relieving physical persons from any further tax)
- no withholding tax for non-residents who are not engaged in a profit-making activity
- supervision by the Banking, Finance and Insurance Commission

## 9.2 Real estate fund (sicav) (Grand Duchy of Luxembourg)

- mainly real estate investments
- no minimum distribution of the operating result
- no depreciation on real estate assets
- supervision by the "Commission de Surveillance du Secteur Financier", but no mandatory stock exchange listing
- annual valuation by an independent real estate expert
- real estate assets booked at fair value
- debt ratio limited to 50%
- risk diversification: <20% of total assets invested in a single property
- no withholding tax on dividends
- no corporate taxes on result nor gains

## 9.3 Terminology

### Badwill

Badwill or negative goodwill equals the amount by which the stake of the party acquiring, in the fair value of the acquired identifiable assets, liabilities and contingent liabilities, exceeds the price of the business combination on the date of the transaction. This negative goodwill has to be recorded in the results, immediately, by the party acquiring.

#### **Bullet loan**

A loan which is reimbursed in one time at the end of the duration.

#### **CAP**

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short term interest rate. As a buyer, Leasinvest Real Estate has acquired the right to, within a predefined period, exercise its option when the short term interest rates exceeds a certain level (= CAP). At that time of exercising the option, Leasinvest Real Estate pays the capped interest rate (= CAP) instead of the (higher) short term interest rate. For the acquisition of this right, the buyer pays a premium to the seller. Via this interest rate hedging, Leasinvest Real Estate hedges against unfavourable interest rate increases.

#### **Collar**

Combination of a purchased cap and a sold floor. As well the minimum as the maximum interest rate are in this case determined in advance.

#### **Contractual annual rents**

The indexed basis rents as contractually defined in the leases in force on 30/06/06.

#### **Corporate Governance**

Durable management of the company. These principles, such as transparency, integrity and balance between the responsible parties, are based on the recommendations of the Belgian Corporate Governance Code as published by the Corporate Governance Committee, presided by Count Maurice Lippens, on 09/12/04.

#### **Debt ratio**

All items of the "Liabilities" in the balance sheet, except for the items: "I. Non-current liabilities – A. Provisions", "I. Non-current liabilities – C. Other non-current financial liabilities – Hedging instruments", "I. Non-current liabilities – F. Deferred taxes – Liabilities", "II. Short term liabilities – A. Provisions", "II. Current liabilities – C. Other current financial liabilities – Hedging instruments" and II. Current liabilities – F. Accrued charges and deferred income, divided by the balance sheet total.

#### **Dividend yield**

Gross dividend / average share price of the financial year concerned.

#### **Duration**

Weighted average tenor of the leases, for which the weight is equal to the relation of the rental income to the total rental income of the portfolio.

#### **EBIT**

Earnings before interests, taxes. This is the operating result, or, in other words, the operating result before result on the portfolio. According to its statute as real estate fund (sicafi), Leasinvest Real Estate does not have to amortize its buildings. As a consequence, the EBIT is very comparable to the EBITDA (Earnings Before Interests, Taxes, Depreciations and Amortisations).

#### **Exit tax**

Companies applying for approved 'Sicaf Immobilière' status, or which merge with a 'Sicaf Immobilière' are subject to what is known as an exit tax. This tax is equivalent to a liquidation tax on net unrealised gains and on tax-exempt reserves, and amounts to 16.5% (increased by an additional crisis tax uplift of 3%, amounting to a total of 16.995%).

#### Fair value

The fair value is the investment value as defined by an independent real estate expert, from which, the transaction costs have been deducted; the fair value is the accounting value under IFRS.

#### Floor

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short term interest rate. As a seller, Leasinvest Real Estate has the obligation to, within a predefined period, deliver the floor when the short term interest rates pass below that specified level (= floor). In exchange for this, Leasinvest Real Estate, as the seller, receives a premium from the buyer. The received premium on the floor limits in this way the premium paid on the CAP.

#### IAS-standards

The international accounting standards (IAS, International Accounting Standards/IFRS, International Financial Reporting Standards) have been drawn up by the International Accounting Standards Board (IASB), with the aim of formulating international standards for preparing the annual accounts. The listed companies in Europe must apply these rules on their consolidated accounts for the financial years starting as from 01/01/05.

#### Interest rate swap

Financial instrument by which parties agree contractually to swap interest payments over a defined term. This allows parties to swap fixed interest rates for floating interest rates and vice versa.

#### Investment value

The investment value corresponds to the previously used term "investment value" and is the value as defined by an independent real estate expert, and of which, the transaction costs have not yet been deducted.

#### Liquidity provider

Liquidity providers are members of Euronext who signed an agreement with Euronext in which they, amongst other things, agree to, continually, make a bilateral market, composed of buy and sell rates, to guarantee a minimum turnover and furthermore to make the market within a maximum 'spread'.

#### Net asset value per share

NAV (Net Asset Value): shareholder's equity attributable to the shareholders of the mother company, divided by the number of shares.

#### Net cash flow

Net cash flow = net result plus additions to amortizations, depreciations on trade debtors and the additions to and withdrawals on provisions minus negative and positive changes in the fair value of investment properties minus the other non-cash elements.

#### Occupancy rate

The occupancy rate takes into account all buildings and is calculated in function of the estimated rent as follows: (estimated rent – estimated rent on vacancy) / estimated rent.

#### Pay-out ratio

Percentage of the net current result distributed in the form of dividends.

**Take-up**

The total number of square meters which are rented in the commercial professional real estate market.

**Velocity**

The yearly traded volume of shares divided by the total number of listed shares.



**Riverside Business Park**  
Internationalelaan 55, Anderlecht



**SKF**  
Tongres



rue Montoyer 63, Brussels



**Brixton Business Park**  
Brixtonlaan 1-30, Zaventem





Place Schwarzenweg, Dudelange

## General information



# General information

## Company profile

Real estate fund Leasinvest Real Estate invests, in high-quality and well situated office, logistics (and semi-industrial) and retail buildings in Belgium and the Grand Duchy of Luxembourg.

The fair value<sup>44</sup> on 30/06/06 amounts to 467,18 million EUR, the investment value<sup>44</sup> to 479,17 million EUR. The portfolio represents a surface of over 236.600 sqm, with 54 buildings spread across 29 different sites in Belgium and in the Grand Duchy of Luxembourg.

Geographically, the portfolio is situated for 46.7% in Brussels, 30.8% in the Grand Duchy of Luxembourg, 11.5% in the Antwerp region, 7.8% in Ghent and 3.2% in Tongres.

The real estate fund is listed on Euronext in the NextPrime segment and is part of the EPRA Eurozone Total Return Index since January 2005.

For a detailed overview of the investment policy is referred to art. 5 of the articles of association (p 139) and to the real estate report.

As the investment policy is stipulated in the articles of association, it can only be modified by a general meeting of shareholders of the real estate fund held under the conditions required for an amendment of the articles of association.

To the extraordinary general meeting of shareholders of Leasinvest Real Estate will be proposed to amend the investment policy as defined in art. 5 of the articles of association (amongst other things, in the sense of a geographical extension, the deletion of a minimum surface for office buildings, etc.). The new text of art. 5 of the articles of association, as it will be proposed, by the statutory manager, for approval, to the general meeting of shareholders, will be available for consultation on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com), under the section "Articles of association") as from the date of the invitation of the shareholders.

## Identification Leasinvest Real Estate

### Name

Leasinvest Real Estate, 'fixed capital real estate investment company under Belgian law' (a closed-end real estate investment fund, known in Belgium as a 'sicafi').

### Legal entity

Leasinvest Real Estate adopted the legal form of a partnership limited by shares (SCA).

<sup>44</sup> These values take into account a 100% consolidation of the participations of 90.12% in Leasinvest Immo Lux (ex-Dexia Immo Lux) and 50% + 1 share in Square de Meeûs 5-6 SA.

**Registered office**

Leasinvest Real Estate has its registered office at Avenue de Tervueren 72, 1040 Brussels. The registered office may be transferred within Belgium without any amendment to the articles of association by a decision of the statutory manager, notwithstanding the specific language legislation.

**Administrative office**

Leasinvest Real Estate has its administrative office at Mechelsesteenweg 34, 2018 Antwerp.

**Constitution and term**

Leasinvest Real Estate has been incorporated as an "Aktiengesellschaft" under Swiss law, after which the registered office has been moved (17/11/88) to Belgium where it was recognized that the company is subject to the Belgian law and that the company is a legal person under Belgian law and has assumed the legal status of a public limited company. On 8/06/99 the name has been modified into Leasinvest Real Estate and the company has been transformed into a real estate fund (sicafi/bevak) under Belgian law, for an unspecified term, under a deed recorded by notary public Frank Celis in Antwerp, and announced in the appendices to the Belgian Official Gazette on 26 June 1999, under number 990626-330.

**Register of legal entities (rpr) and company number**

Leasinvest Real Estate is registered in the register of legal entities in Brussels and has been allocated the company number 0436.323.915.

**Listing**

The Leasinvest Real Estate shares are listed on Euronext Brussels in the NextPrime segment.

**Purpose of the company / activities**

Art. 4 of the coordinated articles of association dated 29/05/06:

The sole objective of the company is the collective real estate investment from publicly collected financing possibilities, as defined in Article 122, paragraph 1 first clause, 5° of the Law of 4 December 1990 on Financial Transactions and Financial Markets.

Real estate is defined as:

1. immovable property as defined in Articles 517 onward of the Civil Code and rights in rem to real estate;
2. shares with voting rights issued by affiliated property companies;
3. option rights on properties;
4. shares in other real estate investment companies included in the list as defined in Article 120, paragraph 1, second clause or Article 137 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
5. real estate certificates as described in Article 106 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
6. rights arising from contracts under which the company is given one or more properties in real estate leasing;
7. as well as all other assets, shares or rights which qualify as real estate by the Royal Decrees, taken pursuant to the Law of 4 December 1990 on Financial Transactions and Financial Markets and applicable to collective investment institutions investing in real estate.

Within the limits of the investment policy, as defined in Article 5 of the Articles of Association and in accordance with the legislation applicable to the "sicafi", the company may become involved with:

- the purchase, renovation, fitting-out, letting, sub-letting, management, exchange, sale, development, transfer to common ownership of real estate as described above;
- the acquisition and lending of securities in accordance with Article 51 of the Royal Decree of 10 April 1995 with regard to "sicafis";
- to receive in leasing real estate, with or without purchase option, pursuant to Article 46 of the Royal Decree of 10 April 1995 with regard to "sicafis"; and
- in a secondary capacity, lease out real estate, with or without purchase option, pursuant to Article 47 of the Royal Decree of 10 April 1995 with regard to "sicafis";
- the company may only occasionally act as a property developer, as defined in Article 2 of the Royal Decree of 10 April 1995.

The company may, in compliance with the applicable legislation on "sicafis":

- in an additional or temporary capacity, invest in securities, other than real estate and liquid funds in accordance with Articles 41 and 45 of the Royal Decree of 10 April 1995 relating to "sicafis". The holding of securities shall be compatible with the pursuit in the short or medium term of the investment policy as described in Article 5 of the Articles of Association. The securities must be listed on a stock exchange of a member state of the OECD or negotiable on a regulated and regularly functioning approved market open to the public of the OECD, as well as the Euro.NM, Easdaq or Nasdaq. The liquid funds may be held in any currency in the form of current accounts, or in deposit accounts or by any money market instruments which can easily be converted;
- grant mortgages or other collateral or guarantees in the context of the financing of real estate in accordance with Article 53 of the Royal Decree of 10 April 1995 relating to "sicafis";
- grant loans to and guarantee a subsidiary of the company, which is also a collective investment company as defined in Article 49 of the Royal Decree of 10 April 1995 relating to "sicafis".

The company may acquire, rent or let, assign or exchange any moveable or immovable goods, material and accessories, and in general, carry out any commercial or financial transactions directly and indirectly connected with the purpose of the company, and the exploitation of any intellectual and commercial property rights relating to it.

Provided that it is compatible with the statute of "sicafis", the company may, by means of contribution in cash or in kind, or merger, split-off, subscription, participating interest, financial support or in any other way, acquire a share in any business or company that exists or has yet to be formed, in Belgium or abroad, whose company purpose is identical to its own, or is of such a nature as to promote the pursuit of its goal.

To change the purpose of the company, the prior approval of the Banking, Finance and Insurance Commission is required.

#### **Financial year**

The financial year of Leasinvest Real Estate starts on 1 July and ends on 30 June, with the exception of the first financial year that ran from 1/01/99 to 30/06/00.

## Registered capital

### Issued capital

On 30/06/06 the registered capital amounted to 44.126.083,29 EUR. The total number of shares was 4,012,628, and have no par value.

### Authorised capital

Art. 7 of the coordinated articles of association dated 29/05/06:

The Statutory Manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more tranches, by an amount of thirty-one million one hundred and twenty-two thousand nine hundred and nine euro and forty-nine cents in the cases foreseen in the relevant report.

This authorisation is granted for a period of up to five years from the publication of the minutes of the general meeting of 23 December 2004. It is renewable.

This capital increase (or increases) can be carried out by subscription in cash, by contribution in kind, or by conversion of reserves or share premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Statute book of companies, Article 11 of the Royal Decree of 10 April 1995 with regard to "sicafris", and these Articles of Association.

If the case arises, in the event of a capital increase decided by the statutory manager, possibly after deduction of charges, the share premiums shall be allocated by the statutory manager to a blocked account and treated in the same way as the capital which guarantees the interests of third parties, and may not under any circumstances be reduced or annulled except by the decision of the general meeting, deliberating under the conditions required by Article 612 of the Statute book of companies except for the incorporation into capital as foreseen above.

The manager has, in the past, already been authorized to increase the registered capital by a maximum of 27.500.000 EUR as a result of the decision of the general meeting of 8 June 1999.

The board of directors made use of this authorization:

- Under a deed recorded by notary public Erik Celis in Antwerp on 28 June 2001 for an amount of two million two hundred and five thousand five hundred euro (2,205,500 EUR).
- Under a deed recorded by notary public Erik Celis in Antwerp on 14 December 2001 for an amount of one million one hundred and fifty-two thousand one hundred and sixty-two euro (1,152,162 EUR).

### Acquisition of own shares

Art. 9 of the coordinated articles of association dated 29/05/06:

1. The company may obtain and take in security its own fully paid in shares subject to the decision of the general meeting and to the conditions laid by Article 620 and following of the Statute book of companies. The conditions of the transfer of title of these shares can be established in the same meeting.
2. The statutory manager is permitted to acquire own shares mentioned sub 1 without a decision of the general meeting of shareholders when this acquirement is necessary to safeguard the company against serious and imminent harm. This authorisation is valid for a period of three years from the publication date of the amendments to the articles of association of 23 December 2004 and is renewable for the same period of time.
3. The conditions for the transfer of title of own shares acquired by the company are established depending on the case in accordance with the Article 622 § 2 of the Statute book of companies, or by the general meeting or by the Statutory Manager. The statutory manager is permitted to transfer title of own shares as foreseen by Article 622

§ 2, 1° of the Statute book of companies and for a period of three years as from the publication of the amendments to the articles of association of 23 December 2004, as foreseen by Article 622 § 2, 2° of the Statute book of companies.

An authorisation to the general meeting of shareholders of Leasinvest Real Estate of 16/10/06 will be asked for a period of 18 months as from the date of the general meeting having approved this proposal, in accordance with the provisions of art. 617 of the Statute book of companies, and subject to the legal provisions, acquire on the stock exchange, a maximum of 10% of the number of existing shares of the company, for a unit price equal to the average of the last twenty closing prices of the share on Euronext Brussels before the acquisition date, increased by a maximum of 10% or decreased by a maximum of 10%, and to sell those same securities for a unit price equal to the average of the last twenty closing prices of the share on Euronext Brussels before the acquisition date, increased by a maximum of 10% or decreased by a maximum of 10%.

#### **Identification Leasinvest Immo Lux (ex-Dexia Immo Lux)**

Leasinvest Real Estate holds a participation in Leasinvest Immo Lux (ex-Dexia Immo Lux) of 90.12%, which represents 30.8% of its consolidated assets. Leasinvest Immo Lux (ex-Dexia Immo Lux) owns thirteen buildings in ownership or co-ownership with a total surface of 48,651 sqm, exclusively situated in the Grand Duchy of Luxembourg. No building represents 5% of the consolidated Leasinvest Real Estate portfolio. The buildings are mostly multi-tenant and consist of offices (78%), one semi-industrial building (15%) and two supermarkets (7%). Geographically, the buildings are well spread across Luxembourg city (78%) and the periphery (22%).

It is the policy of Leasinvest Immo Lux (ex-Dexia Immo Lux) to mainly invest its funds in high-quality real estate, directly or indirectly through real estate subsidiaries established in the Grand Duchy of Luxembourg or abroad. At present, the company does not own a building through a real estate company. For selecting its real estate, Leasinvest Immo Lux (ex-Dexia Immo Lux) chooses mainly buildings with an office or commercial destination and with a certain appeal. A special interest is taken in a good location and the perspective for capital gains in the long term.

#### **Name**

Leasinvest Immo Lux (ex-Dexia Immo Lux), 'real estate investment fund with variable capital under Luxembourg Law' or 'a sicav under Luxembourg Law.

#### **Legal entity**

Leasinvest Immo Lux (ex-Dexia Immo Lux) adopted the legal form of a "société anonyme" (SA).

#### **Registered office**

Leasinvest Immo Lux (ex-Dexia Immo Lux) has its registered office at 69, route d'Esch, 1470 Luxembourg.

#### **Constitution and term**

Leasinvest Immo Lux (ex-Dexia Immo Lux) has been established on 14/01/91 under the form of a "société anonyme" (SA), in accordance with the modified Luxembourg Law of 10 August 1915 on commercial companies, and the Luxembourg Law of 30 March 1988 on investment companies. The articles of association have been modified on 10/11/99 and 27/12/05.

#### **“Registre de Commerce et des Sociétés”**

Leasinvest Immo Lux (ex-Dexia Immo Lux) is listed in the “Registre de Commerce et des Sociétés” in Luxembourg under the number B 35.768.

#### **Listing**

The shares of Leasinvest Immo Lux (ex-Dexia Immo Lux) are listed on the Luxembourg stock exchange, and until 15/09/06 on Euronext Brussels.

#### **Purpose of the company / activities**

The main purpose of Leasinvest Immo Lux (ex-Dexia Immo Lux) is the direct or indirect investment in buildings in the Grand Duchy of Luxembourg and in Belgium, and possibly in other countries, in order to diversify its investment risks and to benefit to its shareholders the results of its assets management.

Leasinvest Immo Lux (ex-Dexia Immo Lux) can furthermore participate in other companies, own other moveable assets, invest its cash and execute all actions, necessary to fulfil or develop its purpose, in the broadest sense and according to the Law of 20 December 2002 regarding collective investment companies.

#### **Financial year**

The financial year of Leasinvest Immo Lux (ex-Dexia Immo Lux) starts on 1 January and ends on 31 December, with the exception of the first financial year that ran from 14/01/91 to 31/12/91.

#### **Registered capital**

The capital of Leasinvest Immo Lux (ex-Dexia Immo Lux) is at any moment equal to the value of the net assets, as calculated in accordance with art. 18 of the articles of association of the company.

The minimum capital of Leasinvest Immo Lux (ex-Dexia Immo Lux) amounts to 1,250,000 EUR.

Avenue Pasteur 16, Luxembourg



**Axxes Business Park**  
Guldensporenpark 22-40, Merelbeke



Rue Emile Bian 1, Luxembourg



Rue Jean Monnet 4, Luxembourg







Rue Emile Bian, Luxembourg

## Articles of association





# Articles of association

## COORDINATED ARTICLES OF ASSOCIATION FROM DATE 29 MAI 2006

### "LEASINVEST REAL ESTATE"

Partnership limited by shares which makes a public appeal to savings

Sicafi under Belgian law

1040 Brussels-Etterbeek, avenue de Tervueren 72

Register of legal persons 0436.323.915

Established as an "Aktiengesellschaft" under Swiss law with the name "Zanos Estate Company A.G." from Zug (Switzerland) on the twenty first of November nineteen seventy three and first registered in Zug (Switzerland) on the thirtieth of November thereafter.

It was decided at the general meeting on the date of the seventeenth of November nineteen eighty eight, amongst other things, to move the registered office from Switzerland to Belgium.

Under a deed recorded by notary public Hans Berquin in Brussels on the sixteenth of December nineteen eighty eight, announced in the appendices to the Moniteur Belge on the twelfth of January nineteen eighty nine under number 890112-044, the aforementioned office move to Belgium was ratified, it was established that the company is subject to the Belgian law conforming to article 197 (at that time) of the Statute book of companies and that the company is a legal person under Belgian law and has assumed the legal status of a public limited company, and the Articles of Association were integrally re-established under Belgian law.

The Articles of Association were changed several times, as follows:

- under a deed recorded by notary public Frank Celis in Antwerp on the eighth of June nineteen ninety nine, announced in the appendices to the Moniteur Belge on the twenty sixth of June thereafter under number 990626-330 stipulating, amongst other things, the name change into 'LEASINVEST REAL ESTATE' and the transformation of the company into a sicafi under Belgian law under the legal form of a partnership limited by shares, and of which establishment of the fulfilment of the suspending condition in the aforementioned deed of the amendments to the articles of association, including the legal form of 'sicafi', recorded by notary public Erik Celis in Antwerp on the first of July nineteen ninety nine, announced in the appendices to the Moniteur Belge on the twentieth of July thereafter under number 990720-618. – under a deed recorded by notary public Erik Celis in Antwerp on the twenty eighth of June two thousand and one, announced in the appendices to the Moniteur Belge on the twenty sixth of July thereafter under number 20010726-264, by which the capital was increased within the framework of the authorised capital.
- under a deed recorded by notary public Erik Celis in Antwerp on the fourteenth of December two thousand and one, announced in the appendices to the Moniteur Belge on the third of January two thousand and two under number 20020103-16.
- under a deed recorded by notary public Erik Celis in Antwerp on the twenty eighth of November two thousand and three, announced in the appendices to the Moniteur Belge on 12 December thereafter under number 20031212-131932, including the merger by absorption of the public companies 'EKIPORT' and 'BRUSSIMMO'.
- under a deed recorded by notary public Frank Liesse in Antwerp, on 23 December 2004, announced in the appendices to the Moniteur Belge on seventeen January thereafter under number 20050117-9802, including, among other things, authorisations regarding authorised capital and acquisition/disposal of own shares and various amendments to the articles of association;
- under a deed recorded by notary public Frank Liesse in Antwerp, on 23 December 2004, announced in the appendices to the Moniteur Belge on seventeen January thereafter under number 20050117-9803, by which the capital was increased by the bringing in of a part of the assets of the "société anonyme Leasinvest", split-up following a decision to partial splitting-up by take-over;
- under a deed recorded by notary public Frank Liesse in Antwerp, on twenty-nine May two thousand and six, laid down for publication in the appendices to the Moniteur Belge.

## CHAPTER I – NAME – TERM – OFFICE – PURPOSE OF THE COMPANY

### ARTICLE 1. NAME

The company has the legal form of a partnership limited by shares.

It has the name "LEASINVEST REAL ESTATE".

It is subject to the available laws for companies with fixed capital, called "sicafi", provided by Article 118 of the Law dated the fourth of December nineteen ninety on the Financial Transactions and the Financial Markets.

The social naming of the "sicafi" and all the documents that it brings forth (including all deeds and invoices) contain the declaration "investment company with fixed capital under Belgian law" or "sicafi under Belgian law" or are immediately followed by these words.

The company has opted for the category of investments provided by Article 122, paragraph 1, alinea 1, 5° (real estate) of the Law dated the fourth of December nineteen ninety.

The company makes a public appeal for savings in the sense of Article 438 of the Statute book of companies.

The company is subject to the provisions of book 3 of the Law of the fourth of December nineteen ninety, as well as to the provisions of the Royal Decree of the tenth of April nineteen ninety five with regard to "Sicafis", as amended by the Royal Decree of 10 June 2001 with regard to the amendment of the RD of 10 April 1995 with regard to sicafis.

### ARTICLE 2. TERM

The term of the company is undetermined. It can be dissolved by decision of the general meeting according to the conditions and in the form required for a change of the Articles of Association, notwithstanding more stringent legal conditions.

The company will not be dissolved by the resignation, the expulsion, the recalling, the withdrawal, the purchase, the declaration of incompetence, the prevention, the dissolution or the declaration of bankruptcy from the managing partner.

### ARTICLE 3. OFFICE

The company is registered at Brussels-Etterbeek, avenue de Tervueren 72.

The office can be moved in Belgium without any amendment to the Articles of Association by decision of the statutory manager, and this irrespective of the legislation on use of languages.

The company can, by simple decision of the statutory manager, establish branches or agencies, either in Belgium or abroad.

In case unusual events of a political, military, economic or social nature should occur or could occur, that could endanger the normal workings of the registered office or the easy communication with the office abroad, then the office of the company can be temporarily moved in Belgium or abroad by the sole decision of the statutory manager, until the complete conclusion of these abnormal circumstances. These temporary measures will have no consequence for the nationality of the company, which will stay Belgian despite this temporary moving of the company office.

### ARTICLE 4. PURPOSE OF THE COMPANY

The sole purpose of the company is collective investment from publicly drawn financing possibilities in real estate, as defined in Article 122, paragraph 1 first clause, 5° of the Law of 4 December 1990 on Financial Transactions and Financial Markets.

Real estate is defined as:

1. immoveable property as defined in Articles 517 onward of the Civil Code and rights in rem to real estate;
2. shares with voting rights issued by associated real estate companies;
3. option rights to real estate;
4. participating rights in other real estate investment companies which are recorded in the list as defined in Article 120, paragraph 1, second clause or Article 137 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
5. real estate certificates as described in Article 106 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
6. rights derived from contracts under which the company is given one or more properties in real estate leasing;
7. as well as any other goods, shares or rights that are defined as real estate by the Royal Decrees, taken pursuant to the Law of 4 December 1990 on Financial Transactions and Financial Markets and applicable to collective investment institutions investing in real estate.

Within the limits of the investment policy, as defined in Article 5 of the Articles of Association and in accordance with the legislation applicable to the "sicafi", the company may become involved with:

- the purchase, alteration, fitting-out, letting, sub-letting, management, exchange, sale, allotment, bringing within the co-ownership system of real estate as described above;
- the acquisition and lending of securities in accordance with Article 51 of the Royal Decree of 10 April 1995 with regard to "sicafis";
- real estate, with or without purchase option, take out a leasing arrangement pursuant to Article 46 of the Royal Decree of 10 April 1995 with regard to "sicafis"; and
- in a secondary capacity, lease out real estate, with or without purchase option, pursuant to Article 47 of the Royal Decree of 10 April 1995 with regard to "sicafis";
- the company may only occasionally act as a property developer, as defined in Article 2 of the Royal Decree of 10 April 1995.

The company may, in compliance with the applicable legislation on "sicafis":

- in an additional or temporary capacity, invest in securities, hold goods other than real estate and liquid funds in accordance with Articles 41 and 45 of the Royal Decree of 10 April 1995 relating to "sicafis". The holding of securities must be compatible with the pursuit in the short or medium term of the investment policy as described in Article 5 of the Articles of Association. The securities must be included in the listing on a stock exchange of a member state of the OECD or traded on a regulated, regularly operating, approved market accessible to the public of the OECD, as well as the Euro.NM, Easdaq or Nasdaq. The liquid funds may be held in any currency in the form of sight deposits, or in term accounts or by any instruments on the financial markets that are suitable for easy raising of funds;
- grant mortgages or other sureties or guarantees in the context of the financing of real estate in accordance with Article 53 of the Royal Decree of 10 April 1995 relating to "sicafis";
- grant loans and stand surety for a subsidiary of the company, which is also an investment institution as defined in Article 49 of the Royal Decree of 10 April 1995 relating to "sicafis".

The company may acquire, hire or let, assign or exchange any moveable or immovable goods, material and accessories, and in general, carry out any commercial or financial transactions directly and indirectly connected with the purpose of the company, and the exploitation of any intellectual and commercial property rights relating to it.

Provided that it is compatible with the statute of "sicafis", the company may, by means of bringing-in in cash or in kind, or merger, split-off, subscription, participating interest, financial support or in any other way, acquire a share in any business or company that exists or has yet to be formed, in Belgium or abroad, whose company purpose is identical to its own, or is of such a nature as to promote the pursuit of its goal.

To change the purpose of the company, the prior approval of the Banking, Finance and Insurance Commission is required.

#### ARTICLE 5. INVESTMENT POLICY

The collective investment in real estate by means of capital raised from public savings in Belgium or abroad will happen as described here.

The company portfolio at present consists mainly of office buildings and semi-industrial buildings to a lesser extent. The company is also the owner of one commercial premise. The company has the intention of expanding the portfolio in the short term. The new acquisitions must meet the following criteria. Learning from the experience of the already owned industrial parks, the attention will primarily be focussed on so-called "business parks", complexes of different buildings which, it is true, form a harmonious whole and complement each other, but are also flexible and can be commercialised autonomously. These business parks can have a solely semi-industrial function, but they can also be exclusively office parks. The experience from the Riverside Business Park in Anderlecht has taught that even mixed parks can be extremely attractive.

Given the limited availability of such business parks within the urban agglomerations, the acquisitions will rather be found situated in the peripheral areas of the most important Belgian cities. Investments in individual buildings will be investigated further. As far as office buildings are concerned, the preference will be for recent or recently thoroughly renovated buildings with a minimum of ten thousand square metres of floor space to let. Such buildings must furthermore fulfil a series of technical requirements, have sufficient parking space and be modular. If the whole building is to be let to one customer, this customer must have an exceptional reputation. The locations can be inner city or peripheral.

This type of diversification permits to anticipate temporary postponements of the demand due to external elements. Even though new investments in office buildings are a priority, investments in semi-industrial and retail buildings will also be made. New locations with a strategic potential will furthermore also be investigated. Guidelines for new investment can be derived from experience at the Brixton Business Park in Zaventem. The buildings' great flexibility guarantees optimal occupancy.

In accordance with the starting portfolio, the centre of the portfolio will stay in and around Brussels. Further geographical spreading in to the Brussels – Antwerp – Ghent triangle is fairly certain, but a broader geographical spread, even subsidiary outside the Belgian border, is being studied. Investments in other types of real estate will only be considered if necessary accessories to an investment in offices, semi-industrial or retail buildings. Finally, the company will continue to improve the quality of the technical support as well as the service provided to the tenants, in order to add extra value to the portfolio.

## CHAPITRE II – CAPITAL – SHARES

### ARTICLE 6. CAPITAL

The company's registered capital amounts to forty-four million hundred and twenty six thousand eighty-three euros and twenty-nine cents (44,126,083.29). It is completely accountable. It is divided in to four million twelve thousand six hundred and twenty-eight (4,012,628) shares, without nominal value, with each one representing 1 / 4,012,628 of the capital.

### ARTICLE 7. AUTHORISED CAPITAL

The Statutory Manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by an amount of thirty-one million one hundred and twenty-two thousand nine hundred and nine euro and forty-nine cents in the cases foreseen in the relevant report.

This authorisation is valid for a period of up to five years from the publication of the minutes of the general meeting of 23 December 2004. It is renewable.

This capital increase (or increases) can be carried out by subscription in cash, by bringing-in in kind, or by conversion of reserves or issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Statute book of companies, Article 11 of the Royal Decree of 10 April 1995 with regard to "sicafis", and these Articles of Association.

If the case arises, in the event of a capital increase decided by the statutory manager, possibly after deduction of charges, the issue premiums shall be transferred by the statutory manager to a blocked account and treated in the same way as the capital which guarantees the interests of third parties, and may not under any circumstances be reduced or disposed of unless this is decided by the general meeting, voting under the conditions required by Article 612 of the Statute book of companies except for the conversion into capital as foreseen above.

### ARTICLE 8. NATURE OF THE SHARES

The shares are bearer shares or registered shares, or in case of prior indication of an account holder by the statutory manager, in the form of dematerialised titles.

The bearer shares can be issued as single shares or as a collection of shares.

Every holder of single securities can acquire the exchange of his securities from the company against one or more collections of bearer shares that represent single securities and this, according to his choice; each holder of a collection of shares can acquire the exchange of these securities from the company against the number of single shares that they represent.

This exchange occurs at the holder's expense. Each bearer security can be exchanged for registered securities or securities under dematerialised form and the other way around at the holder's expense.

If the company has not yet decided to issue dematerialised securities, the exchange in dematerialised securities can't yet be requested.

### ARTICLE 9. FURTHER PURCHASE OF OWN SHARES

1. The company can acquire its own fully paid shares and keep them in the premises in accordance with the decision of the general meeting and in accordance with the provisions of Article 620 and following of the Statute book of companies. The conditions of de-realisation of these shares can be established in the same meeting.
2. The statutory manager is permitted to acquire own securities mentioned sub 1 without a decision of the general meeting of shareholders when this acquirement is necessary to safeguard the company against serious and threatening disadvantage. This permission is valid for three years from the publication date of the amendments to the articles of association of 23 December 2004 and is renewable for the same period of time.

3. The conditions for the de-realisation of own securities acquired by the company are established depending on the case in accordance with the Article 622 § 2 of the Statute book of companies, or by the general meeting or by the Statutory Manager. The statutory manager is permitted to de-realise own securities as foreseen by Article 622 § 2, 1° of the Statute book of companies and for a period of three years as from the publication of the amendments to the articles of association of 23 December 2004, as foreseen by Article 622 § 2, 2° of the Statute book of companies.

#### ARTICLE 10. CHANGING THE REGISTERED CAPITAL

Subject to the possibility of the application of the authorised capital by decision of the statutory manager, an increase or decrease in the placed capital can only be decided at an extraordinary general meeting in the presence of a notary public and with the approval of the statutory manager.

Furthermore the company will have to adhere to the rules laid down in the case of public issue of company shares provided by Article 125 of the Law of the fourth of December nineteen ninety and the Articles 28 and following of the Royal Decree of the tenth of April nineteen ninety five with regard to "sicafis".

Furthermore in accordance with Article 11, paragraph 2 of the Royal Decree of the tenth of April nineteen ninety five with regard to "sicafis", the following conditions must be met for contributions in kind:

1. the identity of the one who makes the contribution must be stated on the report provided by Article 602, paragraph 3 of the Statute book of companies just as in the summoning of the general meeting which will deliberate about capital increases;
2. the issue price cannot be lower than the average stock exchange price from the thirty days prior to the contribution;
3. the report provided under point 1 above must also indicate the repercussions of the proposed contribution for the situation of old shareholders and moreover with regard to their share of the profit and the capital.

In accordance with Article 11 paragraph 1 of the Royal Decree of the tenth of April nineteen ninety five concerning "sicafis", the pre-emptive right of the shareholders provided by Article 592 of the Statute book of companies in the case of money subscriptions, cannot be revoked.

#### ARTICLE 11. EXECUTIVE AND SILENT PARTNERS

The managing partner is jointly and fully responsible for all obligations of the company. The silent partners are responsible for the debts and losses of the company to the tune of their contributions, on the condition that they have no executive duties whatsoever.

### CHAPTER III – MANAGEMENT AND REPRESENTATION

#### ARTICLE 12. NOMINATIONS – DISMISSALS – VACANCIES

1. The company is directed by a statutory manager, who must have the capacity of a limited (managing) partner. The public limited company "LEASINVEST REAL ESTATE MANAGEMENT", registered in the register of legal persons under number 0466.164.776, with registered office in 1040 Brussels-Etterbeek, Avenue de Tervueren 72, is appointed sole statutory manager for an indefinite duration with a minimal duration of fifteen years.

The mandate of this statutory manager is irrevocable until the date of the annual meeting of the company, which will be held in 2014.

After this date the mandate is revocable under the presence and majority conditions required for a change of the Articles of Association, without the statutory manager having a right to veto on this point.

2. Despite the provision of Article 12.1 concerning the first statutory manager, the statutory manager is appointed for a definite or indefinite duration at the general meeting, which decides under the presence and majority conditions required for a change of the Articles of Association.

If the statutory manager is a legal person, he appoints amongst his managers or Directors one Permanent Representative for the execution of his mission as Manager in the name and for the account of the legal person-statutory manager and authorised, in particular, to represent and legally bind, alone, the "sicafi" towards third parties without infringing the provisions of the Article 18 of the Royal Decree of 10 April 1995 with regard to sicafis, nor any other provision applicable on institutions for collective investment, under the condition that this Permanent Representative satisfies the conditions of professional integrity, experience and autonomy, foreseen by Article 4, paragraph 1, 4° of the Royal Decree of 10 April 1995 and cannot fall within the application of the provisions prescribed by Article 19 of the Law of 22 March 1993 regarding the statute and the supervision of credit institutions. The legal person-statutory manager cannot dismiss its representative, without, at the same time, appoint a successor. Concerning the appointment of the Permanent Representative and the end of his mission, the publication rules to be applied are the same as if he executed this mission in his own name and for his own account.

3. The statutory manager can resign at any time.

The statutory manager's tasks can only be revoked by judicial decision demanded by the general meeting on grounds of legal reasons. The general meeting must make this decision with an Articles of Association changing majority and the statutory manager cannot participate in the vote. The statutory manager will continue to carry out his tasks until his removal is acquired and declared by the authority of a final decision.

The legal person-statutory manager must be organised in such a way that in the course of his Board of Directors at least two physical persons are appointed to jointly supervise the day-to-day management.

4. The statutory manager is obliged, after his dismissal, to further fulfil his task until a replacement can reasonably be provided. In that case the general meeting will meet within a month to officially nominate a new statutory manager.

5. The death, the declaration of incompetence, the dissolution, the bankruptcy or similar procedure, the dismissal, the deposition of the statutory manager by judicial decision for whatever reason, will not have the consequence of the company being dissolved, but he will be followed up by a statutory manager appointed by the extraordinary shareholders general meeting, on condition that he, if necessary, accepts to act for the company as limited (managing) partner. If a statutory manager is a legal person, the fusion, the splitting, the conversion or any other form of legal company reorganisation whereby the legal status of the statutory manager according to the relevant law as set out, does not lead to the dismissal or the replacement of the statutory manager. In case of the overall loss of the members of the agencies of the board or the statutory manager's executive committee of the reliability, experience and autonomy required by Article 4, paragraph 1, 4° of the Royal Decree of the tenth of April nineteen ninety five, the statutory manager or the auditors must give notice of a general meeting with the possible reporting of the loss of the requirements and the necessary measures to be taken on the agenda; this meeting must meet within the month; if only one or more members of the agencies of the board or of the statutory manager's executive committee no longer meet the aforementioned requirements, the statutory manager must replace them within the month; after this period, notice for the company meeting will be given as mentioned above; and all this in either case, under reserve of the measures that the Banking, Finance and Insurance Commission would take by virtue of the powers provided in Article 134 of the Law of the fourth of December nineteen ninety. In case of the application of the provisions of Article 19 of the Law of the twenty second of March nineteen ninety three concerning the statute and supervision of the credit institutions which endanger all members of the agencies of the board or the statutory manager's executive committee, the statutory manager or the auditors must give notice of the general meeting with the reporting of the application of the noted Article 19 of the Law from the twenty second of March nineteen ninety three and the decisions to be taken on the agenda; this meeting must happen within the month; if only one or more members of the agencies of the board or of the statutory manager's executive committee no longer meet the aforementioned requirements, the statutory manager must replace them within the month; after this period, notice for the company meeting will be given as mentioned above; and all this in either case, under reserve of the measures that the Banking, Finance and Insurance Commission would take by virtue of the powers provided by Article 134 of the Law of the fourth of December nineteen ninety.

#### ARTICLE 13. SALARY

Any possible remuneration can't, neither directly nor indirectly, be bound to the transactions that occur through the "sicafi".

The statutory manager will carry out his mandate with remuneration. The remuneration is equal to nought point four one five percent (0.415%) of the company assets.

The remuneration is due during the financial year, yet is only payable after the annual accounts have been approved. The statutory manager has the right to the repayment for costs directly related to his assignment.

#### ARTICLE 14. INTERNAL MANAGEMENT

The statutory manager is authorised to perform all internal management affairs that are necessary or serve to fulfil the company objective, with exception for those affairs for which only the general meeting is authorised according to the law.

The statutory manager presents reports every semester as well as a draft for an annual report. The statutory

manager appoints the experts conforming to the Royal Decree of the tenth of April nineteen ninety five and presents every related change to the list of experts recorded in the dossier that accompanies in advance the request for recognition as a "sicafi". The statutory manager also chooses a guardian and explains this choice to the Banking, Finance and Insurance Commission.

The statutory manager also appoints the change of the guardian to the Banking, Finance and Insurance Commission and this according to the Royal Decree of the tenth of April nineteen ninety five. The statutory manager can determine the allowance for each mandate holder who has had special powers conferred, and this all according to the law of the fourth of December nineteen ninety and its implementing decisions.

The statutory manager takes all decisions it deems appropriate.

If the statutory manager is a legal person, then, if the case arises, the board of directors of the statutory manager can among his members and under his responsibility, establish one or more advising committees, of which among others, a remuneration committee; he defines their composition and their mission.

The aforementioned board of directors of the statutory manager can establish among his members an audit committee, as defined in art. 133, alinea six of the Statute book of companies, charged with, among other things, a permanent supervision of the completed files of the auditor(s), and which takes decisions autonomously in the framework of allowing an exception to the one-on-one rule regarding remunerations for services of the auditor(s) of which the total amount exceeds the fixed remuneration for the execution of his (their) function of auditor. The aforementioned audit committee, established within the board of directors of the statutory manager, also functions as audit committee for the real estate fund (sicafi) concerning decisions as defined in art. 133, alinea six of the Statute book of companies and can thus allow exceptions to the one-on-one rule regarding remunerations of services of the auditor(s) of the real estate fund (sicafi), other than those within the framework of their legal assignment as auditor of the real estate fund (sicafi), of which the total amount for the real estate fund (sicafi) exceeds the fixed remuneration for the execution of his (their) function as auditor of the real estate fund (sicafi).

The conditions for appointment of the members of the aforementioned audit committee, their dismissal, their remuneration, the term of their mandate and the procedure of the audit committee and the description of their tasks, among which at least a permanent supervision of the completed files of the auditor(s), as well those of the statutory manager, as those of the real estate fund (sicafi), and the autonomous decision power as described above, are defined by the aforementioned board of directors of the statutory manager through the establishment of that audit committee and can, later on, also be modified by the board of directors of the statutory manager.

If the case arises, the independent directors of the statutory manager-legal person will jointly form a committee of independent directors. This committee of independent directors of the statutory manager disposes of the powers as defined in art. 524 of the Statute book of companies. Furthermore, the aforementioned committee of independent directors of the statutory manager will always have to be consulted prior to each decision or operation project by the board of directors of the statutory manager related to the following matters:

- decisions or operations for which art. 523 of the Statute book of companies is applied;
- a modification of the purpose of the company or of the investment policy of the real estate fund (sicafi);
- in case of a major transaction regarding the real estate fund (sicafi), as far as this transaction concerns more than thirty percent (30%) of the estimated value of the real estate portfolio of the real estate fund (sicafi) at the moment of the realisation of the operation;
- major changes in the organisation of the real estate fund (sicafi) resulting in a change of the "sicafi-permit".

The aforementioned committee of independent directors of the statutory manager reports its written and founded advice on these matters to the board of directors of the statutory manager. The board of directors of the statutory manager mentions, if the case arises, in the minutes, on which grounds the advice of the committee has not been followed. The written advice is attached to the minutes of the board of directors of the statutory manager.



#### ARTICLE 15. EXTERNAL REPRESENTATIVE POWER

The statutory manager represents the company in all affairs judicially and extrajudicially. In accordance with Article 18 of the Royal Decree from the tenth of April nineteen ninety five, the company is represented by the statutory manager for each decisive action for its real estate in the sense of Article 2, 4° of the predicated Royal Decree, acting via its Permanent Representative and one Director, acting jointly.

#### ARTICLE 16. EXCEPTIONAL AUTHORITIES

The statutory manager can appoint proxies for the company. Only exceptional and limited powers for certain or for a series of certain legal acts are permitted. The proxies legally bind the company within the bounds of their conferred mandate, without diminishing the responsibility of the statutory manager in the case of excessive power.

#### ARTICLE 17. RESPONSIBILITY OF THE STATUTORY MANAGER

The statutory manager is personally, and jointly bound without limit to the obligations of the company.

### CHAPTER IV – CONTROL

#### ARTICLE 18. CONTROL

The control of the company is entrusted to one or more auditors.

### CHAPTER V – GENERAL MEETING

#### ARTICLE 19. THE GENERAL MEETING

The general meeting is held at the registered office or at the address indicated in the notice. The annual meeting is held every year on the third Monday of the month of October at four p.m. or, if this day is a recognised public holiday, on the previous working day at the same time. The general meeting is called by the statutory manager or by the auditor.

#### ARTICLE 20. JURISDICTION OF THE GENERAL MEETING

The general meeting is authorised for deliberations and decisions concerning:

- the reporting of the annual accounts;
- the appropriation of the results;
- the nomination and the dismissal of the auditor;
- the reporting of the auditor's salary;
- the establishment of the company action or the relieving of duties for the statutory manager and auditor.

The general meeting is also authorised to make changes to the Articles of Association, namely to decide the nomination of a statutory manager, for early dissolution of the company, increase or decrease of the placed capital, the possibility of an authorised capital by decision of the statutory manager, the pay off of the capital, the paying out of interim dividends, the issue of convertible bonds or warrants, merger with one or more companies, conversion of the company to a company with another legal status.

#### ARTICLE 21. CONVENING

The statutory manager and every auditor can call together an ordinary general meeting (annual meeting) as well as an exceptional or an extraordinary general meeting. They must call together the annual meeting on the day as determined by the Articles of Association. The statutory manager and auditor are obliged to give notice of an exceptional or extraordinary meeting when one or more shareholders who represent a fifth of the placed capital individually or collectively request it.

#### ARTICLE 22. REGISTRATION OF SHARES

To be permitted in to the meeting the bearer holders of securities must, when required by the invitation, register their securities at the company office or a financial institution indicated in the invitation at least three working days prior to the date of the intended meeting. Registered holders of securities do this by sending a normal letter to the company office, also at least three working days before.

The owners of dematerialised securities must produce, at least three working days before the meeting, a certificate from a recognised account holder or from the settlement institution at the office that records the unavailability of the dematerialised securities until the date of the meeting.

#### ARTICLE 23. PARTICIPATION IN THE MEETING – REPRESENTATION

Notwithstanding the rules concerning the legal representation namely the mutual representation of married people, each shareholder can be represented at the meeting by a nominated proxy, shareholder or not.

To be authorised the proxy must have been given in writing, by telegram, telex of telecopy. The proxies must be presented to the company office at least three working days before the meeting.

#### ARTICLE 24. CHAIRMANSHIP – BUREAU

Every general meeting is chaired by the chairman of the Board of Directors of the legal person-statutory manager's.

The chairman appoints a secretary and one or more vote counter(s), who do not need to be (a) shareholder(s). The chairman, the secretary and the vote counters together form the bureau.

#### ARTICLE 25. MEETING PROCEDURE

1. The deliberations and vote occur under the leadership of the chairman and in accordance with the applicable rules for proper meeting procedure. The statutory manager and the auditor answer the questions asked by the shareholders with regard to their annual report or points on the agenda.
2. The statutory manager has the right to adjourn each normal, exceptional or extraordinary meeting once, for three weeks, unless the meeting has been called at the request of one or more shareholders who represent at least one fifth of the capital, or by a auditor. Such an adjournment does not infringe other decisions, unless the general meeting decides otherwise.
3. The general meeting can only legally deliberate or make decisions about points that are noted in the announced agenda or are implicit therein. Points that are not in the agenda can only be deliberated in a meeting where all persons who should be invited according to the Article 533 of the Statute book of companies are present or represented by their bodies or their Permanent Representative and provided that no one is opposed to adding topics to the agenda. The required approval is stood by if no opposition is noted in the minutes of the meeting. The agenda must contain the matters to be dealt with, as well as the proposals to deliberate.

#### ARTICLE 26. VOTING RIGHT

1. Every share gives the right to one vote.
2. When one or more shares belong to separate people with joint ownership or to a legal person with a collegial body of representation, the application of the associated rights according to the company can only be made by a single person who has been given written consent to do so by all entitled persons respectively those who can represent the legal persons externally. As long as such a consent has not been given, all the rights bonded with the shares remain suspended.
3. If a share is encumbered with a usufruct, then the execution of that share's bonded voting right is executed by the usufructuary except if the legal owner opposes. The execution of the pre-emptive right in the case of a capital increase belongs to the legal owner.

#### ARTICLE 27. DECISION-MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER

1. The normal and the exceptional general meeting's deliberations and decisions are valid irrespective of the number of present or represented shares, yet in the presence of the statutory manager. If he is not present then a second meeting can be called together, to deliberate and decide, even if the statutory manager is absent. The decisions are made simply on the majority of votes and with the approval of affairs of the present or represented statutory manager, with the best interests for third parties of the company at heart, such as payment of dividends along with each decision whereby the company assets are affected. Abstaining, or blank or invalid votes are not included in the counting of votes. When no voting is recorded the proposal is rejected. Minutes are taken at each general meeting during the meeting.
2. The extraordinary general meeting must be held in the presence of a notary public who draws up an authentic official report. The general meeting can only then deliberate and decide on a change in Articles of Association in a legal way, when those participating in the meeting represent at least half of the company capital and in the presence of the statutory manager, notwithstanding more stringent legal stipulations. If the nominated quorum is not reached or if the statutory manager is not present, then a new notice of meeting is necessary in accordance with Article 558 of the Statute book of companies; the second meeting deliberates and decides in a valid way, irrespective of the present or represented part of the capital and irrespective of the absence of the statutory manager. A change of the Articles of Association is then only accepted if it has been previously approved by the Banking, Finance and Insurance Commission and when they have got three quarters of the votes bound to the shareholders that are present or represented and with approval of the present or represented statutory manager notwithstanding more stringent legal stipulations. The votes of those who abstain, or blank or invalid votes, are considered to be votes against the proposal in calculating if the required majority has been reached.

#### ARTICLE 28. FINANCIAL YEAR – ANNUAL ACCOUNTS – ANNUAL REPORT

The financial year of the company always commences on the first of July and ends on the thirtieth of June. At the end of each financial year the accounts and records are closed and the statutory manager draws up the inventory, including the annual accounts, and is processed further as specified in Article 92 and following of the Statute book of companies and the stipulations of the Royal Decree of the tenth of April nineteen ninety five with regard to "sicafig". Furthermore, the statutory manager draws up an annual report in which he gives an explanation of his policy. Fifteen days before the normal general meeting, which must meet within six months of the ending of the financial year, the shareholders can have access to the annual accounts and other records as stated in the Article 553 of the Statute book of companies. The general meeting can decide to discharge the statutory manager and auditor after approval of the balance by separate vote.

#### ARTICLE 29. APPROPRIATION OF THE PROFIT

The company distributes the net returns, under the title of capital payment, decreased by the amounts that are equal to net decreases of the debts of the current financial year to the tune of at least eighty percent.

For the application of this Article, the net returns are defined as the profit from the financial year with the exclusion of the decreases in value, the reclaiming of decreases in value and surplus-values on the fixed assets for as far as these can be added to the calculation of the results. The remaining twenty percent will go to whom the general meeting wants to give it to on recommendation from the statutory manager.

On the other hand surplus-values on the realisations of fixed assets are not included as part of the net returns as determined by alinea 2 because this will be reinvested within a period of four years beginning on the first day of the running financial year in which surplus-values will be realised. The part of the realised surplus-values that is not reinvested after the period of four years is added to the net returns as defined of the financial year that follows this period.

#### **ARTICLE 30. INTERIM DIVIDENDS**

The statutory manager has the capacity to pay out interim dividends at the results of the financial year. This payment can only be taken from the profit of the current financial year, in the event decreased by the loss carried forward or increased by the profit carried forward, without withdrawal from the formed reserves and with due regard for the reserves which must be formed under a legal or statutory stipulation. Further reference is made to the requirements of Article 618 of the Statute book of companies.

#### **CHAPTER VI – DISSOLUTION – LIQUIDATION**

##### **ARTICLE 31. NOMINATION AND CAPACITY OF LIQUIDATORS**

If no liquidators are nominated, then the statutory manager, who is in function at the time of the dissolution, is automatically the legal liquidator unless the general meeting decides otherwise. The liquidators are authorised for all operation as stated in Article 186, 187 and 188 of the Statute book of companies, unless the general meeting, by normal majority of votes, decides otherwise. The liquidators present the results of liquidation to the company's general meeting every year.

##### **ARTICLE 32. DISSOLUTION**

The balance after liquidation is divided between the shareholders in relation to their rights.

#### **CHAPTER VII – CHOICE OF LOCATION**

##### **ARTICLE 33.**

The statutory manager and liquidators whose location is unknown are obliged to choose location at the company office where their subpoenas, services and notifications concerning the company can be done.

##### **ARTICLE 34. JURISDICTION**

Exclusive jurisdiction is given to the courts of the company office for all disputes between the company, its statutory manager, its shareholders and liquidators, concerning company matters and the carrying out of the current Articles of Association, unless the company expressly renounces it.



# Statements

Aubépines, Route d'Arlon, Luxembourg



# Statements

## **12.1 Forward-looking statements – responsible persons**

This annual report contains forward-looking statements. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial conditions, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Given these uncertainties you are cautioned not to place any undue reliance on such forward-looking statements, which can not be guaranteed.

The Statutory Manager of Leasinvest Real Estate SCA is responsible for the information provided in this annual brochure. The statutory manager of Leasinvest Real Estate SCA has made all reasonable efforts to check all information presented in this annual brochure and states accordingly that, as far as is known to him, all data in this annual brochure correspond to the reality and that no data have been omitted which could affect the meaning of this annual brochure.

## **12.2 General statements**

The statutory manager of Leasinvest Real Estate SCA declares that there exists no government interventions, proceedings or other arbitration procedures which could (or) have influence(d), in a recent past, the financial position or the profitability of the real estate fund and that, as far as is known, there are no situations or facts which could give rise to such government interventions, proceedings or arbitration procedures.

## **12.3 Statement on investment restrictions**

The statutory manager declares no longer having the intention to limit investments in other real estate investment companies to 20%. The requirements for risk diversification as defined in the RD of 10 April 1995 on the matter will be respected.

## **12.4 Declarations concerning the directors and the management**

The statutory manager of Leasinvest Real Estate declares that, to the best of its knowledge:

- none of the directors, nor members of the management have ever been convicted for a fraud-related offense during, at least, the five previous years, that they have never been subject to official nor public accusations or sanctions by legal or supervisory authorities or that they have never been declared incapable to act as a member of a decision-making entity of a listed company during at least the five previous years, and that those directors and members of the management, in their capacity as a director, have never been associated with any bankruptcy or judicial annulment during the five previous years;
- that until now no employment contracts have been concluded with the directors, nor with the real estate fund, nor with the statutory manager, which provide for the payment of indemnities upon the termination of the employment;



- that the employment contracts concluded between the statutory manager and the members of the management do not provide in special payment of indemnities upon the termination of the employment;
- that the directors Christophe Desimpel, Marcus Van Heddeghem, Bernard de Gerlache de Gomery, Eric De Keuleneer, Luc Bertrand, Jan Suykens, Jean-Louis Appelmans, Guy Van Wymersch-Moons and Thierry Rousselle do not own Leasinvest Real Estate shares with the exception of Kris Verhellen who owns 100 Leasinvest Real Estate shares;
- that the members of the management do not own Leasinvest Real Estate shares;
- that until now no options on Leasinvest Real Estate shares have been granted, nor to the directors, nor to the members of the management.

## 12.5 Other exercised mandates during the 5 previous years

### 12.5.1 Directors

#### Luc Bertrand

Mandates in other companies, currently and during the 5 previous financial years:

Ackermans & van Haaren SA, Ackermans & van Haaren Coordination Center SA, Agridec SA, Algemene Aannemingen Van Laere SA, Anfima SA, Continentale Verzekeringen SA, Asco Leven SA, Atenor Group SA, Aviapartner SA\*, Axe Investments SA, Baarbeek BV, Bank J. Van Breda & Co SA, Bank Delen & De Schaetzen SA, Bracht Deckers & Mackelbert SA, Belcadi BV, Belfimas SA, Belgian Media Holding SA, Blomhof SA, Bos SA, Brinvest SA, Cruiser BV, De Pijler asbl, De Speyebeek SA\*, Deme Coordination Center SA, Dredging International SA, "Dredging, Environmental & Marine Engineering" SA, "Electriciteit Voor Goederen-Behandeling, Marine En Industrie" (Egemin) SA, Egemin International SA, Finaxis SA, Fortis Private Equity Belgium SA, Gemini Natural Resources SA, Groupe Flo, Idea Strategische Economische Consulting SA, IlloSpear SA\*, ING België SA, "Belgische Instituut Voor Vorming, Technische Bijstand En Overdracht Van Technologie" SA, Lamitref Industries SA\*, Extensa Group SA (ex-Leasinvest SA), Middelheim Promotors, Museum Mayer van den Bergh asbl, NMC SA, Prins Leopold Instituut voor Tropische Geneeskunde, Profimolux SA, Project T&T SA, Promofi SA\*, Protalux SA, Quick Restaurants SA, Scaldis Invest SA, Sipef SA, Nationale Maatschappij Der Pijpleidingen SA, Société Nationale d'Investissement SA, Sofinim SA, Solvus SA\*, Virgin Express SA\*, Vlaamse Beleggingen BV, Leasinvest Immo Lux (ex-Dexia Immo Lux) SA

\* Terminated mandates.

#### Jan Suykens

Mandates in other companies, currently and during the 5 previous financial years:

Ackermans & van Haaren SA, Continentale Verzekeringen SA, Bracht, Deckers en Mackelbert SA, Asco Leven SA, Bank Delen & De Schaetzen SA, Banque Delen Luxembourg SA, Bank J. Van Breda & Co SA, Extensa Group SA (ex-Leasinvest SA), Leasinvest Finance SA, Oleon SA, Oleon Holding SA, Bureau Van Dijk Computer Services SA\*, Solvus SA\*, VUM Media SA, Synvest SA, Algemene Aannemingen Van Laere SA, "Dredging, Environmental & Marine Engineering" SA, IlloSpear SA\*, Ackermans & van Haaren Coordination Center SA, Mabeco SA, Société Nationale d'Investissement SA, Sofinim SA, Brantano SA, Anfima SA, Avafin-Re SA, Belcadi BV, Brinvest SA, Extensa SA, Finaxis SA, Gemini Natural Resources SA, Profimolux SA, Project T&T SA, Protalux SA, Legimco SA, Cobelguard SA, D&S Holding SA, Oleon Biodiesel SA, Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA

\* Terminated mandates.



**Bernard de Gerlache de Gomery**

Mandates in other companies, currently and during the 5 previous financial years:

Floridienne SA, SIPEF SA, Société Financière et de Gestion Texaf SA, Belficor SA, Equifund SA, BDM SA, ASCO SA, BIO SA

**Eric De Keuleneer**

Mandates in other companies, currently and during the 5 previous financial years:

Credibe SA, Mobistar SA, Raad van Toezicht CBFA\*, Keytrade Bank SA, Amonis SA, Ad Valvas Group SA\*

\* Terminated mandates.

**Christophe Desimpel**

Mandates in other companies, currently and during the 5 previous financial years:

Remi Claeys Aluminium SA\*, De Cederboom SA\*, Telindus Group SA\*, De Speyebeek SA, Alu-claeys Invest SA, Aluclaeys Finance SA, RC Systems SA\*, Aleurope Holding SA\*, Cedes SA\*, Point Break SA\*, Te Lande SA, Val-I-Pac asbl\*, Levimmo SA, Accentis SA, Immo Desimpel SA, New Regence SA, Omroepgebouw Flagey SA, Fortales SA\*, Wellington Golf Oostende SA, Eurocrossroads Business Park SA, Marina Tower ESV, DML Composites SA, Valletta Invest SA, BVS-UPSI, BEM

\* Terminated mandates.

**Marcus Van Heddeghem**

Mandates in other companies, currently and during the 5 previous financial years:

Redevco Retail SCS, Redevco Offices SCS, Redevco Industrial SCS, Home Invest SA\*, City Hotels SA, Befimmo SA, Compagnie du Zoute SA, Wilma Project Development Holding SA\*, Mons. Revitalisation, Bengali SA

\* Terminated mandates.

**Jean-Louis Appelmans**

Mandates in other companies, currently and during the 5 previous financial years:

Retail Estates SA, Brussimmo SA\*, Ekiport SA\*, Extensa SA\*, Grossfeld Immobilière SA, IDIM SA\*, Extensa Group SA (ex-Leasinvest SA)\*, Music City Brussels SA\*, Omroepgebouw Flagey SA\*, Project T&T SA, Stevibis SA\*, Granvelle Consultants & Co sprl, Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA, De Leeuwe SA, Logistics Finance I SA, Warehouse Finance SA, Square de Meeûs SA, Leasinvest Real Estate Facility Services SA

\* Terminated mandates.

**Kris Verhellen**

Mandates in other companies, currently and during the 5 previous financial years:

Brussimmo SA\*, Ekiport SA\*, Vilvolease SA, Extensa SA, Logistics Finance SA, De Leeuwe SA, Leasinvest Development SA, Kinna Finance SA, Finance & Promotion SA, Kinna Residential SA, Kinna I SA, Kinna II SA, Schulze SA, Grossfeld Immobilière SA, Leasinvest Finance SA, Music City Brussels SA\*, Project T&T SA, SITAS sprl, Omroepgebouw Flagey SA, Stevibis SA

\* Terminated mandates.

**Guy Van Wymersch-Moons**

Mandates in other companies, currently and during the 5 previous financial years:

AXA REIM Belgium SA\*, Leasinvest Immo Lux (ex-Dexia Immo Lux) SA

\* Terminated mandates.

**Thierry Rousselle**

Mandates in other companies, currently and during the 5 previous financial years:  
Brustar One SA, Cabesa SA, Cornaline House SA, Immo Jean Jacobs SA, Immo Rac Hasselt SA, Immobilière du Park Hotel SA, La Tourmaline SA, Les Résidences du Quartier Européen SA\*, Lex 65 SA, Marina Building SA, Messancy Réalisation SA, Mucc SA, Parc de l'Alliance SA, Parc Louise SA, QB19 SA, Royaner SA, Royawyn SA, Sodimco SA, Transga SA, Vepar SA, Water-Leau SA, Wathall SA, Zaventem Properties SA, Zaventem Properties II SA

\* Terminated mandates.

**12.5.2 Members of the management other than the CEO****Michel Van Geyte**

Mandates in other companies, currently and during the 5 previous financial years:  
Leasinvest Immo Lux (ex-Dexia Immo Lux) SA, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA, Leasinvest Real Estate Facility Services SA, IFMA asbl

**Micheline Paredis**

Mandates in other companies, currently and during the 5 previous financial years:  
Brussimmo SA\*, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA, Leasinvest Real Estate Facility Services SA, Autonoom Gemeentebedrijf Boom Plus

\* Terminated mandates.

**Ingrid Theuninck**

Mandates in other companies, currently and during the 5 previous financial years:  
Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA, Leasinvest Real Estate Facility Services SA

**12.6 Office addresses****Luc Bertrand**

Chairman of the executive committee  
Ackermans & van Haaren SA  
Spoorweglaan 1  
2610 Wilrijk

**Jan Suykens**

CFO  
Ackermans & van Haaren SA  
Spoorweglaan 1  
2610 Wilrijk

**Bernard de Gerlache de Gomery**

Managing director  
Belficor SA  
Boulevard Général Jacques 26  
1050 Brussels

**Eric De Keuleneer**

Chairman of the management committee  
Credibe SA  
Rue de la Loi 42  
1040 Brussels

**Christophe Desimpel**

Managing director  
De Speyebeek SA  
Guldensporenpark 2D  
9820 Merelbeke

**Marcus Van Heddeghem**

Managing director  
Redevco SCS  
Brouckère Tower  
Boulevard Anspach 1 B1  
1000 Brussels

**Jean-Louis Appelmans**

CEO  
Leasinvest Real Estate Management SA  
Mechelsesteenweg 34  
2018 Antwerp

**Kris Verhellen**

CEO  
Extensa Group SA  
Tour & Taxis  
Avenue du port 86C boîte 316  
1000 Brussels

**Guy Van Wymersch-Moons**

AXA Belgium SA  
General Manager of Real Estate  
Boulevard du Souverain 25  
1170 Brussels

**Thierry Rousselle**

General Manager of Real Estate  
AXA Belgium SA  
Boulevard du Souverain 25  
1170 Brussels

**Michel Van Geyte**

Commercial Manager  
Leasinvest Real Estate Management SA  
Mechelsesteenweg 34  
2018 Antwerp

**Micheline Paredis**

Legal Manager  
Leasinvest Real Estate Management SA  
Mechelsesteenweg 34  
2018 Antwerp

**Ingrid Theuninck**

Financial Manager  
Leasinvest Real Estate Management SA  
Mechelsesteenweg 34  
2018 Antwerp

## 12.7 Financial communication to the shareholders

### Places where documents are accessible for the public

The Articles of Association of Leasinvest Real Estate may be consulted at the Registry of the Commercial Court in Brussels and at the registered office.

The annual accounts are filed with the National Bank of Belgium. The annual accounts are sent each year, together with the relative reports, to the holders of registered shares, and to anyone who requests it.

The annual brochures, which comprise the statutory and consolidated annual accounts, the annual report and the report of the auditor concerning the financial years 2003/2004 and 2004/2005 and the valuation report and the semester reports including the report of the auditor for the financial years 2003/2004, 2004/2005 and 2005/2006, can be consulted on the Leasinvest Real Estate website ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)) and may be obtained from the administrative office of the company. The current annual brochure 2005/2006<sup>45</sup> can also be consulted on the Leasinvest Real Estate website ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)) and the Euronext website ([www.euronext.com](http://www.euronext.com)).

The historical financial information for the two previous financial years, of all subsidiaries of Leasinvest Real Estate (Square de Meeûs 5-6 SA, Warehouse Finance SA, De Leeuwe SA, Logistics Finance I SA, Leasinvest Immo Lux (ex-Dexia Immo Lux) SA sicav, Leasinvest Immo Lux Conseil (ex-Dexia Immo Lux Conseil) SA and Leasinvest Real Estate Facility Services SA) can be consulted at the administrative office of Leasinvest Real Estate.

Financial reporting and invitations of the shareholders for general meetings of shareholders are published in the financial press, as far as mandatory, and can be consulted on the Leasinvest Real Estate website.

Leasinvest Real Estate pursues the guidelines of the Banking, Finance and Insurance Commission concerning those matters.

Decisions about the appointment or dismissal of members of the board of directors are published in the appendices to the Moniteur Belge.

The latest update of the Corporate Governance Charter can be found on the website [www.leasinvest-realestate.com](http://www.leasinvest-realestate.com).

Anyone interested can freely subscribe to [www.leasinvest-realestate.com](http://www.leasinvest-realestate.com) to receive all press releases and mandatory financial information per e-mail (contact – subscribe).

## 12.8 List of reference information

### Historical financial information and the description of the financial situation of the previous financial years 2003/2004 and 2004/2005

The annual brochures, which comprise the statutory and consolidated annual accounts, the annual report and the report of the auditor concerning the financial years 2003/2004 and 2004/2005 and the semester reports including the report of the auditor for the financial years 2003/2004, 2004/2005 and 2005/2006, can be consulted on the Leasinvest Real Estate website ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)).

<sup>45</sup> The statutory annual accounts, the annual report of the statutory manager and the report of the auditor, and the valuation rules under BGAAP, concerning the statutory annual accounts for the financial year 2005/2006 can be obtained for free, and by anyone who asks, upon simple request at the offices of the company and can be consulted on the website of Leasinvest Real Estate ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)).

This annual report is a registration document in the sense of art. 28 of the Law of 16 June 2006 on public offering of investment instruments and the admission of investment instruments authorised to trading on a regulated market. It has been approved by the CBFA in accordance with art. 23 of the aforementioned law, on 26 September 2006.

Leasinvest Real Estate has chosen Dutch as its official language, and only the Dutch version of the annual report forms legal evidence. The French and English versions are translations of the Dutch version of the annual report. The annual report was translated under the responsibility of Leasinvest Real Estate.

Het jaarverslag in het Nederlands is beschikbaar op de zetel van de vennootschap.

Le rapport annuel en français peut être obtenu au siège de la société.

## Identity card

Real estate fund	Leasinvest Real Estate SCA, (sicafi/bevak) under Belgian law
Legal entity	Limited partnership by shares
Registered office	Avenue de Tervueren 72, 1040 Brussels, Belgium
Administrative office	Mechelsesteenweg 34, 2018 Antwerp, Belgium
Contact information	T +32 3 238 98 77 – F +32 3 237 52 99
E-mail	investor.relations@leasinvest-realestate.com
Web	<a href="http://www.leasinvest-realestate.com">http://www.leasinvest-realestate.com</a>
RPM	Brussels
VAT	BE 0436.323.915
Established	8 June 1999, publication MB 26 June 1999 (transformation into real estate fund) (nr. 990626-330)
Term	Unspecified
Financial year	1 July – 30 June
Listing	Euronext Brussels, NextPrime, Bel small
Liquidity provider	ING Financial Markets
Depository	ING Bank
Financial service	Bank Degroef, Dexia Bank, Fortis Bank and ING Bank
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Danielle Vermaelen, Partner
Real estate valuers	Cushman & Wakefield – Winssinger & Associates
Supervision	Banking, Finance and Insurance Commission

### Leasinvest Real Estate SCA

#### Registered office:

Avenue de Tervueren 72  
1040 Brussels

#### Administrative office:

Mechelsesteenweg 34  
2018 Antwerp  
T +32 3 238 98 77  
F +32 3 237 52 99

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)

