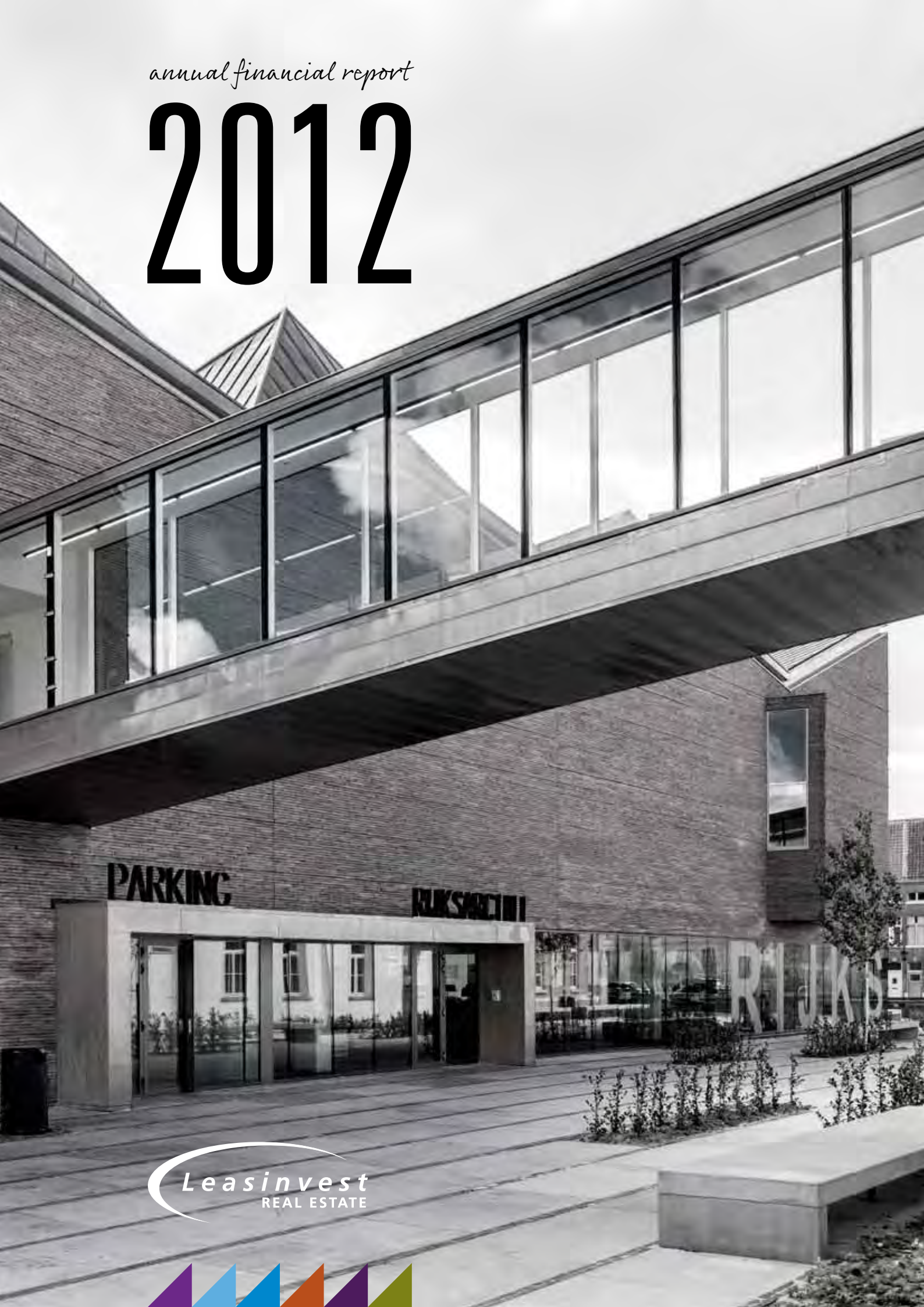
annual financial report

2012



Leasinvest
REAL ESTATE

Leasinvest
REAL ESTATE

This annual financial report is a registration document in the sense of art. 28 of the Law of 16/06/06 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market.

The Dutch version has been approved by the FSMA, in accordance with art. 23 of the aforementioned law, on 26/03/13. Leasinvest Real Estate has chosen Dutch as its official language, and only the Dutch version of the annual financial report forms legal evidence.

The French and English versions are translations of the Dutch version of the annual financial report. The annual financial report was translated under the responsibility of Leasinvest Real Estate.

Le rapport financier annuel en français peut être obtenu au siège de la société et peut être téléchargé du site internet www.leasinvest.be.

De Nederlandstalige versie van het jaarlijks financieel verslag is beschikbaar op de zetel van de vennootschap, op eenvoudige aanvraag en kan gedownload worden van de website www.leasinvest.be.

Contents

Belgium and Luxembourg are our core investment countries.

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The offices part further decreases to 47% in favour of retail.

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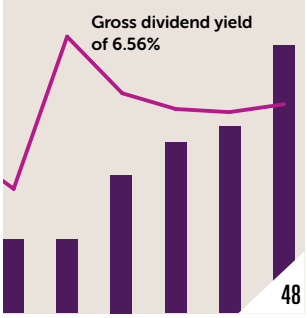

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Conversion into a 'green intelligent building'

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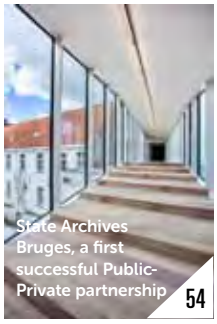

State Archives Bruges, a first successful Public-Private partnership

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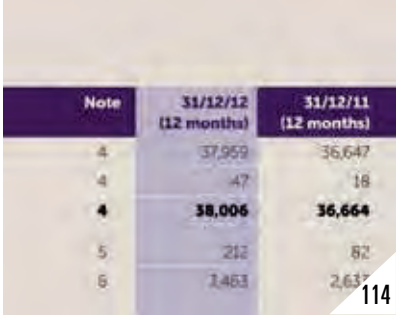

Note	31/12/12 (12 months)	31/12/11 (12 months)
4	37,959	36,647
4	47	18
4	**38,006**	**36,664**
5	212	82
6	1,463	2,63[illegible]

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Risk
factors

Our objective: a rental yield in line with market performance, an acceptable dividend level and potential capital gains through diversification of our portfolio.

Risk factors

In this chapter the main risks Leasinvest Real Estate is confronted with, are described. It also mentions the influence of these risks on its activity and the different elements and actions to limit their potential negative impact. These mitigating factors are commented in this chapter whereby a link is in each case created with the potential impact on the activities.

The mitigating factors and measures mentioned can possibly not entirely eliminate the potential influence of the identified risk. It is consequently possible that the impact should partially or entirely be borne by Leasinvest Real Estate and indirectly by its shareholders. The risks and mitigating factors are discussed in the audit committee that formulates an advice on the matter to the board of directors. This happens at least once a year, but divergences or adjustments or new risks are discussed in the audit committee on a quarterly basis.

MARKET RISK

Those who invest in real estate are looking for stability both with regard to the dividend as to long-term income streams. Besides the specific risks characteristic to managing a real estate portfolio, the evolution of the economic circumstances, described as the systematic risk, can have an impact on the real estate market, be it with a certain delay. The main exogenous risks linked to the market risk and their possible impact on the one hand, and the mitigating factors and measures on the other hand, are commented below.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Deterioration of the economic situation compared to the current situation	1. Negative influence on the demand for space to rent 2. Higher vacancy and/or lower rents in the case of re-letting 3. Downwards adjustment of the value of the real estate portfolio and consequently a lower shareholders' equity (net asset value or "NAV")	• Diversification of the real estate portfolio, both geographically and as to asset class (1,2,3); The weight of retail in the consolidated portfolio has risen from 20% to 29% and the offices part decreased from 54% to 47%. The logistics and semi-industrial part amounts to 24%. The share in the portfolio of the Grand Duchy amounts to 53% and that of Belgium to 47% • Sectorial diversification of the tenants (1,2,3). The main sectors are: retail & wholesale (33% compared to 26.7% on 31/12/11), the services sector (19% compared to 23.7% on 31/12/11), transport and distribution (13% compared to 11.4% on 31/12/11), followed by non-profit organisations and international professional associations (12% compared to 10% on 31/12/11) and financial institutions (8% compared to 13.8% on 31/12/11). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage) • Weighted average duration of the rental contracts increases and amounts to 4.9 years (1,2) • Better follow-up of tenants and an annual limited provision for doubtful receivables (1) • Active investment management (1,2,3)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Decreased demand of investors for real estate	1. Decrease of fair value of the real estate portfolio and lower shareholders' equity ("NAV") 2. Increase of debt ratio	• Active portfolio management illustrated by the transactions realized in the past and in 2012 (1), (2) • Diversification of the real estate portfolio, both geographically and as to asset class (1), (2)
A decline in economic activity resulting in a general price reduction, deflation	1. Possible decrease of the rental income	• Clause in rental contracts stipulating a minimum level for the basic rent (1)
A general rise of the price level, inflation triggered by quantitative easing	1. Increase of the funding cost following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV")	• Active hedging strategy of the debt financing at variable interest rates (1) • Clause in rental contracts for indexing the basic rent (2) • Increase of the fair value of the hedges will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2)
Splitting-up or disappearing of the monetary union or political instability	1. Increase of the funding cost following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV")	• Increase of the fair value of the hedges will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2) • It is expected that Belgium and Luxembourg will remain among the founding members of the monetary union • Belgium and Luxembourg are politically stable countries
Extreme volatility and insecurity on the international capital markets	1. Difficult access to the stock markets to proceed to a capital increase and consequently limiting the reduction of the debt ratio and limiting the growth of activities 2. Increased volatility of the share price	• Extensive and frequent dialogue with the capital markets and financial counterparties (1,2) • Strong long-term relationships existing with current shareholders (1)
In relation to real estate unfavourable financial markets within the scope of a/o but not exclusively new regulations (Bazel III)	1. More difficult and more expensive access to credits 2. Limited liquidity for increasing credits	• Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding sources wherever necessary • Complete back-up of the commercial paper program (1) • Aiming at maintaining an adequate availability margin on confirmed credit lines (2)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Volatility of the interest rates	1. Increase of the funding cost following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV" or Net Asset Value) at higher interest rates	• Increase of the fair value of the hedges will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2) • Active hedging strategy (1). This hedging strategy aims at hedging approximately 75% of the forecasted debt within the first five years, through concluding credits at fixed interest rates or financial instruments through "interest rate swaps". For the consequent 5-year period and till a period of ten years a ratio of 50% is aimed at. However, in executing this strategy, the evolution of the interest rates and the durations granted by the financial markets, taking into account the conditions for credits and financial instruments, are always considered.

OPERATIONAL RISK

The company's investment strategy is concretely translated into a diversified real estate portfolio and a limited development activity. The technical management of the real estate is partially internally (mainly Belgium) and partially externally (mainly Luxembourg) managed. The diversification as to assets with a limited correlation fits within the diversification of the market risks. Below the main risks relating to the real estate portfolio and the linked operational activities are reproduced, as well as their potential impact and the mitigating factors and measures.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Unappropriate policy resulting in unfit investment or development choices	1. Expected yields are not reached 2. Change in the income and risk profile of the company 3. Investment or real estate portfolio that is not adjusted to market demand and vacancy as a consequence	• Strategic and risk analysis, as well as a market, technical, administrative, legal, accounting and fiscal due diligence before each acquisition (1,2,3) • Internal and external valuation for each investment and divestment project (1,2,3) • Constant monitoring of changes in economic, real estate and regulation trends (2,3) • Management experience and formal procedure for approval by the board of directors (3)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Pipeline of developments for own account that is too big	1. Uncertainty on future income, costs and occupation	• Activity limited to one object and to maximum 10% of the fair value of the total real estate portfolio (1) • Taking a risk premium into account (1)
Risk specifically related to managing developments or redevelopments	1. Incapacity to obtain the necessary permits 2. Not respecting the budget, the timing and the intended quality 3. Long-lasting periods of vacancy 4. Not reaching the intended yield on the (re)development	• Internal specialized Project Management team with internal management system (1,2) • External specialized and carefully selected consultants for bigger projects (1,2) • Commitment towards the environment in order to maintain the best possible constructive dialogue with the local decision-making levels and the environment (1) • No single development is launched before being entirely funded and before there is sufficient certainty with regard to obtaining the necessary permits and lettings, should this not yet be the case (3,4)
Negative changes in fair value of the buildings	1. The company is exposed to the risk of changes in fair value of its real estate portfolio. The quarterly valuations by independent real estate experts have an accounting impact on the net result, the net asset value per share and the company's debt ratio.	• The value of the real estate portfolio is defined quarterly by independent experts, which allows to implement corrective measures (1) • Portfolio with different types of assets to which different compensating valuation trends apply (1) • Most important asset represents 12.7% of the portfolio and relates to real estate certificates with regard to a shopping center with a diversification towards 40 tenants. End-December 2012 an increase of the average yield by 0.10% would have had an impact of € 8.2 million on the net result and of € 2 on the net asset value per share, and result in an increase of the debt ratio by 0.66% (namely from 56.19% to 56.85%).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Rental vacancy of the buildings	1. Loss of rental income 2. Downward adjustment of the rents 3. Higher commercial costs to attract new customers, which impacts the results 4. Value decrease of the buildings 5. Refurbishment costs	• Proactive commercial and property management (1,2,3,4) • 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 obtain a rental risk and income with an improved diversification therefore limiting the dependency of the real estate investment trust to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy (1,2,3,4) • Increased average duration of the rental contracts (4.9 years) following the transactions in 2012 • Better follow-up of tenants
Maintenance costs and wear off and deterioration of buildings	1. Decrease of the results 2. Architectural or technical obsolescence and consequently reduced commercial appeal	• Periodical maintenance policy for the offices carried out by specialized firms (1,2) • Portfolio adjustment policy (1,2)
Destruction of buildings	1. Discontinuous activity and consequently loss of the tenant and reduced rental income	• Portfolio insured for a total reconstruction value of € 453 million (yearly indexed according to the ABEX index), excluding a loss of rent of maximum 36 months and other accessory guarantees. For buildings that are part of the global insurance policy of the sicafi, the insured value is based on the 'new construction value', i.e. the cost for reconstruction of the building, including architects' fees and value-added tax (excluding the buildings that are subject to the VAT regime). With regard to buildings that are not subject to the global insurance policy, similar conditions are usually negotiated. For more details on the insured value of the buildings we refer to the Real estate report on page 86.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Unforeseen non renewal or early termination of the rental contract	1. Rental vacany 2. Bearing costs that are normally rebillable and commercial costs for re-letting 3. Decrease of income and cash flow 4. Refurbishment costs 5. Granting of higher incentives	• Internally and externally specialized teams responsible for the commercial management and the facility management (1,2,3) • Contractual compensation for the early termination of the contract and the existence of rental guarantees (3) • In 2012 approximately € 430 thousand of rental incentives were granted with regard to the Belgian tenants portfolio. The impact on the net result is spread across and booked over 3 years. On the Luxembourg portfolio the rental incentives granted were negligible (1,3).
Decreased solvency / bankruptcy of the customer	1. Higher vacancy 2. Bearing costs that are normally rebillable and commercial costs for re-letting 3. Decrease of income and cash flow 4. Refurbishment costs	• Screening of the tenant's solvency with the assistance of an external rating agency (1,2,3) • The rent has to be prepaid (3) • Customary rental guarantee of minimum three months (3)
Concentration of the activities of the tenants	1. Loss of income if a specific sector is hit by an economic downturn	• Strong sectorial diversification with limited correlation of the tenants (1). The breakdown of our tenants' portfolio according to sector remains good. The main sectors are: retail & wholesale (33% compared to 26.7% on 31/12/11), the services sector (19% compared to 23.7% on 31/12/11), the transport and distribution sector (13% compared to 11.4% on 31/12/11), followed by non-profit organisations and international professional associations (12% compared to 10% on 31/12/11) and the financial institutions (8% compared to 13.8% on 31/12/11). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage)
Predominance of the most important tenants	1. Important negative impact on the rental income in case of departure	• Limited concentration of the most important tenants (1). The top 10 of the main tenants amounts to 38%.
Concentration of investments in one or more buildings	1. Important negative impact on the rental income in case of departure of single tenants 2. Risk on bigger negative impact on the NAV (net asset value) given the lower spread	• Limited concentration in one or more buildings (1), (2) • 44% of the real estate portfolio is invested in buildings that represent individually more than 5% of total, of which more than half are retail buildings with different tenants (1), (2)

FINANCIAL MANAGEMENT

The financial management is intended at optimising the costs of the capital and limiting the financing, liquidity, cash flow, counterparty and covenant risks. Below the main risks related to the financial management and the linked operational activities are reproduced, as well as their possible impact and the mitigating factors and measures.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Insolvency of financial or bank counterparties (counterparty risk)	1. Termination of current credit lines (credits and hedges) and reduction of financial resources 2. Costs of restructuring and higher costs of new credits and facilities	• Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding sources wherever necessary. End-2012 different negotiations were started with financial institutions in order to, on the one hand, extend the bank credits that could expire in 2013 and, on the other hand, obtain a better spread as to counterparty banks. This has led to an additional credit of € 10 million with a supplementary financial institution at comparable conditions. Negotiations are ongoing with other additional financial institutions. Besides, alternative funding sources are also analysed. • Complete back-up of the commercial paper program (1, 2) • Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). At the end of 2012 negotiations were started with different counterparty banks. This has led to an additional credit of € 10 million with a supplementary financial institution, € 25 million with an existing financial institution and the extension and increase of two existing credits for an amount of € 43 million, that would expire in 2013, till € 55 million, resulting in an increase of the available lines. • Strong shareholders (1,2)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
The non availability of financing or the intended duration of the financing (liquidity risk) and drying up of the commercial paper market	1. Impossibility to finance acquisitions, or only through increased costs and at a lower profitability 2. Impulse for selling assets at a value inferior to the fair value	• Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding sources wherever necessary. The average duration of the total of bank credits amounts to 2.64 years (31/12/11: 3.47 years). However, due to the additional funding mentioned above, the average duration has increased at the beginning of 2013 to 3.37 years. • Complete back-up of the commercial paper program (1,2) • Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2) (end-2012: € 22.2 million, beginning of 2013: € 70 million) • Strong shareholders (1,2)
Insufficient cash flow to respect its financial obligations (cash flow risk)	1. No longer being able to satisfy the reimbursement of interests and capital	• Strict follow-up of the net cash flow and limiting the operational risks. The rental income received during the financial year 2012 amply suffices to cover the increase of the interest charges. For the last three financial years the financial result excl. the dividends received, compared to the rental income, amounts to 29% (2012), 27% (2011) and 20% (2010) and the interest charges excluding the fair value adjustments, compared to the rental income, amount to 23% (2012), 25% (2011), 25% (2010). • Financing is of the bullet type with a clear view on the maturity dates • Aiming at maintaining an adequate availability margin on confirmed credit lines

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Combination of unfavourable interest rate changes, increased risk premium on the stock exchanges and increase of the banking margin (cost of the capital)	1. Increase of the weighted average cost of the capital of the company 2. Impact on the profitability of the company and of new investments	• Protection against the rise of the interest rates by using hedges. The policy is intended to hedge the interest rate risk for approximately 75% of the financial debt for a 5-year period and for circa 50% for the consequent 5-year period. At the end of 2012 the real estate investment trust has 27% of current and forward interest rate collars and interest rate caps (with a limit on the interest rates) (end-2011: 42%), 39% of current and forward interest rate swaps (IRS) (hedging at a fixed interest rate) (end-2011: 58%). The hedges are inferior to the budget in order to take into account the potential future impact of credits at fixed rates on this ratio (1,2). For more details we refer to note 34 of the financial statements on page 163 • The policy further consists of reaching an optimum funding cost, taking the hedges into account. This cost amounts to 3.04% (end-2011: 3.83%) excluding the effect of fair value adjustments on ineffective hedges; taking these non-cash elements into account as well as potential premiums for options, the all-in funding cost amounts to 3.8% (2011: 4.02%). Next to that, fixed rate bank credits are concluded in order to reach an optimum funding cost. At the beginning of 2013 Leasinvest has € 45 million of fixed rate debt at better conditions than the all-in funding cost of 3.8% in 2012 • Permanent dialogue with shareholders and bank partners for establishing solid long-term relationships (1,2)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
The financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. The risk of a potential loss of confidence and of not respecting the covenants exists.	1. Possible termination of credits and an eroded confidence with investors and bankers 2. Sanctions and increased supervision from the regulator in the case of noncompliance with certain legal parameters	• The evolution of the debt ratio is regularly followed up and the influence of each investment project on the debt ratio is always analysed beforehand. • In accordance with art 54 of the RD of 07/12/10 a sicafi has to draw up a financial plan with an execution calendar when the consolidated debt ratio, as defined by the same RD, would amount to more than 50%. Herein are described the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. This has been commented in the financial report (note 34)
Risk of divergence of the financial results from the predefined budget and legal demands	1. Untimely detection of potentially not meeting certain obligations	• Minimum quarterly updates of the financial model with checking of hypotheses and the way they were set up, and continuous follow-up of parameters that could influence the result and the budget (1)
Risk of currency fluctuation relating to activities outside of the euro zone	1. Decrease of income and cash flow	• Leasinvest Real Estate is only active in the EURO zone, namely in Belgium and in the Grand Duchy of Luxembourg, and has, ceteris paribus, no exchange rate risk
Risk of fair value changes of financial derivatives or a relatively higher funding cost following the selected hedges when the interest rates decrease	1. Decrease of the group's shareholders' equity 2. Lower net result and net current result	• Leasinvest Real Estate aims at an optimum funding cost taking into account the selected hedging strategy. The latter is adjusted in function of the market evolution and the conclusion of IRS or CAPS or fixed rate credits is considered (1), (2)

LEGISLATION AND OTHER RISKS

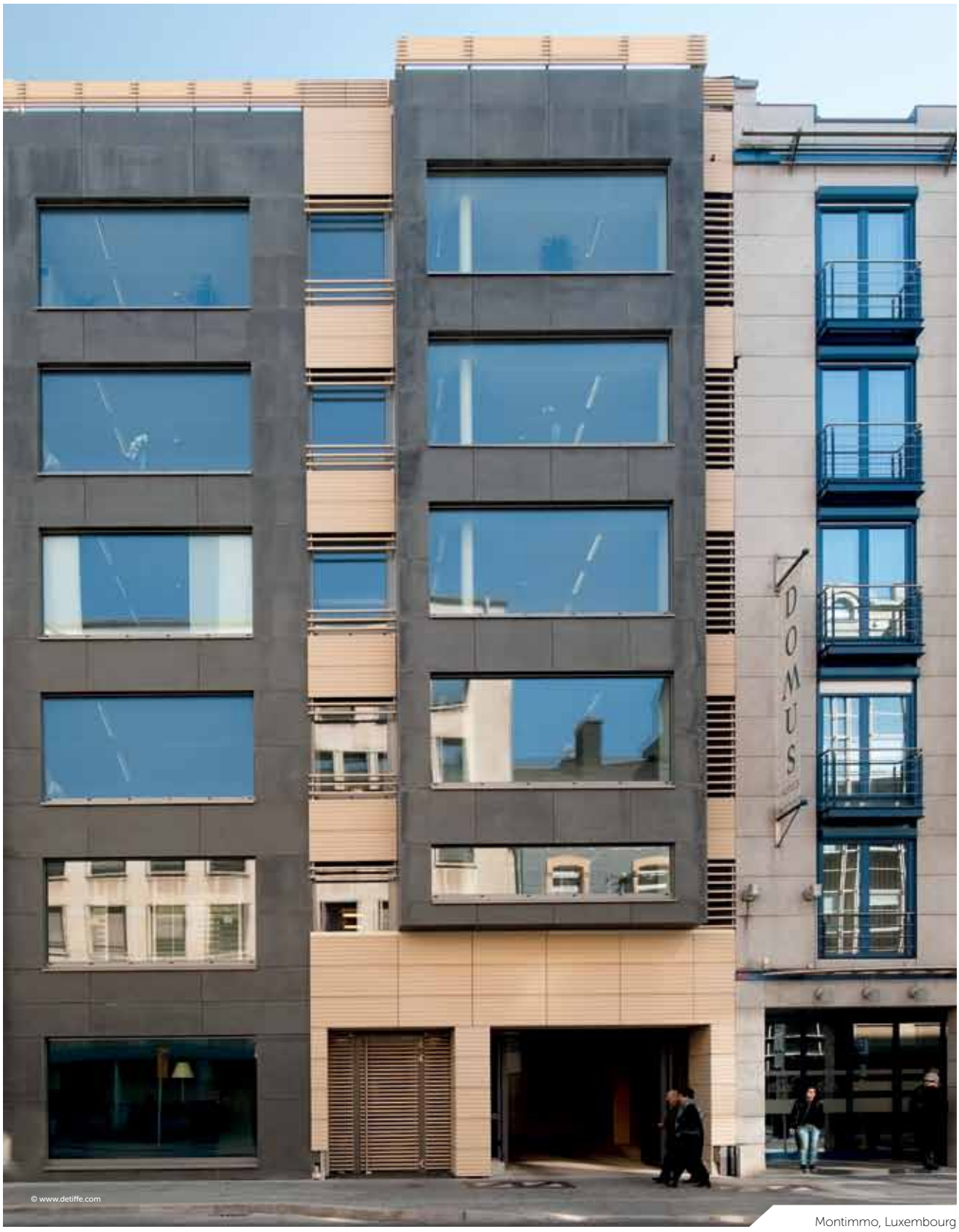
Leasinvest Real Estate is a real estate investment trust (sicafi/vastgoedbevak) and has to maintain its sicafi status in order to benefit from the related favourable tax regime. Should the company loose its sicafi status, it would break covenants with its banks and would have to reimburse its credits. Maintaining the sicafi status is consequently primordial for the company. The company therefore takes into account all different provisions and rules of the sicafi legislation, i.e. the law of 3 August 2012 on certain forms of collective management of investment portfolios and the Royal Decree of 7 December 2010 with regard to sicafi. Leasinvest Immo Lux SA is a 100% subsidiary of Leasinvest Real Estate and has the status of a SICAV-SIF. It is equally important to maintain this status and to comply with the obligations imposed by the local authority, such as the FSMA for the sicafi in Belgium and the CSSF for the SICAV-SIF in Luxembourg.

Besides this, the company has to comply with the company law, but also with specific regulations relating to urban development and to the environment, both in Belgium and in Luxembourg.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Non compliance with the legal sicafi system	1. Loss of the sicafi status and of the related transparent tax regime 2. Mandatory advanced reimbursement of certain credits	• Professionalism of the teams and the board of directors by supervision of strict compliance with legal provisions (1,2)
Non compliance with the legal SICAV-FIS system	1. Loss of the transparent tax regime for Leasinvest Immo Lux	• Professionalism of the teams and the board of directors by supervision of strict compliance with legal provisions (1)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Changes in the EU-reference framework, i.e. IFRS and conversion of new initiatives in national legislation within the framework of AIFMD-Alternative Investment Fund Managers, EMIR-European Market Infrastructure Regulation	1. Influence on reporting, capital demands, the use of derivatives and the organization of the company 2. Defining the operational activities and potentially the valuation	• Ongoing evaluation of the changes in legal demands and their compliance, assisted by consultative meetings with professional associations (1,2) • Leasinvest Immo Lux SICAV-SIF, 100 % subsidiary of Leasinvest Real Estate in Luxembourg, is probably subject to AIFMD. Should the case arise, the main consequences of the application of AIFMD are the appointment of a depositary, possibly higher capital requirements and additional demands and costs with regard to providing a guarantee for the negative mark-to-market (MtM) of financial instruments. The impact is rather limited. The negative fair value of financial products of the IRS type concluded in Luxembourg amounts to approximately € 470 thousand. Furthermore Leasinvest Immo Lux has appointed a depository already since a long time within the framework of the FIS-SIF status (1,2) • With regard to Leasinvest Real Estate or its statutory manager Leasinvest Real Estate Management the impact of AIFMD is yet unclear. Should Leasinvest Real Estate Management be subject to it, the impact on the consolidated figures would probably not be significant. When Leasinvest Real Estate should be subject to AIFMD, the potential impact of the guarantee for the negative MtM on financial instruments could impact the availability margin of its confirmed credit lines. As Leasinvest Real Estate disposes at present of sufficient credit lines, the impact would be relatively limited (1,2).
Changes in regulations relating to urban development and to the environment	1. Higher costs to maintain the real estate in good condition 2. Decrease of the fair value of a building 3. Decrease of the occupancy	• Active energy performance and environmental policy for office buildings that anticipates the legislation as much as possible (1,2,3). We refer to the chapter Management report on page 34

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Change in tax legislation	1. Potential influence on acquisition and sales prices 2. As a consequence, potential impact on the valuation and consequently on the NAV (net asset value or shareholders' equity of the group) 3. Potentially higher nominal yield wanted by retail investors or lesser interest following the increase of the withholding tax from 21% to 25%	• Ongoing evaluation of the changes in legal demands and their compliance, assisted by specialized external consultants (1,2) • Since 2008 Leasinvest Real Estate pays a higher dividend, and it is proposed to increase the dividend over the financial year 2012 to € 4.40 per share in 2013
Negative effect on consumer confidence	1. Negative effect on consumer confidence can lead to lower rents of retail tenants and a decrease of the fair value of retail buildings and consequently of the NAV	• Extensive analysis and due diligence of the aspects relating to the market and to the location of retail buildings (1) • Intense contact with tenants in order to closely follow-up the evolution of their turnover (1) • Diversified portfolio (1)
Complexity of acquisition or divestment files	1. Wrongly assessed risks of which the probability level and the impact have an influence on the profitability	• Extensive due diligence at different levels: property-technical, market, economic, tax, legal, accounting and administrative within the framework of each acquisition, together with specialized consultants (1)
Turnover of key personnel	1. Negative influence on current professional relationships 2. Loss of decisiveness and efficiency in the management decision-making process	• Remuneration package in line with market standards (1,2) • Working in teams, whereby individual responsibility for important and strategic tasks is avoided (1,2) • Clear and consistent procedures and communication (1,2)



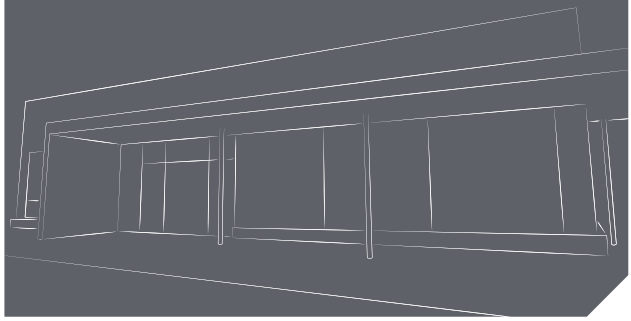
Montimmo, Luxembourg

Leasinvest Real Estate profile

Leasinvest Real Estate has concretized the further strategic reorientation of its real estate portfolio towards a larger part of retail and towards the Grand Duchy of Luxembourg.
53% is currently invested in Luxembourg.

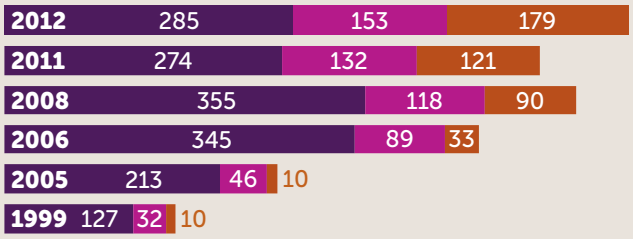
Mission statement

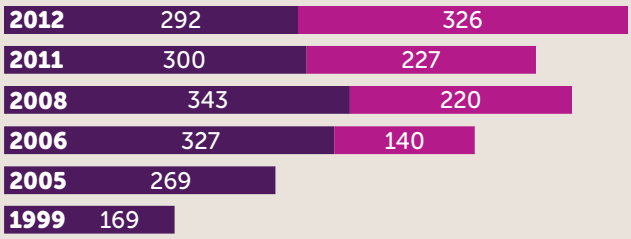
Leasinvest Real Estate SCA is a diversified public real estate investment trust (sicafi), listed on Euronext Brussels that invests in high-quality and well-situated office, retail and logistics buildings, in Belgium and the Grand Duchy of Luxembourg.
Through diversification of its portfolio, the real estate investment trust wants to achieve a rental yield in line with market performance, an acceptable dividend level and potential capital gains.



Investor profile

Leasinvest Real Estate's investor profile consists of private investors, mainly in Belgium, and institutional investors in Belgium and abroad looking for acceptable dividend prospects in combination with limited risks in the medium term.





Offices
Logistics
Retail

Belgium
Luxembourg

Real estate portfolio

Our core investment countries are Belgium and the Grand Duchy of Luxembourg, where currently already **53%** of our portfolio is located.

Our focus is more and more directed towards retail (retail parks and medium-sized shopping centers), now already representing 29% of our total portfolio. Offices have decreased to 47% and are located for the largest part in the Grand Duchy of Luxembourg where the office market remains attractive.

We manage our portfolio in a proactive way and keep on pursuing intelligent investments, such as redevelopments that generate capital gains, or buildings with excellent locations.

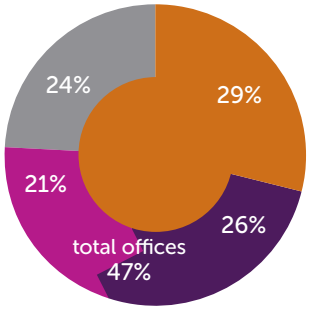
Our commercial policy focuses on maximizing the average duration of the rental contracts and the rents, and on maintaining a high occupancy rate, which amounted to 94.9% on 31/12/12.

€ 617.8 million fair value

55 buildings

408,128 m²

see real estate report page 52

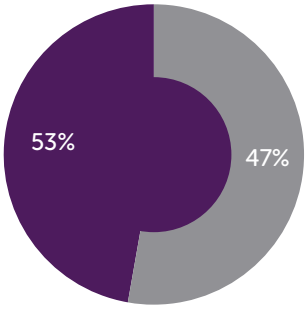


Retail

Offices Luxembourg

Offices Belgium

Logistics/semi-industrial (incl. State Archives Bruges)



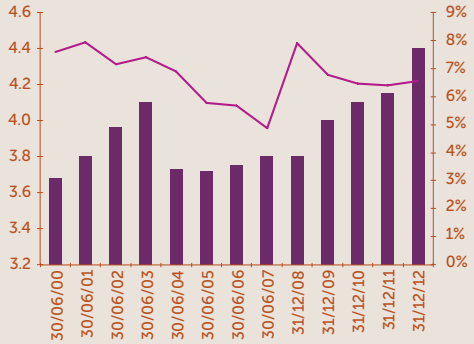
Belgium

Luxembourg

1999	< 2005	2006	2007-2009	2010-2011	2012
Real estate investment trust (bevak/sicafi) status granted Listing on NYSE Euronext Brussels (previously the Brussels' Stock Exchange)	Different acquisitions of mainly office buildings in Belgium Own management and personnel	Geographical diversification towards the Grand Duchy of Luxembourg by the acquisition of the Luxembourg sicav Dexia Immo Lux (currently Leasinvest Immo Lux) for € 150 M (13 buildings)	Divestment of office buildings and further diversification towards logistics in Belgium Redevelopments in offices and storage in the Grand Duchy of Luxembourg Acquisition of top retail portfolio in Luxembourg	Further divestment of office buildings Focus on diversification towards retail	Refinancing of shopping center in the Grand Duchy of Luxembourg of € 74 M Completion and acquisition State Archives Bruges Acquisition of top office location in the city centre of Luxembourg

For more information: see www.leasinvest.be - corporate – history

Dividend yield

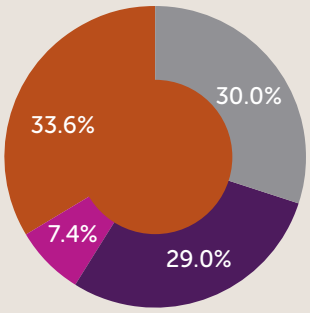


Gross dividend

Gross dividend yield

Gross dividend yield =
gross dividend/closing price of the year under review.

Shareholder structure



Ackermans & van Haaren Group

AXA Belgium

AG Insurance

Free float

Financial calendar

Year results (31/12/12)	**22/02/13**
Annual financial report 2011 (online)	**29/03/13**
Interim statement Q1 (31/03/13)	**14/05/13**
Annual meeting of shareholders	**21/05/13**
Dividend payment	**27/05/13**
Ex-date	**22/05/13**
Record date	**24/05/13**
Half-year financial report according to IAS 34	**26/08/13**
Interim statement Q3 (30/09/13)	**14/11/13**
Year results (31/12/13)	**18/02/14**

Brixton Business Park, Zaventem

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Letter to the shareholders

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Belgium and the Grand Duchy of Luxembourg are core investment countries.

Letter to the shareholders

THE MARKETS

The financial, economic and real estate markets in Belgium showed slight signs of improvement in 2012, but the general worldwide economic context still remained difficult.
The Grand Duchy of Luxembourg kept its strong financial profile. The more steady political context, and the proactive economic policy, enable the Grand Duchy of Luxembourg to respond well to changing market trends.

Depending on the type of real estate and the country, the evolution of the real estate markets was different. In Belgium the offices recorded a better evolution in 2012 than in 2011; this is reflected in a 21% higher take-up in comparison with last year, that was characterized by an important decrease. The take-up figures in logistics and retail property[1] also rose in 2012. In the Grand Duchy of Luxembourg however office take-up recorded a decrease in 2012 compared to an exceptional increase of 44% in 2011. It is expected that in 2013 office take-up will be higher in Belgium and in the Grand Duchy of Luxembourg.

CONTINUATION OF OUR STRATEGY

Leasinvest Real Estate's strategy remains being a diversified real estate investment trust (sicafi) both geographically and according to asset class. Belgium and the Grand Duchy of Luxembourg are core investment countries for our company. On 31/12/12 the Grand Duchy of Luxembourg represented 53% of our global portfolio, and Belgium 47%. The major emphasis of our diversification as to asset class will further shift from offices to retail, whereby in 2012 the offices part decreased to 47% (2011: 54%) and retail increased to 29% (2011: 20%). The real estate portfolio will probably continue to be composed of offices, retail and logistics. In the Grand Duchy of Luxembourg our focus will be more on retail and offices. Offices remain interesting if their location is good, if the buildings are sustainable (or can be made sustainable), and capital gains can be realized in the future. Given the foreseen acquisitions in 2013, the retail part of our real estate portfolio will further rise.

THE REALIZATIONS IN 2012 AND THE OBJECTIVES FOR 2013

In 2012 the real estate portfolio recorded a rise of 22.5%. The investments (both direct and indirect) amounted to over € 120 million (2011: € 25 million) and consisted of the acquisition of the economic property of the Knauf shopping center in Schmiede (North of the Grand Duchy of Luxembourg), the office project Rix to be developed in the City of Luxembourg, the newly completed State Archives in Bruges and the increase of our participation in real estate investment trust (sicafi) Retail Estates. In both countries, some smaller and less strategic buildings were divested at the end of 2012 and beginning of 2013.

Belgium and the Grand Duchy of Luxembourg are core investment countries for our company.

The lettings evolved well in 2012 with a/o the entire reletting to the current tenants of the office buildings Montoyer 63 in Brussels and Monnet in the Grand Duchy of Luxembourg at comparable conditions, the further letting to 62.5% of the office building The Crescent (Anderlecht, Brussels) and to 67% of the warehouses Vierwinden (Nossegem near Brussels). The global occupancy rate[2] rose to 94.9% (2011: 92.6%).
In 2012 most of our objectives within the framework of further growth, reorientation towards more investments in retail and an increase of the profit, were reached. The net result and the net current result knew in 2012 a respective increase of 62.9% and 10.7%, or € 20.5 million (2011: € 12.6 million) and € 21.1 million (2011: € 19.1 million), compared to 2011. The rise of the net current result is mainly the consequence of the increased rental income by € 1.3 million knowing that the like-for-like rental income (taking into account the rental guaranties received in 2011 and compensated in 2012 by

1 For more information on Leasinvest Real Estate's situation, in particular with regard to its occupancy rate and rental income, we refer to page 73 et seq of the Real estate report, and for the related risks, to p 4 et seq of the Risk factors.

2 The occupancy rate takes into account all buildings, except for those recorded in the assets held for sale and the development projects, and is calculated in function of the estimated rent as follows: (estimated rent- estimated rent on vacancy)/ estimated rent.

94.9% occupancy rate

portfolio € 617.8 million

net current result € 21.1 million

dividend yield net 4.92%

rental income based on real lettings) is nearly stable. However, as the investments in 2012 only occurred at the beginning of September, they have only contributed to the result of 2012 for 4 months.

By the end of the first half of 2013 Leasinvest Real Estate expects to be able to realize an important investment in retail. Except for unforeseen circumstances and unexpected capital losses on its current real estate portfolio and hedges, the company expects to realize a better net result and net current result than in 2012.

THE DIVIDEND AND THE SHARE PRICE

A sicafi's share is appreciated for its return and Leasinvest Real Estate is no exception to this rule. It is proposed to pay a gross dividend of € 4.40 over the financial year 2012, which is 6% higher than the gross dividend of € 4.15 over 2011. The net dividend 2012 amounts to € 3.30 in comparison with € 3.2785 end-2011. Given the closing price on 31/12/12 of € 67.10, this represents a gross dividend yield of 6.56%, or net 4.92% (based on a withholding tax of 25%).

In 2012 most of our objectives within the framework of further growth, reorientation towards more investments in retail and an increase of the profit, were reached.

Leasinvest Real Estate's share price fluctuated in the course of the financial year between € 61.50 and € 69.58. End-2012 the share was listed at € 67.10, which corresponds to a slight premium of 5.2% compared to the net asset value (based on the fair value of the real estate) of € 63.80 on 31/12/12. End-2011 the share was listed at approximately its net asset value (-1%).

SUSTAINABLE BUILDINGS

Leasinvest Real Estate is aware of the fact that its ecological footprint can be reduced, by focusing on sustainability and treating its energy, water, electricity and waste management in a conscious way. Wherever possible we invest to make our buildings more sustainable, which is proven by the reception of a 'Breaam in-use' certificate (with 'good' score) for the redevelopment of the office building The Crescent in Brussels in 2011. It is our intention to request a 'Breaam in-use'-certificate for each important renovation[3]. For a potentially new construction, such as the Rix office project in the City of Luxembourg, we will also aim at obtaining a Breeam certificate 'very good' or 'excellent'. The final purpose is to own a high-quality real estate portfolio which is well performing at a technical level, well located, and sustainable.

We wish to thank all our tenants, suppliers, real estate agents, banks, investors and shareholders in Belgium and in the Grand Duchy of Luxembourg for their confidence in Leasinvest Real Estate. We also would like to thank our employees for their continued efforts, which have led to achieving these results.

Jean-Louis Appelmans
Managing director

Luc Bertrand
Chairman of the board of directors

3 For more information we refer to www.breeam.org.

Key figures

Dividend increases
to € 4.40 per share

Key figures

The key figures relate to IAS/IFRS key figures.

At the end of 2012 Leasinvest Real Estate (LRE) fully consolidates the following participations: the Luxembourg SICAV-SIF Leasinvest Immo Lux SA, Leasinvest Services SA, Canal Logistics Brussels SA and RAB Invest SA.

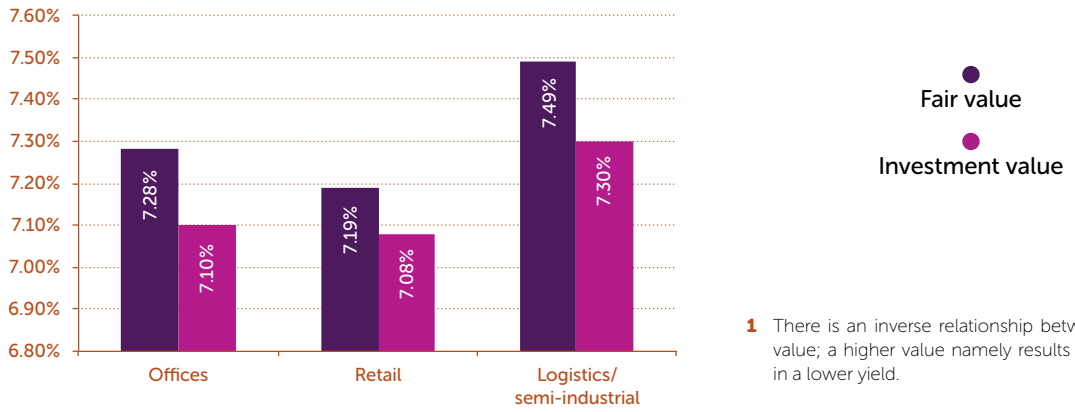
Key figures real estate portfolio[1]

	31/12/12	31/12/11	31/12/10
Fair value real estate portfolio (€ 1,000)[2]	617,763	504,443	494,203
Fair value real estate portfolio, incl. Retail Estates participation (€ 1,000)[2]	649,254	526,750	501,320
Investment value real estate portfolio (€ 1,000)[3]	633,301	517,488	506,550
Gross rental yield (fair value)[4]	7.30%	7.23%	7.41%
Gross rental yield (investment value)[4]	7.14%	7.05%	7.22%
Occupancy rate[5][6]	94.9%	92.57%	97.45%
Average duration of the leases (years)	4.86	4.03	3.82
Average duration of credit lines (years)	2.64	3.4	4.1
Average financing cost (excluding fair value adjustments on financial instruments and premiums for the options)	3.04%	3.83%	3.43%
Average financing cost including fair value adjustments and premiums for the options	3.8%	4.02%	3.56%
Average duration of hedges (years)	5.43	5.84	4.5

1 The real estate portfolio comprises the buildings in operation, the development projects, the assets held for sale, as well as the buildings presented as financial leasing under IFRS.
2 Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS.
3 The investment value is the value as defined by an independent real estate expert and of which the transfer rights have not yet been deducted.
4 Fair value and investment value estimated by real estate experts Cushman & Wakefield / Winssinger and Associates.
5 For the calculation of the rental yield and the occupancy rate only the buildings in operation are taken into account, excluding the assets held for sale.
6 The occupancy rate has been calculated based on the estimated rental value.

The consolidated real estate portfolio of Leasinvest Real Estate at the end of 2012 is composed of 55 buildings (including the assets held for sale & the development projects) with a total surface of 408,128 m², of which 37 buildings are located in Belgium (47% of the fair value compared to 55% the previous financial year) and 18 in Luxembourg (53% compared to 45% the previous financial year). The breakdown according to asset class has changed with a strong increase of the asset class retail compared to offices.
The rental yield of the real estate portfolio in operation based on the fair value amounts to 7.30% (compared to 7.23% per end-2011), and based on the investment value to 7.14% (compared to 7.05% end-2011).

Detail of the yield per asset class[1]



1 There is an inverse relationship between yield and value; a higher value namely results ceteris paribus in a lower yield.

Real estate portfolio

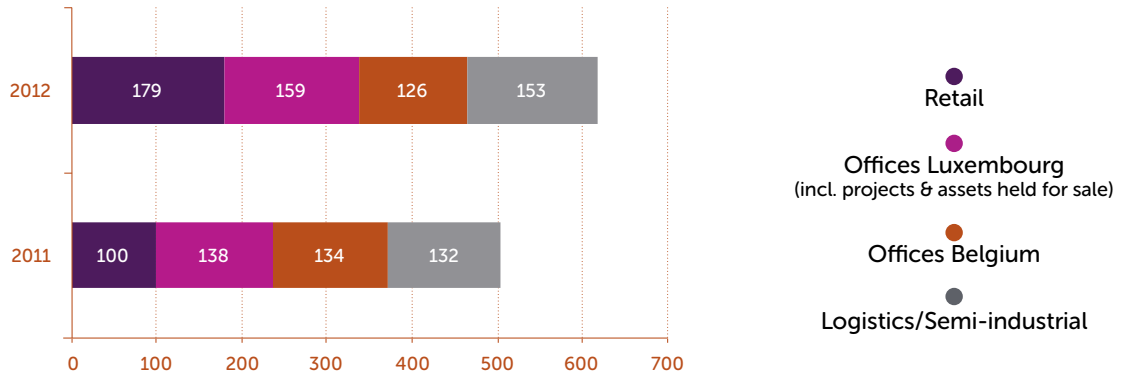
	31/12/12	31/12/11	% Variation 2012/2011	31/12/10
Retail	29%	20%	9%	18%
Offices Luxembourg (incl. projects and assets held for sale)	26%	27%	-1%	28%
Offices Belgium	21%	27%	-6%	28%
Logistics/semi-industrial	24%	26%	-5%	26%

The weight of **retail** in the consolidated portfolio has risen from 20% to **29%** and the offices part consequently decreased from 54% to 47%.

The strong rise of the real estate portfolio from € 504.4 million end-2011 to € 617.8 million or with 22.5% end-2012 is explained by:

1. the subscription of the real estate certificate issued by Porte des Ardennes Schmiede SA at the beginning of September (€ 74.5 million) for the financing of the shopping center Knauf Schmiede, which is presented as an investment property at a consolidated level according to the valuation rules;
2. the take-over of the shares of RAB Invest SA beginning of September 2012, that is the owner of the State Archives in Bruges, for € 17.9 million and also the financing of the building;
3. the acquisition of an existing building used as a hotel (known under the name "Hotel Rix") with parking at the boulevard Royal in the city of Luxembourg for € 19.5 million.

The real estate portfolio recorded a limited positive (non-cash) valuation difference (2012: € +1.3 million compared to 2011: € - 6.6 million).
Notwithstanding the weaker offices rental market in Belgium the average occupancy rate of the buildings increased under the impulse of the realized investments and the successful lettings. At the end of 2012 it stood at 94.9% compared to 92.57% end-2011. The occupancy rate for Belgium increased to 90.89% (2011: 87.7%) while for the Grand Duchy of Luxembourg it remained constantly at a very high level: 99.3%.



Key results

(€ 1,000)	31/12/12	31/12/11	31/12/10
Rental income	37,959	36,647	38,438
Operating result	30,496	22,473	21,599
Net current result[1]	21,113	19,070	21,965
Net result, group share	20,508	12,587	14,266
Comprehensive income, group share	9,744	2,792	16,469

1 The net current result consists of the net result excluding the portfolio result and the changes in fair value of the ineffective hedges.

The net current result increased by 11% from € 19 million (or € 4.77 per share) end-2011 to € 21.1 million (or € 5.26 per share) end-2012. This increase is the consequence of the higher rental income compared to 2011. This higher rental income (+ € 1.3 million) is mainly attributable to, on the one hand, the successful letting of mainly Canal Logistics, and the contribution for four months of the income generated by the investment in the shopping center Knauf in Schmiede and the State Archives in Bruges (together + € 1.8 million), compensated by the loss of rental income following the sales in 2011 (approximately € 0.4 million).

The net result, group share, amounted to € 20.5 million in 2012 compared to € 12.6 million in 2011. In terms of net result per share this translates in € 5.11 end-2012 compared to € 3.15 end-2011. This rise is mainly the consequence of, besides the higher rental income mentioned above, a positive change in the fair value of the real estate portfolio in comparison with 2011.

Balance sheet

(in € 1,000)	31/12/12	31/12/11	31/12/10
Net asset value, group share	256,005	261,815	275,408
Total assets	667,026	538,417	513,975
Financial debt (excl. cash and market value financial derivatives)	364,409	247,946	219,836
Financial debt ratio (in accordance with RD 7/12/10)	56.19%	47.29%	44.13%

Date per share[1]

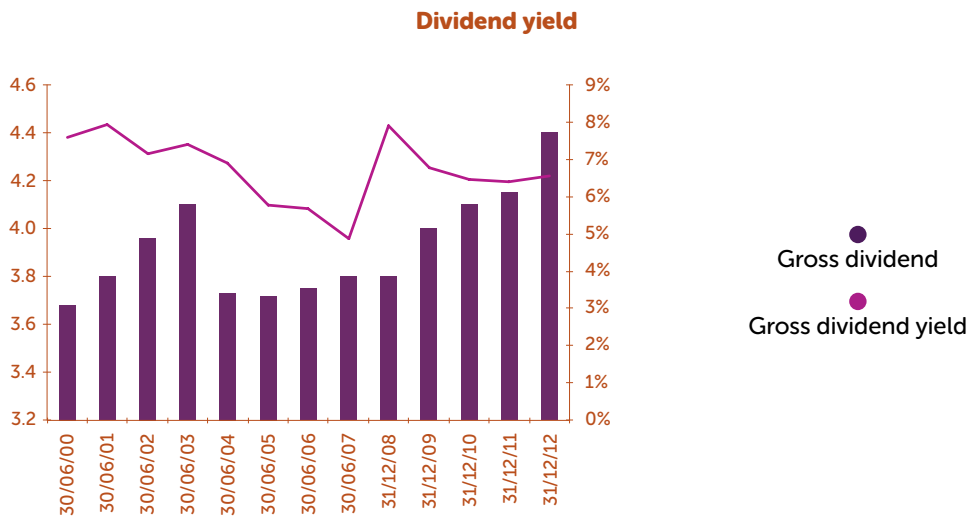
(in €)	31/12/12	31/12/11	31/12/10
Number of issued shares (#)	4,012,832	4,012,832	4,012,832
Number of shares entitled to the result of the period (#)	4,012,832	3,996,294	3,996,294
Net asset value, group share[2]	63.80	65.51	68.92
Net asset value, group share investment value[2]	67.67	68.78	72.08
Net asset value, group share EPRA[2][6]	70.62	68.62	69.36
Net rental result	9.46	9.17	9.62
Net current result[3]	5.26	4.77	5.5
Net result, group share	5.11	3.15	3.57
Comprehensive income, group share	2.43	0.70	4.10
Gross dividend	4.40	4.15	4.10
Net dividend[4]	3.30	3.2785	3.485
Gross dividend yield (%)[5]	6.56%	6.39%	6.47%

1 The data per share are calculated based on the number of shares entitled to the result of the period. This corresponds to the total number of issued shares minus the number of treasury shares on a consolidated basis. Per 31/12/12 Leasinvest Real Estate held 0 treasury shares in portfolio on a consolidated basis; on 31/12/11 and 31/12/10 this was 16,538 shares, or 0.41%.
2 Net asset value according to IFRS is before distribution of the dividend. The net asset value per share is calculated based on the number of shares entitled to the result of the period.
3 The net current result consists of the net result excluding the portfolio result and the changes in fair value of the ineffective hedges.
4 Based on a withholding tax of 15% for the 2010 dividend, of 21% for the 2011 dividend and of 25% for the 2012 dividend.
5 The dividend yield is calculated based on the closing price on 31/12 or the last listing day of the calendar year.
6 These data are mentioned for purely informative reasons and are not required by the regulation on sicafi and are also not subject to any review by public bodies. Neither are they audited.

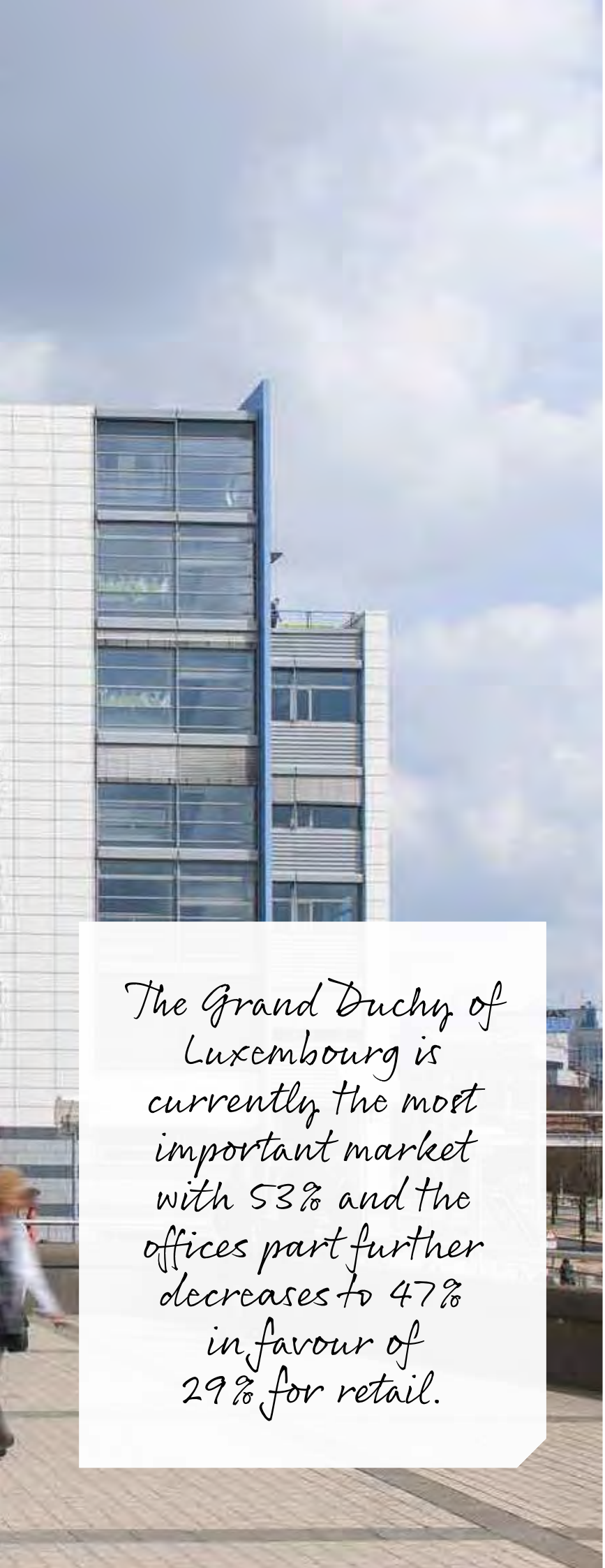
Appendix: Key performance indicators according to the EPRA reference system

These data are communicated for information purposes only and are not required by the regulation on sicafi and are also not subject to any review by public bodies.
These figures were not audited by the auditor.

EPRA Key performance indicators		2012		2011	
	Definitions	(x € 1,000)	(€/share)	(x € 1,000)	(€/share)
EPRA Result	Current result from strategic operating activities	21,113	5.26	19,068	4.77
EPRA NAV	Net Asset Value (NAV) adjusted to take into account the fair value of investment properties and excluding certain elements that do not fit into a financial model of long-term real estate investments	283,404	70.62	274,214	68.62
EPRA NNNAV	EPRA NAV adjusted to take into account the fair value of the financial instruments, the debts and deferred taxes	256,005	63.80	261,815	65.51
		(in %)		(in %)	
EPRA Net Initial Return (NIR)	Annualized gross rental income based on current rents at closing date of the annual accounts, excluding property charges, divided by the portfolio's market value increased by the estimated transfer rights and costs from hypothetical disposal of investment properties	5.84%		5.74%	
EPRA Adjusted NIR	This ratio corrects the EPRA NIR with regard to the end of gratuities and other rental incentives	5.84%		5.73%	
EPRA Vacancy	Estimated rental value (ERV) of vacant space divided by ERV of total portfolio	5.10%		7.43%	



Management report



The Grand Duchy of Luxembourg is currently the most important market with 53% and the offices part further decreases to 47% in favour of 29% for retail.

The Grand Duchy of Luxembourg is currently the most important market with 53% and the offices part further decreases to 47% in favour of 29% for retail.

Jean-Louis Appelmans, CEO

"The reorientation of our real estate portfolio towards more investments in the Grand Duchy of Luxembourg and towards more retail has to a considerable extent started in 2012. The assets in the Grand Duchy of Luxembourg currently represent 53% of the portfolio, while retail accounts for 29%. All key figures relating to the turnover and the results recorded an important improvement compared to 2011. The occupancy rate rose to nearly 95%. The final mix of offices/retail/logistics should ideally be 40/40/20 and will probably be reached by the end of 2013."

portfolio
€ 617.8 million

53%
Luxembourg

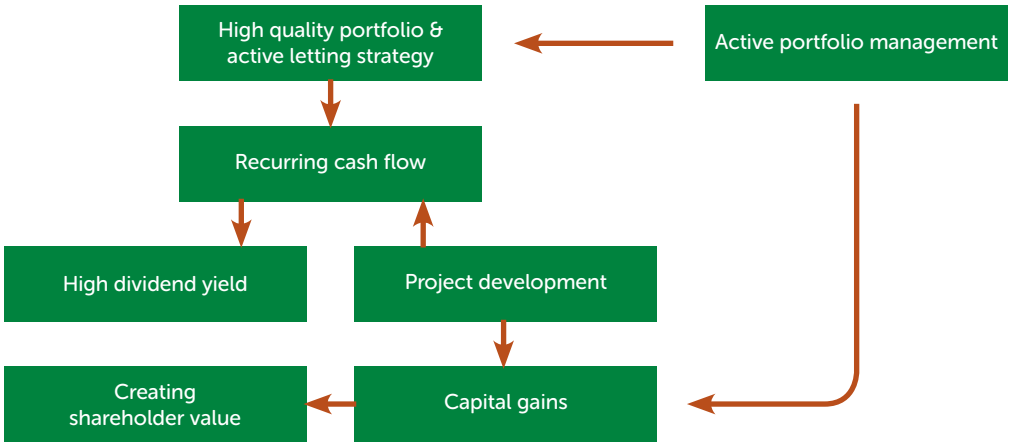
gross dividend
€ 4.40

29%
retail

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 21/05/13 with regard to the statutory and consolidated IFRS figures for the financial year 2012 and the related notes. The consolidated figures are reproduced in full hereafter.
For more information on the statutory financial statements, we refer to the statements in the Permanent document on page 199.

Strategy

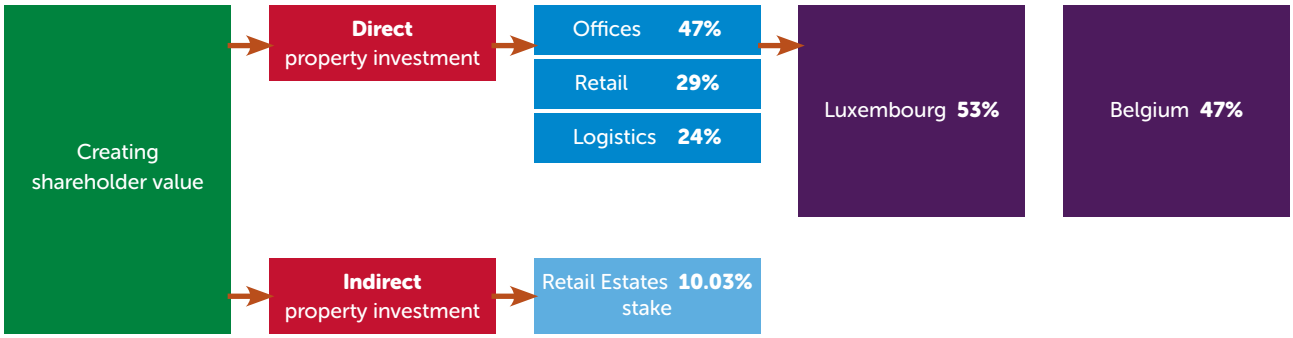
Business model



Schmiede, Luxembourg

1.1 Investments and divestments

Investment model



Since 2006 Leasinvest Real Estate applies a clear diversification strategy, both in terms of asset class and geographically. The portfolio of the real estate investment trust on 31/12/12 consists of: 47% offices, 29% retail, 24% logistics (incl. the State Archives in Bruges) and is located for 53% in the Grand Duchy of Luxembourg and for 47% in Belgium.

The investment strategy defined by the board of directors foresees, for the coming years, a further decrease of offices and an increase of investments in retail properties. In certain regions in Belgium the office market has lost a lot of its appeal, due to the following different factors, namely

1 the office market is under pressure due to the current and expected future poor economic situation, resulting in annual take-up dropping each year since the start of the financial and economic crisis at the end of 2008 – in 2012 however, a revival was recorded (see real estate report, market information),
2 this lower take-up trend led to lower rents,
3 completions of new office developments over the last couple of years have unnecessarily increased the offer and
4 the high vacancy rate of mainly older and/or technically unadjusted buildings has risen each year.

In the Grand Duchy of Luxembourg the lower take-up trend has turned in 2011, but in 2012 a decrease of +/- 15% was again recorded, which is still in line with the five-yearly average.

The choice for retail property is inspired by the interesting yields, the low renovation and maintenance investments (opposed to e.g. investments for renovating offices into sustainable buildings) for Leasinvest as the landlord, and the constancy of retail tenants with regard to their good locations. With regard to sub-segments, Leasinvest focuses on retail parks and medium-sized shopping centres.
The geographical diversification towards the Grand Duchy of Luxembourg remains a very successful move because of the relatively stable market situation, the reduced impact of the financial and economic crisis on the country, lower vacancy figures and a still attractive office rental market.

Besides direct investments in newly acquired real estate, redevelopments have also proven to be very successful these last few years. The redevelopment projects CFM, Bian & Montimmo realized in Luxembourg accounted for a total of € 30 million of realized and unrealized capital gains.
In the course of 2012 the redevelopment of the building The Crescent in Anderlecht (Brussels) into a 'green intelligent building', with extension to a business centre, was completed with 62.5% let on 31/12/12[1].

Older and/or less strategic office buildings are preferably sold if an opportunity presents itself.

1 The occupancy rate takes into account a rental contract concluded in December 2012, whereby the tenant will only move in mid-2013.

1.2 Commercial strategy

By a sustained dynamic & proactive commercial management, Leasinvest endeavours to keep the occupancy rate at a high level and to increase the average duration of the leases.

To this effect, Leasinvest has its own property management team already since 2006, responsible for the technical management of the buildings in Belgium.

1.3 Funding & hedging strategy

The board of directors of Leasinvest opts for a conservative hedging policy, limiting the internal debt ratio to 55%, while the maximum allowed debt ratio according to the RD of 07/12/10 on sicafi, amounts to 65%.
Following the investments made in 2012 the debt ratio has temporarily, and with the agreement of the board of directors, exceeded this internal limit to 56.19%. The board of directors will take the necessary measures in 2013 in order to respect the internal debt ratio limit.

In November 2012, in accordance with art 54 of the RD of 07/12/10, Leasinvest Real Estate has established a financial plan with an execution calendar, whenever the consolidated debt ratio, as defined by the same RD, exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. The outlines of these measures are recorded in the financial report (page 167).

In the course of the second half of 2012 Leasinvest has taken advantage of the low interest rates to extend its hedges; the longest hedges even run till beginning of 2023.

Important events[2]

2.1 In the course of the 2012 financial year

Highlights

- Realization of the further strategic reorientation of the portfolio to more retail and to the Grand Duchy of Luxembourg
- Growth of the real estate portfolio by 22.5% to € 617.8 million
- Increase of the occupancy rate from 92.57% end-2011 to 94.9% end-2012
- Rise of net result and net current result by respectively 63% and 11%
- Increase of the gross dividend to € 4.40 per share: net dividend of € 3.30, which is an evolution of respectively 6% and 0.7% compared to the 2011 dividend

Investments and divestments

Investments

Real estate certificates shopping center Schmiede (Luxembourg)
In August 2012 an agreement in principle, subject to different conditions precedent, was signed with the owner of two shopping centers located in the North of the Grand Duchy of Luxembourg

In execution of this agreement Leasinvest Real Estate has subscribed at the beginning of last September, via its 100% subsidiary Leasinvest Immo Lux SA located in Luxembourg, to privately issued real estate certificates for an amount of € 74.5 million with regard to the refinancing of the Knauf shopping center located in Schmiede, through which transaction its economic property was acquired.
This shopping center consists of 40 shops with over 30,000 m² GLA and has since decades been one of the most important shopping centers in the North of Luxembourg. The shopping center is entirely let to different renowned retail brands.

2 For more information on the matter, we refer to the press releases on the website www.leasinvest.be (investors).

Monnet, Luxembourg

The signing of this framework agreement was a very important step in the focused strategy of Leasinvest Real Estate in reorienting its portfolio towards more retail.

The net result and the net current result on an annual basis will consequently encounter a significant positive impact in 2013. The impact of the net rental result on the 2012 figures amounted to € 1.4 million for approximately 4 months.

Leasinvest acquires a top location in the city centre of Luxembourg

On 05/12/12 Leasinvest Immo Lux SA has acquired an existing building used as a hotel (known under the name "Hotel Rix"), with parking, at the important boulevard Royal in the city of Luxembourg.

After the demolition of the Hotel Rix (which has stopped its activities end-2012) a new office building of circa 5,000 m^2 which will meet high energy performance standards will be built at this top location, subject to obtaining the necessary permits. Apart for unexpected circumstances, the building is foreseen to be operational by the beginning of 2015.

The commercialization of the building has yet to be started. The total investment cost of the project is estimated at € 34 million and its estimated rent amounts to +/- € 2.3 million.

The architecture of the future office project will be designed by Christian de Portzamparc, architect and urban planner, renowned throughout the world, who received the Pritzker Prize in 1994 and who realized the Luxembourg Philharmonic in the city of Luxembourg. With his team he works on a wide variety of ambitious projects with an international dimension. This project will have unique characteristics to both its design and its functionality.

This office development fits within the strategy of Leasinvest that can be considered to be one of the main foreign real estate investors on the Luxembourg market. This well-located project is the logical combined result of our knowledge of the Luxembourg real estate market acquired over the last 8 years and of our experience in similar realized redevelopments in Cloche d'Or and avenue Monterey in the city of Luxemburg.

Increase of the participation in Retail Estates[3]

In July and at the beginning of August 2012 Leasinvest Real Estate has acquired 166,772 additional Retail Estates shares through different transactions on and off the stock exchange, among which the contribution of its dividend rights against new shares. The average share price of these transactions amounted to € 49.91.

As a consequence, the participation in Retail Estates has increased to 10.03% of the capital issued by that company. The closing price of the Retail Estates share amounted to € 54 end-2012, resulting in a total participation in Retail Estates amounting to € 31.5 million on 31/12/12.

3 For more details we refer to the half-year report 2012.

Divestments

Sales of business center Torenhof in Merelbeke (Belgium)
At the end of December 2012, Leasinvest Real Estate has sold, in execution of a previously concluded sales obligation, the Castle Farm "Torenhof" that was converted into a business center, to Axxes Certificates SA for an amount of € 3.3 million (excluding costs and VAT), which was higher than the building's fair value.

Sale of a floor in the building Mercure in the Grand Duchy of Luxembourg
Mid-December 2012 Leasinvest Immo Lux SA has sold for a net amount of € 915,200 (which was higher than the fair value) a floor of the office building "Mercure" in co-ownership (located avenue de la Gare in the city of Luxembourg), where Leasinvest Immo Lux still holds 2 floors.

Developments and redevelopments

Completion of the State Archives Bruges (Belgium)
The construction works of the new State Archives Bruges have evolved entirely according to plan and the new State Archives were provisionally accepted by the beginning of September 2012.

In September Leasinvest Real Estate has acquired 100% of the shares of RAB Invest SA for an amount of € 61 thousand (net asset value), that built the new State Archives in Bruges, rented by the federal government represented by the Buildings Agency, for a fixed period of 25 years.

Increase of occupancy rate business center The Crescent (Belgium)
By the beginning of 2012 The Crescent was entirely converted into a 'green intelligent building', used as a business center with different facilities (catering, meeting rooms, etc.). The objective for this building is to improve the 'good' score to 'very good' of the 'Breeam in use'-certificate.

Different service agreements at competitive rents (estimated rent increased by costs for services rendered) were signed in the meantime, among which the most recent at the end of December 2012 relating to 2,300 m^2, for a fixed term of 6 year, that will enter into force on 01/07/13.
Consequently the occupancy rate improved from 50% to 62.5% end-2012.

The further occupation of The Crescent proves that this site, that was converted into a technological and sustainable business center, responds to the needs of companies that are looking for a new form of flexible housing in a technological environment, where a whole range of services is offered, and that enhances their sustainable image.

The Crescent, Anderlecht

Lettings

The further commercialization of the lettings has evolved favourably in 2012, taking into account the challenging market situation.

In the second quarter of 2012 the offices part of Canal Logistics Brussels – phase 2 that was un-let at the end of December 2011, has been let. Consequently, the occupancy rate of phase 2 increased to 100% per end of June 2012.
Also at the end of June 2012 a rental contract (minimum of 6 years fixed) was concluded with regard to Canal Logistics Brussels – phase 1 whereby the remaining 3,500 m^2 were let (at competitive conditions) for 2,000 m^2 as from 1 August 2012 and will gradually increase in order to be fully let by 01/02/14.

Furthermore, renewals at comparable conditions of the rental contracts with the current tenants of our office buildings located rue Montoyer in Brussels and at Kirchberg in Luxembourg were successfully concluded.

2.2 After the closing of the financial year 2012

Sale site Vierwinden in Nossegem (Belgium)
At the beginning of January 2013 the front part of the Vierwinden site (located in Nossegem) has been sold to Immobilière ASCO SA for a net amount of € 3 million.
On that sale a limited capital gain was realized.

Comments on the consolidated balance sheet and the results of the financial year 2012

Income statement

The **rental income** amounted to € 37.96 million compared to € 36.65 million a year earlier, an increase by 3.6% or € 1.3 million. This higher rental income (€ +1.3 million) is mainly explained on the one hand by the successful letting of mainly Canal Logistics and on the other hand, by the contribution of four months of income generated by the investment in the shopping center Knauf in Schmiede and the State Archives in Bruges (together € + 1.8 million), compensated by the loss of rental income following the sales in 2011 (approximately € 0.4 million).

The **property charges** remained stable (€ 5.6 million). The property management costs comprise the management fee paid to the statutory manager of the sicafi (Leasinvest Real Estate Management SA), and the costs of the personnel of Leasinvest Services SA, a 100% subsidiary of Leasinvest Real Estate, responsible for the technical management of the buildings.

The **corporate operating charges** increased by 2% to € 1.82 million compared to € 1.79 million in 2011.

The **result on disposal of investment properties** (€ 0.2 million) consists of the realized capital gain on the sale of a floor of the office building "Mercure" in co-ownership (located avenue de la Gare in the city of Luxembourg) in which Leasinvest Immo Lux still holds 2 floors.

The **changes in fair value of the real estate portfolio** of € 1.3 million (€ -6.6 million end-2011) are the consequence of a higher valuation of the buildings by the external real estate expert.

The **financial result** amounts to € -9.8 million and is nearly identical to that of 2011. This result is however negatively influenced by the negative changes in fair value (non-cash) of the ineffective hedges (in conformity with IAS 39) of € -2.1 million (2011: € -0.5 million).
Making abstraction of the dividend received from Retail Estates, the impact of the changes in fair value of the hedges and the premiums paid in 2011, the total funding cost slightly decreased from € -9 million in 2011 to € -8.8 million in 2012, and this taking into account a higher average debt.
Thanks to the hedging policy applied and the evolution of the underlying interest rates, the average funding cost (not taking into account the spread of the premiums of the

hedges and the fair value adjustments) has decreased from 3.84% to 3.04%. Should we take these elements into account, the average funding cost has also decreased from 4.02% to 3.8%.

The **net current result**, or the net result excluding the portfolio result and the changes in fair value of the ineffective hedges, increased by 11% from € 19 million (or € 4.77 per share) end-2011 to € 21.1 million (or € 5.26 per share) end-2012. This increase is the consequence of the higher rental income.

The **net result**, group share, amounted to € 20.5 million compared to € 12.6 million in 2011. In terms of net result per share this gives a proportion of € 5.11 end-2012 compared to € 3.15 end-2011. This rise is mainly the consequence, besides the higher rental income mentioned above, of a positive change in the fair value of the real estate portfolio in comparison with 2011.

Balance sheet

The increase by 15% of the **investment properties**, valued at fair value, from € 501.6 million to € 578.2 million is mainly the consequence of the investment in the shopping center Knauf located in Schmiede and the acquisition of an existing building used as a hotel (known under the name "Hotel Rix").

This increase has been compensated by the sale of a floor in the office building "Mercure" (€ -0.8 million) and the presentation of two buildings as assets held for sale (€ 21.7 million).

The **non-current financial assets** increased from € 23.7 million to € 37.5 million by mainly the increased participation in Retail Estates.

The account **finance lease receivables** for € 17.9 million comprises the State Archives in Bruges presented as a financial leasing in conformity with IFRS.

Notwithstanding the realized net result of € 20.5 million in the course of the financial year 2012, shareholders' equity, group share (based on the fair value of the investment properties) decreases by € 5.8 million following the negative changes in fair value of the financial assets and liabilities (mainly marked-to-market of the effective hedges € -12.9 million euro) and the distributed dividend. The participation in Retail Estates valued at fair value had a positive impact on the **shareholders' equity** of € 2.8 million in 2012.
Besides that, Leasinvest Real Estate has sold its total participation of 16,583 treasury shares at an average share price of € 67.29.
Shareholders' equity amounts to € 256.0 million end-2012, or € 63.8 per share, compared to € 261.8 million end-2011, or € 65.5 per share.

Due to the balance of the different investments and divestments the **financial debts** have increased from € 247.9 million end-2011 to € 364.4 million end-2012. Consequently the **debt ratio** has increased from 47.29% (per 31/12/11) to 56.19%.

State Archives, Bruges

Appropriation of the result – dividend payment

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 4.40, and net, free of 25% withholding tax[4], € 3.30 on 27/05/13.

Subject to the approval of the ordinary general shareholders' meeting of 21/05/13, dividends will be paid out on presentation of coupon nr. 14 as from 27/05/13 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

The Ex-date is 22/05/13 and the Record date is 24/05/13.

Outlook financial year 2013

In 2013 Leasinvest Real Estate expects to further realize its strategic reorientation towards a larger part of retail and of the Grand Duchy of Luxembourg. Except for unforeseen circumstances and unexpected capital losses on its current real estate portfolio and hedges, the company expects to realize a better net result and a better net current result than in 2012.

CFM, Luxembourg

4 Instead of 21% as of 01/01/2013 following the Programme law of 27 December 2012.

Management of financial resources

For the financing of its real estate portfolio with debt capital Leasinvest Real Estate calls upon the issuing of commercial paper as well as on bank credits.
The commercial paper is usually issued at short term (1 week to 24 months) and is entirely covered by confirmed credit lines with banks to guarantee its refinancing in case the issuing becomes unfeasible.

At the end of 2012 Leasinvest Real Estate has € 364.4 million of financial debts on a consolidated basis (end-2011: € 247.9 million), of which € 72.9 million of commercial paper (end-2011: € 71.8 million) and € 291.5 million of long-term bank credits (end-2011: € 176.1 million). Moreover, the real estate investment trust disposes of € 22.2 million (end-2011: € 90.8 million) of unused credit lines after deduction of the portion reserved for the back up of the commercial paper) at the end of 2012, which amply suffices to fulfil its obligations. Moreover, at the end of 2012 different discussions have been started with financial institutions in order to, on the one hand, extend the bank credits that expire in 2013 and, on the other hand, obtain a larger spread of counterparties for its credits. This has led to an additional credit of € 10 million with a supplementary financial institution, an additional credit of € 25 million with an existing financial institution-partner and an extension and increase of two existing credits for an amount of € 43 million which expired in 2013, to € 55 million. With regard to the credit of € 30 million which also expires in 2013, negotiations are ongoing, of which € 15 million will probably be extended for 5 years.

The average duration of the long-term bank credits amounts to 2.64 years at the end of 2012 (3.4 years end-2011). Taking into account the extensions and increases described above, the average duration amounts to 3.37 years, which is comparable to the situation at the end of 2011.

Nearly all bank credits (€ 45 million is at a fixed interest rate) are concluded at a variable interest rate. In order to hedge the risk of an increasing market interest rate, resulting in an increase of the financing costs, Leasinvest Real Estate has concluded interest rate hedges, such as spot & forward interest rate collars, interest rate swaps and swaptions. The hedging policy has been adjusted at the end of 2010 and is since intended to cover the interest rate risk for approximately 75% of the financial debt for a 5-year period and for approximately 50% for the following 5-year period. At the end of 2012 Leasinvest Real Estate's hedging duration slightly decreased from 5.84 years (end-2011) to 5.43 (end-2012). The maturity dates of the interest hedges lie between 2012 and January 2023. For more details we refer to note 34 of the financial statements on page 163.

At the end of 2012 the real estate investment trust has 27% of current and forward interest rate collars and interest rate caps (with a limit on the interest rates) (end-2011: 42%), 39% of current and forward interest rate swaps (IRS) (hedging at a fixed interest rate) (end-2011: 58%). The average funding cost (excluding the pro rata of premiums for the hedges and fair value adjustments of the ineffective financial instruments) of Leasinvest Real Estate has decreased, due to the hedging strategy and the evolution of the reference interest rates, from 3.83% in 2011 to 3.04% in 2012. Should we take these elements into account, the average funding cost has also decreased from 4.02% to 3.8%.

For more detail on the hedges we refer to note 34 of the financial statements on page 163.

Key performance indicators according to the EPRA reference system

These data are communicated for information purposes only and are not required by the regulation on sicafi and are also not subject to any review by public bodies.
These figures were not audited by the auditor.

EPRA Result and EPRA Result per share (x € 1,000)

	2012	2011
Net result – group share as communicated in the financial statements	**20,508**	**12,587**
Net result per share – group share as communicated in the financial statements (in €)	**5.11**	**3.15**
Adjustments to calculate the EPRA Result	**606**	**6,481**
To exclude		
(i) Changes in fair value of investment properties and assets held for sale	-1,342	6,566
(ii) Result on the sale of investment properties	-153	-534
(vi) Changes in fair value of financial instruments	2,101	449
(viii) Deferred taxes with regard to EPRA adjustments	0	0
(x) Minority interests with regard to EPRA adjustments	0	0
EPRA Result	**21,113**	**19,068**
Number of shares entitled to the result of the period	4,012,832	3,996,294
EPRA Result per share	**5.26**	**4.77**

EPRA Net Asset Value (NAV) (x € 1,000)

	2012	2011
NAV according to the financial statements	**256,005**	**261,815**
NAV per share according to the financial statements (in €)	**63.80**	**65.51**
To exclude		
(i) Fair value of the financial instruments	27,399	12,399
EPRA NAV	**283,404**	**274,214**
Number of shares	4,012,832	3,996,294
EPRA NAV per share	**70.62**	**68.62**

EPRA Triple Net Asset Value (x € 1,000)

	2012	2011
EPRA NAV	**283,404**	**274,214**
To include		
(i) Fair value of the financial instruments	-27,399	-12,399
EPRA NNNAV	**256,005**	**261,815**
Number of shares entitled to the result of the period	4,012,832	3,996,294
EPRA NNNAV per share (in €)	**63.80**	**65.51**

EPRA Net Initial Yield (NIY) and adjusted Net Initial Yield (adjusted NIY) (x € 1,000)

		2012	2011
Investment properties and assets held for sale		617,763	504,443
To exclude			
Assets held for sale		-21,701	-2,859
Development projects		-19,620	
Real estate available for lease		**576,442**	**501,584**
To include			
Estimated transfer rights and costs resulting from hypothetical disposal of investment properties		12,740	12,000
Investment value of properties available for lease	**B**	**589,182**	**513,584**
Annualized gross rental income		41,001	35,133
Property charges		-6,576	-5,630
Annualized net rental income	**A**	**34,425**	**29,503**
Gratuities expiring within 12 months and other lease incentives		-19	-66
Annualized and adjusted net rental income	**C**	**34,406**	**29,437**
EPRA NIY	A/B	5.84%	5.74%
EPRA adjusted NIY	C/B	5.84%	5.73%

EPRA Vacancy rate (x € 1,000)

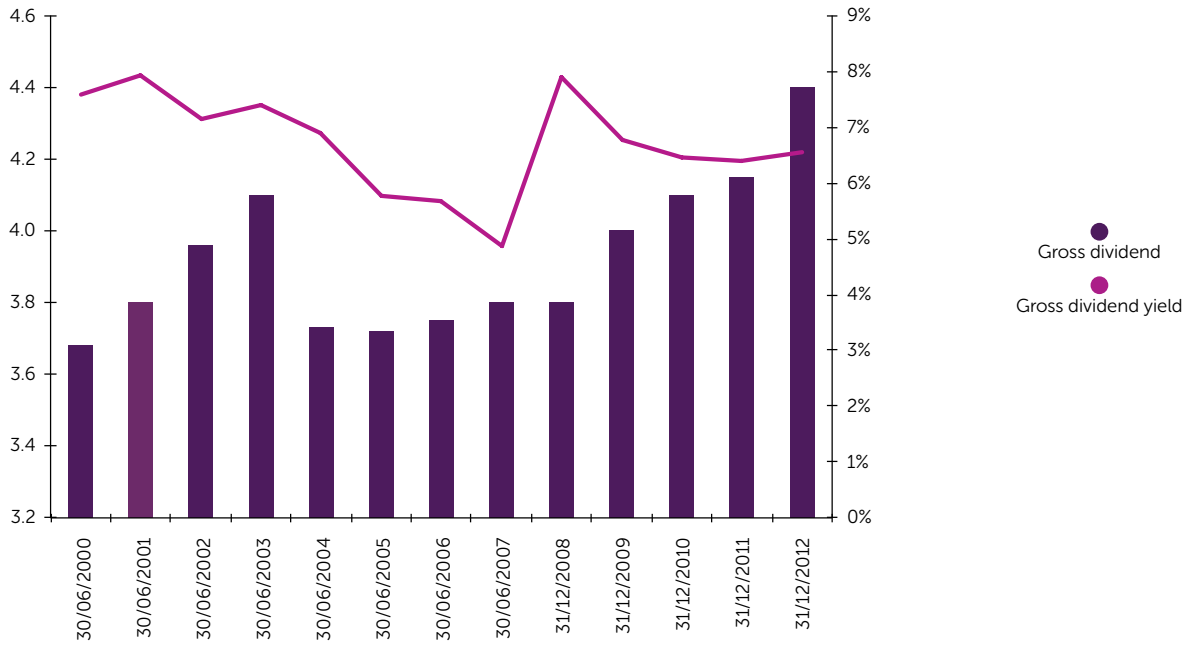
		2012				2011			
		Offices	Logistics	Retail	Total	Offices	Logistics	Retail	Total
Rental surface (in m²)		98,400	215,592	94,136	408,128	99,761	209,448	58,452	367,661
Estimated Rental Value of vacant spaces	A	1.46	0.64	0.03	2.13	1.62	1.14	0.00	2.76
Estimated Rental Value of total portfolio	B	17.73	11.33	12.73	41.79	19.15	10.73	7.24	37.12
EPRA Vacancy rate	**A/B**	**8.23%**	**5.57%**	**0.24%**	**5.10%**	**8.48%**	**10.58%**	**0.00%**	**7.43%**

Leasinvest Real Estate on the stock exchange

The Leasinvest Real Estate share lists at a slight premium of 5.2% on 31/12/12.

DIVIDEND YIELD AND SHAREHOLDERS' RETURN

The graph below reflects the evolution of the gross dividends paid and the gross dividend yield (calculated as the gross dividend divided by the closing price of the share) and shows an increasing trend of the gross dividend since 2006.

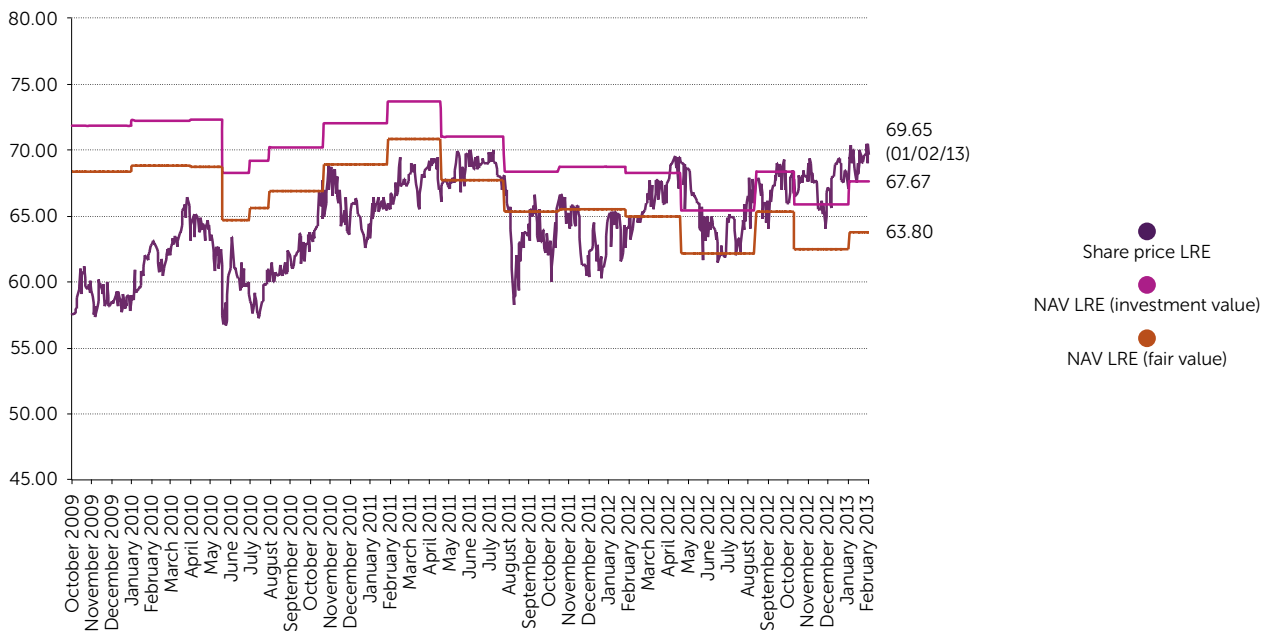


KEY FIGURES AND GRAPHS

	31/12/12	31/12/11
Number of listed shares (#)	4,012,832	4,012,832
Number of issued shares (#)	4,012,832	4,012,832
Market capitalisation based on closing price (€ million)	269.26	260.80
Free float (%)	33.6%	33.2%
Closing price (€)	67.10	64.99
Highest price (€)	69.58	70.00
Lowest price (€)	61.50	58.27
Annual turnover (#)	288,623	284,796
Average monthly traded volume (#)	24,052	23,733
Velocity (%)[1]	7.2%	7.1%
Free float velocity (%)[2]	21.4%	21.4%
Premium / Discount based on closing price vs NAV (fair value)	+5.2%	-1%
Gross dividend	4.40	4.15
Gross dividend yield[3]	6.56%	6.39%
Payout ratio (consolidated)	73.3%	88.6%
Payout ratio (statutory)	108.0%	95.5%

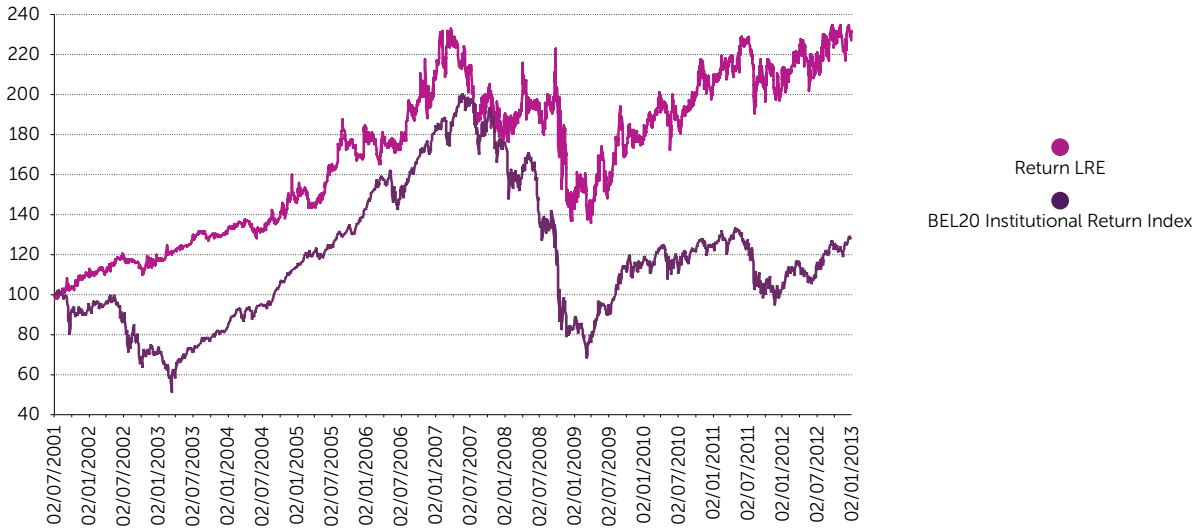
1 Number of traded shares / total number of listed shares.
2 Number of traded shares / (total number of listed shares * free float).
3 Gross dividend / closing price.

PRICE PREMIUM/DISCOUNT LEASINVEST REAL ESTATE SHARE PRICE VERSUS NET ASSET VALUE

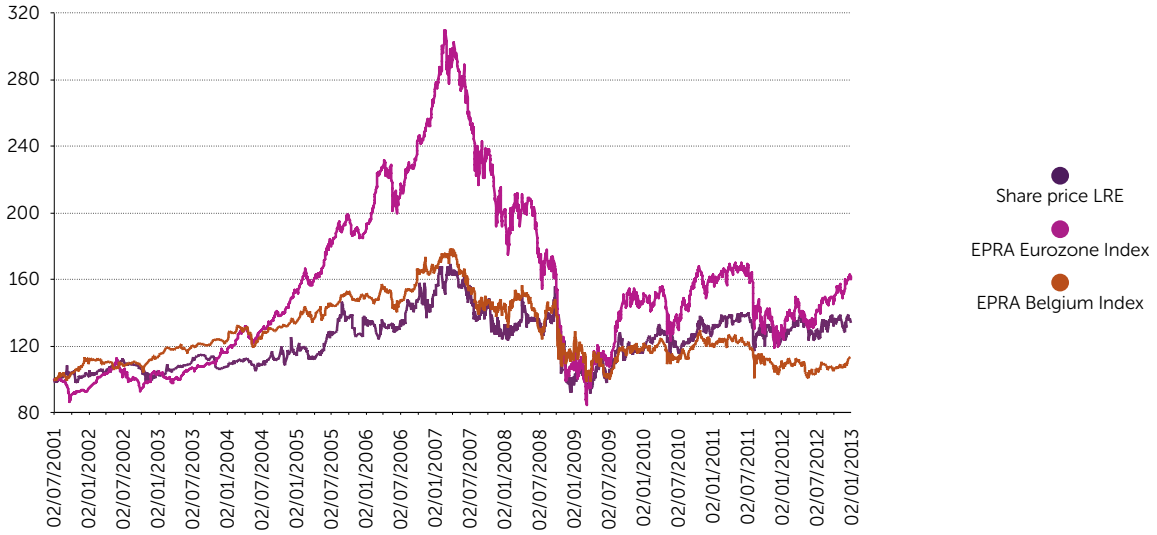


Management report

COMPARISON OF RETURN OF LEASINVEST REAL ESTATE WITH THE RETURN ON BEL20 INDEX[1]



COMPARISON OF LEASINVEST REAL ESTATE SHARE PRICE WITH THE RETURN OF THE EPRA INDICES (WWW.EPRA.COM)[2]



1 Indices to consult in the financial newspapers and on the internet.
2 Information from EPRA, not controlled by any authority.

In 2012 the Leasinvest Real Estate share price further recovered, with a temporary decrease in June 2012, following the general stock exchange trend in Belgium. The closing price evolved from € 64.99 on 31/12/11 to € 67.10 on 31/12/12. The slight discount compared to the net asset value of -1% on 31/12/11 evolved to a premium of +5.2% on 31/12/12.

The past financial year, the average monthly transaction volume of the share amounted to 24,052 shares in comparison with 23,733 in 2011. The low velocity (7.2% over 2012) is mainly explained by the limited free float of the share (33.6%). If we only take into account the tradable shares, the free float velocity over 2012 amounts to 21.4%, or the same level as over 2011.

As shown by the graph, the Leasinvest Real Estate share records quasi systematically a higher return than the BEL20 Index. In 2012 the Leasinvest Real Estate share again performed better than the BEL20 index.
In comparison with the EPRA Belgium Index, the index of the main listed real estate companies in Belgium, the Leasinvest Real Estate share recorded a better evolution. The EPRA Eurozone Index, the index of the main listed real estate companies in Europe, of which the Leasinvest Real Estate share is part, showed a similar trend as the Leasinvest Real Estate share in the first half of 2012, to exceed the share in the course of the second half.

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Real estate report

Michel Van Geyte, COO

"As a long term investor we need to be able to respond quickly to changing economic and social circumstances. This makes our job challenging, but equally interesting. A good example of this is our new working concept that, in combination with ecological motives, has been translated into the repositioning of our office building The Crescent in Anderlecht as a green business center with facilities.
Leasinvest remains alert to market evolutions and tries to respond to them in the best possible way."

CONVERSION INTO A 'GREEN INTELLIGENT BUILDING'

When we heard in 2010 that the tenant would leave the building in 2011, we started the conversion of **The Crescent** into a 'green 'intelligent building' business center.
The most important renovations were executed in 2011, quickly followed by a number of lettings. The building offers a state-of-the-art business center with flex offices, meeting rooms, catering, fitness and an auditorium, a concept welcomed by the market. The Crescent offers a modern environment, located at only 10 minutes away from the centre of Brussels. The building is very easily accessible, both by public and private transport. It consists of five office wings that are interconnected by an impressive atrium, and the offer is completed by a whole range of meeting rooms and facilities. The building is surrounded by a magnificent garden and many parking possibilities are present, both for bicycles and cars. But most of all, The Crescent has everything that demanding, quickly growing companies need today, and this, including the furniture and the office equipment.
All of this is backed by professional services and reception. The Crescent claims to offer a total package. The client pays a "full package" cost, including the private (consumption, cleaning...) and common costs, taxes, reception and mail delivery. This package also includes the full interior design cost and the furniture that are tailor-made designed and chosen in consultation with the user.
The user does not have to sacrifice useless space to a reception desk, meeting facilities, a fitness center, a restaurant or meeting points, as they are available to the entire community of users. A concept that is clearly welcomed by the market, as the occupancy rate has further increased to nearly 62.5%.

THE CRESCENT

The Crescent, Route de Lennik 451, 1070 Anderlecht – Belgium

Sustainability initiatives

Infrastructure
- building management system
- reduction of water consumption with groundwater well
- increasing energy efficiency HVAC
- zone measurement of electricity
- rainwater buffer in the pond
- biodiversity translated into plantation scheme
- quality showers and changing rooms for bikers
- common Server room and data storage

Community of tenants/users
- conference center
- video conferencing rooms
- intranet
- info screens
- fitness
- coffee corners

Breeam-in-use: good

Year of construction: 2002 – **Renovation:** 2010 -> 2013

7,500 m² **offices** – 1,500 m² **business center**

Current occupancy rate: 62.5%

Total investment: € 4.5 million

Rental yield (average): 5.27%

Alain Dehon, NorthgateArinso Belgium

"We were looking for a new location that would fit our New Way of Working. The Crescent Anderlecht was directly the most interesting option, not only because of its green aspects, but equally because of other initiatives, such as the coffee corners, fitness, restaurant etc. that enhance mutual communication, not only between our own colleagues, but also with other users."

A FIRST SUCCESSFUL PUBLIC-PRIVATE PARTNERSHIP

The State Archives were since 1912 located in the Academiestraat in Bruges and ran circa 6,000 current meters of archives.

In 2009 the construction of the new **State Archives in Bruges**, also covering 29 linear kilometres of archives was entrusted to the consortium Leasinvest Real Estate-Van Laere. The federal government, represented by the Buildings Agency, has a/o chosen this tailor-made project based on its original and relevant architecture designed by Salens Architects. The new building consists of a modern concrete structure that carries an inclined zinc roof and reminds, according to the architectural firm, of a creased piece of paper that has been put on top on a pile of papers. The long facing bricks reinforce this perception, and the creases of this 'paper' are light-rimmed below the rooftop, which ensures the building's visibility at night. It is an extraordinary realization that fits seamlessly into its environment.
The complex comprises 2 buildings, among which 1 new construction and 1 renovation (previously used by the Red Cross), interconnected by a copper pedestrian bridge on the 1st floor.
Next to the public spaces of +/- 2,215 m^2 with a/o a reading space and a non-public space for archives, we also find offices (600 m^2), an auditorium and meeting rooms on the ground floor. The archives of 2,900 m^2 are mainly to be found on the 1st floor.

The State Archives were completed as foreseen in September 2012.

Photos: © Artitec Fotografie – Zele

State Archives Bruges, Predikherenrei 4 - Langestraat, 8000 Bruges – Belgium

Olivier Salens, Salens architects

"The new building translates the idea of stacked record paper. The 'creased' roof covers the archives as a loose piece of paper and offers in that way a surprising answer to the mandatory rooftop style of Bruges. The result is a contemporary building that, due to its specific design and the materials used, fits within the historic tradition of this city that is part of the world heritage."

From skyscrapercity.com

"One of the most beautiful buildings in Belgium of the last couple of years. It is mainly very stylish. The decoration of the façade completes it. It has otherwise a bit of a 'fifties' look."

Year of construction: 2011-2012

587 m² **offices** – 2,878 m² **archives** – 2,509 m² **other**

Occupancy rate: 100% - 25-year fixed rental contract

Total investment: € 18 million

Rental yield on capital invested (average): 6.4%

A SHOPPING CENTER THAT SERVES 3 COUNTRIES

Shopping center Knauf in Schmiede has since decades been one of the most important shopping centers in the North of Luxembourg, on the border connecting Luxembourg, Belgium and Germany.
This shopping center consists of 40 shops with over 30,000 m² GLA. The shopping center is entirely let to different renowned retail brands.

Knauf shopping center Schmiede - 3, Op d'Schmëtt, LU-9964 Schmiede / Huldange - Luxembourg

Year of construction: 1995

33,068 m² **shops** – 2,111 m² **offices** – 1,200 **parking spaces**

Occupancy rate: 99.36%

Total investment: € 74.5 million

Rental yield (average): 7.16%

THE ONLY STATE-OF-THE-ART LOGISTICS SITE IN BRUSSELS

Canal Logistics situated alongside the Brussels' Canal is only 5 minutes away from the city centre and 10 minutes from Zaventem airport, and is the ideal location for multi-modal transportation in different directions, and is moreover the only logistics site alongside the Brussels ring road. The complex is nearly completely let to major players, such as Cameleon-Famous Clothes, Caterpillar and MSF Supply, the central supply of Doctors Without Borders. Previously located in a warehouse of 6,500 m² in Merchtem, MSF Supply currently disposes of 13,000 m² of space with an extension possibility of 3,000 m² in the Canal Zone. A staff of approximately one hundred people of the centre has also been transferred to the new Brussels location. This move became imperative by the strong increase of the activities of MSF Supply, following the growth of the activities of Doctors Without Borders in the world.

Thanks to this new location, MSF Supply is capable of responding to a major crisis in 24h and to two crises simultaneously in 48h. According to Stefaan Philips, director of the site of MSF Supply, this type of massive response requires both a good organization and sufficient space. From Neder-over-Heembeek, medicines, tents, a hospital infrastructure including an entire operating room, but also rolling stock – are regularly shipped to 35 countries across the world. More recently 250 tons were shipped to South Sudan. In 2012 MSF Supply has shipped a total of 5,141 tons of goods, of which half departed from the port of Antwerp.

Canal Logistics is a customs warehouse that also has to meet specific temperature requirements and disposes of a refrigerated zone for the storage of medicines that represent 80% of the stock. The approximately 100 people employed at the centre spend half of their time preparing emergency aid kits. The centre that has the space for a total of 8,000 pallets is equipped with a warehouse management system with possibility of real time voice picking. (Source: de Lloyd).

Canal Logistics - Vilvoordsesteenweg 140, 1120 Brussels - Belgium

Technical aspects:
Canal Logistics meets all technical standards that complete a logistics center: ESFR-sprinklers, heating, large spans, sufficient dock levelers, and this, with respect for ecological principles.
In the scope of sustainable development phase 1 was equipped with a green roof and solar panels will be installed on phase 2 in 2013.

Year of construction: 2009/2011

48,346 m² **storage space** with 10 m free height with 50 loading docks, equipped with a sprinkler system – 3,097 m² **offices – outside parking**

Occupancy rate: 90%

Total investment: € 32.6 million

Rental yield (average): 6.65%

Jean Pletinckx, Doctors Without Borders

"The cooperation with Leasinvest Real Estate went very well. The proactivity of the project manager of Leasinvest responsible for making our space 'rent-ready' allowed us to move into the building in time despite the tight schedule. Canal Logistics moreover offers us the ideal location for this kind of activities."

9.1 REAL ESTATE MARKET IN 2012[1]

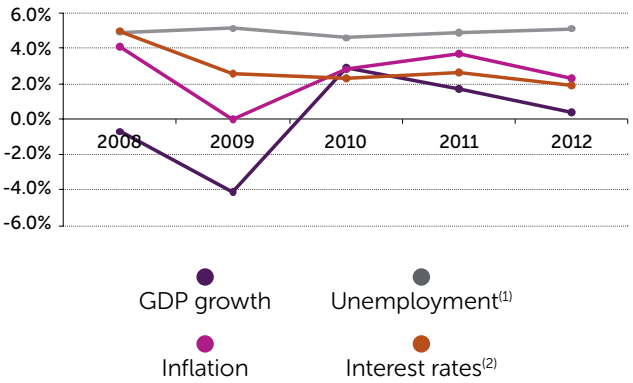
The information on the real estate market below comprises extracts of the real estate market reports of Cushman & Wakefield, reproduced with their consent, and of which the contents have not been controlled.

General

The evolution of the real estate markets knew, depending on the type of assets and the country, a different evolution. In Belgium the offices recorded a better evolution in 2012 compared to last year, that is demonstrated by a 21% higher take-up than in 2011, year in which an important decrease was recorded. The take-up in logistics and retail property[2] also rose in 2012. In the Grand Duchy of Luxembourg however take-up in offices knew a decrease of 14% in 2012 compared to an exceptional rise of 44% in 2011. It is expected that take-up in offices in Belgium and in the Grand Duchy of Luxembourg will be higher in 2013.

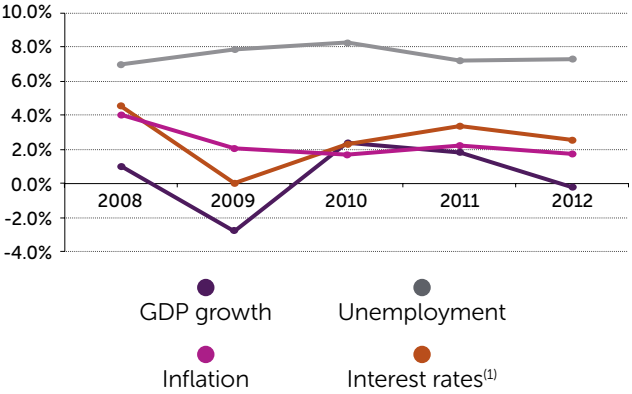
The main parameters of the Luxembourg and Belgian economy mainly bear resemblances, but unemployment is higher in Belgium.

Luxembourg



Source: Eurostat, STATEC, OCDE, BCL
1 Harmonized
2 Loans to non-financial companies

Belgium



Source: Eurostat, NBB
1 Loans to non-financial companies

Belgium

Investment market

- € 2 billion of investments in professional real estate
- Investments in retail property and nursing homes break records
- More and more private buyers in this professional market
- Mixed developments are very much wanted
- 2/3 are Belgian buyers, but international interest remains solid
- Yield compared to that of government bonds has never been more attractive

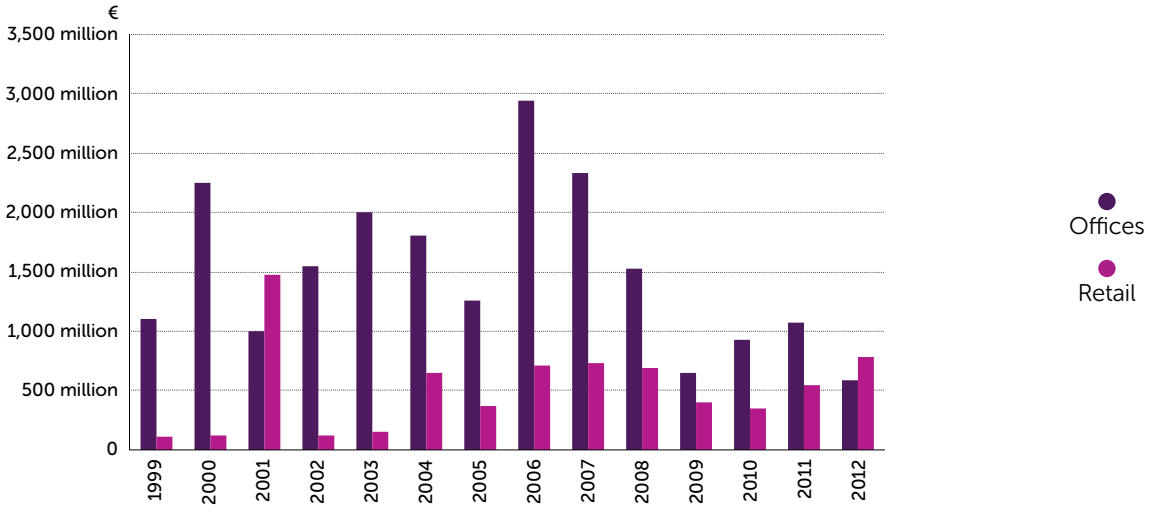
1 Source: Cushman & Wakefield.
2 For more information on the situation of Leasinvest Real Estate in particular with regard to the occupancy rate and the rental income of Leasinvest Real Estate, see further in this chapter, and as to the connected risks, see Risk factors in the front of this report.

The total investment volume in the professional real estate market for 2012 stands at approximately € 2 billion (excl. acquisitions for own use), whereby offices and retail together account for nearly 70% of total investments:

Sector	€	
Cafes and restaurants	49,184,037	2.50%
Nursing homes & student housing	338,600,000	17.21%
Industrial and logistics	171,875,000	8.74%
Offices	**584,430,000**	**29.71%**
Other	36,970,000	1.88%
Retail High streets	**145,138,936**	**7.38%**
Retail Shopping centers	**385,449,972**	**19.59%**
Retail parks & retail warehousing	**255,454,029**	**12.99%**
Total	**1,967,101,974**	

Belgium and Brussels in particular remain attractive investment markets in Europe, for both offices and retail property. Of course, a yield premium must remain compared to cities such as Paris or London. Not so much because of the risk – Brussels is a defensive market just like those cities – but mainly because of the lower liquidity of the market.

The investment volume of € 2 billion is comparable to the volumes of the previous years but there are a number of remarkable shifts that have been clearly manifesting this year. If we compare the volumes of the traditionally 2 largest sectors (offices and retail) on a historical basis, it is remarkable that the investment volume of retail (about € 790 million) is higher than that of offices (€ 585 million) for the very first time.



Source: Cushman & Wakefield 2012 end of December

In 2001 this had already happened once due to 1 exceptionally large transaction (the acquisition of the GIB-Immo retail portfolio by Redevco). This year however it was the confirmation of a trend that has already started a couple of years ago: more and more professional and also purely private investors choose the stable value of retail as an alternative to the stock exchange. Consequently, extremely sharp yields are offered in the top streets of the shopping districts: mainly for transactions below € 10 million there is such a strong offering for top locations, that yields around 4% are reached. For extraordinary buildings in top districts offers can even go below 4%. Now that investors have turned their backs on the insecurity of the stock exchange in a massive way, owners of retail property should realize that there is an unprecedented strong demand for well-located retail buildings.
Together with a number of large transactions for shopping centre locations (see e.g. the sale of the Galeries de la Toison d'Or Brussels to the pension fund Prudential for € 60 to 65 million) and retail warehousing portfolios (whereby sicafi Retail Estates was very active), this resulted in a historic record for 2012 of € 790 million of retail investments.

65% of the investment volume was realized by Belgian investors this year: institutional investors such as insurance companies accounted for the largest part (€ 588 million), but also private investors (€ 298 million) and Belgian sicafi (€ 252 million) were very active. The foreign investors thus accounted for 1/3 of the market: there were a couple of transactions with the classic German players but there was also capital from e.g. the Middle-East (Zuiderpoort Ghent, € 110 million) that found its way to Belgium. The Brussels' office building Arts 53 was even sold to a young South-Korean software developer, which proves that the Belgian professional real estate market is still present on international radars.

The total volume of semi-industrial and logistics real estate that was let or acquired for own use in 2012 reached approximately 1.5 million m². This is a record in the recent history of the Belgian warehouse market. It is remarkable that 45% of the number of m² relates to acquisitions for own use.

The classic axis Brussels-Antwerp still represents about half of all transactions, but the axis alongside the Albert Canal keeps a good score: Sumitomo moves its logistics space for sports giant Mizuno from Wilrijk to Antwerp East Port in Grobbendonk. Reorganisations are for that matter one of the driving forces in this market: also Engels Logistics optimized by joining 2 branches in one storage space of 11,300 m² in Beringen. The number of transactions of so-called '3pl' logistics players, that take care of the distribution for other companies, was rather limited this year: DHL took up 25,000 m² at Brucargo Zaventem and Kühne & Nagel rented 15,500 m² at Mechelen Zuid Logistics.

In such a flourishing market one would expect that real estate developers would build at risk, but this is not the case. The rents have been steady for years at a slightly too low level. This is the case because many logistics players compensate our relatively high labour costs in their business model by low rents. Everybody expects already for years that rents will go up, but that doesn't happen. Due to the pressure on the space utilized the prices of land however clearly did rise. Because of this, developers have turned entirely risk-averse and only start building when rental or sales contracts are signed. The consequence is that no good buildings are readily available on the market.

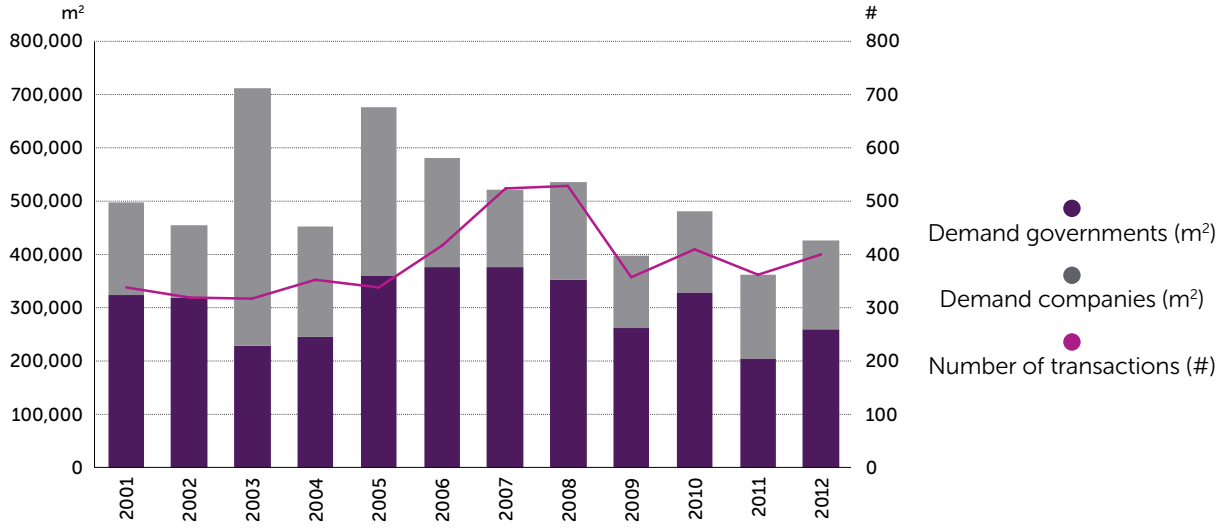
Of all main transactions of this year, only a few relate to really new buildings: Vandeputte Group in Puurs, DHL at Brucargo and St Jude Medical, also at Brucargo in Zaventem. This underlines again that this market still struggles with an unnatural lack of new buildings.

Rental market

- Office take-up Brussels at a very reasonable level with 427,000 m²
- EU transactions push the Leopold district way above the recent average
- The Airport district also nearly recorded a record in lettings

After a poor beginning of the year, the Brussels' office take-up has firmly recovered as from the 2nd quarter of 2012. The numerator of the take-up for the Brussels' market recorded 427,000 m², which is substantially more than the total for 2011. There are still a number of large transactions in the pipeline that need to be signed, thus we can expect a decent first half-year of 2013. Overall this is fairly good taking into account the difficult general economic situation.

This year also, the figures were strongly supported by some larger EU transactions, which brought the part of the public sector to 40%: with this 60% of private take-up compared to 40% of public take-up, we reach the exact long-term average for the Brussels' market.

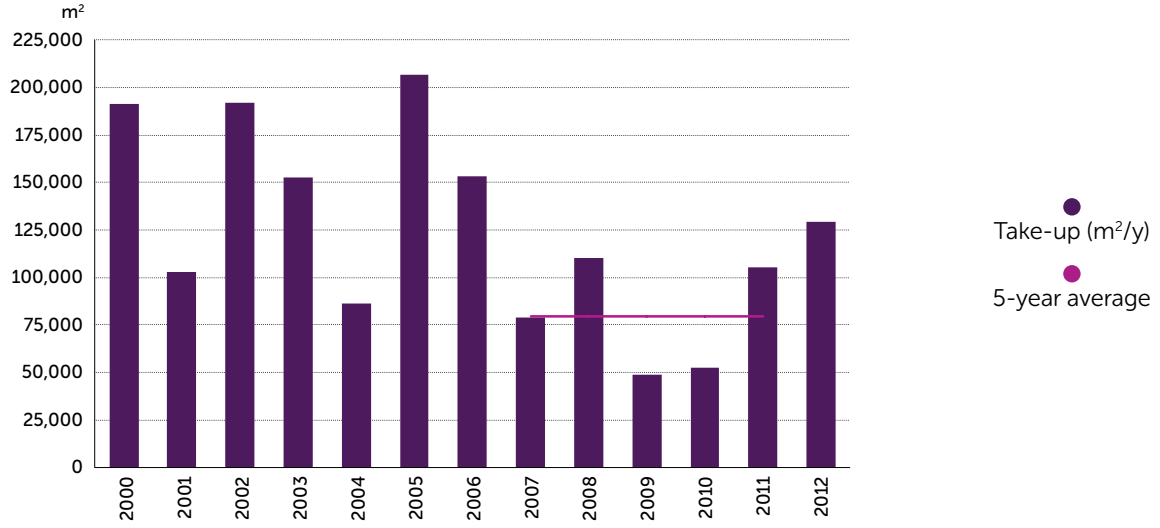


Source: Cushman & Wakefield, Expertise Immo Media, 31/12/2012

The European Leopold district recorded an office take-up of 130,000 m² this year, which is a much larger score than the average over the last 5 years.

Consequently, the Leopold district is on the rise again, but due to the poor economic situation of the past years only a small number of buildings are currently developed at risk.

Office take-up EU Leopold district



Source: Cushman & Wakefield

In the European district only 2 to 3 entirely new buildings are marketed in the coming years; consequently it is to be expected that the current prime rent of € 285/m²/year will be exceeded for top projects such as the Belview (2013) and the Black Pearl (2014).

This year's surprise was the comeback of the periphery: mainly the Airport district performed extremely well under the impulse of a number of medium-sized transactions in the Airport Plaza building in Zaventem (Levi Strauss, ING, Samsung, McSquare, Sanofi, etc.). The take-up in this office district reached 72,000 m² in 2012, which is nearly the same level as listed in the record years 2002 and 2005.

Office take-up Periphery-Airport district

Source: Cushman & Wakefield

The transaction of Deloitte that rented 34,000 m² for 18 years in the gateway project of Codic at the airport of Zaventem has not yet been added to these figures, as this deal was only published in January 2013.

Outside of Brussels many regional markets performed very well with Ghent (30,344 m²) and Malines (33,173 m²) as highlights; Antwerp remained at a moderate level, below the threshold of 100,000 m². The regional markets have been on the rise for a number of years; in some cities, such as Liège and Leuven (total: 13,578 m²) this is reflected in a certain growth in take-up. The neighbourhood around the Leuven station profiles itself more and more as a satellite market of the Brussels' periphery: it is not by coincidence that the same top levels are recorded as in the Brussels' Airport district. The average rental values in Antwerp and Malines then again recorded lower levels in 2012 than in the previous years.

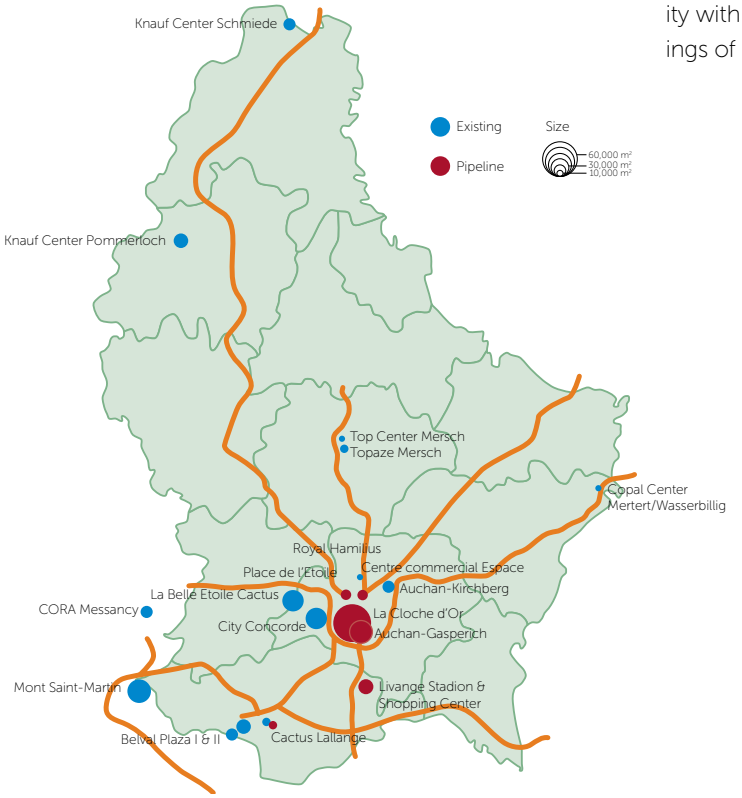
Luxembourg

Investment market

After the record year 2007 the investment volumes evolved at different speeds. 2008 and 2009 recorded sales volumes of around € 500 million, while 2010 and 2011 recorded lower volumes of +/- € 350 million. 2012 ties in again with better results and with a total sales volume of € 542 million, a record for the last 5 years.

About ¾ of this total comes from the offices segment, approximately ¼ of commercial spaces, and the balance (€ 5 million) of logistics and industrial surfaces.

With regard to offices, the reference yields remain rather stable at 6.75% in the periphery and at 5.75%-6.00% in the CBD. For retail a decrease of the yields is recorded for the best zones and locations, till 5.00% in the Grand Rue and the Rue Philippe II, zones in which most shopping centers are located, while the Knauf shopping center in Schmiede acquired by Leasinvest Immo Lux in 2012, is located in the North of Luxembourg with practically no direct competition and visitors coming from 3 different countries, namely Luxembourg, Belgium and Germany.



Rental market

Offices

In the offices segment the take-up amounted to 150,500 m² in 2012. A less good result than in 2011 with 175,000 m², but still quasi in line with the five-year average of 161,000 m², and certainly still much higher than in 2009 (112,500 m²) and 2010 (117,500 m²). In terms of the number of rental transactions, the market remained stable with 247 compared to 242 transactions in 2011. This take-up- and transaction figures are proof of a healthy rental market.
Logically, the average rented space has consequently decreased in 2012 from 723 m² to 609 m². The number of rental transactions of over 1,000 m² amounts to 34, which is significant, taking into account the size of the market.
More than 40% of the leases were concluded with companies active in the banking sector, the financial or the insurance sector. The characteristic importance of these activity sectors in the economic landscape of Luxembourg is thus again confirmed.
In Luxembourg City the reference rents amount to between € 24/m²/month (in Merl and Belair) and to € 40/m²/month (CBD). In the periphery, these "prime rents" fluctuate between € 18/m²/month (Contern, Munsbach) and € 28/m²/month ("Aéroport" and Strassen). The general trend is stability with a possible slight pressure on the best-located buildings of the CBD.

The total office space stock in Luxembourg amounts currently to 3,405,000 m², of which 5.97% is currently vacant. After a brief evolution above 7% in 2009 and 2010, and a level of 6.15% in 2011, this decrease of the vacancy rate still signals that the market is in good shape. Even if these figures 'hide' important differences: the vacancy rate amounts to less than 3% in the much sought after CBD and Kirchberg districts, while it exceeds 34% in the district Bertrange. Generally, the central districts record better occupancy figures than the periphery.

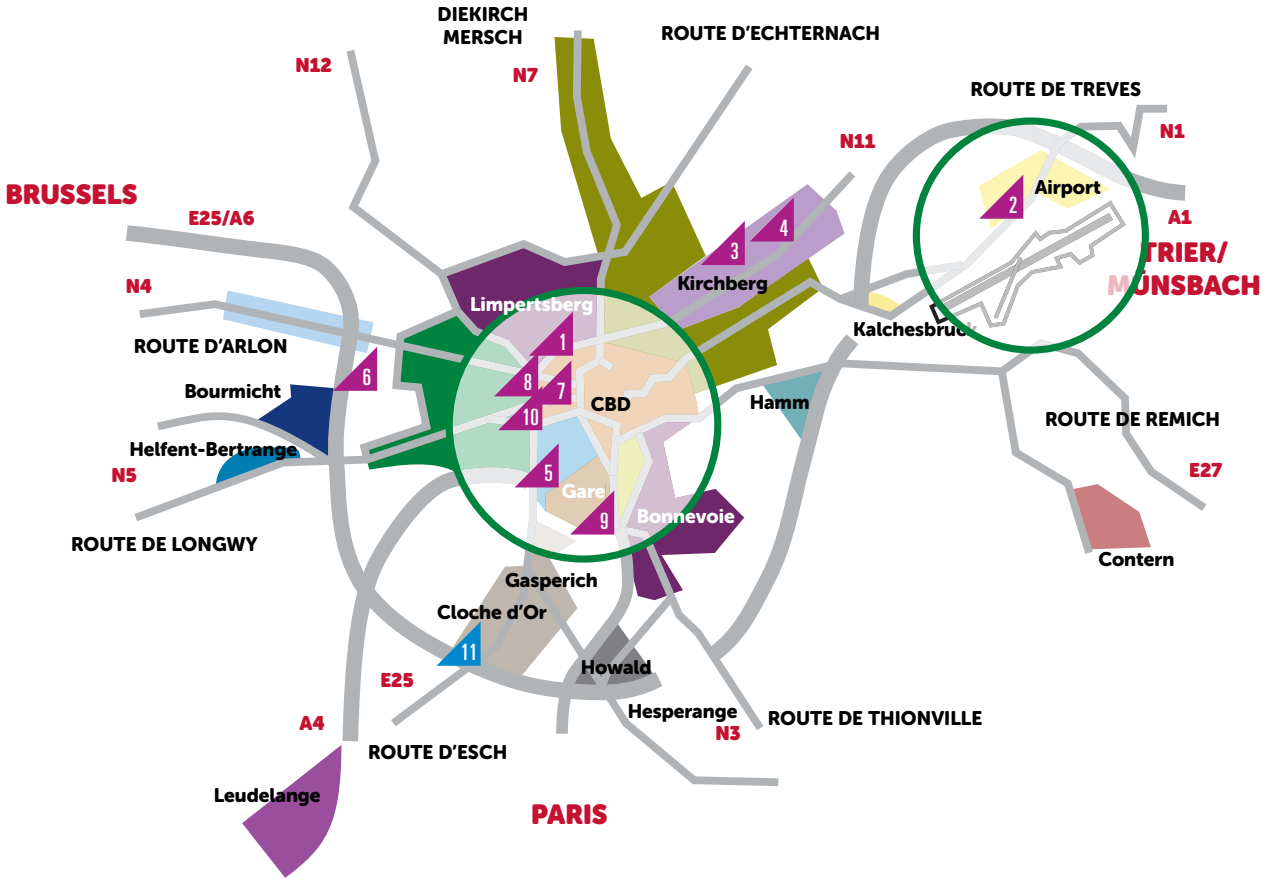
As shown on the map below, most of the office buildings of Leasinvest Immo Lux are located in the CBD and Kirchberg districts. For more information on the occupancy rate of the Luxembourg portfolio, we refer to the segment information below.

The completion of new buildings resulted in 84,500 m² extra, which represents a fairly normal volume, if we do not take 2009 into consideration, year in which 375,000 m² extra was marketed.

Should the average take-up and the completion rate of new buildings remain stable, a progressive decrease of the vacancy rate below 5.00% becomes perfectly feasible.

Retail

Despite a pessimistically tinted index of retail confidence of -19.8% in December 2012, the index of the turnover in retail trade continues to grow by +9.4% at constant prices (source: Statec).



The lettings in the retail segment amount to 29,500 m² in 2012. This level is higher than that of 2011 with 24,850 m², and remains slightly lower than those of 2009 and 2010 around 31,000 m². Good year, bad year, this represents a strong result in a European context surrounded by insecurity.
The number of transactions has however decreased from 2011 to 2012, from 81 to 73. A scenario that is opposite to that of the office market with an average surface that has increased. Indeed, 5 lettings were concluded for more than 1,000 m² compared to 2 in 2011.

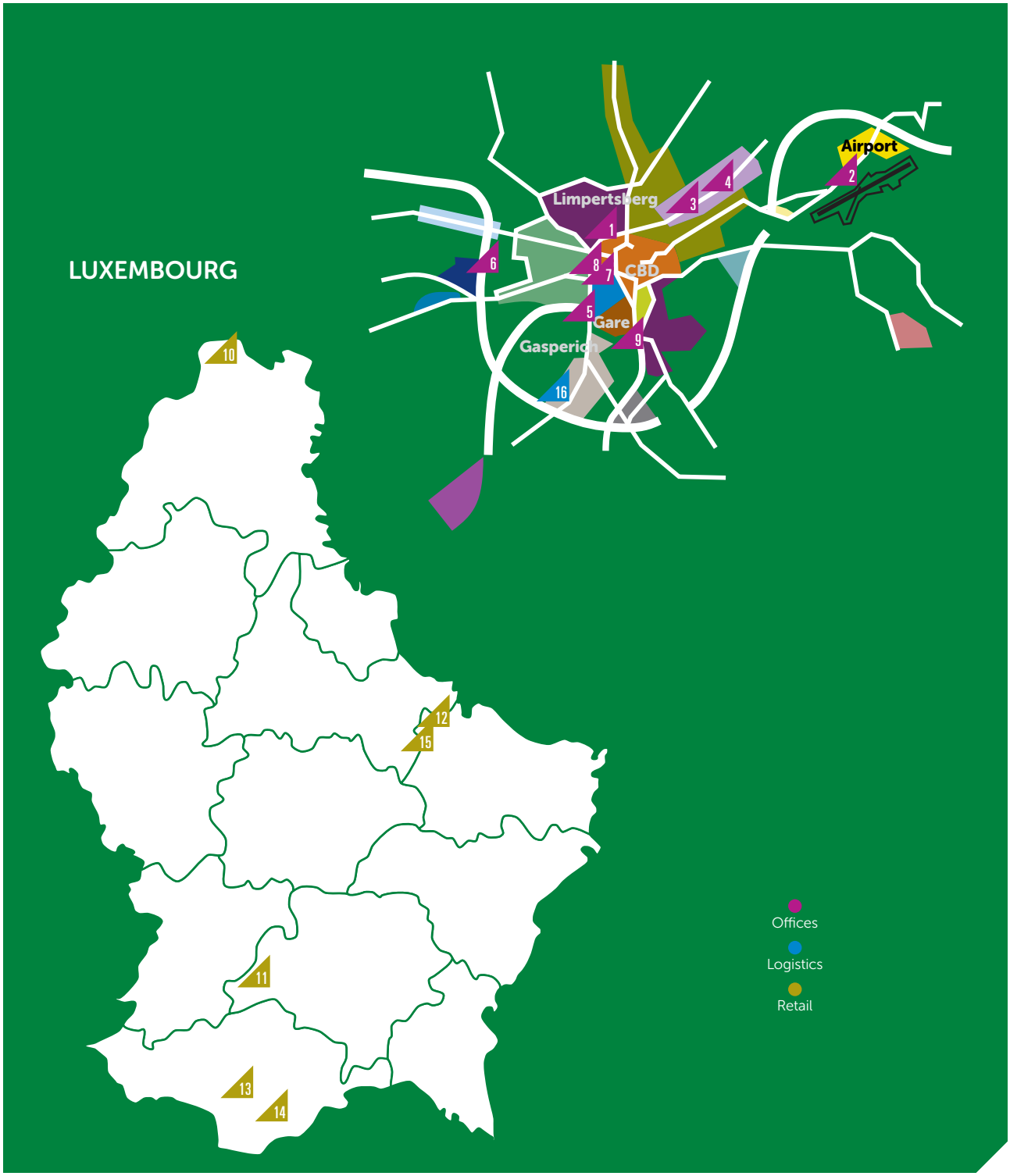
The prime rent amounts to € 125/m²/month for the Grand Rue and the rue Philippe II, the best shopping streets of the Grand Duchy.

The main future projects are the Royal Hamilius in the heart of the historic centre of Luxembourg (38,000 m² of which 21,000 m² retail, developed by Codic) and the shopping center of the Cloche d'Or (58,500 m² among which a hyper market). The nearing opening of the extension of the shopping center Belle Etoile (15,000 m²) has to be added to this.

Kennedy, Luxembourg

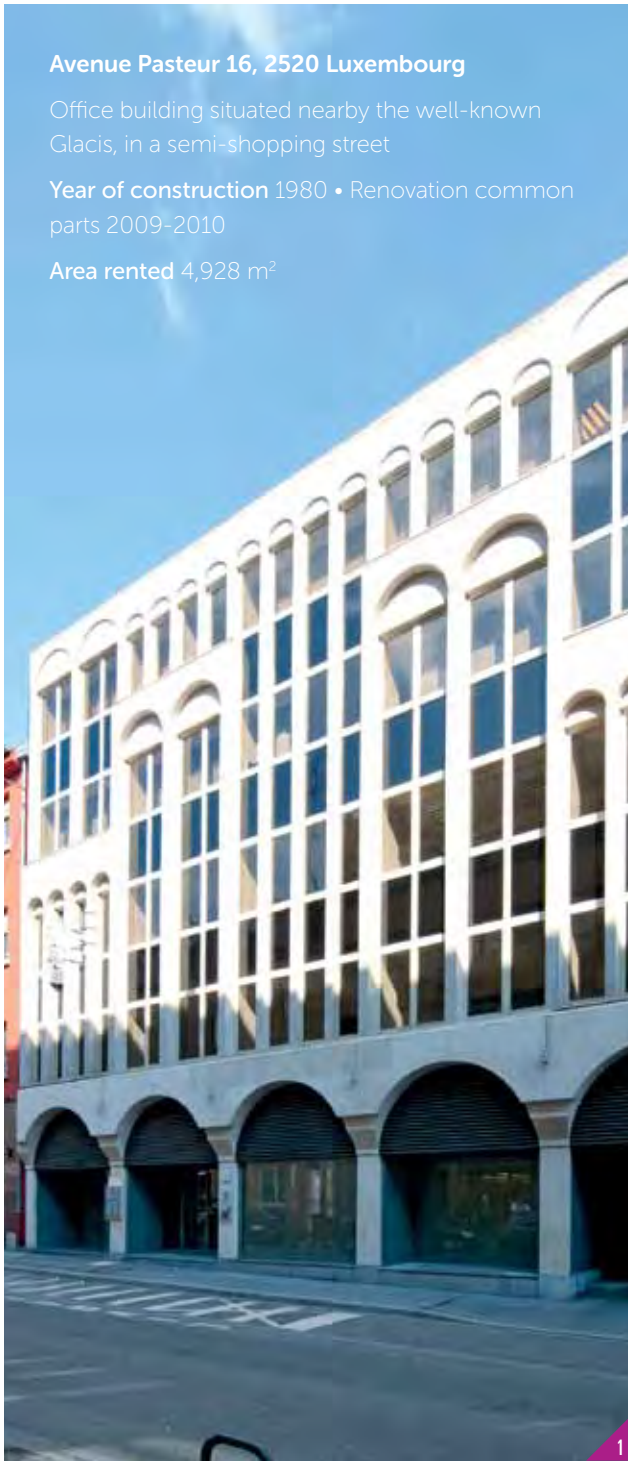
9.2 REAL ESTATE PORTFOLIO

Real estate portfolio in operation



LUXEMBOURG

All buildings are held by Leasinvest Immo Lux, a 100% subsidiary of Leasinvest Real Estate.



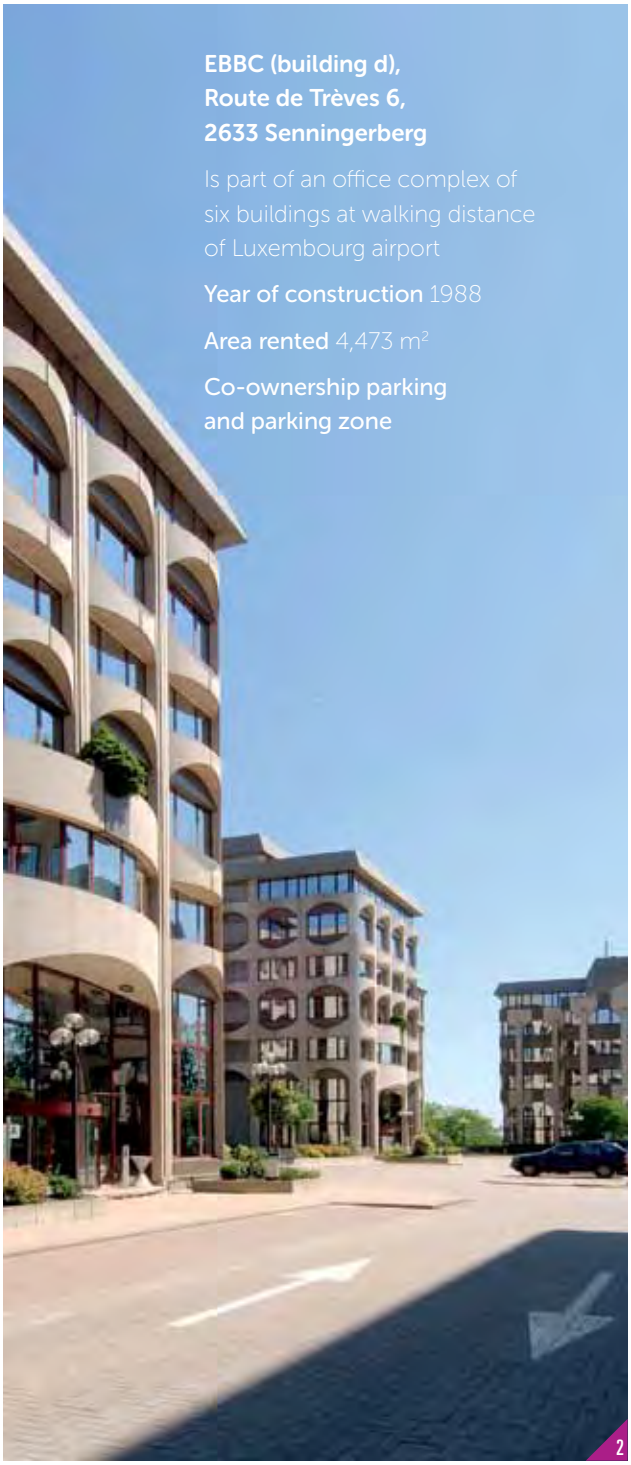
Avenue Pasteur 16, 2520 Luxembourg

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

Year of construction 1980 • Renovation common parts 2009-2010

Area rented 4,928 m²

1



EBBC (building d), Route de Trèves 6, 2633 Senningerberg

Is part of an office complex of six buildings at walking distance of Luxembourg airport

Year of construction 1988

Area rented 4,473 m²

Co-ownership parking and parking zone

2

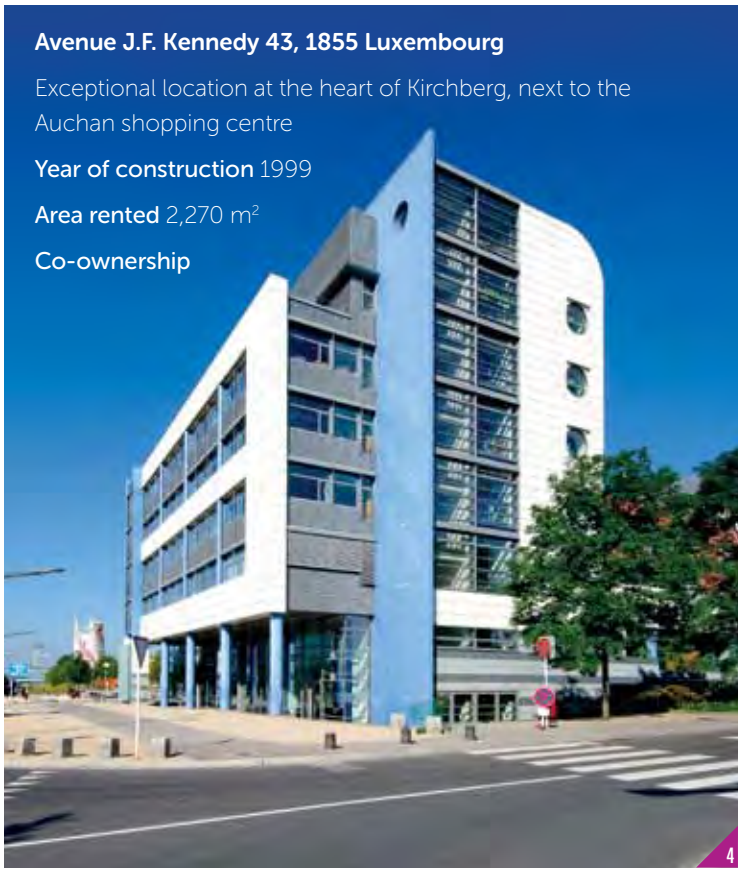
Rue Jean Monnet 4, 2180 Luxembourg

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

Year of construction 1992 • Partial renovation in 2011

Area rented 3,866 m²

3



Avenue J.F. Kennedy 43, 1855 Luxembourg

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

Year of construction 1999

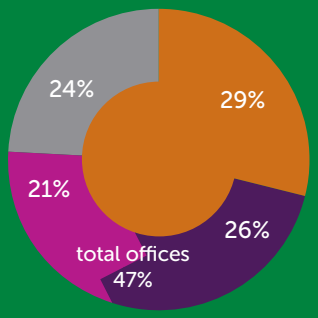
Area rented 2,270 m²

Co-ownership

4

Asset classes

offices part decreases to less than half of the portfolio, and the largest part of offices is located in the Grand Duchy of Luxembourg, which still has a very well performing office market; retail already represents 29% of the consolidated real estate portfolio



Retail

Offices Luxembourg

Offices Belgium

Logistics/semi-industrial
(incl. State Archives Bruges)

Route d'Esch 25, 1470 Luxembourg

Situated nearby Banque Internationale du Luxembourg's head offices at the route d'Esch

Year of construction 1992

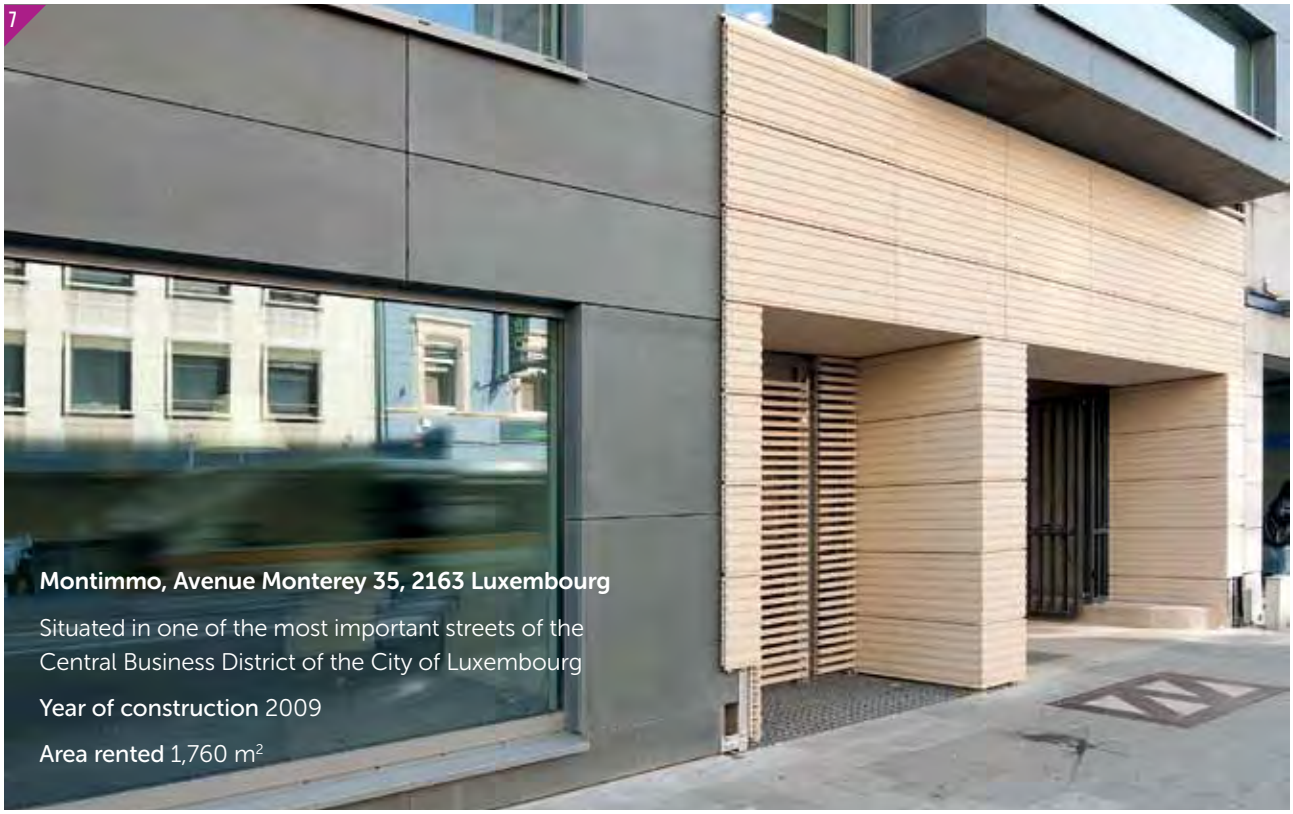
Area rented 1,839 m²

5

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

6 **Year of construction** 2002 • **Area rented** 1,834 m²



7

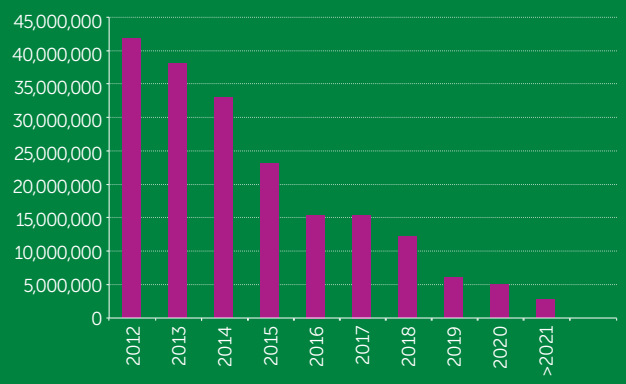
Montimmo, Avenue Monterey 35, 2163 Luxembourg

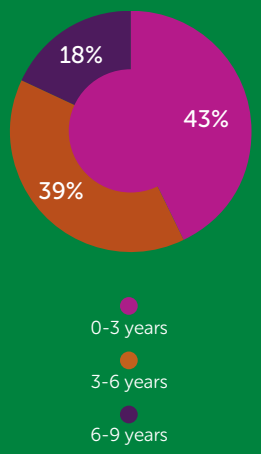
Situated in one of the most important streets of the Central Business District of the City of Luxembourg

Year of construction 2009

Area rented 1,760 m²

Remaining lease terms and contractually guaranteed rental income





The graph is based on the first break date of the current rental contracts and on the contractual rents. 43% of the annual contractual rents expire within 3 years.
In 2012 15.3% of the annual contractual rents expired. The contracts were for the largest part all renewed or filled-in by other tenants, at competitive conditions. The breaks in the coming years amount to, respectively, 8.5% in 2013, 11.6% in 2014 and 22.8% in 2015.
The average remaining duration of the rental contracts amounts to 4.9 years (31/12/11: 4 years).

For more information we refer to note 4 of the financial statements.

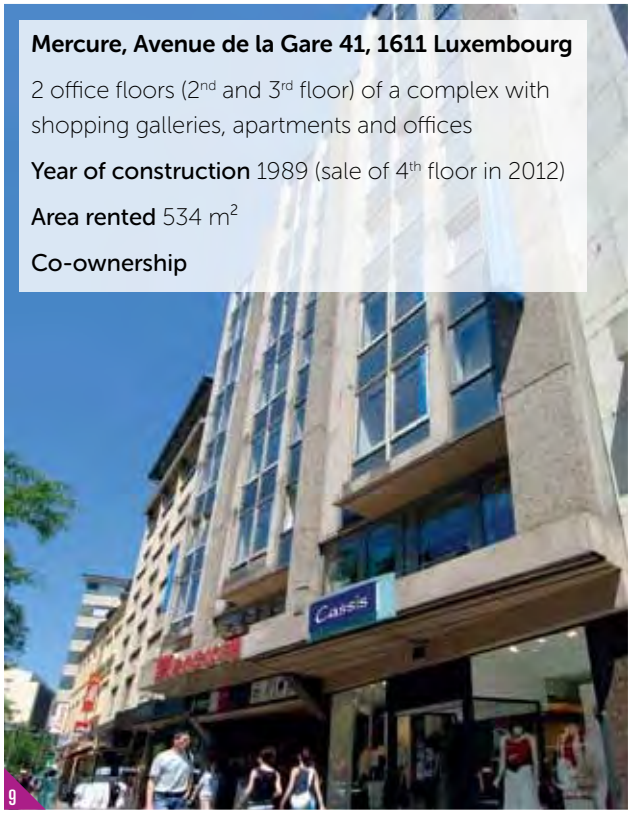
Avenue Monterey 20, 2163 Luxembourg

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 m²

8



Mercure, Avenue de la Gare 41, 1611 Luxembourg

2 office floors (2nd and 3rd floor) of a complex with shopping galleries, apartments and offices

Year of construction 1989 (sale of 4th floor in 2012)

Area rented 534 m²

Co-ownership

9

Shopping center Knauf, Schmiede

Shopping center with 40 shops, located in the North of the Grand Duchy of Luxembourg

Year of construction 1995

Area rented 35,684 m²

10

11

Route d'Arlon 2, Strassen

Retail site located at an important entrance to the City of Luxembourg, namely the Route d'Arlon

Year of construction 1988

Area rented 22,721 m²

12

Rue du Cimetière/An der N7, Diekirch

Retail building situated at the N7 in Diekirch

Year of construction 1996 for the main building • Construction of an additional retail building of 1,356 m² in 2011

Area rented 10,199 m²

13

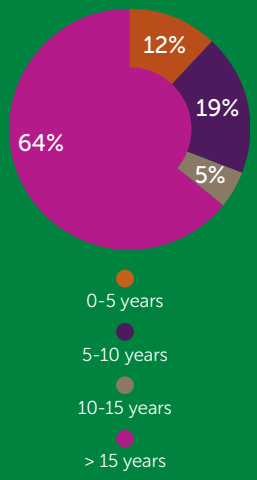
Rue du Brill, Foetz

Retail building situated next to Cora

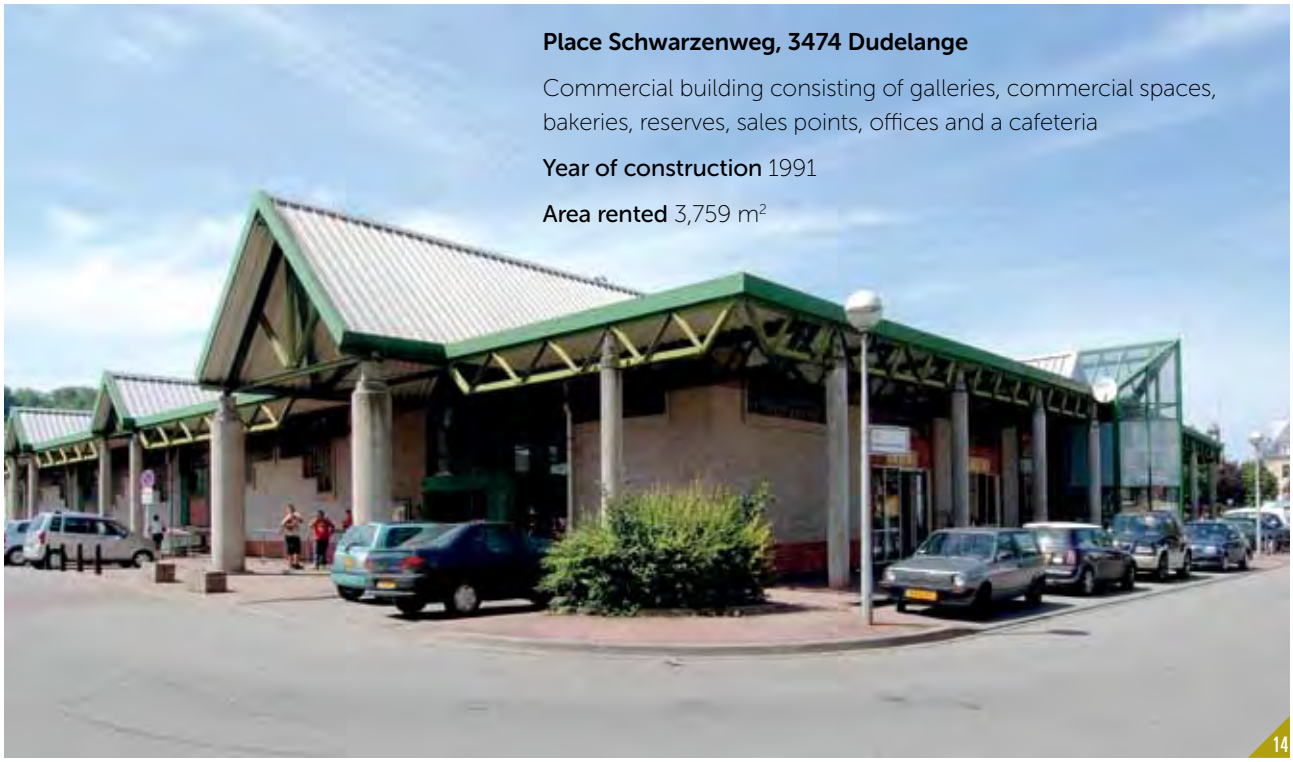
Year of construction 1987

Area rented 4,219 m²

Average age of buildings
more than 30% of the buildings are younger than 10 years, 64% of the buildings are older than 15 years (of which a large part relates to retail)



This graph was drawn up excluding the buildings held for sale and the development projects.
Of the 64% > 15 years a large part, namely 25%, relates to retail buildings; the average age (calculated as from the construction year or as from a possible important renovation) of the office buildings in the Grand Duchy of Luxembourg is higher than in Belgium, which is explained by the controlled permit planning of the government.



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 m²

14

Rue du Curé, 9217 Diekirch

Mixed-use building commercial/residential

Year of construction 1994

Area rented 3,100 m²

Co-ownership

15

CFM, Rue Guillaume Kroll, 1822 Luxemburg

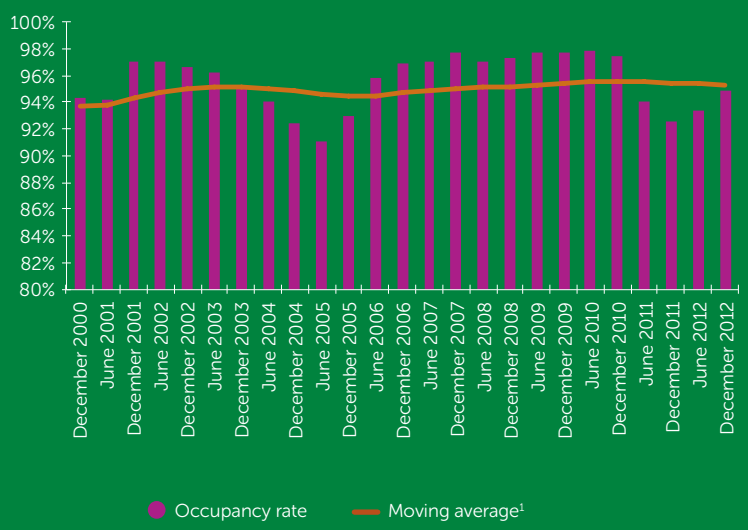
Industrial complex which serves as service centre, distributor, wholesale in sanitary fittings, on the one hand, and office complex on the other hand

Year of construction 1990 • Renovated and extended in 2008

Area rented 19,987 m²

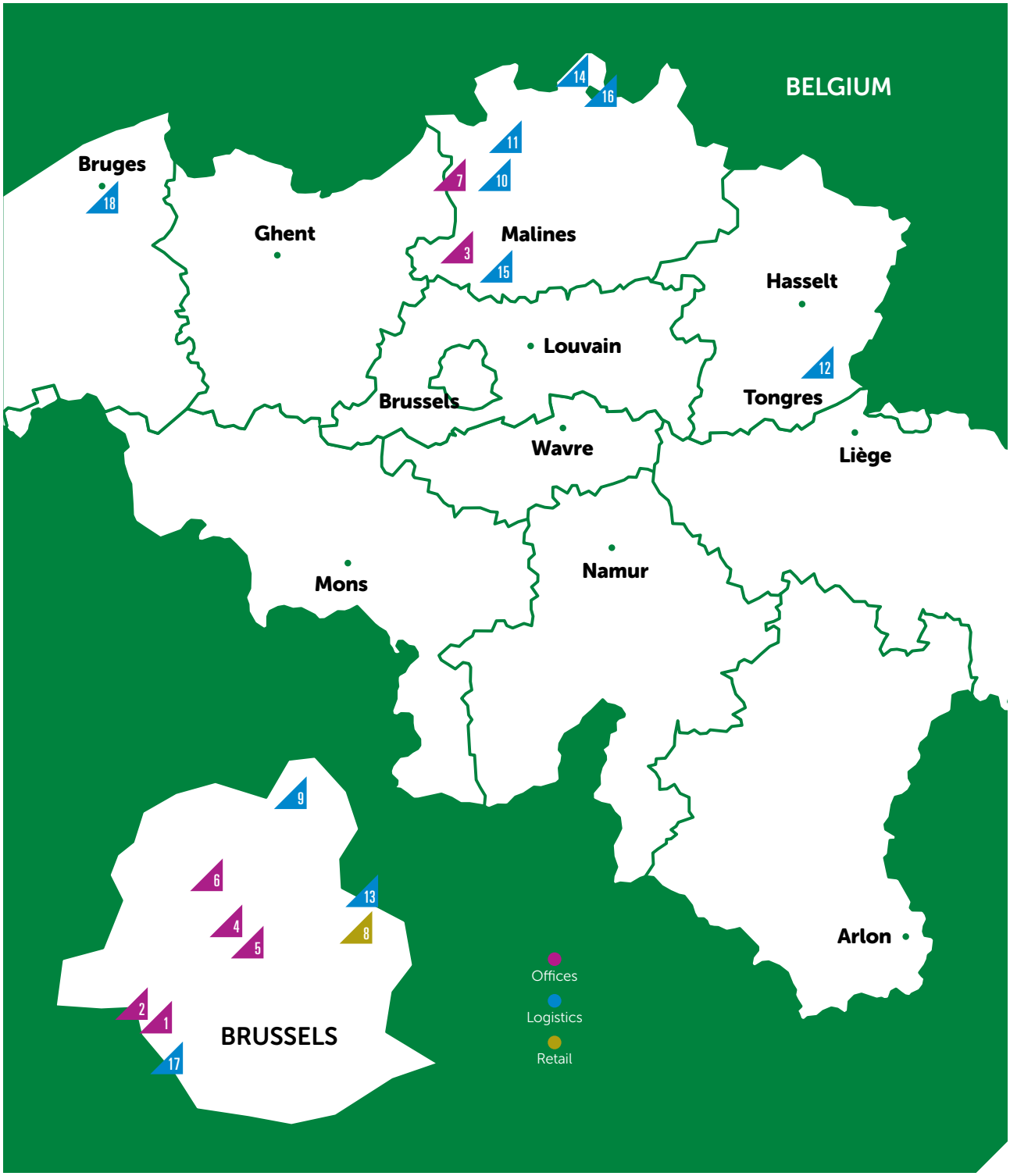
16

Occupancy rate:
increases to 94.9% on 31/12/12



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

BELGIUM


BELGIUM
Bruges
Ghent
Malines
Hasselt
Louvain
Brussels
Tongres
Wavre
Liège
Mons
Namur
Arlon
BRUSSELS
14
16
11
7
10
3
15
18
12
9
6
13
4
8
5
2
1
17
Offices
Logistics
Retail

All buildings recorded in the statutory accounts of Leasinvest Real Estate are indicated with an *.

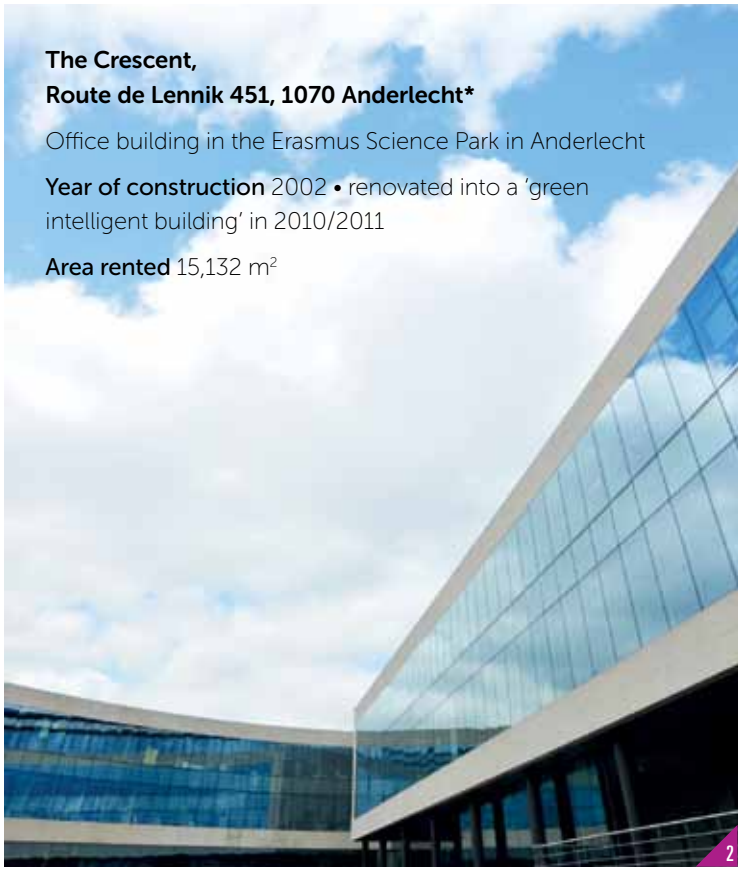
Riverside Business Park, Bd. International 55, 1070 Anderlecht*

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 • different partial renovations 2005-2010

Area rented 26,826 m²

1



The Crescent,
Route de Lennik 451, 1070 Anderlecht*

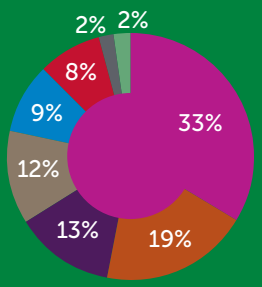
Office building in the Erasmus Science Park in Anderlecht

Year of construction 2002 • renovated into a 'green intelligent building' in 2010/2011

Area rented 15,132 m²

2

Type of tenants:
services and retail and wholesale account for > 50% of the portfolio



- Retail & wholesale
- Services
- Transport & distribution
- Government & non-profit
- Industry
- Financial sector
- ICT
- Medical & pharma

Motstraat, 2800 Malines*

Office complex

Year of construction 2002

Area rented 14,174 m²

3

Rue Montoyer 63, 1000 Brussels*

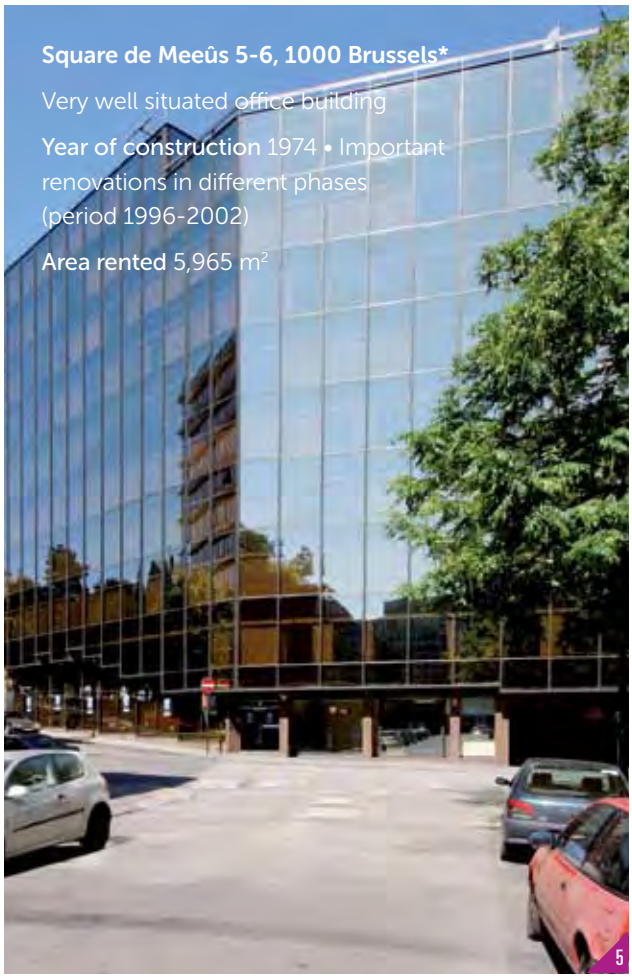
Extremely well situated office building

Year of construction 1974 • partially renovated in 2003 • renovation of entrance hall and sanitary fittings 2009-2010

Area rented 6,745 m²

4

Evolution of fair value:
increase by 22.5% to € 617,8 million thanks to acquisitions



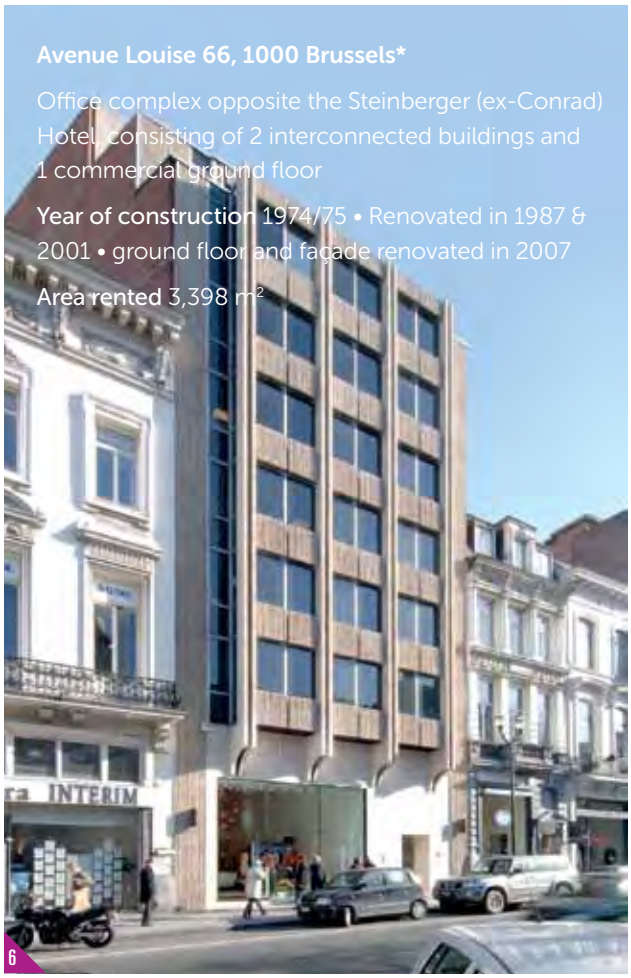
Square de Meeûs 5-6, 1000 Brussels*

Very well situated office building

Year of construction 1974 • Important renovations in different phases (period 1996-2002)

Area rented 5,965 m²

5



Avenue Louise 66, 1000 Brussels*

Office complex opposite the Steinberger (ex-Conrad) Hotel, consisting of 2 interconnected buildings and 1 commercial ground floor

Year of construction 1974/75 • Renovated in 1987 & 2001 • ground floor and façade renovated in 2007

Area rented 3,398 m²

6

7

Delta Business Park, Kontichsesteenweg / Technologiepark Satenrozen, Satenrozen 1A box 1, 2550 Kontich*

Office building situated in a business park

Year of construction 2000

Area rented 1,792 m²

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

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

Year of construction 1975/88 • Renovations carried out as required for new tenants

Area rented 36,122 m²

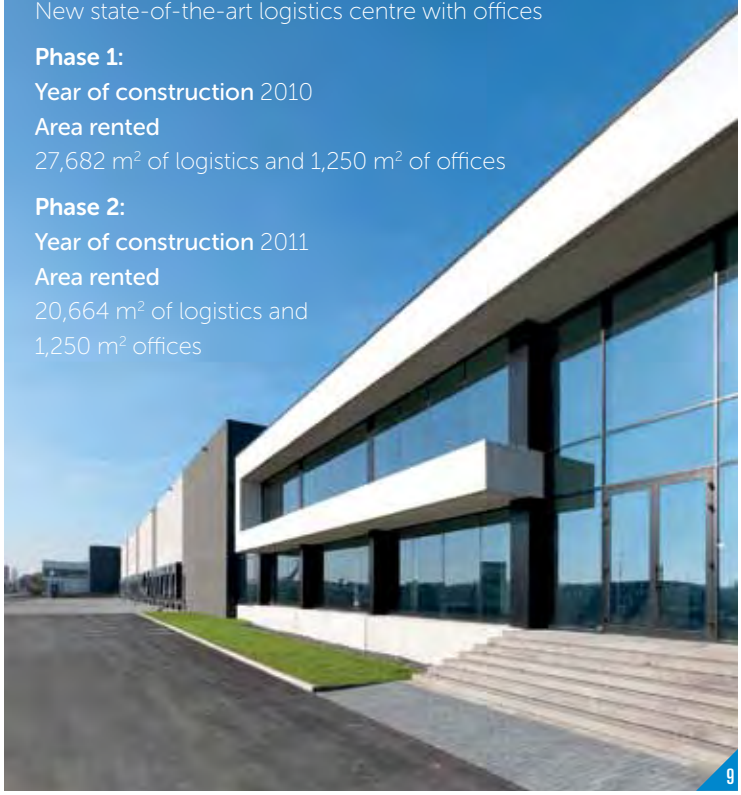
8

Canal Logistics, Neder-over-Heembeek

New state-of-the-art logistics centre with offices

Phase 1:
Year of construction 2010
Area rented
27,682 m² of logistics and 1,250 m² of offices

Phase 2:
Year of construction 2011
Area rented
20,664 m² of logistics and
1,250 m² offices



9

Prins Boudewijnlaan 7, 2550 Kontich*

Distribution centre

Year of construction 1989 • Extension in 2000

Area rented 27,589 m²

10

11

Nijverheidsstraat 96, 2160 Wommelgem*

Storage and distribution site with offices

Year of construction 1992-1993 • Installation of solar panels and extended with 500 m² of extra office space in 2010

Area rented 26,590 m²

12

SKF, 3700 Tongres*

Distribution centre consisting of storage halls and offices

Year of construction 1993/2003

Area rented 25,872 m²

Vierwinden Business Park / Leuvensesteenweg 532, 1930 Zaventem*

Semi-industrial business park

Year of construction 1973 • Renovated in 1994 and 1998 (sale of units A and B front part in January 2013 – 6,526 m²)

Area rented 7,098 m²

13

Wenenstraat 1, 2321 Meer*

Warehouse with offices

Year of construction 1989-1990

Area rented 8,071 m²

14

Rental yield per segment

Zeutestraat, 2800 Malines*

Logistics centre

Year of construction 2002

Area rented 7,362 m²

15

Riyadhstraat 21, 2321 Meer*

Warehouse with offices

Year of construction 2002

Area rented 5,015 m²

16

Lusambostraat, 1190 Vorst*

Semi-industrial building consisting of offices and storage

Year of construction 1993

Area rented 3,191 m²

17

18

State Archives, Predikherenrei 4, 8000 Bruges

Building with 29 linear kilometres of archives

Year of construction 2012

Area rented 6,097 m²

INVESTMENTS AND DIVESTMENTS

Investments

Real estate certificates shopping center Schmiede (Luxembourg)

In August 2012 an agreement in principle, subject to different conditions precedent, was signed with the owner of two shopping centers located in the North of the Grand Duchy of Luxembourg

In execution of this agreement Leasinvest Real Estate has subscribed at the beginning of last September, via its 100% subsidiary Leasinvest Immo Lux SA located in Luxembourg, to privately issued real estate certificates for an amount of € 74.5 million with regard to the refinancing of the Knauf shopping center located in Schmiede, through which transaction its economic property (and not the legal one) was acquired. Though, the shopping center is recorded as an investment property in the consolidated real estate portfolio of Leasinvest Real Estate.

This shopping center consists of 40 shops with over 30,000 m² GLA and has since decades been one of the most important shopping centers in the North of Luxembourg. The shopping center is nearly entirely (99.36%) let to different renowned retail brands.

Top location in the city centre of Luxembourg

On 05/12/12 Leasinvest Immo Lux SA (a 100% subsidiary of Leasinvest Real Estate) has acquired an existing building used as a hotel (known under the name "Hotel Rix"), with parking, at the important boulevard Royal in the city of Luxembourg, at approximately its fair value.

After the demolition of the Hotel Rix (which has stopped its activities end-2012) a new office building of circa 5,000 m² which will meet high energy performance standards will be built at this top location, subject to obtaining the necessary permits. Apart for unexpected circumstances, the building is foreseen to be operational by the beginning of 2015.

State Archives Bruges (Belgium)

In September Leasinvest Real Estate has acquired 100% of the shares of RAB Invest SA, that built the new State Archives in Bruges that were completed at the beginning of September 2012, rented by the federal government represented by the Buildings Agency, for a fixed period of 25 years.

Divestments

Floor in Mercure building (Grand Duchy of Luxembourg)

Mid-December 2012 Leasinvest Immo Lux SA has sold, for a net amount of € 915,200, which is higher than the fair value, a floor of the office building "Mercure" in co-ownership (located avenue de la Gare in the City of Luxembourg), where Leasinvest Immo Lux still holds 2 floors.

Sale of Pasteur (Grand Duchy of Luxembourg)

Leasinvest Immo Lux SA, a 100% subsidiary of Leasinvest Real Estate SCA, has sold on 11/03/2013 an office building of 4,928 m² located at the Avenue Pasteur in the Limpertsberg District in the City of Luxembourg to one of the real estate funds of the German investment company aik Immobilien-Kapitalanlagegesellschaft mbH. for an amount of approximately € 19.5 million, corresponding to the fair value of the building.

Sale Vierwinden site in Nossegem (Belgium)

At the beginning of January 2013 the front part of the Vierwinden site (located in Nossegem) was sold to Immobilière ASCO SA for a net amount of € 3 million, which is higher than the fair value.

Business center Torenhof in Merelbeke (Belgium)

At the end of December 2012, Leasinvest Real Estate has sold, in execution of a previously concluded sales obligation, the Castle Farm "Torenhof" that was converted into a business center, to Axxes Certificates SA for an amount of € 3.3 million (excluding costs and VAT), which is higher than the building's fair value.

For more information on the investments and divestments we refer to the information above, the press releases on www.leasinvest.be and note 3.1.2 of the financial statements.

COMPOSITION OF THE REAL ESTATE PORTFOLIO

For more information regarding the segment information we refer to note 3 of the financial statements.

Geographical classification Belgium – Grand Duchy of Luxembourg

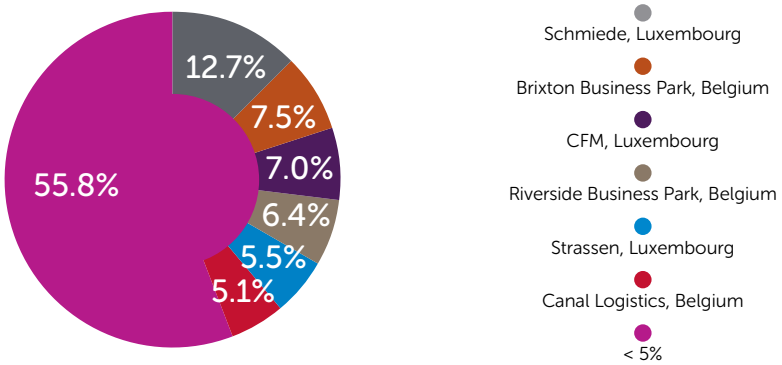
	Fair value (€ M)	Investment value (€ M)	Share in portfolio based on fair value (%)	Contractual rents (€ M/year)	Rental yield FV (%)	Rental yield IV (%)	Occupancy rate (%)
Grand Duchy of Luxembourg	287.00	292.51	46.5	20.55	7.16	7.03	99.28
Belgium	289.48	296.81	46.9	21.60	7.45	7.26	90.89
Real estate available for lease	**576.48**	**589.32**	**93.3**	**42.10**	**7.30**	**7.14**	**94.90**
Grand Duchy of Luxembourg	19.11	21.02	3.1	1.38			
Belgium	2.58	2.85	0.4	0.11			
Assets held for sale	**21.69**	**23.87**	**3.5**	**1.50**			
Projects Luxembourg	19.60	20.11	3.2				
Projects Belgium	0.00	0.00	0.0				
Total investment properties	**617.77**	**633.30**	**100.0**	**43.60**			

Segmentation based on asset class

	Fair value (€ M)	Invest-ment value (€ M)	Share in port-folio based on fair value (% of FV)	Con-tractual rents (€ M/Y)	Rental yield FV FV (%)	Rental yield IV IV (%)	Occu-pancy rate (%)	Dura-tion (Y)	Acqui-sition value (base = 31/12/11)	Insured value
Offices										
Offices Grand Duchy of Luxembourg	119.84	122.92	19	8.30	6.92	6.75	98.7	2.8	108.27	82.25
Offices Brussels	96.58	99.00	16	7.12	7.37	7.19	82.6	4.0	123.80	114.75
Offices rest of Belgium	29.91	30.66	5	2.51	8.40	8.19	99.9	4.2	50.30	32.85
Total offices	**246.32**	**252.58**	**40**	**17.93**	**7.28**	**7.10**	**91.8**	**3.5**	**282.37**	**229.85**
Logistics/semi-industrial										
Logistics/semi-indus-trial Grand Duchy of Luxembourg	20.18	20.68	3	1.48	7.34	7.16	100.0	2.8	13.40	5.28
Logistics/semi-indus-trial Belgium	108.40	111.76	18	8.66	7.99	7.75	92.8	4.1	97.76	122.21
Other	22.25	22.25	4	1.15	5.16	5.16	100.0	24.8	19.80	19.04
Total logistics/ semi-industrial	**150.83**	**154.69**	**24**	**11.29**	**7.49**	**7.30**	**94.3**	**6.0**	**130.96**	**146.53**
Retail										
Retail Grand Duchy of Luxembourg	146.98	148.91	24	10.77	7.33	7.24	100.0	5.2	135.70	45.46*
Retail Belgium	32.34	33.14	5	2.11	6.52	6.37	100.0	5.3	19.30	10.73
Total retail	**179.32**	**182.05**	**29**	**12.88**	**7.19**	**7.08**	**100.0**	**5.2**	**155.00**	**56.19**
Investment properties	**576.48**	**589.32**	**93**	**42.10**	**7.30**	**7.14**	**94.9**	**4.9**	**568.32**	**432.57**
Assets held for sale	21.69	23.87	4	1.50					19.32	17.07
Buildings in operation	**598.17**	**613.19**	**97**	**43.60**					**587.64**	**449.64**
Projects Grand Duchy of Luxembourg	19.60	20.11	3						19.50	3.43
Projects Belgium	0.00	0.00	0						0	
General total incl. development projects	**617.77**	**633.30**	**100**						**607.14**	**453.07**

* The insured value of retail Grand Duchy of Luxembourg is excluding Schmiede, as Leasinvest Real Estate is only its economic owner.

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



Total breakdown of the real estate portfolio (classification of buildings according to their main destination)

	Total surface (in m²)	Contractual rents[1] (€ M/y)	Occupancy rate (%)	Contractual rents + estimated rents on vacancy[2] (€ M/y)	Estimated rental value (€ M/y)
PART I: OFFICES					
Montimmo	1,760	0.96	100%	0.96	0.84
EBBC	4,473	1.46	93%	1.56	1.45
CFM Offices	5,559	1.34	100%	1.34	1.56
ESCH	1,839	0.62	99%	0.63	0.56
Kennedy	2,270	0.95	100%	0.95	0.86
Kiem	1,834	0.55	100%	0.55	0.53
Mercure	516	0.14	98%	0.14	0.11
Monnet	3,866	1.54	100%	1.54	1.46
Monterey	1,555	0.73	100%	0.73	0.57
Total offices Grand Duchy of Luxembourg	**23,672**	**8.30**	**99%**	**8.40**	**7.93**
Square de Meeûs 5-6 *	5,965	1.36	100%	1.36	1.11
Rue Montoyer 63 *	6,745	1.52	100%	1.52	1.17
Avenue Louise 66	3,398	0.57	92%	0.62	0.57
Riverside BP - phase I, III and IV	21,645	2.39	81%	2.95	2.91
Route de Lennik, Anderlecht *	15,132	1.28	63%	2.00	1.94
Total offices Brussels (Belgium)	**52,885**	**7.12**	**83%**	**8.46**	**7.71**
WKB offices, Motstraat	14,174	2.29	100%	2.29	1.89
Satenrozen 1 - Kontich *	1,792	0.23	99%	0.23	0.20
Total offices rest (Belgium)	**15,966**	**2.51**	**100%**	**2.51**	**2.09**
Total offices	**92,523**	**17.93**	**92%**	**19.39**	**17.73**
PART II: LOGISTICS					
CFM Warehouse	14,428	1.48	100%	1.48	1.17
Total Logistics Grand Duchy of Luxembourg	**14,428**	**1.48**	**100%**	**1.48**	**1.17**
SKF, Tongres	25,872	1.13	100%	1.13	1.04
State Archives, Predikherenrei 3 - Bruges *	6,097	1.15	100%	1.15	1.15
Prins Boudewijnlaan 7 *	27,589	1.29	100%	1.29	1.30
Meer - Dobla	5,015	0.15	100%	0.15	0.17
Meer - Helios	8,071	0.00	0%	0.26	0.26
Wommelgem - Nijverheidsstraat	26,590	1.37	100%	1.37	1.32
Canal Logistics - Phase 1	28,934	1.15	89%	1.30	1.37
Canal Logistics - Phase 2	21,923	0.95	100%	0.95	1.01
Total Logistics Belgium	**150,091**	**7.19**	**95%**	**7.60**	**7.60**
Total Logistics	**164,519**	**8.67**	**96%**	**9.08**	**8.78**
PART III : INDUSTRIAL					
Riverside BP - Phase II	5,181	0.39	90%	0.43	0.42
Brixton BP	21,668	1.26	94%	1.34	1.26
Vierwinden BP	7,145	0.25	67%	0.36	0.36
Alcan	3,191	0.33	100%	0.33	0.18
WKB Warehouses, Zeutestraat	7,362	0.40	100%	0.40	0.33
Total Industrial Brussels (Belgium)	**44,547**	**2.62**	**91%**	**2.86**	**2.55**
Total Industrial	**44,547**	**2.62**	**91%**	**2.86**	**2.55**
PART IV : RETAIL					
Diekirch	3,100	0.65	100%	0.65	0.42
Dudelange	3,759	0.36	100%	0.36	0.36
Foetz - Adler	4,219	0.56	100%	0.56	0.56
Diekirch - Batiself	8,843	0.90	100%	0.90	0.91
Diekirch - Siemes	1,356	0.23	100%	0.23	0.23
Strassen	22,721	2.45	100%	2.45	2.48
Schmiede	35,684	5.63	99%	5.67	5.65
Total Retail Grand Duchy of Luxembourg	**79,682**	**10.77**	**100%**	**10.81**	**10.61**
Brixton BP - Unit 4/5/6	14,454	2.11	100%	2.11	2.11
Total Retail Belgium	**14,454**	**2.11**	**100%**	**2.11**	**2.11**
Total Retail	**94,136**	**12.88**	**100%**	**12.92**	**12.73**
GENERAL TOTAL WITHOUT PROJECTS	**395,725**	**42.10**	**95%**	**44.24**	**41.79**
PART V: PROJECTS					
RIX - Boulevard royal	949	0.00	0%	2.31	2.31
Total Projects	**949**	**0.00**	**0%**	**2.31**	**2.31**
PART VI: ASSETS HELD FOR SALE					
Total Grand Duchy of Luxembourg	**4,928**	**1.38**	**100%**	**1.38**	**1.41**
Total Belgium	**6,526**	**0.11**	**22%**	**0.37**	**0.33**
Total assets held for sale	**11,454**	**1.50**	**85%**	**1.75**	**1.74**
General total with projects and assets held for sale	**408,128**	**43.60**	**90%**	**48.29**	**45.84**

1 The difference between the contractual rent and the rental income as presented in the financial statements is mainly attributable to the fact that the investments in 2012 have only contributed to the rental income as from September, and that these in the table above are annualized.

2 The real estate experts base the definition of the estimated rent on their knowledge of the real estate market and recently realized transactions. The rental value is a/o influenced by: the situation, the suitability of the site, the qualities of the building and the market circumstances. The unit price granted is multiplied by the surface of the building in order to obtain the total estimated rental value.

Insured value (situation on 31/12/12)

In order to avoid a multitude of recourse claims and to benefit from favourable premiums, all standard rental contracts (and service agreements within the framework of the business center activities) of both Leasinvest Real Estate and Leasinvest Immo Lux, and of their subsidiaries, define that the insurance contract of the specific building is concluded by the lessor for its total reconstruction value (its 'insured value'), including the tenant risk and similar risks, mutually waived, and including a loss of rent of 36 months ('the global insurance policy of the real estate investment trust').

The insured value of the buildings in the global insurance policy of the real estate investment trust is based on an external 'new construction' valuation executed by an authorized real estate expert. In the course of the current financial year both buildings in Meer (Wenen- and Riyadhstraat), the building in Wommelgem (Nijverheidsstraat) and Canal Logistics in Neder-over-Heembeek were reviewed, following which the revised values were recorded in the global insurance policy of the real estate investment trust. These insured values are yearly automatically indexed. For Belgium this is based on the current ABEX index 711 compared to 694 on 31/12/11 and for the Grand Duchy of Luxembourg on the 'Indice semestriel des prix de la construction', which currently stands at 716.93 compared to 696.95 on 31/12/11.

In Belgium the insurance risk of this global insurance policy is subscribed by three insurance companies, namely ACE European Group Ltd. (60%), Bâloise SA (previously Mercator SA) (20%) and BDM NV (20%). In the Grand Duchy of Luxembourg the global insurance policy is subscribed by Allianz Insurance Luxembourg SA.

The new building in the Belgian global insurance policy is the State Archives in Bruges (of subsidiary RAB Invest SA), for which also the underground parking has been insured, within the framework of the co-ownership structure. Both Axxes Business Park (recorded in the global insurance policy within the framework of Leasinvest Services SA being its syndic, € 44.51 million), and Torenhof remain incorporated in the insurance policy. The value of all moveable items (furniture, electronics,...) of the business centres was also incorporated in the global insurance policy. In the Grand Duchy of Luxembourg Hotel Rix is as from now on incorporated in the global insurance policy.

For a number of buildings the owner's risk is insured individually by the tenant (via their own global insurance policy) or by the co-ownership. In Belgium this relates to the buildings rue Montoyer 63 (insured via the global insurance policy of the European Parliament), the SKF building at Heesterveldweg 16 (Tongres) (insured via the global insurance policy of the SKF group), the building at Prins Boudewijnlaan (via the All Risk insurance of Federal Mogul Corporation), and the rue Lusambo 76 in Forest (via the Almet Belgium policy). Just as it is the case for the global insurance policy of the real estate investment trust, the insured value of these buildings is based on the aforementioned external 'new construction' value of 2009 and is in principle indexed automatically every year, based on the ABEX.
For Luxembourg this relates to the following buildings (all insured through the (syndic of the) respective co-ownerships): Kennedy (global insurance policy of € 373.39 million (incl. € 60 million loss of rent) of which € 9.29 million (including a loss of rent of € 2.60 million) relates to the Leasinvest Immo Lux part), EBBC (total value of the buildings of € 85.25 million with a Leasinvest Immo Lux share of € 14.18 million), Mercure (total of € 4.57 million of which the Leasinvest Immo Lux share is € 2.67 million), Monterey 20 (globally € 26.22 million of which € 3.97 million for the Monterey 20 part (100% Leasinvest Immo Lux) and € 0.71 million for the Central Parc co-ownership), Diekirch (Match) (€ 19.69 million of which € 5.15 million for Leasinvest Immo Lux).

With regard to the shopping center Knauf in Schmiede (L) the underlying leases define if the lessor, respectively the tenants should each insure their own risks against fire and similar risks. Within the framework of the acquisition of the real estate certificates by Leasinvest Immo Lux, the incorporation of a special clause in the insurance contracts was negotiated, in particular stating that priority is given to the certificate holders for the distribution of the proceeds of these insurances in order to compensate each possible loss of rental income.

The total insured value for the buildings owned by Leasinvest Real Estate, amounts to € 304.17 million, of which € 247.19 million is part of the global insurance policy of Leasinvest Real Estate.

The total insured value for the buildings owned by Leasinvest Immo Lux, amounts to € 148.90 million, of which € 116.90 million is part of the global insurance policy of Leasinvest Immo Lux.

A number of buildings to which a full VAT deduction applies, are insured at their new construction value excluding VAT.

Belgium (in € million)	
Offices:	147.60 (117% of fair value)
Logistics:	145.84 (112% of fair value)
Retail:	10.73 (33% of fair value)
TOTAL:	**304.17 (104% of fair value)**

Luxemburg (in € million)	
Offices:	94.73 (79% of fair value)
Logistics:	5.28 (26% of fair value)
Retail:	45.46 (31% of fair value)
Project Rix:	3.43
TOTAL:	**148.90 (48,6% of fair value)**

The premiums paid for 2012 within the framework of the global insurance policies, incl. taxes, amount respectively to € 150,609 for Belgium and to € 47,203 for Luxembourg.

9.3 VALUATION REPORT[1 2]

VALUATION UPDATE AS AT 31 DECEMBER 2012 OF THE LEASINVEST REAL ESTATE SCA PORTFOLIO REPORT BY THE EXTERNAL VALUER CUSHMAN & WAKEFIELD

We are pleased to report our valuation of the investment value of the Leasinvest Real Estate SCA portfolio as at 31 December 2012.

Our valuation has been prepared on the basis of the information provided to us by Leasinvest Real Estate SCA. We assume this information is correct and complete, and that there are no undisclosed matters which could affect our valuation.

Our valuation methodology is the capitalization 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.

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 and shops, situated in Belgium (Brussels, Zaventem, Mechelen, Antwerp, Tongeren and Meer) and in the Grand Duchy of Luxembourg.

2. The effective rental income (including the market rent on vacant space) is 5.97% higher than the market rent (respectively 7.50% and 4.50% for the Belgian and Luxembourg portfolios).

3. The occupancy rate[3] of the total portfolio (including the projects) is 89.76%[4] (respectively 89.98% and 89.55% for the Belgian and the Luxembourg portfolios).

4. In Q4 2012, the Business Center in Merelbeke, Torenhof, has been sold to Axxes Certificates SA for € 3.3 million (costs and VAT excluded). A floor of the office building "Mercure" in Luxembourg was also sold for a net amount of € 915,200.

5. In Q3 2012, two properties were added to the portfolio. On the one hand there was the Schmiede Shopping Centre with a value of € 78,620,000 in Luxembourg, and on the other hand there was the State archives in Bruges, for a long time rented to the Government, with a value of € 22,250,000.

For all buildings of Leasinvest Real Estate SCA, we determined the following values as at 31 December 2012, including the part that has been valued by Winssinger & Associates:

1 The valuation report has been reproduced with the agreement of Cushman & Wakefield and Winssinger & Associates.
2 The conclusions of the valuation report concern, unless mentioned otherwise, the real estate porfolio of Leasinvest Real Estate, including the development projects and the assets held for sale.
3 The occupancy rate is valid on the date of the valuation and does not take into account future availability (already known or not) nor future new contracts (signed or not). This figure is calculated on the basis of the following formula: (market rent of all let areas)/ (market rent of the complete portfolio).
4 The difference with the occupancy rate of 94.9% mainly concerns the RIX project to be developed, of which the estimated rent amounts to € 2,3 million, and of which the commercialization has yet to be started.

1. an investment value of € 633,300,000[5] (six hundred thirty-three million three hundred thousand euros), with respectively € 299,660,000 and € 333,640,000 as investment values for the Belgian and Luxembourg portfolios; and
2. a fair value of € 617,870,000 (six hundred and seventeen million eight hundred and seventy thousand euros), with respectively € 292,160,000 and € 325,710,000 as fair values for the Belgian and Luxembourg portfolios.

On this basis, the initial yield of the complete portfolio (including the projects and the assets held for sale) in terms of investment value is 6.88% (with respectively 7.23% and 6.57% for the Belgian and Luxembourg portfolios) and the initial yield of the complete portfolio in terms of fair value is 7.06% (respectively 7.42% and 6.73% for the Belgian and Luxembourg portfolios).

Wim OTTEVAERE	Koen NEVENS
Surveyor – Account Manager	Managing Partner
Valuation & Advisory	
For	For
Cushman & Wakefield	Cushman & Wakefield

9.4 TECHNICAL MANAGEMENT OF THE BUILDINGS

Belgium – Leasinvest Services

The property management of Leasinvest Real Estate is performed by a 100% subsidiary of Leasinvest Real Estate, since 2007. The decision to insource the property management of the Belgian portfolio has mainly been taken to reinforce direct communication with our tenants.

The property management is currently performed by Leasinvest Services NV (company number 0826.919.159) and having its registered office in 2000 Antwerp, Schermersstraat 42.
This company is in principle exclusively active in property and project management of Leasinvest Real Estate's buildings located in Belgium.
Till the expiry of the rental guarantee granted by Leasinvest Real Estate within the framework of the divestment of phase I of the Axxes Business Park, and only during that period, Leasinvest Services is also in charge, for a fee in line with market standards, of the technical and commercial management of the buildings of the real estate certificate "Axxes", of which Leasinvest Real Estate has subscribed to 5%.

Leasinvest Services NV was created mid-2010 and has taken over the management activities and the personnel of Leasinvest Services NV (old) with company number 0878.901.063 (created as Leasinvest Real Estate Facility Services NV on 17/01/06).
Leasinvest Services is not under the supervision of an official body. This company employs 7 persons, directed by Sven Janssens, head of property management, reporting to Michel Van Geyte, COO of Leasinvest Real Estate Management SA and one of the effective managers of Leasinvest Real Estate. Apart from the aforementioned persons, Jean-Louis Appelmans and Micheline Paredis are also members of the board of directors.

The property management comprises administrative, financial and technical activities.

The administrative and financial management consists of:
- verification of compliance with the leases and the internal regulations
- updating of 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

5 For the investment and fair values the share in the capital of Retail Estates is not taken into account.

The technical management implies a/o:

- regular inspection of the buildings to maintain 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
- evaluating sustainability aspects

Leasinvest Services SA is a separate company within (i.e. subsidiary of) Leasinvest Real Estate that, in accordance with the provisions of article 11 of the RD of 07/12/10 disposes of the necessary administrative, accounting, financial and technical organisation for managing Leasinvest Real Estate's property portfolio. Its directors and the persons effectively managing the company all have the required professional reliability and experience to be able to execute management tasks.

Leasinvest Services SA receives a remuneration of 3% (excluding 21% VAT) of the rental income of the buildings managed.
For unlet premises a management fee of 1.5% (excluding 21% VAT) on the estimated rental income as defined by the real estate expert, is charged. This remuneration 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 property manager based on the scales produced by the Professional Institution.

Leasinvest Services SA also has the required professional competences to offer project management services exclusively to Leasinvest Real Estate. The project management consists of technical assistance to the client (i.e. Leasinvest Real Estate or its subsidiaries) within the framework of important renovations during the construction/renovation process, with activities going from the preparation of the specifications over the comparison of offers, the follow-up and planning of the construction, including managing the budgets.
This project management is remunerated separately in function of the specific project.

During the past financial year Leasinvest Real Estate has paid a remuneration of € 401,287 (excl. VAT), through its 100% subsidiary Canal Logistics Brussels SA, to Leasinvest Services. These types of assignments were previously outsourced to architects and consultancy offices.

Grand Duchy of Luxembourg

A management contract has been concluded, for the entire portfolio, with an external property manager, for the entire Luxembourg portfolio.
The centralisation on the level of reporting, quality of execution, and uniform services are of utmost importance to reach an acceptable quality level.

The centralisation of the technical property management is outsourced to Property Partners for a term of five years. For its normal property management assignment, Property Partners receives a management fee of 2% on average of the annual rental income, where an adapted price is fixed for buildings in co-ownership.
100% owned by its current directors, Property Partners (company number 1999 2228 302 – register of commerce RCB 72.368, company under Luxembourg law) is mainly a team of 40 employees, solidly implanted in Luxembourg, driven by the common will to find tailor-made solutions to its clients' real estate questions, within the framework of a long-term relationship.
Since its establishment in 1999, Property Partners is active in the offices, retail and logistics segments and offers a number of services regarding letting, management, investments, advice, expertise, research and sustainable development.
At present, Property Partners lies at the basis of the first Luxembourg property network, thanks to the creation of PP Belgium in Brussels in October 2011 and PP France in Metz in September 2012.
The registered office is situated at rue Charles Martel, 54 in the Grand Duchy of Luxembourg. Property Partners SA is not subject to the supervision of an official body.

The past financial year, Leasinvest Immo Lux paid a fee of € 30,810 (excl. VAT) to Property Partners.

Corporate Governance Statement

10.1 CORPORATE GOVERNANCE CHARTER

The Belgian Corporate Governance Code, communicated on 12/03/09 by the Corporate Governance Committee, on the initiative of the FSMA, Euronext Brussels and the FEB, is applied as the reference code by Leasinvest Real Estate.
The Corporate Governance Charter of Leasinvest Real Estate, established as an implementation of this code, aims to lay down the rules for efficient internal functioning and organization of the management of the real estate investment trust, without infringing the legal provisions regarding the functioning and powers of the board of directors (including the legal oversight and management powers of each member of the board of directors) and the provisions of the RD on real estate investment trusts.
The Charter will be updated to reflect changes in corporate governance policies so that a correct view on the management of the real estate investment trust is provided at any given time.

The Charter was updated at the beginning of 2013 and the most recent version can be found on the website (www.leasinvest.be).

Comply or Explain - Derogations of the Corporate Governance Charter compared to the Belgian Corporate Governance Code

Leasinvest Real Estate's Charter differs from the recommendations of the Code, only for a limited number of items, as illustrated by the list hereafter.
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.

Qualified majority
The qualified majority required for certain important decisions makes that the agreement of the directors nominated on the proposal of Extensa Group (Ackermans & van Haaren) is demanded. Broadly interpreted, this could be seen as a derogation from the principle of section 2.2. of the Code, which prescribes that the decision-making process within the board of directors may not be dominated by an individual, nor by a group of directors.

Remuneration report
There is a derogation from principle 9.3/2 of the Belgian Corporate Governance Code in the sense that a compensation for leaving of 24 months was granted to Jean-Louis Appelmans, which has been approved by the general meeting of shareholders of Leasinvest Real Estate on 16/05/11, on the advice of the nomination and remuneration committee.

Audit committee
The Belgian Corporate Governance Code which is stricter than the Company Law demands that at least the majority of the members of the audit committee are independent (point 5.2./4 of Annex C of the Belgian Corporate Governance Code). At Leasinvest Real Estate half of the audit committee is composed of independent directors.

"Maximum transparency for genuine corporate governance"

10.2 DECISION-MAKING BODIES

Pursuant to the provisions of article 9 of the RD of 07/12/10 on real estate investment trusts (sicafi/bevak) Leasinvest Real Estate is autonomously managed in the exclusive interest of its shareholders.

Statutory manager

The real estate investment trust Leasinvest Real Estate is being managed by its limited (managing) partner and sole statutory manager, Leasinvest Real Estate Management SA, with its registered office at 2000 Antwerp, Schermersstraat 42 (register of legal persons 0466.164.776), a 100% subsidiary of Extensa Group SA. The only activity of the manager is (and always has been) the management of Leasinvest Real Estate. On 31/12/12 Leasinvest Real Estate Management NV had a shareholder's equity of € 2,373,744.49.
Extensa Group NV is the founder and promoter of Leasinvest Real Estate. Extensa Group 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 NV was appointed in 1999 as the sole statutory manager for an indefinite term, with a fixed minimum term of twenty-seven (27) years. The mandate is irrevocable until the annual general meeting of Leasinvest Real Estate that will be held in 2026.
After that fixed term, 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 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 lawful grounds, initiated by the general meeting of shareholders.

The team employed within the Leasinvest Real Estate Group, that is responsible for general management, commercial contacts with tenants and real estate agents, accounting, legal activities, administration and technical management of the buildings currently consists of 22 persons[1].

Authority
The statutory manager is empowered to perform all management operations which are necessary or useful to fulfill Leasinvest Real Estate's objective, except for those operations for which only the general meeting of shareholders is competent according to the law.
The statutory manager manages the company through its collegial board of directors, which has appointed a managing director and a representative for the daily management (see further 'daily management-effective leadership').

Remuneration of the manager
Besides entitlement to reimbursement of expenses directly associated with its mission of running the real estate investment trust, the statutory manager is entitled to receive a fixed-rate remuneration pursuant to the articles of association of 0.415% of the assets of the company. For the past financial year, this remuneration was € 2,395,869.23. No other remuneration is granted to the statutory manager.

Board of directors of the statutory manager[2]

Composition of the board of directors[3]
At present, the board of directors of the statutory manager, Leasinvest Real Estate Management SA, is composed of twelve directors, of whom five directors are appointed on the proposal of Ackermans & van Haaren/Extensa Group NV, four independent directors and three directors appointed on the proposal of AXA Belgium NV.

The regulation for nominations (nomination rights granted to Ackermans & van Haaren/Extensa Group SA and AXA Belgium SA) based on which the board of directors is composed as stated above, is further developed in the articles of

1 Leasinvest Real Estate itself has no personnel; the statutory manager Leasinvest Real Estate Management SA, Leasinvest Services SA and Leasinvest Immo Lux SA do.
2 For statements by the directors and the management, please refer to chapter 6 Permanent document
3 For the mandates in other companies terminated mandates are indicated with an '*'; listed companies are indicated in bold.

association of the statutory manager and in a shareholders' agreement. According to agreements between AXA Belgium and Ackermans & van Haaren Group, a maximum of 3 directors may be appointed on the proposal of AXA Belgium NV.

The independent directors have the special task, based on the Corporate Governance Charter of the real estate investment trust, of safeguarding the interests of all shareholders of Leasinvest Real Estate and of guaranteeing that they receive equal treatment.

The articles of association of the statutory manager also comprise specific **provisions regarding the special majorities** within the board of directors of the statutory manager, which relate, inter alia, to decisions regarding the strategy (see below) and in that way, confirm the **exclusive control of Ackermans & van Haaren Group** over Leasinvest Real Estate.

All directors, the effective directors and the members of the executive management, taking into account their previous and current functions, directors' mandates and education, possess the relevant management expertise and experience for managing a real estate investment trust.

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

Director	Start mandate	End mandate	Attendance quotient Board of directors
Christophe Desimpel ■ ◆	20/10/03	19/05/14	3/7
Michel Eeckhout / Michel Eeckhout Management SPRL ◆	16/05/11	19/05/14	5/7
Eric Van Dyck / Starboard SPRL ◆	16/05/11	19/05/14	3/7
Marc Leysen ■	16/05/11	19/05/14	5/7
Luc Bertrand ◆	18/06/99	19/05/14	7/7
Jean-Louis Appelmans	03/06/99	19/05/14	7/7
Jan Suykens ■	03/06/99	19/05/14	7/7
Kris Verhellen	03/06/99	19/05/14	7/7
Michel Van Geyte	19/03/13	19/05/14	
Guy van Wymersch-Moons ◆	21/01/06	19/05/14	6/7
Thierry Rousselle / SiriusConsult SPRL ■	21/01/06	19/05/14	6/7
Alfred Bouckaert / Consuco SA	17/08/09	19/05/19	6/7

■ Member of the audit committee ◆ Member of the nomination and remuneration committee

In accordance with article 9 of the RD of 07/12/10 the board of directors should comprise at least three independent directors in the sense of article 526 ter of the Company Law.

The independent directors are:

Christophe Desimpel
managing director of De Speyebeek NV, Guldensporenpark 82, 9820 Merelbeke
Mandates in other companies, currently and during the 5 previous financial years: Accentis NV*, Aluclaeys Finance NV, Aluclaeys Invest NV, BEM, BVS-UPSI, De Cederboom NV*, DEG Vastgoed NV, DEG Tanking NV, Desmatra NV, Desimpel Energy Group NV, Desimpel Real Estate NV, De Speyebeek NV, Enfinity 2 CVBA*, Enfinity 4 CVBA*, 7 Energy NV, ENG Invest NV, Eurocrossroads Business Park NV, Eurofina NV, Immo Desimpel NV, Koninklijke Renverenigingen Oostende NV, Mahora Invest NV, Marina Tower ESV, DML Composites NV, New Regence NV*, Nutridix NV*, Omroepgebouw Flagey NV, Parts & Components NV*, Demcopack Davis NV*, Pathoeke Industries NV, Pathoeke Plus NV, Pielos BVBA, Creafund 1 NV, Creafund 2 NV, Resiterra NV, Barbarahof NV, Te Lande NV, Quio NV, Wonen en Zorg NV, Aldea NV, WZP NV, Ter Harte vzw, Sint-Vincentius vzw, Leuven Brabançonne NV, Houthalen Lucia NV, Woonzorg het dorp VZW, Ter Reigerie VZW, SODEIM NV, Dekosim Nv, Ter Ecke VZW, Ter Poele VZW, Valletta Invest NV*, Wellington Golf Oostende NV*, VZW Buurthuis, Wellington Golf Park NV, Oostende Koerse VZW, Restotel NV, Immo Ter Poele NV, THV Immoflandria-De Speyebeek, Wenzig NV, DOP Kortemark NV.

Michel Eeckhout Management SPRL, having its registered office at 1970 Wezembeek-Oppem, Zikkelstraat 44, with permanent representative for the execution of this mission in the name and for the account of the aforementioned legal person-independent director, **Michel Eeckhout**, director of companies, previously, till 31/12/2012 Executive Vice President of Delhaize Group, Square Marie Curie 40, 1070 Anderlecht
Mandates in other companies, currently and during the 5 previous financial years of Michel Eeckhout Management SPRL: Alcopa NV, Puratos Groep NV, Van Genechten Packaging NV, and of **Michel Eeckhout**: Aniserco SA, Comeos VZW, Delhome SA, GS1 Global VZW, Points Plus Punten - PPP SA, Union Wallonne des Entreprises SA, VOKA NV, Internationale Muziekwedstrijd Koningin Elisabeth van Belgiê VZW, Middelheim Promotors VZW

Mark Leysen
Executive Chairman of VanBreda Risk & Benefits, Plantin en Moretuslei 297, 2140 Antwerp
Mandates in other companies, currently and during the 5 previous financial years: Bank Delen & De Schaetzen NV, Bank J.Van Breda & C° NV*, Bredcover Comm.V, Econopolis NV, EOS RISQ NV, Finaxis NV*, Justitia NV, Unibreda Comm.V, Vanbreda Ausloos NV, Vanbreda Credinco NV, Vanbreda Fryns NV, Vanbreda Informatica NV, Vanbreda International NV*, Vanbreda & Lang SA, Vanbreda Risk & Benefits Nederland BV, Zinner NV, De Warande vzw*.

Starboard SPRL, having its registered office at 2930 Brasschaat, t'Serclaeslei 12, with permanent representative for the execution of this mission in the name and for the account of the aforementioned legal person-independent director, **Eric Van Dyck**, COO of Redevco BV and Managing Director of Redevco Belgium, at 1000 Brussels, Anspachlaan 1/1
Mandates in other companies, currently and during the 5 previous financial years of Starboard SPRL: nihil and of **Eric Van Dyck**: Redevco Retail Belgium Comm. V, Redevco Offices Belgium Comm. V, Bengali NV, Mons Revitalisation, Starboard BVBA, Cushman & Wakefield LLP – UK, Cushman & Wakefield VOF, België en Nederland, Cushman & Wakefield Germany, Greece & Turkey.

The directors proposed by Extensa Group SA are:

Luc Bertrand

chairman of the executive committee of Ackermans & van Haaren SA, chairman of the board of directors of Leasinvest Real Estate Management SA (non-executive director), Begijnenvest 113, 2000 Antwerp

Mandates in other companies, currently and during the 5 previous financial years: Ackermans & van Haaren Coordination Center NV, **Ackermans & van Haaren NV**, Algemene Aannemingen Van Laere NV, Anfima NV, Asco Leven NV*, **Atenor Group NV**, Axe Investments NV, Baarbeek BV, Bank Delen & De Schaetzen NV, Bank J.Van Breda & Co NV, Belcadi BV*, Belfimas NV, Bos NV, Bracht Deckers & Mackelbert NV*, Brinvest NV, Continentale Verzekeringen NV*, Cruiser BV*, Delen Investments CVA, Deme Coordination Center NV, "Dredging, Environmental & Marine Engineering" NV,Dredging International NV, Egemin International NV, Extensa Group NV, Finaxis NV, Gemini Natural Resources NV, Groupe Financière Duval SA, **Groupe Flo**, Holding Group Duval, I.C.P. (Instituut Christian De Duve), Idea Strategische Economische Consulting NV*, ING België NV, JM Finn & Co, Leasinvest Immo Lux SICAV-FIS SA, Manuchar NV, Nationale Investeringsmaatschappij NV*, Nationale Maatschappij Der Pijpleidingen NV*, NMC NV, Prins Leopold Instituut voor Tropische Geneeskunde, Profimolux NV, Project T&T NV, Protalux NV*, Rent-A-Port Energy NV, Rent-a-port NV, IBF NV, Scaldis Invest NV, **Schroders Ltd. (London), Sipef NV**, Sofinim NV, T&T Koninklijk Pakhuis NV, T&T Openbaar Pakhuis NV, T&T Parking NV, Thornton & C° NV, Vlaamse Beleggingen BV*,

Charity mandates: Guberna (chairman) Belgian governance institute, VOKA (vice chairman), Tropical institute Antwerp , ICP (cancer research), Middelheim museum and Mayer v. den Berghe, Insead Belgian Council, Vlerick Leuven Gent School.

Jean-Louis Appelmans

CEO and managing director of Leasinvest Real Estate Management SA (executive director), Schermersstraat 42, 2000 Antwerp

Mandates in other companies, currently and during the 5 previous financial years: Alm Distri NV*, Canal Logistics Brussels NV, Extensa Group NV, Extensa NV*, Foncière des Eperons d'Or NV*, Granvelle Consultants & Co BVBA, Leasinvest Immo Lux Conseil SA*, Leasinvest Immo Lux SICAV-FIS SA, Leasinvest Services NV, Montimmo SA*, Project T&T NV*, Rab Invest NV, **Retail Estates NV openbare vastgoedbevak**, Zebra Trading NV*

Jan Suykens

member of the executive committee of Ackermans & van Haaren SA (non-executive director), Begijnenvest 113, 2000 Antwerp

Mandates in other companies, currently and during the 5 previous financial years: Ackermans & van Haaren Coordination Center NV, **Ackermans & van Haaren NV**, Algemene Aannemingen Van Laere NV, Anfima NV, Anima Care NV, Antwerps Beroepskrediet CVBA, Asco Leven NV*, Avafin-Re SA*, Baloise Belgium NV, Bank Delen & De Schaetzen NV, Bank J.Van Breda & C° NV, Banque Delen Luxembourg NV, Belcadi BV*, Bracht, Deckers en Mackelbert NV*, Brantano NV*, Cobelguard NV*, Continentale Verzekeringen NV*, Corelio NV (ex-VUM Media NV), "Dredging, Environmental & Marine Engineering" NV, D&S Holding NV*, Extensa Group NV, Extensa NV, Finaxis NV, Gemini Natural Resources NV, Groupe Financière Duval SA, Holding Groupe Duval, JM Finn & C°, Leasinvest Immo Lux Conseil SA*, Leasinvest Immo Lux SICAV-FIS SA, Mabeco NV, Media Core NV (Ex-Synvest NV), Nateus Life NV*, Nateus NV*, Nationale Investeringsmaatschappij NV*, Oleon Biodiesel NV*, Oleon Holding NV*, Profimolux NV, Project T&T NV, Protalux NV*, Sofinim NV, Oleon NV*, T&T Koninklijk Pakhuis NV, T&T Openbaar pakhuis NV, T&T Parking NV

Kris Verhellen

CEO[4] of Extensa Group SA (non-executive director), Tour & Taxis, avenue du Port 86C bus 316, 1000 Brussels

Mandates in other companies, currently and during the 5 previous financial years: Arcade SRL, Axor SRL, Bel Rom Fifteen SRL, Bel Rom Patru SRL, Bel Rom Sapte SRL, Building Green One NV, CBS Development NV, CBS-Invest NV, Citérim NV, Développements et Promotions Immobiliers SA, Exparom I BV, Exparom II BV, Extensa Development NV, Extensa Group NV, Extensa I SRO*, Extensa Istanbul AS, Extensa Land I NV, Extensa Land II NV, Extensa Luxembourg SA, Extensa Nederland BV, Extensa NV, Extensa Participation I SARL, Extensa Participation II SARL, Extensa Romania SRL, Extensa Slovakia SRO, FDC Deva BV, FDC Focsani BV, Finance & Promotion NV*, Grossfeld Immobilière SA, Grossfeld PAP SA, GVE BVBA, Implant NV, Kinna I NV*, Kinna II NV*, Kinna Finance NV*, Leasinvest Development NV, Leasinvest Finance NV, Leasinvest Real Estate Management NV, Metropool 2000 NV*, Omroepgebouw Flagey NV*, Project T&T NV, Sitas BVBA, T&T Koninklijk Pakhuis NV, T&T Openbaar Pakhuis NV, T&T Parking NV, Top Development AS, Upo Invest NV, Vilvolease NV.

Michel Van Geyte

COO of Leasinvest Real Estate Management SA (executive director), Schermersstraat 42, 2000 Antwerp

Mandates in other companies, currently and during the 5 previous financial years: Alm Distri NV*, Canal Logistics Brussels NV, Foncière des Eperons d'Or NV*, IFMA VZW, Leasinvest Immo Lux Conseil SA*, Leasinvest Immo Lux SICAV-FIS SA, Leasinvest Services NV, Midhan BVBA, Montimmo SA*, RAB Invest NV, Zebra Trading NV*

Messrs Desimpel, Eeckhout (Michel Eeckhout Management SPRL, Leysen and Van Dyck (Starboard SPRL) satisfy the criteria of independent directors in the sense of article 526 ter of the Company Law. They also satisfy the criteria of independence as defined in the Corporate Governance Charter of the real estate investment trust.

The directors proposed by AXA Belgium SA are:

Guy Van Wymersch-Moons

general manager real estate of AXA Belgium SA (non-executive director), boulevard du Souverain 25, 1170 Brussels

Mandates in other companies, currently and during the 5 previous financial years: Beran SA, Blauwe Toren NV, Brustar One NV, Cabesa NV, Cornaline House NV, EVERS Freehold NV, Froissart Léopold NV, **Home Invest Belgium NV openbare vastgoedbevak**, Immo du Parc Hotel NV, Immo Instruction NV, Immo Jean Jacobs NV, Immo RAC HASSELT NV, Immo Zellik NV, Instruction NV, La Tourmaline NV, Leasinvest Immo Lux SICAV-FIS SA, LEG II MEER 15 NV, LEG II MEER 22-23 NV, LEG II MEER 42-48 NV, Lex 65 NV, Maison de l'assurance NV, Marina Building NV*, Messancy Réalisation NV, MUCC NV, Parc de l'Alliance NV, Parc Léopold NV, Parc Louise NV, QB19 NV, Royaner NV, Royawyn NV, Sodimco NV, The Bridge Logistics NV, Transga NV, Treves Freehold NV, Trèves Leasehold NV, Upar SA, Vepar NV, Water Leau NV, Wetinvest III NV, WOM, Zaventem Properties 1 NV, Zaventem Properties 2 NV, lid van beheerraad BVS-UPSI

4 Via SITAS BVBA, who appointed Mr. Verhellen as its permanent representative

SiriusConsult SPRL, for the execution of the mandate of director-legal person represented by its permanent representative, **Thierry Rousselle**, **director of companies (non-executive director), avenue Paul Hymans 101 boîte 21, 1200 Woluwe-Saint-Lambert**
Mandates in other companies, currently and during the 5 previous financial years: Brustar One NV*, Cabesa NV*, Cornaline House NV*, Immo Jean Jacobs NV*, Immo Rac Hasselt NV*, Immobilière du Park Hotel NV*, La Tourmaline NV*, Les Résidences du Quartier Européen NV*, Lex 65 NV*, Marina NV*, Messancy Réalisations NV*, Mucc NV*, Parc de l'Alliance NV*, Parc Louise NV*, QB19 NV*, Royaner NV*, Royawyn NV*, Sodimco NV*, Transga NV*, Vepar NV*, Water-Leau NV*, Wathall NV*, Zaventem 1 NV*, Zaventem 2 NV*, Immo Zellik NV*, Trèves Leasehold NV*, Trèves Freehold NV*, UPSI

Consuco SA, for the execution of the mandate of director-legal person represented by its permanent representative, **Alfred Bouckaert**, **director of companies (non-executive director), avenue De Foestraets 33 A, 1180 Brussels**
Mandates in other companies, currently and during the 5 previous financial years: AXA ART Versicherung AG, AXA Assurances Luxembourg SA, AXA Assurances Vie Luxembourg, AXA Bank Europe SA, AXA Belgium NV, AXA GREECE NV, AXA Holdings Belgium, AXA Insurance SA, AXA ITALIE NV, AXA Konzern AG, AXA Leben, AXA Lebensversicherung AG, AXA Luxembourg, AXA Participations Belgium, AXA Service AG, AXA Versicherung AG, Bank J.Van Breda & Co NV, voorzitter van de Raad van Bestuur van Belfius Bank & Verzekeringen, **CFE NV**, Chambre Française de Commerce et d'industrie de Belgique, Consuco, Contere, De Waere (Belgique), Finaxis NV, Institut de Duve, L'Ardenne Prévoyante, Leasinvest Real Estate Management NV, MITISKA NV, RESO, Société patrimoniale familiale, Vandemoortele NV, Vesalius NV

Pursuant to the Corporate Governance Charter of the real estate investment trust, the non-executive directors do not hold more than 5 mandates in listed companies.

Louise 66, Brussels

Term of the mandate

All directors' mandates are limited to a maximum of four years, as foreseen by the Belgian Corporate Governance Code.

Messrs Appelmans, Suykens and Verhellen, were appointed as directors as from 03/06/99; Mr Bertrand as from 18/06/99.
Messrs Rousselle and Van Wymersch-Moons were appointed as directors as from 21/01/06; Mr Bouckaert was appointed with effect from 17/08/09.
Messrs Eeckhout, Leysen and Van Dyck (Starboard SPRL) were appointed as directors with effect from 16/05/11.

As of 20 December 2012 Michel Eeckhout Management SPRL, with permanent representative of the legal person-independent director Michel Eeckhout, was appointed as director till the annual meeting to be held in 2014; at the same date the mandate of Michel Eeckhout as an independent director was ended.
As of 19/03/2013 Michel Van Geyte was appointed as director till the annual meeting in 2014.
The annual meeting of shareholders of the statutory manager, Leasinvest Real Estate Management SA, held on 17 May 2010, has decided to renominate all directors for a term of 4 years, i.e. till the annual meeting that will be held in 2014.

Mr Desimpel was co-opted by the board of directors on 18/12/02 and definitively appointed as an independent director with effect from 20/10/03.
The three other independent directors, Mr Leysen, and Starboard SPRL, represented by Eric Van Dyck, have been appointed as from 16/05/11, also till the annual meeting which will be held in 2014. Michel Eeckhout Management SPRL, represented by Michel Eeckhout, has been appointed as of 20/12/2012 till the annual meeting in 2014.

SiriusConsult SPRL, represented by Thierry Rousselle, and Consuco NV, represented by Alfred Bouckaert, have been appointed as from 17/05/10 till 2014.

Meetings of the board

The articles of association provide that the board of directors should meet, at least four times a year. Major transactions can require several meetings of the board.
The board of directors met 7 times during the financial year 2012. The attendance quotient was 82%. The attendance quotient of individual members was 100% in the case of Messrs Bertrand, Suykens, Appelmans and Verhellen. For Messrs Bouckaert (Consuco SA), Van Wymersch and Rousselle the attendance quotient was 86% for each, for Messrs Leysen and Eeckhout 71% each, for Mr Desimpel 57% and for Mr Van Dyck 43%.

Competencies of the board of directors and activity report of the meetings of the board of directors

The board of directors defines the policies of the real estate investment trust and has the power to perform all acts which are useful or necessary to fulfill the objective of the statutory manager, in particular, the management of Leasinvest Real Estate, and to perform all acts which are not subject to the authority of the general meeting, according to the law or the articles of association.
In addition to the mandatory matters, such as drawing-up the accounts, the yearly and half-yearly financial report and the interim statements, press releases or the preparation of general meetings, the board of directors proceeds to the annual approval of the budgets, the interim results and outlook, investments and possible divestments.

In 2012 a/o the following specific agenda items were treated by the board of directors:

- development of the further strategy of the company to a more important diversification towards retail in Belgium and in Luxembourg, and geographically towards Luxembourg a/o by the subscription to 100% of the real estate certificates issued by the Knauf shopping center in Schmiede, the acquisition of the "hotel Rix" at the boulevard Royal, and the increase of the participation to more than 10% in the public sicafi Retail Estates SA and the divestment of a number of smaller and/or less strategic buildings;
- extension of the maturity dates of the current bank credits and extension of the number of banks.

Prior to the meeting, the directors receive an agenda with the list of items to be discussed, accompanied by a documentation bundle, in order to prepare the meetings of the board of directors. The subjects dealt with by the board of directors are explained comprehensively by the management before the deliberation by the Board[5]. In the process

5 Two of the members of the management have the function of effective directors as defined by article 38 of the law of 20 July 2004 on certain forms of collective management of investment products (in this regard, we also refer the reader to the point "Day-to-day management – Effective direction".)

of preparing certain decisions, the board of directors is advised by the audit committee, the nomination & remuneration committee or the committee of independent directors. Furthermore, the directors can request prior advice from an (or more) independent expert(s).
The minutes of the meetings present a summary of the deliberations, specify the decisions taken and mention any reservations of certain directors. The minutes are held at the offices of the statutory manager.

The board can validly decide if the majority of its members are present or represented.

The board always endeavors to take decisions unanimously. If for a certain decision, no consensus can be reached, the decision of the board of directors is taken by a simple majority of votes of the directors present or represented, and in the case of abstention by one or more directors, by a simple majority of votes of the other directors present or represented, except in those cases that require a special or qualified majority:

Special or qualified majorities

a) decisions on the definition of the strategy of Leasinvest Real Estate and on the proposals for amendments to the articles of association of the latter: 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 Ackermans & van Haaren Group (or an associated company) and provided that there is no conflict of interest between them in the sense of article 523 of the Company Law. This qualified majority is also due to the exclusive control by Ackermans & van Haaren Group as a consequence of the exclusive control over the statutory manager of the company.
b) decisions regarding the proposal for appropriation of the result of Leasinvest Real Estate: these decisions are only taken by a special majority of eighty percent of the votes of the directors present or represented.

Evaluation

On the initiative of the chairman, the directors are regularly evaluated within the scope of the requirement that directors of a real estate investment trust have to dispose of the professional expertise and adequate experience. Their education, prior and current functions and directors' mandates in other companies are therefore taken into account. A periodical assessment is made of whether the directors keep on meeting the requirements and of their contribution to the further development of the real estate investment trust based on their presence and input during the deliberation and decision-making process within the committees they may be part of, and within the board of directors. Preliminary to the possible renomination of a director, his individual contribution is assessed in function of the (new) composition of the board of directors.
The evaluation of the composition and functioning of the board of directors and its consultative committees takes place every two to three years, as foreseen by the Code.
For this evaluation or actualization of the evaluation external advice can be asked. In the past, a/o the Guberna institute was appealed to.
The size, the composition and the efficient functioning of the board of directors and its consultative committees are also taken into account in the case of an evaluation.
Once per year, the non-executive directors, meeting without the presence of the CEO, shall evaluate the relationship between the board of directors on the one hand, and the effective direction and executive management, on the other hand.
If the aforementioned evaluation procedures reveal specific weaknesses, the board of directors shall adopt the appropriate solutions. This may lead to amendments to the composition of the board of directors, or proposals to nominate new directors or not to renominate existing directors.

Consultative committees[6]

The board of directors has currently three consultative committees as defined in the Corporate Governance Code and further explained in the Corporate Governance Charter of the real estate investment trust.

The consultative committees have a pure advisory function. They are in charge of examining specific matters and formulating advice to the board of directors.
The committee of independent directors holds a specific consultative remit, broader than that defined in article 524 of the Company Law and will e.g. also draw up a written and motivated advice following important changes in the organization of the real estate investment trust, that could result in amendments to the sicafi lincence file.

The board oversees the consultative committees and grants them all means and powers necessary to carry out their task effectively.
After notifying the chairman, each consultative committee can, as far as it considers it useful, appoint one or more external advisers or experts to support the performance of its mission.
The committees endeavor to take decisions unanimously. If for a certain decision, no consensus can be reached, the decision on the advice is taken by a simple majority of votes.

Audit Committee

The oversight 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 prospects of Leasinvest Real Estate. The audit committee checks in particular the annual and periodic financial statements before they are published and ensures 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.
The audit committee also evaluates the independence of the auditor and makes recommendations about the internal and external audit.
The audit committee is also empowered, with regard to the statutory manager, as well as to the real estate investment trust, to decide that the auditor can perform activities, other than those assigned to it by law and of which the remunerations exceed that for the audit mission (i.e. it may grant derogations from the prohibition of article 133, §5 of the Company Law.

The tasks of the audit committee are carried out pursuant to article 526 bis, §4 of the Company Law.

The composition of the audit committee has been adapted to the requirements of article 526 bis §2 of the Company Law, namely exclusively non-executive directors and at least one independent director in the sense of article 526 ter of the Company Law. To meet the requirements of the Belgian Corporate Governance Code, which is more stringent than the Company Law, and requires that at least the majority of the members of the audit committee are independent (point 5.2./4 of Annex C of the Belgian Corporate Governance Code), half of the audit committee is composed of independent directors.

The members of the audit committee during the past year are:

1. **Jan Suykens**, (Ackermans & van Haaren NV), director and chairman of the audit committee (non-executive director)
2. **SiriusConsult SPRL**, represented by Mr **Thierry Rousselle** (AXA Belgium SA), director of companies (non-executive director)
3. **Christophe Desimpel**, independent director
4. **Mark Leysen**, independent director

Messrs Suykens, Desimpel, Leysen and Rousselle (SiriusConsult SPRL) have the necessary experience in the field of audit and accounting as defined in in article 526bis §2 of the Company Law and in appendix C, point 5.2.4. of the Corporate Governance Code, taking into account their education, their prior and current functions and directors mandates in other companies.

6 The complete text of the latest version of the Corporate Governance Charter can be found on the website www.leasinvest.be.

The audit committee met 4 times during the past financial year. The attendance quotient of the members of the committee was 87.5% globally. Individually for Messrs Suykens and Rousselle (SiriusConsult SPRL) it was 100%, and for Messrs Leysen and Desimpel 75% each.

The following points were among those discussed by the audit committee:
- quarterly financial reporting;
- possible amendment to the valuation rules;
- functioning of the internal control system and the results of the internal audit (executed by BDO); see also below on internal control page 111);
- adjustment of risk factors;
- the potential consequences of the changing regulatory framework (a/o AIFMD, EMIR, tax regime).

The auditor is invited to the meetings of the audit committee, and certainly for discussing the half-yearly and annual figures. Unless the audit committee decides otherwise, the CEO and the COO have the right to attend the meetings of the audit committee.

Nomination & remuneration committee

The nomination & remuneration committee ensures objective and professional development of the nomination procedure and assists the board regarding the remuneration of the members of the board of directors and of the management and makes recommendations regarding the remuneration policy.
The nomination & remuneration committee consists exclusively of non-executive directors and the majority of its members are independent directors.

The members of the nomination & remuneration committee during the pas financial year are:
1. **Christophe Desimpel**, independent director
2. **Luc Bertrand** (Ackermans & van Haaren SA), non-executive director and chairman of the nomination & remuneration committee
3. **Guy Van Wymersch-Moons** (AXA Belgium SA), non-executive director
4. **Starboard SPRL** (**Eric Van Dyck**, independent director)
5. **Michel Eeckhout Management SPRL** (**Michel Eeckhout**), independent director

The composition of the nomination and remuneration committee has been adapted to the requirements of article 526 quater of the Company Law that, inter alia, foresees that the remuneration committee must consist of a majority of independent directors. The independent directors in this committee dispose of the necessary expertise in remuneration policies.

The nomination & remuneration committee met twice during the past financial year.
The frequency of the meetings of the remuneration committee has been adapted to the requirements of article 526 quater of the Company Law.

Unless the nomination & remuneration committee decides otherwise, the chairman of the board of directors and the CEO are entitled to attend the meetings of the nomination & remuneration committee.

Among other things, the following agenda items were considered to by the nomination & remuneration committee:
- proposals for the remuneration of the executive management, of the managing director and the personnel.
- the nomination of Michel Eeckhout Management SPRL as a legal person-independent director and the termination of the mandate of Michel Eeckhout;
- the nomination of Michel Van Geyte as an (executive) director of the statutory manager of the company and the potential impact on the balance in the decision-making process within the board of directors;
- the amendment of the Corporate Governance Charter.

Committee of independent directors

The committee of independent directors is composed of all independent directors on the board of directors. The committee is chaired by one of its members, in principle, the member having most seniority in his function.
Based on the Corporate Governance Charter of the real estate investment trust, a specific mission was assigned to the committee of independent directors. This mission was defined in article 8 of the articles of association of the statutory manager.
The committee of independent directors intervenes in the cases defined in article 524 of the Company Law.
Furthermore, this committee is always consulted prior to any project of decision or transaction by the board of directors relating to one of the following matters:
- decisions or transactions to which article 523 of the Company Law applies;

- amendment of the purpose or the investment policy of the real estate investment trust;
- in case of large transactions regarding the real estate investment trust, in as far as these relate to more than 30% of the estimated fair value of the consolidated real estate portfolio of the real estate investment trust, at the time of the realization of the transaction;
- important modifications to the organization of the real estate investment trust or its statutory manager, resulting in a modification of the license of Leasinvest Real Estate as a real estate investment trust.

The committee is assisted by one (or more) independent expert(s) and draws up a reasoned report in writing to the board of directors on all matters for which it is competent. If the case arises, the board of directors shall record in the minutes, the grounds on which it deviated from the advice of the committee. The written advice shall remain appended to the minutes of the board of directors meeting.

Daily management – Effective direction[7]

Effective direction

The daily management during the past financial year was entrusted to two members of the management, who have exercised the effective direction in accordance with the provisions of the law of 3 August 2012 on certain forms of collective management of investment portfolios since 13/02/07. They are the managing director, Mr Jean-Louis Appelmans, and Mr Michel Van Geyte, COO, both executive directors.

Jean-Louis Appelmans

(CEO), effective director

Since it was established in 1999, Jean-Louis Appelmans (60), has been managing director of Leasinvest Real Estate Management SA and, since the end of 2002, also its permanent representative. He is also managing director of Leasinvest Immo Lux. He was CEO of Extensa Group SA (ex-Leasinvest SA) from 1989 until 2005. He fulfills a number of other director's mandates, including at the listed public real estate investment trust Retail Estates. Previously he worked in corporate banking at Crédit Lyonnais Belgium (1986-1989) and Chase Manhattan Bank (now JPMorgan Chase) from 1979 until 1986.

For the other mandates of Mr Appelmans we refer to the composition of the board of directors above.

Michel Van Geyte

(COO), effective director, Schermersstraat 42, 2000 Antwerp

Michel Van Geyte (47) was appointed as commercial manager of Leasinvest Real Estate Management SA in August 2004. He is currently an executive director of LREM SA and also a director of a/o Leasinvest Immo Lux. Previously he worked at Knight Frank as a managing partner and has more than twenty years of experience in real estate.

For the mandates of Michel Van Geyte we refer to the composition of the board of directors above.

Both persons have been appointed as effective directors in accordance with the legal provisions in force and are responsible as effective directors towards the board of directors and third parties, with regard to leading the daily management of Leasinvest Real Estate.

Management

Messrs Jean-Louis Appelmans and Michel Van Geyte, effective leaders, are assisted in their daily management by one or more persons specialized in specific areas, but that are not part of the effective direction of the statutory manager.

It relates mainly to the following persons:

For financial/tax matters:

Vincent Macharis, **CFO**, Schermersstraat 42, 2000 Antwerp

Vincent Macharis (40), who started with Leasinvest Real Estate Management since 6 February 2012. He has more than 15 years of experience in financial management and was previously part of the financial management of CFE.

7 For the mandates in other companies terminated mandates are indicated with an '*'.

Mandates in other companies, currently and during the 5 previous financial years: RAB Invest NV, Leasinvest Immo Lux SICAV-FIS.

For legal matters:
Micheline Paredis, **secretary general**, Schermersstraat 42, 2000 Antwerp
Micheline Paredis (46) is secretary general and group counsel, and fulfills the role of compliance officer. She has over 20 years of experience in corporate and real estate law, of which more than 13 years at Leasinvest Real Estate Management SA. Previously she was a candidate-notary (public).
Mandates in other companies, currently and during the 5 previous financial years: Alm Distri NV*, Autonoom Gemeentebedrijf Boom Plus, Canal Logistics Brussels NV, Foncière des Eperons d'Or NV*, Leasinvest Immo Lux SICAV-FIS SA, Leasinvest Immo Lux Conseil SA*, Leasinvest Services NV, Middelheim Promotors VZW, Montimmo SA*, RAB Invest NV, Zebra Trading NV*

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 of the COO, a commercial manager, a legal counsel, a senior accountant and the property manager or one or more representatives of the technical management of the buildings.

The investment committee
The investment committee meets as the schedule requires, in function of the preparation of specific investment and divestment decisions, mandatorily taken by the board of directors. The investment committee is composed ad hoc in function of the agenda items and consists of one or more directors, the CEO, the COO, the CFO, and the secretary general, possibly assisted by external consultants for specific matters.

In accordance with the shareholders agreement between Ackermans & van Haaren Group and AXA Belgium SA, the latter can always attend the meetings, with an advisory vote, of the investment committee and permanent committee, as long as AXA Belgium SA holds a minimum stake of 10% in Leasinvest Real Estate.

External representation
The statutory manager, Leasinvest Real Estate Management SA, represents the company in all judicial and extrajudicial affairs.

The manager can appoint authorized representatives of the company. Only special and limited proxies for a certain or a number of well-defined legal acts are authorized. These authorized representatives commit the company within the boundaries of their proxy, without prejudice to the responsibility of the statutory manager in the case of excessive proxies.

Permanent representative
Pursuant to the provisions of article 61, §2, of the Company Law and article 14.2, 4° of the articles of association of Leasinvest Real Estate, the statutory manager has appointed a permanent representative among its directors, charged with the execution of the mandate of the manager, in the name and on behalf of Leasinvest Real Estate Management SA, and who is authorized to represent and legally bind the real estate investment trust in relation to third parties, acting solely, without infringing the provisions of the RD of 07/12/10 on real estate investment trusts, nor any other provision of the Law of 3 August 2012 on certain forms of collective management of investment portfolios applicable to collective investment institutions.

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

Acts of disposal regarding its real estate
There is one exception to the aforementioned general rule that the statutory manager, represented by its permanent representative, is authorized to acting solely, represent and legally bind the real estate investment trust in relation to third parties, namely for acts of disposal regarding real estate.
In accordance with article 9 §2 of the RD of 07/12/10, and article 17 of the articles of association Leasinvest Real Estate is represented, for each act of disposal by the statutory manager-legal person acting through Jean-Louis Appelmans in its capacity of permanent representative together with one other director of the statutory manager, acting jointly.
The aforementioned rule is not applicable if an operation of the company relates to a building of which the value is

inferior to the lowest amount of 1% of the company's consolidated assets and € 2,500,000.

Remuneration report

In relation to the past financial year, the directors of the statutory manager of Leasinvest Real Estate received, directly and/or indirectly, for all services rendered on behalf of the statutory manager, remuneration amounting to a total of € 496,809.
The remuneration policy and the remuneration level for the non-executive directors and the members of the effective direction were developed during the past financial year in accordance with the procedures laid down by the nomination & remuneration committee, in accordance with the remuneration policy applicable to the financial year under review in the annual report, and taking into account the provisions of article 96 §3, second sub-paragraph, 2° and 3° of the Company Law, and was subsequently approved by the board of directors of the statutory manager. Remunerations granted in the recent past and a limited benchmark for the same functions in comparable companies were a/o taken into account.

Non-executive directors

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

	Fixed remuneration BoD	Fixed remuneration AC and/or NRC	Fixed remuneration independent director	Total
Christophe Desimpel	12,500	8,000	2,000	22,500
Michel Eeckhout / Michel Eeckhout Management SPRL	12,500	4,000	2,000	18,500
Mark Leysen	12,500	4,000	2,000	18,500
Eric Van Dyck / Starboard SPRL	12,500	4,000	2,000	18,500
Total non-executive directors	**50,000**	**20,000**	**8,000**	**78,000**

- to Mr Desimpel, independent director for the entire financial year, a total amount of € 22,500 was paid:
  - a fixed-rate remuneration of € 12,500;
  - an additional fixed remuneration of € 8,000 per financial year as a member of the audit committee and the nomination & remuneration committee (Christophe Desimpel is a member of both);
  - and an additional remuneration of € 2,000 per financial year as a member of the committee of independent directors.
- to Michel Eeckhout Management SPRL, represented by its permanent representative Michel Eeckhout, Mr Leysen and Starboard SPRL, represented by its permanent representative Eric Van Dyck, independent directors, for the 2012 financial year a total amount of € 18,500 was paid as follows:
  - a fixed-rate remuneration of € 12,500;
  - an additional fixed remuneration of € 4,000 as a member of the audit committee or the nomination & remuneration committee;
  - and an additional remuneration of € 2,000 per financial year as a member of the committee of independent directors.

For Starboard SPRL (E. Van Dyck) and Michel Eeckhout Management SPRL (M. Eeckhout) VAT is due on these amounts.

These aforementioned remunerations paid to the independent directors as members of the consultative committees are fixed, irrespective of the number of meetings of each committee held during the financial year. No benefits in kind are granted to the independent directors.

In the course of the past financial year, the mandate of the other non-executive directors was unpaid.

Executive directors – CEO and COO

Mr. Appelmans has fixed and variable remunerations covering his functions as a member of the board of directors and CEO, as well as a Defined Contribution pension plan, providing in the build up of a capital in function of the paid premiums.
The following remuneration mentioned in the table below was granted, for the past financial year, to the CEO on an individual basis, directly and indirectly. They do not receive any specific benefits in kind.

Mr Van Geyte has fixed and variable remunerations covering his functions as a member of the board of directors and COO.

Effective direction

Within the framework of the application, on the one hand, of the principle 7.15 of the Belgian Corporate Governance Code, treating the "members of the executive management" and, on the other hand, the article 96 § 3 of the Company Law, adopted by the law of 6 April 2010 on the reinforcement of corporate governance, mentioning "other leaders" (intending, inter alia, also the members of each committee discussing the general management of the company and organized beyond the regulation of article 524 bis of the Company Law), the remuneration report below globally presents only the remuneration of the two effective directors, but not the remuneration of the other members of the management, assisting the effective directors within the framework of the daily management.

The effective direction consists of Jean-Louis Appelmans, CEO and managing director and Michel Van Geyte, COO and executive director of Leasinvest Real Estate Management, as explained above.

The following remuneration mentioned in the table below was granted to the CEO, for the past financial year, on an individual basis, directly and indirectly.

The members of the effective direction have no stock options, nor other share-related remunerations in accordance with the remuneration policy of the company.

For the past financial year they received the following amounts:

In € effective direction	fixed(*)	variable	Total
Jean-Louis Appelmans	321,809	97,000	418,809
Michel Van Geyte	242,993	85,000	327,993
Total	**564,802**	**182,000**	**746,802**

(*) including insurance premium: € 42,733.29.

The fixed remuneration of the effective direction is based on their capabilities and experience in various fields such as commercial, real estate-technical, legal, tax, financial, accounting and general policy.

The variable remuneration relates to exceptional performance related to factors including improvement and optimization of the criteria mentioned below. The nomination and remuneration committee yearly defines the form of the variable remuneration, which were royalties ("tantièmes") in the financial year 2012.

Since 2011 the objectives for the CEO and COO are based on four important criteria with the following degree of importance (recently slightly adjusted), namely

a) Financial criteria (30%) a/o net current result, EPS, control of debt ratio, funding, hedging, etc.
b) Portfolio criteria (25%) a/o occupancy rate, duration of leases, relettings of vacant buildings and responding to important lease breaks, integration and management of the shopping center Schmiede
c) Execution of the strategy (25%) a/o divestment of (older) (office) buildings, investments in new buildings, diversification to retail and potentially to another country;
d) Management capacities (20%) a/o leadership, personnel and investor relations.

In the course of 2013 the nomination and remuneration committee will decide on the possible forms of variable remunerations, within the framework of the practical development of the remuneration policy.

A compensation for leaving of 24 months has been agreed on for Jean-Louis Appelmans. As this compensation exceeds the provisions of article 554 of the Company Law, namely a maximum of 12 months, or – providing a special motivation by the remuneration committee – of maximum 18 months, this provision in the management contract with Mr Appelmans, on the advice of the nomination and remuneration committee, has been approved separately by the general meeting of shareholders of Leasinvest Real Estate held on 16/05/11.

The compensation for leave agreed upon for Mr Michel Van Geyte is no exception to the provisions of article 554 of the Company Law.

10.3 SETTLEMENT OF CONFLICTS OF INTEREST

Article 523 and 524 of the Company Law

During the past financial year, no other situations occurred in which the provisions of the articles 523 and 524 of the Company Law had to be applied, than those mentioned hereafter.

The board of directors declares that, to its knowledge, no situations of conflicts of interest as defined by article 523 of the Company Law occurred during the past financial year between the directors of the statutory manager or members of the management and Leasinvest Real Estate, except for the fact, that in application of article 523 § 1 last paragraph of the Company Law, with regard to the procedure for the prevention of conflicts of interest in listed companies, Mr. Appelmans left the meeting of the board of directors during the discussion of the proposals with regard to the remuneration of the managing director and the executive management. As regards the consequences in terms of the assets of the company, please refer to the aforementioned details about remuneration[8].

As described above in the section "Decision-making bodies – Consultative committees – Committee of independent directors" no related-party transactions for which the applicability of article 524 of the Company Law had to be examined took place in the course of the past financial year.

Articles 17 and 18 of the RD on real estate investment trusts (sicafi/vastgoedbevaks)

The articles 17 and 18 of the RD of 07/12/10 on real estate investment trusts contain a provision for a preceding notification to the FSMA in the eventuality that persons recited in the article act as a counterparty or gain an advantage, in the case of an operation with the real estate investment trust or a company it controls.

These articles are not applicable to:

a) operations relating to a sum lower than the lowest amount of 1% of the public real estate investment trust's consolidated assets and € 2,500,000;
b) the acquisition of securities by the public real estate investment trust or one of its subsidiaries within the frame-

8 Mr. Appelmans was not present during the deliberation and decision-making by the board of directors about the agenda item relating to remuneration. The board of directors approved the proposals relating to remuneration.

work of a public issue by a third party, for which a promoter or intermediaries in the sense of article 18 §1 of the aforementioned RD act;

c) the acquisition of or the subscription to, following a decision of the general meeting, shares issued by the public real estate investment trust by the persons intended by article 18 §1.

During the past financial year no notifications had to be made to the FSMA within that framework.

Corporate Governance Charter

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 operation of Leasinvest Real Estate – in cases other than those referred to by the legal rules on conflicts of interest contained in article 523 of the Company Law –, that person should immediately inform the chairman. The chairman shall assess whether to report the matter to the board of directors.
During the past financial year the chairman received no notification requiring the application of this policy.

At the proposal of the nomination and remuneration committee of Leasinvest Real Estate the Corporate Governance Charter of Leasinvest Real Estate has been adapted to the new legal provisions, a/o those of the law of 6 April 2010 on Corporate Governance.

The last version of the Corporate Governance Charter can be consulted on the website www.leasinvest.be.

General comments regarding potential conflicts of interest of the directors and the effective directors

The possibility that potential conflicts of interest could arise between the directors of the statutory manager 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 small.
A functional conflict of interest (to which the legal rules on conflicts of interest contained in article 523 of the Company Law does not apply) could arise with directors appointed on the proposal of Ackermans & van Haaren Group, if operations are carried out between Ackermans & van Haaren Group and/or the statutory manager and Leasinvest Real Estate (in the past financial year no transactions have occurred between Leasinvest Real Estate and companies related to Ackermans & van Haaren Group - see above with regard to article 524 of the Company Law and article 18 of the RD of 07/12/10); or with directors appointed on the proposal of AXA Belgium SA, if transactions occur or decisions are made in which AXA Belgium SA has an interest that conflicts with an interest of the statutory manager and/or Leasinvest Real Estate.
Leasinvest Services is a 100% subsidiary of Leasinvest Real Estate, to which the property management is outsourced (see Real estate report, page 88).

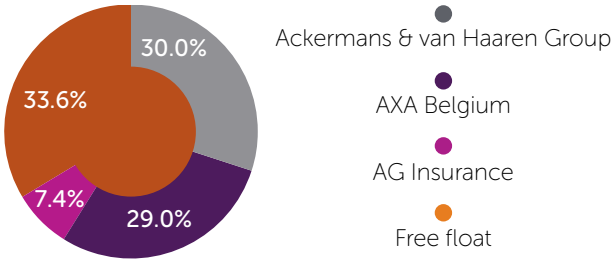
A potential conflict of interest could occur between Leasinvest Real Estate and the statutory manager within the framework of a potential further restructuring of the property management and/or amendment to the organization structure.

A potential conflict of interest could finally potentially arise by reason of the director's function executed by the managing director, Jean-Louis Appelmans, in Retail Estates, as far as the investment policy of both sicafi would overlap.

10.4 RELEVANT INFORMATION IN ACCORDANCE WITH ARTICLE 34 OF THE RD OF 14 NOVEMBER 2007 REGARDING THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET

Leasinvest Real Estate is a partnership limited by shares (SCA) with one statutory manager, Leasinvest Real Estate Management SA. Its registered capital is divided in four million twelve thousand eight hundred thirty-two (4,012,832) shares, with no-par value, which represent each one/ four million twelve thousand eight hundred thirty-two (1/4,012,832) of the capital.

Shareholder structure



Number of listed shares (4,012,832)[9]

The company's main shareholders are Ackermans & van Haaren (i.e. the reference shareholder that exclusively controls the company via the statutory manager) and holds a stake of 30.0% in the company, and AXA Belgium (29.0%).

For more information on the transparency notices by Ackermans & van Haaren Group, AXA Belgium SA and AG Insurance SA including the relevant chains of control (see also point 10.5), we refer to the transparency notices and related press releases on the website www.leasinvest.be.

The thresholds that result in a mandatory notification if exceeded, following the legislation on disclosing important participations and/or the articles of association, are fixed at 3%, 5% and multiples of 5% of the total number of existing voting rights.

In the period 01/01/12-30/06/12 Leasinvest Real Estate has sold its total participation of 16,583 treasury shares at an average price per share of € 67.29. The total number of shares in circulation consequently equals the number of issued shares, or 4,012,832. Leasinvest Real Estate Management has 6 Leasinvest Real Estate shares.

With regard to the authorization granted to the statutory manager to proceed to redeeming (and selling) treasury shares, we refer to the comments in chapter 6 Permanent Document, referring to article 7 of the articles of association.

The shares in Leasinvest Real Estate Management NV are held by Extensa Group NV for 100%.

There are no legal or statutory limitations as to the transfer of shares.
The statutory manager has a statutory right of veto according to article 27 of the articles of association (according to article 659 of the Company Law) for decisions of the general meeting relating to actions regarding the interests of the company versus third parties, such as dividend distribution and each decision affecting the assets of the company (for amendments to the articles of association: see below).
Each share entitles to one voting right.
No other securities granting voting rights have been issued.
There are no legal and statutory limitations on the execution of the voting rights.
Nor is there a stock option plan for the employees.

Between Ackermans & van Haaren Group and AXA Belgium SA a shareholders' agreement has been concluded in 2004, containing a mutual pre-emption right regarding the shares issued by Leasinvest Real Estate and also a pre-emption right and, within specific circumstances, acquisition and sales commitments with regard to the shares issued by Leasinvest Real Estate Management SA.

As to the current agreements regarding the composition of the board of directors of the statutory manager and the majority rules in force within the board of directors, we refer to page 97.
The general meeting of Leasinvest Real Estate can only lawfully deliberate and decide upon an amendment to the articles of association, if those attending the meeting represent at least half of the registered capital and given the presence of the manager, without prejudice to more stringent legal dispositions. An amendment to the articles of association is only adopted if previously approved by the FSMA and with ¾ of the votes attached to the present or represented shares and with the approval of the present or represented manager without prejudice to more stringent legal dispositions.

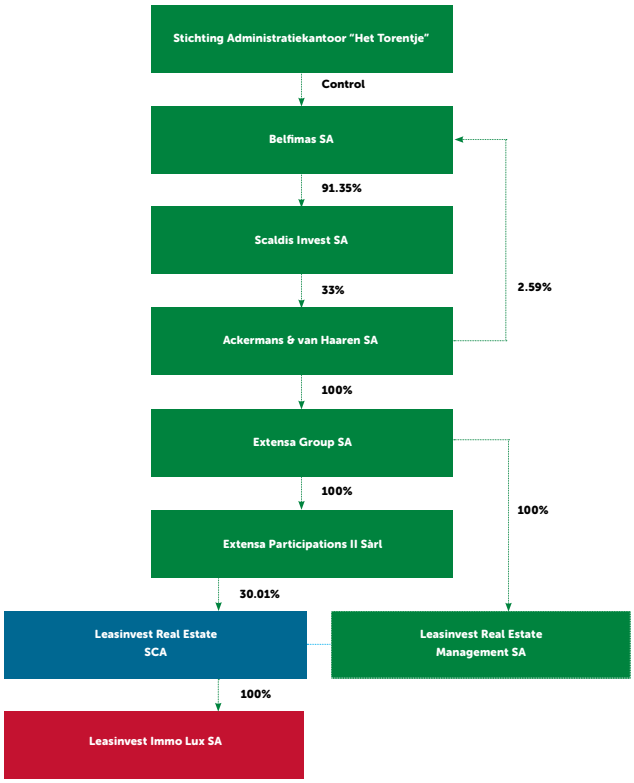
There are no important agreements concluded by Leasinvest Real Estate that enter into force, change or end in case of a change in the control over Leasinvest Real Estate after a public take over bid.

9 In the periodical press releases, the net asset value per share is communicated.

No agreements are concluded between Leasinvest Real Estate, its statutory manager or employees providing in compensations when, following a public take over bid, the directors resign or have to leave without any valid reason or the contract of employees is terminated.

10.5 RELEVANT INFORMATION IN ACCORDANCE WITH THE LEGISLATION ON PUBLIC TAKE OVER BIDS

Leasinvest Real Estate is controlled by Ackermans & van Haaren SA through its indirect subsidiary Extensa Participations II sàrl (Extensa Group SA).



In application of article 74 §7 of the law of 1 April 2007 on public take over bids, Ackermans & van Haaren has declared holding more than 30% of the shares with voting rights of Leasinvest Real Estate.

10.6 DIVIDEND POLICY LEASINVEST REAL ESTATE

In accordance with article 27 of the RD of 21 June 2006 on the accounting, annual accounts and consolidated annual accounts of public real estate investment trusts, in case a profit is recorded for the financial year, at least the positive difference between the following amounts has to be paid out: 80% of the sum of the corrected result and the net realized gains on real estate not exempt of the mandatory distribution (always calculated according to the aforementioned RD of 21/06/06), and the net decrease in debt during the financial year.

As from the financial year that started on op 01/01/11 we refer to article 27 of the RD of 07/12/10, and article 617 of the Company Law also has to be taken into account.

Leasinvest Real Estate aims to offer an acceptable dividend return to its shareholders, in combination with limited risks in the medium term.

The past financial years, and this without any future guarantees, it has always been the objective to distribute a dividend that exceeds the legal minima.
For the concrete figures we refer to page 160 et seq of the Financial statements.

10.7 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 that are part of the consolidation scope of the company.

10.8 CODE OF CONDUCT FOR FINANCIAL TRANSACTIONS – NOTIFICATION THRESHOLDS

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

A procedure has been developed regarding transactions in Leasinvest Real Estate shares by the directors, the members of the management or personnel.
During the past financial year this procedure did not have to be followed.

A notification was made to the FSMA by Mr Van Geyte in conformity with art 25bis §2 of the law of 2 August 2002 on the supervision of the financial sector and on financial services and the articles 13 and 14 of the RD of 5 March 2006.
The Corporate Governance Charter takes into account the rules imposed by the RD of 05/03/06.
Each shareholder exceeding a threshold of three per cent (3%) (statutory threshold) and/or (the legal thresholds) five per cent (5%) and multiples of five per cent (5%) of the total number of shares has to communicate to the company and the FSMA the number of shares he possesses in accordance with the legislation on the disclosure of important participations.

10.9 GENERAL MEETING

Leasinvest Real Estate guarantees equal treatment of all shareholders and respects their rights. The statutory manager encourages the shareholders to attend to the meeting in person.
At the request 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 in accordance with article 23.1 of the articles of association of Leasinvest Real Estate

The annual meeting is held each year the 3rd Monday of the month May at 16.00h or, should this be a legal holiday, the next working day at the same hour.

The invitations to the general meeting state the agenda and the proposals for decisions and are published in the Belgian Official Gazette and in at least one national newspaper, at least 30 days prior to the meeting.

The invitations are sent, also 30 days before the meeting, by ordinary mail, to the registered shareholders, unless they have consented, explicitly and in writing, to receive the invitation by means of another communication tool.

In accordance with article 23.3 of the articles of association a shareholder representing at least three per cent (3%) of the shares, has the possibility to add items to the agenda and introduce proposals for decision with regard to items on (or to be added to) the agenda. Such request should be communicated at least the twenty-second (22nd) day prior to the date of the general meeting.
The added items and related proposals for decisions are communicated according to the provisions of article 546 of the Company Law.

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.

In order to validly participate to a general meeting and be able to vote, each shareholder should have his shares registered (registration date) at latest the fourteenth (14th) day at twenty-four hours prior to the general meeting
- or by subscription to the shareholders' register of the company;
- or by subscription to the accounts of an authorized account holder or a settlement body;
- or upon presentation of the bearer shares to a financial intermediary.

Only the shares at registration date are taken into account, regardless of the number of shares the shareholder holds at the date of the general meeting.

The owners of dematerialized shares or bearer shares who wish to attend the meeting, have to send a certificate to the company, at latest the sixth (6th) day prior to the date of the general meeting, issued by their financial intermediary or authorized account holder stating the number of dematerialized shares, at registration date, that are registered in the name of the shareholder of how many bearer shares were presented at the registration date, and for which the shareholder has communicated wanting to participate to the general meeting.

The owners of registered shares wishing to attend the meeting, have to communicate their intention to participate to the meeting, per ordinary letter, fax or e-mail, at latest the sixth (6th) day prior to the meeting date.

At the general meeting the directors reply to shareholders' questions, asked during the meeting or in writing, in relation to their report or the agenda items, as far as the communication of data or facts is not harmful to the company's business interests or to the principle of confidentiality to which the company or its directors have committed. The auditor also replies to shareholders' questions, asked during the meeting or in writing, in relation to his report, as far as the communication of data or facts is not harmful to the company's business interests or to the principle of confidentiality to which the company, its directors or the auditor have committed.

10.10 COMPOSITION OF THE BOARD OF DIRECTORS OF LEASINVEST IMMO LUX

The board of directors of Leasinvest Immo Lux, a 100% subsidiary of Leasinvest Real Estate currently holding the Luxembourg portfolio, is at present composed of seven directors, four of whom are directors of Leasinvest Real Estate Management SA:

Luc Bertrand, chairman of the executive committee of Ackermans & van Haaren SA, chairman of the board of directors of Leasinvest Real Estate Management SA;
Jean-Louis Appelmans, CEO and managing director of Leasinvest Real Estate Management SA;
Jan Suykens, member of the executive committee of Ackermans & van Haaren SA;
Guy Van Wymersch-Moons, general manager of real estate of AXA Belgium SA;
Michel Van Geyte, COO and executive director of Leasinvest Real Estate Management SA;
Micheline Paredis, secretary general of Leasinvest Real Estate Management SA;
Vincent Macharis, CFO of Leasinvest Real Estate Management SA.

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

The mandates of the directors of Leasinvest Immo Lux each last for one year.

10.11 AUDIT OF THE ANNUAL ACCOUNTS – AUDITOR

The auditor, appointed by the general meeting of shareholders, audits the annual accounts and the half-year reports.
Ernst & Young Bedrijfsrevisoren, member of the 'Instituut der Bedrijfsrevisoren' (Institute of Company Auditors), De Kleetlaan 2, 1831 Diegem, were reappointed in May 2011 for a term of three years to fulfill the function of auditor of Leasinvest Real Estate.

Until the financial year 2012 included Ernst & Young Bedrijfsrevisoren was represented to that effect by Christel Weymeersch, auditor of banks. As from the current financial year 2013, and this for the remaining duration of the mandate, the auditor is represented by Pierre Vanderbeek.

The remuneration of the auditor for auditing the annual accounts of Leasinvest Real Estate and its Belgian subsidiaries for the past financial year was estimated at € 61,509 (excl. VAT), or € 31,880 for Leasinvest Real Estate and € 29,629 for the audit of the subsidiaries of Leasinvest Real Estate.
Next to that, remunerations of € 130,144 (excl. VAT) were paid to the auditor for extraordinary missions (namely tax and legal advice) after approval by the audit committee in accordance with the procedure intended in art 133 § 6, 1 of the Company Law.

To the annual general meeting of shareholders of Leasinvest Immo Lux which will be held in April 2013, a request is made to renew the mandate of the auditor Ernst & Young (Luxembourg), with its registered office at 7, Rue Gabriel Lippmann, Parc d'Activité Syrdall, L-5365- Munsbach, represented by René Esch for a further period of one year (which is usual practice for Leasinvest Immo Lux).
The remuneration of the auditor for auditing the annual accounts of Leasinvest Immo Lux for the past financial year was estimated at € 45,000.

10.12 INTERNAL CONTROL AND RISK MANAGEMENT

Pursuant to article 41 of the law of 3 August 2012 on different forms of collective management of investment portfolios, Leasinvest Real Estate has the financial, human and technical resources required for the administrative, accounting, financial and technical organization specific and appropriate to its activities. In particular, it also has controls and security mechanisms relating to its information technology that are tailored to its activities.

Leasinvest Real Estate has also arranged appropriate internal audit, whose operation is checked at least annually. These procedures must guarantee, among other things, that each of the company's transactions can be reconstructed with regard to the origin and the nature of the transaction, the parties involved and the time and place where it occurred, and that the assets of the company are invested in accordance with its articles of association and the prevailing legal and regulatory provisions.

As regards its administrative and accounting organization, Leasinvest Real Estate has established a system of internal audit which creates a reasonable degree of certainty about the reliability of its financial reporting process, so that in particular, the yearly and half-yearly accounts, as well as the annual report and half-yearly report are in accordance with the prevailing accounting regulations.

In addition, it has established an appropriate integrity policy that is updated regularly, and takes the necessary measures to be able to have at its disposal an appropriate, independent compliance function, in order to ensure compliance by the company, its directors, its effective directors, employees and representatives with the legal rules in connection with the integrity of its business.

Leasinvest Real Estate applies a risk management methodology which is specifically tailored to real estate investments and with which it can monitor and measure the risk of its positions at all times, and can ascertain its relative importance in the overall risk profile of the portfolio.
A(n) (dis)investment decision is taken by the board of directors of the statutory manager, based on a proposal elaborated by the management and after ample deliberation in the board of directors. Should the case arise, a prior advice is given to the board of directors by one or more committees (e.g. the committee of independent directors within the framework of applying the procedure for preventing conflicts of interest, that can be assisted by external experts to that end).
Prior to each investment decision the property is compared to Leasinvest Real Estate's investment policy and to its conformity with all other provisions imposed by the articles of association or the law, and are applicable to real estate investment trusts.
Prior to each decision for investment – or divestment of property, a (technical, legal and fiscal) due diligence is carried out, of which the scope is defined in function of the object under review and the possible related risks. In most cases, external specialized consultants are appealed to.
Each acquisition or alienation can perfectly be reconstructed as to the parties involved, the time, the acquisition mode (asset deal or share deal, notarial deed, contribution in kind) or divestment (split sale leasehold/bare ownership, etc.).
The company is organized in such a way that if requested, besides the information that is published in the prospectus and the yearly and half-yearly reports, it can provide shareholders with additional information about the quantitative limits that apply to is risk management, about the methods used to enforce compliance with these limits and about the recent developments in relation to risks and returns on its assets.

A regular (and at least once per quarter) assessment of the main risks for Leasinvest Real Estate is made (with regard to a detailed analysis of the risks Leasinvest Real Estate could be exposed to, we refer to page 4 of Risk factors) .This evaluation is carried out within the audit committee – at least 4 times a year (e.g. analysis of possible derogations to the outlook, related to the hedging policy) as well as by the board of directors of the statutory manager.
Compliance with internal procedures relating to investments is regularly checked by an independent external party. During the previous financial years this was done by a/o BDO (part of the BDO international network that consists of auditors, accountants, tax and legal counsel and counsel to the public sector – www.bdo.be), drawing up a report on the matter, discussed in the audit committee.
Possible identified problems can result in amendments to the internal procedures or in other appropriate measures to prevent the repetition of such problems in the future.

10.13 VALUATION OF THE PORTFOLIO

In the financial year 2012, the quarterly valuations of the real estate portfolio were conducted by two independent valuers, Cushman & Wakefield VOF en DTZ Winssinger. In the event of a conflict arising between the real estate agent's activity and that of the property surveyor, the other expert shall make the valuation.

For the past financial year, the value of the property was defined by Cushman & Wakefield and Winssinger & Associates, and for the valuation of the portfolio in Luxembourg and that in Belgium, a total remuneration of € 157,012.11 (excl. VAT) was provided for, of which € 87,467.26 was for Leasinvest Real Estate and € 69,544.85 for Leasinvest Immo Lux.

An expert can be charged with the valuation of a certain property for only a maximum of three years. After this term of three years, the same expert can only value the aforementioned property, till after the end of a term of three years after the previous term. Should the expert be a legal person, these rules are exclusively applicable to the natural persons representing the legal person, providing that the expert proves that an adequate functional independence exists between these natural persons.

In accordance with article 6 § 1 of the RD of 07/12/10 the remuneration of the surveyor shall not be linked, either directly or indirectly, to the value of the real estate that is the subject of the valuation. The remuneration mentioned above has been defined based on a fixed amount per m^2.

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'), with its registered office at Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands. The administrative and registered offices of Cushman & Wakefield VOF are established at Avenue des Arts 58 boîte 7, 1000 Brussels (the company is registered in Brussels, under the number 416 303). Since the foundation on 04/12/78 of the office in Belgium, there has always been a valuation department.
In Luxembourg the registered office of Cushman & Wakefield S.a.r.l. is situated in the 'Serenity Building', Route d'Arlon 19-21, L-8008 Strassen.
The company values offices, retail and industrial properties in Belgium and Luxembourg.

Cushman & Wakefield is not supervised by any official authority but is regulated by the RICS (Royal Institute of Chartered Surveyors).

Cushman & Wakefield Belgium and Luxembourg are both represented by Koen Nevens, MRICS.

The natural persons representing the real estate expert as experts in the sense of article 6 § 1 of the RD of 07/12/10 on real estate investment trusts, have to conduct their valuation completely independently. This is also the case when these natural persons succeed each other within or after the maximum term of three years mentioned in article 6 § 2 during which an expert can value a specific property.

Since 31/12/11 and in principle till 31/12/14 the valuation will be executed by Matthias Gerits, Surveyor, under the supervision of Wim Ottevaere, Account Manager.

Winssinger & Associates SA (company number 0422.118.165), with its registered office at Chaussée de le Hulpe 166, 1170 Brussels, was incorporated on 20/11/81 for an unspecified term and is subject to Belgian legislation. Today Winssinger & Associates is, among other things, the most important surveyor 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 not supervised by any official authority.

Since 31/03/2013 and in principle until 31/03/2016 the valuation will be executed by Hervé Biebuyck, Director.

Since 01/01/13 a third independent real estate expert was appointed, that will take on the valuation of a part of the Belgian portfolio, namely Stadim CVBA (company number 0458.797.033), with registered office in 2600 Berchem-Antwerp, Uitbreidingstraat 10-16. Stadim is represented by Philippe Janssens. The company values both residential and industrial real estate all over Belgium. Stadim is not supervised by any official authority, but is regulated by the RICS (Royal Institute of Chartered Surveyors).

The valuation of the Luxembourg portfolio is made by Cushman, that of Belgium by respectively Cushman, DTZ Winssinger and Stadim.

10.14 DEPOSITARY

Leasinvest Real Estate has no depositary. Leasinvest Immo Lux does.

RBC Investor Services Bank, with its registered office at 14, Porte de France, L- 4360 Esch-sur-Alzette, subject to the supervision of the 'Commission de Surveillance du Secteur Financier', was appointed as depositary of Leasinvest Immo Lux in accordance with the applicable Luxembourg legislation (RCS Luxembourg B47192).

It is currently examined whether and to what extent Leasinvest Immo Lux is subject to the European directive AIFMD as from 1 July 2013 that could a/o entail an extension of the supervision by RBC Investor Services Bank.
In its capacity of depositary, RBC Investor Services Bank is bound to comply with the provisions imposed, including the Luxembourg law of 13 February 2007 on specialized investment funds. In that capacity the depositary is put in possession of, among other things, all official documents and deeds relating to changes in the assets of the real estate investment trust and of a number of documents according to corporate law.
Leasinvest Immo Lux provided for remunerations for a total amount of € 123,059.14 in the past financial year for RBC Investor Services Bank.

10.15 LIQUIDITY PROVIDER

Bank Degroof rendered services as liquidity provider of Leasinvest Real Estate during the past financial year and receives a fixed remuneration of € 12,000 (excl. VAT) on an annual basis.

10.16 FINANCIAL SERVICE PROVIDERS

The financial service during the past financial year was entrusted to Bank Delen SA as the main paying agent in the context of the introduction of ESES (Euroclear Settlement for Euronext-zone Securities). A remuneration of € 40,000 was foreseen for this.

Social, ethical and environmental aspects regarding the management of the financial resources – sustainable development

The concern for social, ethical and environmental aspects in the sense of the law of 3 August 2012 with regard to some forms of collective management of investment portfolios is an integral part of the daily management of Leasinvest Real Estate and is part of its ongoing striving for quality.

Leasinvest Real Estate is aware of the fact that its ecological footprint can be reduced, by focusing on sustainability and treating its energy, water, electricity and waste management in a conscious way.

Where possible the following energy-saving measures have already been taken in the past in order to make the buildings more sustainable and energy-efficient:
In 2009 an agreement was concluded with Electrabel for the supply of green power (AlpEnergie) for all tenants and solar panels were installed on the roof of the logistics centre in Wommelgem; in 2011 this generated 291.000 kWh. This reduces Leasinvest Real Estate's ecological footprint with regard to electricity to 0: 97% through purchasing green power, and 3% produced by solar panels.
In 2010 a green roof (absorbing rainwater) was installed on phase 1 of the logistics centre Canal Logistics in Neder-over-Heembeek (Brussels). We opted for covering the roof with moss, offering the following advantages: low maintenance, slowing down the draining process and consequently save on the rainwater drainage system, less overload for the public sewer system, protection of the roofing against ultraviolet radiation, and finally the production of oxygen. Phase 2 of this building will be equipped with solar panels in 2013.

AUDIT

In 2010 a global sustainability audit was carried out on behalf of Leasinvest Real Estate in order to define the areas in which the company could operate in a more sustainable way.
Within this integral approach it has become clear that Leasinvest Real Estate's major impact on the environment comes from actions taken on the level of its portfolio of buildings. The concrete actions are reproduced below.

STRATEGIC APPROACH

Leasinvest Real Estate has opted for an inclusive and solution-driven direction, translated into a clear-cut step-by-step plan. Unique about this approach is that it is based on a far-reaching cooperation with customers (tenants) and suppliers, and thus goes beyond initiatives taken by the company itself, and that building-specific interventions with the biggest impact are sought after, opposite to taking general measures (solution-driven).

STEP-BY-STEP PLAN

1. Analysis of the portfolio of buildings and detecting its potential for improvement
2. Development of a building-specific plan
3. Defining the correct measurement or appropriate technology for defining a zero point that will be the basis for assessing the improvements; Leasinvest Real Estate has chosen the Breeam in-use (www.breeam.org) certification, based on an annual audit by an accredited organization
4. Execution of the improvement action plan
5. Measuring results and informing (company, tenants, stakeholders); these procedures became operational in the course of 2012

SELECTIVE ARBITRAGE ON THE PORTFOLIO

Because Leasinvest Real Estate's investments, as a listed company, first of all have to be justifiable from the viewpoint of shareholders' return, a number of buildings have been selected for (partial) redevelopment. It concerns buildings,

vacant because of their lease ending, or those where improvements can be made, without hindering the tenant (e.g. installation of solar panels).
Older, less strategic buildings qualify for sale should an opportunity present itself.

CURRENT AND PLANNED ACTIONS

General

In the course of 2012 intelligent electricity meters were installed in the following buildings of the Belgian real estate portfolio:
- avenue Louise 66, Brussels
- Riverside Business Park, Anderlecht
- The Crescent, Anderlecht
- Nijverheidsstraat, Wommelgem
- Canal Logisticis, Neder-over Heembeek (also intelligent water and gas meters)

The advantage of this type of meters is that they can be read at a distance and the data can be processed, basis for the distribution of electricity to the tenants. That way, both the owner and the tenant have real-time information on electricity consumption, which enables them to draw conclusions. Peaks in consumption can be detected and lead to corrective measures resulting in energy savings.

Belgium

- Office building The Crescent Anderlect, Belgium: objective is the improvement of Breeam in-use 'good' score to 'very good'
- Office building Motstraat Malines, Belgium: execution of Breeam in-use (2013)
- Logistics building Tongres, Belgium: energy study in 2012 – start up of wind turbine file (2013)
- Logistics building Canal Logistics phase 2 Neder-over-Heembeek, Belgium: installation of solar panels (2013)

Luxembourg

Office building RIX (new construction): objective is Breeam 'excellent'

CULTURE

Sponsoring of cultural organisations such as the Royal Conservatory of Antwerp and the open-air museum for sculpture Middelheim in Antwerp (www.middelheimmuseum.be) reflect Leasinvest Real Estate's involvement in the social and cultural society.

Since 2011 the following cultural projects were supported: the MAS or 'Museum aan de Stroom' (www.mas.be) and the latest project of the artist Wim Tellier, 'We drift' (www.wimtellier.com).

RISK FACTORS

All risk factors specific to Leasinvest Real Estate are mentioned in the separate chapter 1 Risk factors in the front of this annual financial report on page 4.

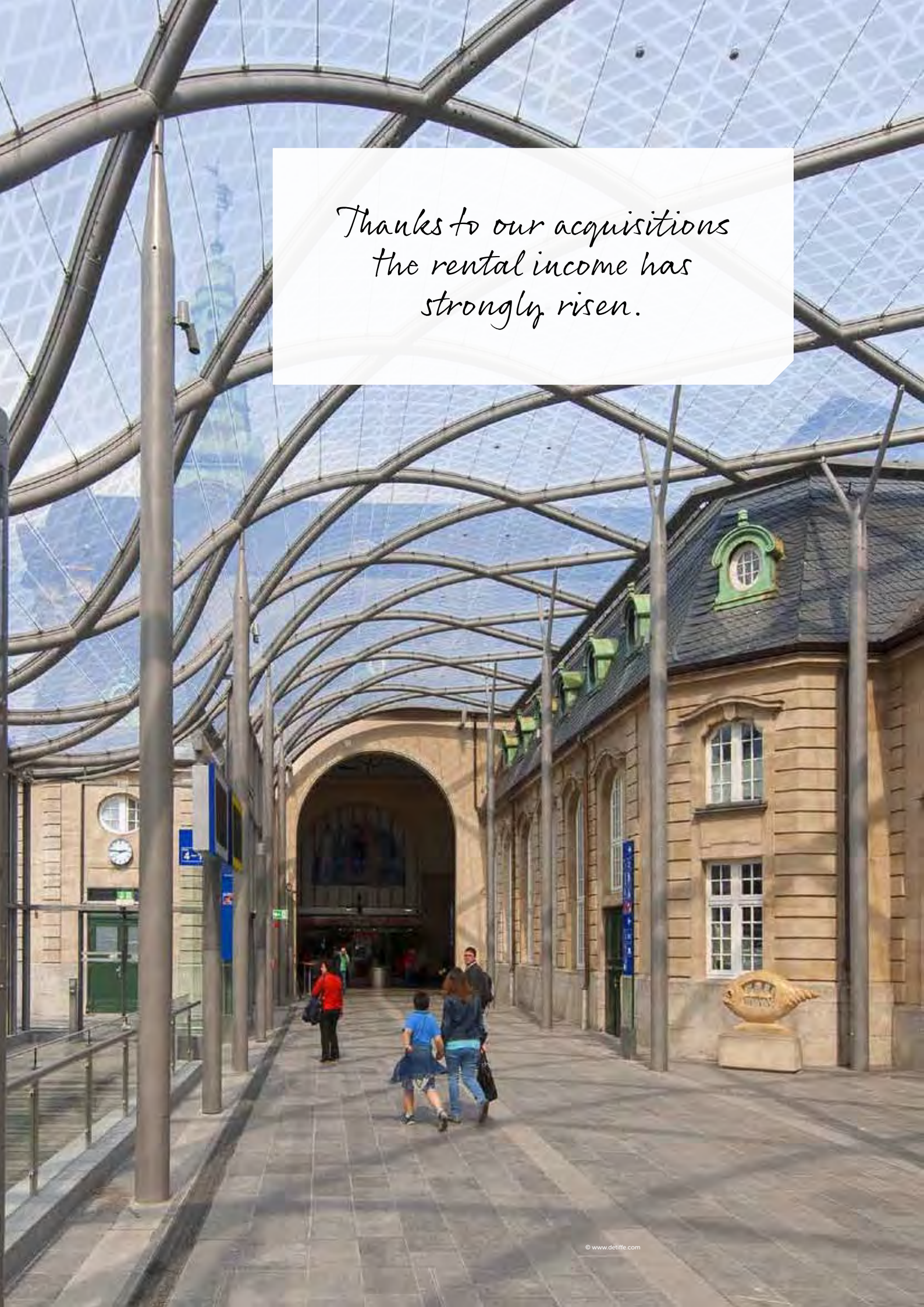
DISCHARGE TO THE MANAGER AND THE AUDITOR

It is proposed to the general shareholders' meeting to discharge the statutory manager and the auditor for the execution of their mandates during the financial year closed on 31/12/12.

Drawn up in Antwerp on 20/02/13

Jean-Louis Appelmans — Managing director
Luc Bertrand — Chairman of the board of directors

Financial statements



Thanks to our acquisitions the rental income has strongly risen.

Vincent Macharis, CFO

"A balanced financial policy that anticipates a changing environment and takes into account both risks and opportunities."


© Nicolas van Haaren

rental income
€ 38 million

56.19%
debt ratio

net current result
€ 21.1 million

Consolidated financial statements

Consolidated financial statements and notes

The consolidated financial statements of Leasinvest Real Estate have been approved for publication by the board of directors on 20 February 2013.

The annual report of the board of directors should be read jointly with the financial statements of Leasinvest Real Estate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	Note	31/12/12 (12 months)	31/12/11 (12 months)	31/12/10 (12 months)
Rental income	4	37,959	36,647	38,438
Related rental expenses	4	47	18	-17
NET RENTAL INCOME	**4**	**38,006**	**36,664**	**38,421**
Recovery of property charges	5	212	82	251
Recovery income of charges and taxes normally payable by tenants on let properties	6	3,463	2,633	3,299
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	5	0	-4	-242
Charges and taxes normally payable by tenants on let properties	6	-3,463	-2,633	-3,299
Other rental-related income and expenditure	5	-1,541	-869	18
PROPERTY RESULT		**36,676**	**35,873**	**38,448**
Technical costs	7	-1,042	-1,189	-1,352
Commercial costs	8	-514	-699	-655
Charges and taxes on unlet properties	9	-507	-558	-490
Property management costs	10	-3,123	-2,832	-2,853
Other property charges	10	-363	-278	-348
PROPERTY CHARGES		-5,549	-5,556	-5,698
PROPERTY OPERATING RESULT		**31,127**	**30,317**	**32,750**
Corporate operating charges	11	-1,824	-1,789	-1,982
Other operating charges and income	11	-302	-22	121
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		**29,001**	**28,506**	**30,889**
Result on disposal of investment properties	12	153	534	688
Changes in fair value of investment properties	13	1,342	-6,566	-9,978
OPERATING RESULT		**30,496**	**22,473**	**21,599**
Financial income	14	2,203	1,753	675
Net interest charges	15	-8,787	-8,936	-7,972
Other financial charges	16	-1,076	-2,036	-1,891
Changes in fair value of financial assets and liabilities	17	-2,101	-449	1,592
FINANCIAL RESULT		-9,761	-9,668	-7,596
PRE-TAX RESULT		**20,736**	**12,805**	**14,003**
Corporate taxes	18	-228	-216	-206
Exit tax		0	0	470
TAXES		-228	-216	264
NET RESULT		**20,508**	**12,589**	**14,267**

(in € 1,000)	31/12/12	31/12/11	31/12/10
OTHER ELEMENTS OF COMPREHENSIVE INCOME			
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	-645	0	882
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-12,899	-10,187	836
Changes in fair value of financial assets available for sale	2,780	392	485
Other elements of comprehensive income	-10,119	-9,795	2,203
Minority interests	0	0	0
Other elements of comprehensive income – Group share	-10,764	-9,795	2,203
COMPREHENSIVE INCOME	**9,744**	**2,794**	**16,470**
Attributable to:			
Minority interests	0	2	1
Comprehensive income – Group share	9,744	2,792	16,469
NET CURRENT RESULT			
Net result	20,508	12,589	14,267
To be eliminated			
- Result on disposal of investment properties	153	534	688
- Changes in fair value of investment properties	1,342	-6,566	-9,978
- Changes in fair value of financial assets and liabilities	-2,101	-449	1,592
NET CURRENT RESULT	**21,114**	**19,070**	**21,965**

RESULTS PER SHARE (in €)	31/12/12 (12 months)	31/12/11 (12 months)	31/12/10 (12 months)
Comprehensive income per share, group share (b)	2.43	0.70	4.12
Comprehensive income per diluted share, group share (b)	2.43	0.70	4.12
Result per share, group share (b)	5.11	3.15	3.57
Result per diluted share, group share (b)	5.11	3.15	3.57
Net current result per share (b)	5.26	4.77	5.50

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

CONSOLIDATED BALANCE SHEET

(in € 1,000)	Note	Period 31/12/12	Period 31/12/11	Period 31/12/10
ASSETS				
I. NON-CURRENT ASSETS		634,775	526,647	498,839
Intangible assets	19	2	3	4
Investment properties	20	578,163	501,584	494,203
Other tangible assets	22	1,212	1,316	25
Non-current financial assets	23	37,499	23,744	4,607
Finance lease receivables	24	17,899	0	0
II. CURRENT ASSETS		32,251	11,770	15,136
Assets held for sale	25	21,701	2,859	0
Current financial assets	26	1	1	5,435
Trade receivables	27	6,605	5,685	5,685
Tax receivables and other current assets	28	1,253	854	960
Cash and cash equivalents	29	2,436	1,998	2,840
Deferred charges and accrued income	30	255	373	216
TOTAL ASSETS		**667,026**	**538,417**	**513,975**
LIABILITIES				
TOTAL SHAREHOLDERS' EQUITY		**256,010**	**261,821**	**275,410**
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		256,005	261,815	275,407
Capital	31	44,128	44,128	44,128
Share premium account	31	70,622	70,622	70,622
Reserves	31	120,747	134,478	146,391
Net result of the financial year	31	20,508	12,587	14,266
II. MINORITY INTERESTS	33	5	5	3
LIABILITIES		**411,016**	**276,596**	**238,565**
I. NON-CURRENT LIABILITIES		256,591	177,560	142,360
Provisions		0	0	0
Non-current financial debts	34	228,674	163,724	138,000
- Credit institutions		228,467	163,529	133,310
- Other		207	194	4,690
Other non-current financial liabilities	34	27,917	13,836	3,986
Other non-current liabilities		0	0	374
II. CURRENT LIABILITIES		154,425	99,036	96,205
Provisions		0	0	0
Current financial debts	34	135,942	84,222	81,838
- Credit institutions		63,000	12,563	0
- Other		72,942	71,659	81,838
Trade debts and other current debts	35	7,723	5,200	4,517
- Exit tax		0	0	0
- Other		7,723	5,200	4,517
Other current liabilities	36	2,180	1,449	2,091
Accrued charges and deferred income	37	8,580	8,165	7,759
TOTAL EQUITY AND LIABILITIES		**667,026**	**538,417**	**513,975**

CONSOLIDATED CASH FLOW STATEMENT[1]

(in € 1,000)	Note	31/12/12 (12 months)	31/12/11 (12 months)	31/12/10 (12 months)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**29**	**1,998**	**2,840**	**2,767**
1. Cash flow from operating activities		**24,287**	**26,286**	**21,629**
Net result		20,508	12,590	14,276
Adjustment of the profit for non-cash and non-operating elements		**8,398**	**13,812**	**13,642**
Depreciations, write-downs and taxes		135	82	-345
- Depreciations and write-downs on intangible and other tangible assets (+/-)		74	75	8
- Write-downs on current assets (-)		-47	-18	17
- Taxes		227	216	-264
- Taxes paid		-119	-191	-106
Other non-cash elements		757	7,081	7,377
- Changes in fair value of investment properties (+/-)		-1,342	6,566	9,978
- Movements in provisions (+/-)		0	0	-66
- Phasing of gratuities (+/-)		-2	66	-943
- Increase (+) / Decrease (-) in fair value of financial assets and liabilities		2,101	449	-1,592
Non-operating elements		7,505	6,649	6,610
Gains on disposals of non-current assets		-153	-534	-688
Dividends received		-1,116	-318	-226
Write-back of financial income and financial charges		8,775	7,501	7,524
Change in working capital requirements		-4,619	-116	-6,289
Movements in asset items		-1,524	199	-2,451
- Current financial assets		1	15	-3,122
- Trade receivables		-873	19	135
- Tax receivables and other current assets		-532	146	398
- Deferred charges and accrued income		-120	19	138
Movements in liability items		-3,095	-315	-3,838
- Trade debts and other current debts		-3,796	682	-2,674
- Taxes		26	-25	370
- Other current liabilities		547	-1,016	-260
- Accrued charges and deferred income		128	44	-1,274

1 The sum of the decrease of the fair value of the non-current financial assets (€ -2,101 thousand), the dividends received (€ 1,116 thousand) and the financial income and charges (€ -8,775 thousand), amounts to € -9,761 thousand, which is the financial result at the end of 2012.

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(in € 1,000)	Note	31/12/12 (12 months)	31/12/11 (12 months)	31/12/10 (12 months)
2. Cash flow from investment activities		**-105,342**	**-31,536**	**61,361**
Investments				
Investment properties in operation		-79,154	-19,218	-3,706
Development projects		-19,535	-4,819	-1,104
Intangible and other tangible assets		-8	-1,365	-4
Non-current financial assets		-11,957	-14,658	-1,538
Assets held for sale		0	0	0
Effect in consolidation of new participations		-26	0	86
Divestments				
Investment properties in operation		823	7,700	67,400
Intangible and other tangible assets		102	0	0
Non-current financial assets		0	506	1
Assets held for sale		3,295	0	0
Dividendes received		1,116	318	226
3. Cash flow from financing activities		**81,493**	**4,408**	**-82,917**
Change in financial liabilities and financial debts				
Increase (+) / Decrease (-) of financial debts		105,299	28,109	-59,357
Increase (+) / Decrease (-) of other financial liabilities				
Financial income received		2,441	1,258	430
Financial charges paid		-10,691	-8,574	-8,005
Change in shareholders' equity (+/-)				
Change of capital and share premium account (+/-)				
Increase (+) / Decrease (-) of treasury shares		1,097	0	0
Dividend of the previous financial year		-16,652	-16,385	-15,985
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**29**	**2,436**	**1,998**	**2,840**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND RESERVES

(in € 1,000)	Capital	Share premium account	Treasury shares redeemed (-)
Balance sheet under IFRS on 30/06/07	**44,128**	**70,622**	**-12**
- Distribution dividend of the previous financial year - Distribution interim dividend of the current financial year - Result of the financial year 2007/2008 (18 months) - Treasury shares redeemed - Various			-1,034
Balance sheet under IFRS on 31/12/08	**44,128**	**70,622**	**-1,046**
- Distribution closing dividend of the previous financial year - Result of the financial year 2009 (12 months) - Various			
Balance sheet under IFRS on 31/12/09	**44,128**	**70,622**	**-1,046**
- Distribution closing dividend of the previous financial year - Result of the financial year 2010 (12 months) - Various			
Balance sheet under IFRS on 31/12/10	**44,128**	**70,622**	**-1,046**
Restatement according to the RD of 07/12/10			1,046
Balance sheet under IFRS on 31/12/10 after restatement	**44,128**	**70,622**	**0**
- Distribution closing dividend of the previous financial year - Transfer net result 2010 to reserves - Comprehensive result of the financial year 2011 (12 months) - Various			
Balance sheet under IFRS on 31/12/11	**44,128**	**70,622**	**0**
- Distribution closing dividend of the previous financial year - Transfer net result 2011 to reserves - Comprehensive result of the financial year 2012 (12 months) - Various			
Balance sheet under IFRS on 31/12/12	**44,128**	**70,622**	**0**

Reserves	Net result of the financial year	Impact on fair value of estimated transfer costs resulting from hypothetical disposal of investment properties	Changes in fair value of financial assets and liabilities	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
152,139		**-6,219**	**1,413**	**262,071**	**9,975**	**272,046**
-15,248				-15,248		-15,248
-15,385				-15,385		-15,385
38,322		-1,901	-2,387	34,034	1,240	35,274
				-1,034		-1,034
				0	-11,222	-11,222
159,828		**-8,120**	**-974**	**264,438**	**-7**	**264,431**
-7,393				-7,393		-7,393
18,380		-9	-492	17,879	1	17,880
				0		0
170,815		**-8,129**	**-1,466**	**274,924**	**-6**	**274,918**
-15,985				-15,985		-15,985
14,266		883	1,321	16,470	9	16,479
				0		0
169,095		**-7,246**	**-145**	**275,408**	**3**	**275,410**
-22,702	14,266	7,246	145			
146,393	**14,266**	**0**	**0**	**275,408**	**3**	**275,410**
-16,385				-16,385		-16,385
14,266	-14,266					
-9,795	12,587			2,792	2	2,794
				0		0
134,478	**12,587**	**0**	**0**	**261,815**	**5**	**261,821**
-16,653				-16,653		-16,653
-12,587	-12,587			0		
-10,763	20,508			9,745	0	9,745
1,097				1,097		1,097
120,746	**20,508**	**0**	**0**	**256,005**	**5**	**256,010**

Presented according to the items defined in the RD of 7/12/10

(in € 1,000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)
Balance sheet under IFRS on 31/12/10	**44,128**	**70,622**	**602**	**62,268**	**-6,358**
Comprehensive result for the period and transfers				-22,431	
Dividends to shareholders					
Balance sheet under IFRS on 31/12/11	**44,128**	**70,622**	**602**	**39,837**	**-6,358**
Transfers				-6,566	
Comprehensive result for the period					-645
Sale of treasury shares					
Dividends to shareholders					
				(1)	
Balance sheet under IFRS on 31/12/12	**44,128**	**70,622**	**602**	**33,271**	**-7,003**

(1) In 2011 € -449 thousand is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact was booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation. In 2011 € -6,566 thousand is recorded as changes in fair value of investment properties. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of investment properties" after result appropriation.
In 2012 € -2,101 thousand is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation. In 2012 € 1,342 thousand is recorded as changes in fair value of investment properties. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of investment properties" after result appropriation.

Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Total share-holders' equity	Minority interests	Share-holders' equity attributable to the share-holders of the parent company
-642	**-1,121**	**-1,046**	**497**	**92,192**	**14,267**	**275,407**	**3**	**275,410**
-10,187			392	36,697	-1,678	2,793	2	2,795
				-16,385		-16,385		-16,385
-10,829	**-1,121**	**-1,046**	**889**	**112,504**	**12,589**	**261,815**	**5**	**261,821**
	-449			19,604	-12,589	0		0
-12,898			2,780		20,508	9,745		9,745
		1,035		63		1,098		1,098
				-16,653		-16,653		-16,653
	(1)							
-23,727	**-1,570**	**-11**	**3,669**	**115,518**	**20,508**	**256,005**	**5**	**256,010**
(note 34.3)								

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CLOSED 31 DECEMBER 2012

NOTE 1
GENERAL INFORMATION

Leasinvest Real Estate SCA ('LRE') is a real estate investment trust (sicafi/real estate investment company with fixed capital), under Belgian Law, the law of 3 August 2012 on certain forms of collective management of investment portfolios and the RD of 7 December 2010, with its administrative offices in Antwerp.

The consolidated financial statements of LRE for the financial year ending on 31 December 2012 comprise LRE and its subsidiaries. The statutory and consolidated annual accounts were authorized for issue by the board of directors on 20 February 2013 and will be proposed to the annual general meeting of shareholders for approval on 21 May 2013. The statutory annual accounts as well as the consolidated annual accounts are prepared according to 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

2.1 IFRS valuation rules consolidated annual accounts Leasinvest Real Estate SCA

A. Statement of compliance

The consolidated annual accounts are prepared in accordance with International Reporting Standards and IFRIC interpretations, entering into force as of 31/12/12, as adopted by the European Commission.

In the course of the past financial year, different new or modified standards and interpretations entered into force.

The applied accounting principles are consistent with those of the previous financial year, except for the following modifications.

- IAS 12 Income taxes – Recovery of Deferred Taxes
- IFRS 1 – Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 - Financial Instruments: Disclosures – Transfer of financial assets

1. IAS 12 Income taxes – Deferred Taxes: Recovery of Deferred Tax Receivables
This amendment to IAS 12 clarifies the valuation of deferred taxes on investment properties treated at fair value and introduces a rebuttable presumption that the accounting value of this investment property will be recovered through a sale. Moreover, the entity is obliged, for the valuation of a deferred tax as a consequence of the valuation of a non-amortizable asset based on the revaluation model of IAS 16, to always presume a future sale. The first adoption of this amendment had no influence on the financial statements of Leasinvest Real Estate.

2. IFRS 1 – First-time Adoption of IFRS - Hyperinflation and Removal of Fixed Dates for First-time Adopters
Through this amendment the IASB has clarified that the entity has to again establish financial statements according to IFRS when its functional currency is no longer subject to hyperinflation. The first adoption of this amendment had no influence on the financial statements of Leasinvest Real Estate as it does not apply.

3. IFRS 7 - Financial Instruments: Disclosures – Transfer of financial assets
The amendment imposes additional disclosures on assets that were transferred, but that were not entirely derecognized. In that case, the entity has to disclose information that allows users to understand the relationship between the assets that were not derecognized and the related liabilities. Moreover, the amendment imposes the disclosure of information on assets that were entirely derecognized, but where there is still a continuing involvement. Also in that case, the information should allow users to evaluate the nature and the risks related to this continuing involvement in the derecognized assets. The amendment entered into force for the financial years starting on or after 1 July 2011. There are no obligations with regard to comparative figures. The first adoption of this amendment had no influence on the financial statements of Group.

Leasinvest Real Estate did not anticipatively apply the standards and interpretations below that had already been published on the date of approval of these consolidated financial statements, but did not yet enter into force.

1) IFRS 1 First-time Adoption of IFRS
These amendments impose on entities, for the first-time adoption, to apply the IAS 20 standard Administrative treatment of government grants and disclosure of government assistance, as from the transition date. These amendments will have no impact on the balance sheet or the results of Leasinvest Real Estate and will apply to financial years starting on or after 1 January 2013.

2) IFRS 7 Financial Instruments: Disclosures
These amendments impose on an entity to disclose information on the rights of set-off and related settlements (e.g. securities). These new information disclosures are mandatory for all financial instruments of the balance sheet that were offset according to IAS 32 Financial Instruments: Presentation. Moreover, entities are obliged to disclose additional information on financial instruments of the balance sheet that are subject to a 'master netting' or similar settlement, regardless of the fact that they could be taken into account for offsetting or not according to IAS 32. These amendments will have no impact on the balance sheet or the results of Leasinvest Real Estate and will apply to financial years starting on or after 1 January 2013.

3) IFRS 9 Financial Instruments
The current version of IFRS 9 presents the first phase of the project of the IASB for the substitution of IAS 39 and applies to the classification and measurement of financial assets and liabilities. The IASB has decided to delay the mandatory commencing date from 1 January 2013 to 1 January 2015. In the next phases the IASB will treat impairment and hedging. Leasinvest Real Estate will assess the influence of this and the next phases on its financial statements in their entirety in order to provide a complete picture.

4) IFRS 10 Consolidated Financial Statements
IFRS 10 substitutes the part of IAS 27 Consolidated and Separate Financial Statements that treats establishing consolidated financial statements. It will also substitute the SIC – 12 interpretation Consolidation – Special Purpose Entities. The standard introduces a control model that would apply to all entities (including special purpose entities). For the first adoption of IFRS 10 the management will have to define which entities are controlled by the Group and should consequently be consolidated. The European Union has decided that the standard will apply to financial years starting on or after 1 January 2014. Based on an analysis Leasinvest Real Estate has determined that there will currently not be any influence on the balance sheet or the results. Moreover, Leasinvest takes the influence of this standard into account for the evaluation of possible future operations.

5) IFRS 11 Joint Arrangements
IFRS 11 substitutes IAS 31 Interests In Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. The standard imposes on entities the adoption of one single accounting treatment of interests in jointly controlled entities. The European Union has decided that the standard will apply to financial years starting on or after 1 January 2014. Based on an analysis Leasinvest Real Estate has determined that there will currently not be any influence on the balance sheet or the results. Moreover, Leasinvest takes the influence of this standard into account for the evaluation of possible future operations.

6) IFRS 12 Disclosure of Interests in Other Entities
The standard comprises all information disclosures in IAS 27 related to the consolidated financial statements and the information disclosures in IAS 31 and IAS 28. These relate to the interests of the Group in subsidiaries, joint arrangements, associates, special purpose entities and other entities that were not recorded in the balance sheet. A number of new information disclosures were introduced in the standard, which have however no impact on the balance sheet or the results of Leasinvest Real Estate. The European Union has decided that the standard will apply to financial years starting on or after 1 January 2014.

7) IFRS 13 Fair Value Measurement
IFRS 13 treats the practical application of fair value measurement when this is imposed or allowed by another standard. IFRS 13 has not the intention to define under which circumstances assets or liabilities can be treated at fair value. The standard will apply to financial years starting on or after 1 January 2013 and offers a definition of fair value and one single source of fair value measurement and information disclosures on its adoption in IFRS.
Leasinvest Real Estate expects no influence of this standard on the financial statements.

8) IAS 1 Presentation of Financial Statements
The amendments have an influence on the presentation of elements in the unrealized results. Elements with a possible influence on the income statement (e.g. actuarial profits and losses on defined benefit retirement plans and the revaluation of land and buildings) should be separated from the other elements (e.g. net profit on hedges of net investments in a foreign entity, exchange rate differences for the consolidation of a foreign activity, net changes in cash flow hedges and net losses or gains on the sale of financial assets available for sale). The amendments apply to financial years starting on or after 1 July 2012. Leasinvest Real Estate expects no influence of this standard on the financial statements.

9) IAS 19 Employee Benefits
The IASB has published a number of amendments to IAS 19. These comprise fundamental changes, such as the deletion of the 'corridor method', but also simple clarifications or amendments to phrases. The amended standard will apply to financial years starting on or after 1 January 2013 and does not apply to Leasinvest Real Estate.

10) IAS 28 Investments in Associates and Joint Ventures
As a consequence of the new standards IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities, the title of the standard IAS 28 Investments in Associates was changed into IAS 28 Investments in Associates and Joint Ventures. The amended standard treats the adoption of the equity method to investments in joint ventures and associates. The amended standard applies to financial years starting on or after 1 January 2014. Based on an analysis Leasinvest Real Estate has determined that there will currently not be any influence on the balance sheet or the results. Moreover, Leasinvest takes the influence of this standard into account for the evaluation of possible future operations.

11) IAS 32 Financial Instruments: Presentation
These amendments clarify the meaning of 'a legally enforceable right to set off the amounts'. The amendments also clarify the application of the offsetting conditions of IAS 32 on settlement systems (such as for centralized 'clearing houses') that do not settle simultaneously.
The amendments apply to financial years starting on or after 1 January 2014. Leasinvest does not expect these amendments to have an impact on the balance sheet or the results.

12) IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
This interpretation applies to production stripping costs carried for mine exploitation. The interpretation discusses the accounting treatment of the economic benefit obtained as a consequence of this activity, and will apply to financial years starting on or after 1 January 2013. The new interpretation will have no impact on Leasinvest Real Estate.

B. BASIS OF PREPARATION

The financial statements are presented in €, rounded to the nearest thousand. They have been prepared on the historical cost basis, except for investment properties, derivative financial instruments, investments held for sale and investments available for sale, stated at fair value.

Equity instruments or derivative financial instruments are stated on a historical cost basis when the instrument concerned has no market price in an active market and when other methods for defining its fair value in a reasonable way are unsuitable or unfeasible.

Hedged assets and liabilities are stated at fair value, taking into account the risk hedged.

The accounting principles have been consistently applied.

The consolidated financial statements are established before profit appropriation by the parent company, as proposed to the general meeting of shareholders.

The presentation of the financial statements according to IFRS standards requires estimates and assumptions which influence the amounts presented in the financial statements, namely:

- the measurement of investment properties at fair value;
- the amortization rhythm of non-current assets;
- the measurement of provisions and employee benefits;
- the measurement selected for impairment tests;
- the measurement of financial instruments at market value.

These estimates are based on a 'going-concern' principle and are defined in function of the information available at that moment. The estimates can be reviewed if the circumstances they were based on change or if new information became available. The final outcome can differ from the estimate.

More specifically, within the framework of the sale of the buildings in the Axxes Business Park in 2010 and Torenhove in 2012, LRE stands surety for a maximum term of 9 years (respectively till July 2019 and till December 2021), mainly with regard to possible vacancy. Per closing date, an assessment of the probability of the surety is made, taking into account the vacancy, the expected vacancy and the commercial success in order to find sufficient tenants or users. Commercial management is executed by a subsidiary of LRE, i.e. Leasinvest Services, and is remunerated. When Leasinvest Services does not succeed, or it becomes probable that it will not succeed in successfully concluding sufficient rental contracts or service contracts to compensate potential vacancy, this can entail the recognition of an additional provision on the account of LRE.

C. CONSOLIDATIEPRINCIPES

The consolidated financial statements comprise the financial statements of LRE and its subsidiaries.

Subsidiaries
Subsidiaries are those enterprises controlled by the group. Control exists when LRE, directly or indirectly, via subsidiaries, 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 LRE 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 body, 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 body, and the governing power on the entity is held by that board of directors or decision-making body.

The financial statements of subsidiaries are fully consolidated as 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 LRE, using uniform IFRS accounting policies.
All intra-group transactions, including unrealized intra-group profits and losses on transactions between group entities are eliminated.
New acquisitions are accounted for by applying the purchase method, in accordance with IFRS 3. The cost of a business combination consists of the acquisition price, the minority interests and the fair value of the previously held interests (shares) in the party acquired. The transfer rights have to be passed through the income statement.

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):
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 comprise the buildings ready for letting (investment properties in operation), as well as the buildings under construction or development for future use as an investment property in operation (development projects).

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 quarter, the investment value of the property, (this term 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', LRE applies the following principles to the investment value to determine the fair value:

(i) For transactions relating to buildings in Belgium with an overall value lower than € 2.5 million, transfer taxes of 10% need to be taken into account (Flemish Region) or 12.5% (Brussels-Capital and Walloon Region).
(ii) For transactions relating to buildings in Belgium with an overall value higher or equal to € 2.5 million, and considering the range of methods of property transfer that are used, the 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, the fixed transfer taxes of 2.5% applicable on real estate in Belgium, can be applied.

Investment properties 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.

Real estate certificates

The valuation of the real estate certificates depends on whether there is a substantial interest or not in the issued certificates:

A. Possession of no substantial interest in the issued certificates (or less than 2/3)

If the holder of the certificates does not possess a substantial interest (less than 2/3) in the real estate certificate, the certificates are booked at closing date at the weighted average share price of the last 30 days, under the item Non-Current Financial Assets.

B. Possession of a substantial interest (more than 2/3) in the issued certificates

If these certificates are not listed, or if the share price, as reflected by the price tables, cannot be considered as a reliable reference because of the limited liquidity of this real estate certificate, Leasinvest Real Estate wishes to revalue, at each closing of it accounts, its certificates in function of:

a) the fair value of the real estate of which the issuer is the owner and this, and this by analogy with the valuation of its own real estate. This occurs on the basis of a periodical valuation by its real estate expert.

If one or more buildings are sold by the issuer of the real estate certificate, the sales price will be taken into account for the valuation, till the distribution of the sales proceeds.

b) the contractual rights of the holder of the real estate certificate according to the initial prospectus issued by the real estate certificate.

Although Leasinvest Real Estate is not the legal owner of this real estate, it considers itself to be its economic beneficiary, and this pro rata of its contractual rights as the owner of the real estate certificates. Moreover, an investment in real estate certificates, in application of the RD on sicafi of 7 December 2010, article 2, sub 20°, is considered as real estate. Taking these considerations into account, the certificates are booked under the investment properties at their acquisition value including additional costs. Profit or loss, resulting from changes in the fair value of an investment property, are recorded in the income statement in the period in which they originated and are attributed to the available reserves when the result is appropriated.

The treatment of the coupon also depends on whether there is a substantial interest or not in the issued certificates:

A. Possession of no substantial interest in the issued certificates (or less than 2/3)

The fee received comprises a part for the capital reimbursement and a part for the interest. The latter is presented in the financial result when there is certainty on the fee, and this falls due.

B. Possession of a substantial interest (more than 2/3) in the issued certificates

As holder of the real estate certificates, Leasinvest Real Estate has a contractual right pro rata of the real estate certificates in its possession, on a part of the operating balance realized by the issuer through the collection of the rents and payments for the operating and maintenance costs.

As the entire depreciation or value increase is treated via the revaluation of the real estate certificate, no part of the coupon relating to the operating balance should be considered to be a fee for the depreciation of the buildings of the issuer.

Consequently, the entire coupon (pro rata) is treated as net rental income and as operating income (turnover).

When a certain building from the issuer's portfolio is sold, it is treated as follows:

- the net revenue, potentially after deduction of withholding taxes due, is only booked as a realized capital gain

at Leasinvest Real Estate for the difference between the book value of the real estate certificate at closing date, augmented by the net liquidation coupon, and the book value at the previous closing date.

Subsequent expenditure
The expenditure incurred by the owner to refurbish a property in operation 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, charges related to renovations and significant improvements adding a function to the investment property in operation or raising its level of comfort, in order to allow a raise of the rent and consequently of the estimated rental value, are capitalized and consequently recorded in the accounting value of the concerned asset as far as an independent real estate valuer acknowledges a corresponding increase in value of the building.

Regarding the development projects, all directly attributable costs including additional expenses such as registration charges and non-deductible VAT are capitalized.
Interest costs related to the financing of the project shall also be capitalized, as far as they relate to the period prior to the accomplishment of the asset. To the extent that funds are borrowed generally to acquire assets, the amount of interests eligible for capitalization shall be determined by applying a rate reflecting the average borrowing cost of the group during that period.

H. ASSETS HELD FOR SALE

The assets held for sale (investment properties) are presented separately in the balance sheet at a value corresponding to the fair value, decreased by the transfer rights.

I. 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 highest of its fair value less sales costs (supposing a non-forced sale) or its value in use (based on the current value 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 available 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 cannot be reversed, earlier booked impairment losses for shares available for sale can, depending on the type of instrument, be reversed through shareholder's equity or profit or loss.

J. FINANCIAL INSTRUMENTS

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

Financial assets available for sale
Financial assets available for sale and securities 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 cumulated revaluation is taken into profit or loss.

When a decline in fair value of a financial asset available 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 is recognized pro rata temporis in profit or loss based on the effective interest rate.

Long-term receivables are valued 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 in the balance sheet.

K. 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 derivative financial 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 derivative financial 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 derivative financial 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 transferred from equity to profit or loss.

L. ISSUED CAPITAL AND RESERVES

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

Redeeming of treasury shares
Redeemed treasury 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 treasury shares are recognized directly in equity.

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

M. PROVISIONS

If LRE or a subsidiary has a (legal or indirect) obligation as a result of a past event, and it is probable that the settlement of this obligation will require an outflow of resources, 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 LRE 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.

N. CONTINGENT ASSETS AND LIABILITIES

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

O. 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 investment trust (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.

P. 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.

Q. 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 in the notes if their impact is potentially important.

R. 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.

S. REVENUE

Rental income comprises the gross rental income. Costs of gratuities and advantages granted to tenants are recorded as deduction of the rental income (through 'rent free periods') for the duration of the lease, defined as the period between the start and the first break.

T. 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 derivative financial 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.

U. SEGMENT REPORTING

The segment information is prepared taking into account the operating segments and the information used internally in order to take decisions. The segment information comprises the results, assets and liabilities that can, directly, or on a reasonable basis, be attributed to a segment. LRE is split up in two geographic segments, namely Belgium and the Grand Duchy of Luxembourg. The Luxembourg segment corresponds to the Leasinvest Immo Lux SICAV-SIF portfolio. The "corporate" category comprises all unallocated fixed costs carried at group level, and the financing costs.

NOTE 3
SEGMENT INFORMATION

The segment information is prepared taking into account the operating segments and the information used internally in order to take decisions. The segment information comprises the results, assets and liabilities that can, directly, or on a reasonable basis, be attributed to a segment. LRE is split up in two geographic segments, namely Belgium and the Grand Duchy of Luxembourg. The Luxembourg segment corresponds to the Leasinvest Immo Lux SICAV-SIF portfolio. The "corporate" category comprises all unallocated fixed costs carried at group level, and the financing costs.

3.1 Segment information - geographical

3.1.1 Consolidated statement of comprehensive income

(in € 1,000)	Belgium		Luxembourg		Corporate		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12 (12 months)	31/12/11 (12 months)
(+) Rental income	20,716	21,112	17,243	15,535			37,959	36,647
(+) Write-back of lease payments sold and discounted								
(+/-) Related-rental expenses	47	18					47	18
NET RENTAL INCOME	**20,763**	**21,130**	**17,243**	**15,535**	**0**	**0**	**38,006**	**36,665**
(+) Recovery of property charges	207	23	5	59			212	82
(+) Recovery income of charges and taxes normally payable by tenants on let properties	3,418	2,585	45	48			3,463	2,633
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	-4	0	0			0	-4
(-) Charges and taxes normally payable by tenants on let properties	-3,418	-2,585	-45	-48			-3,463	-2,633
(+/-) Other rental-related income and expenditure	-1,428	-736	-114	-133			-1,541	-869
PROPERTY RESULT	**19,543**	**20,413**	**17,134**	**15,461**	**0**	**0**	**36,676**	**35,874**
(-) Technical costs	-996	-773	-45	-416			-1,042	-1,189
(-) Commercial costs	-472	-601	-42	-98			-514	-699
(-) Charges and taxes on unlet properties	-489	-527	-18	-31			-507	-558
(-) Property management costs[1]	-2,952	-2,652	-171	-180			-3,123	-2,832
(-) Other property charges	-220	-130	-143	-148			-363	-278
PROPERTY CHARGES	-5,129	-4,683	-420	-873	0	0	-5,549	-5,556
PROPERTY OPERATING RESULT	**14,414**	**15,730**	**16,713**	**14,588**	**0**	**0**	**31,127**	**30,318**
(-) Corporate operating charges					-1,824	-1,790	-1,824	-1,790
(+/-) Other operating charges and income					-302	-22	-302	-22
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**14,414**	**15,730**	**16,713**	**14,588**	**-2,126**	**-1,812**	**29,001**	**28,506**
(+/-) Result on disposal of investment properties	-3	534	156				153	534
(+/-) Changes in fair value of investment properties	-5,014	-8,963	6,355	2,397			1,342	-6,566
OPERATING RESULT	**9,398**	**7,301**	**23,225**	**16,985**	**-2,126**	**-1,812**	**30,496**	**22,474**

(1) The property management costs consist a/o of the fee paid by Leasinvest Real Estate to the statutory manager Leasinvest Real Estate Management SA. This fee is calculated based on the consolidated real estate portfolio, i.e. including the portfolio situated in Luxembourg, the participation in Retail Estates & the real estate certificates held. Of the total fee paid by Leasinvest Real Estate during the financial year 2012 (12 months) € 1.086 million is related to the Luxembourg real estate portfolio. The fee is however fully recorded in the Belgian segment because Leasinvest Real Estate is the actual debtor.

NOTE 3
SEGMENT INFORMATION (CONTINUED)

(in € 1,000)	Belgium		Luxembourg		Corporate		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12 (12 months)	31/12/11 (12 months)
(+) Financial income					2,203	1,752	2,203	1,752
(-) Net interest charges					-8,787	-8,936	-8,787	-8,936
(-) Other financial charges					-1,075	-2,036	-1,075	-2,036
(+/-) Changes in fair value of financial assets and liabilities					-2,101	-449	-2,101	-449
FINANCIAL RESULT	0	0	0	0	-9,760	-9,669	-9,760	-9,669
PRE-TAX RESULT	**9,398**	**7,301**	**23,225**	**16,985**	**-11,886**	**-11,481**	**20,736**	**12,805**
(+/-) Corporate taxes					-228	-216	-228	-216
(+/-) Exit tax							0	0
TAXES	0	0	0	0	-228	-216	-228	-216
NET RESULT	**9,398**	**7,301**	**23,225**	**16,985**	**-12,114**	**-11,697**	**20,508**	**12,589**
Attributable to:								
Minority interests							0	2
Group share							20,508	12,587

3.1.2 Consolidated balance sheet (geographical segmentation)

(in € 1,000)	Belgium		Luxembourg		Corporate		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
ASSETS								
Intangible assets	2	3	0				2	3
Investment properties (incl. development projects)	271,556	275,079	306,607	226,505			578,163	501,584
Assets held for sale	2,591	2,859	19,110				21,701	2,859
Other assets	61,001	30,296	6,160	3,675			67,161	33,971
ASSETS PER SEGMENT	**335,149**	**308,237**	**331,877**	**230,180**	**0**	**0**	**667,026**	**538,417**
LIABILITIES								
Non-current financial debts					228,674	163,724	228,674	163,724
Current financial debts					135,942	84,222	135,942	84,222
Other liabilities		21,084		2,366	46,400	5,200	46,400	28,650
LIABILITIES PER SEGMENT	**0**	**21,084**	**0**	**2,366**	**411,016**	**253,146**	**411,016**	**276,596**
SHAREHOLDERS' EQUITY							**256,010**	**261,821**

Other segment information

The investment properties consist of the property available for letting as well as of the development projects.

(in € 1,000)	Belgium		Luxembourg		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Investment properties						
investments	3,746	23,747	93,671	291	97,417	24,038
divestments		-7,166	-603		-603	-7,166
Finance lease receivables						
investments	17,900				17,900	0
divestments						0
Assets held for sale						
investments		0				0
divestments	-2,859				-2,859	
Other tangible assets (other)						
investments	8	1,365			8	1,365
divestments	-38					
depreciations	-72	-71	-1	-3	-73	-71
Net book value at the end of the financial year	1,210	1,313	2	3	1,212	1,313

The investments in and divestments of investment properties, the finance lease receivables and the assets held for sale are commented in respectively note 20, 24 and 25.

The other tangible assets are mainly not for own use (note 22).

3.1.3 Main key figures

REAL ESTATE PORTFOLIO	Belgium		Luxembourg		TOTAL	
(in € 1,000)	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Fair value of the real estate portfolio	292,047	277,938	325,716	226,505	617,763	504,443
Investment value of the real estate portfolio	299,660	285,178	333,640	232,310	633,300	517,488
Yield (in fair value) of the segment	7.45%	7.26%	7.16%	7.15%	7.30%	7.23%
Yield (in investment value) of the segment	7.26%	7.08%	7.03%	6.97%	7.14%	7.05%
Total letting area (m^2)	284,469	280,344	123,659	57,317	408,128	337,661
Occupancy rate	90.98%	87.78%	99.28%	99.32%	94.90%	92.57%
Weighted average duration till first break possibility (# years)	5.4	4.3	4.3	3.7	4.9	4.0

The fair value and the investment value of the real estate portfolio comprise the buildings in operation, i.e. the buildings available for letting and the assets held for sale, as well as the development projects. For the calculation of the other key figures (the yield, the total letting area, the occupancy rate and the weighted average duration) only the buildings in operation are taken into account, excluding the assets held for sale. The yields concern gross yields.

3.2 Segment information – Key figures per asset class

(in € 1,000)	Offices		Logistics (and semi-industrial)		Retail		TOTAL	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Rental income (incl. lease receivables)	19,187	20,717	9,934	8,561	8,726	7,109	37,848	36,387
Fair value of the real estate portfolio	285,030	272,621	153,413	131,724	179,320	100,098	617,763	504,443
Investment value of the real estate portfolio	293,710	279,578	157,540	135,310	182,050	102,600	633,300	517,488
Occupancy rate	91.82%	91.52%	94.30%	89.42%	100%	100%	94.90%	92.57%
Rental yield (in fair value) of the segment	7.28%	6.98%	7.49%	7.79%	7.19%	7.20%	7.30%	7.23%
Rental yield (in investment value) of the segment	7.10%	6.81%	7.30%	7.58%	7.08%	7.03%	7.14%	7.05%
Weighted average duration till first break possibility (# years)	3.5	3.0	6.0	5.2	6.2	5.1	4.9	4.0

	2012		2011	
	Fair value (€ M)	Acquisition value (€ M)	Fair value (€ M)	Acquisition value (€ M)
Offices				
Offices Grand Duchy of Luxembourg	119.84	108.27	138.13	124.00
Offices Brussels	96.58	123.80	101.74	122.40
Offices rest of Belgium	29.91	50.30	29.90	50.30
Total offices	**246.32**	**282.37**	**269.77**	**296.70**
Logistics/semi-industrial				
Logistics/semi-industrial Grand Duchy of Luxembourg	20.18	13.40	111.53	13.40
Logistics/semi-industrial Belgium	108.40	97.76	20.20	99.60
Other	22.25	19.80	0.00	0.00
Total logistics/semi-industrial	**150.83**	**130.96**	**131.73**	**113.00**
Retail				
Retail Grand Duchy of Luxembourg	146.98	135.70	68.19	61.20
Retail Belgium	32.34	19.30	31.91	18.50
Total retail	**179.32**	**155.00**	**100.10**	**79.70**
Investment properties	**576.48**	**568.32**	**501.60**	**489.40**
Assets held for sale	21.69	19.32	2.85	3
Buildings in operation	**598.17**	**587.64**	**504.45**	**492.40**
Projects Grand Duchy of Luxembourg	19.60	19.50	0	
Projects Belgium	0.00	0	0	
General total incl. development projects & assets held for sale	**617.77**	**607.14**	**504.45**	**492.40**

The rental income does not take into account the indemnities received for early termination of leases of € 0.1 million (end-2012).
The real estate portfolio comprises the buildings in operation and the assets held for sale, as well as the development projects. For the calculation of the occupancy rate and the rental yield, only the buildings in operation are taken into account, excluding the assets held for sale and the development projects. The yields concern gross yields.
With regard to the other assets, other than the real estate portfolio, it is irrelevant to apply the segmentation per type.

Leasinvest Real Estate does not depend on major clients representing each more than 10% of the rental income.

GLOBAL RESULT

NOTE 4
NET RENTAL RESULT

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Rental income	**37,959**	**36,647**
Rents	37,433	34,517
Guaranteed income	0	1,936
Rent-free periods	2	-66
Rental incentives	-20	
Indemnities for early termination of the leases	132	260
Income from finance leases and comparable items	413	
Write-back of lease payments sold and discounted	**0**	**0**
Rental-related expenses	**47**	**18**
Rent payable on rented premises		
Write-downs on trade receivables		-16
Write-backs of write-downs on trade receivables	47	34
Net rental result	**38,006**	**36,664**

Leasinvest Real Estate rents its investment properties on the basis of customary rental contracts.

The increase of the rental income is explained, on the one hand, by the successful letting of mainly Canal Logistics (in 2011 a rental guarantee of € 0.8 million was received with regard to Canal Logistics, so in the case of non letting in 2012 the rental income would have decreased, ceteris paribus, by this amount) and by the contribution of four months of income generated by the investment in the shopping center Knauf in Schmiede and the State Archives in Bruges (presented as finance lease receivables and comparable items). The impact of these acquisitions on the rental income amounts to approximately € 1.8 million.
On the other hand, the impact of the sales in 2011 on the rental income in 2012 was € -0.4 million.
Following the successful letting the occupancy rate also increased in the segments Logistics/Semi-industrial and Offices.

The favourable evolution of the vacancy rate in offices mainly relates to the building The Crescent in Anderlecht.
End-2012 an important additional letting was concluded, and the building is at present already let for 62% (in comparison with 50% end-2011). The necessary commercial efforts are being made in order to further let the building.

The guaranteed income of € 1.9 million at the end of 2011 relates to the compensation received as a consequence of the departure of a tenant, for € 1.1 million (in 05/2011) of Extensa Group SA, and the balance (€ 1.1 million was already received in 2010) of the rental guarantee for phase 1 and the final amount for phase 2 of Canal Logistics of € 0.8 million.

Costs of rent-free periods and rental incentives to tenants are deducted from the rental income (in the item "rent-free periods") over the duration of the lease, defined as the period between the start and the first break. The rental incentives that were not yet recognized in the result are deducted from the fair value of the assets.
This implies, when entering a new rental period (after a break possibility or after the conclusion of a new rental contract) and in the case a rent-free period has been granted, no rent will be collected during that period, but rent will be recorded in this item. Consequently, ceteris paribus, this item has a positive balance. In the course of the rental period the rent received will be higher than the rented corrected with the rent-free period. This correction is recorded in this item and will, ceteris paribus, consequently have a negative balance, unless another rent-free period, exceeding this balance, is again granted in that period.

The table below indicates how much of the annual rental income could potentially be lost. If each tenant having a break possibility would actually leave the building and there would be no re-letting, this table show the loss of rental income.

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Within one year	3,705	5,602
Between one and five years	25,780	20,008
More than five years	13,856	11,001
TOTAL	**43,341**	**36,612**

Leasinvest Real Estate's portfolio mainly comprises players from the private sector and, to a lessor extent, of the public sector. Consequently, there are relatively more contracts with shorter fixed durations.

Total amount of future minimal rental income related to ordinary rental contracts that cannot be terminated (including finance lease receivables):

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Within one year	39,636	30,850
Between one and five years	93,752	83,070
More than five years	33,091	5,651
TOTAL	**166,479**	**119,571**

The increase in comparison with end-2011 is explained by, on the one hand, the indexed rental contract concluded with the Buildings Agency for a minimum of 25 years, with regard to the State Archives in Bruges ("State Archives Bruges") and, on the other hand, by the recording of the rental income coming from the rental contracts concluded by Porte des Ardennes Schmiede, the company that owns the shopping center Knauf in Schmiede and has refinanced its business through real estate certificates subscribed by Leasinvest Immo Lux SA, and of which Leasinvest Real Estate is finally the economic owner. Excluding finance lease receivables, the total amount of the future rental income is:

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Within one year	38,488	30,850
Between one and five years	89,161	83,070
More than five years	28,499	5,651
TOTAL	**156,148**	**119,571**

NOTE 5
COSTS PAYABLE BY TENANTS AND BORNE BY THE LANDLORD AND OTHER RENTAL-RELATED INCOME AND EXPENSES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	**0**	**-4**
Recovery of property charges	**212**	**82**
Compensations received for rental damage	212	82
Recovery of refurbishment costs at end of lease		0
TOTAL	**212**	**78**
Other rental-related income and expenses	**-1,541**	**-869**
TOTAL	**-1,541**	**-869**

The recovery of property charges only comprises the compensations received for rental damage.
The item "other rental-related income and expenses" amounts to € -1.541 thousand at the end of 2012 in comparison with € -869 thousand at the end of 2011. This change is explained by the design costs related to the business center "The Crescent" that could, in accordance with the valuation rules, not be capitalized, and also and mainly the operating expenses (together € -1,701 thousand). This item also comprises the management fee, in accordance with market standards, paid to

Leasinvest Services by third parties (€ 483 thousand), compensated by other costs borne by Leasinvest Real Estate (€ -323 thousand). The contribution of the business center "The Crescent" to the property result is slightly positive. It is expected that additional lettings will increase the contribution to the property result.

NOTE 6
CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Recovery income of charges and taxes normally payable by tenants on let properties	**3,463**	**2,633**
Rebilling of rental charges paid by the landlord	1,633	908
Rebilling of taxes on let properties	1,830	1,725
Rental charges and taxes normally payable by tenants on let properties	**-3,463**	**-2,633**
Rental charges paid by the landlord	-1,633	-908
Taxes on let properties	-1,830	-1,725
Rental charges borne by the landlord on let properties	**0**	**0**

Under usual lease terms these charges and taxes are borne by the tenants through rebilling by the landlord. This concerns, among other things, the property taxes and other taxes. In 2012 and 2011 all charges and taxes, for the account of the tenant, have been rebilled.

NOTE 7
TECHNICAL COSTS

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Recurring technical costs	**-1,034**	**-1,181**
Maintenance	-1,022	-1,150
Compensation for total guarantees		
Insurance premiums	-13	-31
Non-recurring technical costs	**-8**	**-8**
Major repairs (building contractors, architects, engineering, ...)	-8	-3
Claims		-5
TOTAL	**-1,042**	**-1,189**

To ensure that the buildings keep responding to the increasing demands of comfort, image and sustainability maintenance and renovation works are regularly carried out.

NOTE 8
COMMERCIAL COSTS

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Letting fees paid to real estate agents	-386	-518
Marketing expenses	-76	-52
Lawyer fees and legal expenses	-52	-129
TOTAL	**-514**	**-699**

NOTE 9
CHARGES AND TAXES ON UNLET PROPERTIES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Charges on unlet properties of the financial year	-369	-332
Property taxes on unlet properties	-138	-226
TOTAL	**-507**	**-558**

The charges on unlet properties are the charges related to vacant spaces, which cannot be recovered and are consequently to be borne by the owner.

NOTE 10
PROPERTY MANAGEMENT COSTS AND OTHER PROPERTY COSTS

10.1 Property management costs

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
External management costs	-2,396	-2,183
Costs of the internal management of the property	-727	-649
TOTAL	**-3,123**	**-2,832**

Leasinvest Real Estate SCA (on a statutory basis) has no own personnel. The statutory manager, Leasinvest Real Estate Management SA ('LREM'), is in charge of the management of the real estate investment trust and had a staff of eleven persons on 31/12/12 under the direction of the permanent representative (twelve in total). The external management costs consist of the remuneration of the statutory manager, which is defined at 0.415% of the investment value of the consolidated real estate portfolio, including the buildings of Leasinvest Immo Lux, the participation in Retail Estates and the real estate certificates subscribed to, according to the articles of association. The costs of the internal management of the property consist of the personnel costs of Leasinvest Immo Lux (1 person) on the one hand, and Leasinvest Services on the other hand, which takes care of the technical management of the buildings of the real estate investment trust (personnel: 7 employees).

10.2 Other property costs

The other property costs amount to € -0.4 million at the end of 2012 and mainly comprise the valuers' fee (€ 157 thousand) and the fee paid to Property Partners and other diverse property costs.

NOTE 11
GENERAL CORPORATE CHARGES AND OTHER OPERATING INCOME AND CHARGES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
UCI tax	-219	-217
Depositary	-123	-125
Auditor fees	-111	-86
Liquidity provider	-13	-13
Other expenses	-1,358	-1,348
TOTAL	**-1,824**	**-1,789**
Other operating income and charges	**-302**	**-22**

The general corporate charges regroup the overhead costs of the company, which have as such nothing to do with the actual activity, namely generating rental income. These are, among other things, the costs carried by the real estate investment trust as a legal, listed entity and are mainly related to all kinds of prescriptions/obligations regarding transparency, liquidity of the share and financial communication. The other charges comprise a/o the fee for the effective leaders, publicity and communication costs.
The costs of the depositary only relate to Leasinvest Immo Lux SICAV-SIF.
The other operating income and charges (€ -302 thousand) mainly comprise the rental guarantee within the framework of the sale of Axxes Business Park in 2010 for € 315 thousand (2012) in comparison with € 229 thousand in 2011 (as elaborated in the Basis for preparation). In 2011 this item was positively influenced by an exceptional VAT recovery.

NOTE 12
RESULT OF DISPOSAL OF INVESTMENT PROPERTIES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Net gains on investment properties (sales price – transfer rights)	4,208	7,700
Book value of real estate sold (fair value)	-3,987	-7,166
Write-back of impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-67	0
TOTAL	**153**	**534**

In the building Mercure in Luxembourg a floor has been sold at the end of December 2012 for € 915 thousand (costs for the buyer). The realized capital gain amounts to € 156 thousand.

The building Torenhof, presented as an asset held for sale end-2011, has been sold end-2012.
Axxes Certifcates NV had taken on towards Leasinvest Real Estate, within the framework of the sale of the buildings in the Axxes Business Park in 2010, to acquire the building named Torenhof, after its renovation by Leasinvest Real Estate, for a fixed price of € 3.3 million (excl. VAT).
In the framework of the alienation of Torenhof LRE has agreed to stand surety for a period of maximum 9 years (till December 2021) mainly with regard to possible vacancy. At closing date, an evaluation is made of the probability of this potential surety, taking into account the vacancy, the forecasted vacancy and the commercial success in finding sufficient tenants or users. Consequently, a debt was recorded with the sale, resulting in a recorded loss of € 3 thousand on the sale of Torenhof.

At the end of 2011 the office building located in the Alpha Campus business park in Zwijndrecht was sold for € 7.7 million (book value, i.e. fair value, € 7.166 million).

NOTE 13
CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Positive changes in fair value of investment properties	14,133	5,668
Negative changes in fair value of investment properties	-12,792	-12,234
TOTAL	**1,342**	**-6,566**

The net portfolio result shows a total unrealized capital gain of € -1.3 million in 2012, compared to € -6.6 million per end of 2011.

The main unrealized changes in fair value of the investment properties of € -1,3 million are:

In het segment Retail approximately € 4 million of unrealized capital gains were recognized, and this mainly on the real estate certificates issued by Porte des Ardennes Schmiede SA, owner of the shopping center Knauf located in Schmiede and subscribed by Leasinvest Immo Lux, presented as an investment property as Leasinvest Real Estate is the economic owner.

In the Offices segment € 3.6 million of unrealized capital gains were recognized and € -1.6 million of unrealized losses, or a total net unrealized capital gain of € 2 million in Luxembourg. The unrealized capital gain was mainly recorded on two buildings and justified by the evolution of the market rent and the demand for these buildings. The unrealized loss is related to a building of which the rental contract could end at the end of 2013. Next to that, a limited unrealized capital gain of € 0.6 million was recognized on the development project.
In the same segment an unrealized capital gain of € 1,2 million and an unrealized loss of € -6.6 million were recognized in Belgium. These unrealized losses mainly relate to two buildings of which is assumed that we will need to proceed to a redevelopment or important renovation at the end of the current rental contracts (end-2015).

In the Logistics segment approximately € -4 million of unrealized losses were recognized and circa € 1.2 million of unrealized capital gains (mainly Canal Logistics Brussels) in Belgium. The unrealized losses mainly relate to a building that was let till the end of 2021, but of which the tenant has announced that he would cancel the contract. An unrealized loss of € 2.5 million was recognized. Leasinvest is negotiating with the tenant with the objective to obtain an indemnity that should compensate this unrealized loss for a large part. Next to that, an unrealized loss was recognized on a building that is partially vacant but has been presented as an asset held for sale. The sales price that was agreed on allows to compensate an important part of this unrealized loss.

The changes in transfer rights are recorded in the item "Addition to/ Withdrawal from the reserves from estimated transfer rights and costs resulting from hypothetical disposal of investment properties".

NOTE 14
FINANCIAL INCOME

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Interests and dividends received	1,191	388
Income from finance leases and comparable items	6	6
Income from authorized hedges	1,006	1,359
Authorized hedges subject to hedge accounting as defined by IFRS	1,006	1,359
Authorized hedges not subject to hedge accounting as defined by IFRS	0	0
TOTAL	**2,203**	**1,753**

The 'interests and dividends received' consist of the dividends received of € 1.1 million (for the financial year 2011) on the Retail Estates shares on the one hand, and of interests from temporary, short term deposits of cash surpluses on the other hand. The increase of the dividends is attributable to the increase of the participation that Leasinvest Real Estate holds in Retail Estates, which has risen to 10.03%.

The income from derivative financial instruments (€ 1.06 million) consists of floating interests received from interest rate swaps, for which Leasinvest Real Estate always pays a fixed interest rate and receives the floating rate. This fixed interest rate can be found under the section 'Costs of hedges' of the Net interest charges (see note 15).

NOTE 15
NET INTEREST CHARGES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Nominal interest charges on loans	-4,410	-4,925
Interest charges on non-current financial debts	-3,356	-3,940
Interest charges on current financial debts	-1,054	-985
Recomposition of the nominal amount of the financial debts	0	0
Costs of authorized hedges	-4,372	-3,963
Authorized hedges subject to hedge accounting as defined by IFRS	-3,158	-2,597
Authorized hedges not subject to hedge accounting as defined by IFRS	-1,214	-1,366
Other interest charges	-5	-48
TOTAL	**-8,787**	**-8,936**

The costs of financial instruments for hedging comprise the fixed interest rate paid by Leasinvest Real Estate within the framework of the interest rate swap's concluded, as well as the interest paid on the sold floors, and the premiums the sicafi paid for the options.
The decrease of the nominal interest charges on loans mainly originates from the decrease of the interest charges on non-current financial debts (€ - 3.3 million) in comparison with the end of 2011 (€ - 3.9 million) and is explained by a lower average annualized funding cost (excl. MtM and premiums paid for the hedges), amounting to 3.04% at the end of 2012 compared to 3.84% at the end of 2011. This decrease is primarily explained by the influence of the lower reference interest rates and the hedging policy.

NOTE 16
OTHER FINANCIAL CHARGES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Bank costs and other commissions	-1,076	-1,265
Net realized losses on the sale of non-current financial assets		
Net realized losses on the sale of finance lease receivables and similar		
Other		-771
Costs of financial instruments for hedging	0	-771
TOTAL	**-1,076**	**-2,036**

The item Other, Costs of financial instruments for hedging, comprised the premiums paid by Leasinvest Real Estate for an amount of € 0.8 million in the context of interest rate hedges concluded in 2011.

NOTE 17
CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Authorized hedges not subject to hedge accounting as defined by IFRS	-2,101	-449
TOTAL	**-2,101**	**-449**

The negative changes in fair value of financial assets and liabilities originate from the evolution of the fair value of authorized hedges, mainly of the type 'caps' and 'floors', and this, following the evolution (decrease) of the reference interest rate, the euribor.

NOTE 18
CORPORATE TAXES

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
Parent company LRE	**-204**	**-136**
Pre-tax result	3,973	3,855
Result exempt from income tax due to the 'Sicafi' regime	3,973	3,855
Taxable result based on non-deductible costs	342	335
Tax rate of 33.99%	-116	-114
Corporate tax provision	0	0
Withholding tax	0	0
Previous tax year adjustment	-88	-22
Subsidiaries	**-24**	**-80**
TOTAL	**-228**	**-216**

Real investment trusts ('sicafi/vastgoedbevaks') enjoy a special tax regime, which makes that corporate taxes are only applicable to non-deductible expenses and, on abnormal and benevolent advantages and special amounts. Leasinvest Immo Lux, 100% subsidiary of Leasinvest Real Estate, enjoys, as a sicav, a special tax regime in Luxembourg. The other subsidiaries, on the contrary, are subject to corporate taxes.

BALANCE SHEET

NOTE 19
INTANGIBLE ASSETS

(in € 1,000)	31/12/12	31/12/11
Software	2	3
Other intangible assets	**2**	**3**
Movements in intangible assets		
Balance at the end of the previous financial year	**3**	**4**
Gross amount	5	5
Accumulated depreciation (-)	-3	-2
Accumulated impairment	0	0
Investments		
Acquisitions through business combinations		
Disposals through retirement (-)		
Disposals through splitting-up (-)		
Depreciations	-1	-1
Balance at the end of the financial year	**2**	**3**

NOTE 20
INVESTMENT PROPERTIES (FAIR VALUE METHOD)

(in € 1,000)	Real estate available for lease		Development projects		Total	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
Balance at the end of the previous financial year	**501,584**	**486,365**	**0**	**7,838**	**501,584**	**494,203**
Investments	78,373	19,136	19,045	4,902	97,417	24,038
Divestments	-603	-7,166	0	0	-603	-7,166
Acquisitions of property		0	0	0	0	0
Transfer from/(to) other items	-21,190	7,787		-10,646	-21,190	-2,859
Spreading of gratuities	37	-71		5	37	-66
Increase/(decrease) in fair value	343	-4,467	575	-2,099	918	-6,566
Balance at the end of the financial year	**558,543**	**501,584**	**19,620**	**0**	**578,163**	**501,584**

Based on the fair value model according to IAS 40, investment properties are accounted for at fair value. This fair value corresponds to the amount for which a building could be sold between well-informed and ready parties acting under normal competitive circumstances. The fair value corresponds to the investment value as defined by an independent real estate expert, minus the transfer rights, the so-called 'mutation costs'. For more information on this matter we refer to the valuation rules. The investment value is the value as defined by an independent real estate expert, of which the transfer rights have not been deducted. This value corresponds to the price which a third party investor (or hypothetical buyer) would pay to acquire the real estate in order to benefit from the rental income and realize a return on his investment. The values have been defined by independent real estate experts.
Their valuation methodology is the capitalization of the market rent with corrections to take into account the difference between the current rent and the market rent, and based on comparables available at the valuation date.

For the total Leasinvest Real Estate SCA property, including the part of the portfolio estimated by the company Winssinger & Associates, Cushman & Wakefield has defined at 31 December 2012

1. an **investment value** of € 633,300,000 (six hundred thirty-three million three hundred thousand euros), with respectively € 299,660,000 and € 333,640,000 as investment values for the Belgian and Luxembourg portfolios; and
2. a **fair value** of € 617,870,000 (six hundred and seventeen million eight hundred and seventy thousand euros), with respectively € 292,160,000 and € 325,710,000 as fair values for the Belgian and Luxembourg portfolios.

The property consists of business parks, offices, semi-industrial buildings, distribution centers and shops, spread across Belgium and the Grand Duchy of Luxembourg.

For more details, we also refer to the note Main key figures - (Other segment information).

The strong increase of the real estate portfolio from € 501.5 million end-2011 to € 578.2 million, or by 15% end-2012 is explained on the one hand by the investments for € 78.6 million following the subscription of the real estate certificate issued by Porte des Ardennes Schmiede SA at the beginning of September (€ 74.5 million) for the financing of the shopping center Knauf Schmiede, which is presented as an investment property on a consolidated basis, in conformity with the valuations rules, and capitalized investments made to existing buildings for € 4.1 million (Nijverheidsstraat in Wommelgem, Canal Logistics, Riverside Business Park, Brixton Business Park) and, on the other hand, the acquisition of an existing building used as a hotel (known under the name "Hotel Rix") with parking at the boulevard Royal in the City of Luxemburg for € 19.5 million, which is presented as a Development project.

The transfer to other items of € 21.190 million relates to the presentation of the buildings Pasteur and part of the Vierwinden park as assets held for sale, as commented in note 25.

Based on the balance sheet at the end of December 2012, an increase of the average yield by 0.10% would have had an impact of € 8.2 million on the net result and of € 2 on the net asset value per share, and an increase of the debt ratio by 0.66% (namely from 56.19% to 56.85%).

NOTE 21
ACQUISITIONS OF SUBSIDIARIES

End-2009 the tender contract for the construction of the State Archives in Bruges has definitively been granted to the consortium Algemene Aannemingen Van Laere-Leasinvest Real Estate (for more details we refer to the Management report). After the provisional acceptance of the new State Archives, Leasinvest Real Estate has acquired at the beginning of September 2012 100% of the shares for approximately € 61 thousand of the adhoc company, created by Van Laere, RAB Invest NV, that is the lessor-owner of the new State Archives. The building was successfully accepted by the federal government represented by the Buildings Agency, which leases the building for a fixed minimum duration of 25 years.

(in € 1,000)	Book value	Fair value
ASSETS		
I. NON-CURRENT ASSETS		
Finance lease receivables	17,900	17,900
II. CURRENT ASSETS		
Cash and cash equivalents	35	35
TOTAL ASSETS	**17,935**	**17,935**
LIABILITIES		
Non-current financial debts		
- Credit institutions	11,359	11,359
II. CURRENT LIABILITIES		
Trade debts and other current debts		
- Exit tax		
- Other	6,331	6,331
Other current liabilities	183	183
Accrued charges and deferred income	0	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**17,873**	**17,873**
Net assets	61	61
Goodwill	0	0
Acquisition price	61	61
Cash and cash equivalents acquired	35	35
Net investment cash-out	26	26

The first administrative treatment of the period has been defined provisionally. Consequently, the fair value attributed to the assets and liabilities can still be adjusted within 12 months after the acquisition date.
On the assumption that the business combination described above had occurred on 1 January 2012, the impact on the rental income would have been € 1,240 thousand, and on the net current result, € 600 thousand. This entity has contributed for € 264 thousand to the result in 2012 (excluding fair value adjustments).
The transfer rights relating to this business combination were insignificant.

NOTE 22
OTHER TANGIBLE ASSETS

(in € 1,000)	31/12/12	31/12/11
Installations, machines and equipment	1,205	1,270
Furniture, office equipment and rolling stock	7	46
Other		0
Other tangible assets	**1,212**	**1,316**
Changes in other tangible assets		
Balance at the end of the previous financial year	**1,316**	**25**
Gross amount	1,517	153
Accumulated depreciation (-)	-201	-128
Accumulated extraordinary impairments		0
Investments	8	1,365
Acquisitions through business combinations		
Transfers and disposals (-)	-38	
Transfers through splitting-up		
Depreciations (-)	-73	-74
Balance at the end of the financial year	**1,212**	**1,316**
Of which:		0
Tangible assets for own use	22	22
Other	1,190	1,294

The other tangible assets are recorded at cost minus accumulated depreciation and possible extraordinary impairments (in accordance with IAS 16).

These are written off in a linear way in function of their economical life cycle. In 2011 an investment was made in solar panels on the storage building in Wommelgem, for an amount of € 1.3 million, written off over a 20-year period. The tangible assets for own use of € 22 thousand mainly comprise the decoration of the offices.

NOTE 23
NON-CURRENT FINANCIAL ASSETS

(in € 1,000)	31/12/12	31/12/11
Participations in other sicafi	31,491	19,532
Loans and receivables	0	0
Other	137	138
Real estate certificates	5,352	2,636
Derivative financial instruments	519	1,438
Participations in associates	0	0
TOTAL	**37,499**	**23,744**

The increase of the non-current financial assets is mainly explained by the participation in Retail Estates (participations in other sicafi). In the course of the financial year the participation increased from 7.39% (end-2011) to 10.03% (end-2012), for an amount of € 9.2 million. The fair value adjustment on this participation, that was recognized in shareholders' equity, amounts to € 2.8 million.

NOTE 24
LEASING

The item finance lease receivables for € 17.9 million comprises the State Archives in Bruges that are presented as a financial leasing in conformity with IFRS.

	31/12/12				31/12/11			
	< 1 year	1 year < > 5 years	> 5 years	TOTAL	< 1 year	1 year < > 5 years	> 5 years	TOTAL
	remaining duration							
1. Gross lease investments	1,245,509	6,611,310	38,605,061	46,461,880				0
2. Present value of minimum lease payments	0	46,928	17,852,658	17,899,586				0
3. Unearned finance income				28,562,294				0
4. Contingent rent recognised in income				0				0
5. Unguaranteed residual values for the lessor				0				0
6. Accumulated allowance for uncollectible lease payments receivable				0				0
	0	0	0	0	0	0	0	0

NOTE 25
ASSETS HELD FOR SALE

(in € 1,000)	31/12/12	21/12/11
Balance at the end of the previous financial year	**2,859**	**0**
Investments	559	
Divestments	-3,295	
Transfer from/(to) other items	21,190	2,859
Spreading of gratuities	-35	
Increase/(decrease) of fair value	424	
Balance at the end of the financial year	**21,701**	**2,859**

All assets held for sale are investment properties.

As the asset is an investment property accounted for according to the fair value model, it is valued at fair value, i.e. the accounting value minus the transfer rights, based on the valuation by the independent external real estate expert.

This item comprises at the end of 2012 the buildings Pasteur (€ 19,110 thousand) in Luxembourg and part of the Vierwinden building (€ 2,591 thousand) in Belgium for a book value of € 21,701 thousand. It relates to two buildings that are immediately available for sale and are only still subject to provisions that are customary for the sale of this type of assets. It is also expected that the sale is highly probable, and this according to the criteria defined in IFRS 5 § 8.

At the beginning of January 2013 the front part of the Vierwinden site (located in Nossegem) was effectively sold for a net amount of approximately € 3 million. This building is presented at the end of 2012 in the Belgian Logistics segment.
The contribution to the rental income in 2012 concerned circa € 110 thousand, and to the net result approximately € -20 thousand. The realized capital gain was not recorded in the 2012 results and is recognized in 2013 at the sale.

The building Pasteur situated in Luxembourg is presented in the Luxembourg Office segment. The contribution to the rental income in 2012 concerned circa € 1,380 thousand, and to the net result approximately € 630 thousand. This building was also sold mid-March 2013.

Axxes Certifcates SA has agreed towards Leasinvest Real Estate to acquire the building 'Torenhof' for a fixed price of € 3.3 million before the end of 2012, after its renovation by LRE. This building was effectively sold end-2012 (book value: € 2,859 thousand).

NOTE 26
CURRENT FINANCIAL ASSETS

(in € 1,000)	31/12/12	31/12/11
Assets held to maturity		
Assets available for sale	1	0
Assets at fair value through profit or loss		
Loans and receivables		1
Other		
TOTAL	**1**	**1**

NOTE 27
TRADE RECEIVABLES

(in € 1,000)	31/12/12	31/12/11
Trade receivables	5,889	4,686
To be invoiced	715	994
Doubtful receivables	94	5
TOTAL	**6,698**	**5,685**

Leasinvest Real Estate estimates that the accounting value of the trade receivables comes close to their fair value.

(in € 1,000)	31/12/12					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	5,889	4,860	379	0	199	451
To be invoiced	715	715				0
Doubtful receivables	94					94
TOTAL	**6,698**	**5,575**	**379**	**0**	**199**	**545**

(in € 1,000)	31/12/11					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	4,685	3,880	145	84	99	477
To be invoiced	994	994				0
Doubtful receivables	5					5
TOTAL	**5,685**	**4,874**	**145**	**84**	**99**	**482**

Receivables and debts	31/12/12	31/12/11
Accumulated depreciation – opening balance	-147	-165
	0	0
Impairment during the financial year	-89	-16
Write-back of impairment during the financial year	142	35
Write off of impairment during the financial year	0	0
Accumulated depreciation – ending balance	**-94**	**-147**

NOTE 28
TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in € 1,000)	31/12/12	31/12/11
Taxes	824	747
Salaries and social security	0	0
Other	429	107
TOTAL	**1,253**	**854**

NOTE 29
CASH AND CASH EQUIVALENTS

(in € 1,000)	31/12/12	31/12/11
Cash	2,436	1,998
Cash equivalents		0
TOTAL	**2,436**	**1,998**

The cash and cash equivalents consist exclusively of bank accounts at financial institutions. For the evolution of the cash and cash equivalents we refer to the cash flow statement.

NOTE 30
DEFERRED CHARGES AND ACCRUED INCOME – ASSETS

(in € 1,000)	31/12/12	31/12/11
Accrued and not due rental income		
Rent-free periods and incentives for appropriation		
Prepaid property charges	245.9	121
Prepaid interests and other financial charges	0	238
Other	9.4	14
TOTAL	**255**	**373**

NOTE 31
SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND NET RESULT

31.1 Subscribed capital

a) Evolution subscribed capital since the creation of the real estate investment trust

Date		Issued capital (in € 1,000)	Number of shares
31/12/1998	Initial capital Brixton Zaventem	2,922	61,250
4/05/1999	New number of shares (1)		864,808
7/05/1999	Acquisition of treasury shares and annulment of the acquired shares		-24,603
8/06/1999	Contribution in kind of the 'Extensa buildings'	2,788	727,818
8/06/1999	Contribution in kind of the Vierwinden Business Park	9,370	191,574
	Total before the offering	**15,080**	**1,759,597**
1/07/1999	Capital increase	20,334	370,851
1/07/1999	Merger with Brixton Louise	7,561	394,672
1/07/1999	Merger with Kapex		4
1/07/1999	Decrease of the capital	-15,209	
	Capital and number of shares after the offering	**27,765**	**2,525,124**
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	2,206	200,500
14/12/2001	Contribution in kind D2 of the Axxes Business Park	1,152	104,742
28/11/2003	Merger with Brussimmo		2
28/11/2003	Merger with Ekiport		3
	Issued capital and number of issued shares on 30/06/04	**31,123**	**2,830,371**
23/12/2004	Partial splitting-up (Montoyer 63)	4,606	418,850
	Issued capital and number of issued shares on 30/06/05	**35,729**	**3,249,221**
29/05/2006	Contribution in kind of buildings Extensa-portfolio	8,397	763,407
	Issued capital and number of issued shares on 30/06/06	**44,126**	**4,012,628**
29/12/2006	Merger with Square de Meeûs 5-6 SA	2	204
	Issued capital and number of issued shares on 30/06/07 & 31/12/11 & 2012	**44,128**	**4,012,832**

(1) On 31/12/98 the registered capital of Brixton Zaventem amounted to € 2,921,652, 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 at the annual general meetings of shareholders of Leasinvest Real Estate. All shares are fully paid. The shares are bearer shares or registered shares or dematerialized shares. For more information on the nature of the shares, see articles of association (article 8).

c) Authorized capital:

The statutory manager is authorized to increase the registered capital on the dates and subject to the conditions he will define, in one or more installments, for a total amount of € 44,128,326.64. For more information on the authorized capital, we refer to the articles of association (article 7).

d) Costs related to capital increases:

For the financial years ending 31/12/11 (12 months) and 31/12/12 (12 months) no costs related to a capital transaction or issuing of new shares have been deducted from the capital.

31.2 Share premium accounts (in € 1,000)

Date	Transaction	
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	7,710
14/12/2001	Contribution in kind D2 of the Axxes Business Park	4,356
23/12/2004	Partial splitting-up (Montoyer 63)	19,214
	Share premium account on 30/06/05	**31,280**
29/05/2006	Contribution in kind of buildings Extensa-portfolio	39,331
	Share premium account on 30/06/06	**70,611**
29/12/2006	Merger with Square de Meeûs 5-6 SA	11
	Share premium account on 30/06/07 & 31/12/11 & 2012	**70,622**

31.5 Reserves

(in € 1,000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the impact on fair value of estimated transfer costs and rights resul-ting from hypothetical disposal of investment properties (-)
Balance sheet under IFRS on 31/12/10	**44,128**	**70,622**	**602**	**62,268**	**-6,358**
Comprehensive result for the period and transfers				-22,431	
Dividends to shareholders					
Balance sheet under IFRS on 31/12/11	**44,128**	**70,622**	**602**	**39,837**	**-6,358**
Transfers				-6,566	
Comprehensive result for the period					-645
Sale of treasury shares					
Dividends to shareholders					
				(1)	
Balance sheet under IFRS on 31/12/12	**44,128**	**70,622**	**602**	**33,271**	**-7,003**

The net asset value per share amounts to € 63.80 end-2012 in comparison with € 65.51 per share end-2011.

(1) In 2011 € -449 thousand is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact was booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation. In 2011 € -6,566 thousand is recorded as changes in fair value of investment properties. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of investment properties" after result appropriation.
In 2012 € -2,101 thousand is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation. In 2012 € 1,342 thousand is recorded as changes in fair value of investment properties. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of investment properties" after result appropriation.

31.3 Result

(in € 1,000)	31/12/12	31/12/11
Result to be carried forward	2,851	-3,998
Proposed dividend	17,656	16,585
TOTAL	**20,508**	**12,587**

The consolidated net result, group share, of the past financial year 2012 amounted to € 20.5 million.
The board of directors of the statutory manager proposes to the ordinary general meeting of shareholders to distribute a gross dividend of € 4.40 (€ 3.30 net), resulting in a total dividend of € 17.7 million, based on the dividend rights of all 4,012,832 shares.

31.4 Treasury shares redeemed

In the period 01/01/12-30/06/12 Leasinvest Real Estate has sold its total participation of 16,538 treasury shares at an average price per share of € 67.29. The total number of shares in circulation is consequently equal to the number of issued shares, i.e. 4,012,832.

Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Total shareholders' equity	Minority interests	Shareholders' equity attributable to the shareholders of the parent company
-642	**-1,121**	**-1,046**	**497**	**92,192**	**14,267**	**275,407**	**3**	**275,410**
-10,187			392	36,697	-1,678	2,793	2	2,795
				-16,385		-16,385		-16,385
-10,829	**-1,121**	**-1,046**	**889**	**112,504**	**12,589**	**261,815**	**5**	**261,821**
	-449			19,604	-12,589	0		0
-12,898			2,780		20,508	9,745		9,745
		1,035		63		1,098		1,098
				-16,653		-16,653		-16,653
	(1)							
-23,727	**-1,570**	**-11**	**3,669**	**115,518**	**20,508**	**256,005**	**5**	**256,010**
(note 34.3)								

NOTE 32
COMMENTS ON THE NUMBER OF SHARES, DIVIDENDS AND PROFIT PER SHARE

32.1 Changes in the number of shares

	31/12/12 Number of shares	31/12/11 Number of shares
Number of shares at the beginning of the financial year	4,012,832	4,012,832
Changes in the number of shares	0	0
Number of shares at the end of the financial year	4,012,832	4,012,832
Number of shares entitled to dividends	4,012,832	4,012,832
Number of treasury shares (on a consolidated basis)	0	16,538
Number of shares entitled to the result of the period	4,012,832	3,996,294

In the period 01/01/12-30/06/12 Leasinvest Real Estate has sold its total participation of 16,538 treasury shares at an average price per share of € 67.29. The total number of shares in circulation is consequently equal to the number of issued shares, i.e. 4,012,832.

32.2. Calculation of the amount of the mandatory dividend distribution (according to the statutory annual accounts)

(RD 7/10/2010 art 27. § 1. subparagraph 1 Calculation scheme)

(in € 1,000)	31/12/12 (12 months)	31/12/11 (12 months)
A. Corrected result		
Net result according to the statutory accounts	3,769	3,719
+ Amortization	67	67
+ Depreciation	187	6,749
- Write-back of depreciation	-46,9	-18,1
- Write-back of lease payments sold and discounted	0	0
+/- Other non-monetary elements	2,041	449
+/- Result sale of property	3	-534
+/- Changes in fair value of property	10,327	6,414
Corrected result (A)	**16,347**	**16,845**
Realized capital gains and losses on investment property versus acquisition cost, in the course of the financial year, augmented by capitalized renovation costs	0	0
Realized capital gains on investment property in the course of the financial year, exempt from mandatory distribution subject to their reinvestment within 4 years (-)	0	0
Realized capital gains on investment property previously exempt from mandatory distribution that were not reinvested within 4 years (+)	0	0
Net capital gains on the sale of property not exempt from mandatory distribution (B)	**0**	**0**
TOTAL (A) + (B)	**16,347**	**16,845**
Mandatory distributable result 80%	**13,077**	**13,476**

As described in the annual report 2011, the item "Depreciation" mainly comprised an extraordinary impairment loss recorded in the statutory accounts of LRE in 2011 on the financial asset Canal Logistics Brussels SA, measured at amortized cost, as held to maturity, for a total of € 6.7 million. This extraordinary impairment has been recorded to reduce the financial asset in the statutory accounts of LRE to its fair value (based on the valuation report). End-2012 another limited extraordinary depreciation of approximately € 190 thousand was recorded.

The minimum mandatory distribution is calculated according to the RD of 7 December 2010 and established based on the statutory annual accounts, according to IFRS standards.

The statutory appropriation of the result is presented as follows in €:

APPROPRIATION OF THE RESULT	31/12/12	31/12/11
A. Net result	**3,768,951**	**3,719,089**
B. Addition to/withdrawals from reserves (-/+)	**13,887,509**	**12,866,377**
1. Addition to/withdrawals from the reserves from the (positive or negative) balance of the changes in fair value of the property (-/+)	10,326,684	-37,012,482
- financial year	10,326,684	6,413,964
- previous financial years		-55,879,869
- sale of property	0	12,453,423
2. Addition to/withdrawals from the reserves from estimated transfer rights and costs from hypothetical disposal of investment properties (-/+)		0
3. Addition to the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (-)	0	0
- financial year	0	0
- previous financial years		
4. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (+)	0	0
- financial year		
- previous financial years		
5. Addition to the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (-)	0	0
- financial year		
- previous financial years		
6. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (+)	2,041,280	1,569,898
- financial year	2,041,280	449,087
- previous financial years		1,120,811
7. Addition to/withdrawals from the reserves for the balance of exchange rate differences on monetary assets and liabilities (-/+)		
8. Addition to/withdrawals from de reserves for tax latencies with regard to property located abroad (-/+)		
9. Addition to/withdrawals from de reserves for dividends received, intended for the reimbursement of financial debts (-/+)		
10. Addition to/withdrawals from other reserves (-/+)	2,540,678	45,639,359
11. Addition to/withdrawals from results carried forward from previous financial years (-/+)	-1,021,132	2,669,602
C. Remuneration of the capital according to article 27, § 1, subparagraph 1	**13,077,046**	**13,476,573**
D. Remuneration of the capital – other than C	**4,579,415**	**3,108,894**
Dividend for distribution	**17,656,460,80**	**16,585,467**

Art 27, § 1, subparagraph 6 of the RD 07/12/2010 states that the mandatory distribution of art. 27 within the scope of the mandatory dividend distribution does not derogate from the provisions of art 617 of the Company Law. This article states that no distribution can take place if, at closing date of the last financial year, the net asset value has decreased or would decrease below the amount of the paid up, or should this be higher, the called up share capital, augmented by all reserves unavailable for distribution according to the law or the articles of association (in €).

	Statutory	
	31/12/12	31/12/11
- Paid up capital or should this be higher, the called-up capital	44,128,327	44,128,327
- Share premium account non-distributable according to the articles of association	70,622,222	70,622,222
- Reserves for the positive balance of the changes in fair value of property (+)	26,685,798	37,012,482
- Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties	-4,404,812	-4,404,812
- Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS (+/-)	-23,257,408	-10,342,085
- Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-3,611,178	-1,596,898
- Reserve for the balance of exchange rate differences on monetary assets and liabilities (+)	0	0
- Reserve from translation differences resulting from the conversion of a foreign activity (+/-)	0	0
- Reserve for the balance of changes in fair value of financial assets held for sale (+/-)	3,669,359	888,697
- Reserve for the actuarial gains and losses on defined benefit pension plans (+)	0	0
- Reserve for tax latencies with regard to property located abroad (+)	0	0
- Reserve for dividends received aimed at reimbursing financial debts (+)	0	0
- Other reserves declared unavailable by the general meeting (+)	0	1,033,992
- Legal reserve (+)	602,082	602,082
Total undistributable	**114,434,391**	**137,971,008**
Net assets of the company	**172,351,098**	**194,273,089**
Proposed dividend	**17,656,461**	**16,585,467**
Net assets after distribution	**154,694,637**	**177,687,622**
Balance of the margin after distribution	**40,260,246**	**39,716,615**

Calculation of the profit and dividend per share:

	31/12/12 (12 months)	31/12/11 (12 months)
Net result, group share (€ 1,000)	20,508	12,587
Number of shares entitled to the result of the period	4,012,832	3,996,294
Net result, group share, per share (€)[1]	5.11	3.15
Distributable profit per share (€)[2]	4.07	4.22
	proposal 2012	**proposal 2011**
Gross dividend attributable to ordinary shareholders (€)	17,656,461	16,584,620
Gross dividend per share (€)	4.40	4.15
Net dividend per share (€)	3.30	3.28

(1) The net profit per share is the net result, group share, as stated in the income statement, divided by the number of shares entitled to the result of the period.
(2) The distributable profit per share is the amount taken into account to calculate the mandatory distribution, divided by the number of shares entitled to the result of the period, but without taking into account the net decrease of the debts.

NOTE 33
MINORITY INTERESTS

(in € 1,000) Company	Percentage of participation	31/12/12	31/12/11
Leasinvest Services SA (0826.919.159)	99%	5	5
Total minority interests		**5**	**5**
TOTAL SHAREHOLDERS' EQUITY		**256,010**	**261,821**

NOTE 34
INFORMATION WITH REGARD TO FINANCIAL DEBT

34.1 Financial debt

(in € 1,000)	31/12/12	31/12/11
Non-current financial debts	228,674	163,724
Credit institutions	228,467	163,530
Other	207	194
Other loans		
Rental guarantees received	207	194
Current financial debts	135,942	84,222
Credit institutions	63,000	12,563
Other	72,942	71,659
Other loans	72,942	71,659
TOTAL	**364,616**	**247,946**

The 'other current financial debts' only comprise the commercial paper for less than one year.

The accounting value approaches the fair value of the interest-bearing loans.

34.2 Financial conditions (covenants)

Financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. Not respecting these covenants can entail the premature termination of these credits. The concluded credits hold classic covenants mainly related to maintaining the real estate investment trust statutes and the related maximum debt ratio. The company complies with all its covenants with banks.

Besides, in accordance with art 54 of the RD of 07/12/10 Leasinvest Real Estate establishes internally a financial plan with an execution calendar whenever the consolidated debt ratio, as defined by the same RD, exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

The consolidated debt ratio of Leasinvest Real Estate is under control and amounted to 56.19% (31/12/11: 47.29%) on 31/12/12, which is lower than the legally admitted maximum debt ratio of 65% as defined by the RD of 07/12/10.

34.3 Information on financial risk management

34.3.1 Financing, liquidity and cash flow risk

Financial management
The financial management is intended to optimising the costs of the capital and limiting the financing, liquidity, cash flow, counterparty and covenant risks. Below are reproduced the main risks related to the financial management and the linked operational activities, as well as their possible impact and the mitigating factors and measures.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Insolvency of financial or bank counterparties (counterparty risk)	1. Termination of current credit lines (credits and hedges) and reduction of financial resources 2. Costs of restructuring and higher costs of new credits and facilities	• Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding sources wherever necessary. End-2012 different negotiations were started with financial institutions in order to, on the one hand, extend the bank credits that could expire in 2013 and, on the other hand, obtain a better spread as to counterparty banks. This has led to an additional credit of € 10 million with a supplementary financial institution at comparable conditions. Negotiations are ongoing with other additional financial institutions. Besides, alternative funding sources are also analysed. • Complete back up of the commercial paper program (1,2). End-2012 Leasinvest disposes of € 22.2 million (end-2011: € 90.8 million) of unused credit lines after deduction of the portion reserved for the commercial paper, which suffices to meet its obligations. • Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). As indicated, Leasinvest disposes of € 22.2 million unused credit lines at the end of 2012. End-2012 negotiations were started with different counterparty banks. This has led to an additional credit of € 10 million with a supplementary financial institution, € 25 million with an existing financial institution and the extension and increase of two existing credits for an amount of € 43 million, that would expire in 2013, till € 55 million, resulting in an increase of the available lines to € 70 million. • Strong shareholders (1,2)
The non availability of financing or the intended duration of the financing (liquidity risk)	1. Impossibility to finance acquisitions, or only through increased costs and at a lower profitability 2. Impulse for selling assets at a value inferior to the fair value 3. Drying up of the commercial paper market	• Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding sources wherever necessary. The average duration of the total of bank credits amounts to 2.64 years (31/12/11: 3.47 years). However, due to the additional funding mentioned above, the average duration has increased at the beginning of 2013 to 3.37 years. • Complete back-up of the commercial paper program (1,2) • Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2) (end-2012: € 22.2 million, beginning of 2013: € 70 million) • Strong shareholders (1,2)

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Insufficient cash flow to respect its financial obligations (cash flow risk)	1. No longer being able to satisfy the reimbursement of interests and capital	• Strict follow-up of the net cash flow and limiting the operational risks. The rental income received during the financial year 2012 amply suffices to cover the increase of the interest charges. For the last three financial years the financial result excl. the dividends received, compared to the rental income, amounts to 29% (2012), 27% (2011) and 21% (2010) and the interest charges excluding the MtM, compared to the rental income, amount to 23% (2012), 25% (2011), 25% (2010). • Financing is of the bullet type with a clear view on the maturity dates • Aiming at maintaining an adequate availability margin on confirmed credit lines
Combination of unfavourable interest rate changes, increased risk premium on the stock exchanges and increase of the banking margin (cost of the capital)	1. Increase of the weighted average cost of the capital of the company 2. Impact on the profitability of the company and of new investments	• Protection against the rise of the interest rates by using hedges. The policy is intended to hedge the interest rate risk for approximately 75% of the financial debt for a 5-year period and for circa 50% for the consequent 5-year period. At the end of 2012 the real estate investment trust has 27% of current and forward interest rate collars and interest rate caps (with a limit on the interest rates) (end-2011: 42%), 39% of current and forward interest rate swaps (IRS) (hedging at a fixed interest rate) (end-2011: 58%). The hedges are inferior to the budget in order to take into account the potential future impact of credits at fixed rates on this ratio (1,2). The average duration of the hedges amounts to 5.43 years (2011:5.84 years). • The policy further consists of reaching an optimum funding cost, taking the hedges into account. This cost amounts to 3.04% (end-2011: 3.83%) excluding the effect of MtM on ineffective hedges; taking these non-cash elements into account the funding cost amounts to 3.8% (2011: 4.3%). Next to that, fixed rate bank credits are concluded in order to reach an optimum funding cost. At the beginning of 2013 Leasinvest has € 45 million of fixed rate debt. • Permanent dialogue with shareholders and bank partners for establishing solid long-term relationships (1,2)
The financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants	1. Possible termination of credits and an eroded confidence with investors and bankers 2. Sanctions and increased supervision from the regulator in the case of noncompliance with certain legal parameters	• The evolution of the debt ratio is regularly followed up and the influence of each investment project on the debt ratio is always analysed beforehand. • In accordance with art 54 of the RD of 07/12/10 a sicafi has to draw up a financial plan with an execution calendar when the consolidated debt ratio, as defined by the same RD, would amount to more than 50%. Herein are described the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Risk of divergence of the financial results from the predefined budget and legal demands	1. Untimely detection of potentially not meeting certain obligations	• Minimum quarterly updates of the financial model with checking of hypotheses and the way they were set up, and continuous follow-up of parameters that could influence the result and the budget (1)
Risk of currency fluctuation relating to activities outside of the euro zone	1. Decrease of income and cash flow	• Leasinvest Real Estate is only active in the EURO zone, namely in Belgium and in the Grand Duchy of Luxembourg, and has, ceteris paribus, no exchange rate risk
Volatility of the interest rates	1. Increase of the funding cost following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV") at higher interest rates	• Increase of the fair value of the hedges will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2) • Active hedging strategy (1)

Breakdown according to the expiry date of financial debts and credit lines

(in € 1,000)	31/12/12 Debts with a residual duration of				31/12/11 Debts with a residual duration of			
	Less than 1 year	More than 1 year and less than 5 years	More than 5 years	Total	Less than 1 year	More than 1 year and less than 5 years	More than 5 years	Total
Financial debts – credit institutions								
Credit lines	73,000	298,700	15,000	386,700	12,563	246,599	60,000	319,162
Credit draw-downs	63,000	213,467	15,000	291,467	12,563	143,279	20,250	176,092
% share (credit draw-downs/credit lines)	86.3%	71.5%	100.0%	75.4%		58.1%	33.8%	55.2%
Commercial paper and back-up lines								
Commercial Paper program (CP)				210,000			210,000	210,000
Commercial Paper draw-downs	72,942			72,942	71,659			71,659
% share CP / credit lines				18.9%				22.5%
% share (credit draw-downs & CP / credit lines)				94.2%				77.6%
% Credit lines balance after CP hedging				5.8%				22.4%

All credit lines are based on a floating interest rate at the end of 2012, for which the interest rate risk is partially hedged by the use of instruments such as spot & forward interest rate collars, interest rate caps and interest rate swaps.

As shown by the table above Leasinvest disposes of € 22.2 million (of 5.8%) of unused credit lines at the end of 2012. End-2012 negotiations were started with different counterparty banks. This has lead to an additional credit at a fixed interest rate of € 10 million with a supplementary financial institution and an additional credit at a variable interest rate of € 25 million with an existing financial institution. Next to that, Leasinvest has obtained the extension and increase of two existing credits for an amount of € 43 million, which expire in 2013, to € 55 million (of which € 35 million at a fixed rate), resulting in a total of available lines increased to € 70 million, or € 22 million augmented by € 10 million, € 12 million and € 25 million.

The average funding cost (excluding the mark-to-market of the hedges and the paid premiums) after hedging amounts to 3.04% at the end of 2012 (end-2011: 3.83%); before hedging it stands at 1.87% at the end of 2012 (end-2011: 2.77%).

Calculation and further comments on the debt ratio

(in € 1,000)	Statutory balance sheet	Consolidated balance sheet
Total of the items 'Liabilities' of the balance sheet	**311,935**	**411,016**
I. Non-current liabilities		
A. Provisions	0	0
C. Other non-current financial liabilities – Authorized hedges	27,387	27,917
F. Deferred taxes	0	0
II. Current liabilities		
A. Provisions	0	0
C. Other current financial liabilities – Authorized hedges	0	0
F. Deferred charges and accrued income	4,595	8,580
Total liabilities taken into account for the calculation of the debt ratio (numerator):	**279,953**	**374,519**
Total 'Assets' of the balance sheet	**484,286**	**667,026**
Authorized hedges recorded in the assets	519	519
Total assets taken into account for the calculation of the debt ratio (denominator):	**483,767**	**666,507**
Debt ratio (%)	**57.87**	**56.19**

In accordance with art 54 of the RD of 7 December 2010, the public sicafi has to establish a financial plan with an execution calendar, whenever the consolidated debt ratio exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.
On the financial plan, a special report is drawn up by the auditor, in which is confirmed that the latter has verified the way the plan has been drawn up, namely with regard to its economic fundamentals, and that the figures comprised in this plan correspond to those of the accounts of the public sicafi.
The general guidelines of the financial plan drawn up on 12 November 2012 are recorded below, as prescribed, in the annual financial report, and it is described and justified how the financial plan was executed in the course of the relevant period and how the public sicafi will execute the plan in the future.

Historically, Leasinvest Real Estate's debt ratio has remained below 50%, as demonstrated by the table hereafter, with one crossing in 2008, within the framework of the development and later sale of the Bian office building in Luxembourg.

	Debt ratio
2011	47.29%
2010	44.13%
2009	47.61%
2008	52.06%
2007	40.93% (*)
2006	44.15% (*)
2005	32.23% (*)
2004	41.06% (*)
2003	41.38% (*)
2002	44.94% (*)

(*) Closing 30/06

Leasinvest Real Estate's debt ratio has exceeded 50% since September 2012 and amounted to 56.12% at the end of September.

The board of directors considers a debt ratio of maximum 50%-55% as being optimal for, and in the interest of the shareholders of Leasinvest Real Estate, and this both with regard to return, net result per share and to mitigating the liquidity and solvency risks. For each investment the impact on the debt ratio is analysed, and the investment is potentially not selected should it unilaterally influence the debt ratio in a too negative way. End-2012, following the realized acquisitions, the debt ratio exceeded temporarily this internal maximum, with the approval of the board of directors.

Each quarter a projection of the debt ratio is presented to the board of directors in the scope of the presentation of the budget, in function of the forecasted results and the planned acquisitions and sales.
Different options are analysed in order to reduce the debt ratio.

The valuation of the real estate portfolio has a direct impact on the debt ratio. At the end of December 2012, in the case of a potential decrease of the fair value of the investment properties by € 90.9 million, based on currently unknown elements, the debt ratio of 65% would be exceeded.
This potential value decrease can be the consequence of an increase of the yield; at constant rental values the yield should increase by 1.280% from 7.43% (the estimated average yield) to 8.71% in order to exceed the debt ratio of 65%, or the rents should decrease by € 6.7 million or approximately 15% in order to exceed the debt ratio of 65%.

As of today there are no indications in the market of such evolutions. Through the diversification of the portfolio of Leasinvest Real Estate, both in terms of assets as geographically, the risk is also mitigated.
Moreover, the occupancy rate again knows an increasing trend in 2012. Should substantial value decreases take place in a certain asset class or in Belgium, with the risk that the debt ratio would exceed 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings.

Cash flow hedging

Leasinvest Real Estate's risk policy is set out in Note 3.

In order to limit the risks of a rise of the variable interest rates, Leasinvest Real Estate has partially hedged its loans by the conclusion of the financial products below:

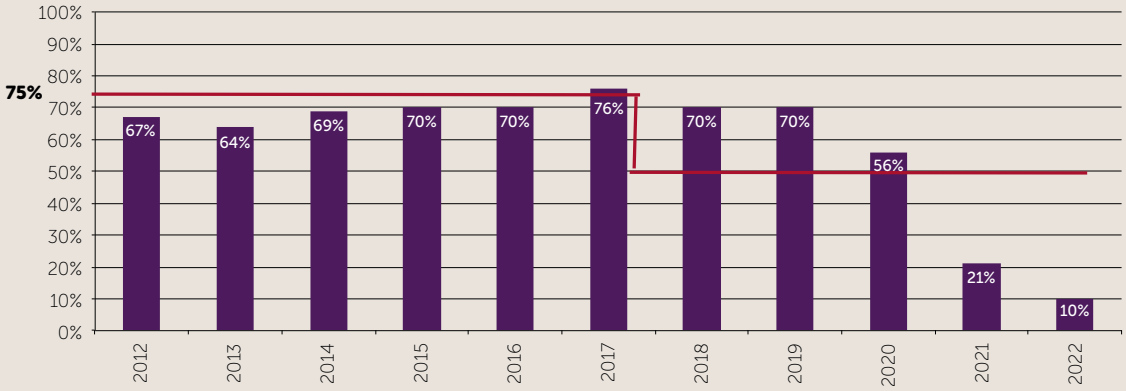
TYPE	Notional amount	Interest rate	Duration
OPTIONS			
Active options			
acquisition CAP	30,000,000	4.50%	2013
disposal FLOOR	30,000,000	3.00%	2013
acquisition CAP	10,000,000	4.75%	2013
acquisition CAP	20,000,000	4.50%	2013
disposal FLOOR	20,000,000	3.17%	2013
acquisition CAP	10,000,000	4.50%	2016
acquisition CAP	10,000,000	4.00%	2016
acquisition CAP	20,000,000	4.50%	2018
disposal FLOOR	20,000,000	1.70%	2018
Total notional amount	**100,000,000**		
Future options			
acquisition CAP	20,000,000	4.00%	2013-2018
disposal FLOOR[1]	20,000,000	2.30%	2013-2018
acquisition CAP	10,000,000	4.50%	2017-2020
acquisition CAP	10,000,000	4.75%	2017-2020
acquisition CAP	15,000,000	4.50%	2018-2021
acquisition CAP	25,000,000	5.00%	2018-2021
Total notional amount	**80,000,000**		
SWAPS			
Active swaps			
IRS	10,000,000	2.90%	2013
IRS	10,000,000	2.87%	2014
IRS	10,000,000	1.43%	2014
IRS	10,000,000	3.05%	2015
IRS	10,000,000	3.26%	2015
IRS	20,000,000	3.10%	2015
IRS	40,000,000	2.13%	2017
IRS	10,000,000	2.59%	2018
IRS	10,000,000	2.49%	2018
IRS	10,000,000	2.38%	2021
Total notional amount	**140,000,000**		
Future swaps			
IRS	10,000,000	1.75%	2013-2016
IRS	10,000,000	2.85%	2013-2018
IRS	10,000,000	3.10%	2013-2018
IRS	20,000,000	3.37%	2013-2020
IRS	10,000,000	3.79%	2015-2020
IRS	20,000,000	2.68%	2014-2021
IRS	15,000,000	3.97%	2015-2021
IRS	30,000,000	3.22%	2016-2021
IRS	10,000,000	4.20%	2018-2021
IRS	15,000,000	1.76%	2014-2023
IRS	10,000,000	1.81%	2014-2023
IRS	20,000,000	1.95%	2015-2023
IRS	12,500,000	2.00%	2015-2023
Total notional amount	**192,500,000**		

(1) Correction strike from 2.51% to 2.30%.

In 2012 4 forward IRS transactions were concluded (last four in the table above) and this within the framework of fixing the long-term interest rate and the objective to reach an optimal funding cost. These instruments have been concluded for a duration of 10 years. Moreover, it is currently impossible to conclude fixed interest rate credits for more than 8 years for such amounts (at such conditions).

The notional amount of the current and future financial derivatives amounted to € 512 million end-2012.
At the beginning of 2013 some operations were sold (caps, floors and future caps) in order to anticipate the time value of the caps; consequently the notional amount of the current and future financial derivatives was brought to € 382 million at the beginning of 2013 (the financial debt at the end of 2012 amounted to € 366 million).

The following graph shows the evolution of the hedging position of the total financial debt at the end of 2012 and the following years. The hedge position was 67%[1] at the end of 2012, in comparison with 97% at the end of 2011.



The relation between the financial debt and the corresponding hedge, the hedge position, (which stands at 67% end-2012) is calculated on the basis of the notional amount of the hedges running at that moment (whereby a collar only stand for one amount). For this calculation future financial derivatives are thus not taken into account, as they do not yet offer 'protection' against rising interest rates at that specific moment.

It is assumed that buildings owned by the sicafi will in principle be held in portfolio in order to generate rental income and allow to paying the mandatory dividend. This creates the presumption that it is highly probable that certain cash flows will be realized (rents & dividend) and as a consequence can be deducted what debt financing we will withdraw and what we wish to hedge. Consequently, the concluded operations cannot be called speculative to Leasinvest's opinion.

Derivative financial instruments are valued at fair value, which corresponds to the mark-to-market calculated by financial institutions based on the Black & Scholes model (category 2 according to IFRS 7). With regard to interest rate swaps, hedge accounting is applied and the efficiency of the hedges has been proven. They relate to cash flow hedges, hedging commercial paper issued at floating interest rates, with price adjustments at short-term intervals (typically three months or less). On the contrary, the caps / floors and swaptions have not been qualified as effective hedges, due to which the changes in fair value are passed through the income statement.

1 Should we take into account the future hedges (forward IRS), the hedge ratio would amount to 140% end-2012 and to 104% beginning of 2013.

The fair value of the hedges at closing date is composed as follows:

(in € 1,000)	31/12/12		31/12/11	
	Assets	Liabilities	Assets	Liabilities
Bought caps	519		1,438	
Sold floors		-3,577		-3,007
Interest Rate Swaps		-24,340		-10,829
	519	**-27,917**	**1,438**	**-13,836**

The balance of the liabilities of € -27.9 million is presented in the item "Other non-current liabilities" and the balance of the assets of € +0.5 million is presented in "Non-current financial assets" (note 23).

The changes in fair value of the hedges:

Effective part of fair value presented in Reserves for the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS

Effective part of the fair value (cf. Item in reserves) (see note 32)	
Balance on 30/06/07	**1,077**
Change in the effective part of the fair value of derivative financial instruments	-1,421
Balance on 31/12/08	**-344**
Change in the effective part of the fair value of derivative financial instruments	-1,134
Balance on 31/12/09	**-1,478**
Change in the effective part of the fair value of derivative financial instruments	836
Balance on 31/12/10	**-642**
Change in the effective part of the fair value of derivative financial instruments	-10,187
Balance on 31/12/11	**-10,829**
Change in the effective part of the fair value of derivative financial instruments	-12,898
Balance on 31/12/12	**-23,727**

Ineffective part of the fair value	
Balance on 30/06/07	**2,256**
Change in the ineffective part of the fair value of derivative financial instruments	-4,368
Balance on 31/12/08	**-2,112**
Change in the ineffective part of the fair value of derivative financial instruments	-601
Balance on 31/12/09	**-2,713**
Change in the ineffective part of the fair value of derivative financial instruments	1,592
Balance on 31/12/10	**-1,121**
Change in the ineffective part of the fair value of derivative financial instruments	-449
Balance on 31/12/11	**-1,570**
Change in the ineffective part of the fair value of derivative financial instruments	-2,101
Balance on 31/12/12	**-3,671**

The changes in the ineffective part of the fair value of derivative financial instruments of € - 2.1 million (end-2011: € -0.4 million) is passed through the results (note 17).
An increase (decrease) of 1% of the short-term interest rates on a global credit in use of € 364 million, and taking into account the current hedges, would have a negative (positive) impact on the result of € -1.1 million or € 0.27 per share (€ -0.3 million or € 0.08 per share). Based on the current hedging policy, a potential interest rate rise should have no negative consequences on the fair value of the hedges.

At 31/12/12 (in € 1,000)	Level 1	Level 2	Total fair value
Financial instruments at fair value			
- Financial assets available for sale	31,491	5,489	36,980
- Financial derivatives – assets			
- Other financial derivatives unqualified for hedge accounting		519	519
- Financial derivatives – liabilities		24,340	24,340
Financial debt at fair value passed through the income statement			
- Other financial derivatives unqualified for hedge accounting		3,577	3,577
At 31/12/11 (in € 1,000)	**Level 1**	**Level 2**	**Total fair value**
Financial instruments at fair value			
- Financial assets available for sale	19,532	2,636	22,168
- Financial derivatives – assets			
- Other financial derivatives unqualified for hedge accounting		1,438	1,438
- Financial derivatives – liabilities		10,829	10,829
Financial debt at fair value passed through the income statement			
- Other financial derivatives unqualified for hedge accounting		3,007	3,007

The Non-current financial assets available for sale comprise the participations in other sicafi (€ 31.4 million) and real estate certificates (€ 5.3 million) at the end of 2012.

34.3.5 Tenant & credit risks

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 obtain a rental risk and income with an improved diversification therefore limiting the dependency of the real estate investment trust to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy.

The top 10 of the most important tenants amounts to 38%. The breakdown per sector of our tenant portfolio remains good.

The creditworthiness of our tenants' portfolio is still very good, which is proven by the fact that barely any write-downs of doubtful receivables were booked by Leasinvest Real Estate over the last couple of years, not in Belgium, nor in the Grand Duchy of Luxembourg.

For an analysis of the trade receivables we refer to note 27.

NOTE 35
TRADE DEBTS AND OTHER CURRENT DEBTS

(in € 1,000)	31/12/12	31/12/11
Exit tax	**0**	**0**
Other		
Suppliers	6,597	4,897
Tenants	0	0
Taxes, salaries and social security	1,126	303
TOTAL	**7,723**	**5,200**

NOTE 36
OTHER CURRENT LIABILITIES

(in € 1,000)	31/12/12	31/12/11
Other current liabilities	2,180	1,449
TOTAL	**2,180**	**1,449**

NOTE 37
ACCRUED CHARGES AND DEFERRED INCOME – LIABILITIES

(in € 1,000)	31/12/12	31/12/11
Property income received in advance	8,013	6,894
Interests and other charges accrued and not due	539	1,266
Other	28	5
TOTAL	**8,580**	**8,165**

NOTE 38
CONTINGENT ASSETS AND LIABILITIES

According to the available information we have no knowledge of unexpressed assets and liabilities between the closing date and the date of approval of the financial statements by the board of directors.

NOTE 39
OTHER LIABILITIES

The tenants of the following buildings dispose of a call option at market value at the end of their leases, from Leasinvest Real Estate: the office building located at Motstraat 30-32 in Malines and the distribution centre situated in Tongres (SKF).

Within the framework of the alienation of the buildings in the Axxes Business Park in 2010 and Torenhove in 2012, LRE stands surety for a maximum term of 9 years (respectively till July 2019 and till December 2021), mainly with regard to possible vacancy. Per closing date, an assessment of the probability of the surety is made, taking into account the vacancy, the expected vacancy and the commercial success in order to find sufficient tenants or users. Commercial management is executed by a subsidiary of LRE, i.e. Leasinvest Services, and is remunerated.

NOTE 40
RELATED PARTY TRANSACTIONS

The statutory manager Leasinvest Real Estate Management SA employs the personnel and receives an annual management fee of 0.415% on the consolidated investment value of the portfolio, including the real estate portfolio of Leasinvest Immo Lux. The remuneration for the financial year 2012 (12 months) amounted to € 2.4 million.

As in the remuneration report below only the remuneration of the two effective leaders on a global basis is reproduced, but not that of the other management members assisting the effective leaders in their day-to-day management.

As explained above, effective leadership consists of Mr Jean-Louis Appelmans, managing director, and Mr Michel Van Geyte, COO of Leasinvest Real Estate Management.

Michel Van Geyte was not a director of the statutory manager in the course of the financial year 2012. During the past financial year the remuneration in the table below was granted to him, on an individual basis, directly and indirectly.

In accordance with the company's remuneration policy, the members of the effective direction do not receive any stock options or other share-based payments.

For the past financial year they received the following amounts:

In € effective direction	fixed(*)	variable	total
Jean-Louis Appelmans	321,809	97,000	418,809
Michel Van Geyte	242,993	85,000	327,993
Total	**564,802**	**182,000**	**746,802**

(*) of which insurance premium: € 42,733.29.

Besides their remuneration package, there are not other transactions with the effective direction.

NOTE 41
CONSOLIDATION SCOPE

The subsidiaries mentioned below are all part of the consolidation scope using the full consolidation method. This consists in incorporating the entire assets and liabilities, as well as the results of the subsidiaries. The minority interests are recorded under a separate caption in the balance sheet and the income statement.

The consolidated annual accounts are established at the same date as the date on which the subsidiaries establish their annual accounts.

Name & address of the administrative office	Country of origin/branch	VAT or national number	Direct or indirect part of the capital held and voting rights (in%)	
			31/12/12	31/12/11
Leasinvest Services SA Schermersstraat 42 - 2000 Antwerp	**Belgium**	**BE 826.919.159**	**99%**	**99%**
Leasinvest Immo Lux SA 6D route de Trèves - LU-2633 Senningerberg	**Grand Duchy of Luxembourg**	**LU 16372655**	**100%**	**100%**
RAB Invest SA Schermersstraat 42 - 2000 Antwerp	**Belgium**	**BE 820.897.736**	**100%**	**0%**
Canal Logistics Brussels SA Schermersstraat 42 - 2000 Antwerp	**Belgium**	**BE 888.064.001**	**100%**	**100%**

Leasinvest Services SA, RAB Invest SA and Canal Logistics Brussels SA were established in Belgium, while Leasinvest Immo Lux SA was created in Luxembourg. The group structure and Leasinvest Real Estate's position in it are commented at page 108.

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL STATEMENTS CLOSED AS AT 31 DECEMBER 2012

Statutory auditor's report to the general meeting of shareholders of Leasinvest Real Estate on the consolidated financial statements for the year ended 31 December 2012

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report contains our opinion on the consolidated financial statements as well as the required additional comments.

Unqualified opinion on the consolidated financial statements

We have audited the consolidated financial statements of Leasinvest Real Estate and its subsidiaries (collectively referred to as 'the Group') for the year ended 31 December 2012, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.
These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of € 667.026 (000) and the consolidated statement of income shows a profit for the year, share of the Group, of € 20.508 (000).

Responsibility of the board of directors for the preparation and fair presentation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the statutory auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the legal requirements and International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
In making those risk assessments, we have considered internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole.

Finally, we have obtained from the board of directors and the Group's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the Group's financial position as at 31 December 2012 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comments

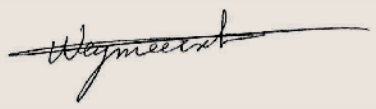
The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

Within the context of our assignment, it is our responsibility to verify in all material respects, the compliance within certain statutory and regulatory obligations. On this basis, we make the following comment which does not modify the scope of our opinion on the financial statements:

- The directors' report on the consolidated financial statements deals with 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 entities included in the consolidation are facing, and on their financial situation, their foreseeable evolution or the significant influence of certain facts on their future development

We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 28 March 2013



Ernst & Young Bedrijfsrevisoren SCCRL
Statutory auditor
Represented by

Christel Weymeersch
Partner

STATUTORY FINANCIAL STATEMENTS

Statement of comprehensive income and balance sheet

Hereafter an abbreviated version of the statutory annual accounts of Leasinvest Real Estate is presented. The complete annual accounts together with the annual report and the report of the auditor are filed with the National Bank of Belgium and these documents may be consulted at the company's office and can be obtained for free, upon simple request.
The auditor has approved the statutory annual accounts without reservations.

Statutory income statement

(in € 1,000)	Period 31/12/12 IFRS	Period 31/12/11 IFRS	Period 31/12/10 IFRS
Rental income (+)	18,481	22,252	22,902
Write-back of lease payments sold and discounted (+)	0	0	0
Related-rental expenses (+/-)	47	-17	42
NET RENTAL RESULT	**18,528**	**22,235**	**22,944**
Recovery of property charges (+)	207	28	64
Recovery income of charges and taxes normally payable by tenants on let properties (+)	2,341	2,806	2,733
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease (-)	0	-242	0
Charges and taxes normally payable by tenants on let properties (+)	-2,341	-2,806	-2,733
Other rental-related income and expenditure (+/-)	-1,901	-265	-308
PROPERTY RESULT	**16,834**	**21,756**	**22,700**
Technical costs (-)	-966	-1,202	-857
Commercial costs (-)	-447	-911	-326
Charges and taxes on unlet properties (-)	-404	-370	-222
Property management costs (-)	-2,236	-2,278	-2,353
Other property charges (-)	-557	-440	-303
PROPERTY CHARGES	-4,610	-5,201	-4,061
PROPERTY OPERATING RESULT	**12,224**	**16,555**	**18,639**
Corporate operating charges (-)	-683	-981	-793
Other operating charges and income (-)	1,768	-1,069	3
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	**13,309**	**14,505**	**17,849**
Result on disposal of investment properties (+/-)	-3	759	0
Changes in fair value of investment properties (+/-)	-10,327	-6,389	-17,070
OPERATING RESULT	**2,979**	**8,875**	**779**
Financial income (+)	11,591	12,533	10,212
Net interest charges (-)	-7,644	-7,121	-8,273
Other financial charges (-)	-912	-1,791	-2,333
Changes in fair value of financial assets and liabilities (+/-)	-2,041	1,592	-602
FINANCIAL RESULT		5,213	-996
PRE-TAX RESULT	**3,973**	**14,088**	**-217**
Corporate taxes	-204	-192	-97
Exit tax	0	0	0
TAXES	-204	-192	-97
NET RESULT	**3,769**	**13,896**	**-314**

	31/12/12	31/12/11
Net result	**3,769**	**3,719**
Other elements of comprehensive income	-10,135	-9,697
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties		
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-12,915	-10,089
Changes in fair value of financial assets available for sale	2,781	392
Comprehensive income	**-6,366**	**-5,978**

(in € 1,000)	Period 31/12/12 IFRS	Period 31/12/11 IFRS	Period 31/12/10 IFRS
ASSETS			
NON-CURRENT ASSETS	**446,108**	**441,902**	**428,060**
Investment properties	235,840	245,742	249,791
Other tangible assets	1,190	1,295	1
Non-current financial assets	209,078	194,865	178,268
CURRENT ASSETS	**38,178**	**41,245**	**34,907**
Assets held for sale	2,591	2,859	
Current financial assets	30,233	34,155	30,418
Trade receivables	3,752	3,395	2,625
Tax receivables and other current assets	195	73	46
Cash and cash equivalents	1,239	368	1,618
Deferred charges and accrued income	169	395	200
TOTAL ASSETS	**484,286**	**483,147**	**462,966**
LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY	**172,351**	**194,273**	**216,636**
Capital	44,128	44,128	44,128
Share premium account	70,622	70,622	70,622
Reserves	53,832	75,803	87,990
- Legal reserve	602	602	602
- Reserve from the balance of changes in fair value of investment properties	26,686	37,012	62,268
- Reserve from the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties	-4,405	-4,405	-4,405
- Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS	-23,257	-10,342	-254
- Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	-3,611	-1,570	
- Reserve for treasury shares	0	-1,034	-1,034
- Reserve from the balance of changes in fair value of financial assets available for sale	3,669	889	497
- Other reserves	40,260	41,785	25,156
- Result carried forward of previous financial years	13,888	12,866	5,160
Net result of the financial year	3,769	3,719	13,896
LIABILITIES	**311,935**	**288,874**	**246,330**
NON-CURRENT LIABILITIES	181,154	143,179	100,597
Provisions	0	0	0
Non-current financial debts	153,767	129,829	96,625
Other non-current financial liabilities	27,387	13,350	3,598
Other non-current liabilities	0	0	374
CURRENT LIABILITIES	130,781	145,695	145,733
Provisions	0	3,214	0
Current financial debts	117,942	131,402	136,421
Trade debts and other current debts	5,416	4,576	3,054
Other current liabilities	2,828	1,253	1,141
Accrued charges and deferred income	4,595	5,250	5,117
TOTAL EQUITY AND LIABILITIES	**484,286**	**483,147**	**462,966**

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GENERAL INFORMATION

Real estate investment trust Leasinvest Real Estate invests in high quality and well-situated office, logistics and retail buildings in Belgium and the Grand Duchy of Luxembourg.

The fair value of the real estate portfolio on 31/12/12 amounts to € 617.7 million, or including the participation in Retail Estates to € 649.3 million, the investment value to € 633.3 million. The consolidated real estate portfolio represents at the end of 2012 (including assets held for sale and development projects) a surface of 408,128 m², with 55 buildings, of which 37 in Belgium and 18 in the Grand Duchy of Luxembourg.

Geographically, the real estate portfolio is situated for 53% in the Grand Duchy of Luxembourg (through its 100% subsidiary Leasinvest Immo Lux) and for 47% in Belgium.

The real estate fund is listed on Euronext Brussels (Bel Small) and is part of the EPRA Eurozone Total Return Index.

Investment policy

Article 5 of the coordinated articles of association dated 16/05/11:

'The collective investment of financial resources in real estate in Belgium and/or abroad will happen as described hereafter.

Since the sicafi's operations started, the portfolio of the company is composed, for a large part, of office buildings and, for a less important part, of semi-industrial, logistics and retail buildings.

For the composition of its real estate portfolio the company aims at an adequate and diversified spreading of its assets, at a consolidated level, namely as to the type of investment property, as to the geographical area and as to the category of user or tenant. With regard to the type of tenant, the company focuses mainly on companies renowned in their respective sectors and authorities.

Nevertheless, for the future the portfolio will probably still be composed, for a large part, of offices. The type of assets in which can be invested are: office buildings, semi-industrial and logistics buildings, retail, and additionally, possibly other institutional real estate types.

The emphasis is always on strategically well-situated buildings, with a good visibility, sufficient parking possibilities, appropriate access and the possibility for capital gains in term. Further, each investment object is analyzed based on its (re) letting potential, carried by its location, polyvalence, flexibility and technical durability of the building.

As for the geographical spread, the company will mainly invest in Belgium and the Grand Duchy of Luxembourg. Investments in other countries will be considered if it concerns buildings for which a dynamic management remains possible.

The ongoing improvement of the quality of the technical follow-up, including the possible (re)development of existing buildings and of the services to the tenants, guarantees an extra added-value to the portfolio.'

As the investment policy is embedded in the articles of association, it can only be modified by the general meeting of shareholders of the real estate investment trust held under the conditions required for an amendment to the articles of association.

Leasinvest Real Estate has not the intention, except for its participation in Leasinvest Immo Lux, to invest more than 20% of its assets in any other UCI.

During the past financial year the investment/divestment decision were taken in accordance with the aforementioned investment policy.

Identification Leasinvest Real Estate

Name

Leasinvest Real Estate, 'fixed capital public real estate investment trust under Belgian law' (a closed-end public real estate investment trust, known in Belgium as a 'sicafi').

Legal entity

Leasinvest Real Estate adopted the legal form of a partnership limited by shares (SCA).

Registered office

Leasinvest Real Estate has its registered office at Bld. de la Woluwe 2, in 1150 Brussels. The registered office may be transferred within Belgium by a decision of the statutory manager, without prejudice to the specific legislation on the use of language.

Administrative office

Leasinvest Real Estate has its administrative office at Schermersstraat 42 in 2000 Antwerp.

Constitution and term

Leasinvest Real Estate was founded as an "Aktiengesellschaft" under Swiss Law on 21/11/73, after which the registered office has been moved (17/11/88) to Belgium where it was established that the company assumed the legal status of a public limited company (SA) and is a legal person under Belgian law, subject to the Belgian law.

On 8/06/99 the company name was modified into Leasinvest Real Estate and the company was transformed into a public real estate investment trust (sicafi/bevak) under Belgian law with the legal form of a partnership limited by shares (SCA), for an unspecified term, under a deed recorded by notary public Frank Celis in Antwerp, and announced in the appendices to the Official Belgian Gazette on 26/06/99, 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 shares of Leasinvest Real Estate are listed on Euronext Brussels (Bel Small).

Purpose of the company / activities

Article 4 of the coordinated articles of association dated 16/05/11:

The sole purpose of the company is the collective investment of financial resources in real estate, as defined in the legislation on sicafi.

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, exclusively or jointly controlled by the company;
3. option rights to real estate;
4. rights of participation in other public or institutional real estate investment companies, provided that in the latter case, the company holds joint or exclusive control;
5. rights of participation in foreign collective investment institutions in real estate, registered under article 129 of the UCI law intended list;
6. rights of participation in collective investment institutions in real estate that are established in another member state of the European Economic Space and that are not registered under article 129 of the UCI law intended list, as far as they are subject to an equal supervision as public real estate investment trusts;
7. real estate certificates as described in article 5 § 4, first subparagraph of the law of June 16th 2006 on the public offering of investment instruments and admission of investment instruments to trading on a regulated market;
8. rights derived from contracts under which the company has given one or more properties in real estate leasing or comparable rights of usage;
9. also all other goods, shares or rights defined as real estate by the legislation on sicafi.

Within the limits of its investment policy, as described in article 5 of the articles of association, and in compliance with the relevant provisions of the legislation on sicafi and all other applicable legislation the company is authorized to:

- the acquisition, the purchase, alteration, fitting-out, letting, sub-letting, management, exchange, sale, contribution, transfer, alienation, allotment, the ranging of real estate under the co-ownership system as described above, granting or being granted building and planting rights, leasehold rights, usufruct or other rights in rem on real estate as described above;
- the acquisition, transfer, alienation and lending of financial instruments;
- the taking into lease agreements of real estate, with or without purchase option, as the lessee;
- the giving into lease of one or more buildings, for which the giving into leasing of one or more buildings with purchase option can only be executed as an accessory activity, unless that property is destined for purposes of general interest, including social housing and education;

In accordance with the legislation on sicafi the company cannot act as a property developer; it can only occasionally execute property development activities.

In accordance with the legislation on sicafi the company may also:

- in an additional or temporary capacity, invest in securities, other than real estate, and unallocated liquid assets, for which 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, and for which the liquid assets may be held

in any currency in the form of current accounts or of term accounts or by any instrument on the financial markets suitable for fluid mobilization;
- execute transactions in hedging instruments (as defined by the RD of 07/12/10), as far as these transactions are part of the company's defined hedging policy of financial risks, with the exception of speculative transactions;
- grant mortgages or other securities or guarantees in the context of the financing of real estate activities of the company or those part of its group;
- grant loans and stand surety for a subsidiary of the company.

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.
Taking into account the relevant provisions of the legislation on sicafi, 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.

Financial year

The financial year of Leasinvest Real Estate starts on 1 January and ends on 31 December as from the change decided by the extraordinary general meeting held on 27/06/08, resulting in the fact that at that time, the current financial year was extended by 6 months and thus relates to a period of 18 months.
Previously the financial year started on 1 July and ended on 30 June, with the exception of the first financial year that ran from 01/01/99 to 30/06/00.

Registered capital

Issued capital

On 31/12/12 the registered capital amounted to € 44,128,326.64. The total number of shares was 4,012,832, and have a no-par value.

Authorised capital

Article 7 of the coordinated articles of association dated 16/05/11:
The manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more installments, by a maximum amount of forty-four million one hundred and twenty-eight thousand three hundred and twenty-six euro sixty-four cent (44,128,326.64 EUR in the cases foreseen in the relevant report of the statutory manager and, if the statutory manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the statutory manager-legal person.
This authorization is valid for a term of (5) five years as from the publication of the minutes of the extraordinary general meeting of 16 May 2011.
It is renewable.
These capital increases can be carried out by a contribution in cash, by a contribution in kind, or by the conversion of reserves including profits carried forward and issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Company Law, the legislation on sicafi, and the 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 otherwise decided by the general meeting, voting under the conditions required by Article 612 of the Company Law, except for the conversion into capital as foreseen above.
Without prejudice to the application of the articles 592 to 598 and 606 of the Company Law, the manager is authorized to limit or abolish the preferential right of shareholders, also when this occurs in favour of one or more persons that are no personnel of the company or its subsidiaries, as far as an irreducible right of attribution is granted to the current shareholders in the case of attribution of new securities. This irreducible right of attribution will at least have to meet the requirements of legislation on sicaf and of article 11.2 of the articles of association of the company. Without prejudice to the articles 595 to 599 of the Company Law, the aforementioned limits in the context of the abolition or limits to the preferential right will not be applicable in the case of a contribution in cash within the framework of the distribution of an optional dividend, in the cases foreseen by article 11.2 of the articles of association.

Capital increases in kind are realized in accordance with the legislation on sicafi and in accordance with the conditions recorded in article 11.3 of the articles of association. Such contributions in kind can also relate to the dividend rights in the context of the distribution of an optional dividend.
Without prejudice to the authorization granted to the manager as explained in the aforementioned paragraphs, the extraordinary general meeting of 16 May 2011 has authorized the manager to proceed to one or more capital increases in the case of a public takeover bid, under the conditions of article 607 of the Company Law and in compliance with, potentially, the irreducible right of attribution foreseen by the legislation on sicafi. The capital increases realized by the manager following the aforementioned authorization are charged to the capital that can still be used according to this article. This authorization does not limit the powers of the manager to proceed to other operations using the authorized capital than those foreseen by article 607 of the Company Law.

Till present the aforementioned authorization has not been used.

In the past the manager has already been authorized to increase the registered capital by a maximum of € 27,500,000 as a result of the decision of the general meeting of 08/06/99.
The board of directors made use of this authorization:
- under a deed recorded by notary public Erik Celis in Antwerp on 28/06/01 for an amount of € 2,205,500.
- under a deed recorded by notary public Erik Celis in Antwerp on 14/12/01 for an amount of € 1,152,162.

Redemption of treasury shares
Article 10 of the coordinated articles of association dated 16/05/11:
10.1. The company can acquire its own shares and hold them in pledge in accordance with a decision of the general meeting taken in accordance with the provisions of Article 620 and following of the Company Law.
The conditions for the de-realization of these shares can be established in the same meeting.
10.2. The statutory manager is also permitted to proceed to the acquirement of treasury shares without a decision of the general meeting when this acquirement is necessary to safeguard the company against serious and threatening disadvantage. This permission is valid for (3) three years as from the publication of the amendment to the articles of association of 16 May 2011 and is renewable for the same period of time.
10.3. The conditions for the alienation of treasury shares redeemed by the company are established depending on the case in accordance with article 622, § 2, of the company law, or by the general meeting or by the manager. The statutory manager is permitted to alienate treasury shares as foreseen in article 622, § 2, 1° of the company law, and for a term of (3) three years counting as from the publication of the amendments to the articles of association of 16 May 2011, in article 622, § 2, 2°of the company law.

The procedure for amending the articles of association mainly consists in a proposal for amending the articles of association being formulated by the board of directors of the statutory manager, potentially taking into account special majorities. Consequently a proposal for amendments to the articles of association is communicated to the general meeting of shareholders that takes a decision with regard to the approval of the proposed changes, also requiring the agreement of the statutory manager. Decisions to amend the articles of association of the company can only be taken if the required attendance and majority conditions are respected.

Identification Leasinvest Immo Lux

Since the extraordinary general meeting of Leasinvest Immo Lux of 18/12/08 Leasinvest Immo Lux is a SICAV-specialised investment fund ('SICAV-FIS'), subject to the Luxembourg law of 13 February 2007 regarding specialised investment funds. Leasinvest Real Estate is, directly and indirectly, the 100% shareholder of Leasinvest Immo Lux.

On 31/12/12, the investment properties of Leasinvest Immo Lux represent 53% of the consolidated real estate portfolio of Leasinvest Real Estate.

On 31/12/12 Leasinvest Immo Lux owned 18 buildings in ownership or co-ownership, with a total surface of 123,659 m², exclusively situated in the Grand Duchy of Luxembourg.

Currently Leasinvest Immo Lux does not hold any investment via a real estate company.

3 buildings represent more than 5% of the consolidated Leasinvest Real Estate portfolio, namely Knauf Schmiede (12.7%), CFM (7.1%) and Strassen (5.5%).

The buildings are mostly multi-tenant. The portfolio consists of offices (49%), retail (45%) and one logistics building (6%). Geographically, the majority of the office buildings are located in the CBD of Luxembourg city where the vacancy rate is minimal.

Name

Leasinvest Immo Lux, 'real estate investment trust with variable capital-specialised investment fund under Luxembourg Law' or 'a SICAV-SIF' under Luxembourg Law ("Société d'Investissement à Capital Variable (SICAV immobilière) - Fonds d'Investissement Spécialisé (FIS) de droit luxembourgeois").

Legal entity

Leasinvest Immo Lux adopted the legal form of a 'société anonyme' (SA) under Luxembourg Law.

Registered office

Leasinvest Immo Lux has its registered office at 6D route de Trèves, LU- 2633 Senningerberg.

Constitution and term

Leasinvest Immo Lux has been established on 14/01/91 under the form of a public limited company (SA). It is subject to the Luxembourg Law of 10 August 1915 on commercial companies ("loi du 10 août 1915 relative aux sociétés commerciales"), as amended thereafter, and the Luxembourg Law of 13 Februari 2007 on specialized investment funds, as amended therafter ("loi du 13 février 2007 concernant les fonds d'investissement spécialisés").
The articles of association have been modified on 10/11/99, 27/12/05, 18/09/06, 18/12/08, 18/04/11 and for the last time on 28/09/12 (published in the Mémorial C, Reueil des Sociétés et Associations du Grand-Duché de Luxembourg" on 23/11/12).

'Registre de commerce et des sociétés'

Leasinvest Immo Lux is listed in the "Registre de Commerce et des Sociétés du Luxembourg" under the number B 35.768.

Listing

Following the decision of the extraordinary general meeting of Leasinvest Immo Lux of 18/12/08 the listing of the shares on the Luxemburg stock exchange has been deleted at the beginning of 2009. The shares of Leasinvest Immo Lux were also listed on Euronext Brussels until 15/09/06.

Purpose of the company / activities

Article 3 of the articles of association:
'Purpose of the company. The main purpose of the company is the direct or indirect investment in buildings in the Grand Duchy of Luxembourg, in Belgium and abroad, aiming at the diversification of its investment risks and to let its shareholders benefit from the results of its assets management. The company can furthermore take on participations, subscribe to real estate certificates, own all moveable assets that can be traded on a stock exchange or on a regulated market, invest its cash and execute all actions, necessary to fulfil or develop its purpose within the limits imposed by the law of 13 February 2007 on specialised investment funds.'

Investment advice Luxembourg

At the end of December 2010 the investment advice agreement, that existed since 14/01/1999 between Leasinvest Immo Lux SICAV-FIS and Leasinvest Immo Lux Conseil SA under Luxembourg law (since mid-2006 a 100% subsidiary of Leasinvest Real Estate) has been terminated by mutual consent.
This termination took place within the framework of the settlement project of Leasinvest Immo Lux Conseil SA and a new investment advice agreement under the same conditions and after approval by the CSSF, was concluded between Leasinvest Immo Lux and Leasinvest Real Estate directly. The agreement has been concluded for an unspecified term and can be terminated by each party provided that a notice of six months is given.
Based on this agreement, Leasinvest Real Estate has to submit an investment plan for real estate and other values, to Leasinvest Immo Lux, in accordance with the investment policy defined by the board of directors of Leasinvest Immo Lux. The mission includes proposing real estate that fits within the defined investment policy, as well as making divestment proposals for buildings. Furthermore, Leasinvest Immo Lux has to be kept informed of the developments on

the financial markets and the company is assisted by means of advice and recommendations with regard to managing its investment properties, including the definition of its investment policy.
For these services Leasinvest Immo Lux pays an annual remuneration of:

- 0.75%, payable in four parts, at the end of each quarter, and calculated on the gross value of the real estate assets of Leasinvest Immo Lux, as estimated, at the end of each year, by the independent real estate experts;
- a maximum of 0.50%, payable in four parts, at the end of each quarter, calculated on the average net value of the other assets of Leasinvest Immo Lux at the end of each year;
- besides that, a premium is due, equal to 5% of the net gain on buildings sold by Leasinvest Immo Lux.

Within the framework of the aforementioned settlement of Leasinvest Immo Lux Conseil the personnel on the payroll has been transferred to Leasinvest Immo Lux.
The past year, Leasinvest Real Estate received a remuneration of € 1,946,467.95 from Leasinvest Immo Lux.
In case of termination of the investment advice agreement, Leasinvest Immo Lux needs to pay a cancellation fee of 3% of the sales price of the buildings at market value.

Financial year

The financial year of Leasinvest 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 is at any moment equal to the value of the net assets, as calculated in accordance with article 18 of the articles of association of the company. The minimum capital of Leasinvest Immo Lux amounts to € 1,250,000.

ARTICLES OF ASSOCIATION

COORDINATED ARTICLES OF ASSOCIATION DATED 16/05/11

"LEASINVEST REAL ESTATE"
Partnership limited by shares which makes a public appeal to savings Sicafi under Belgian law
1150 Woluwe-Saint-Pierre, Bld. de la Woluwe 2
Register of legal persons Brussels 0436.323.915

Established as an "Aktiengesellschaft" under Swiss law with the name "Zanos Estate Company A.G." from Zug (Switzerland) on 21 November 1973 and first registered in Zug (Switzerland) on 30 November thereafter.
It was decided at the general meeting of 17 November 1988, amongst other things, to move the registered office from Switzerland to Belgium.
Under a deed recorded by notary public Hans Berquin in Brussels on 16 December 1988, announced in the appendices to the Belgian Official Gazette on 12 January thereafter 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 Company Law 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 8 June 1999, announced in the appendices to the Belgian Official Gazette on 26 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 fulfillment 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 1 July 1999, announced in the appendices to the Belgian Official Gazette on 20 July thereafter under number 990720-618.
- under a deed recorded by notary public Erik Celis in Antwerp on 28 June 2001, announced in the appendices to the Belgian Official Gazette on 26 July thereafter under number 20010726-264, by which the capital was increased within the framework of the authorized capital.
- under a deed recorded by notary public Erik Celis in Antwerp on 14 December 2001, announced in the appendices to the Belgian Official Gazette on 3 January thereafter under number 20020103-16.
- under a deed recorded by notary public Erik Celis in Antwerp on 28 November 2003, announced in the appendices to the Belgian Official Gazette on 12 December thereafter under number 20031212-31932, 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 Belgian Official Gazette on 17 January thereafter under number 20050117-9802;
- under a deed recorded by notary public Frank Liesse in Antwerp, on 23 December 2004, announced in the appendices to the Belgian Official Gazette on 17 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 29 May 2006, announced in the appendices to the Belgian Official Gazette on 19 June thereafter under number 20060619-98546.
- under a deed recorded by notary public Frank Liesse in Antwerp, on 29 December two thousand and six, announced in the appendices to the Belgian Official Gazette on 22 January thereafter under number 20070122-12628, including a merger by take over of the 'Société Anonyme Square de Meeûs 5-6' by The Company, of which a rectification was announced in the appendices to the Belgian Official Gazette on 30 March thereafter under number 20070330-48139.
- under a deed recorded by notary public Frank Liesse in Antwerp, on 15 October 2007, announced in the appendices to the Belgian Official Gazette on 5 November thereafter under the number 20071105-159299, including the merge by take over of the Sociétés Anonymes "De Leewe", "Warehouse Finance" and "Logistics Finance I" by The Company, followed by a deed of conclusion of the fulfillment of the condition precedent under which the decisions to change the articles of association were taken, recorded by notary public Frank Liesse in Antwerp, on 27 June 2008, announced in the appendices to the Belgian Official Gazette on 17 July thereafter under number 20080717-119053.
- under a deed recorded by notary public Frank Liesse in Antwerp, on 27 June 2008, announced in the appendices to the Belgian Official Gazette on 17 July thereafter under number 20080717-119054, in which the financial year, as well as the date of the annual meeting was modified;
- under a deed recorded by notary public Frank Liesse in Antwerp on 17 December 2009, announced in the appendices to the Belgian Official Gazette on 8 January thereafter under number 20100108-4101, including the silent merger by take over (following the joining of all shares in one hand) of the Sociétés Anonymes "Zebra Trading" and "Alm Distri";
- by decision of the statutory manager of 31 March 2010, announced in the appendices to the Belgian Official Gazette on 15 April thereafter under number 20100415-54287, the registered office was moved to Bld. de la Woluwe 2, 1150 Brussels (Woluwe-Saint-Pierre) as from 15 April 2010;
- under a deed recorded by notary public Frank Liesse in Antwerp on 16 May 2011, announced in the appendices to the Belgian Official Gazette on 15 June thereafter under number 20110615-88483

CHAPTER I – NAME – LEGAL FORM – TERM – OFFICE – PURPOSE OF THE COMPANY

ARTICLE 1. NAME - LEGAL FORM

The company has the legal form of a partnership limited by shares (hereafter "the Company").
It has the name "LEASINVEST REAL ESTATE".
It is subject to the available laws for companies with fixed capital, called "sicafi", provided by article 19 of the Law of July 20th 2004 regarding certain forms of collective management of investment portfolios (hereafter the "UCI Law").
The social naming of the Company and all the documents that it brings forth (including all deeds and invoices) contain the declaration "public closed-end real estate investment fund under Belgian law" or "public bevak / sicafi under Belgian law" or are immediately followed by these words.
The Company has opted for the category of investments provided by Article 7, first paragraph, 5° (real estate) of the UCI Law.
The Company makes a public appeal for savings in the sense of Article 438 of the Company Law.
The Company is subject to the relevant provisions of the UCI Law and of the Royal Decree of 7 December 2010 with regard to sicafi (hereafter the "RD on sicafi") as well as of all other Royal Decrees in execution of that UCI Law that are applicable to undertakings for collective investment with a fixed number of participation rights having as the exclusive objective the collective investment in the category of allowed investments as defined in article 7, first paragraph, 5° of the UCI Law. The UCI Law, the RD on sicafi together with all other applicable Royal Decrees and any other regulation applicable at any moment to sicafi are hereafter jointly referred to as the "legislation on sicafi".
Moreover the Company is subject to the provisions of these articles of association that at least comprise the data mentioned in Annex A of the

RD on sicafi (hereafter the "articles of association"). Each proposal to amend the articles of association has to be submitted in advance to the Financial Services and Markets Authority, abridged "FSMA") (hereafter always referred to as "FSMA").

ARTICLE 2. TERM

The term of the company is undetermined. It can be dissolved by a decision of the general meeting according to the conditions and in the form required for a change of the Articles of Association, without prejudice to 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 Bld. de la Woluwe 2, Brussels (Woluwe-Saint-Pierre).

The registered office can be moved in Belgium by simple decision of the statutory manager, as far as this decision has no influence on the applicable language regime in accordance with the legislation on the use of languages.

The company can, by a 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 registered 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 registered office.

ARTICLE 4. PURPOSE OF THE COMPANY

The sole purpose of the company is the collective investment of financial resources in real estate, as defined in the legislation on sicafi.

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, exclusively or jointly controlled by the company;
3. option rights to real estate;
4. rights of participation in other public or institutional real estate investment companies, provided that in the latter case, the company holds joint or exclusive control;
5. rights of participation in foreign collective investment institutions in real estate, registered under article 129 of the UCI law intended list;
6. rights of participation in collective investment institutions in real estate that are established in another member state of the European Economic Space and that are not registered under article 129 of the UCI law intended list, as far as they are subject to an equal supervision as public real estate investment trusts;
7. real estate certificates as described in article 5 § 4, first subparagraph of the law of June 16th 2006 on the public offering of investment instruments and admission of investment instruments to trading on a regulated market;
8. rights derived from contracts under which the company has given one or more properties in real estate leasing or comparable rights of usage;
9. also all other goods, shares or rights defined as real estate by the legislation on sicafi.

Within the limits of its investment policy, as described in article 5 of the articles of association, and in compliance with the relevant provisions of the legislation on sicafi and all other applicable legislation the company is authorized to:

- the acquisition, the purchase, alteration, fitting-out, letting, sub-letting, management, exchange, sale, contribution, transfer, alienation, allotment, the ranging of real estate under the co-ownership system as described above, granting or being granted building and planting rights, leasehold rights, usufruct or other rights in rem on real estate as described above;
- the acquisition, transfer, alienation and lending of financial instruments;
- the taking into lease agreements of real estate, with or without purchase option, as the lessee;
- the giving into lease of one or more buildings, for which the giving into leasing of one or more buildings with purchase option can only be executed as an accessory activity, unless that property is destined for purposes of general interest, including social housing and education;

In accordance with the legislation on sicafi the company cannot act as a property developer; it can only occasionally execute property development activities.

In accordance with the legislation on sicafi the company may also:

- in an additional or temporary capacity, invest in securities, other than real estate, and unallocated liquid assets, for which 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, and for which the liquid assets may be held in any currency in the form of current accounts or of term accounts or by any instrument on the financial markets suitable for fluid mobilization;
- execute transactions in hedging instruments (as defined by the RD of 07/12/10), as far as these transactions are part of the company's defined hedging policy of financial risks, with the exception of speculative transactions;
- grant mortgages or other securities or guarantees in the context of the financing of real estate activities of the company or those part of its group;
- grant loans and stand surety for a subsidiary of the company.

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.

Taking into account the relevant provisions of the legislation on sicafi, 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.

ARTICLE 5. INVESTMENT POLICY

The collective investment of financial resources in real estate in Belgium and/or abroad will happen as described hereafter.

Since the sicafi's operations started, the portfolio of the company is composed, for a large part, of office buildings and, for a less important part, of semi-industrial, logistics and retail buildings.

For the composition of its real estate portfolio the company aims at an adequate and diversified spreading of its assets, at a consolidated level, namely as to the type of investment property, as to the geographical area and as to the category of user or tenant. With regard to the type of tenant, the company focuses mainly on companies renowned in their respective sectors and authorities.

Nevertheless, for the future the portfolio will probably still be composed, for a large part, of offices. The type of assets in which can be invested are: office buildings, semi-industrial and logistics buildings, retail, and additionally, possibly other institutional real estate types.

The emphasis is always on strategically well-situated buildings, with a good visibility, sufficient parking possibilities, appropriate access and the possibility for capital gains in term.

Further, each investment object is analyzed based on its (re)letting potential, carried by its location, polyvalence, flexibility and technical durability of the building.

As for the geographical spread, the company will mainly invest in Belgium and the Grand Duchy of Luxembourg. Investments in other countries will be considered if it concerns buildings for which a dynamic management remains possible.

The ongoing improvement of the quality of the technical follow-up, including the possible (re) development of existing buildings and of the services to the tenants, guarantees an extra added-value to the portfolio.

CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES

ARTICLE 6. CAPITAL

The company's registered capital amounts to forty-four million one hundred and twenty eight thousand three hundred and twenty-six Euros and sixty-four cents (44,128,326.64).

It is paid up in full.

It is divided into four million twelve thousand eight hundred and thirty-two (4,012,832) shares, of no-par value, each one representing 1 / 4,012,832 of the capital.

ARTICLE 7. AUTHORISED CAPITAL

The manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more installments, by a maximum amount of forty-four million one hundred and twenty-eight thousand three hundred and twenty-six euro sixty-four cent (44,128,326.64 EUR in the cases foreseen in the relevant report of the statutory manager and, if the statutory manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the statutory manager-legal person.

This authorization is valid for a term of (5) five years as from the publication of the minutes of the extraordinary general meeting of 16 May 2011. It is renewable.

These capital increases can be carried out by a contribution in cash, by a contribution in kind, or by the conversion of reserves including profits carried forward and issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Company Law, the legislation on sicafi, and the 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 otherwise decided by the general meeting, voting under the conditions required by Article 612 of the Company Law, except for the conversion into capital as foreseen above.

Without prejudice to the application of the articles 592 to 598 and 606 of the Company Law, the manager is authorized to limit or abolish the preferential right of shareholders, also when this occurs in favour of one or more persons that are no personnel of the company or its subsidiaries, as far as an irreducible right of attribution is granted to the current shareholders in the case of attribution of new securities. This irreducible right of attribution will at least have to meet the requirements of legislation on sicaf and of article 11.2 of the articles of association of the company. Without prejudice to the articles 595 to 599 of the Company Law, the aforementioned limits in the context of the abolition or limits to the preferential right will not be applicable in the case of a contribution in cash within the framework of the distribution of an optional dividend, in the cases foreseen by article 11.2 of the articles of association.

Capital increases in kind are realized in accordance with the legislation on sicafi and in accordance with the conditions recorded in article 11.3 of the articles of association. Such contributions in kind can also relate to the dividend rights in the context of the distribution of an optional dividend.

Without prejudice to the authorization granted to the manager as explained in the aforementioned paragraphs, the extraordinary general meeting of 16 May 2011 has authorized the manager to proceed to one or more capital increases in the case of a public takeover bid, under the conditions of article 607 of the Company Law and in compliance with, potentially, the irreducible right of attribution foreseen by the legislation on sicafi. The capital increases realized by the manager following the aforementioned authorization are charged to the capital that can still be used according to this article. This authorization does not limit the powers of the manager to proceed to other operations using the authorized capital than those foreseen by article 607 of the Company Law.

ARTICLE 8. NATURE OF THE SHARES

The shares are registered shares, bearer shares or dematerialized, within the limitations foreseen by law.

Each shareholder can, at any given moment, and at his own expense, ask for the conversion of his shares into registered shares or dematerialised shares.

For the registered shares ownership is exclusively concluded from the registration in the share register held at the company's office.

The dematerialised shares are represented by booking on an account in the name of the owner or holder, with a clearing organisation.

The bearer shares which are issued by the company and which are on a securities account on January 1st 2008 exist in dematerialized form, as from that date. The other bearer shares are also automatically dematerialized, as soon as they are registered on a securities account as from January 1st 2008.

ARTICLE 9. OTHER SECURITIES

The company can issue the securities foreseen in article 460 of the Company Law and eventually other securities allowed by the Company Law, except for profit-sharing bonds and comparable securities, issued in conformity with the rules prescribed by the Company Law, the legislation on sicafi and these articles of association.

ARTICLE 10. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION

10.1. The company can acquire its own shares and hold them in pledge in accordance with a decision of the general meeting taken in accordance with the provisions of Article 620 and following of the Company Law.

The conditions for the de-realization of these shares can be established in the same meeting.

10.2. The statutory manager is also permitted to proceed to the acquirement of treasury shares without a decision of the general meeting when this acquirement is necessary to safeguard the company against serious and threatening disadvantage. This permission is valid for (3) three years as from the publication of the amendment to the articles of association of 16 May 2011 and is renewable for the same period of time.

10.3. The conditions for the alienation of treasury shares redeemed by the company are established depending on the case in accordance with article 622, § 2, of the company law, or by the general meeting or by the manager. The statutory manager is permitted to alienate treasury shares as foreseen in article 622, § 2, 1° of the company law, and for a term of (3) three years counting as from the publication of the amendments to the articles of association of 16 May 2011, in article 622, § 2, 2°of the company law.

ARTICLE 11. CHANGING THE REGISTERED CAPITAL

11.1. Except for the possibility of the use of the authorized capital by a decision of the statutory manager, an increase or decrease in the registered 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 always have to comply with the applicable rules prescribed by the legislation on sicafi.

Should the general meeting decide to ask for the payment of an issue premium within the framework of a capital increase, this has to be booked on an unavailable account which constitutes a third-party guarantee at the same level as the capital and which can in no possible way be reduced or lifted than by a decision of the general meeting deliberating in accordance with the provisions required for an amendment to the articles of association.

11.2. In the case of a capital increase by a contribution in cash following a decision of the general meeting or within the framework of the authorized capital as defined in article 7 of the articles of association, and without prejudice to the articles 592 to 598 of the Company Law, the preferential right of the shareholder can only be limited or lifted as far as the current shareholder is granted an irreducible right of attribution when granting new securities. That irreducible right of attribution at least meets the following conditions of the legislation on sicafi:

1° it is related to all newly issued securities;

2° it is granted to the shareholders in correspondence with the share of the capital represented by their shares at the moment of the operation;

3° at latest the eve of the opening of the public subscription period a maximum price per share is announced; and

4° the public subscription period has to last at least three (3) listing days.

That irreducible right of attribution is applicable to the issue of shares, convertible bonds and warrants.

Without prejudice to the articles 595 to 599 of the Company Law, the irreducible right of attribution does not have to be granted in the case of a contribution in cash where the preferential right is limited or lifted, complementary to a contribution in kind within the framework of the distribution of an optional dividend, as far as the distribution of that optional dividend is effectively made payable to all shareholders.

11.3. The capital increases by a contribution in kind are subject to the provisions of articles 601 and 602 of the Company Law. Furthermore, in accordance with the legislation on sicafi, the following conditions have to be met in the case of a contribution in kind:

1° the identity of the contributor has to be mentioned in the report as defined by article 602 of the Company Law and, if necessary, in the invitation to the general meeting convened for the capital increase;

2° the issue price cannot be less than the lowest value of (a) a net asset value dated no more than four (4) months prior to the date of the contribution agreement or, up to the choice of the company, prior to the date of the capital increase deed, and (b) the average closing price during thirty (30) calendar days prior to that same date.

For the application of what is mentioned above sub point 2°, it is allowed to deduct an amount that corresponds to the part of the non-distributed gross dividend to which the new shares would eventually not entitle, from the amount defined sub point (b) of point 2°, provided that the manager specifically motivates the amount to be deducted from the cumulated dividend in his special report and explains the financial conditions of the operation in his annual financial report;

3° except if the issue price, or, in the case defined in article 11.4 of the articles of association, the exchange rate, and the related modalities are defined and communicated to the public at latest the working day following the conclusion of the contribution agreement, mentioning the term in which the capital increase will effectively take place, the capital increase deed is recorded within a maximum term of four (4) months; and

4° the report mentioned in point 1° must also explain the impact of the proposed contribution on the situation of the former shareholders, more specifically with regard to their share in the profit, in the net asset value and in the capital, including the impact at the level of the voting rights.

The special conditions described above, in accordance with the legislation on sicafi, are not applicable in the case of a contribution of the right to dividends within the framework of the distribution of an optional dividend, as far as the distribution of that dividend if effectively made payable to all shareholders.

11.4. The special rules with regard to capital increases by contribution kind recorded in article 11.3 of the articles of association are mutatis mutandis applicable to mergers, split-ups and similar operations as defined in the articles 671 to 677, 681 to 758 and 772/1 of the Company Law. In that case, the "date of the contribution agreement" refers to the date the merger or split-up proposal is filed.

11.5. In accordance with the legislation on sicafi the manager of the company, in the case of a capital increase by a contribution in cash to a subsidiary that has the status of an institutional sicafi for a price that is ten per cent (10%) or more lower than the lowest value of (a) a net asset value dated no more than four (4) months prior to the start of the issue, and (b) the average closing price during thirty (30) calendar days prior to the start of the issue, draws up a report in which he explains the economic justification of the applied discount, the financial consequences of the operation for the shareholders of the company and the interest of that capital increase for the company. This report and the applied valuation criteria and methods are commented by the auditor of the company in a separate report. The reports of the manager and the auditor are published according to article 35 et seq of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, at latest the day the issue starts and in any case as soon as the price is proposed, should this be earlier.

For the application of what is mentioned above in the first paragraph of article 11.5 of the articles of association, it is allowed to deduct from the amount defined in point (b) of the first paragraph an amount that corresponds to part of the non-distributed gross dividend to which the new shares would eventually not entitle, provided that the manager of the company specifically motivates the amount to be deducted from the cumulated dividend and explains the financial

conditions of the operation in the annual financial report of the company.
In case the concerned subsidiary is not listed, the discount defined in the first paragraph of this article 11.5 of the articles of association is only calculated based on the net asset value that is dated no more than four (4) months.
Article 11.5 of the articles of association is not applicable to capital increases fully subscribed by the company or its subsidiaries of which the capital is entirely held by the company, either directly or indirectly.

ARTICLE 12. EXECUTIVE AND LIMITED PARTNERS

The managing partner is jointly and fully responsible for all obligations of the company. The limited partners ("shareholders") are responsible for the debts and losses of the company to the extent of their contributions, on the condition that they do not perform any management duty whatsoever.

ARTICLE 13. LISTING ON THE STOCK EXCHANGE AND NOTIFICATION OF IMPORTANT PARTICIPATIONS

The shares of the company must be admitted to trading on a Belgian regulated market, in accordance with the legislation on sicafi.
Each shareholder must notify the company and the FSMA of the number of securities with voting rights, voting rights or similar financial instruments of the company he owns, in accordance with the legislation on the disclosure of important participations.
The thresholds of which exceeding results in a mandatory notification following the legislation of the disclosure of important participations are fixed at three percent (3%), five per cent (5%) and multiples of five percent (5%) of the total number of voting rights.
Except for exceptions foreseen by the Company Law, nobody can participate to a voting at the general meeting of the company with a number of votes that is higher than the number of votes related to the securities he has reported holding, at least twenty (20) days prior to the date of the general meeting.

CHAPTER III – MANAGEMENT AND REPRESENTATION - CONTROL

ARTICLE 14. NOMINATIONS – DISMISSALS – VACANCIES

14.1. 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 2000 Antwerp, Schermersstraat 42, is appointed as the first and sole manager for an indefinite period. The minimal duration of his mandate has been fixed at twenty-seven (27) years, in the understanding that his mandate is irrevocable until the date of the annual meeting, which will be held in 2026. After this date the mandate of the aforementioned first manger is revocable under the attendance and majority conditions required for a change of the Articles of Association, without any right of veto for the statutory manager on this point.
Despite the aforementioned concerning the first manager, the manager is appointed for a definite or indefinite period at the general meeting, which decides under the attendance and majority conditions required for a change of the Articles of Association.
14.2. If the statutory manager is a legal person, then the following conditions will have to be fulfilled:

1° the board of directors of the manager-legal person is composed in such a way that the company is managed autonomously and in the exclusive interest of its shareholders;
2° the board of directors of the manager-legal person has at least three (3) independent members in the sense of article 526ter of the Company Law, for which respecting the criteria of article 526ter of the Company Law is assessed as if the concerned independent member of the board of directors the manager-legal person would be a director in the company;
3° the effective direction of the real estate fund (Bevak/Sicafi) must, according to article 38 of UCI Law, be entrusted to at least two (2) physical persons or single-headed "sociétés privées à responsabilité limitée (SPRL)", with as a permanent representative in the sense of article 61, § 2, of the company law their only partner and statutory manager, of which at least one (1) has to be a member of the board of directors of the manager-legal person;
4° one of the persons intended under 3° who is also a member of the board of directors of the manager-legal entity, is appointed as permanent representative of the manager-legal entity in the sense of article 61, § 2, of the company law, who is in charge of the execution of the mandate of manager of the company in the name and for the account of the manager-legal entity and who is specifically authorized to, acting alone, represent and legally bind the company towards third parties but without infringing the applicable provisions of legislation on sicafi, as far and for so long as the aforementioned regulatory provisions are in force. The manager-legal entity cannot dismiss its representative, without, at the same time, appointing a successor. For the appointment and end of the mission of permanent representative, the same rules for publication are applied, as if he would fulfill this mission in his own name and for his own account;
5° the members of the board of directors of the manager-legal entity and their potential respective permanent representatives, and also the persons and their eventual respective permanent representatives intended under point 3°, others than members of the board of directors of the manager-legal entity, must have the necessary professional reliability and the experience appropriate for these functions in accordance with article 38 of the UCI Law. They cannot be subject to a prohibition foreseen by article 39 of the UCI Law.

The members of the board of directors of the manager-legal entity and their potential respective permanent representatives and the persons intended under point 3° and their eventual respective permanent representatives, comply with the articles 18 and 46 of the RD on sicafi as far and for so long as these regulatory provisions are in force; afterwards, the current provision will be held for unread.
14.3. The statutory manager's tasks can only be revoked by a judicial decision after a claim submitted by the general meeting on lawful grounds. The general meeting must make this decision with a majority equal to the majority for the amendment of the Articles of Association and the statutory manager cannot participate in the vote. The statutory manager will continue to carry out his tasks until his removal is passed by a peremptory decree.
14.4. The statutory manager can resign at any time.
The statutory manager is obliged, after his resignation, to further fulfill his task until a replacement can reasonably be provided for him. In view of that a general meeting has to be convened within one (1) months after his resignation with the nomination of a new manager on the agenda; that general meeting has to take place in any case within two (2) months after the resignation.
14.5. The decease, the declaration of incompetence, the dissolution, the bankruptcy or any similar procedure, the dismissal, the deposition of the manager by judicial decision for whatever reason, will not have the consequence of the company being dissolved, but he will be succeeded by the

newly appointed manager, by a decision of the extraordinary shareholders general meeting, that also accepts to become a limited (managing) partner of the company. If a manager is a legal person, the merger, the split up, the conversion or any other form of company reorganization whereby the legal personality of the manager is continued according to the applicable law, does not lead to the dismissal or the replacement of the manager.
In case of the loss of the reliability, experience and autonomy required by the legislation on sicafi of the members of the board of directors or day-to-day management of the manager-legal entity, the board of directors or the auditor(s) of the manager-legal entity have to convene a general meeting of the manager-legal entity within one (1) month after drawing that conclusion with as agenda items the eventual conclusion of the loss of the requirements and the measures to take; that general meeting must in any case convene within the same month. If only one or some members of the board of directors or of the day-to-day management of the manager-legal entity do no longer meet the aforementioned requirements, the board of director of the manager-legal entity has to replace those members within one month; if after that term those directors have not yet been replaced, the general meeting of the manager-legal person will have to be convened as stated above and meet within one (1) month after the expiry of one (1) month after the aforementioned conclusion. All that is mentioned before is always subject to the measures the FSMA would take in virtue of the powers foreseen in article 92 of the UCI Law.
In case of the application of the provisions of article 39 of the UCI Law where all members of the board of directors or of the day-to-day management of the manager-legal entity are prohibited to execute their directors' functions, the board of directors or the auditor(s) of the manager-legal entity must convene the general meeting of the manager-legal entity within one (1) month after that conclusion with as agenda items the conclusion of the fact that the aforementioned article 39 of the UCI Law needs to be applied, and the measures to take; this meeting must take place within that same month. If only one or some members of the board of directors or of the day-to-day management of the manager-legal entity do no longer meet the aforementioned requirements, the board of director of the manager-legal entity has to replace those members within one month; if after that term those directors have not yet been replaced, the general meeting of the manager-legal person will have to be convened as stated above and meet within one (1) month after the expiry of one (1) month after the aforementioned conclusion. All that is mentioned before is always subject to the measures the FSMA would take in virtue of the powers foreseen in article 92 of the UCI Law.

ARTICLE 15. SALARY
The statutory manager will carry out his mandate with remuneration.
The remuneration is equal to zero point four one five percent (0.415%) of the company's consolidated assets.
The remuneration is due in the course of the financial year, yet is only payable after the annual accounts have been approved.
The statutory manager is entitled to the repayment for the costs directly related to his assignment.

ARTICLE 16. INTERNAL MANAGEMENT
The manager is empowered to perform all internal management operations that are necessary or useful to fulfill the company objective, except for those operations for which only the general meeting is competent according to the law.
The manager draws up half-yearly reports as well as a draft for an annual report. The manager appoints the real estate experts in accordance with the legislation on sicafi.
The manager takes all decisions it deems appropriate.
In the case the manager is a legal person, the board of directors of the manager-legal person can establish among his members and under his responsibility, in accordance with the articles 522, 526bis en 526quater of the Company Law, one or more consultative committees, such as e.g. a remuneration committee and an audit committee. The aforementioned committees, established within the board of directors of the manager-legal person, also function if the case arises, as a remuneration committee, if any, audit committee for the company with mutatis mutandis the same powers as those that committee has within the manager-legal person. The conditions for the appointment of the members of the consultative committees, their dismissal, their remuneration, the term of their mandate and the procedure of these committees as well as the description of their tasks, are defined by the board of directors of the manager-legal person at the moment of their creation and they can also be modified afterwards by that same board of directors in compliance with the applicable regulations.

ARTICLE 17. EXTERNAL REPRESENTATIVE POWER
The manager represents the company in all judicial and extra-judicial affairs.
In accordance with the legislation on sicafi the company is represented by the manager-legal person for each act of disposal on its real estate acting through its Permanent Representative and one (other) Director of the manager-legal person, both acting jointly.
The rule mentioned in the previous paragraph does not apply when an operation of the company relates to a building of which the value amounts to less than the lowest amount of one per cent (1%) of the company's consolidated assets and two million five hundred thousand euro (€ 2.500.000,00).

ARTICLE 18. EXCEPTIONAL AUTHORITIES
The statutory manager can appoint proxies for the company.
Only special and limited powers for specific or for a series of specific 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 an excessive power.
The manager defines the remuneration of each representative who was granted special powers, all of this in conformity with the legislation on sicafi.

ARTICLE 19. RESPONSIBILITY OF THE STATUTORY MANAGER
The statutory manager is personally, severally and unlimitedly bound to the obligations of the company.

ARTICLE 20. CONTROL
The control of the company is entrusted to one or more auditors.

CHAPTER IV – GENERAL MEETING

ARTICLE 21. THE ORDINARY GENERAL MEETING
The general meeting is being held at the registered office or at the address indicated in the writ of summons.
The annual meeting is being held each year on the third Monday of the month of May at four p.m. or, if this day is a legal holiday, on the next working day at the same hour.

ARTICLE 22. POWER OF THE GENERAL MEETING

The general meeting has the power a/o to deliberate and to decide on the following matters, namely:

- the conclusion of the annual accounts;
- the appropriation of the result;
- the nomination and the dismissal of the auditor;
- the determination of the auditor's salary;
- the filing of the company action or the giving discharge to the manager and to the auditor.

The general meeting is also authorized to make changes to the Articles of Association, namely to decide to the nomination of a manager, to the increase or decrease of the capital, to powers with regard to the authorized capital by decision of the manager, to conversion of the company into a company with a different legal status, to decide to an early dissolution of the company, to the distribution of interim dividends and optional dividends, to the issue of convertible bonds or warrants, to the merger with one or more companies.

ARTICLE 23. CONVENING

23.1. The manager and every auditor can convene both an ordinary general meeting (annual meeting) and an exceptional or extraordinary general meeting. They have to convene the annual meeting on the day as determined by the articles of association.

The manager and every auditor are obliged to convene an exceptional or extraordinary meeting when one or more shareholders who represent, individually or collectively, a fifth (1/5th) of the registered capital request for it.

23.2. The convocations to the general meeting take place in accordance with the formalities and other provisions of the Company Law. The convocations mention the agenda, listing the subjects to be treated and the proposals for decision, and all other date that are mandatory to be included in virtue of the law.

23.3. One or more shareholders representing together at least three per cent (3%) of the registered capital of the company, in accordance with the provisions of the Company Law, can have subjects to treat added to the agenda of the general meeting and introduce proposals for decision with regard to items on the agenda or those that were added. The company should receive these requests at latest the twenty-second (22nd) day prior to the date of the general meeting. The subjects to be treated and the related proposals for decision that could be added to the agenda, should the case arise, will be published according to the modalities prescribed by the Company Law. The subjects to be treated and proposals for decision that were added to the agenda in application of the previous paragraph are only discussed if all related provisions of the Company Law were respected.

ARTICLE 24. CONDITIONS FOR ADMITTANCE TO THE GENERAL MEETINGS

24.1. A shareholder can only participate to the general meeting and exercise his voting right based on the recording of his shares in book-entry form in his name, at the registration date, or by inscription in the register of nominative shares of the company, or by inscription in the accounts of an authorized account holder or clearing organisation, or upon presentation of the bearer shares to a financial intermediary, regardless of the number of shares the shareholder owns at the general meeting. The fourteenth (14th) day prior to the general meeting, at twenty-four hours (24h00 CET) applies as the registration date.

24.2. The owners of dematerialized shares or bearer shares who want to participate to the general meeting, must present a certificate issued by their financial intermediary or authorized account holder, stating, according to the case, how many dematerialized shares are registered in their accounts at the registration date, in the name of the shareholders, or how many bearer shares have been presented at the registration date, and for which the shareholder has indicated wanting to participate to the general meeting. This filing has to take place at latest the sixth (6th) day prior to the date of the general meeting at the registered office or at the institutions mentioned in the convocation.

The owners of registered shares who wish to participate to the meeting, must inform the company by ordinary mail, fax or e-mail at latest the sixth (6th) day prior to the meeting date of their intention to participate to the meeting.

24.3. The manager will keep a register for each shareholder having communicated his wish to participate to the general meeting, stating his name and address or registered office, the number of shares he owned at the registration date and for which he has indicated wishing to participate to the general meeting, and a description of the documents that prove that he was holder of the shares at that registration date.

ARTICLE 25. PARTICIPATION IN THE MEETING – REPRESENTATION

A shareholder of the company may only appoint (1) one proxy for a specific general meeting. A derogation to this principle is only possible in accordance with the related rules of the Company Law.

A person acting as an authorized representative can have proxies of more than one shareholder. In the case an authorized representative has proxies from several shareholders, he can vote differently in the name of one shareholder than in the name of another shareholder.

The appointment of a proxy by a shareholder is done in writing or via an electronic form and has to be signed by the shareholder, should the case arise, with an advanced electronic signature in the sense of article 4, §4, of the Law of 9 July 2001 with respect to certain rules regarding the legal framework for electronic signatures and certification services, or with an electronic signature that meets the conditions of article 1322 of the Civil Law.

The notification of the proxy has to be done in writing to the company. This notification can also take place electronically, at the address mentioned in the convocation.

The company has to receive the proxy at latest the sixth (6th) day prior to the meeting date.

Without prejudice to the possibility, in accordance with article 549, second paragraph, of the Company Law to derogate from the instructions under certain circumstances, the authorized representative expresses his vote in accordance with the potential instructions of the shareholder. The authorized representative has to hold a register for at least (1) year of the voting instructions and confirm, at the request of the shareholder, that he respected the voting instructions.

In the case of a potential conflict of interest as defined in article 547bis, §4, of the Company Law between the shareholder and the authorized representative he has appointed, the authorized representative has to disclose the precise facts that are of interest to the shareholder to judge if the danger exists that the authorized representative promotes any other interest than that of the shareholder. Moreover, the authorized representative can only vote in the name of the shareholder provided that he has specific voting instructions for each agenda item.

In the case of an addition to the agenda in accordance with article 23.3. of the articles of association and if a proxy has already been communicated to the company before the publication of the amended agenda, the authorized representative has to respect the related provisions of the Company Law.

ARTICLE 26. CHAIRMANSHIP – BUREAU
Every general meeting is presided by the chairman of the Board of Directors or, in case the chairman is unable to attend, another director of the manager-legal person. The chairman of the meeting appoints a secretary and one or more vote counters, who do not need to be (a) shareholder(s). The chairman, the secretary and the vote counters altogether form the bureau.

ARTICLE 27. MEETING PROCEDURE
27.1. The deliberation and voting are directed by the chairman and take place in accordance with the habitual rules of proper meeting techniques. The manager answers the questions of the shareholders that are asked during the meeting or in writing, with regard to his report or the agenda items, as far as the communication of data or facts is not detrimental to het company's business interests or to confidentiality rules the company or the manager have committed to.
The auditors answer the questions of the shareholders that are asked during the meeting or in writing, with regard to their report, as far as the communication of data or facts is not detrimental to het company's business interests or to confidentiality rules the company, the manager or the auditors have committed to. They have the right to speak at the general meeting with regard to the fulfillment of their mission.
If different questions are related to the same subject, the manager and the auditors are allowed to respond to these with one answer. As soon as the convocation is published, the shareholders can ask the aforementioned questions in writing, in accordance with the related provisions of the Company Law.
27.2. The manager is entitled to adjourn each ordinary, exceptional or extraordinary general meeting one single time for five (5) weeks, unless the meeting has been convened at the request of one or more shareholders representing at least one fifth (1/5th) of the capital, or by the auditor. Such adjournment does not prejudice the other decisions that were taken, except if the general meeting decides otherwise on this matter.
27.3. The general meeting can only validly deliberate or decide on the items recorded or implicitly stated in the agenda. There can only be a deliberation on items that were not included in the agenda if all persons that are to be invited according to article 533 of the Company Law are present or represented by their body or permanent representative and nobody objects to extending the agenda. The required agreement is definite if no protest has been recorded in the minutes of the meeting.

ARTICLE 28. VOTING RIGHT
28.1. Every share gives the right to one vote.
28.2. When one or more shares belong to several people in joint ownership or to a legal person with a collegial body of representation, the connected rights to it can only be exercised towards the company by one single person who has been appointed in writing by all entitled persons, respectively those who can represent the legal persons externally. As long as such an appointment has not been delivered, all the rights connected to the shares remain suspended.
28.3. If a share is encumbered with a usufruct, the exercise of the connected voting rights is reserved for the usufructuary, unless the nude owner has previously opposed to it in writing. The execution of the preemptive right in the case of a capital increase belongs to the nude owner.

ARTICLE 29. DECISION-MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER
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 at present, then a second meeting can be convened to deliberate and decide, even if the statutory manager is absent. The decisions are taken by a simple majority of votes, but with the approval of the present or represented statutory manager regarding proceedings, which deal with the interests of the company towards third parties, such as the payment of dividends as well as each decision whereby the company assets are affected. Abstinence or blank votes and invalid votes are neglected in the calculation of the majority. In the case of equality of votes, the proposal is rejected.
At each general meeting minutes are taken during the meeting.
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 lawfully deliberate and decide on a change in the Articles of Association, when those who participate in the meeting represent at least half (1/2) of the companies' capital and when the statutory manager is at present, notwithstanding more stringent legal stipulations. If the aforementioned quorum is not reached or if the statutory manager is not at present, then a new summons in virtue of Article 558 of the Company Law is required; the second meeting deliberates and decides validly, irrespective of the present or represented part of the capital and irrespective of the potential absence of the statutory manager.
An amendment to the Articles of Association is only then accepted if it has previously been approved by the FSMA and if it they have got three quarters (3/4) 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 the blank or invalid votes, are considered to be votes against the proposal in the calculation of the required majority.

CHAPTER V – FINANCIAL YEAR – APPROPRIATION OF THE RESULT

ARTICLE 30. FINANCIAL YEAR – ANNUAL ACCOUNTS – ANNUAL REPORT
The financial year of the company always commences on the first of January and ends on the thirty first of December. 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 further proceeded as specified in Article 92 and following of the Company Law and of the applicable provisions of the legislation on sicafi.
Furthermore, the statutory manager draws up an annual report in which he renders account for his policy.
The annual report also comprises a corporate governance statement that is a specific part of it and which comprises a remuneration report.
After the approval of the balance sheet the general meeting decides on the discharge to be given, by separate vote, to the manager and to the auditor(s).
The annual and half-year financial reports of the company, comprising the statutory and consolidated annual and half-year accounts of the company and the report of the auditor(s), are made available to the shareholders according to the provisions that are applicable to issuers of financial instruments admitted to trading on a regulated market and the legislation on sicafi.
The annual and half-year reports of the company, the report of the auditor(s) and the articles of association of the company are published on the website of the company. The shareholders can obtain a copy of the aforementioned documents for free at the registered office of the manager.

ARTICLE 31. APPROPRIATION OF THE PROFIT
It is mandatory for the company, within the limits of the Company Law and the legislation on sicafi, to distribute a dividend as a remuneration of the capital to its shareholders, of which the minimum amount is defined in accordance with article 27 of the RD on sicafi.

ARTICLE 32. INTERIM DIVIDENDS
The statutory manager has the power to pay out interim dividends on the results of the financial year. This payment can only be taken from the profit of the current financial year, as when the occasion arises decreased by the transferred loss or increased by the transferred profit, without any withdrawal from the reserves which are or must be build up by means of a legal or statutory decree. Further action is made by reference to the requirements of Article 618 of the Company Law and the relevant provisions of the legislation on sicafi.

CHAPTER VI – DISSOLUTION – LIQUIDATION

ARTICLE 33. NOMINATION AND CAPACITY OF LIQUIDATORS
In case of dissolution of the company for whatever reason and at whatever time, the liquidation is being carried out by a liquidator or a board of liquidators, appointed by the general meeting in accordance with the legal provisions on the matter. The liquidators only take up their mission after the confirmation of their appointment by a competent commercial court.
If no liquidator is appointed, the manager in function is considered to be the liquidator towards third parties.
The liquidators have the most extended powers in accordance with the Articles 186, 187 and 188 of the Company Law, unless the general meeting decides otherwise by a normal majority of votes.
The liquidation of the company is settled in accordance with the provisions of the Company Law.

ARTICLE 34. LIQUIDATION BALANCE
The balance after liquidation is distributed to the shareholders in proportion to their rights.

CHAPTER VII – MISCELLANEA - CHOICE OF LOCATION

ARTICLE 35. PERSON RESPONSIBLE FOR THE FINANCIAL SERVICE
The company appoints a person responsible for the financial service in accordance with the legislation on sicafi. This person is a/o responsible for the financial service and for the distribution of the dividend and the balance after liquidation, for the settlement of securities issued by the company and for making available the information that the company is due to publish in virtue of the laws and regulations.
The person responsible for the financial service is appointed and dismissed by the manager. The appointment and the dismissal of the person responsible for the financial service is communicated in accordance with article 35 et seq of the aforementioned Royal Decree of 14 November 2007.

ARTICLE 36. CHOICE OF LOCATION
The manager and the liquidators, whose place of residence is unknown, are supposed to have chosen their address at the seat of the company, where all subpoenas, services and notifications concerning the companies' affairs can be delivered.

ARTICLE 37. JURISDICTION
Exclusive jurisdiction is given to the courts of the company seat for all disputes between the company on the one hand, and its manager, its holders of securities and/or its liquidators on the other hand, regarding the company matters and the implementation of the current Articles of Association, unless the company expressly renounces to it.

ARTICLE 38. APPLICABLE LAW
For everything that is not explicitly defined in these articles of association, or with regard to the legal provisions that were not validly derogated from in these articles of association, the provisions of the Company Law de, the legislation on sicafi and the other provisions of Belgian law are applicable.
Moreover, the provisions of these articles of association that would unlawfully have derogated from the provisions of the laws mentioned in the previous paragraph, are considered not to be recorded in the current articles of association and the clauses that would be opposed to the mandatory provisions of these laws shall be deemed as not written.

STATEMENTS

Forward-looking statements – third-party information - responsible persons

This annual financial 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 different from any future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. Given these uncertain factors forward-looking statements do not include guarantees.

The statutory manager of Leasinvest Real Estate is responsible for the information provided in this annual financial report and has made all reasonable efforts to check all information presented in this annual financial report and states accordingly that, as far as is known to him, all data in this annual financial report correspond to the reality and that no data have been omitted which could affect the tenor of this annual financial report.

The information obtained from third parties has furthermore been precisely reproduced, and as far as is known to him, and based on information published by those third parties, the statutory manager declares that no facts have been omitted which could result in the reproduced information from third parties being inaccurate or misleading.

General statements – statements with regard to legal procedures or arbitrages

The statutory manager of Leasinvest Real Estate declares that no government interventions, proceedings or other arbitration procedures exist, which could (or) have influence(d), in a recent past, the financial position or the profitability of the real estate investment trust or its subsidiaries and that, to the best of his knowledge, there are no situations or facts which could give rise to such government interventions, proceedings or arbitration procedures.

Statements concerning the directors and the management

The statutory manager of Leasinvest Real Estate declares that, to the best of his knowledge:

- nor himself, nor one of the directors, nor members of the management have ever been convicted for a fraud-related offence during, at least, the five previous years, that they have never been subject to official and public accusations and/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 he himself, the directors mentioned above and the members of the management, in their capacity as a director, founder since less than 5 years or members of the executive management have never been associated with any bankruptcy or judicial annulment during at least the five previous years;
- that until now no (employment) contracts have been concluded with the directors, nor with the real estate investment trust or its subsidiaries, nor with the statutory manager, which provide for the payment of indemnities upon the termination of the employment, that exceed 12 months as intended by article 554 of the Company Code (adopted by the law of 6 April 2010 on Corporate Governance), except for the compensation for leaving of 24 months approved by the general meeting of shareholders of Leasinvest Real Estate on 16/05/11, in derogation of article 554 of the Company Code, granted to the executive director, Jean-Louis Appelmans, or his management company;
- that the (employment) contracts concluded between the statutory manager, the real estate investment trust of its subsidiaries, and the members of the management do not provide in special payment of indemnities upon the termination of the employment, except for the usual cancellation clauses with the members of the effective direction, in which case an indemnity is due in case the usual term for notice is not respected;
- that the directors Luc Bertrand, Jan Suykens, Jean-Louis Appelmans, Guy Van Wymersch-Moons, SiriusConsult SPRL, with permanent representative Thierry Rousselle and Consuco SA, with permanent representative Alfred Bouckaert, Michel Eeckhout Management SPRL with permanent representative Michel Eeckhout, Mark Leysen, Starboard SPRL, with permanent representative Eric Van

Dyck and Christophe Desimpel, do not own Leasinvest Real Estate shares and that Kris Verhellen owns 100 Leasinvest Real Estate shares and that Michel Van Geyte owns 220 Leasinvest Real Estate shares;
- that the members of management do not own Leasinvest Real Estate shares, except for Michel Van Geyte (as mentioned above);
- that until now no options on Leasinvest Real Estate shares have been granted, nor to the directors, nor to the members of management;
- that there are no mutual family ties between the directors and the members of the executive management.

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 financial statements are filed with the National Bank of Belgium. Each year the financial statements together with the reports thereto are sent to the registered shareholders and to anyone who requests it.

The annual brochures (annual financial reports), which comprise the consolidated financial statements, the annual report and the report of the auditor concerning the financial years 2010 and 2011 and the conclusion of the valuation report and the half-year reports (half-yearly financial reports) including the report of the auditor for the financial years 2010, 2011 and 2012 can be consulted on the Leasinvest Real Estate website (www.leasinvest.be) and may be consulted at the administrative office of the company.

The current annual financial report 2012[1] can also be consulted on the website www.leasinvest.be.

The historical financial information for the previous financial years 2009, 2010 and 2011 (as far as applicable) of all subsidiaries of Leasinvest Real Estate (Warehouse Finance SA, De Leewe SA, Logistics Finance I SA, Zebra SA, Alm Distri SA, Leasinvest Immo Lux SA, Leasinvest Immo Lux Conseil SA, Montimmo SA, Leasinvest Services SA, Canal Logistics Brussels SA and RAB Invest SA) can be consulted at the administrative office of Leasinvest Real Estate.

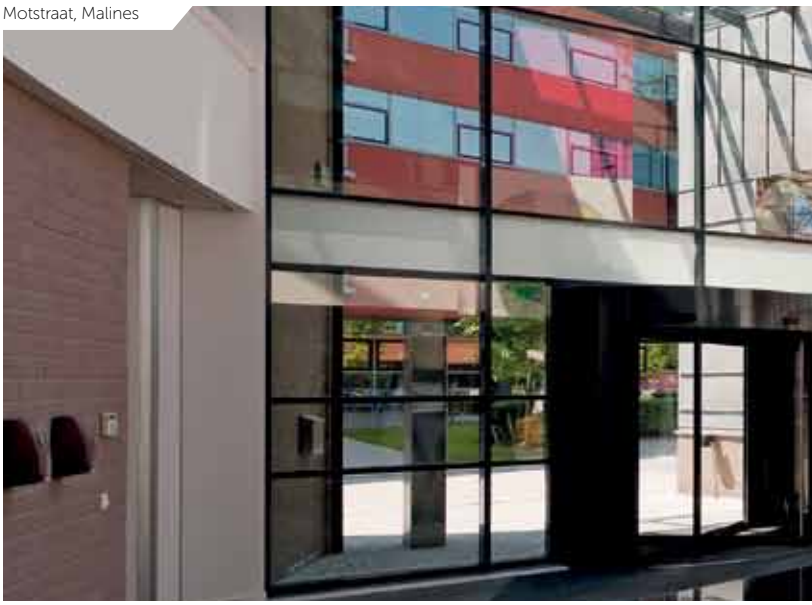
Financial reporting and notices to the shareholders for general meetings of shareholders are published, as far as mandatory, in the financial press and can be consulted on www.leasinvest.be.
Leasinvest Real Estate pursues the guidelines of the FSMA in this regard.

The decisions about the nomination or dismissal of members of the board of directors are published in the appendices to the Belgian Official Gazette.

The last update of the Corporate Governance Charter can be found on the website www.leasinvest.be.

Anyone interested can freely subscribe at www.leasinvest.be to receive all press releases and mandatory financial information per e-mail.

Motstraat, Malines



1 The statutory annual accounts of the statutory manager, the annual report and the report of the auditor, and the valuation rules regarding the statutory annual accounts for the financial year 2012 can be obtained for free, and by anyone who asks, upon simple request at the office of the company.

List of reference information

Historical financial information and the description of the financial situation of the previous financial years 2010 and 2011 and related party transactions in the previous financial years 2010 and 2011

For this information we refer to the annual brochures (annual financial reports), which comprise the consolidated financial statements, the annual report and the report of the auditor concerning the financial years 2010 and 2011 and the half-year reports (half-yearly financial reports) including the report of the auditor drawn up in the financial years 2010, 2011 and 2012, which can be consulted on the Leasinvest Real Estate website (www.leasinvest.be).

Statement according to article 12 § 2 of the RD of 14/11/07

Mr. J.L. Appelmans, managing director of the statutory manager of Leasinvest Real Estate, declares, on behalf and for the account of the statutory manager, that, to his knowledge:
(i) the annual accounts, established in accordance with the applicable accounting standards, present a fair view of the assets, financial situation and the results of Leasinvest Real Estate and the companies included in the consolidation;
(ii) the annual financial report presents a fair overview of the development and the results of Leasinvest Real Estate and of the position of the company and the companies included in the consolidation, and also comprises a description of the main risks and uncertainties which the company is confronted with.

Jean-Louis Appelmans
Managing director
Leasinvest Real Estate Management SA
Schermersstraat 42
BE-2000 Antwerp
Statutory manager

Information to shareholders

Real estate investment trust (sicafi/bevak) – characteristics and tax regime

The main characteristics of a SICAF Immobilière are as follows (RD of 07/12/10):

- closed-end fixed capital real estate investment company
- stock exchange listing
- activity limited to real estate investment
- risk diversification: no more than 20% of the consolidated assets may be invested in a single property. In certain cases a derogation can be obtained by the FSMA; such a derogation has until present not been granted to Leasinvest Real Estate.
- the consolidated debt ratio of the real estate investment trust and its subsidiaries, and the statutory debt ratio of the real estate investment trust is limited to 65% of the consolidated or statutory assets, after deduction of the authorized hedges
- 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, in the case of profit, of at least the positive difference between 80% of the corrected result and the net decrease of the debts during the financial year, as defined in the RD of 07/12/10, with regard to the limitations provided by article 617 of the Company Code
- taxable basis for corporate taxes consists of the sum of the disallowed expenses and abnormal and benevolent advantages
- withholding tax of 25% on dividend; increase of the withholding tax from 21% to 25% as of 01/01/2013 following the Programme law of 27/12/2012 (for more information we refer to "Risk factors" on page 4)
- no withholding tax for non-residents who are not engaged in a profit-making activity
- supervision by the FSMA

SICAV-Specialised investment fund (Leasinvest Immo Lux, Grand Duchy of Luxembourg)

- open-ended real estate investment fund with variable capital
- only well informed investors ('investisseurs avertis'), in the sense of article 2 of the law of 13/02/07 regarding specialised investment funds are admitted as shareholders
- 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 carried at fair value
- debt ratio limited to 50%
- risk diversification: <20% of total assets invested in a single property
- no withholding tax on dividends (in case the dividends are paid in favour of the real estate investment trust-sicafi)
- no corporate taxes on result nor gains

Dividend 2012

The board of directors of the statutory manager proposes to the ordinary general meeting of shareholders to pay a gross dividend of € 4.40, and net, free of withholding tax, € 3.30 (based on 25% withholding tax), on 27/05/13.

Subject to the approval of the ordinary general meeting of 21/05/13, dividends will be paid out on presentation of coupon nr 14 as from 27/05/13 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

The Ex-date is 22/05/13 and the Record date is 24/05/13.

With regard to practical formalities to attend the annual meeting of shareholders that will be held on 21/05/13 we refer to page 109 of this annual financial report and to the website www.leasinvest.be.

Website
www.leasinvest.be

With regard to its communication Leasinvest Real Estate pursues the guidelines of the FSMA.

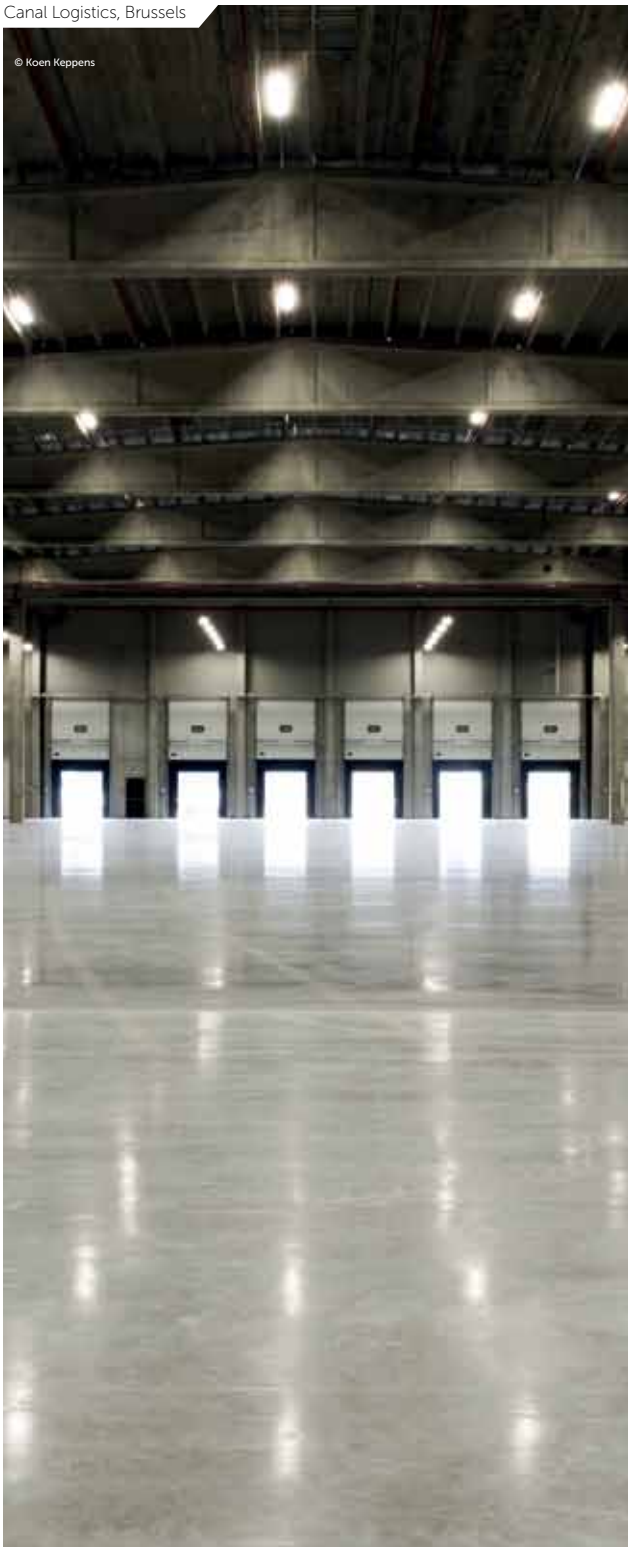
The website has free access and comprises all mandatory financial information.

Anyone interested can freely subscribe at www.leasinvest.be to receive all press releases and mandatory financial information per email.

Investor relations contact

Leasinvest Real Estate Management SA
Jean-Louis Appelmans
CEO
T: +32 3 238 98 77
E: investor.relations@leasinvest.be

Canal Logistics, Brussels



Lexicon

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.

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, within a predefined period, to exercise its option. At that moment 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 per 31/12/12.

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 on 12/03/09 (www.corporategovernancecomittee.be).

DEBT RATIO
All items of the "Liabilities" in the balance sheet, except for the items: "I. Non-current liabilites – A. Provisions", "I. Non-current liabilites – C. Other non-current financial liabilities – Derivative financial instruments", "I. Non-current liabilites – F. Deferred taxes – Liabilities", "II. Short term liabilities – A. Provisions", "II. Current liabilities – C. Other current financial liabilities – Derivative financial instruments" and "II. Current liabilities – F. Accrued charges and deferred income", divided by the balance sheet total.

DIVIDEND YIELD
Gross dividend / closing price of the financial year concerned.

DURATION
Weighted average duration of the leases, for which the weight is equal to the relation of the rental income to the total rental income of the portfolio.

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 unrealized 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 transfer rights 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 (minimum interest rate). 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.

FREE FLOAT
The free float is the number of shares freely tradable on the stock exchange.

GOODWILL
Goodwill equals the amount by which the cost of the business combination exceeds, at the transaction date, the interest in the fair value of the identifiable assets, liabilities and conditional liabilities taken over from the acquiring party.

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), which develops the international standards for preparing the annual accounts. The listed companies in Europe must apply these rules to their consolidated accounts for the financial years starting as from 01/01/05. In accordance with the RD of 21/06/06, substituted by the RD of 07/12/10, Leasinvest Real Estate applies these rules to its statutory annual accounts, already as from the financial year beginning on 01/07/06.

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 is the value as defined by an independent real estate expert, and of which, the transfer rights 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 parent company, divided by the number of shares (excluding the consolidated number of treasury 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, except those carried under 'assets held for sale' and 'development projects' and is calculated in function of the estimated rent as follows: (estimated rent – estimated rent on vacancy) / estimated rent.

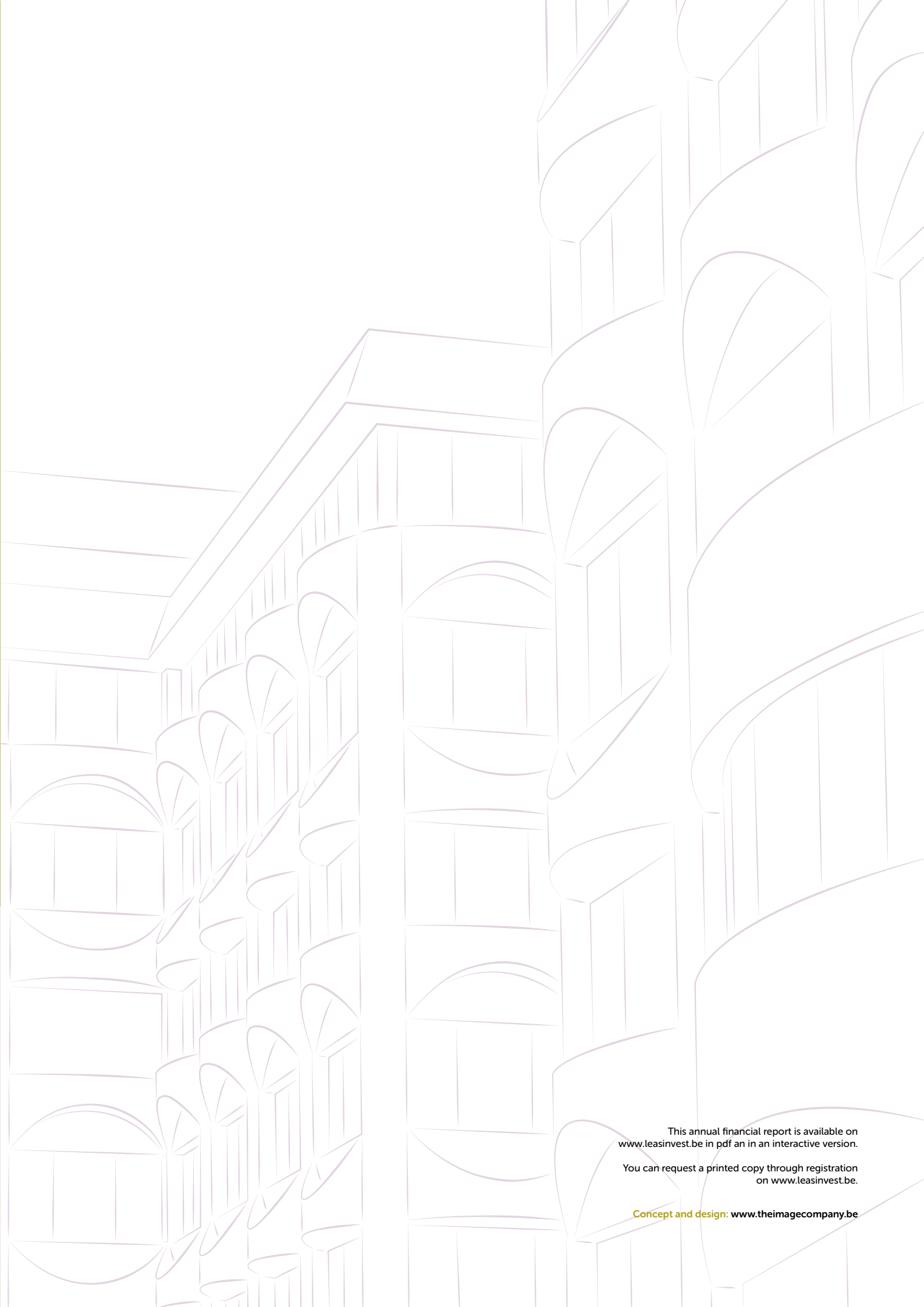
SWAPTION
A swaption is an option on an interest rate swap. There are 2 types: a payer swaption and a receiver swaption. A payer swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the fixed interest rate and receives the variable interest rate. A receiver swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the variable interest rate and receives the fixed interest rate.

TAKE-UP
The total number of square meters which are rented in the real estate market.

VELOCITY
Represents how many shares are traded on an annual basis, or in other words, the annual traded volume of shares divided by the total number of listed shares.

Identity card Leasinvest Real Estate

Real estate investment trust under Belgian Law	Leasinvest Real Es tate SCA
Legal entity	Limited partnership by shares
Registered office	Bld. de la Woluwe 2, 1150 Brussels, Belgium
Administrative office	Schermersstraat 42, 2000 Antwerp, Belgium
Contact information	T +32 3 238 98 77 – F +32 3 237 52 99
E-mail	investor.relations@leasinvest.be
Web	http://www.leasinvest.be
Register of legal entities	Brussels
VAT	BE 0436.323.915
Established	8 June 1999, publication MB 26 June 1999 (conversion into real estate investment trust) (nr. 990626-330)
Term	Unspecified
Financial year	1 January – 31 December
Listing	Euronext Brussels, Bel Small
Liquidity provider	Bank Degroof
Financial service	Main paying agent Bank Delen
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Christel Weymeersch, certified auditor
Real estate experts	Cushman & Wakefield - Winssinger & Associates - Stadim
Supervision	FSMA



This annual financial report is available on
www.leasinvest.be in pdf an in an interactive version.

You can request a printed copy through registration
on www.leasinvest.be.

Concept and design: **www.theimagecompany.be**

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