

Annual financial report 2017



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VERSTERKING VAN DE POSITIE IN OOSTENRIJK MET TWEE RETAIL ACQUISITIES IN WENEN

PORTEFEUILLE
Opentekst Gereguleerde Vastgoedvennootschap Leasinvest Real Estate Coöperatief vzw investeert in vastgoedactiviteiten in België en Oostenrijk. De leden hebben de keuze welke waarde van de aandelen vastgoedvennootschap ze willen krijgen.

BELEGGER
Beleggers vinden op deze pagina's alle nodige en wettelijk vereiste financiële informatie terug. De persberichten vindt u bij het menu.

BEURSKOERS
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OVER LEASINVEST
De gereguleerde vastgoedvennootschap Leasinvest Real Estate Coöperatief vzw investeert in vastgoedactiviteiten in België en Oostenrijk.
De gereguleerde vastgoedvennootschap is gereguleerd op Europees niveau en maakt deel uit van de EEF Mid en is

PERSBERICHTEN
22 FEB Jaarresultaten 2017
24 JAN Investering Lux Airport & verhuizingen Monitor en Treasurers

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The English version is a translation under the responsibility of Leasinvest Real Estate of the Dutch version of the annual financial report, which is the only version that forms legal evidence.

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this Annual financial report are indicated by ▲. For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 72 et seq of this report.

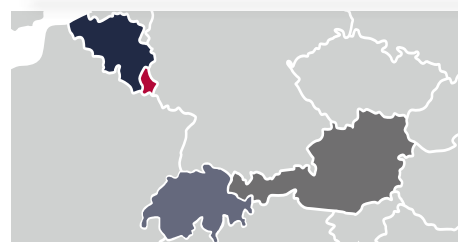
CONTENTS

Risk factors	4
Profile and strategy Leasinvest Real Estate	18
Letter to the shareholders	26
Key figures	30
Annual report	34
Activity report	36
During the financial year 2017	36
After closing of the financial year 2017	45
Comments to the consolidated income statement and balance sheet	46
Dividend	48
Outlook financial year 2018	48
Management of financial resources	49
Risk factors	49
Corporate Governance statement	50
Research and development	67
Code of conduct for financial transactions	67
Relevant information in accordance with article 34 of the RD of 14/11/2007	68
Corporate social responsibility	70
Discharge to the manager and the auditor	71
Alternative Performance Measures	72
Detail of the calculations of the EPRA performance indicators	73
Detail of the calculations of the Alternative Performance Measures (APMs) used by Leasinvest Real Estate	77
Leasinvest Real Estate share	80
Real estate report	86
Financial statements	114
Consolidated financial statements & notes	115
Auditor's report	171
Statutory financial statements	174
Permanent document	182
General information	183
Statements	189
Articles of association	191
Information to shareholders	203
Lexicon	206

Highlights



01 Acquisition office building Mercator in Luxembourg City - see page 37



02 Strategic divestment Swiss buildings - see page 40



03 Acquisition 2 retail parks in Austria (Vienna) - see page 39



04 Participation in listed real estate certificates LUX Airport reaches 2/3rd threshold - see page 38

Risk factors



Shopping center Knauf Pommerloch • Luxembourg

In this section the main risks Leasinvest Real Estate is confronted with, are described. It also mentions the influence of these risks on its activities and the different elements and actions to limit their potential negative impact. These mitigating factors are commented in this section 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 process is followed 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 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	<ol style="list-style-type: none"> 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") 	<p>Diversification of the real estate portfolio, both geographically and as to asset class (1,2,3); The weight of retail in the directly held consolidated real estate portfolio stands at 48% and the offices part at 45%. The logistics and semi-industrial part amounts to 7%. The share in the portfolio of the Grand Duchy of Luxembourg amounts to 54%, that of Belgium to 35%, and that of Austria to 11%.</p> <p>Sectorial diversification of the tenants (1,2,3). The main sectors are: retail & wholesale (53%), the services sector (19%), followed by financial institutions (8%) and the non-profit organisations and international professional associations (8%). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage). Besides, these are mainly part of the shopping centres, where the 'experience' aspect complements the retail aspect as to attracting customers.</p> <p>Weighted average duration of the rental contracts is comparable to that of the previous year and amounts to 4.74 years compared to 4.37 years end 2016 (1,2).</p> <p>Accurate follow-up of tenants and an annual limited provision for doubtful receivables (1).</p> <p>Active investment management (1,2,3).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Decreased demand of investors for real estate	<ol style="list-style-type: none"> 1. Decrease of fair value of the real estate portfolio and lower shareholders' equity ("NAV") 2. Increase of debt ratio 	<p>Active portfolio management illustrated by the acquisition and divestment transactions realized in the past (1,2).</p> <p>Diversification of the real estate portfolio, both geographically and as to asset class (1,2).</p>
A decline in economic activity resulting in a general price reduction, deflation	<ol style="list-style-type: none"> 1. Possible decrease of the rental income 2. Decrease of the rents for current contracts 3. Relatively high opportunity funding cost ◀ following a decrease of the interest rates, taking into account the hedging policy, which leads to a lower shareholders' equity "NAV" 4. Decrease of the capitalisation rates which could make the available offer for the acquisition of real estate relatively more expensive 	<p>Clause in rental contracts stipulating a minimum level for the basic rent (1,2).</p> <p>Decrease of the capitalisation rates and consequently an increase of the fair value of the real estate and a higher shareholders' equity ("NAV") (3).</p> <p>Active investment management (3,4).</p>
Splitting-up or disappearing of the monetary union or political instability, Brexit, Grexit, ...	<ol style="list-style-type: none"> 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") 3. Erosion of the creditworthiness of tenants following their direct exposure to countries leaving the union 	<p>Increase of the fair value of the hedges concluded to cover the interest rate risk ensures a stable funding cost ◀ (1) and will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2).</p> <p>It is expected that Belgium and Luxembourg remain among the founding members of the monetary union (1,2,3).</p> <p>The diversification to Austria contributes to potentially mitigating the effect of a (partial) break-up of the monetary union (1,2,3).</p> <p>Luxembourg, Belgium and Austria are politically stable countries (1,2,3).</p> <p>Diversification of the tenant portfolio and screening of debtors should mitigate the risk of an impact of the break-up of the monetary union on the tenant portfolio (3).</p>
Extreme volatility and insecurity on the international capital markets	<ol style="list-style-type: none"> 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 	<p>Permanent dialogue with different players on the capital markets and financial counterparties (1,2).</p> <p>Strong long-term relationships existing with current shareholders (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
In relation to real estate unfavourable financial markets within the scope of a/o but not exclusively new regulations	<ol style="list-style-type: none"> 1. More difficult and more expensive access to credits 2. Limited availability of investment capacity with banks 	<p>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 resources wherever necessary.</p> <p>Complete back-up of the commercial paper program with existing credit lines (1,2).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2).</p>
Volatility of the interest rates	<ol style="list-style-type: none"> 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 	<p>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).</p> <p>Active hedging strategy that aims at hedging approximately 75% of the forecasted debt within the first five years, through concluding credits at fixed interest rates or financial instruments, "interest rate swaps" and "interest caps". 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 (1).</p>
Erosion of consumer confidence	<ol style="list-style-type: none"> 1. A decrease in consumer confidence can lead to lower turnovers of tenants and pressure on the rents in the retail portfolio, and consequently a decrease of the fair value of the buildings and an impact on shareholders' equity "NAV"(1) 2. A decrease in value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV"(2) 	<p>Diversification of the real estate portfolio, both geographically and as to asset classes (1,2).</p> <p>Diversification of the tenants portfolio (1,2).</p> <p>Intense contact with the tenants in order to closely follow up the evolution of their turnover (1,2).</p> <p>Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2).</p>
Volatility of the exchange rate EUR/CHF	<ol style="list-style-type: none"> 1. Decrease of the value of the acquired Swiss assets 2. Variability in net cash flows 	<p>Following the sale of the Swiss buildings in the course of October 2017 the related cross currency swaps were terminated anticipatively, also in October 2017. The remaining risk for volatility of the exchange rate EUR/CHF is very small, given the limited amounts in CHF on the balance sheet on 31 December 2017.</p>

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 and Austria) managed within the limits of the legislation on REIT (SIR/GVV). 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
Unsuitable policy resulting in unfit investment or development choices	<ol style="list-style-type: none"> 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 	<p>Strategic and risk analysis, as well as a market, technical, administrative, legal, accounting and fiscal due diligence before each acquisition (1,2,3).</p> <p>Internal and external valuation for each investment and divestment project (1,2,3).</p> <p>Constant monitoring of changes in economic, real estate and regulation trends (2,3).</p> <p>Management experience and involvement of (by formal procedures for approval) the board of directors (3).</p>
Pipeline of developments for own account that is too large	<ol style="list-style-type: none"> 1. Uncertainty on future income, costs and occupation 	<p>Activity limited to one speculative development and to maximum 10% of the fair value of the total real estate portfolio in speculative development (1).</p> <p>Taking a risk premium into account (1).</p>
Risk specifically related to managing developments or redevelopments	<ol style="list-style-type: none"> 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 	<p>Internal specialized Project Management team with internal management system for follow-up of projects and payment of invoices (1,2).</p> <p>External specialized and carefully selected consultants for larger projects (1,2).</p> <p>Commitment towards the environment in order to maintain the best possible constructive dialogue with the local decision-making levels and the environment (1).</p> <p>No 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 at the start of the (re)development (3,4).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Decrease in value in the real estate portfolio	<ol style="list-style-type: none"> 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. 	<p>The value of the real estate portfolio is defined quarterly by independent surveyors, which allows implementing corrective measures (1), a/o by anticipating expiry dates of rental contracts or arbitrage on the portfolio.</p> <p>Portfolio with different types of assets to which different compensating valuation trends apply (1).</p> <p>Most important asset represents 11.4% of the balance sheet total and relates to the building Tour & Taxis Royal Depot, a diversified retail and office building with a diversified tenant file at a top location.</p> <p>Based on the balance sheet of end December 2017 an increase of the average yield by 0.10% would have had an impact of - € 14.1 million on the net asset value ▼, group share and of - € 2.86 on the net asset value ▼ per share, and result in an increase of the debt ratio by 0.82% (namely from 57.14% to 57.96%).</p>
Rental vacancy of the buildings	<ol style="list-style-type: none"> 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 	<p>Proactive commercial and property management (1,2,3,4,5).</p> <p>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 regulated real estate company to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy (1,2,3,4,5).</p> <p>Relatively high average duration of the rental contracts (4.74 years) following a proactive management of the break dates (1,2,3,4,5).</p> <p>Better follow-up of tenants (1,2,3,4,5).</p>
Unforeseen non-extension or anticipated termination of the rental contract	<ol style="list-style-type: none"> 1. Rental vacancy 2. The REIT (SIR/GVV) accounting for costs that are normally billable to tenants and commercial costs related to re-letting. 3. Decrease of income and cash flow 4. Refurbishment costs 5. Granting of higher rental incentives 	<p>Internal and external specialized teams responsible for commercial and facility management (1,2,3,4,5).</p> <p>Contractual mandatory compensation for rental damage for early termination of the contract and the fact that rental and bank guarantees are present (1,2,3).</p> <p>The impact on the net result is usually spread and accounted for over 3 years. The impact on the consolidated portfolio of the granted rental rebates amounted to respectively € 293 thousand in 2017 and € 317 thousand in 2016 (1,3,5).</p>
Underestimated volatility in maintenance costs of buildings	<ol style="list-style-type: none"> 1. Decrease of the results due to higher technical costs 2. Architectural or technical obsolescence and consequently reduced commercial appeal 	<p>Periodical maintenance policy for the assets carried out by specialized firms (1,2).</p> <p>Permanent portfolio adjustment policy taking into account the lifecycle cost of the buildings of the real estate portfolio (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Destruction of buildings by damage, terrorism, fire, natural disasters, ...	1. Discontinuous activity and consequently loss of the tenant and reduced rental income	<p>Portfolio insured for a total reconstruction value of € 673.27 million (yearly indexed according to the ABEX index), excluding a loss of rent of maximum 36 months and other accessory guarantees.</p> <p>For buildings that are part of the global insurance policy of the regulated real estate company, 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 (based on specific contractual provisions with the tenant and or buildings in co-ownership), similar conditions are usually negotiated.</p> <p>For more details on the insured value of the buildings we refer to the Real estate report on page 110. Moreover, negotiations were started with different insurers to specifically insure the economic risk for damage caused by terrorism (1).</p> <p>For a number of buildings in the portfolio, adjusted security measures and procedures are foreseen when threat levels increase in order to limit the terror threat by prevention (1).</p>
Break-in into the IT-network, cybercrime, phishing ,...	1. Financial and reputational damage by external manipulation and/or unavailability of the IT-network. 2. Financial and reputational damage by the loss of important files containing company information	<p>Preventive training on cybercrime for employees within the group (1,2).</p> <p>Appropriate investments in an improved protection and storage capacity of the IT-network (1,2).</p> <p>Negotiations started with different insurers to insure the economic damage risk caused by cybercrime adequately (1,2).</p>
Decreased solvency / bankruptcy of the customer	1. Higher vacancy 2. Bearing costs that are normally recoverable and commercial costs for re-letting 3. Decrease of income and cash flow 4. Refurbishment costs	<p>Screening of the tenant's solvency with the assistance of an external rating agency (1,2,3,4).</p> <p>The rent has to be prepaid (3).</p> <p>Customary rental guarantee of minimum three months (3,4).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Concentration of the activities of the tenants	1. Loss of income if a specific sector is hit by an economic downturn	<p>Strong sector diversification with limited correlation of the tenants (1).</p> <p>The breakdown of our tenants' portfolio according to sector remains good. The main sectors are: retail & wholesale (53%), the services sector (19%), followed by financial institutions (8%) and the non-profit organisations and international professional associations (8%). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage).</p>
Predominance of the most important tenants	1. Important negative impact on the rental income in case of departure	<p>Limited concentration of the most important tenants (1). The top 10 of the main tenants amounts to 26.6% of total rental income.</p>
Risks related to the success of e-commerce	<ol style="list-style-type: none"> 1. The growing market of e-commerce can lead to a decrease of the demand for the retail asset class held in portfolio by the regulated real estate company. In its turn, this can result in higher vacancy and lower rents 2. A decrease in demand for this type of property can lead to a diminution of fair value of the real estate portfolio of the regulated real estate company 3. A decrease of the value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV" 	<p>Diversification of the real estate portfolio, both geographically and as to asset classes (1,2,3).</p> <p>Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2,3).</p> <p>The retail asset class held by the regulated real estate company mainly relates to shopping centres with a broader perception and that also offer other services than merely shopping (1,2).</p>
Concentration of investments in one or more buildings	<ol style="list-style-type: none"> 1. Important negative impact on the rental income in case of departure of single tenants 2. Risk on larger negative impact on the NAV (net asset value) given the lower spread 	<p>Limited concentration in one or more buildings (1,2).</p> <p>37% (calculated on the basis of the fair value) 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).</p>

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)	<ol style="list-style-type: none"> 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 	<p>Strictly balanced funding policy and follow-up by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings and diversification of funding resources wherever necessary. The credit lines (incl. the € 95 million bond loans) amount to € 646.5 million end 2017 compared to € 608 million end 2016 (1,2).</p> <p>Complete back-up of the commercial paper program through confirmed additional credit lines that are available. The available margin on credit lines of financial counterparties exceeds at any given moment the amount of the issued commercial paper (1,2).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). The margin end 2017 amounts to € 108.2 million compared to € 90.5 million end 2016 after deduction of the credit lines held available as back-up for the issued commercial paper.</p> <p>Strong and stable shareholders (1,2).</p>
The non availability of financing or the intended duration of the financing (liquidity risk) and drying up of the commercial paper market	<ol style="list-style-type: none"> 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 	<p>Strictly balanced 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 resources wherever necessary. The average duration of the total of credits, including the bond loans, amounts to 3.34 years (2016: 3.94 years, 2015: 2.96 years) (1,2).</p> <p>Complete back-up of the commercial paper program through available confirmed credit lines (1,2).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2).</p> <p>Strong and stable shareholders (1,2).</p>
Insufficient cash flow to respect its financial obligations (cash flow risk)	<ol style="list-style-type: none"> 1. No longer being able to satisfy the reimbursement of interests and capital 	<p>Strict follow-up of the net cash flow and limiting the operational risks⁽¹⁾ (1).</p> <p>Financing is of the bullet type with a clear view on the maturity dates (1).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1).</p>

(1) The rental income received during the financial year 2017 amply suffices to cover the potential increase of the interest charges. For the last two financial years the financial result compared to the rental income, amounts to respectively 21.0% (2017) and 18.0% (2016), and the net interest charges excluding the impact of fair value adjustments on financial instruments not qualified as cash flow hedges, compared to the rental income, amount to 21.9% (2017) and 19.2% (2016).

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)	<ol style="list-style-type: none"> 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 	<p>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 2017 the BE-REIT (SIR/GVV) has 50.6% of current net payer interest rate swaps (IRS) (hedging at a fixed interest rate) (end 2016: 41%) and 27.9% of credits at fixed rates (2016: 29%) (1,2). For more details we refer to note 33 of the financial statements on page 156.</p> <p>The policy further consists of reaching an optimum average funding cost taking the hedges into account. This cost amounts to 2.99% (end 2016: 2.90%) excluding the effect of fair value adjustments on financial assets and liabilities (1,2).</p> <p>Permanent dialogue with shareholders and bank partners for establishing solid long-term relationships (1,2).</p>
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	<ol style="list-style-type: none"> 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 	<p>The financial policy closely corresponds to the company's needs with a permanent vigilance as to respecting the financial and other covenants concluded.</p> <p>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 (1,2).</p> <p>In accordance with art 24 of the RD of 13/07/2014 the RREC 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. On 31/12/2017 the consolidated debt ratio amounted to 57.14% in comparison with 58.05% end 2016. The statutory debt ratio amounted to 48.03% on 31/12/2017 compared to 49.77 end 2016.</p> <p>A financial plan was consequently drawn up according to the provisions of art. 24 of the RD of 13/07/2014. This has further been commented in the financial report (note 33) at page 156 (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Risk of non-compliance with the legal financial parameters to which the company is held	<ol style="list-style-type: none"> 1. Loss of the REIT (SIR/GVV) status if the debt ratio should exceed 65% 2. Potential termination of credits and eroded confidence from banks and investors 	<p>The evolution of the debt ratio is followed up regularly and the influence of each potential investment operation on the debt ratio is always analysed beforehand (1,2).</p> <p>Cautious financial policy with constant monitoring of the figures to comply with the financial parameters (1,2).</p> <p>In accordance with art. 24 of the RD of 13/07/2014 a RREC has to draw up a financial plan with an execution schedule if the consolidated debt ratio, as defined by the same RD, reaches more than 50%. In this document a description of the measures that will be taken to prevent the debt ratio from amounting to over 65% of the consolidated assets is reproduced. On 31/12/2017 the consolidated debt ratio amounted to 57.14% in comparison with 58.05% end 2016. The statutory debt ratio amounted to 48.03% on 31/12/2016 in comparison with 49.77% end 2016.</p> <p>A financial plan was consequently drawn up according to the provisions of art. 24 of the RD of 13/07/2014. This has further been commented in the financial report (note 33) at page 156.</p>
Risk of divergence of the financial results from the predefined budget and legal demands	<ol style="list-style-type: none"> 1. Untimely detection of potentially not meeting certain obligations 	<p>Minimum quarterly updates of the financial model with checking of assumptions and the way they were set up, and continuous follow-up of parameters that could influence the result and the budget (1).</p>
Risk of currency fluctuation relating to activities outside of the Euro zone	<ol style="list-style-type: none"> 1. Decrease of income and cash flow 	<p>After the sale of the Swiss buildings in October 2017, Leasinvest Real Estate only operates in EURO countries. On 31 December 2017 some very limited amounts remain on the balance sheet, on which no significant translation differences will be realized (1).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Risk of fair value changes of financial derivatives or a relatively higher funding cost ◀ following the selected hedges when the interest rates decrease	<ol style="list-style-type: none"> 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 based on the needs assessed, the conclusion or termination of IRS is considered; this is also the case for the conclusion or reimbursement of CAPS or fixed rate credits (1,2).
Within the framework of art 617 of the Company Code, the distribution of dividends can be limited, also by the fact that Leasinvest Real Estate has an important subsidiary in the Grand Duchy of Luxembourg (Leasinvest Immo Lux) that only contributes dividends to the statutory results of Leasinvest Real Estate	<ol style="list-style-type: none"> 1. Limited dividend yield for the shareholder 	Watch over sufficient income and compliance with art 617 with regard to the distribution level of dividends at the statutory level of Leasinvest Real Estate (1).

Legislation and other risks

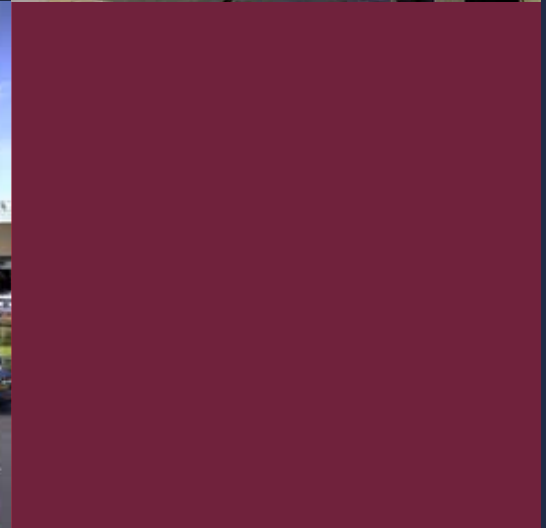
Leasinvest Real Estate is a regulated real estate company and has to maintain its regulated real estate company status in order to benefit from the related favourable tax regime. Should the company lose its regulated real estate company status, it would break covenants with its banks and would have to reimburse its credits. Maintaining the regulated real estate company status is consequently primordial for the company. The company therefore takes into account all different provisions and rules of the legislation, i.e. the RREC law (the law of 12 May 2014 with regard to regulated real estate companies and the Royal Decree of 7 December 2010 with regard to regulated real estate companies.

Leasinvest Immo Lux SA is a 100% subsidiary of Leasinvest Real Estate and has the status of a SICAV-SIF. It is thus equally important to maintain this status and to comply with all legal provisions for the SIR/GVV in Belgium and for the SICAV-SIF in Luxembourg. Besides this, the company has to comply with the company law in Belgium, Luxembourg and Austria, but also with specific regulations relating to urban development and to the environment.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Non compliance with the legal regulated real estate company system	<ol style="list-style-type: none"> 1. Loss of the regulated real estate company 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-SIF system	<ol style="list-style-type: none"> 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 through mediation of specialized consultants (1).
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	<ol style="list-style-type: none"> 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 	<p>On-going evaluation of the changes in legal demands and their compliance, assisted by consultative meetings with professional associations (1,2).</p> <p>Leasinvest Immo Lux SICAV-SIF, 100 % subsidiary of Leasinvest Real Estate in Luxembourg, is subject to AIFMD regulation as it is in principle qualified as an AIF. The company can however apply an exception rule to the applicable legislation, relating to the status of Leasinvest Real Estate and the shareholding structure, resulting in the fact that Leasinvest Immo Lux is eventually not considered to be an AIF (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Changes in regulations relating to urban development and to the environment	<ol style="list-style-type: none"> 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 Annual report on page 70.
Change in tax legislation	<ol style="list-style-type: none"> 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. Besides this, new national legislations and regulations, or possible amendments to current legislation and regulations can enter into force 	On-going evaluation of the changes in legal demands and their compliance, assisted by specialized external consultants (1,2,3).
Changes in the fiscal tax climate in Luxembourg	<ol style="list-style-type: none"> 1. Erosion of tax incentives for cross-border shopping can lead to decreased turnovers and pressure on the rents of the retail tenants of the Luxembourg shopping centres with potential vacancy and a decrease in fair value of the retail buildings as a consequence, and an impact on the NAV 	<p>Extensive analysis and due diligence of the aspects relating to the market and to the location of retail buildings when considering investments (1).</p> <p>Intense contact with tenants in order to closely follow-up the evolution of their turnover (1).</p> <p>An investment policy focused on developing a high-quality diversified portfolio (1).</p>
Complexity of acquisition or divestment files	<ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 1. Negative influence on current professional relationships 2. Loss of decisiveness and efficiency in the management decision-making process 	<p>Remuneration package in line with market standards (1,2).</p> <p>Working in teams, whereby individual responsibility for important and strategic tasks is avoided (1,2).</p> <p>Clear and consistent procedures and internal communication (1,2).</p>

Profile and strategy



Boomerang Strassen shopping center • Luxembourg



Rental income•
+ 348%

EPRA Earnings ◀ •
+ 164%

Net result•
+ 265%

Share price•
+ 98%

NAV investment value ◀ •
+ 185%

“Leasinvest Real Estate’s strategy is focused on well located and high-quality retail and office buildings. Geographically our buildings are located in the Grand Duchy of Luxembourg, Belgium and Austria.”

MISSION STATEMENT

Public Regulated Real Estate Company Leasinvest Real Estate SCA invests in high-quality and well located shops and offices in the Grand Duchy of Luxembourg, in Belgium and in Austria. Through diversification of its portfolio, the company wants to achieve a rental yield ◀ in line with market performance, an acceptable dividend level and potential capital gains.

HISTORY

Real estate investment trust (bevak/sicafi) status granted
Listing on NYSE Euronext Brussels (previously the Brussels' Stock Exchange)

1999

>2005

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)

2006

2007

2011

Divestment of office buildings and further diversification towards logistics in Belgium
Redevelopments of offices and storage in the Grand Duchy of Luxembourg
Focus on diversification towards retail with acquisition of top retail portfolio in Luxembourg

Investment in two shopping centers and acquisition of an important retail building in the Grand Duchy of Luxembourg
Completion & acquisition State Archives Bruges
Divestment of office buildings
Public capital increase and public and private bond issue

2012

2013

2014

Acquisition of important retail portfolio in Switzerland
Change of the status of sicafi into a BE-REIT (SIR/GVV)
Further divestment of smaller non-strategic buildings
Pre-letting of office project Royal20 in the Grand Duchy of Luxembourg

Conclusion of a sales agreement for the (entirely pre-let) prestigious office project Royal20 in the Grand Duchy of Luxembourg as of its reception in 2016
Acquisition of iconic multi-tenant building Royal Depot at the Tour & Taxis site in Brussels
Start redevelopment Square de Meeûs in the Central Business District of Brussels (reception foreseen: 2017)
Further divestment of non-strategic buildings

2015

2016

Sale of completed office building Royal20 in Luxembourg
Acquisition of very successful Frun® retail park Asten, Austria

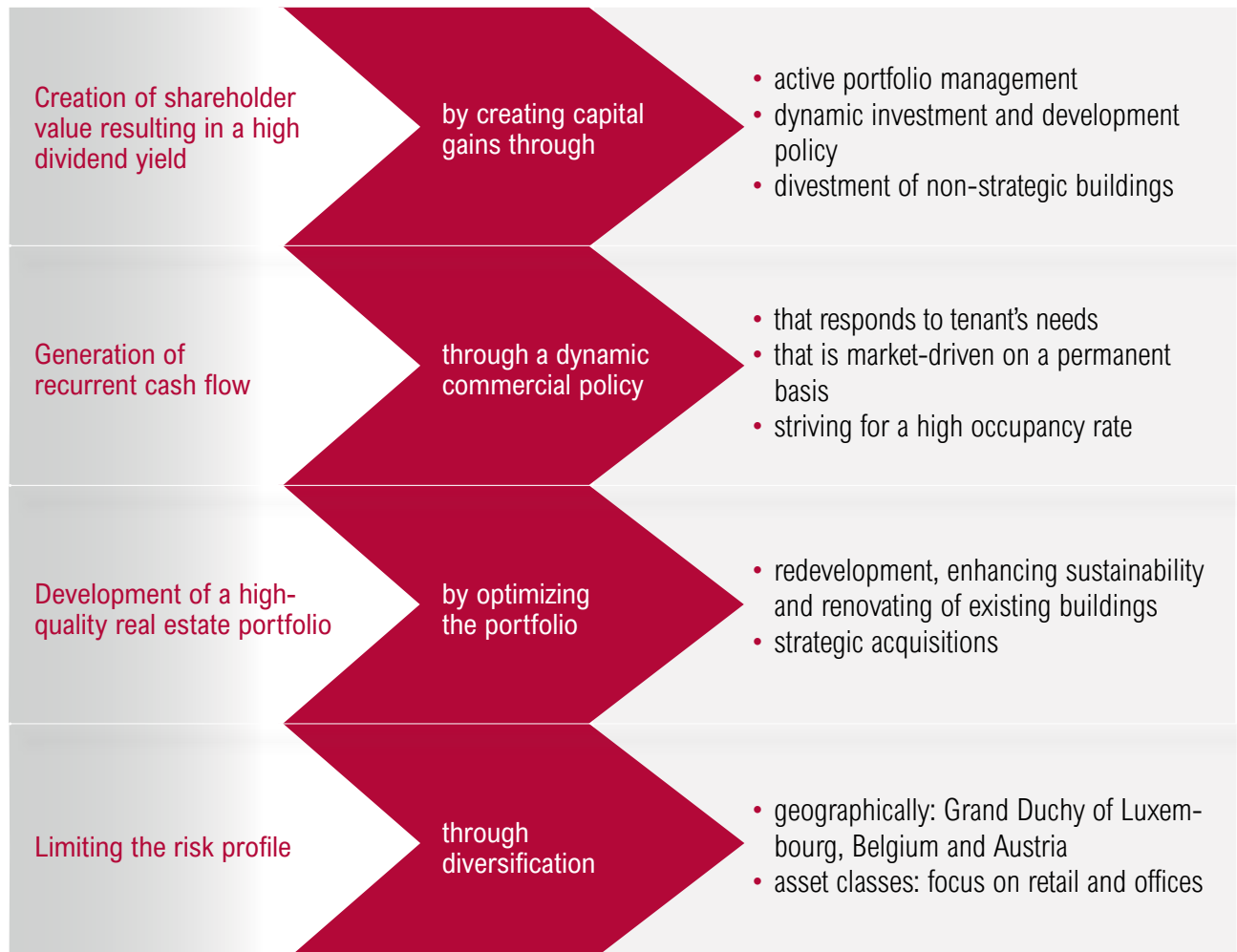
Acquisition office building Mercator in Luxembourg
Divestment Swiss buildings
Divestment largest part of logistics buildings in Belgium
Acquisition two retail buildings near Vienna in Austria

2017

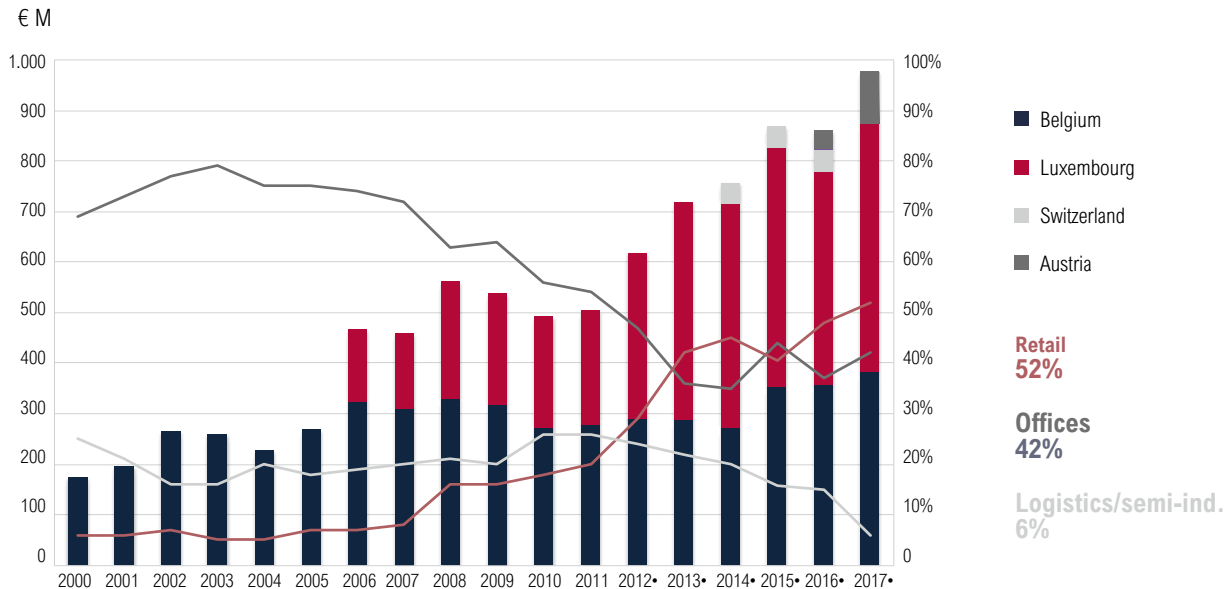
INVESTOR PROFILE

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.

Strategy



The diversification of the portfolio has evolved such as demonstrated by the graph below.



• Fair value including participation in Retail Estates. For more information we refer to the key figures of the real estate portfolio at page xx and note 23 in the financial statements.

Our global strategy is based on **4 pillars**:

INVESTMENT STRATEGY

Leasinvest Real Estate's investment strategy is based on detecting interesting opportunities. Consequently, the composition of the real estate portfolio has strongly evolved over the years, in function of the evolution of the real estate and financial markets. For more information on the evolution of the real estate market over 2017, we refer to the Real estate report on page 96.

01

Leasinvest Real Estate uses the following investment **criteria**

- diversification geographically & per asset class
- countries: Luxembourg, Belgium & Austria
- focus on retail sector (retail parks/medium sized shopping centers) in Luxembourg and Austria
- focus on offices at the best locations in Luxembourg and Belgium
- continue to look for redevelopment opportunities of well-located office buildings in CBD
- divestment of mainly non-strategic buildings

DEVELOPMENT STRATEGY

02

Leasinvest Real Estate has also been very successful in the redevelopment of buildings in view of further lease. Year after year buildings of the portfolio that can be taken into consideration for redevelopment are selected, taking into account our risk management policy (see Risk factors on page 4). The objective is to generate capital gains and continuously improve the portfolio's quality. Important examples of this policy are the buildings CFM, Bian, Montimmo, Royal20 and shopping center Strassen in the Grand Duchy of Luxembourg, and The Crescent Anderlecht, Montoyer 63, Treesquare and De Mot in Malines.

COMMERCIAL STRATEGY

03

Our commercial strategy aims at extending the average duration of the rental contracts and keeping the occupancy rate at a high level, in view of generating a continuous flow of recurring income. Our teams therefore operate in a proactive way, looking for possibilities and initiatives to optimally respond to our clients-tenants' needs, such as organizing a potential move, realizing an extension for extra space, or refurbishing (e.g. Co-working space De Mot in Malines).

FUNDING STRATEGY

04

Despite the fact that the BE-REIT (SIR/GVV) legislation allows for a maximum debt ratio of 65%, the board of directors of the statutory manager of Leasinvest Real Estate opted for a more conservative funding policy, keeping the debt ratio within the 50-55% spread. It has to be noted that the debt ratio end 2017 slightly exceeded this spread, namely at 57.1%, which is however already lower than the 58.1%-level of end 2016.

The debt ratio is closely followed by management, "capital recycling" over the past two years having allowed to realize a number of interesting investments (cf. "investment strategy") by selling a number of non-strategic buildings.

For more information, we refer to note 33 of the financial statements.

The funding strategy also aims at keeping the funding cost as low as possible for the longest possible period, yet with the possibility to swiftly respond to potential investment files. The weighted average duration of funding on 31 December 2017 is 3.34 years. An important part of this funding is at variable interest rates. In order to protect the company against rising interest rates, a hedging strategy was adopted, with a hedge ratio of approximately 75% for the first 5 years, and of approximately 50% for the 5 following years.

These 4 pillars of our strategy allow us to generate a **recurring dividend flow**.

Interview with **Jean-Louis Appelmans**, CEO retiring as of 22 May 2018 and **Michel Van Geyte**, current co-CEO, picking up the baton

Leasinvest Real Estate started with a portfolio of € 173 million with mainly office buildings in Belgium. What were the reasons that made you change the composition relatively soon?

JLA: The main reasons are:

1) office market in Belgium hasn't recorded any significant prime rent increase in over 20 years and was stuck around € 250/m². In 2017 this finally slightly changed, and 2) due to the relatively slow growth of the Belgian economy, the annual take-up is a gross take-up, where the net take-up is negative. The office market in Luxembourg, on the other hand, recorded continuous rent increases and good take-up figures.

Was the diversification towards the Grand Duchy of Luxembourg in 2006 a real breakthrough?

JLA: Luxembourg is the best business decision we ever made. Since 2006 we realized over € 112 million of capital gains over there, on top of our recurrent rental income. Luxembourg has a very strong economic growth outlook and is considered to be one of the top destinations for financial companies that will revert to the European mainland instead of remaining in London, following

Leasinvest Real Estate is one of the largest real estate investors in Luxembourg. Will Luxembourg also remain your preferred market in the future?

JLA: Yes, indeed. Luxembourg is our key market with 50% of our total portfolio. We really know the real estate market over there and since 2006 we have built up an enviable position as one of the most important foreign real estate investors in the market, a position that we wish to keep.



Jean-Louis Appelmans

“Luxembourg is the best business decision we ever made. Since 2006 we realized over € 112 million of capital gains over there, on top of our recurrent rental income.”



Michel Van Geyte

“Our motto remains ‘investing in opportunities’, and this, only if all criteria are positive.”

You further focus on offices and retail. Do these markets remain interesting despite ‘new ways of working’ and e-commerce?

MVG: As to offices, we can confirm that there certainly still is a need for high-quality, but mainly sustainable and flexible, well located office space. In 2010 we already were a pioneer in developing new ways of working with the launch of the concept The Crescent in Anderlecht, a model that has in the meanwhile been implemented in Malines, with a magnificent state-of-the-art co-working space. In the CBD of Brussels we have chosen to entirely redevelop the two strategic locations we had there. In Luxembourg we delivered and sold the prestigious Royal20 building that was already pre-let end 2014. As to retail, we continuously notice that however e-commerce progresses, the ‘bricks & clicks’ model remains the most successful. Mainly international brands opt for an omni-channel strategy and keep looking for top locations in all retail

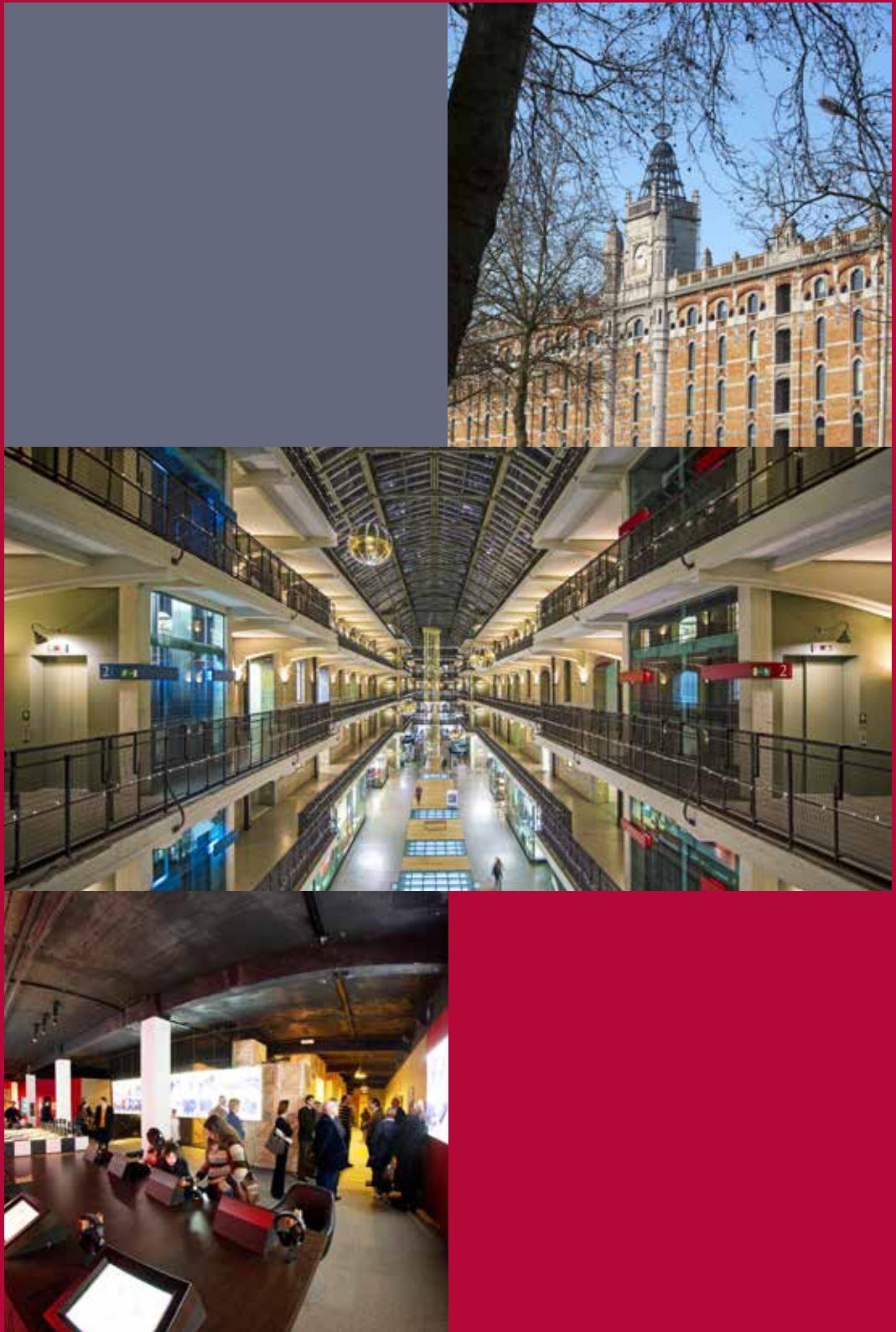
In 2016 you realized a first acquisition in Austria. How did Austria come onto your radar?

MVG: Austria is relatively comparable to the Grand Duchy of Luxembourg as to its stable economic situation. Moreover, Vienna was recently ranked by Mercer as the number one worldwide in quality of living. Moreover, the Eastern regions of Austria (certainly around important cities such as Vienna, Linz, Graz) expect an important population growth over the coming years, also thanks to immigration flows passing to a large extent through those regions. All important data that confirm our strategy and that are mainly important to the segment we invest in over there, namely retail. Austria is a real retail park-country, and we were lucky to be able to acquire 3 wonderful top sites.

Do you foresee continuing to invest in Luxembourg, Belgium and Austria?

MVG: The Grand Duchy of Luxembourg is and will remain our key market. In the meantime we built up an important expertise over there, and we are a trusted party to all stakeholders. As to Belgium, we sold all logistics buildings in 2017 (except for the State Archives in Bruges), resulting in a more limited portfolio with an important retail park in Zaventem and office buildings at top locations. In Austria we reached a critical mass that is necessary for an efficient portfolio management, with the acquisitions in 2017 in Vienna, besides the Frun® Park Asten acquired in 2016. Still, we closely follow the markets and will adjust our strategy if necessary. Our motto remains ‘investing in opportunities’, and this, only if all criteria are positive: financial, capital gain potential, etc...).

Letter to the shareholders



Tour & Taxis Royal Depot Brussels • Belgium



Jean-Louis Appelmans • CEO & Jan Suykens • Chairman of the board of directors

The strategy

In 2017 the strategy was sharpened, both geographically from four to three countries, namely the Grand Duchy of Luxembourg, Belgium and Austria, and as to investments, from three to two asset classes, retail and offices.

This evolution was driven by a need for a more efficient positioning: reason why all our Swiss buildings were sold, as well as the largest part of our Belgian logistics portfolio, as announced end 2016. The rest of this logistics portfolio will be further divested in the course of 2018.

The real estate portfolio progressed from € 173 million at the stock exchange listing mid-1999 to nearly € 1 billion end 2017. The company's intention is further growth in the future. Growth because of the sake of it is not part of the company's DNA, as it will always look for investment opportunities that are well located and can result in capital gains in the short or medium term.

Net result
+ 62%
 Gross dividend per share
€ 5.00

The quality of the current real estate portfolio has improved year after year by replacing less adjusted buildings by newer and/or better located buildings that better correspond to market demand. That way, the portfolio is better protected from potential vacancy, and rent collection is better guaranteed.

The markets

Our main real estate market remains the Grand Duchy of Luxembourg, representing 50% of our total real estate portfolio¹ consisting in Luxembourg of both retail- and office buildings. Over there, the company is one of the most important foreign real estate owners.

The Luxembourg economy performed very well in 2017 with a GDP growth of 3.5%, which places Luxembourg as one of the best

¹ The definition here comprises the direct and indirect real estate portfolio (including the participation in BE-REIT (SIR/GVV) Retail Estates).

performing countries in the EU. Higher GDP growth figures are expected for 2018 and 2019. The take-up was in line with that of 2016, but the rents again increased (cf. Real estate report on page 97). Population will further grow, which will benefit the residential market and more specifically the real estate market in general. Luxembourg is for the company its first 'home market'.

The Belgian economy recorded a modest GDP growth of 1.7%. The real estate market knew as to rents for offices a more stable evolution, but on the Brussels office market a rise was recorded in the CBD, for the first time since 2011, where there is still a strong demand for new high-quality office buildings (cf. Real estate report on page 99). As a listed

BE-REIT (SIR/GVV) on Euronext Brussels, Belgium is the company's second 'home market'.

The Austrian economy recorded an improved GDP growth of 2.9%. The retail property market evolved well. By the acquisition of the Frun® Park in Asten and the two retail parks in Vienna (Stadlau), the company detains a limited critical mass that could not be reached on the Swiss market due to the negative impact of the expensive Swiss Franc on retailers' turnovers.

2017 realizations

The outlook for 2017 has been confirmed by the results realized in the course of the financial year. The rental income of € 56.9 million was stable compared to 2016, with € 56.7 million. The EPRA Earnings ◀ of € 27.5 million were equally in line with the € 27.9 million realized at 31/12/2016. A substantial rise of the net result was however recorded, of € 29.4 million to € 47.5 million or € 9.63 per share (+62%), thanks to significant results on the portfolio of € 22.3 million.

“The continuous improvement of the quality of our real estate portfolio, together with our strategy focused on Luxembourg, Belgium and Austria, on the one hand, and retail and offices on the other hand, results in a more efficient positioning of Leasinvest Real Estate.”



Stadlau Vienna • Austria



Jan Suykens • Chairman of the board of directors & Michel Van Geyte • Co-CEO

Future change of managing director CEO

After nearly 19 years as the company's CEO, Jean-Louis Appelmans will retire end of May 2018. Since the stock exchange listing in 1999, he led Leasinvest Real Estate, and under his leadership, the company evolved to being one of the best performing and creative BE-REIT (SIR/GVV) with a unique presence in the Grand Duchy of Luxembourg.

He will be succeeded by Michel Van Geyte who knows the company inside out for over 13 years. From his various functions within Leasinvest Real Estate, such as COO, CIO and co-CEO, he has, together with Jean-Louis Appelmans, defined the strategy and the growth of the company. As a full successor of Jean-Louis Appelmans he will ensure continuity and go for further growth of the company.

The performance of the share and the dividend

The 'performance' of the company's share since its stock exchange listing mid-1999 till end 2017 amounted to 9.49% (according to Global Property Research Amsterdam)¹ which is one of the best performing track records of BE-REIT (SIR/GVV) and the pride of the company. It is proposed to distribute a gross dividend of € 5.00, which exceeds the gross dividend of € 4.90 over 2016 by 2.04%, over the financial year 2017. The net dividend 2017 amounts to € 3.50 compared to € 3.43 end 2016. Given the closing price on 31/12/2017 of € 96.0, this results in a gross dividend yield of 5.21%, or net 3.65% (based on a 30% withholding tax).

We wish to thank all our tenants, suppliers, real estate agents, banks, investors and shareholders in the Grand Duchy of Luxembourg, in Belgium and in Austria, 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

MICHEL VAN GEYTE

Managing director

JAN SUYKENS

Chairman of the board of directors

¹ For more information, see Leasinvest Real Estate share on page 81.

Key figures



The key figures per 31 December 2017

At the end of 2017 Leasinvest Real Estate (LRE) fully consolidates the following participations: the Luxembourg SICAV-SIF Leasinvest Immo Lux SA, Leasinvest Services SA, RAB Invest SA, S. Invest I SA, P Invest I SA, Porte des Ardennes Schmiede SA, Porte des Ardennes Pommerlach SA, Mercator Sàrl, Leasinvest Immo Austria GmbH, AE Starvilla 7 GmbH Co & OG, Frun Park Asten GmbH, Adrestos Beteiligungsverwaltungs GmbH, Kadmos Immobilien Leasing GmbH and Haven Invest SA.

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this Annual financial report are indicated by ◀. For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 72 et seq of this report.

Key figures real estate portfolio (1)	31/12/2017	31/12/2016
Fair value real estate portfolio (€ 1,000) (2)	902 994	859 931
Fair value investment properties, incl. participation Retail Estates (€ 1,000) (2)	976 338	930 689
Investment value investment properties (€ 1,000) (3)	921 141	876 747
Rental yield based on fair value (4) (5)	6.44%	6.78%
Rental yield based on investment value (4) (5)	6.32%	6.65%
Occupancy rate (5) (6)	94.80%	96.77%
Average duration of leases (years)	4.74	4.37

(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. The fair value of Retail Estates has been defined based on the share price on 31/12/2017.

(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, de Crombrughe en Partners and Stadim (BeLux) and Oerag (Austria).

(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 and the development projects.

(6) The occupancy rate has been calculated based on the estimated rental value.

The consolidated direct real estate portfolio of Leasinvest Real Estate end 2017 comprises 28 sites (including the development projects) with a total lettable surface area of 485,144 m². The real estate portfolio is geographically spread across: the Grand Duchy of Luxembourg (54% of the portfolio), Belgium (35%) and Austria (11%).

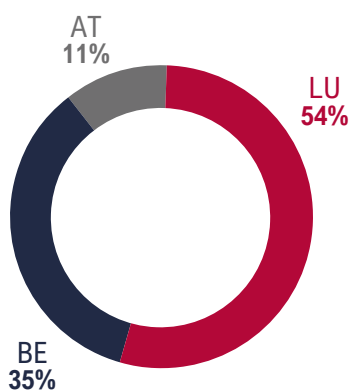
The fair value of the real estate portfolio amounts to € 902.99 million end 2017 compared to € 859.93 million end December 2016. This increase is explained by the acquisition of the building Mercator in Luxembourg and the retail buildings in Stadlau, Vienna (Austria). Moreover, an interest of over 66.67% was realized in the public real estate certificate "Lux Airport" in the course of 2017, resulting in this participation no longer to be considered as a non-current financial asset, but as an investment property. On the other hand, there were the sales of 5 logistics buildings in Belgium and of 3 retail buildings in Switzerland.

After these realized transactions, the retail part of the real estate portfolio amounts to 48% (2016: 48%), offices to 45% (2016: 37%) and logistics to 7% (2016: 15%).

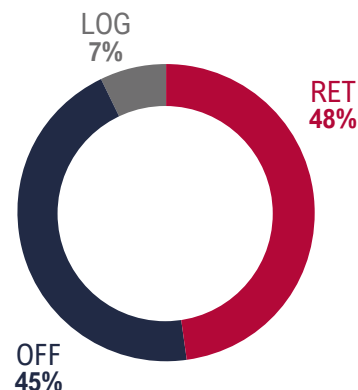
The global direct and indirect real estate portfolio (including the participation in BE-REIT (SIR/GVV) Retail Estates NV) reached a fair value of € 976.3 million per end 2017.

The rental yield of the real estate portfolio in operation based on the fair value amounts to 6.44% (compared to 6.78% end 2016), and based on the investment value to 6.32% (compared to 6.65% end 2016).

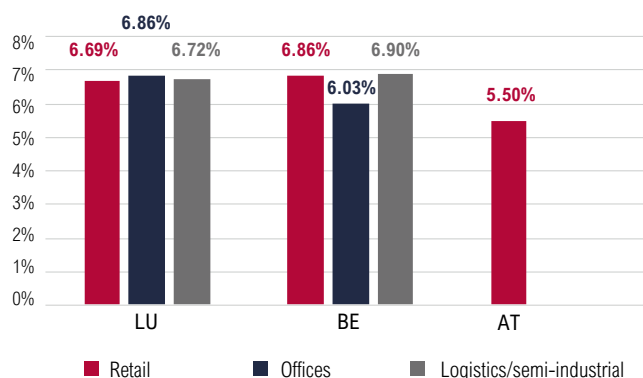
Geographical breakdown



Asset classes



Details on yield per asset class and location (fair value) (1)



(1) There is an inverse relationship between yield and value; a higher value namely results in a lower yield. These yields are calculated on the basis of the assets available for lease.

Key figures balance sheet	31/12/2017	31/12/2016
Net asset value group share (€ 1,000)	382 206	356 407
Number of issued shares	4 938 870	4 938 870
Number of shares entitled to the result of the period	4 938 870	4 935 478
Net asset value group share per share	77.4	72.2
Net asset value group share per share based on investment value	81.1	75.6
Net asset value group share per share EPRA	84.0	81.9
Total assets (€ 1,000)	999 293	988 441
Financial debt	540 440	541 064
Financial debt ratio (in accordance with RD 13/07/2014)	57.14%	58.05%
Average duration credit lines (years)	3.34	3.94
Average funding cost (excl. fair value changes financial instruments)	2.99%	2.90%
Average duration hedges (years)	5.15	6.30

Key figures income statement	31/12/2017	31/12/2016
Rental income (€ 1,000)	56 892	56 647
Net rental result per share	11.52	11.48
EPRA Earnings ◀ (1)	27 503	27 875
EPRA Earnings ◀ per share (1)	5.57	5.65
Net result group share (€ 1,000)	47 545	29 436
Net result group share per share	9.63	5.96
Comprehensive income group share (€ 1,000)	49 983 ⁽²⁾	17 634
Comprehensive income group share per share	10.12 ⁽²⁾	3.57

(1) EPRA Earnings ◀, previously the net current result, consists of the net result excluding the portfolio result ◀ and the changes in fair value of the ineffective hedges.

(2) The comprehensive income group share differs from that communicated in the press release of 22/02/2018. This does however not impact the EPRA Earnings ◀, net result or shareholders' equity.

EPRA performance measures ◀	31/12/2017	31/12/2016
EPRA Earnings ◀ (in € per share) (1)	5.57	5.65
EPRA NAV ◀ (in € per share) (2)	83.99	81.91
EPRA NNNAV ◀ (in € per share) (3)	77.14	70.93
EPRA Net Initial Yield ◀ (in %) (4)	5.22%	5.82%
EPRA Topped up Net Initial Yield ◀ (in %) (5)	5.25%	5.86%
EPRA Vacancy ◀ (in %) (6)	5.20%	2.87%
EPRA Cost ratio ◀ (incl. direct vacancy costs) (in %) (7)	29.00%	26.85%
EPRA Cost ratio ◀ (excl. direct vacancy costs) (in %) (7)	26.85%	24.95%

(1) The EPRA Earnings ◀, previously net current result, consists of the net result excluding the portfolio result ◀ and the changes in fair value of the ineffective hedges.

(2) EPRA Net Asset Value ◀ (NAV) consists of the adjusted Net Asset Value ◀, excluding certain elements that do not fit within a financial model of long-term real estate investments; see also www.epra.com.

(3) EPRA NNNAV ◀ (triple Net Asset Value*): consists of the EPRA NAV ◀, adjusted to take into account the fair value of the financial instruments, the debts and the deferred taxes; see also www.epra.com.

(4) EPRA Net Initial Yield ◀ comprises the annualized gross rental income based on the current rents at the closing date of the financial statements, excluding the property charges, divided by the market value of the portfolio, increased by the estimated transfer rights and costs for hypothetical disposal of investment properties; see also www.epra.com.

(5) EPRA Topped up Net Initial Yield ◀ corrects the EPRA Net Initial Yield ◀ with regard to the ending of gratuities and other rental incentives granted; see also www.epra.com.

(6) EPRA Vacancy ◀ is calculated on the basis of the Estimated Rental Value (ERV) of vacant surfaces divided by the ERV of the total portfolio; see also www.epra.com.

(7) EPRA Cost ratio ◀ consists of the relation of the operating and general charges versus the gross rental income (including and excluding direct vacancy costs); see also www.epra.com.

Annual report



Treesquare Brussels CBD • Belgium



Jean-Louis Appelmans • CEO

“In 2017 we took a number of important strategic decisions in order to ensure our future growth, such as reducing our logistics portfolio in Belgium and divesting the investment properties in Switzerland, in favor of additional investments in Luxembourg and Austria. We now entirely focus on retail and offices in the Grand Duchy of Luxembourg, Belgium and Austria.”

Activity report


DURING THE FINANCIAL YEAR 2017

HIGHLIGHTS

Strategy focus on two asset classes, retail and offices, and three countries, Luxembourg, Belgium and Austria:

- Strengthening of the position in Austria and in retail with two acquisitions in Vienna
 - Strengthening of the position in Luxembourg with the acquisition of the office building Mercator and in Lux Airport real estate certificates
 - Complete divestment of Swiss retail portfolio
 - Finalizing divestment major part of logistics portfolio in Belgium
-

The outlook for 2017 is confirmed by the figures realized on 31/12 (compared to 31/12/2016)

- Stable rental income of € 56.9 million compared to € 56.7 million (2016)
 - The EPRA Earnings  on 31/12 are relatively stable at € 27.5 million vs € 27.9 million on 31/12/2016
 - Substantial rise of the net result from € 29.4 million to € 47.5 million or € 9.63 per share (+62%), thanks to an important positive portfolio result of € 22.3 million
 - Redevelopments in Belgium, Luxembourg and Austria remain on schedule
-

Luxembourg

ACQUISITIONS AND DIVESTMENTS

ACQUISITIONS

Grand Duchy of Luxembourg

Office building Mercator in Luxembourg

On 3 May 2017, Leasinvest Immo Lux SA, Luxembourg subsidiary of Leasinvest Real Estate, through the acquisition of 100% of the shares of the company Mercator Sàrl, became the owner of the office building located route d'Arlon, no 110 – 112 in the City of Luxembourg, comprising 8.641 m² offices, spread across 5 floors and 104 parking spaces. This investment represented € 35 million, an amount in line with the fair value estimated by the independent real estate expert, with a gross rental yield currently amounting to 6.75%.

This building benefits from an excellent location in the capital of the Grand Duchy along the route d'Arlon, one of the main access roads to Luxembourg City.

At the time of the acquisition, Mercator was leased for 42%. By the high demand for offices in Luxembourg, the occupancy rate stands at 100% in the meanwhile, through the conclusion of 2 new rental contracts for respectively 1,918 m² and 2,770 m² of office space.

This building benefits from an excellent location in the capital of the Grand Duchy along the route d'Arlon, one of the main access roads to Luxembourg City.



Mercator • Luxembourg

Listed real estate certificate Lux Airport

Over the last couple of years, Leasinvest Real Estate has systematically increased its participation in the listed real estate certificate “Lux Airport”, comprising 2 office buildings (blocs B and E) of approximately 8,465 m², located in the business park EBBC.

European Bank & Business Center (EBBC) is composed of a total of six office buildings with a global surface area of 26,000 m² located in the immediate vicinity of the Luxembourg airport.

In the course of the fourth quarter of 2017, Leasinvest Real Estate has exceeded the 2/3rd threshold of the issued real estate certificates Lux Airport. According to our valuation rules, this investment does no longer – in conformity with IAS 39 – has to be considered as a non-current financial asset, but as an investment property according to IAS 40. Consequently, this also means that the coupons distributed by the real estate certificate at the end of March 2017 (and the future ones) as of now will be recognized as rental income and that the revaluation capital gain historically booked in equity will be, as a one-off, recycled through the portfolio result in 2017. The impact for the financial year 2017 amounted to ca. € 1.3 million of additional rental income and to ca. € 8.1 million of revaluation capital gains, which has positively influenced both the net result and the EPRA earnings (only for the impact on rental income) over 2017.

Additional acquisitions Diekirch

Four of the five remaining shops of the shopping arcade, located in the city center of Diekirch, were acquired at the end of August 2017 by our Luxembourg subsidiary Leasinvest Immo Lux SA for an amount of € 0.8 million. All commercial space, but one, of this shopping arcade – including the existing supermarket – currently being held by the latter.



EBBC • Luxembourg

Austria



Stadlau Vienna • Austria

Together with the acquisition end 2016 of the retail park Frun Park® Asten located in Linz (Austria) the portfolio of Leasinvest Real Estate in Austria currently amounts to nearly € 102.6 million, or 11.4% of the global portfolio.

Austria

Important acquisition of retail buildings in Stadlau - Vienna

On 16 October 2017, Leasinvest Real Estate, through its Austrian subsidiaries, has acquired 100% of the shares of two Austrian companies, Kadmos Immobilien Leasing GmbH and Adrestos Beteiligungsverwaltungs GmbH. These companies are the owners of respectively a DIY store Hornbach Baumarkt of 13,300 m² and 10 stores with a global surface of 11,000 m² in a retail park 'Gewerbepark Stadlau' situated in the City of Vienna (district no 22 Stadlau), both very well located retail sites with an important footfall and holding leading positions in the City of Vienna.

This investment represented € 56.2 million, which is lower than the fair value estimated by our real estate expert. The average duration of the rental contracts amounted to 9.3 years. The

different indexed rental contracts are concluded with renowned international and local retailers, among which the most important are Hornbach Baumarkt, Lidl, Intersport, DM (drugstore), CCC (shoes) and TK Maxx (clothing). The global occupancy rate stands at 100% and represents a total annual rent income of € 3.3 million for the two sites.

This acquisition was financed, on the one hand, by the partial divestment of our logistics portfolio and, on the other hand, by the integral divestment of our Swiss retail portfolio (see below 'Divestments').

Together with the acquisition end 2016 of the retail park Frun Park® Asten located in Linz (Austria) the portfolio of Leasinvest Real Estate in Austria currently amounts to nearly € 102.6 million, or 11.4% of the global portfolio.

DIVESTMENTS

Belgium

Sale Prins Boudewijnlaan in Kontich

At the end of March 2017, an agreement was concluded subject to a number of conditions precedent, that have all been met in the meantime, for the sale of the distribution centre located Prins Boudewijnlaan 7 in Kontich. The notarial deed for the sale for an amount of € 12 million was, as planned, signed in the course of December 2017. The rental income of the 100% leased building remained in the meanwhile earned by the Company, till the execution of the notarial deed for the sale.

Sale of Vierwinden in Zaventem/Nossegem

On 13 June 2017, the notarial deed for the sale for an amount of € 2 million was signed relating to the remaining building located in the semi-industrial business park "Vierwinden" in Zaventem/Nossegem.

Further divestment of logistics buildings

On 16 June 2017, a binding agreement – subject to limited conditions precedent – was signed for the granting of three leaseholds of 99 years on three of its logistics buildings in Belgium in favour of a German real estate fund for a value of over € 60 million, which is in line with the fair value estimated on 30 June 2017.

In September 2017, two of the in total three leaseholds were granted for an amount of € 40 million and related to the buildings Canal Logistics phase 1 in Neder-Over-Heembeek (15/09/2017) and Wommelgem (26/09/2017). On 30 October 2017, the 3rd leasehold was granted for an amount of € 20 million for the SKF site in Tongres.

Following these divestments, our Belgian logistics portfolio only comprises different warehouses located at the Riverside Business Park in Anderlecht (Brussels) and at Brixton Business Park in Nossegem/Zaventem, together with the State archives in Bruges.

Leasinvest Real Estate has consequently divested € 74 million in 2017, or the largest part of its Belgian logistics portfolio. The logistics percentage consequently dropped from 15% (on 31/12/2016) to 7%.

Switzerland

Strategic divestment of Swiss portfolio

On 5 October 2017, the three 100% let peripheral retail stores situated in Etoy, Villeneuve and Yverdon-les-Bains (Vaud Canton) were sold to a Swiss private investor for an amount of CHF 48 million based on a gross yield slightly over 5%.

A further extension of the Swiss portfolio became difficult by the rise of the Swiss Franc. This led to rent reductions, in combination with decreasing real estate yields, creating a different market situation. These reasons have incited Leasinvest Real Estate to divesting in Switzerland in favor of Austria (see above).

Before Swiss capital gain taxation and sales costs, the divestment of these three buildings has resulted in a slight capital gain compared to the initial acquisition value. After taxes, sales costs and the negative impact of the cancelled cross currency swaps, this resulted in a loss.

*The logistics percentage
consequently dropped from 15%
(on 31/12/2016) to 7%.*

Luxembourg

REDEVELOPMENTS

Grand Duchy of Luxembourg

Repositioning of Boomerang Strassen shopping center

The retail site of 22,721 m², located Route d'Arlon in Strassen, is partially redeveloped into a retail park that will, besides shops, also comprise a restaurant. This site will become the largest retail park in the Luxembourg periphery at the entrance of the city of Luxembourg, reason why this site was also subject to a rebranding and its name was changed into 'Boomerang Strassen shopping centre'. The redevelopment is executed in 2 phases in order to take into account the interests of the current tenants Adler Mode, Bätiself and Roller, the first phase having been completed end 2017, and having led in the meanwhile to the conclusion of a new rental agreement with an international retailer for 1,715 m², that entered into force on 1 December 2017.

The reception of the second phase is foreseen in the course of 2020.

In the meanwhile, the redevelopment has led to the conclusion of a new rental contract with an international retailer for 1,715 m².



Boomerang Strassen shopping center • Luxembourg

Belgium

Belgium

Current developments in Brussels CBD - Treesquare and Montoyer 63

The office buildings Treesquare and Montoyer 63, both located in the Brussels CBD, are entirely reconstructed in order to enhance these buildings' market positioning and make these more sustainable (BREEAM certified). For the building Montoyer 63 a 'BREEAM interim - design stage' certificate with rating 'Excellent' was already obtained. The final goal is to hold a high-quality real estate portfolio with well located, agreeable working spaces that perform well at a technical level, are sustainable, and require less maintenance costs. The execution of the works evolves according to planning.

The Montoyer 63 office building will be occupied end 2018 by the European Parliament, as announced previously¹.

For the building Treesquare 3 rental contracts could already be concluded, prior to the reception of the building end Q1 2018 (see further 'Leases').

These leases confirm the potential for new high quality and sustainable buildings in the Central Business District of Brussels.

*The Montoyer 63 office building will
be occupied end 2018 by
the European Parliament.*

¹ For more information on this, we refer to the press release of 16/02/2017 on the website www.leasinvest.be.



Montoyer 63 & Treesquare Brussels CBD • Belgium

Redevelopment Motstraat 30 into co-working space based on “The Crescent”

In the course of the third quarter of 2016, the extension for half of the office space was signed with the current tenant for the office building located Motstraat 30 in Malines. This extension entered into force in Q2 2017. In the course of the first half-year of 2017, additional rental and services contracts were concluded.

A part of the remaining office space is equipped as a co-working space “De Mot”, based on our business centre concept ‘The Crescent’ in Anderlecht and Ghent.

This project fits within the policy of renovation and redevelopment of buildings, permitting us to create value. The works will soon be finalized.

With this extension of over 1,000 m² the Frun[®] Retail park Asten enters into the top 10 of largest retail parks in Austria.



De Mot Mechelen • Belgium

Austria

Austria

Extension Frun[®] Retail park Asten

For the Frun[®] Retail park Asten an extension is built, that is nearly entirely leased and that will be delivered shortly.

With this extension of over 1,000 m² the Frun[®] Retail park Asten enters into the top 10 of largest retail parks in Austria (> 20.000 m² of gross letting area).



Frun[®] Retail park • Austria

OCCUPANCY RATE AND LEASES

EVOLUTION OCCUPANCY RATE AND RENTAL RENEWALS

Over the last couple of years, the total occupancy rate remained constantly high, and has slightly decreased end 2017 to 94.80% versus 96.77% end 2016 mainly following the sale of 100% leased logistics and Swiss buildings, and the temporary vacancy of the Montoyer 63 office building under redevelopment and the temporary lower occupation. Thanks to our commercial policy aiming at proactively negotiating rental extensions or renewals, nearly all important breaks in 2017 (9% of total rental income of the portfolio) could be successfully extended or replaced.

LEASES

Grand Duchy of Luxembourg

As mentioned above, the office building **Mercator** in Luxembourg (acquired in May 2017) is 100% leased end 2017 thanks to the conclusion of 2 new rental contracts for respectively 1,918 m² and 2,770 m² of office space.

Besides a number of smaller lettings in the office buildings **EBBC** and **Esch**, a new rental contract could be concluded with the current tenant, for 1,410 m², expiring on 30 April 2026, for the office building **Kennedy**.

Different rental renewals and new rental contracts were concluded for the Knauf shopping centres in **Schmiede** (a/o H&M) and **Pommerloch**, maintaining the occupancy rate of both shopping centres at a high level.

As previously mentioned, a new rental contract, entering into force shortly, could be concluded with an international retailer for 1,715 m², for the **Boomerang shopping centre in Strassens**, resulting in a 100% occupancy rate.

Belgium

With the final signing of a number of new rental contracts, the offices part of **Tour & Taxis Royal Depot** is entirely leased, just as it is the case for the retail part on the ground floor, which again confirms the appeal of our building and of the Tour & Taxis site as a whole.

Treesquare in the Central Business District of Brussels, of which the reception of the redevelopment is foreseen end of Q1 2018, is already 25% pre-let. Three rental contracts could already be concluded (see above), all entering into force on 1 March 2018, and relating to a total of 1,600 m².

For **Motstraat Malines** different office spaces were leased in 2017 (see above under 'Redevelopments'), which means that the new business center concept is well received. The occupancy rate currently amounts to 74.1%.

Both for Treesquare and Motstraat Malines negotiations with potential tenants are currently ongoing, a higher occupancy rate is expected in the course of 2018.

For the retail part in the **Brixton Business Park** in Zaventem all seven current retailers have extended their rental contracts. For the industrial part, some rental contracts could also be renewed, resulting in a 96.9% occupancy.

Austria

Finally, in the Frun® Park in Asten two rental extensions with retailers could be concluded till September 2023. Moreover, the extension (see above under 'Redevelopments') soon to be delivered, is also nearly entirely leased.

Occupancy rate

94.80%

CORPORATE GOVERNANCE

RENEWAL OF AUTHORISATIONS FOR ACQUISITION AND ALIENATION OF TREASURY SHARES

On 15 May 2017, the extraordinary general meeting proceeded to the renewal of the statutory authorizations of the manager with regard to the acquisition and alienation of treasury shares without prior decision by the general meeting whenever this acquisition or alienation is necessary to prevent the company from being subject to a serious and imminent danger, and this for a term of 3 years as of the publication of the amendments to the articles of association to this effect.

Moreover, the extraordinary general meeting has also renewed all other existing authorizations of the manager with regard to the acquisition and alienation of treasury shares, namely in accordance with the articles 620, §1, fifth subparagraph, respectively 622, §2, first subparagraph of the Company Code, with definition of the maximum number of shares to be acquired, the minimum and maximum remuneration per share and the duration of the authorization of 5 years as of the publication of the amendments to the articles of association to this effect. Furthermore, the statutory authorization with regard to the acquisition and alienation of shares on a regulated market by its directly controlled subsidiaries in accordance with art. 527 of the Company Code, was confirmed.

Finally, the existing statutory authorization of the manager with regard to the alienation of treasury shares in accordance with art. 622, §2, second subparagraph, 1st of the Company Code was also confirmed.

Consequently, the general meeting has decided to amend article 11 of the articles of association with regard to the acquisition, holding in pledge and alienation of treasury shares, accordingly.

REPLACEMENT OF PERMANENT REPRESENTATIVE OF ERNST & YOUNG BEDRIJFSREVISOREN

The ordinary general meeting of 15/05/2017 has approved the replacement of Pierre Vanderbeek by **Joeri Klaykens** as the permanent representative of Ernst & Young Bedrijfsrevisoren for exercising the function of auditor of the company until after the annual meeting that will be held in 2018.

EXTENSION OF DIRECTORS' MANDATES

The ordinary general meeting of shareholders of Leasinvest Real Estate Management SA, the statutory manager of Leasinvest Real Estate, has decided to extend the directors mandate of Mrs **Sonja Rottiers**, appointed on 18 May 2015 for a duration of two years until the annual meeting of 2017, and that of Guy van Wymersch-Moons, appointed as director as from 21 January 2006 and re-appointed in 2014 till the annual meeting of 2017, till the annual meeting that will be held in 2018.

In the meantime, Mr. **Guy van Wymersch-Moons** has resigned on last 31 October.

CHANGE IN COMPOSITION OF THE EXECUTIVE COMMITTEE

Appointment of a co-CEO and co-managing director

Given the nearing retirement of Jean-Louis Appelmans end May 2018, and within the scope of his succession, the general meeting of shareholders of Leasinvest Real Estate Management SA of 15 May 2017 has appointed **Michel Van Geyte**, Chief Investment Officer, as co-Chief Executive Officer and co-managing director of the statutory manager.

Change of CFO

Tim Rens as Chief Financial Officer was hired on 1 May 2017.

EPRA GOLD AWARD FOR ANNUAL FINANCIAL REPORT 2016

For the 5th time in a row, Leasinvest Real Estate has been granted an **EPRA Gold Award** for its Annual financial report 2016. The award is granted to listed real estate companies that follow the EPRA Best Practices Recommendations, in view of improving transparency and comparability of data.

AFTER THE CLOSING OF THE FINANCIAL YEAR 2017

No important events took place since the closing of the financial year 2017.

Notes to the consolidated income statement and balance sheet of the financial year 2017

NOTES TO THE INCOME STATEMENT

The **EPRA earnings** ◀ (previously the net current result) amounts to € 27.5 million end 2017 (€ 5.57 per share) and has slightly decreased according to the outlook, in comparison with the previous year (EPRA earnings ◀ 2016 of € 27.9 million (€ 5.65 per share). This decrease is mainly the consequence of higher net interest charges and extraordinary income (2016) and costs (2017), partially compensated by lower taxes.

The **rental income** has slightly risen compared to the previous year: € 56.9 million in 2017 vs € 56.6 million in 2016. The loss of rental income by the sale of different logistics buildings, the divestment of the Swiss buildings and the renovation of Montoyer 63, was to a large extent compensated by the acquisition of 2 new retail buildings in Austria (Stadlau) and by an increase of the occupancy rate (a/o by additional leases in Mercator, Riverside BP and De Mot). Moreover, exceeding the 2/3rd threshold of the issued real estate certificates "Lux Airport" end Q4 2017 led to the fact that the coupon distributions have to be considered as rental income as of 2017 instead of being passed through Other Comprehensive Income (OCI). Consequently, an additional rental income of € 1.3 million was recycled from OCI, finally resulting in a higher rental income compared to the previous year.

Like-for-like* rental income however decreased by € 1.6 million (-2.8%). This is the result of a drop in rental income in Belgium (temporary vacancy Montoyer 63 for reconstruction, lower occupancy in De Mot in combination with the sale of the logistics part of the site in 2016), combined with Luxembourg where a decrease is recorded for CFM, Kennedy and EBBC, yet an important increase for Monnet and Pommerloch.

The **gross rental yields** have decreased in comparison with end 2016 and amounted to 6.44% (6.78% end 2016) based on the fair value, and to 6.32% (6.65% end 2016) based on the investment value. The occupancy rate decreased from 96.8% end 2016 to 94.8% on 31/12/2017, mainly by the sale of 100% leased logistics and Swiss buildings, vacancy of Montoyer 63, lower occupancy of Motstraat Malines, The Crescent Anderlecht and Montimmo in Luxembourg.

The **property charges** have increased (€ +0.5 million) from € -9.4 million end 2016 to € -9.9 million end 2017, mainly because of higher management costs (€ +0.4 million) charged by the statutory manager. The management costs are calculated in function of the size of the real estate portfolio, which was on average higher in 2017 than in 2016. **Corporate operating charges** are € 0.2 million lower than the previous year, mainly by lower due diligence costs compared to 2016. The **operating margin** (operating result before portfolio result/rental income) slightly decreases from 73.0% on 31/12/2016 to 71.3% on 31/12/2017.

The **result on sales** of five Belgian logistics buildings and the Swiss portfolio (retail) was € -2.8 million.

The **changes in fair value of the investment properties** on 31/12/2017 amount to € +22.3 million (31/12/2016: € -1.5 million) (or € +23.8 million). A large part of this amount (€ 8.1 million) is merely recycling of previously recognized capital gains on the real estate certificate Lux Airport that were directly booked in equity, that has to be considered as an investment property since Q4 2017, following the passing of the 2/3rd threshold of the issued certificates held. Furthermore, a capital gain of € 8.2 million was already recognized on the buildings Treesquare and Montoyer 63 under construction. A positive revaluation result of € 5.0 million was booked on the acquisition of both buildings in Stadlau (Austria). The full occupancy of the building Mercator led to an increase in value of € 2.2 million. The other movements are smaller, mainly some Belgian buildings decreasing in value due to a lower occupancy rate. The Swiss buildings also decreased in value by the evolution of the exchange rate EUR/CHF over the first 9 months of 2017, but was compensated by the global rise in the Luxembourg portfolio following a combination of higher rents and slightly lower yields.

The **financial result** amounts to € -12.0 million on 31/12/2017 in comparison with € -11.4 million for 2016. This result is composed as follows:

- Financial income for € 3.9 million on 31/12/2017 vs. € 4.0 million on 31/12/2016. The dividend received from Retail Estates was € 0.3 million higher than the previous year, but this year there was no recovery of withholding tax from the past for an amount of € 592 thousand.

- Interests and other costs related to funding for an amount of € -16.3 million on 31/12/2017 vs € -14.9 million on 31/12/2016. This evolution is partially due to a higher borrowed amount in 2017 in comparison with 2016, and partially to higher interest rates from van forward starting IRSs becoming active at the beginning of 2017.
- Changes in fair value of financial assets and liabilities: € +0.5 million on 31/12/2017 vs € -0.5 million on 31/12/2016. This evolution is, on the one hand, due to the positive effect of the CHF decreasing in value compared to the EUR till the sale of the Swiss buildings and mirrors the negative revaluation of the Swiss buildings. This positive effect is however largely compensated by a one-off cost of € 2.3 million for repayment of the cross currency swap concluded at the time to hedge the interest rate risk and translation differences between the Euro and the Swiss Franc.

Corporate taxes have decreased from € -2.6 million to € -0.6 million as a consequence of the merger of the company Tour & Taxis Koninklijk Pakhuis NV with Leasinvest Real Estate end 2016.

The **net result** over 2017 amounts to € 47.5 million compared to € 29.4 million on 31/12/2016. In terms of net result per share this results in € 9.63 per share on 31/12/2017 compared to € 5.96 on 31/12/2016.

EPRA Earnings ◀

€ 5.57 per share

NOTES TO THE BALANCE SHEET

At the end of the financial year 2017 **shareholders' equity**, group share (based on the fair value of the investment properties) amounts to € 382.2 million (end 2016 € 356.4 million). The net asset value per share excl. the influence of fair value adjustments on financial instruments (EPRA)* reaches € 84.0 end 2017 in comparison with € 81.9 end 2016.

The **changes in fair value of the financial assets and liabilities** (IAS 39) booked in shareholders' equity, have increased by € 11.4 million following a risen swap curve in the course of the past financial year. The negative market value of the hedges booked in shareholders' equity amounts to - € 33.1 million end 2017 compared to - € 44.5 million at the end of the previous financial year.

End 2017 the net asset value per share reaches € 77.4 (31/12/16: € 72.2). The EPRA NAV on the contrary amounts to € 84.0 (2016: € 81.9) and the closing price of the Leasinvest Real Estate share on 31 December 2017 amounted to € 96.00, or a premium of 13.1%.

End 2017 the debt ratio reaches 57.1% (58.1% per end 2016) after the realized sales of the 5 logistics buildings and the Swiss portfolio, and after the acquisition of the building Mercator and the 2 retail buildings in Stadlau, and this, after payment of the dividend of € 24.2 million over the financial year 2016. € 5.7 million of cash remains available on the balance sheet per 31 December 2017; these resources allow intrinsically a further reduction of the debt ratio to 56.6%.

This means that the nominal **financial debts** recorded in the balance sheet per 31/12/2017 amount to € 540.4 million, which is quasi constant compared to € 541.1 million at the end of the previous financial year.

Dividend

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 5.00 (2016: € 4.90), and net, free of withholding tax of 30%, € 3.50 (2016: € 3.43) to the 4,938,870 shares entitled to dividends.

Subject to the approval of the ordinary general shareholders' meeting of 22 May 2018 dividends will be paid out on presentation of coupon no 21 as of 28 May 2018 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

The Ex-date is 24/05/2018 and the Record date is 25/05/2018.

Outlook financial year 2018

For 2018, Leasinvest Real Estate expects a rental income in line with 2017. The funding costs, on the other hand, will decrease, also by restructuring the hedges portfolio. Except for extraordinary and unexpected events, this will result in the possibility to maintain the dividend at least at the same level.

Gross dividend

€ 5.00 per share

Management of financial resources

For Leasinvest financial resources were in 2017 again managed from the point of view of capital recycling with, on the one hand, the sale of 65% of the logistics portfolio, and on the other hand, the divestment of the Swiss buildings. Instead, the position in Austria was strengthened by the acquisition of two retail buildings in Vienna (Stadlau) and of the office building Mercator in Luxembourg. However, the debt ratio could be decreased by one percentage point compared to end 2016, namely to 57.1%.

In 2017, a maturing credit line of € 35 million could be replaced by a new credit line of € 56 million, at a lower margin. Moreover, the Commercial Paper program was extended from € 210 million to € 250 million, and the amount of commercial paper issued was systematically increased by € 21.5 million in comparison with end 2016.

The company disposes of an amount of € 646.5 million of available credit lines, of which € 113 million of undrawn lines for additional investments.

Because of an important restructuring of the hedges portfolio in 2016, some previously concluded "forward starting" hedges became active in the course of 2017. On the other hand, following the sale of the Swiss buildings, both related cross currency swaps concluded were anticipatively cancelled in October 2017. The combination of both effects resulted in a slightly higher average funding cost in 2017 in comparison with 2016, which is expected to decrease in the course of 2018.

Risk factors

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

Corporate Governance Statement¹

REFERENCE CODE

The Belgian Corporate Governance Code 2009 (the "Code"), is applied as the reference code by Leasinvest Real Estate (hereafter the "Company"). This Code is available on the website of the Belgian official Gazette and of the Corporate Governance Committee (www.corporategovernancecommittee.be). Furthermore, the provisions of the Company Code relating to corporate governance are complied with.

The Corporate Governance Charter of the company aims to lay down the rules for efficient internal functioning and organization of the management structure of the company, without infringing the legal provisions regarding the functioning and powers of the board of directors of the statutory manager (including the legal oversight and management powers of each member of the board of directors) and the provisions of the legislation on regulated real estate companies (the "RREC"), (the "RREC legislation" among which the "RREC law"² and the "RREC RD"³). The most recent version of the Charter can be found on the website (www.leasinvest.be).

De corporate governance principles, because of the specific management structure of the company, are mainly implemented in the management structure of the statutory manager.

Comply or Explain - Derogations of the Belgian Corporate Governance Code

The Code is based on a comply or explain system: Belgian listed companies are held to comply with the Code but can derogate from the provisions and guidelines (but not from the principles) provided they communicate the reasons for such derogation.

The company complies with the Code but is persuaded that certain derogations of its provisions are justified taken into account the its specific situation:

Composition of the audit committee

In accordance with article 526bis of the Company Law, the audit committee has to be composed of non-executive members of the board of directors, of which at least one member is an independent director in the sense of article 526ter of the Company Law. The members of the audit

committee dispose of a collective competence in matters of the controlled company's activities.

The Code, which is more stringent than the Company Code, requires that at least the majority of the members of the audit committee are independent (point 5.2./4 of Annex C of the Code).

The board of directors has chosen not to follow this recommendation by the Code, in that sense, that the audit committee is composed of 4 persons of which (only) half are independent directors, which is in accordance with the provisions of the Company Code, but not with the Code.

This is justified by the small structure of the board of directors, which does not impede an efficient deliberation and decision-making ensuring that all important matters discussed at the audit committee can also be discussed during the deliberation by the board of directors.

The board of directors is moreover convinced that it is in the interest of the company that, besides the two independent directors, not one, but two experts in matters of accounting and audit are part of the audit committee that are not independent directors in the sense of article 526ter Company Code, even if this entails that the Code is not followed at this point. The board of directors is convinced that this composition strengthens the efficiency of functioning of the audit committee.

Composition of the board of directors – gender diversity

In accordance with provision 2.1. of the Code the board of directors has to be composed based on gender diversity and diversity in general.

Based on article 518bis of the Company Code, and taking into account the exception with regard to free float which is lower than 50% for the company, the board of directors will ultimately as of 2019 have to be composed of at least one third of female directors.

Since 18 May 2015 the board of directors is composed of 8 men and 1 woman with various though complementary knowledge and experience. The board of directors is aware of the recommendation of the Corporate Governance Commission with regard to the representation of women in boards of directors of listed companies and is also aware of article 518bis of the Company Code.

The board of directors will take all necessary efforts to present female candidate-directors for nomination, in order to comply with the provisions of article 518bis of the Company Code at latest at the first general meeting of 2019. In the past financial year potential female candidate-directors were actively searched via diverse networks and in function of the most efficiently possible composition of the board of directors. A number of exploratory interviews were conducted with female candidate-directors.

¹ This Corporate governance statement was not audited by the Auditor.

² The law of 12 May 2014 with regard to regulated real estate companies.

³ The Royal Decree of 13 July 2014 with regard to regulated real estate companies.

Qualified majority

The qualified majority required for certain important decisions (and discussed on page 55) ensures that the agreement of the directors nominated on the proposal of Ackermans & van Haaren SA is required. Broadly interpreted, this could be seen as 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 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 the company on 16/05/2011, on the advice of the nomination and remuneration committee. A compensation for leaving of 16 months is foreseen for Michel Van Geyte, also on the advice of the nomination and remuneration committee, that will be presented for approval to the ordinary general meeting of shareholders of 22 May 2018.

GOVERNANCE STRUCTURE AND DECISION-MAKING BODIES

Statutory manager

The company is managed by its only 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 Ackermans & van Haaren SA, in the capacity of a limited (managing) partner and permanently complies with the articles 14 and 15 of the RREC law.

The main activity of the statutory manager is managing Leasinvest Real Estate SCA.

Leasinvest Real Estate Management SA had a shareholders' equity of € 3,512,929 on 31/12/2017.

Term of the mandate

Leasinvest Real Estate Management SA was appointed in 1999 as the sole statutory manager for an indefinite term, with a minimum term of twenty-seven (27) years, which makes that its mandate is irrevocable until the annual general meeting of the company that will be held in 2026. After that date, the mandate of the statutory manager-legal person may be revoked provided that the attendance and majority conditions necessary to amend the articles of association are fulfilled, without the statutory manager-legal person having a right of veto on this point. The statutory manager may resign at any time.

The mandate of the manager may finally also be withdrawn under a court order as a result of a petition on lawful grounds, initiated by the general meeting of shareholders.

Competences

The statutory manager is empowered to perform all management operations that are necessary or useful to fulfill the company's objective, except for those operations for which only the general meeting of shareholders is competent in virtue of the law or the articles of association.

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. Since 15/05/2017 Michel Van Geyte is appointed as second managing director; he will be the only managing director as of 01/06/2018, following the retirement of Jean-Louis Appelmans (see further 'daily management - effective officers').

Remuneration

Besides entitlement to reimbursement of expenses directly related to its mission of running the company, the statutory manager is entitled to receive a fixed-rate remuneration pursuant to the articles of association of 0.415% of the consolidated assets of the company. For the past financial year, this remuneration was € 3,973,947.

No other remuneration is granted to the statutory manager.

Board of directors of the manager¹

Composition²

At present, the board of directors of the statutory manager-legal person, Leasinvest Real Estate Management SA, is exclusively composed of physical persons and in that way, that the public RREC can be managed in accordance with article 4 of the RREC law. The composition of the board of directors also guarantees that the company is managed in the interest of the company.

All directors, the effective leadership, and the members of the executive committee dispose permanently of the required professional reliability and experience adequate for those functions, required within the RREC, taking into account their previous and current functions, their director's mandates and education.

The statutory manager is managed since 19/05/2014 by a board of directors of nine directors, of which three independent directors, four directors nominated on the proposal of Ackermans & van Haaren SA, an other director and a representative of shareholder AXA Belgium. On 31/10/2017 the latter resigned, a new representative being co-opted for AXA Belgium by the board of directors of 15/02/2018, subject to the approval of his candidacy by the FSMA.

- ¹ For statements by the directors, the effective leadership and the executive committee, we refer to page 189.
² For the mandates in other companies, terminated mandates are indicated with a 'x'; listed companies are indicated in bold.



From left to right: Jean-Louis Appelmans, Mark Leysen, Michel Van Geyte, Michel Eeckhout, Jan Suykens, Sonja Rottiers, Eric Van Dyck, Piet Dejonghe
 (composition till 15 February 2018)

The articles of association of the statutory manager also include provisions relating to special majorities to be respected in the board of directors of the statutory manager, a/o with regard to decisions on the strategy (see below) and in that way, confirm the exclusive control of Ackermans & van Haaren SA over the company.

The board of directors of the statutory manager consists of at least three independent directors, as foreseen by article 526ter of the Company Code. Based on the Corporate Governance Charter of the Leasinvest Real Estate, the independent directors have the special mission to watch over the interests of all shareholders of and ensure them an equal treatment.

In conformity with the Corporate Governance Charter the non-executive directors do not occupy more than 5 director's mandates in listed companies.

The directors may not find themselves in one the cases defined in article 20 of the law of 25 April 2014 on the status and supervision of credit institutions.

Independent directors

Michel Eeckhout

Director of companies, Zikkelstraat 44, 1970 Wezembeek-Oppem.

Mandates in other companies, currently and during the 5 previous financial years: 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 België VZW, Michel Eeckhout Management BVBA, Middelheim Promotors VZW, Syndicat d'Initiative de Bruxelles ASBL•, Goods to Give VZW, Guberna VZW, Woman on Board VZW.

Mark Leysen

Executive Chairman of Vanbreda Risk & Benefits SA, Plantin en Moretuslei 297, 2140 Antwerp.

Mandates in other companies, currently and during the 5 previous financial years: Bank Delen NV, Vanbreda Services NV, Econopolis NV, EOS RISQ NV, Justitia NV, Unibreda NV, Vanbreda Ausloos NV•, Vanbreda Credinco NV•, Vanbreda Fryns NV•, Vanbreda Informatica NV•, Vanbreda International NV•, Vanbreda & Lang SA•, Vanbreda Nederland BV, Zinner NV, De Warande vzw, Econo Wealth Management NV, BVVM-UPCA, Paratodos, Incofin cvso.

Eric Van Dyck

Chief Investment Officer of Redevco B.V., Wibautstraat 224, 1097 DN Amsterdam (the Netherlands) till end October 2017. Chairman Capital Markets EMEA (London) with Cushman & Wakefield as of 02/2018, 43-45 Portman Square, London W1H 6LY.

Mandates in other companies, currently and during the 5 previous financial years: Redevco B.V., Arioso Investments Belgium N.V., Arlimmo N.V., Bengali N.V., Redevco France Développement Eurl, Redevco France Sasu, Starboard BVBA, Portside Property Investment BVBA.

Mandates ended: V Prime Properties Korlátolt Felelősségű Társaság•, Immoca Wirtschaftsgütervermietungsgesellschaft m.b.H.•, Jotta Wirtschaftsgütervermietungsgesellschaft m.b.H.•, MITI Wirtschaftsgüter Vermietungsgesellschaft m.b.H.•, Redevco France Services•, Redevco Holding France B.V.•, Redevco Holding France II B.V.•, Redevco Iroda Ingatlanhasznosító Korlátolt Felelősségű Társaság (Redevco Kft.)•, Redevco Liegenschaftsverwaltungs-GmbH•, Redevco MH77 Liegenschaftsverwaltungs-GmbH•, ARIOS0 MH77 Liegenschaftsverwaltungs-GmbH•, Redevco Polska Delta Spółka Z Ograniczona Odpowiedzialnoscia•, Redevco Polska Spółka z ograniczona odpowiedzialnoscia•, Redevco Prime SPPICAV•, Redevco Retail Belgium Comm. V•.

Messrs Eeckhout, Leysen and Van Dyck satisfy the criteria of independent directors in the sense of article 526ter of the Company Code.

They also meet the criteria of independence as defined in the company's Corporate Governance Charter.

Directors proposed by Ackermans & van Haaren SA

Jan Suykens

CEO and 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 on 31/12/2017 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, ABK Bank CVBA•, Baloise Belgium•, Delen Private Bank, Bank J.Van Breda & C° NV, Delen Private Bank Luxembourg NV, Batipont Immobilier (BPI), **CFE Aannemingsmaatschappij**, Corelio NV, Dredging, Environmental & Marine Engineering NV, Extensa Group NV, Extensa NV, Finaxis NV, Gemini Natural Resources NV•, Green Offshore, Grossfeld PAP, Groupe Financière Duval SA•, Holding Groupe Duval•, HPA NV, JM Finn & C°, Leasinvest Immo Lux SICAV-FIS SA, Mabeco NV•, Media Core NV, Mediahuis NV, Nateus Life NV•, Nateus NV•, Oyens & Van Eeghen NV, Profimolux NV, Project T&T NV, Rent-A-Port, Residalya•, Sofinim NV, T&T Koninklijk Pakhuis NV•, T&T Openbaar pakhuis NV, T&T Parking NV.

Charity mandates: Antwerp Management School, De Vrienden van het Rubenshuis, ING Antwerp branch, Member Advisory Committee

Piet Dejonghe

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

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: **Ackermans & van Haaren NV**, Algemene Aannemingen Van Laere, Baloise Belgium, Bank J. Van Breda & C°, BPI, Brinvest, **CFE Aannemingsmaatschappij**, CFE Batiment Brabant Wallonie, CFE Bouw Vlaanderen, CFE Contracting, CFE Infra, CLE, Delen Private Bank, Delen Private Bank Luxembourg, 'Dredging, Environmental & Marine Engineering', Distriplus, Financière Flo, Finaxis, GB-INNO-BM, GIB Corporate Services, Groupe Financière Duval•, **Groupe Flo** (Paris)•, Holding Groupe Duval•, LignoPower•, , Profimolux, Sofinim, Spano Invest•, Spanolux•, Trinterio•, Trasys Group•, Voltis. Charity mandates: SOS Kinderdorpen België

Jean-Louis Appelmans

CEO and managing director of Leasinvest Real Estate Management SA, effective officer, Schermersstraat 42, 2000 Antwerp.

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: Canal Logistics Brussels NV•, Extensa Group NV, Granvelle Consultants & Co BVBA, Leasinvest Immo Lux SICAV-FIS SA, RAB Invest NV, **Retail Estates NV openbare GVV**, Orli Lux S.à.r.l., Frun Park Asten GmbH, Merula Beteiligungs GmbH.

And as permanent representative of Granvelle Consultants & C° SPRL, with registered office in Antwerp, Van Schoonbekestraat 36 box 401: Haven Invest NV, Leasinvest Services NV, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., S. Invest I SA, P. Invest SA, T&T Koninklijk Pakhuis NV•, Kadmos Immobilien Leasing GmbH, Adrestos Beteiligungsverwaltungs GmbH.

Michel Van Geyte

Co-CEO and (since 15/05/17) co-managing director of Leasinvest Real Estate Management SA, effective officer, Schermersstraat 42, 2000 Antwerp.

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: Canal Logistics Brussels NV•, IFMA VZW•, Leasinvest Immo Lux SICAV-FIS SA, Midhan BVBA, RAB Invest NV, KUL Alumni, Belgian Luxembourg Council of Shopping Centers (BLSC), Orli Lux S.à.r.l., AE Starvilla Dreizehn GmbH, AE Starvilla Sieben GmbH & Co OG, Frun Park Asten GmbH, Merula Beteiligungs GmbH. And as permanent representative of Midhan SPRL, with registered office in 8670 Koksi-jde, Duinenkranslaan 62: Haven Invest NV, Leasinvest Services NV, S. Invest I SA, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., T&T Koninklijk Pakhuis NV•, Kadmos Immobilien Leasing GmbH, Adrestos Beteiligungsverwaltungs GmbH, Mercator Sàrl.

Director proposed by AXA SA (via co-optation)

Nicolas Renders

Head of Asset Management Belux, Real Assets, Place du Trône, 1 (TR1-673) – 1000 Brussels (non-executive director).

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: Aisela 10 BVBA, Alterimmo Belgium NV, Esi Arts 52 NV, European Selectiv Immo NV, Jouron BVBA, Ligne Invest NV, Poppy Caesar NV, Société Immobilière Du Wiltchers , Cabesa NV, Calar Cabesa Partners NV, Evere Square NV, Galaxy Properties NV, L Park NV, Bull's eye Property II Lux NV, PEF Kons Investment NV, Beroepsvereniging van de vastgoedsector VZW.

Other director

Sonja Rottiers

Manager of companies, Nieuwpoortstraat 9 box 1/2, 8300 Knokke (non-executive director).

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: ING Bank Belgium, AXA Holdings Belgium•, AXA Belgium• (till 31/08/2016), Belgian Finance Club, Servis•, Touring Verzekeringen (till 31/12/16)•, Women on Board.

Mandate ended on 31/10/2017

Guy Van Wymersch-Moons

Head of Benelux of AXA Real Estate Investment Managers Belgium SA (till 30/10/2017, boulevard du Souverain 25, 1170 Brussels (non-executive director).

Mandates in other companies on 31/12/2017 and during the 5 previous financial years: Aisela 10 Sprl•, Alterimmo Belgium SA•, AXA Real Estate Investment Managers Nederland BV•, AXA REIM Belgium NV•, **Befimmo NV openbare GVV•**, Beran SA•, Bishop's Tower•, Blauwe Toren NV•, Brustar One NV•, Bull's Eye Property Lux II SA (Luxembourg) •, Cabesa NV•, Calar Cabesa Partners SCI•, Cordelière NV•, Cornaline House NV•, ESI Arts 52•, European Selectivimmo•, Europese wijk Fond•s, Evere Square NV•, EVERS Freehold NV•, Froissart Léopold NV•, Galaxy Properties NV•, **Home Invest Belgium NV openbare GVV•**, Immo du Parc Hotel NV•, Immo Foire, Immo Jean Jacobs NV•, Immo RAC HAS-SELT NV•, Immo Instruction NV•, Immo Zelik, Instruction NV•, Jouron BVBA•, L-Park 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•, Ligne Invest 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•, Poppy Caesar SA•, QB19 NV, Quartier des arts vzw•, Royaner NV•, Royawyn NV•, SHW NV (Société Hôtelière du Wiltchers) •, Sodimco NV•, The Bridge Logistics NV•,

Transga NV•, Treves Freehold NV•, Trèves Leasehold NV•, UPSI-BVS•, Vepar NV•, Water Leau NV•, Wetinvest III NV•, Wijnegem Ontwikkelingsmaatschappij•, Zaventem Properties NV•.

Mandates that expire and re-nominations at the ordinary general meeting of the manager

At the annual meeting of 22 May 2018 all mandates expire. Messrs Leyssen and Eeckhout lay down their mandates. The general meeting will be asked to renew the mandates of Messrs Suykens, Dejonghe, Van Geyte, Van Dyck and of Mrs Rottiers for a period of 4 years, i.e. till the annual meeting of 2022. At the board of director's meeting of 15 February 2018 it was decided to co-opt Mr Nicolas Renders as a director-representative of AXA.

At the proposal of the nomination and remuneration committee, the general meeting of the manager will be asked to nominate Mr Appelmans as a non-executive director as of 1 June 2018 till the annual meeting deciding on the approval of the financial statements for the financial year 2018.

Activity report of the board of directors

During the financial year 2017 the board of directors met 6 times, to discuss, in essence, the following items:

- further development of the company strategy with focus on retail and offices and further geographical expansion in Belgium, the Grand Duchy of Luxembourg and Austria, the redevelopment of a number of office projects in Belgium and of a retail park in Luxembourg, the divestment of the Swiss portfolio and the largest part of the logistics portfolio in Belgium;
- discussion and analysis of budgets and outlook;
- renewal and renegotiation of current bank credits in the scope of the financial strategy;
- operation and reporting of the consultative committees, and defining their remuneration;
- supervision of management and operation of effective leadership;
- operational and financial reporting;
- preparation of general meetings;
- editing interim statements and annual and half-year financial reports;
- supervision of the functioning of the internal control systems;
- reporting to FSMA;
- defining the hedging policy of debts with variable interest rates;
- deciding on investments and important renovations.

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.

Majorities

The board can validly decide if the majority of its members are present or represented. Decisions are preferably taken based on a consensus. If not, by simple majority, except in the cases mentioned below requiring special or qualified majorities:

- a) Decisions with regard to defining the strategy of the company and decisions with regard to proposals to amend the articles of association can only be taken with a simple majority, always including a positive vote from
 - (i) at least the majority of the independent directors and
 - (ii) at least the majority of the directors nominated on the proposal of Ackermans & van Haaren SA, providing that those directors have no conflict of interest with the company in the sense of article 523 of the Company Code.
 This qualified majority is also due to the exclusive control by Ackermans & van Haaren SA over the company as a consequence of the exclusive control over the statutory manager-legal person.
- b) decisions with regard to each proposal for appropriation of the result of the company can only be taken by a special majority of 80% 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 public RREC have to dispose of the professional reliability and adequate competence for the exercise of their function. Their education, their experience based on prior and current functions and directors' mandates in other companies are therefore taken into account, as well as their contribution to the further development of the company and their involvement in the deliberation and decision-making process.

The formal 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. If necessary advice of external professionals can be asked for. In 2018 the Guberna institute will again be asked for advice as of the second quarter of 2018.

Such an evaluation also takes into account the size of the board of directors, its composition and efficient functioning and that of the consultative committees, and the interaction with the effective officers, in order to check if all important subjects were sufficiently prepared and discussed.

Once a year, the non-executive directors, meeting without the presence of the effective officers, shall evaluate the relationship between the board of directors on the one hand, and the effective leadership and executive committee, on the other hand.

This evaluation procedure could lead to amendments to the composition of the board of directors, proposals for the nomination of new directors or non-re-nomination of acting directors.

Consultative committees

In accordance with the articles 522, 526bis and 526quater of the Company Code, the board of directors has currently three consultative committees as defined in the Code and further explained in the Corporate Governance Charter¹.

The consultative committees have a pure advisory function. They are in charge of examining specific matters and formulating advice to the board of directors.

After notifying the chairman, each consultative committee can, as far as it considers it useful, appoint one or more external advisers or experts, at the company's expenses, to support exercising its mission.

A meeting of a consultative committee can only be held validly if the majority of its members is present or represented and if at least half of the members are physically present. A member of a consultative committee that is prevented from assisting to a meeting can give a special mandate to another member of this committee. A member of a consultative committee can only represent one other member of the committee.

De committees preferably decide based on a consensus; if not, it is by simple majority of votes.

Audit Committee

The oversight mission of the audit committee and the related reporting duty relates to the company and its subsidiaries.

The audit committee sees to it that the financial reporting of the company presents a truthful, sincere and clear view of the situation and outlook of the company and 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 the company.

The audit committee evaluates, at least once a year, the internal control and risk management systems to ensure that the main risks (cf. Risk factors on page 4) have been properly identified, notified and managed according to the framework approved by the board of directors.

The audit committee also evaluates the independence of the auditor and makes recommendations on internal and external audit.

The audit committee is also empowered, with regard to the statutory

manager, as well as to the company, to decide that the auditor can provide other services than those assigned to him in virtue of the law and of which the remunerations exceed the thresholds mentioned in the Company Code (i.e. derogations from the prohibition of article 133/2, §3 of the Company Code).

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

Half of the audit committee consists of independent directors. The composition of the audit committee has been adapted to the requirements of the Company Code, and exclusively comprises non-executive directors of which at least one independent director in the sense of article 526ter of the Company Code, and consequently derogates from the Code (cf. Comply or explain on page 50).

The audit committee was composed as follows during the past year:

1. Sonja Rottiers, manager of companies, chairman of the audit committee, non-executive director
2. Jan Suykens, (Ackermans & van Haaren SA), non-executive director
3. Mark Leysen, independent director
4. Michel Eeckhout, independent director

All members of the audit committee have the necessary expertise and experience in the field of audit and accounting as defined in article 526bis §2 of the Company Code and in appendix C, point 5.2.4. of the Code.

The following points were among those discussed by the audit committee:

- quarterly financial reporting;
- potential 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 60;
- adjustment and update of risk factors;
- adjustment of the IT-system in order to cover risks of IT- and internal security to a maximum.

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 effective officers have the right to attend the meetings of the audit committee, which was indeed the case in the past financial year.

Nomination and remuneration committee

The nomination and remuneration committee ensures an objective and professional course of the nomination procedure and assists the board regarding the remuneration of the members of the board of directors and of the executive committee and makes recommendations regarding the remuneration policy.

¹ The integral text of the last version of the Corporate Governance Charter can be found on the website www.leasinvest.be.

The nomination and remuneration committee consists exclusively of non-executive directors and the majority of its members are independent directors. The composition of the nomination and remuneration committee has been adapted to the requirements of article 526quater of the Company Code 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 members of the nomination and remuneration committee during the past financial year are:

1. Jan Suykens (Ackermans & van Haaren SA), chairman of the nomination and remuneration committee, non-executive director
2. Guy van Wymersch-Moons (till 31/10/2017), non-executive director
3. Mark Leysen, independent director
4. Eric Van Dyck, independent director
5. Michel Eeckhout, independent director

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

Among other things, the following agenda items were considered to by the nomination and remuneration committee during the past financial year:

- the proposals for the remuneration of the members of the executive committee, of the effective officers, the CEO, and the personnel, and drafting of the remuneration report;

- the amendments to the Corporate Governance Charter;
- the positive advice on the modification of the composition of the nomination and remuneration committee, and of the board of directors;
- the preparation of the amendments to the internal organisation in function of the end of the mandate of the CEO and the nomination of a co-managing director.

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; it disposes of the competences defined in article 524 §2 of the Company Code. This mission has been defined in article 9.5 of the articles of association of the statutory manager.

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.

Presence at the different meetings of the board of directors and the consultative committees

Director	Start mandate	End mandate	Presence BoD	Presence AC	Presence NRC	Presence committee indep. dir.
Michel Eeckhout	16/05/11	22/05/18	5/6 - 1x proxy	3/4 – 1x proxy	2/3 – 1x proxy	-
Eric Van Dyck	16/05/11	22/05/18	5/6 1x proxy		2/3 – 1x proxy	-
Mark Leysen	16/05/11	22/05/18	4/6 - 2x proxy	2/4 – 2x proxy	1/3 – 2x proxy	-
Jean-Louis Appelmans	03/06/99	22/05/18	6/6			
Jan Suykens	03/06/99	22/05/18	6/6	3/4 – 1x proxy	3/3	
Michel Van Geyte	19/03/13	22/05/18	6/6			
Piet De Jonghe	18/08/16	22/05/18	6/6			
Sonja Rottiers	18/05/15	15/05/18	6/6	4/4		
Guy van Wymersch-Moons ⁽¹⁾	21/01/06	31/10/17	4/4		3/3	

(1) member of the board of directors and of the nomination and remuneration committee till 31/10/2017

Daily management – Effective officers

Effective officers

The daily management during the past financial year was entrusted to two members of the executive committee, namely Mr Jean-Louis Appelmans, CEO and managing director of Leasinvest Real Estate Management SA, effective officer since 13/02/2007, and Mr Michel Van Geyte, CIO and co-CEO and co-managing director since 15/05/2017, both executive directors.

Jean-Louis Appelmans (Chief Executive Officer), effective officer

Since it was established in 1999, Jean-Louis Appelmans (65), 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 BE-REIT (SIR/GVV) Retail Estates SA. Previously he worked in corporate banking at Chase Manhattan Bank (now JPMorgan Chase) from 1979 until 1986 and Crédit Lyonnais Belgium (1986-1989).

Michel Van Geyte (Chief Investment Officer and co-CEO), effective officer

Michel Van Geyte (52) was appointed as commercial manager of Leasinvest Real Estate Management SA in August 2004. He is currently an executive director of Leasinvest Real Estate Management SA and also a director of a/o Leasinvest Immo Lux SA.

Previously he worked at Knight Frank SA as a managing partner and has more than 20 years of experience in real estate.

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

Following the retirement of Jean-Louis Appelmans the board of directors of 15 February 2018 has decided to nominate Michel Van Geyte as the only managing director of Leasinvest Real Estate Management SA, only CEO of Leasinvest Real Estate Management SA/ Leasinvest Real Estate and (only) permanent representative of LREM, in conformity with the provisions of the Company Code.

Jean-Louis Appelmans and Michel Van Geyte effective officers, are assisted in their daily management by Tim Rens, CFO (till 01/05/2017 Piet Vervinck, CFO), and by OKIMONO SPRL, represented by its permanent representative, Sven Janssens, COO, who are not part of the effective leadership of the statutory manager, but with whom they jointly constitute the executive committee.

The nomination and remuneration committee has proposed to the board of directors on 26 March 2018 to appoint, as of 01/06/2018, Tim Rens and Sven Janssens as effective officers, resulting in effective leadership consisting of 3 persons, namely Michel Van Geyte, Tim Rens and Sven Janssens. This proposal will be presented to the board of directors for approval in May 2018. The FSMA also still has to approve the appointment of Tim Rens and Sven Janssens as effective officers.



From left to right: Sven Janssens, Michel Van Geyte, Tim Rens, Jean-Louis Appelmans

Executive committee

The executive committee consists of 4 people, namely:

Jean-Louis Appelmans, Chief Executive Officer, effective officer

Michel Van Geyte, Chief Investment Officer and co-Chief Executive Officer, effective officer

Tim Rens, Chief Financial Officer (37), who started his activities with Leasinvest Real Estate Management SA as of 1/05/2017, is company auditor, and has over 12 years of experience in audit at Deloitte, among which 4 years as Senior Audit Manager for a/o BE-REITs (SIR/GVV).

Mandates in other companies, currently and during the 5 previous financial years: Leasinvest Immo Austria GmbH, Adrestos BeteiligungsverwaltungsGmbH en Kadmos Immobilien Leasing GmbH.

OKIMONO BVBA, represented by its permanent representative, **Sven Janssens**, Chief Operating Officer (45), who started with Leasinvest Real Estate Management SA over 10 years ago and who has more than 20 years of experience in property management and previously worked at Immobel.

Mandates in other companies, currently and during the 5 previous financial years: Haven Invest NV, Leasinvest Services NV, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., S.Invest I SA, T&T Koninklijk Pakhuis NV, Leasinvest Immo Austria GmbH, Adrestos BeteiligungsverwaltungsGmbH en Kadmos Immobilien Leasing GmbH.

The executive committee is chaired by Jean-Louis Appelmans.

The Permanent Committee

The permanent committee meets regularly to discuss the current affairs of the company, to ensure adequate 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.

For the current affairs of Leasinvest Immo Lux and Leasinvest Immo Austria separate meetings of the permanent committee are held, specifically aiming at the activities in the Grand Duchy of Luxembourg and Austria.

The investment committee

The investment committee can meet 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, (a member of) effective leadership and the CFO, possibly assisted by external consultants for specific matters.

External representation – permanent representative

Statutory manager, Leasinvest Real Estate Management SA, represents the company in all judicial and extrajudicial affairs.

The statutory 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.

Pursuant to the provisions of article 61, §2, of the Company Code and article 14.6 of the articles of association of the company, the statutory manager has appointed a permanent representative among its directors, charged with the mandate of statutory manager of the public RREC, in the name and on behalf of Leasinvest Real Estate Management SA, and who is authorized to represent and legally bind the public RREC in relation to third parties, acting solely, but without infringing the RREC legislation.

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 of the company. The board of directors of 15 February 2018 decided to appoint Michel Van Geyte as permanent representative as of 01/06/2018, following the retirement of Jean-Louis Appelmans.

INTERNAL CONTROL, INDEPENDENT CONTROL FUNCTIONS AND RISK MANAGEMENT

Internal control

Based on COSO, the framework for internal control developed by 'The Committee of Sponsoring Organisations' of the Treadway Commission 'COSO', based on the scope of its activities, the company has taken a number of measures to support its internal control.

"Internal control" is the number of measures and procedures that aim at providing a reasonable certainty on:

1. reaching the targets
2. complying with legislations and procedures
3. availability of reliable financial and management information
4. efficient and economic use of resources
5. protection of assets
6. preventing fraud.

In view of exercising its activities, in accordance with article 17 of the RREC law, the company disposes of its own management structure and an administrative, accounting, financial and technical organization allowing it to exercise its activities in conformity with article 4 of the RREC law.

The company has, subject to the supervision of the effective officers, also arranged appropriate internal control, its functioning being checked at least annually. The internal control system ensures with a reasonable degree of certainty the realization of the following elements: management is well organized and cautious as to defined objectives; the resources are used economically and efficiently.

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 of realization, and that the assets of the company are invested in accordance with its articles of association and the prevailing legal and regulatory provisions, as well as the reliability of financial communication.

Administrative and accounting organization

The internal control system's objective is a reasonable degree of certainty on the reliability of financial reporting and its correspondence with the prevailing accounting regulations.

Integrity policy

The company has established an appropriate integrity policy that is updated regularly, and takes the necessary measures to continuously dispose of an appropriate, independent compliance function, as described below, supervising the integrity policy.

This policy comprises different aspects, among which preventing insider trading, conflicts of interest and the incompatibility of mandates, non-corruption and professional confidentiality.

The effective officers examine regularly which other domains and activities should be part of the scope of the compliance function.

Independent control functions

Independent internal audit function

The company disposes of an adequate independent internal audit function. The responsible for this internal audit function is held to an independent and permanent evaluation of the activities of the company and also examines the quality and efficiency of existing procedures and methods for internal control.

The independent person responsible for the internal audit function is Tim Rens, CFO (till 12/05/2017: Piet Vervinck, CFO) till the annual meeting of 22 May 2018. As of that date, Michel Van Geyte, co-CEO will be responsible. Both persons dispose of the required professional reliability and adequate expertise.

Moreover, the company has appointed BDO Bedrijfsrevisoren, represented by Steven Cauwenberghs as an external party, for a part of the internal audit. Jointly with the co-CEO, and after approval by the audit committee, a three year-planning is developed, with business cycles that will be analyzed by the internal auditor. The internal auditor reports its findings directly to the audit committee, in order to allow for a sound control by the latter.

Independent risk management function

The board of directors of the statutory manager of the company has decided to appoint Jean-Louis Appelmans as the person responsible for the risk management position (the risk manager) as a large number of risk are of a financial nature and are mainly situated in the acquisition activities of the company rather than in managing the real estate portfolio. Jean-Louis Appelmans is also an effective officer and director. The risk manager was appointed for a term of 3 years. Jean-Louis Appelmans disposes of the required professional reliability and adequate expertise. It will be proposed to appoint Tim Rens as risk manager as of 01/06/2018, to replace Jean-Louis Appelmans who is retiring. Tim Rens also disposes of the required professional reliability and adequate expertise. This will be presented for approval to the board of directors of 15 May 2018.

Independent compliance function

The responsibilities of the compliance function include ensuring compliance by the public BE-REIT (SIR/GVV), its statutory manager, directors, effective officers, members of the executive committee, employees and mandatories, with the legal provisions relating to the integrity of company activities. The mission of the compliance officer also includes supervising respect for rules of conduct and statements on transactions in Leasinvest Real Estate shares, for own account, by directors and other persons appointed by them, in order to limit the risk of abuse of inside information. The board of directors has appointed Mrs Micheline Paredis, Secretary-general of the company, as compliance officer, for an indefinite term; she disposes of the required professional reliability and adequate expertise. Given the temporary absence because of health issues of Micheline Paredis, Jean-Louis Appelmans temporarily exercises this function. As of 01/06/2018 this function will be exercised by Paul Van Lierde, Legal counsel.

Risk factors

The company is organized in such a way that if requested, besides the information that is published in the yearly and half-yearly reports, it can provide holders of securities additional information about the quantitative limits that apply to its 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.

The main risks the company is exposed to (Cf. Risk factors on page 4) are assessed regularly, and at least once per quarter. Procedures have been implemented to identify and monitor these risks, and to prevent their realization, and/or to estimate, control and follow up their potential impact. This evaluation is carried out within the audit committee – at least four times a year (e.g. analysis of possible derogations to the budget/outlook, hedging policy) as well as by the board of directors of the statutory manager, and by the person responsible for the risk management function.

Risk management policy*Investments and divestments*

A(n) (dis)investment decision is taken by the board of directors of the statutory manager, based on a proposal elaborated by 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 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.

REMUNERATION REPORT

Procedure for the development of the remuneration policy and general principles of the remuneration policy

The remuneration policy for the directors, the effective officers, the other leaders and persons in charge of daily management of the company has been developed already a couple of years ago by the board of directors based on proposals and advice of the nomination and remuneration committee, and is based on the general principles:

- to the independent directors, no remuneration based on performance is granted, not in their capacity of director, nor in that of member of a committee, they only receive a fixed remuneration; no other financial advantages are granted;
- to the other non-executive directors, a fixed remuneration can be granted by the board of directors, based on the conditions defined on the proposal of the remuneration committee;
- to the executive directors, effective officers, a variable remuneration is granted besides their fixed remuneration, based on the conditions defined by the board of directors on the proposal of the remuneration committee; the other leaders can also be granted fixed and variable remunerations.

Once a year (usually at the end of the financial year) the nomination and remuneration committee evaluates if and to what extent the remuneration policy needs to be amended for the following financial year.

The nomination and remuneration committee formulates recommendations on the level of the remuneration of the directors, subject to approval by the board of directors and, subsequently, by the general meeting of the company.

The remuneration for the directors is compared with similar functions in other companies of the REIT (SIR/GVV) sector to ensure that the remuneration is competitive and corresponds to the time invested in meetings of the board of directors and potentially the committees.

The fixed remuneration mainly consists of fixed remunerations in cash and can potentially be complemented by group and hospitalization remunerations and/or other potential benefits in kind, such as a company car. The variable remuneration granted to the executive directors is related to reaching the predefined objectives for the year, that are of both a qualitative and a quantitative nature (see hereafter).

The remuneration of the individual directors, the other leaders and the persons in charge of daily management of the company is further defined as follows:

- i) for the independent directors the fixed remuneration is individually defined based on a lump sum, moreover taking into account of which of the three committees (audit committee, nomination and remuneration

committee and committee of independent directors) the independent director is a member;


- ii) to the other non-executive directors a fixed remuneration can be granted based on the conditions to be defined by the remuneration committee and by analogy with the (fixed) remunerations granted to the independent directors;
- iii) for the effective officers (executive directors) and other leaders, the remuneration (fixed and potential variable part) is individually defined by the board of directors on recommendation of the nomination and remuneration committee, after a recommendation by the CEO to this committee.

The potential variable remuneration is defined in function of the general satisfaction on the yearly performance and whether the year objectives were met or not.

The level of the variable remuneration of the effective officers can also be defined by an exceptional performance that was requested in the course of the financial year. The remuneration of the effective officers and other leaders is defined in order to attract executive managers, motivate and retain them, and is geared to their respective responsibilities, required relevant experience and competences, and taking into account the market standards for similar functions.

The effective officers and other leaders do not receive any remuneration that is based on the overall financial results of the company, nor do they receive a variable remuneration in cash based on the long-term. An adjustment of the salaries is possible in view of specific events of the company that may occur.

As of 2017 the annual objectives for the effective officers were amended¹ and are based on the following important criteria, weighted as follows:

- a) financial and portfolio criteria (33,33%) a/o EPRA Earnings  , EPS, control of debt ratio, funding, hedging and funding of further growth, control of occupancy rate, duration of leases, re-lettings of vacant buildings, responding to important lease breaks and elaborating (re) development projects;
- c) execution of the strategy (33,33%) a/o further divestment of less qualitative buildings within the framework of the continuous improvement of the quality of the portfolio (mainly (older) (office and logistics)) buildings and non-strategically located buildings in the Grand Duchy of Luxembourg, further search for potential investment opportunities mainly in Luxembourg and Austria, developing redevelopment projects for Treesquare, Montoyer 63, Strassen and CFM.

¹ As already announced in the Annual financial report 2016 on page 71 under the item 'Remuneration policy for the coming years', §2, iii).

- d) organizational & management capacities (33,33%) a/o organization in the 3 different countries the company operates in, preparation of the succession of the end of the mandate of Jean-Louis Appelmans as CEO mid-2018 and development of management, leadership, personnel management and investor relations.

The evaluation of the annual performance reached compared to the predefined objectives is on the one hand based on quantitative criteria, such as a/o:

- reaching financial key figures,
- realizing projects agreed upon (e.g. obtaining an urban permit, successfully finalizing a renovation project)

and, realizing qualitative criteria, a/o

- collaboration with the rest of the personnel/team,
- integration within the team,
- feedback of personnel the manager is responsible for,
- timely reaching internal and external deadlines in dossiers, etc.

The result of the predefined year objectives is individually discussed with the person concerned, at least once a year, usually at the end of the financial year, by the CEO, subsequently by the chairman of the board of directors (currently the same person as the chairman of the nomination and remuneration committee), based on an (individual or joint) evaluation and functioning interview, of which the conclusions are first presented to the nomination and remuneration committee and afterwards to the board of directors.

The level of the remuneration is defined by the nomination and remuneration committee taking into account the global remuneration policy and according to internal procedures used by the remuneration committee a/o taking into account the remuneration granted in the past for similar functions and after a limited benchmark for the same functions in comparable companies.

Remuneration report

The remuneration proposed by the nomination and remuneration committee is first presented for approval to the board of directors, before it can actually be implemented. The remuneration report proposed by the nomination and remuneration committee and approved by the board of directors is subsequently presented for approval to the general meeting of shareholders of the company.

Important contractual clauses

A compensation for leaving of 24 months has been agreed on for Jean-Louis Appelmans (CEO). As this compensation exceeds the provisions of article 554 of the Company Code, 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, after the advice of the nomination and remuneration committee, has been approved separately by the general meeting of shareholders of the company held on 16/05/2011.

Furthermore a compensation for leaving of 16 months was agreed upon in the past for Michel Van Geyte (co-CEO). As this compensation for leave exceeds the provisions of article 554 of the Company Code, this provision in the management contract with Mr Michel Van Geyte will have to be approved separately by the general meeting of shareholders of the company that will be held on 22/05/2018 upon the advice of the nomination & remuneration committee.

The contracts with the other members of the executive committee contain the usual provisions with regard to remuneration (fixed and variable), non-competition and confidentiality. The contracts are valid for an unspecified term. No other contracts were concluded after 1 July 2009, except for the contracts with Tim Rens and Okimono SPRL represented by Mr Sven Janssens.

Except with regard to the two CEO's (see above), for the other members of the executive committee, no specific compensations for leaving were recorded in the management or employment contracts concluded, which makes that article 554 of the Company Code does not apply.

Remuneration policy for the coming years

Except for the fact that Mr Jean-Louis Appelmans will lay down his function of CEO as of the next general meeting of shareholders to be held on 22/05/2018, the remuneration policy for the financial years 2018 and 2019 is not expected to be amended in an important way, and the remuneration will to a large extent be based on the same basis as that for 2017.

Remuneration financial year 2017

I. Total amount remuneration directors

With regard to the financial year 2017 the executive and non-executive directors of the statutory manager of the company received remunerations, directly and/or indirectly, for all services rendered, for a total amount of € 1,098,630 (excluding VAT).

II. Remuneration individual directors

A. Non-executive directors

The remunerations paid for the financial year 2017 to the independent directors and the other non-executive directors as members of the consultative committees were fixed, irrespective of the number of meetings of each committee held during the financial year 2017. No benefits in kind were granted to the independent directors and other non-executive directors.

The following remunerations were granted to the independent and non-executive directors for the financial year 2017 on an individual basis:

To Messrs Michel Eeckhout and Mark Leysen, independent directors, for the 2017 financial year a total amount of € 30,000 was paid as follows:

- a fixed-rate remuneration of € 20,000;
- a fixed remuneration of € 4,000 as a member of the audit committee;
- a fixed-rate remuneration of € 4,000 as a member of the nomination and remuneration committee;
- a fixed remuneration of € 2,000 as a member of the committee of independent directors.

To Mr Eric Van Dyck, independent director, for the 2017 financial year a total amount of € 26,000 was paid as follows:

- a fixed-rate remuneration of € 20,000;
- a fixed-rate remuneration of € 4,000 as a member of the nomination and remuneration committee;
- a fixed remuneration of € 2,000 as a member of the committee of independent directors..

To Mrs Sonja Rottiers, other director, a total amount of € 24,000 was paid for the financial year 2017, as follows:

- a fixed remuneration of € 20,000;
- a fixed remuneration of € 4,000 as chairwoman of the audit committee.

	Fixed remuneration BoD	Fixed remuneration AC	Fixed remuneration NRC	Fixed remuneration committee of inde- pendent directors	Total
Michel Eeckhout	20,000	4,000	4,000	2,000	30,000
Mark Leysen	20,000	4,000	4,000	2,000	30,000
Eric Van Dyck	20,000	-	4,000	2,000	26,000
Jan Suykens	-	-	-	-	-
Piet Dejonghe	-	-	-	-	-
Guy van Wymersch- Moons					
(till 31/10/2017)	-	-	-	-	-
Sonja Rottiers	20,000	4,000	-	-	24,000
Total non-executive directors	80,000	12,000	12,000	6,000	110,000

B. Executive directors and 'other leaders' – effective officers – executive committee

With regard to the financial year 2017, the executive directors and 'other leaders' of the statutory manager of the company" (in the sense of article 96 §3, 7° of the Company Code), i.e. the effective officers and the other members of the executive committee, i.e. the CFO (Piet Vervinckt till May 2017 and Tim Rens as of May 2017) and the COO, Okimono SPRL represented by its permanent representative, Sven Janssens, received, directly and/or indirectly, for all services rendered on behalf of the statutory manager, remunerations for a global amount of € 1,390,355, among which:

- fixed remuneration in cash: € 1,068,983;
- variable remuneration in the form of bonuses: € 256,000;
- group insurance (type defined contribution): € 48,575;
- benefits in kind: € 16,797 as other components of remuneration.

A reproduction of the remuneration on an individual basis of the COO and the CFO, all members of the executive committee, is not reproduced in the remuneration report, as this demand only applies to the 'main representative of the other leaders' (article 96 §3, 6° of the Company Code) or the CEO (principle 7.14 of the Corporate Governance Code) and the co-CEO.

For that reason, only the remuneration of the CEO's is presented on an individual basis in the remuneration report below, but not that of the other members of the executive committee.

C. Remuneration of the two CEO's

Since the general meeting held on 15 May 2017, the company has two CEO's, namely Mr. Appelmans en Michel Van Geyte (also CIO). Both have fixed and variable remunerations covering their functions as members of the board of directors and CEO, as well as a Defined Contribution pension plan (only for Mr Jean-Louis Appelmans), 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 financial year 2017, to the two CEO's on an individual basis, directly and indirectly². They did not receive any specific benefits in kind.

CEO	fixed	insurance	variable	total
Jean-Louis Appelmans	€ 387,897	€ 42,733	€ 98,000	€ 528,630
Michel Van Geyte	€ 362,000	-	€ 98,000	€ 460,000
Total two CEO's	€ 749,897	€ 42,733	€ 196,000	€ 988,630

D. Global remuneration of the other members of the executive committee

The executive committee consists, as explained above, of:

1. Mr Jean-Louis Appelmans, CEO, managing director and effective officer,
2. Mr Michel Van Geyte, CEO and also CIO and effective officer,
3. Mr Piet Vervinckt, CFO till May 2017,
4. Mr Tim Rens, CFO as of May 2017, and
5. Okimono SPRL represented by Mr Sven Janssens, COO.

The members of the executive committee, among which the effective officers, have no stock options, nor other share-related remunerations, in accordance with the remuneration policy of the company.

The fixed remuneration of the members of the executive committee, among which the effective officers, 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 of the members of the executive committee, among which the effective officers, was defined in function of reaching the (annual) objectives or not and potential exceptional performances based on the criteria mentioned above. The nomination and remuneration committee yearly defines the form of the variable remuneration granted to the effective officers and members of the executive committee, which were mainly bonuses ("tantièmes") in the financial year 2017.

The global gross amount of the remuneration and other benefits, directly or indirectly³, granted by the company or its subsidiaries in 2017 to the other members of the executive committee and the other leaders, totals € 401,725 (excluding VAT) and can be broken down as follows:

Fixed	Group insurance	Benefits in kind	Variable	Total
€ 319,086	€ 5,842	€ 16,797	€ 60,000	€ 401,725

¹ Also intending a/o the members of each committee in which general management of the company is discussed, and organized a part from the regulation of article 524bis of the Company Code, i.e. the executive committee. "Other leaders" are interpreted as being members of the executive committee.

² A/o via Granvelle Consultants & Co SPRL and Midhan SPRL.

³ A/o via Granvelle Consultants & Co SPRL, respectively Midhan SPRL, respectively Okimono SPRL.

RELATED-PARTY TRANSACTIONS - CONFLICTS OF INTEREST

Article 523 of the Company Code

The board of directors declares that, to its knowledge, no situations of conflicts of interest as defined by article 523 of the Company Code occurred during the past financial year between the directors of the statutory manager or members of the effective leadership or executive committee and the company, except for the fact, that in application of article 523 § 1 last paragraph of the Company Code, with regard to the procedure for the prevention of conflicts of interest in listed companies, Messrs Appelmans and Van Geyte did not take part in the deliberation and decision-making of the proposals with regard to the remuneration of the managing director and the effective officers.

As to the consequences in terms of the assets of the company, please refer to the aforementioned details about remuneration.

Article 524 of the Company Code

During the past financial year no situations occurred in which the provisions of article 524 of the Company Code had to be applied.

Articles 37 and 38 of the SIR/GVV law

Article 37 of the SIR/GVV law foresees a preliminary notification to the FSMA when in the case of an operation with the public REIT (SIR/GVV) one of its subsidiaries, some people mentioned in the article, directly or indirectly act as a counterparty or get a patrimonial benefit. In its notification to the FSMA the company has to demonstrate the interest of the planned operation for the company, and also that the planned operation fits within the normal course of the company strategy.

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 (www.leasinvest.be), the company has subscribed to the policy that a director, the effective officers or members of the executive committee (or their closest relatives) who, directly or indirectly, (i) have 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 the company or (ii) has an interest of a patrimonial nature that is opposed to a decision or operation of the company but that is in principle not subject to the competences of the board of directors, that person should immediately inform the chairman of the board of directors. 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.

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

The possibility that potential conflicts of interest could arise between the directors of the statutory manager or members of the executive committee and the company, 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 Code do not apply) could arise with directors appointed on the proposal of Ackermans & van Haaren SA, if operations are carried out between the companies related to Ackermans & van Haaren SA and/or the statutory manager and the company or another company from the Leasinvest Real Estate Group.

A potential conflict of interest could occur between the company and the statutory manager or between the company and Leasinvest Services SA or between the company or Leasinvest Immo Lux SA and its subsidiaries within the framework of a potential further restructuring of the property management and/or amendment to the organization structure. In the past financial year no specific restructurings took place, nor was the organization structure amended in a way that a conflict of interest could have arose.

A potential conflict of interest could finally potentially arise by reason of the director's function exercised by the managing director, Jean-Louis Appelmans, in the public REIT (SIR/GVV) Retail Estates SA or on account of the function of Eric Van Dyck within the framework of potential investments in Luxembourg and Austria that could also be considered as investment objects for Redevco (till end October 2017) or following his new function with Cushman & Wakefield.

In the past financial year, no conflict of interest on the account of the function of director arose.

Research and development

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

Code of conduct for financial transactions

The board of directors has published its policy regarding the prevention of market abuse in its Corporate governance Charter (www.leasinvest.be).

A procedure has been developed regarding transactions in Leasinvest Real Estate shares by the directors, the members of the executive committee or personnel. During the past financial year this procedure was not applied.

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

Structure of the capital

The company is a partnership limited by shares (SCA) with one statutory manager, Leasinvest Real Estate Management SA. Its registered capital is divided in 4,938,870 shares with voting rights, with no-par value, which represent each 1/4,938,870 of the capital.

Shareholder structure

For the shareholder structure and the transparency notifications we refer to Leasinvest Real Estate share on page 85.

Legal or statutory limitations as to the transfer of securities

There are no legal or statutory limitations as to the transfer of securities.

The statutory manager has a statutory right of veto according to article 29.1 of the articles of association (according to article 659 of the Company Code) 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.

Legal or statutory limitations as to exercising the voting right

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.

Stock option plan for employees

There is no stock option plan for employees.

Shareholder's agreements

No shareholder's agreements were concluded.

The competences of the managing body, namely with regard to the possibility of issuing or redeeming shares

As to the authorization granted to the statutory manager to proceed to the issue of shares, we refer to article 7 of the articles of association of the company.

As to the authorization granted to the statutory manager to proceed to acquiring (or alienating) treasury securities, we refer to article 11 of the articles of association of the company.

The rules for nominating and replacing members of the management body and for amendments to the articles of association

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 52.

The general meeting of the company 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 statutory 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 $\frac{3}{4}$ 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 provisions.

Important agreements by which the issuer is a party and that enter into force, undergo amendments or end in the case of a change of control over the issuer after a public take-over bid

For the conditions of the bonds, among which a clause with regard to a change in control, issued on 9 October 2013 by the company, we refer to the transaction note on the website www.leasinvest.be (investor relations – prospectus).

The conditions of the bonds, among which a clause with regard to a change in control, (private placement) issued by the company on 4 December 2013 can be obtained at the registered office of the manager of the company.

Besides the aforementioned clauses in the case of a change in control, there are no other important agreements concluded by the company that enter into force, change or end in case of a change in the control over the company after a public take-over bid.

Agreements between the company and its statutory manager, directors or employees that foresee compensations for leaving in the case of a public take-over bid

Furthermore, no agreements are concluded between the company, 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.

Corporate social responsibility

Corporate social responsibility is an integral part of the daily management of Leasinvest Real Estate and is part of its on-going 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.

The roof of the Frun® retail park in Asten was also equipped with solar panels to optimize the sustainability of the park, resulting in an annual on-site production of over 500.000 KWh of green energy and a reduction in CO2 emission of 400 tons.

On the roof of the Royal Depot a solar panel installation is also operational. In 2018 solar panels will also be installed on the roof of The Crescent Anderlecht.

A plan was developed to install charging stations for electrical vehicles on the parking lots of Motstraat Malines and The Crescent Anderlecht in 2018.

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 are operational since 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.

Realized and planned actions

General

In the course of 2012 intelligent electricity meters were installed in the following buildings of the Belgian real estate portfolio:

- Riverside Business Park, Anderlecht
- The Crescent, Anderlecht

Discharge to the manager and to the auditor

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.

It is proposed to the general shareholders' meeting to discharge the statutory manager and the auditor for the exercise of their mandates during the financial year closed on 31/12/2017.

Drawn up in Antwerp on 15/02/2018

Belgium

Office building The Crescent Anderlecht: BREEAM In-use score was improved from 'Very good' to 'excellent' (2015)

Office building Motstraat Malines: BREEAM In-Use (2013), score 'Good'

Redevelopment office building Treesquare: objective is BREEAM Excellent (2018)

Redevelopment office building Montoyer 63: objective is BREEAM Excellent (2018) – in the meantime a BREEAM interim 'design stage' with rating Excellent was already obtained (2017)

JEAN-LOUIS APPELMANS

Managing director

JAN SUYKENS

Chairman of the board of directors

Luxembourg

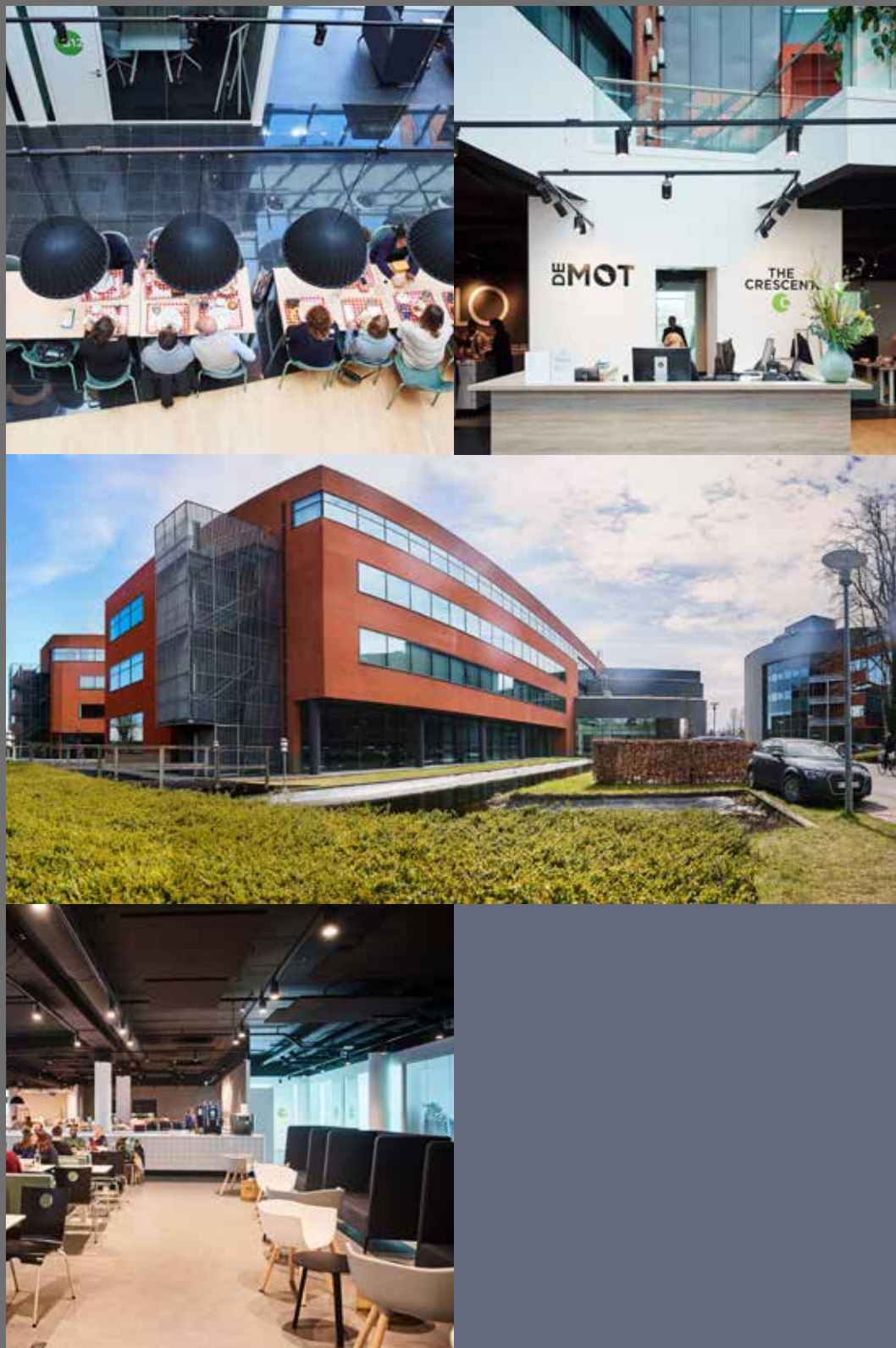
Office building Monnet: BREEAM Refurbishment Excellent expected based on file submitted in February 2016

Cultural and social involvement

Sponsoring of cultural organisations such as Stichting Conservatorium Antwerpen (www.stichtingconservatorium.be), the open-air museum for sculpture Middelheim/Middelheim Promotors vzw (www.middelheimmuseum.be; www.middelheimpromotors.be) and the Royal Museum of Fine Arts in Antwerp (www.kmska.be) reflect Leasinvest Real Estate's involvement in the social and cultural society.

Each year new opportunities are analysed and new initiatives are taken. In 2017 this was Les Echos du Quartier.

Alternative Performance Measures



De Mot Malines • Belgium

As is customary in the BE-REIT (SIR/GVV) sector Leasinvest Real Estate presents in its financial results a number of Alternative Performance Measures (APMs) in accordance with the directives of the European Securities and Markets Authority (ESMA) of 5 October 2015. A number of these APMs are recommended by the European Public Real Estate Association (EPRA), other APMs are considered to be mainstream within the sector in order to provide better insight in the financial results and performances reported. The APMs in this annual financial report are indicated by ◀. Performance measures defined by IFRS standards or physical or non-financial performance measures are not considered to be APMs. Moreover, the ESMA directives do not apply to APMs reported in the financial statements of reported in conformity with the current legislation.

In consultation with the sector it has been decided to replace the APM 'net current result' by 'EPRA Earnings' ▶.

Details of the calculations of the EPRA performance measures



Leasinvest Real Estate received for its annual financial reports 2012-2016 an EPRA Gold Award. The EPRA KPI's are communicated for information purposes only and are not required by the regulation on REIT (SIR/GVV) and are also not subject to any review by public bodies. No EPRA performance measure was audited by the auditor, except for the EPRA Earnings, EPRA NAV and EPRA triple NAV.

For the report of the real estate expert we refer to the Real estate report on page 110 and for more information on the real estate experts and their remuneration, we refer to the Permanent document on page 188.

EPRA EARNINGS ◀

EPRA earnings (€ 1 000)	31/12/2017	31/12/2016
Net Result – Group share as mentioned in the financial statements	47 545	29 436
Net Result per share - Group share as mentioned in the financial state-ments (in €)	9.63	5.96
Adjustments to calculate the EPRA Earnings	-20 042	-1 561
To exclude:		
(i) Changes in fair value of investment properties and assets held for sale	-22 348	1 462
(ii) Result on the sale of investment properties	2 798	-3 583
(vi) Changes in fair value of financial instruments	-492	560
(viii) Deferred taxes	0	
EPRA Earnings	27 503	27 875
Number of registered shares in the result of the period	4 938 870	4 935 478
EPRA Earnings per share (in €)	5.57	5.65

EPRA NAV ◀

EPRA NAV (€ 1 000)	31/12/2017	31/12/2016
NAV according to the financial statements	382 206	356 407
NAV per share according to the financial statements (in €)	77.4	72.2
To exclude		
(i) Fair value of the financial instruments	32 630	48 152
EPRA NAV	414 836	404 559
Number of registered shares in the result of the period	4 938 870	4 935 478
EPRA NAV per share (in €)	84.0	82.0

EPRA TRIPLE NET ASSET VALUE ◀

EPRA Triple Net Asset Value (€ 1 000)	31/12/2017	31/12/2016
EPRA NAV	414 836	404 559
Adjustments:		
(i) Fair value of the financial instruments	-32 630	-48 152
(ii) Revaluation of debts at FV	-1 245	-6 349
EPRA NNNAV	380 961	350 058
Number of registered shares in the result of the period	4 938 870	4 935 478
EPRA NNNAV per share (in €)	77.1	70.9

EPRA NIY & EPRA TOPPED UP NIY ◀

EPRA Net Initial Yield (NIY) and Topped up Net Initial Yield (topped up NIY) (€ 1 000)		31/12/2017	31/12/2016
Investment properties and assets held for sale		902 994	859 931
To exclude:			
Assets held for sale		0	-54 967
Development projects		-54 400	-30 663
Real estate available for lease		848 594	774 301
Impact FV of estimated transfer rights and costs from hypothetical disposal of investment properties		-518	444
Estimated transfer rights and costs resulting from hypothetical disposal of investment properties		7 598	9 167
Investment value of properties available for lease	B	855 674	783 468
Annualized gross rental income		56 892	56 540
Annualized property charges		-12 253	-10 933
Annualized net rental income	A	44 639	45 607
Gratuities expiring within 12 months and other lease incentives		293	317
Annualized and adjusted net rental income	C	44 932	45 924
EPRA NIY	A/B	5.22%	5.82%
EPRA Topped up NIY	C/B	5.25%	5.86%

EPRA VACANCY ◀ 2017

EPRA Vacancy (€ 1 000)		31/12/2017			
		Offices	Logistics	Retail	Total
Rental surface (in m²)		163 581	132 831	188 733	485 145
Estimated Rental Value of vacant spaces	A	1.90	0.26	0.53	2.69
Estimated Rental Value of total portfolio	B	24.03	4.13	23.57	51.73
EPRA Vacancy	A/B	7.91%	6.30%	2.25%	5.20%

EPRA VACANCY ◀ 2016

EPRA Vacancy (€ 1 000)		31/12/2016			
		Offices	Logistics	Retail	Total
Rental surface (in m²)		110 897	162 011	176 977	449 885
Estimated Rental Value of vacant spaces	A	1.24	0.17	0.22	1.63
Estimated Rental Value of total portfolio	B	19.34	9.38	28.15	56.87
EPRA Vacancy	A/B	6.41%	1.81%	0.78%	2.87%

EPRA COST RATIO ◀

EPRA cost ratio (€ 1 000)		31/12/2017	31/12/2016
Other rental-related income and expenses		-3 213	-2 554
Property charges		-9 922	-9 438
General corporate overhead		-2 913	-3 220
Other operating charges and income		-453	1
EPRA costs including rental vacancy costs	A	-16 501	-15 211
Direct costs of rental vacancy		1 226	1 080
EPRA costs excluding rental vacancy costs	B	-15 275	-14 131
Rental income	C	56 892	56 647
EPRA Cost ratio (including direct vacancy)	A/C	-29.00%	-26.85%
EPRA Cost ratio (excluding direct vacancy)	B/C	-26.85%	-24.95%

LIKE-FOR-LIKE RENTAL INCOME ◀

Changes in gross rental income at constant portfolio (like-for-like)	31/12/2017 vs. 31/12/2016
Gross rental income at previous reporting period (€ 1000)	56 011
Changes 2016 - 2017 to exclude	1 962
- Changes following acquisitions	3 579
- Changes following divestments	-1 617
Gross rental income at closing date of the reporting period (€ 1000)	56 418
Change like for like (€ 1000)	-1 555
Change like for like (%)	-2.78%

CAPEX

Investment capex 2017 (€ 1 000)	LRE	Belgium	Luxembourg	Switzerland	Austria
(1) Acquisition capex	93,181		36,155		57,026
(2) Capex (incl. development and reallocation)	22,505	16,716	4,065		1,724
(3) Capex recurrent real estate portfolio	4,940	1,692	3,248		
(4) Other	0				
TOTAL CAPEX	120,626	18,408	43,468	0	58,750

Details of the calculations of the Alternative Performance Measures¹ (APMs) used by Leasinvest Real Estate

RESULT ON THE PORTFOLIO ◀

Result on the portfolio (€ 1 000)	31/12/2017	31/12/2016
Result on sale of investment properties	-2 798	3 584
Changes in fair value of investment properties	24 594	-1.462
Latent taxes on portfolio result	-2 246	0
Result on the Portfolio	19 550	2 122

NET RESULT – GROUP SHARE (AMOUNT PER SHARE) ◀

Net result – group share (amount per share)	31/12/2017	31/12/2016
Net Result - group share (€ 1000)	47 545	29 436
Number of registered shares in circulation	4 938 870	4 935 478
Net Result - group share per share	9.63	5.96

NET ASSET VALUE BASED ON FAIR VALUE (AMOUNT PER SHARE) ◀

Net Asset value based on fair value (amount per share)	31/12/2017	31/12/2016
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	382 206	356 407
Number of registered shares in circulation	4 938 870	4 935 478
Net Asset Value (FV) group share per share	77.4	72.2

¹ Excluding the EPRA performance measures that are also considered as APM and are reconciled above on page 73.

NET ASSET VALUE BASED ON INVESTMENT VALUE (AMOUNT PER SHARE) ◀

Net Asset Value based on investment value (amount per share)	31/12/2017	31/12/2016
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	382 206	356 407
Investment value of the investment properties per 31/12 (€ 1000)	921 141	876 747
Fair value of the investment properties per 31/12 (€ 1000)	902 994	859 931
Difference Investment value – Fair value per 31/12 (€ 1000)	18 147	16 816
TOTAL	400 353	373 223
Number of registered shares in circulation	4 938 870	4 935 478
Net Asset Value (IV) group share per share	81.1	75.6

AVERAGE FUNDING COST ◀ IN %

Average funding cost in %	31/12/2017	31/12/2016
Interest charges on an annual basis (€ 1000)	-14 905	-13 654
Commitment fees on an annual basis (€ 1000)	-1 127	-1 309
Interest paid incl. commitment fees on an annual basis (€ 1000)	-16 032	-14 963
Weighted average withdrawn debt (€ 1000)	536 071	515 417
Average funding cost in %	2.99%	2.90%

COMPREHENSIVE INCOME – GROUP SHARE (AMOUNT PER SHARE) ◀

Comprehensive income – Group share (amount per share)	31/12/2017	31/12/2016
Net result - Group share (€ 1000)	47 545	29 880
Other elements of comprehensive income	2 438	-12 246
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	11 367	-9 068
Changes in the effective part of the fair value of financial assets available for sale	-9 211	-3 178
Changes in the reserve for treasury shares	281	
Comprehensive income – Group share	49 983 ⁽¹⁾	17 634
Number of registered shares in circulation	4 938 870	4 935 478
Comprehensive income – Group share per share	10.12 ⁽¹⁾	3.57

(1) The comprehensive income, group share, differs from that in the press release of 22/02/2018. However, this has no impact on the EPRA Earnings ◀, net result or shareholders' equity.

Leasinvest Real Estate share

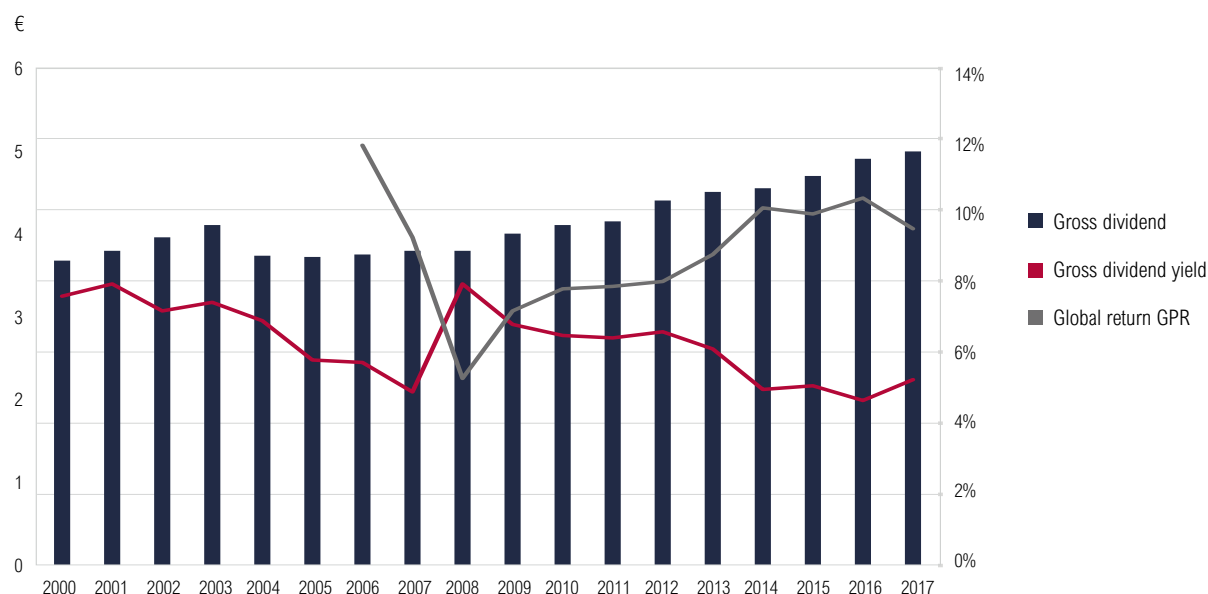


Montoyer 63 Brussels CBD • Belgium



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), as well as the total return according to GPR. The gross dividend shows an increasing trend as from 2008.



Gross dividend yield = gross dividend/closing price on 31/12.

Global return: source GPR: www.globalpropertyresearch.com

The return for the shareholders based on the global return GPR, is based on the nominal total returns, including reinvestment of the dividends.

Returns are presented in the local currency and are based on the closing price of each month.

Key figures and graphs

	31/12/2017	31/12/2016
Number of listed shares (#)	4,938,870	4,938,870
Number of issued shares (#)	4,938,870	4,938,870
Number of shares entitled to dividends of the period (#)	4,938,870	4,935,478
Market capitalization based on closing price (€ million)	474	521
Free float (%)	35%	35%
Closing price (€)	96.0	105.5
Highest price (€)	107.95	114
Lowest price (€)	93.99	87.75
Average monthly traded volume (#)	28,728	30,897
Velocity (%) (1)	6.98%	7.51%
Free float velocity (%) (2)	19.94%	21.45%
Premium based on closing price vs NAV (fair value)	24%	46%
Gross dividend (€)	5.00	4.90
Net dividend • (€)	3.50	3.43
Gross dividend yield (3)	5.21%	4.64%
Payout ratio (consolidated)	89.8%	86.9%
Payout ratio (statutory)	84.6%	82.0%

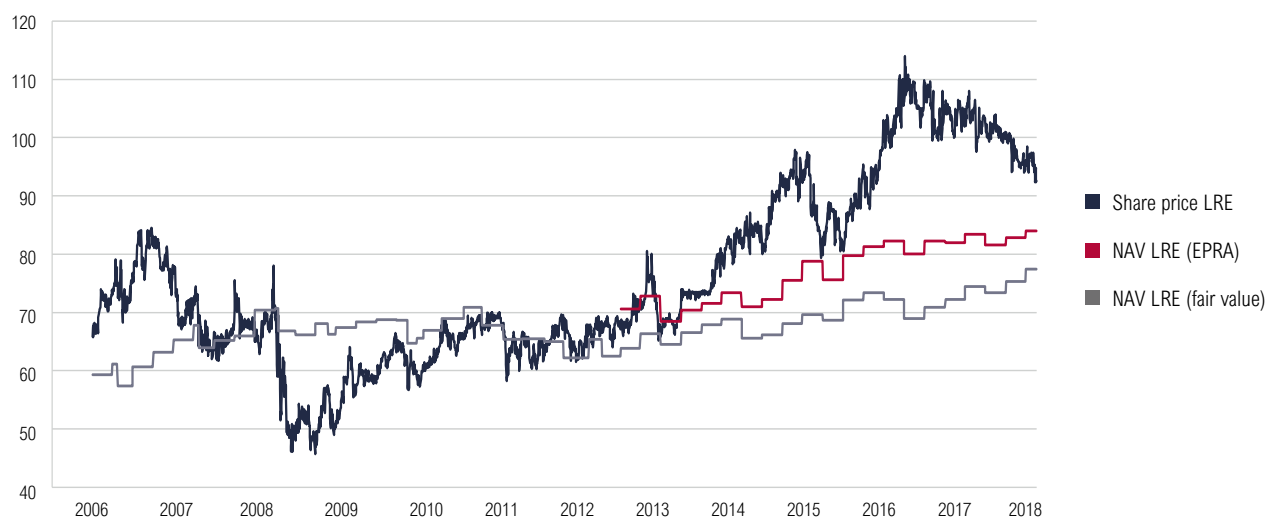
• Based on a withholding tax of 30%.

(1) Number of traded shares / total number of listed shares.

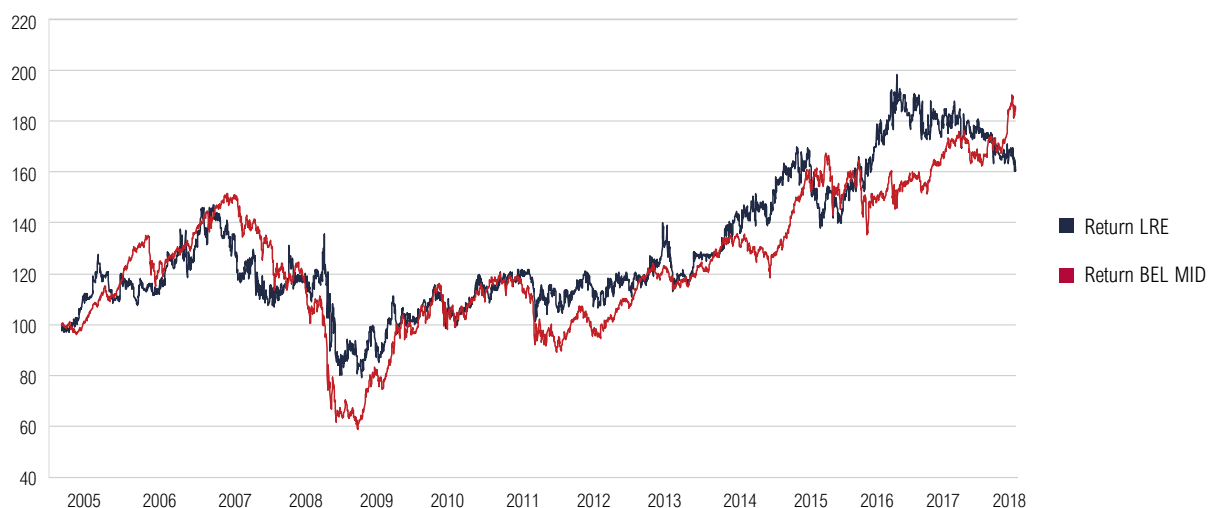
(2) Number of traded shares / (total number of listed shares * free float).

(3) Gross dividend / closing price.

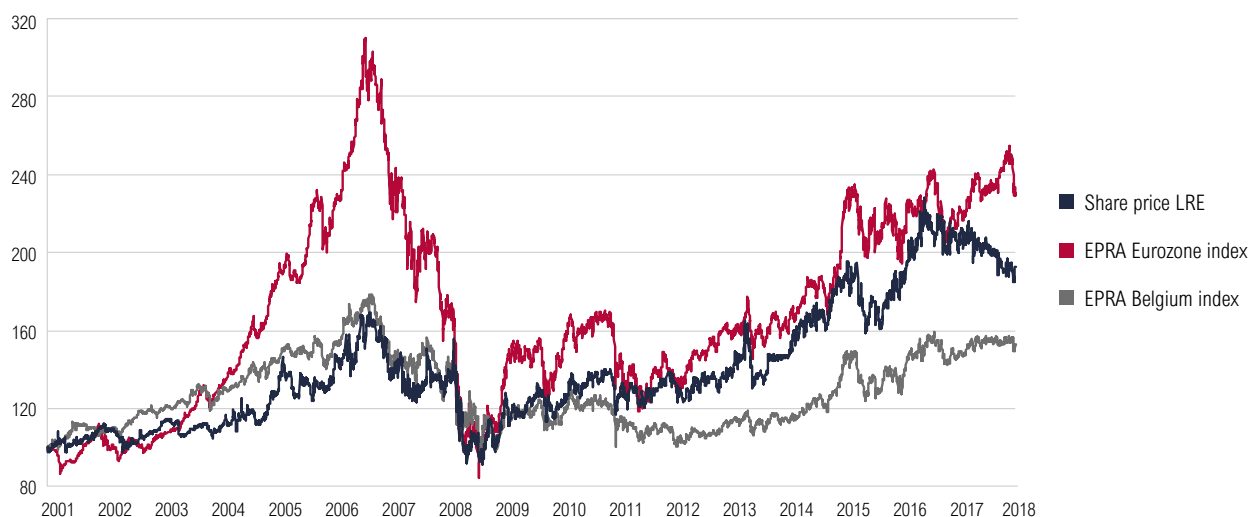
Price premium/discount Leasinvest Real Estate share price versus NAV



Comparison of return of Leasinvest Real Estate with the return on BEL Mid index¹



Comparison of Leasinvest Real Estate share price with the return of the EPRA indices (www.epra.com)²



¹ Index to consult in the financial newspapers and on the internet.

² Information from EPRA, not verified by any authority.

The Leasinvest Real Estate share closed at € 96.0 (2016: € 105.5). The highest share price of € 107.95 was reached on 19 April 2017. The premium compared to the net asset value based on the fair value decreased in 2017 to 24%.

The average monthly transaction volume of the share decreased in the course of the past financial year to 28,728 shares in comparison with 30,897 in 2016.

As shown by the graph, the Leasinvest Real Estate share follows the trend of the BEL MID Index, the share being included since 21 March 2016. Towards end 2017 the BEL MID index outperformed the Leasinvest Real Estate share.

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 significant 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, performed however remarkably better than the Leasinvest Real Estate share.

Analysts' coverage

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Dividend policy

In accordance with article 13 of the RD on RREC, in case a profit is recorded for the financial year, at least the positive difference between the following amounts has to be paid out:

- (i) 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) and
- (ii) the net decrease of financial debt in the course of the financial year of the public REIT (SIR/GVV).

Furthermore, article 617 of the Company Code also has to be taken into account.

The company 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 155 et seq of the Financial statements.

Liquidity Provider

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

Shareholders' calendar

30/03/2018	Annual financial report 2017
17/05/2018	Interim statement Q1 (31/03/2018)
22/05/2018	Annual meeting of shareholders
28/05/2018	Dividend payment
24/05/2018	Ex-date
25/05/2018	Record date
23/08/2018	Half-year financial report 2018
20/11/2018	Interim statement Q3 (30/09/2018)
21/02/2019	Annual results 2018 (31/12/2018)

Shareholder structure

	Number of issued and listed shares	Percentage of participation
Ackermans & van Haaren	1,481,959	30.01%
AXA SA	1,431,883	29.0%
AG Insurance	295,448	5.99%
Unknown	1,729,580	35.0%
Total	4,938,870	100%

TRANSPARENCY NOTIFICATIONS

Each shareholder exceeding a threshold of three per cent (3%) (statutory threshold) and/or exceeding (the legal) threshold of 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 holds in accordance with the current legislation.

For more information on the transparency notifications by Ackermans & van Haaren SA and AXA SA, including the chains of control, received in 2017, we refer to www.leasinvest.be (investor relations – shareholders and transparency).

The statutory manager Leasinvest Real Estate Management SA holds 5 Leasinvest Real Estate shares. The shares in Leasinvest Real Estate Management SA are 100% held by Ackermans & van Haaren SA, exercising exclusive control over Leasinvest Real Estate.

Real estate report



Frun® Park Asten & Stadlau Vienna • Austria



Michel Van Geyte • Co-CEO

“In 2017 we reached a critical mass in Austria with our additional investments, allowing for an efficient management of our Austrian portfolio. The additional investments in the Grand Duchy of Luxembourg, on the other hand, confirm our dominant position as real estate investor in that market.

In Belgium we respond to the market demand for new high-quality and sustainable buildings in the heart of Brussels, with our 2 office buildings under redevelopment in the Brussels CBD.”

Main acquisitions and redevelopments

RETAIL BUILDINGS IN STADLAU – VIENNA, AUSTRIA

The retail buildings Leasinvest Real Estate holds in portfolio since 16 October 2017 relate to respectively a DIY store Hornbach Baumarkt of 13,300 m² and 10 stores with a global surface of 11,000 m² in a retail park 'Gewerbepark Stadlau' situated in the City of Vienna (district no 22 Stadlau).

Both are very well located retail sites with an important footfall and holding leading positions in the City of Vienna.

The different indexed rental contracts are concluded with renowned international and local retailers, among which the most important are Hornbach Baumarkt, Lidl, Intersport, DM (drugstore), CCC (shoes) and TK Maxx (clothing).

Together with the acquisition end 2016 of the retail park Frun Park® Asten located in Linz, Austria, the portfolio of Leasinvest Real Estate in Austria currently represents 11% of the consolidated real estate portfolio.

Hornbach Baumarkt

Year of construction: **1997**

13,300 m² shops - 280 parking spaces

Occupancy rate: **100%**

Total investment: **€ 27.4 million⁽¹⁾**

Rental yield ▼ (average): **5.14%**

Gewerbepark Stadlau

Year of construction: **2016**

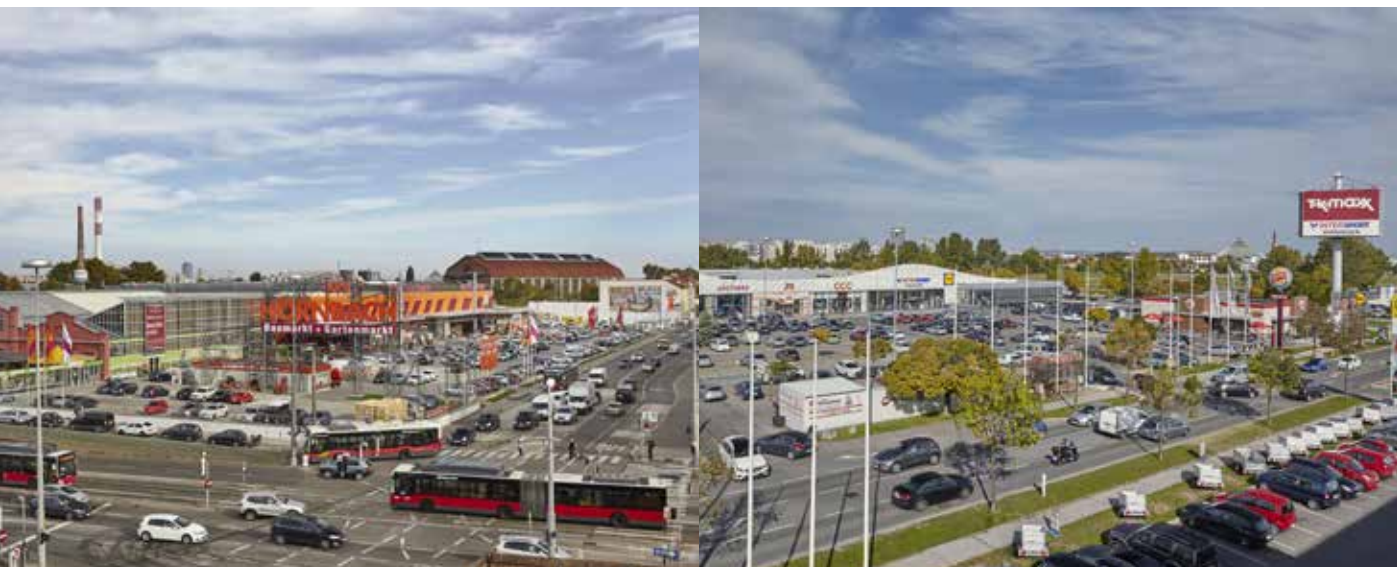
11,100 m² shops - communal parking with right of usage

Occupancy rate: **100%**

Total investment: **€ 29.6 million⁽¹⁾**

Rental yield ▼ (average): **5.42%**

(1) For a detailed overview of the capex we refer to the financial statements on page 146. Both amounts are including transfer rights.



Austria

FRUN® RETAILPARK ASTEN, AUSTRIA

The Frun® retail park in Asten, Austria is an important retail park that was opened end October 2013. The Frun® shopping concept is based upon the construction of a harmonious architectural ensemble surrounding a large, central, free parking area, and uniting a mix of national and international brands. This approach strengthens the commercial efficiency and sustainable development of the park. All shops are leased to both international and local retailers such as C&A, Intersport, Spar, Action and Zeeman.



The roof of the Frun® retail park in Asten was also equipped with solar panels to optimize the sustainability of the park, resulting in an annual on-site production of over 500.000 KWh of green energy and a reduction in CO2 emission of 400 tons.

In 2017 started the construction of an extension of over 1,000 m² that will be delivered shortly and is nearly entirely leased. With this extension the Frun® Retail park Asten enters into the top 10 of largest retail parks in Austria (> 20.000 m² of gross letting area).

Year of construction: **2013**

18,300 m² shops - 600 parking spaces

Occupancy rate: **100%**

Total investment: **€ 38 million**

Rental yield ▼ (average): **5.86%**



OFFICE BUILDING MERCATOR IN LUXEMBOURG

The office building Mercator, in portfolio since 3 May 2017, is located route d'Arlon, no 110 – 112 in the City of Luxembourg and comprises 8,641 m² offices, spread across 5 floors and 104 parking spaces

This building benefits from an excellent location in the capital of the Grand Duchy along the route d'Arlon, one of the main access roads to Luxembourg City. Moreover, the office building Mercator is situated close to the most important hospital of Luxembourg, around which a large number of (para)pharmaceutical companies are established.



Year of construction: **1998**

8,641 m² offices - 104 parking spaces

Occupancy rate: **100%**

Total investment: **€ 35 million**

Rental yield ◀ (average): **4.38%**



Luxembourg

EUROPEAN BANK & BUSINESS CENTER (EBBC) CLOSE TO LUXEMBOURG AIRPORT

Over the last couple of years, Leasinvest Real Estate has systematically increased its participation in the listed real estate certificate “Lux Airport”, comprising 2 office buildings (blocs B and E) of approximately 8,465 m², located in the business park EBBC. Previously, Leasinvest Real Estate already owned bloc D (3,665 m²) and was co-owner of the parking and parking zone.

In the course of the fourth quarter of 2017, Leasinvest Real Estate has exceeded the 2/3rd threshold of the issued real estate certificates Lux Airport. According to our valuation rules, this investment does no longer – in conformity with IAS 39 – has to be considered as a non-current financial asset, but as an investment property according to IAS 40. For more information on the impact, we refer to the Annual report, Activity report on page 38.

European Bank & Business Center (EBBC) is composed of a total of 6 office buildings with a global surface area of 26,000 m² located in the immediate vicinity of the Luxembourg airport.

Blocs B-D-E

Year of construction: **1988**

12,130 m² offices - parking and parkingzone in co-ownership

Occupancy rate: **94.10%**

Total investment Blocs B and E: **€ 11 million**

Rental yield **◀ (average): 7.90%**



BOOMERANG STRASSEN, LUXEMBOURG

The successful retail site located Route d'Arlon in Strassen, comprising 22,721 m², is being partially redeveloped into a retail park concept, Boomerang, that will a/o include a restaurant besides the shops.

This site will be the largest retail park in the Luxembourg periphery at the entrance of the city of Luxembourg, reason for its rebranding into 'Boomerang Strassen shoppingcenter'.


The redevelopment takes place in 2 phases, to take account of the current tenants Adler Fashion, Bâtiself and Roller, of which the first phase was completed end 2017. For phase 2 the reception is foreseen in 2020.

Year of construction: **1988** – renovation phase 1: **2017**

22,721 m² shops

Occupancy rate: **100%**

Total investment: **€ 13.4 million**

Rental yield  (average): **7.15%** after delivery in 2020



Luxembourg

KNAUF SHOPPINGCENTERS, LUXEMBOURG

The Knauf shopping center in Schmiede represents for over ten years the best commercial offer in the three-border region. Open throughout the year, the Knauf shopping center is a hotspot with its important international and local brands, and equally not to forget alcohol, tobacco and fuel at Luxembourg rates. This shopping center comprises 40 shops with a commercial surface of over 30,000 m².

In order to increase its radius of action, and to respond to the demand of visitors and shop-owners, a renovation of the oldest part will allow for the creation of 6,000 m² extra commercial space, among which 1,500 m² for horeca. New brands will potentially complete the offer and contribute to 'the best offer for good deals' for visitors! These works will enable to confirm its market leading position for different brands, and remain the commercial hotspot in the North of Luxembourg and neighbouring countries.

The Knauf shopping center in Pommerloch, that is more recent, is located in the West of Luxembourg and attracts as many Luxembourg customers, as customers from the Belgian province of Luxembourg. Here we have approximately 60 shops with a commercial surface of over 26,000 m², with both international retailers and local brands. The objective of the commercial policy is gradually upgrade the arcade's standing. Tenants that are already convinced of this strategy have in the meanwhile adapted their concepts. "The chaise longue" has completed its commercial offer in the meantime and has become a reference gift-shop for the region, just like the "Mano" shop, known in Luxembourg for its leather shoes. Knauf Pommerloch keeps on aiming at families and has opened a "Mamoon" store for future moms in the region. The brand Jack & Jones became Only & Sons in order to offer a more modern brand to the youngest among us. At the beginning of 2018 the German brand Comma has opened its first store in Luxembourg in the Knauf shopping center Pommerloch.

The footfall for both shopping centers records a positive evolution, with cumulated results from 2015 to 2017 of +2.7% for Knauf Pommerloch and +2.75% for Knauf Schmiede.



Schmiede

Year of construction: **1995**

**32,908 m² shops - 2,776 m² offices -
1,200 parking spaces**

Occupancy rate: **92.45%**

Total investment: **€ 74.5 million**

Rental yield ◀ (average): **7.07%**

Pommerloch

Year of construction: **2002-2011**

**25,096 m² shops - 2,651 m² offices -
1,013 parking spaces**

Occupancy rate: **100%**

Total investment: **€ 96.5 million**

Rental yield ◀ (average): **6.86%**

TREESQUARE & MONTOYER 63 BRUSSELS CBD

Office building **Treesquare** (previously Square de Meeûs) that became vacant as of Q2 2015 benefits from a unique location amidst the European district in the Brussels Leopold district, still the best office location in Belgium.

This building of 6,565 m² is entirely rebuilt as an AAA building that will meet the highest quality standards as to technology and sustainability (BREEAM 'excellent' certificate expected).

The completion is foreseen by the end of the first quarter of 2018. For more information on the leases we refer to the Annual report, Activity report, on page 44.



The office building **Montoyer 63** that was let till December 2016 to the European Parliament, is being entirely demolished and reconstructed, and will comprise 6,570 m² state-of-the-art office space. Montoyer 63 is also located in the heart of the Brussels' Leopold district (CBD) amidst the European institutions, where there is still an important demand for new high-quality office buildings and where leases are concluded at prime rents, that rose again in 2017 (see real estate market report).

In 2016 already Leasinvest Real Estate concluded a usufruct agreement for a fixed period of 21 years (see Annual financial report 2016) with the European Parliament that will enter the building as of its reception, foreseen by end 2018.

Also for this building the objective is to obtain a BREEAM 'excellent' certificate. In the meantime, a 'BREEAM interim - design stage' certificate with rating 'Excellent' was already obtained.

Treesquare

Breeam: excellent (objective by **2018**)

Year of construction: **2018**

6,565 m² offices

Total investment: **€ 17.9 million**

Rental yield ▼ (2018): **5.50%**

Montoyer 63

Breeam: excellent (objective by **2018**) – interim: excellent design stage

Year of construction: reconstruction by **2018**

6,570 m² offices

Occupancy rate (2018): **100%**

Total investment: **€ 16.8 million**

Rental yield ▼ (2018): **4.25%**

Belgium

REDEVELOPMENT MOTSTRAAT MECHELEN INTO CO-WORKING SPACE BASED ON “THE CRESCENT”

In the course of the third quarter of 2016, the extension for half of the office space signed with the current tenant for the office building located Motstraat 30 in Malines. A part of the remaining office space was equipped as a co-working space “De Mot”, based on our business centre concept ‘The Crescent’ in Anderlecht and Ghent.

For more information on the leases we refer to the Annual report, Activity report, on page 44.

This project fits within the policy of renovation and redevelopment of buildings, permitting us to create value.

Breeam: In-Use (2013), score ‘good’

Year of construction: **2002** –
redevelopment (business center): **2018**

14.174 m² offices

Occupancy rate: **74%**

Total investment: **€ 4 million**

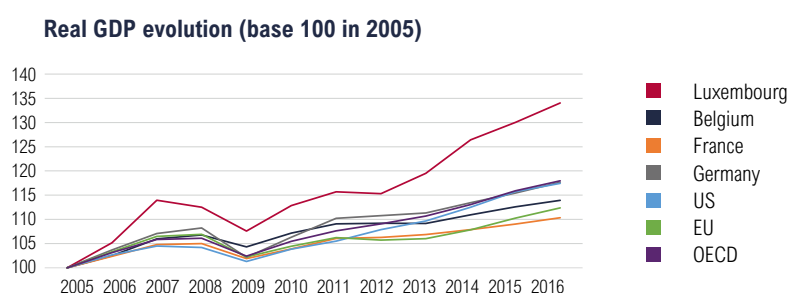
Rental yield ▼ (average): **7.16%**



Real estate market in 2017

The information on the real estate market below comprises extracts from the real estate market reports of Cushman & Wakefield and CBRE for the Grand Duchy of Luxembourg and Belgium, and of EHL and CBRE for Austria, reproduced with their consent, and of which the contents have not been verified.

Grand Duchy of Luxembourg



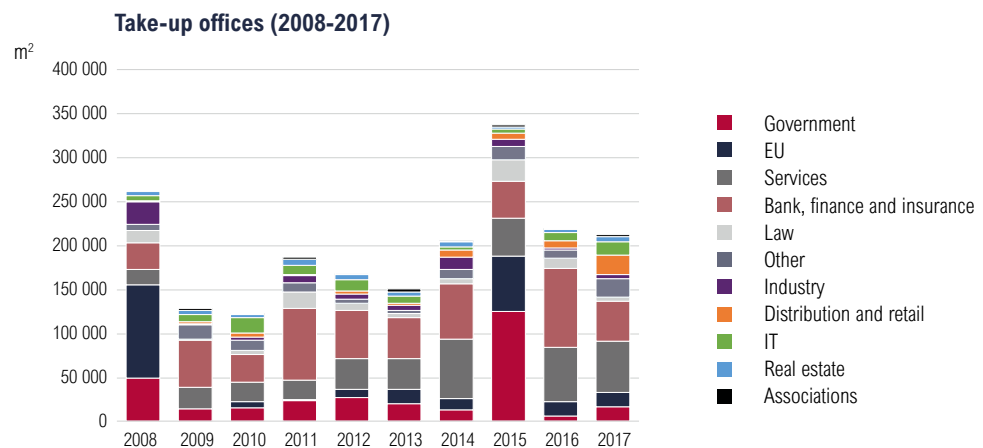
Economic fundamentals have been extremely robust in 2017, namely with a GDP growth at 3.5% and an unemployment rate at 5.8%, its lowest level over the last five-years. 2018 is set to outperform 2017 with a GDP growth forecasted at 4.5% and further decrease of the unemployment rate. Furthermore, consumer confidence continues to set record highs due to further tightening of the strong labour market. Finally, monetary policy should remain accommodative with no interest rate uptick before 2019.

The buoyant European economic climate is helping to strengthen momentum in Luxembourg. Growth forecasts for 2017 and 2018 are 3.4% and 4.4%, respectively, and well above the euro average.

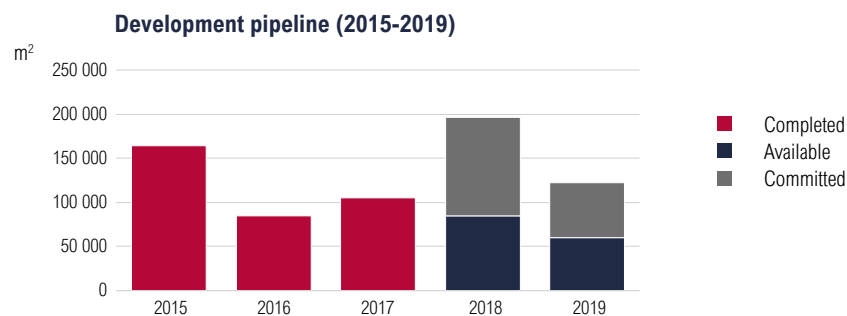
Office letting market

Location	Stock (m ²)	Available (m ²)	Vacancy rate (%)	Take-up Q4 (m ²)	Take-up 2017 (m ²)	under construction (m ²)
CBD	839,000	8,000	1.0%	6,840	31,226	21,300
Kirchberg	1,095,000	19,500	1.8%	3,361	45,636	201,800
Station	403,000	17,500	4.3%	5,695	53,578	7,000
Cloche d'Or	418,000	23,000	5.5%	4,135	16,909	54,000
Other inner districts	219,000	17,800	8.1%	1,551	8,975	95,000
Decentralized districts	404,000	35,700	8.8%	6,453	25,486	25,000
Periphery	470,000	29,500	6.3%	7,614	27,571	157,000
Luxembourg (total)	3,850,000	151,000	3.9%	35,650	209,380	561,000

Office take-up in 2017 recorded a total of 210,000 m², a level similar to 2016 and above the 200,000 m² cap for the fourth consecutive year, confirming the strong dynamic of the Luxembourg office market.

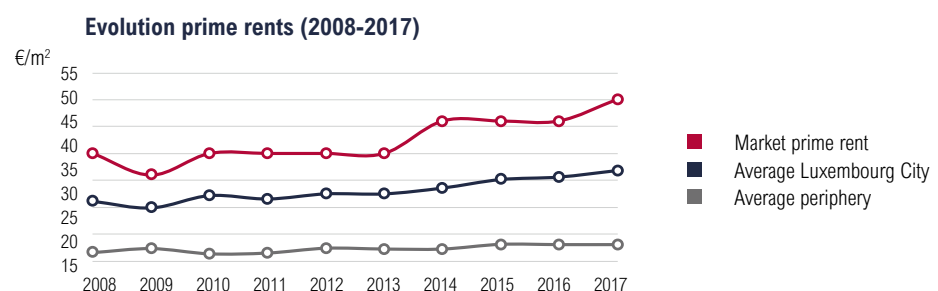


Approximately 180,000 m² of office space is considered vacant out of a total stock of 4.09 million m², putting the vacancy rate at a very low 4.4% at the end of 2017, still amongst the lowest levels in Europe. This level should remain stable in the coming months as most of the speculative developments should be filled thanks to the imbalance between demand and supply. The Brexit is expected to attract new companies headquartered in London while the strong labour market could boost the take-up.



The CBD counts less than 2% of space available at this time, while Kirchberg hovers around the 2% mark. Availabilities in Station fell below 3%, showing there is considerable pressure in the central markets. Other major markets such as the Airport, where Leasinvest Real Estate further invested in EBBC business park (public Lux Airport real estate certificates) and Gasperich saw vacancy decline.

The lack of available spaces, combined with the strong activity recorded over the last months, contributed to push rents higher, and are now at € 50/m²/month in the CBD. Prime rents also increased in the Station district in 2017.



Luxembourg should continue to post robust performances on the office market in 2018, helped by its strong economy.

Office investment market

Globally for 2017, the investment volumes in the office sector stand to a high € 920 million, among which the acquisition by Leasinvest Real Estate of the Mercator building in the capital of the Grand Duchy, currently 100% let. The prime yield recorded consecutive compression in 2017 to stand at 4.3% at the end of the year.

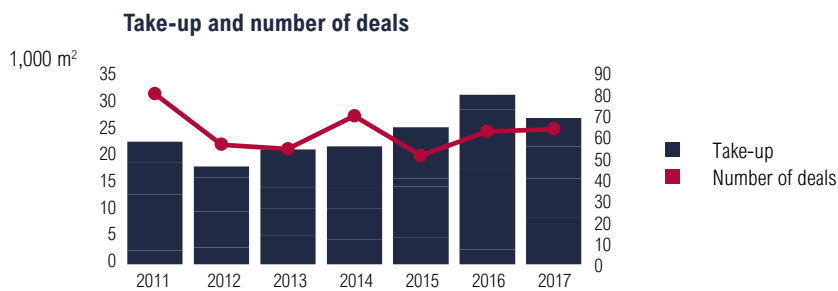
On the investment market, activity is forecasted to remain intense as Luxembourg offers strong alternatives to other core European cities. As a result, prime yields could witness further slight compression in 2018.

Retail letting market

In 2017, the take-up reached 28,000 m², slightly decreasing compared to 2016, though being the second best year since 2011.

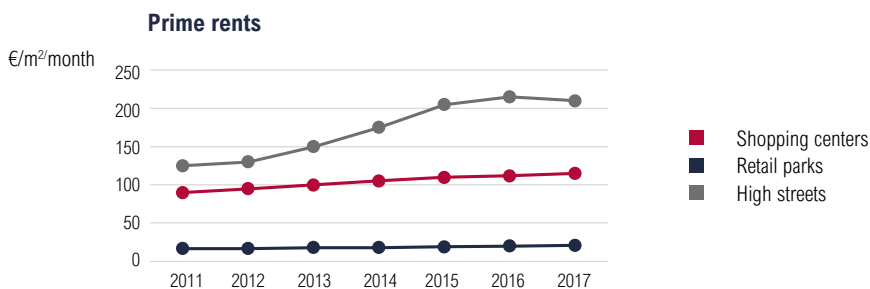
In number of deals, activity is well-balanced between the three different segments while in terms of take-up, the out of town deals represent the great majority of the activity, with 65%.

Activity was globally on the increase in the shopping center segment, with the highest number of deals observed since 2011, among which eight transactions in our Knauf Shopping Centers in Pommerloch and in Schmiede.



There is currently a lack of new supply in the shopping centers and retail parks segments. And this should continue in the coming months as the deliveries of major schemes are not expected before 2019.

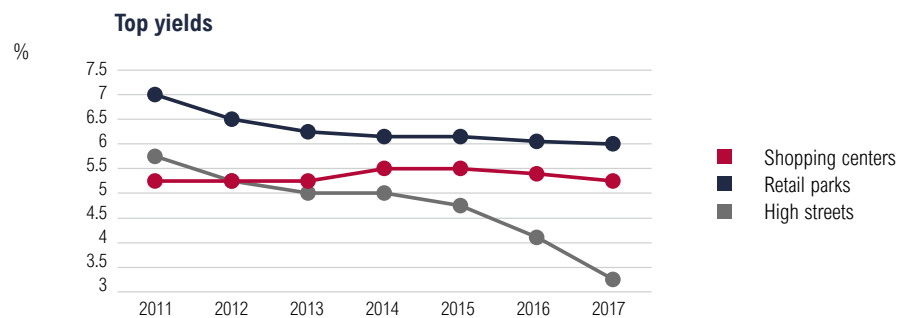
In the shopping centers, prime rents are on the increase since 2011. In out of town sites like Foetz, where Leasinvest Real Estate owns a retail site of over 4,000 m², rents are on a slight increase since 2011 and currently stand at € 21/m²/month (coming from € 17/m²/month in 2011). Given the current demand for prime out-of-town locations in Luxembourg, these rents are expected to grow in the coming months to reach € 23/m²/month next year.



Retail investment market

On the investment market, around € 95 million have been invested in the retail sector (8% of total), outpacing the level recorded for the whole 2016.

Prime yields compression continued in 2017 to reach an historically low level of 3.25% in the high streets segment. It stands at 6% for out of town (coming from 7% in 2011) and at 5.25% for shopping centers and could experience further compression as new qualitative schemes will enter the market in the coming months.

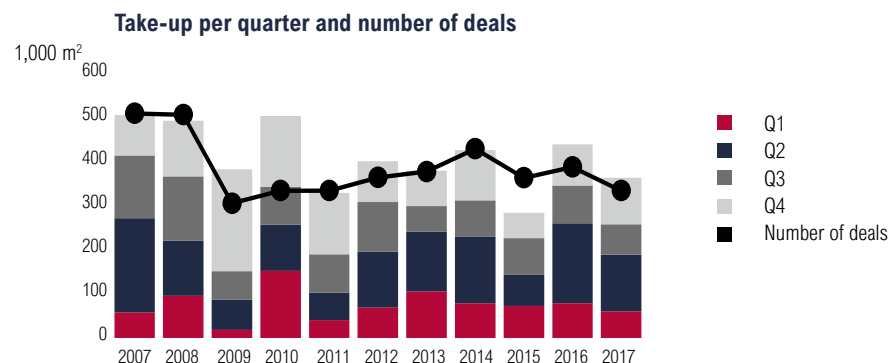


Belgium

2017 has observed its highest GDP growth since 2011 with a 1.7% increase. The upbeat economy suggests this robust economic momentum is set to continue. 2018 should witness the same rhythm and record a 1.6% growth. In the longer term, growth is set at a stable 1.5% per year.

Office letting market

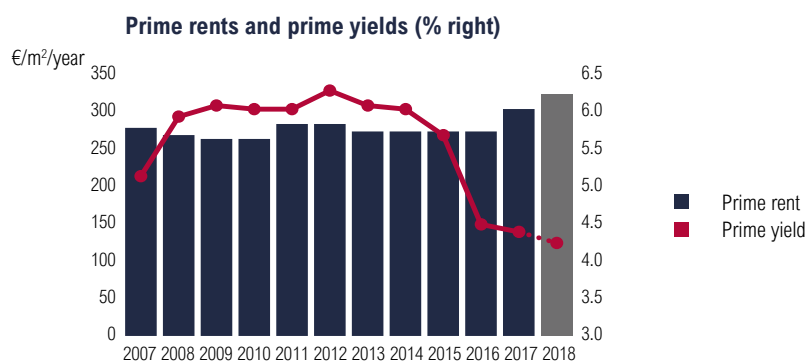
The Brussels office market recorded 381,000 m² of take-up in 2017, a 16% decrease compared to 2016. However, a flow of activity is awaited for 2018 and 2019 as large occupiers will have to consider moving out of older assets in the coming months. Activity is thus expected to surge in the near future, meeting the new qualitative supply entering the market, such as our two buildings under redevelopment in the CBD: Treesquare (already 25% pre-let end 2017 before its reception at the end of the first quarter of 2018) and Montoyer 63, for which a usufruct agreement with the European Parliament was already concluded in 2016, while the reception of the building is foreseen by end 2018.



The highlight of the year is the eruption of co-working and serviced office spaces in Brussels, following the expansion observed in London (market multiplied by three over last ten years) and other European cities. Further developments of co-working spaces are foreseen in the coming months and years, also in decentralized locations. In this context, we refer to our building Motstraat Malines, where our business center concept The Crescent was successfully completed with co-working space De Mot.

At the end of 2017, the vacancy rate stands at 9.1%, a relatively stable level compared to 2016 but also its lowest since 2007. Vacant spaces in grade A buildings only represent 40,000 m² and there is also an increasing shortage of grade B spaces available on the market.

Over the last months, an upward pressure on the rental levels has been observed, with several spaces proposed at more than € 300/m²/year in brand new buildings. This upward pressure contributed to the first increase of the prime rental levels since 2011 to reach € 305/m²/year. Further upticks should push the rents closer to € 325/m²/year in the best assets and locations in 2018.



Office investment market

2017 witnessed intense activity with more than € 1.4 billion invested in the Brussels office market (€ 1.7 billion total office market), perfectly in line with the last years. The Brussels office investment market increasingly attracts overseas investors (mainly from Asia but also coming from Canada and Australia) and this trend will continue in 2018 with significant transactions on the agenda. Due to the accommodative monetary policy of the European Central Bank and the growing competition for the best assets, the prime office yields continue their compression and now stand at 4.4% in Brussels CBD (coming from 4.5% in 2016 and 6% 2.5 years ago).

Retail letting market

After a record high take-up in 2016 of almost 400,000 m², 2017 started slowly but ended strong with a total volume of 353,000 m² at the end of Q4. Still, occupier demand is rather weak for a number of prime locations and there is more vacancy, even in the top spots. The out-of-town segment has been performing well over the last years and continued doing so over 2017, demonstrated by all retail contracts renewed in the course of 2017 for our Brixton Business Park in Zaventem.

Prime rents for top retail parks across Belgium vary from € 100/m²/year in locations such as Mons to € 170/m²/year in Brussels Rue de Stalle and Zaventem. They have varied very little over the past years but most of them are slightly up. This is reflecting the healthy demand and the clear tendency to upgrade this market segment; now that we see more and more typical high street brands and quality architecture in out-of-town retail, rents are slowly but steadily following suit in this segment.

Retail investment market

A total of € 754 million was transacted in 2017; This is below the average volume over the last 5 years, mainly because there were no shopping center transactions finalized in 2017. € 177 million was invested in out-of-town property, which is below the average for this segment in the previous years, mainly because this year there were no large out-of-town portfolios on the market. Finally, in the out-of-town retail, prime yields currently stand at 5.25%.

Austrian retail market

The framework conditions for Austrian retail improved considerably in 2017, as both retail and consumer confidence have settled at levels that were much higher than in recent years. Austria provides stable market conditions combined with a high purchasing power. Vienna, where Leasinvest Real Estate's two new acquisitions are located in the Stadlau district, is a focal point of expansion for 15 percent of all international retailers. The city currently ranks 13th on the list of the most popular expansion targets worldwide, and 5th in Europe. Vienna is growing rapidly and its population will amount to over 2 million in 2022.

Most of these brands chose shopping centers (ca. 67%) and retail parks (ca. 14%) for their further expansions in Austria.

Moreover, according to the recently published annual ranking from consultancy firm Mercer, Vienna is the worldwide number one in quality of living for the ninth year in a row. According to Mercer, Vienna combines a large cultural offer with a safe, healthy environment and excellent public transport (source: de Tijd).

The limited supply of prime properties and new development projects is slowing the retail segment in a generally very active investment market. Growing competition from e-commerce and planning law restrictions are resulting in new retail space being developed only to a very limited extent, and largely created through extending existing shopping centers that have already gained a firm foothold in the market. Additional space is realized for the most part as retail parks. In this segment, the focus is also shifting from expansion and new developments to quality improvements.

Prime yields have fallen to record lows and remain under pressure, with a current 4% for shopping centers and 5.5% for retail parks.

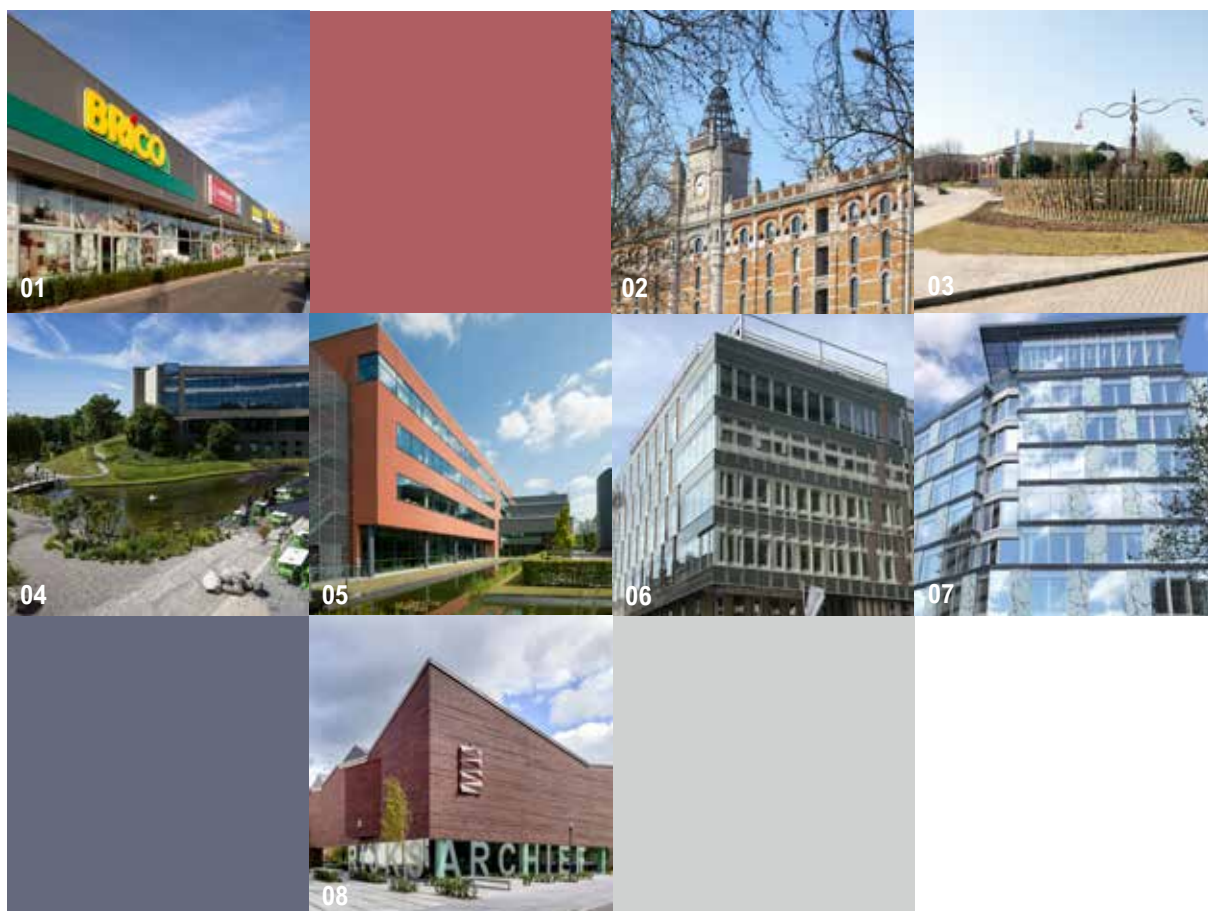
Real estate portfolio



GRAND DUCHY OF LUXEMBOURG

All investment properties are held directly and indirectly by Leasinvest Immo Lux, a 100% subsidiary of Leasinvest Real Estate.

	Location	Description	Con- struction	Surface
01	Shopping center Knauf, Schmiede	Shopping center with 40 shops, located in the North of the Grand Duchy of Luxembourg, on the border of the 3 countries Luxembourg, Belgium and Germany	1995	35,684 m ²
02	Shopping center Knauf, Pommerloch	Shopping center with 60 shops, located in the North of the Grand Duchy of Luxembourg, near Bastogne in Belgium	2002	26,251 m ²
03	Boomerang shoppingcenter, Strassen	Shopping center located at an important entrance to the City of Luxembourg, namely the Route d'Arlon • Redevelopment phase 1 2017	1988	22,721 m ²
04	Hornbach, 31, Rue du Puits Romain, Bertrange	Retail site situated in Bertrange, Bourmicht	2008	12,153 m ²
05	Rue du Cimetière/An der N7, Diekirch	Retail building situated at the N7 in Diekirch	1996	7,703 m ²
06	Rue du Cimetière/An der N7, Diekirch	Construction additional retail building	2011	1,356 m ²
07	Rue du Brill, Foetz	Retail building situated next to Cora	1987	4,219 m ²
08	Place Schwarzenweg, Dudelange	Commercial building consisting of galleries, commercial spaces, bakeries, reserves, sales points, offices and a cafeteria	1991	3,759 m ²
09	Rue du Curé, Diekirch <i>Co-ownership</i>	Shopping arcade, part of a mixed building (commercial/ residential) – Leasinvest Real Estate owns all commercial space except 1	1994	3,277 m ²
10	EBBC, Route de Trèves 6, Senningerberg <i>Co-ownership parking and parking zone</i>	Is part of an office complex of six buildings at walking distance of Luxembourg airport – Leasinvest Real Estate owns directly building D and indirectly, via its 2/3rd participation in the listed real estate certificates Lux Airport, buildings B and E	1988	12,130 m ²
11	Mercator, route d'Arlon, nr. 110 – 112, Luxembourg	Office building located in the capital of the Grand Duchy of Luxembourg, at the route d'Arlon, one of the main access roads to Luxembourg City	1998	8,641 m ²
12	Rue Jean Monnet 4, Luxembourg	Flagship of the portfolio due to its location, architecture and excellent finishing • Partial renovation in 2011 • profound renovation in 2015	1992	3,866 m ²
13	Avenue J.F. Kennedy 43, Luxembourg - <i>Co-ownership</i>	Exceptional location at the heart of Kirchberg, next to the Auchan shopping center • Rental surface offices 1 st and 3 rd floors	1999	2,270 m ²
14	Route d'Esch 25, Luxembourg	Situated nearby Banque Internationale du Luxembourg's head offices at the route d'Esch	1992	1,839 m ²
15	Montimmo, Avenue Monterey 35, Luxembourg	Situated in one of the most important streets of the Central Business District of the City of Luxembourg	2009	1,760 m ²
16	Avenue Monterey 20, Luxembourg	Office building with standing, situated at the Boulevard Monterey, one of the most prestigious locations in Luxembourg	2001	1,555 m ²
17	CFM, Rue Guillaume Kroll, Luxembourg	Industrial complex which serves as service center, distributor, wholesale in sanitary fittings, on the one hand, and an office complex on the other hand • Renovated and extended in 2008	1990	19,987 m ²



BELGIUM

All investment properties recorded in the statutory accounts of Leasinvest Real Estate are indicated with an •.

	Location	Description	Con- struction	Surface
01	Brixton Business Park / Brixtonlaan 1-30, Zaventem•	Business park alongside the E40 motorway, consisting of 6 semi-industrial buildings and 1 large retail site • Renovations executed in function of new tenants	1975/88	36,122 m ²
02	Royal Depot Tour & Taxis Brussels•	Multi-functional and 'multi-tenant' building with 4 floors, spread across offices (32,076 m ²), commercial spaces (7,293 m ²) and archives (5,835 m ²)	1910	44,603 m ²
03	Riverside Business Park, Boulevard International 55, Anderlecht•	Business park in a verdant setting consisting of 12 buildings, 9 of which are office buildings and 3 are semi-industrial units • Different partial renovations 2005-2010	1992/96	26,826 m ²
04	The Crescent, Route de Lennik 451, Anderlecht•	Office building in the Erasmus Science Park in Anderlecht • Renovated into a 'green intelligent building' in 2010/2011	2002	15,132 m ²
05	Motstraat, Malines•	Office complex • Development business center in 2017	2002	14,174 m ²
06	rue Montoyer 63, Brussels•	Extremely well located office building • Partially renovated in 2003 • renovation entrance hall and sanitary fittings 2009-2010 • Reconstruction by end 2018	1974	6,570 m ²
07	Treesquare Brussels•	Very well located office building • Renovated to a large extent in different phases (period 1996-2002) • Entire reconstruction with reception foreseen end Q1 2018	1974	6,565 m ²
08	State Archives, Predikherenrei 4, Bruges	Building with 29 linear kilometers of archives	2012	6,097 m ²

AUSTRIA

The investment properties in Austria are indirectly held via Leasinvest Immo Lux, of which Leasinvest Real Estate is the 100% shareholder.

	Location	Description	Con- struction	Surface
01	Frun® Park Asten, handelsring 8-10, 4481 Asten	The Frun® retail park in Asten is situated at 200 km of Vienna and nearby Linz and comprises 26 shops and 600 parking spaces	2013	18,300 m ²
02	Hornbach Baumarkt Stadlauer str. 37, 1220 Vienna	Retail site with a high footfall and a leading position in the city of Vienna	1997	13,300 m ²
03	Gewerbepark Stadlau Gewerbeparkstraße 2, 1220 Vienna	Very well located retail site (10 shops) with a high footfall and a leading position in the city of Vienna	2016	11,000 m ²

Analysis of the real estate portfolio based on fair value

EVOLUTION OF FAIR VALUE

The fair value increases to € 903 million by the additional investments in the Grand Duchy of Luxembourg and in Austria, and this despite the divestment of the largest part of the logistics portfolio in Belgium and of the Swiss buildings. Leasinvest Real Estate currently focuses on 3 key countries, namely the Grand Duchy of Luxembourg (54%), Belgium (35%) and Austria (11%).

ASSET CLASSES

Retail remains the most important asset class with 48%, followed by offices with 35%. Logistics was strongly reduced in 2017 and currently amounts to only 7%.

AVERAGE AGE

By the redevelopments in the portfolio, the share of buildings between 0-5 years has substantially increased (relates mainly to offices), in conformity with the valuation rules of Leasinvest Real Estate. This criteria is however less important for retail, as retailers take care themselves of their furnishings on the basis of their retail concept, making their choice mainly based on location.

RENTAL BREAKS (FIRST BREAK DATE) AND CONTRACTUALLY GUARANTEED RENTAL INCOME

The graph is based on the first break date of the current rental contracts and on the contractual rents.

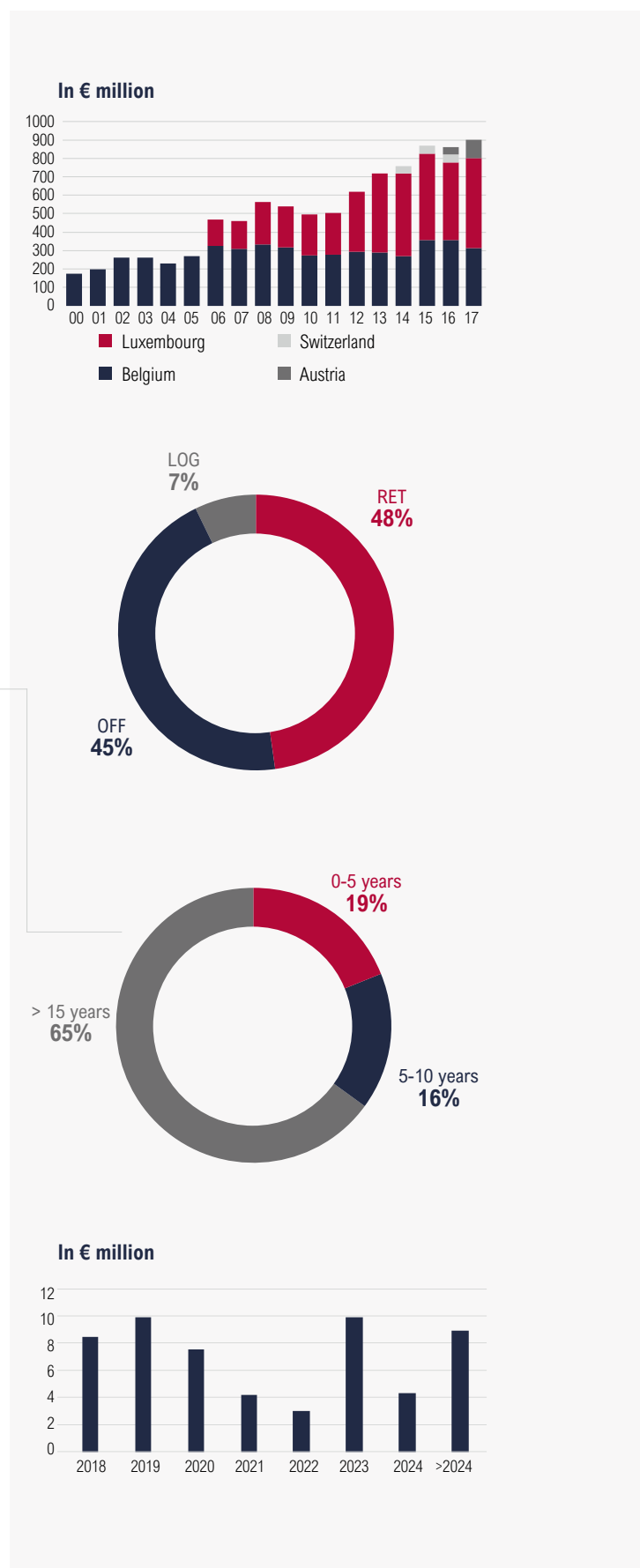
The average remaining duration of the rental contracts amounts to 4.74 years (2016: 4.37 years).

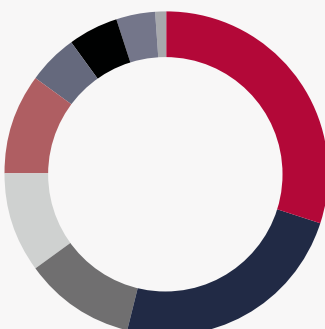
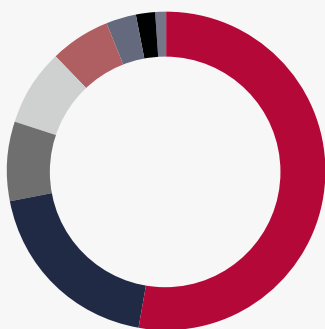
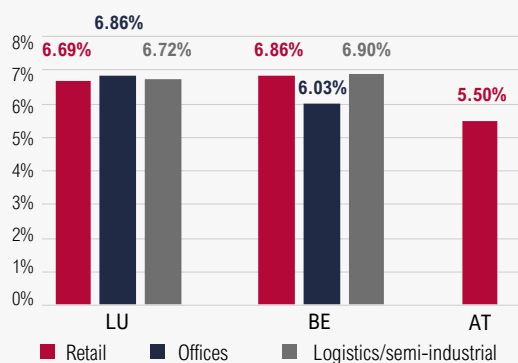
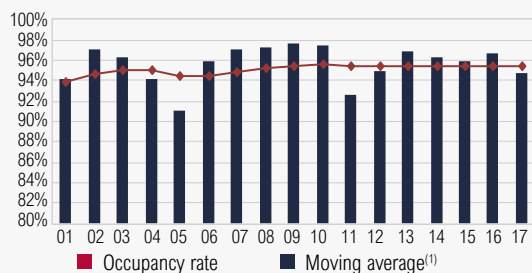
46% of the annual contractual rents expire within 3 years.

In 2017 9% 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 15% in 2018, 18% in 2019 and 13% in 2020.

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





OCCUPANCY RATE

The occupancy rate amounts to 94.80%.

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

DETAILS ON YIELD PER ASSET CLASS AND LOCATION (1)

(1) There is an inverse relationship between yield and value; a higher value namely results in a lower yield. These yields are calculated based on the assets available for lease.

TYPE OF TENANTS BASED ON RENTAL INCOME

53% Retail & wholesale
19% Services
8% Financial sector
8% Government & non-profit
6% Industry
3% ICT
2% Transport & distribution
1% Medical & pharma

Retail and services account for nearly 72% of the real estate portfolio.

BREAKDOWN AS TO TYPE OF RETAIL

30% Fashion, shoes, beauty
24% DIY
11% Food
10% Deco home
10% Services
5% Leisure, toys, pets
5% Restaurant
4% Other
1% Multimedia

Composition of the real estate portfolio based on fair value

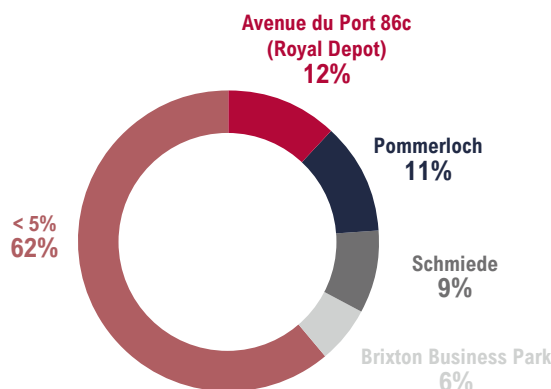
For more information on the segment information we refer to note 3 of the financial statements.

GEOGRAPHICAL CLASSIFICATION GRAND DUCHY OF LUXEMBOURG - BELGIUM - AUSTRIA

	Fair value (€ M)	Investment value (€ M)	Share in portfolio (%) based on FV	Contractual rent (€ M/year)	Rental yield ▼ based on FV (%)	Rental yield ▼ based on IV (%)	Occupancy rate (%)	Duration
Grand Duchy of Luxembourg	489.10	497.18	54.16	32.02	6.55	6.44	96.59	3.86
Belgium	256.85	262.98	28.44	17.00	6.62	6.46	91.30	4.44
Austria	102.65	105.22	11.37	5.65	5.50	5.37	100.00	5.96
Real estate available for lease	848.60	865.38	93.98	54.67	6.44	6.32	94.80	4.74
Projects Belgium	54.40	55.76	6.02	0.00				
Total investment properties	903.00	921.14	100.00	54.67				

The contractual rent mentioned differs from the rental income recognized in the income statement, as the contractual rent annualizes the rental income of the acquisitions (while the effectively received rental income is only recorded in the financial statements as of the acquisition date) and does no longer take into account the rental income of the sold buildings.

OVERVIEW OF BUILDINGS WITH A SHARE OF MORE THAN 5% IN THE TOTAL REAL ESTATE PORTFOLIO



BREAKDOWN AS TO ASSET CLASSES

	Fair value (€ M)	Invest- ment value (€ M)	Share in portfolio (%) based on FV	Contrac- tual rent (€ M/ year)	Rental yield ▲ based on FV (%)	Rental yield ▲ based on IV (%)	Occu- pancy rate (%)	Duration	Acquisiti- on value (€ M)	Insured value (€ M)
Retail										
Retail Grand Duchy of Luxembourg	283.75	286.70	31%	19.47	6.86%	6.79%	97.70	4.50	263.91	238.20
Retail Belgium	50.40	51.65	6%	3.37	6.69%	6.52%	98.19	3.00	35.07	27.82
Retail Austria	102.65	105.22	11%	5.65	5.50%	5.37%	100.00	6.00	96.20	47.22
Total retail	436.80	443.57	0.48	28.49	6.52	6.42	97.96	5.77	395.18	313.24
Offices										
Offices Grand Duchy of Luxembourg	186.22	190.87	21%	11.23	6.03%	5.88%	95.50	2.70	159.83	113.52
Offices Brussels	144.32	147.93	16%	9.37	6.49%	6.33%	90.98	3.10	175.66	172.80
Offices rest of Belgium	19.56	20.05	2%	1.40	7.16%	6.98%	74.11	5.90	48.89	32.42
Total offices	350.10	358.85	39%	22.00	6.28	6.13	92.08	3.02	384.38	318.74
Logistics/Semi-industrial										
Logistics/Semi-industrial Belgium	42.57	43.35	5%	2.86	6.72	6.60	95.56	11.74	27.65	35.58
Logistics/Semi-industrial Grand Duchy of Luxembourg	19.13	19.61	2%	1.32	6.90	6.73	89.58	5.00	13.40	5.71
Total Logistics/Semi-industrial	61.70	62.96	7%	4.18	6.77	6.64	93.67	9.65	41.05	41.29
Investment properties	848.60	865.38	94%	54.67	6.44	6.32	94.80	4.74	820.60	673.27
Real estate available for lease	848.60	865.38	94%	54.67	6.44	6.32	94.80	4.74	820.60	673.27
Projects Belgium	54.40	55.76	6%	N/A	N/A	N/A	N/A	N/A	54.10	0
Total investment properties	903.00	921.14	100%	54.67	N/A	N/A	N/A	N/A	874.70	673.27

Insured value (situation on 31/12/2017)

In order to avoid a multitude of recourse claims and to benefit from favourable premiums, the standard rental contracts (and service agreements within the framework of the business center activities) of both Leasinvest Real Estate (LRE) and Leasinvest Immo Lux (LIL), 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 additionally a loss of rent cover of 36 months ('the global insurance policy LRE/LIL'). The Austrian rental contracts comprise a comparable provision with regard to the insurance duty of the lessor, including a waiver.

After the divestment of the logistics portfolio the owner and tenant risk is currently insured by the tenant for only one building. In the future, this will also be the case for the new construction project at rue Montoyer in Brussels. Real estate that is part of a co-ownership is insured by the syndic. Each year an insurance certificate is requested, with an overview of the (indexed) insured values.

Projects under (re)development are subject to an All risks on construction sites insurance (with first right coverage) during the construction period, to be subsequently included in the LRE/LIL policy (except if agreed upon differently with the end-user).

The buildings for which the VAT can fully be deducted, are insured at 'new construction' value excluding VAT. For a number of buildings from the portfolio an extra coverage against terrorism (on top of TRIP) was concluded.

The premiums paid for 2017 within the framework of the global LRE/LIL insurance policies, incl. taxes, amount respectively to € 154,102.41 (i.e. including the logistics portfolio) for Belgium and to € 127,412.77 (i.e. including the Knauf shopping centres) for Luxembourg. The insurance premium for the Frun® Park Asten site in Austria amounted to € 19,170.30.

Conclusions of the real estate expert¹²

VALUATION UPDATE AS AT 31 DECEMBER 2017 OF THE LEASINVEST REAL ESTATE SCA PORTFOLIO

REPORT BY THE EXTERNAL VALUER CUSHMAN & WAKEFIELD

We are pleased to report our valuation of the investment and fair values of the Leasinvest Real Estate CVA portfolio as at 31 December 2017.

Our valuation has been prepared on the basis of the information provided by Leasinvest Real Estate CVA. 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 capitalisation of the market rent with corrections to take into account for the difference between the current rent and the market rent. We have also 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, semi-industrial buildings, distribution centres and shops, located in Belgium, in the Grand Duchy of Luxembourg and in Austria.
2. The total (**including** the projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 11.50% higher than the market rent (respectively 6.20%, -3.04% and 0.0% for the Belgian, the Luxembourg and the Austrian portfolios).
3. The total (**excluding** the projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 11.50% higher than the market rent (respectively 6.20%, -3.04% and 0.0% for the Belgian, the Luxembourg and the Austrian portfolio).
4. The total occupancy rate³ of the portfolio (**including** the projects) is 89.10% (respectively 76.81%, 96.59% and 100% for the Belgian, the Luxembourg and the Austrian portfolio).

¹ The conclusions of the valuation report have been reproduced with the agreement of Cushman & Wakefield.

² The conclusions of the valuation report concern, unless mentioned differently, the real estate portfolio 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 with 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).

5. The total occupancy rate of the portfolio (**excluding** the projects) is 94.80% (respectively 91.30%, 96.59% and 100% for the Belgian, the Luxembourg and the Austrian portfolio).
6. The remaining weighted average duration of the current leases for the whole portfolio equals to 19 quarters or 4.74 years. The projects and assets 'to be sold' were not taken into account in this parameter.
7. A total **investment value** of **€ 921,141,000** (nine hundred twenty one million one hundred forty one thousand euros) has been determined, with respectively € 318,741,000, € 497,184,000 and € 105,216,000 as investment values for the Belgian, Luxembourg and Austrian portfolio.
8. A total **fair value** of **€ 903,002,000** (nine hundred three million two thousand euros) has been determined, with respectively € 311,249,000, € 489,103,000 and € 102,650,000 as fair values for the Belgian, Luxembourg and Austrian portfolio.

On this basis, the initial yield of the complete portfolio (including the projects and assets 'to be sold') in terms of investment value is 5.94% (with respectively 5.33%, 6.44% and 5.37% for the Belgian, Luxembourg and Austrian portfolios) and the initial yield of the complete portfolio in terms of fair value is 6.05% (respectively 5.46%, 6.55% and 5.50% for the Belgian, Luxembourg and Austrian portfolio).



TOM VELGHE

Surveyor – Account Manager
In the name of Cushman & Wakefield



KOEN NEVENS MRICS

Managing Partner
In the name of Cushman & Wakefield

Operational management of the buildings – active management

The company aims at actively developing and managing its real estate, which implies that the company itself organizes the daily management of the real estate. To that effect, the company disposes, in accordance with the RREC legislation, over an operational team that is directed and managed by the effective officers in accordance with the decisions of the board of directors. That way, the company maintains direct relationships with its clients and suppliers.

Within the framework of its active management, the company also provides different supplementary services that constitute an added value to providing its real estate or to its users. The supplementary services comprise – except for collecting the rents and re-invoicing of common charges to the tenants – different services such as among other things the property management (with or without an available own helpdesk to rapidly solve the problems of clients-tenants), project management (such as the presence of engineers and/or architects to coordinate, with the contractors and/or subcontractors, the necessary renovation or adjustment works for new lettings) and facility management (such as providing extra services, e.g. catering, meeting rooms, computer systems, telecom, etc.).

These supplementary services are means to exercise its activities and constitute an added value, both for the real estate provided and its users. These services fit within the company strategy to answer to the needs of its clients and to be able to offer, in that way, tailor-made real estate solutions in the long term.

These supplementary services are provided by own staff or by third-party specialized companies, acting under the responsibility, control and coordination of the effective officers of the company.

The income from the other supplementary services are included in the rental income of the company. The “supplementary services” the company offers within the framework of its activities, are indeed inherent to the activities of the company, and cannot be presented by separate figures. These supplementary services are to be considered from a qualitative point of view, in which the “fee” (and thus income) for the supplementary services is translated in the fee the company receives in fine within the framework of providing the buildings.

The company Leasinvest Real Estate has no own personnel. The personnel is employed by the subsidiaries Leasinvest Services SA, Leasinvest Immo Lux SA and Porte des Ardennes Schmiede SA, as well as by the statutory manager Leasinvest Real Estate Management SA.

The entire operational team, responsible for general management, commercial contacts with tenants and real estate agents, accounting, legal counsel, administration and technical management of the buildings, consists of some 20 persons end 2017.

The company also appeals to subcontractors or external suppliers that effectively operate under the responsibility, the control and the coordination of the effective officers of the company.

Following article 19 of the RREC law, the company and its subsidiaries can entrust the management of their portfolio to a related company specialized in property management.

BELGIUM

For the buildings in Belgium, the technical management of the buildings is executed since 2007 by Leasinvest Services SA, (company number 0826.919.159), with registered office in 2000 Antwerp, Schermersstraat 42, a 100% subsidiary of the company.

The decision in 2007 to fully internally manage the Belgian portfolio was mainly inspired by the company's concern then to strengthen direct communication with its tenants. Leasinvest Services SA is dedicated to the property management and the project management of the company's buildings located in Belgium. Since 2015 a number of tasks are outsourced within the framework of the RREC legislation on the matter, for which the responsibility, coordination and control remain with the effective officers of the company.

The property management comprises administrative, financial and technical activities, for which the company disposes of an adequate accounting and technical organization.

The administrative and financial management consists a/o 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

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

The managers of Leasinvest Services SA are the same persons as the managers of the company and the statutory manager, and dispose of adequate experience and the required professional reliability, namely Mr Jean-Louis Appelmans and Mr Michel Van Geyte, the effective officers of the company and OKIMONO SPRL, represented by its permanent representative Sven Janssens, COO of the company.

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. the company or one of 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 the company has paid a total remuneration of € 435,370 (excl. VAT), to Leasinvest Services.

GRAND DUCHY OF LUXEMBOURG

For technical assistance, as to the technical management and project management of the offices portfolio in Luxembourg, a management contract was concluded with an external property manager, Inowai SA (previously Property Partners SA) for the Luxembourg office portfolio.

The technical management and project management are supervised by a technical staff member of Leasinvest Immo Lux SA (100% subsidiary of the company) and is controlled by the technical services in Belgium and by the commercial staff member in Luxembourg. Decisions on important matters are prepared by the property manager but are only taken by the company. Regular reporting and discussion are organized.

The past financial year, Leasinvest Immo Lux paid a fee of € 32,406.29 (excl. VAT) to Inowai.

For the Knauf shopping centers a dedicated shopping centre manager was hired by Leasinvest Immo Lux.

All tasks of daily management are executed and/or supervised by staff members of Leasinvest Services SA and/or Leasinvest Real Estate Management SA and/or Porte des Ardennes Schmiede SA and/or by the shopping centre manager.

The end-responsibility, control and coordination of the real estate portfolios of offices and the shopping centres remains with the technical and/or commercial staff members of Leasinvest Services SA and/or the statutory manager of the company, controlled by the effective officers of Leasinvest Real Estate.

For all buildings in Luxembourg the financial, accounting, administrative and legal aspects of the activities of Leasinvest Immo Lux SA are treated from the registered office of the statutory manager in Antwerp, Schermersstraat 42, where it has an implicit "shared service" organization. The investment decisions, risk analyses, target-setting and performance measurement are also organized from there.

AUSTRIA

For technical management and local assistance of the property management of the retail buildings, a management agreement was concluded with JAM Consulting GmbH & Co KG, represented by Mr Josef Anreiter.

This management is supervised by a staff member of Leasinvest Services and is supervised by the managers within Leasinvest Services SA who have the adequate experience and required professional reliability, namely Messrs Jean-Louis Appelmans and Michel Van Geyte, the effective officers of the company. Potential decisions on important matters are prepared by the property manager but are only taken by the company. Regular reporting and discussion are organized.

All other matters are being taken care of by the "shared service" organisation in Antwerp.

The property management in the Frun® Park Asten is taken care of by CBRE. As of 1 January 2018 CBRE is also handling the property management for the newly acquired buildings in Stadlau. For the period between 16 October 2017 and 31 December 2017 property management was continued by the former property manager, Wetzl & Partner GmbH.

In the course of the previous financial year Frun Park Asten GmbH has paid a remuneration of € 131,931.93 (excl. VAT to Josef Anreiter. Property management of the Frun® Park Asten costed € 58,853.28 in 2017, which was however to a large extent re-invoiced to the tenants and only for an amount of € 5,886.81 at the expense of Frun Park Asten GmbH.

For the property management of the newly acquired buildings, an amount of € 7,517.20 was paid by Adrestos BeteiligungsverwaltungsGmbH since 16 October 2017 (acquisition date) till 31 December 2017.

SWITZERLAND

For the technical management and local assistance within the framework of the property management of the retail portfolio that was sold in 2017, Leasinvest Immo Lux paid a fee of approximately € 47,576 (excl. VAT) to CBRE.

Financial statements

Consolidated financial statements	115
Consolidated statement of comprehensive income	115
Consolidated balance sheet	117
Consolidated cash flow statement	118
Consolidated statement of changes in capital and reserves	120
Notes to the consolidated financial statements	122
Auditor's report	171
 Statutory financial statements	 174
Statutory income statement and balance sheet	174

Consolidated financial statements and notes

The consolidated financial statements of Leasinvest Real Estate have been approved for publication by the statutory manager on 15 February 2018. The management report of the statutory manager should be read jointly with the financial statements of Leasinvest Real Estate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	Note	31/12/2017 (12 months)	31/12/2016 (12 months)
Rental income	4	56,892	56,647
Rental-related expenses	4	0	-179
NET RENTAL INCOME		56,892	56,468
Recovery of property charges	5	174	73
Recovery income of charges and taxes normally payable by tenants on let properties	6	3,578	5,482
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	5	0	0
Charges and taxes normally payable by tenants on let properties	6	-3,578	-5,482
Other rental-related income and expenditure	5	-3,214	-2,554
PROPERTY RESULT		53,853	53,987
Technical costs	7	-2,442	-2,050
Commercial costs	8	-882	-1,059
Charges and taxes on un-let properties	9	-1,226	-1,080
Property management costs	10	-4,935	-4,534
Other property charges	10	-438	-716
PROPERTY CHARGES		-9,922	-9,438
PROPERTY OPERATING RESULT		43,931	44,549
Corporate operating charges	11	-2,914	-3,220
Other operating charges and income	11	-453	0
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		40,565	41,330
Result on disposal of investment properties	12	-2,798	3,584 ⁽¹⁾
Changes in fair value of investment properties	13	22,348	-1,462 ⁽¹⁾
OPERATING RESULT		60,114	43,451
Financial income	14	3,887	3,994
Net interest charges	15	-14,978	-13,400
Other financial charges	16	-1,364	-1,459
Changes in fair value of financial assets and liabilities	17	492	-560 ⁽²⁾
FINANCIAL RESULT		-11,963	-11,426
PRE-TAX RESULT		48,152	32,026
Corporate taxes	18	-607	-1,981
Exit tax		0	-608
TAXES		-607	-2,589
NET RESULT		47,545	29,437
Attributable to:			
Minority interests		0	0
Net result – Group share		47,545	29,437

(1) As of the financial year 2017 the transfer rights are booked in the income statement at the acquisition date of an investment property, and no longer when alienated as was the case in the past. Consequently, the 2016 figures were accordingly adjusted, which results in a net difference of € 444 thousand in the portfolio result, that is however offset in the reserves, the net asset value consequently not being impacted.

(2) The splitting-up between the exchange rate and interest rate effect in the fair value of the CCS was incorrect on 31/12/2016. Consequently, € 1.2 million of charges were wrongly not booked under the item changes in fair value of financial assets and liabilities in 2016. This results in higher reserves for the same amount, with no difference as to the net asset value.

(in € 1,000)	Note	31/12/2017	31/12/2016
OTHER ELEMENTS OF COMPREHENSIVE INCOME			
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties ⁽¹⁾		0	0
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS ⁽¹⁾		11,367	-9,066
Changes in fair value of financial assets available for sale	23	-9,211	-3,179
Translation differences following the conversion of a foreign activity		0	0
Other		282	
Other elements of comprehensive income that will be reclassified later to the net result		2,438	-12,244
COMPREHENSIVE INCOME			
Attributable to:			
Minority interests		0	0
Comprehensive income – Group share		49,983	17,192
RESULT PER SHARE			
(in €)		31/12/2017 (12 months)	31/12/2016 (12 months)
Result per share, group share		9.63	5.96

(1) We refer to the footnotes (1) and (2) from the income statement. A number of limited changes were made to the comparative figures, having an also limited impact on the different components of shareholders' equity.

The item "other" comprises the sale of a small amount of treasury shares on 21 February 2017.

The comprehensive income differs from that reported in the press release of 22 February 2018 because the reversal of the recycled capital gain on real estate certificate Lux Airport was not yet included (we refer to note 4). However, this has no single impact on shareholders' equity, net result, EPRA Earnings or any other parameter.

The result per share of € 9.63 per share also equals the diluted result per share as there are no diluted securities.

CONSOLIDATED BALANCE SHEET

(in € 1,000)

	Note	Period 31/12/2017	Period 31/12/2016
ASSETS			
I. NON-CURRENT ASSETS		979,104	896,179
Intangible assets	19	2	4
Investment properties	20	885,151	787,065
Other tangible assets	22	354	1,250
Non-current financial assets	23	75,757	89,961
Finance lease receivables	24	17,841	17,900
II. CURRENT ASSETS		20,189	92,261
Assets held for sale	25	0	54,966
Current financial assets	26	0	0
Finance lease receivables		0	0
Trade receivables	27	11,471	12,085
Tax receivables and other current assets	28	2,533	3,264
Cash and cash equivalents	29	5,702	20,768
Deferred charges and accrued income	30	482	1,179
TOTAL ASSETS		999,293	988,441
LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY		382,206	356,407
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		382,206	356,407
Capital	31	54,315	54,315
Share premium account	31	121,091	121,091
Translation differences		0	8
Reserves	31	159,267	151,849 ⁽¹⁾
Purchase of treasury shares		-12	-293
Net result of the financial year	31	47,545	29,437 ⁽¹⁾
II. MINORITY INTERESTS		0	0
LIABILITIES		617,086	632,034
I. NON-CURRENT LIABILITIES		384,626	444,362
Provisions		11	11
Non-current financial debts	33	348,156	394,615
- Credit institutions		251,168	297,395
- Other		96,988	97,220
Other non-current financial liabilities	33	33,696	49,736
Trade debts and other non-current debts		0	0
Other non-current liabilities		0	0
Deferred tax liabilities		2,763	0
II. CURRENT LIABILITIES		232,460	187,672
Current financial debts	33	192,283	146,856
- Credit institutions		24,053	0
- Other		168,231	146,856
Other current financial liabilities		160	0
Trade debts and other current debts	34	28,193	28,985
- Exit tax		12,907	12,907
- Other		15,286	16,078
Other current liabilities	35	1,716	2,361
Accrued charges and deferred income	36	10,108	9,469
TOTAL EQUITY AND LIABILITIES		999,293	988,441

(1) We refer to the footnotes (1) and (2) from the statement of comprehensive income. A number of limited changes were made to the comparative figures, having an also limited impact on the different components of shareholders' equity.

CONSOLIDATED CASH FLOW STATEMENT¹

(in € 1,000)

	Note	31/12/2017 (12 months)	31/12/2016 (12 months)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	29	20,768	4,531
1. Cash flow from operating activities		41,256	34,925
Net result ⁽¹⁾		47,545	29,437
Adjustment of the profit for non-cash and non-operating elements		-8,097	10,900
<i>Depreciations, write-downs and taxes</i>		-510	1,912
- Depreciations and write-downs on intangible and other tangible assets (+/-)		96	145
- Write-downs on current assets (-)	27	0	179
- Taxes	18	-406	2,589
- Taxes paid		-200	-1,001
<i>Other non-cash elements</i>		-22,840	1,706
Changes in fair value of investment properties (+/-) ⁽¹⁾	13	-22,055	1,462
Movements in provisions (+/-)		0	2
Phasing of gratuities (+/-)	4	-293	-317
Increase (+) / Decrease (-) in fair value of financial assets and liabilities ⁽¹⁾	17	-492	559
Other non-current transactions		0	0
<i>Non-operating elements</i>		15,253	7,282
Gains on disposals of non-current assets ⁽¹⁾	12	2,798	-3,583
Dividends received	14	-3,271	-3,445
Write-back of financial income and financial charges		15,726	14,310
Change in working capital requirements		1,808	-5,412
<i>Movements in asset items</i>		2,041	-3,582
Other long-term assets		0	-11
Current financial assets		0	0
Trade receivables		614	-4,297
Tax receivables and other current assets		731	-379
Deferred charges and accrued income		696	1,105
<i>Movements in liability items</i>		-233	-1,830
Other non-current debts			
Trade debts and other current debts		-792	3,568
Taxes		1,124	-980
Other current liabilities		-646	-5,839
Accrued charges and deferred income		81	1,421

⁽¹⁾ We refer to the footnotes (1) and (2) from the statement of comprehensive income. A number of limited changes were made to the comparative figures, having an also limited impact on the different components of shareholders' equity.

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(in € 1,000)			31/12/2017	31/12/2016
	Note		(12 months)	(12 months)
2. Cash flow from investment activities			-16,822	10,048
<i>Investments</i>				
Investment properties in operation	20		-106,248	-42,647
Development projects	20		-15,528	-9,884
Intangible and other tangible assets	20		-124	-227
Non-current financial assets	23		-5,049	-5,687
Assets held for sale	25		-1,441	-455
Other elements taken over from share deals			-5,553	0
<i>Divestments</i>				
Investment properties in operation	20		0	0
Development projects			0	60,445
Intangible and other tangible assets	20		926	
Non-current financial assets	23		81	648
Assets held for sale	25		112,843	4,410
Dividends received	14		3,271	3,445
3. Cash flow from financing activities			-39,500	-28,736
<i>Change in financial liabilities and financial debts</i>				
Increase (+) / Decrease (-) of financial debts			-487	8,874
Increase (+) / Decrease (-) of other financial liabilities				
Financial income received			616	443
Financial charges paid			-15,783	-14,857
<i>Change in shareholders' equity</i>				
Change of capital and share premium account (+/-)				
Changes in reserves			72	
Increase (+) / Decrease (-) of treasury shares			281	
Dividend of the previous financial year	31		-24,199	-23,196
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	29		5,702	20,768

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

(in € 1,000)

Capital Share premium account

BALANCE SHEET UNDER IFRS ON 31/12/15	54,315	121,091
- Distribution closing dividend of the previous financial year		
- Transfer net result 2015 to reserves		
- Comprehensive income of the financial year 2016 (12 months) ⁽¹⁾		
- Various		
BALANCE SHEET UNDER IFRS ON 31/12/16	54,315	121,091
- Distribution closing dividend of the previous financial year		
- Transfer net result 2016 to reserves		
- Comprehensive income of the financial year 2017 (12 months)		
BALANCE SHEET UNDER IFRS ON 31/12/17	54,315	121,091

(1) We refer to the footnotes (1) and (2) from the statement of comprehensive income. A number of limited changes were made to the comparative figures, having an also limited impact on the different components of shareholders' equity.

PRESENTED ACCORDING TO THE ITEMS DEFINED IN THE RD OF 13/07/2014

(in € 1,000)

Capital Share premium Legal reserve Reserve from the balance of changes in fair value of investment properties (+/-) Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS

BALANCE SHEET UNDER IFRS ON 31/12/15	54,315	121,091	5,431	33,555	-34,189
Distribution closing dividend of the previous financial year					
Transfer net result 2015 to reserves				9,549	
Comprehensive income of the financial year 2016 (12 months) ⁽¹⁾					-9,065
Various					
BALANCE SHEET UNDER IFRS ON 31/12/16	54,315	121,091	5,431	43,104	-43,254
Distribution closing dividend of the previous financial year					
Transfer net result 2016 to reserves				2,122	
Transfer historic revaluation sold buildings				-17,270	
Comprehensive income of the financial year 2017 (12 months)					11,366
BALANCE SHEET UNDER IFRS ON 31/12/17	54,315	121,091	5,431	27,956	-31,888

(1) We refer to the footnotes (1) and (2) from the statement of comprehensive income. A number of limited changes were made to the comparative figures, having an also limited impact on the different components of shareholders' equity.

Reserves	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
156,381	30,618	362,405	5	362,410
-23,197		-23,197		-23,197
30,618	-30,618	0		0
-12,244	29,436	17,192	-5	17,187
7		7		7
151,565	29,436	356,407	0	356,407
-24,184		-24,184		-24,184
29,436	-29,436	0		0
2,438	47,545	49,983	0	49,983
159,255	47,545	382,206	0	382,206

RESERVES

Reserve from translation differences following the conversion of a foreign activity (+/-)	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	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
8	-1,920	-293	32,363	121,426	30,618	362,404	4	362,409
				-23,197		-23,197		-23,197
	-5,215			26,284	-30,618	4	-4	0
			-3,179	0	29,436	17,192		17,192
				8		8		8
8	-7,135	-293	29,184	124,521	29,436	356,407	0	356,407
				-24,184		-24,184		-24,184
	-571			27,885	-29,436	0		0
				17,270		0		0
		282	-8,805	-405	47,545	49,983		49,983
8	-7,706	-11	20,379	145,087	47,545	382,206	0	382,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CLOSED 31 DECEMBER 2017

Note 1	General information	123
Note 2	Significant accounting principles	123
	2.1 IFRS valuation rules consolidated annual accounts Leasinvest Real Estate SCA	123
Note 3	Segment information	132
	3.1 Segment information - geographical	132
	3.1.1 Consolidated statement of comprehensive income	132
	3.1.2 Consolidated balance sheet (geographical segmentation)	134
	3.1.3 Main key figures	135
	3.2 Segment information – key figures per asset class	136
COMPREHENSIVE INCOME		
Note 4	Net rental result	137
Note 5	Costs payable by tenants and borne by the landlord and other rental-related income and expenses	138
Note 6	Charges borne by the landlord on let properties	138
Note 7	Technical costs	138
Note 8	Commercial costs	139
Note 9	Charges and taxes on un-let properties	139
Note 10	Property management costs and other property charges	
	10.1 Property management costs	139
	10.2 Other property charges	139
Note 11	General corporate expenses and other operating expenses and costs	140
Note 12	Result on sale of investment properties	140
Note 13	Changes in fair value of investment properties	140
Note 14	Financial income	141
Note 15	Financial charges	142
Note 16	Other financial charges	142
Note 17	Changes in fair value of financial assets and liabilities	143
Note 18	Corporate taxes	143
BALANCE SHEET		
Note 19	Intangible assets	144
Note 20	Investment properties (fair value method)	144
Note 21	Acquisition of subsidiaries	149
Note 22	Other tangible assets	149
Note 23	Non-current financial assets	150
Note 24	Leasing	150
Note 25	Assets held for sale	150
Note 26	Current financial assets	151
Note 27	Trade receivables	151
Note 28	Tax receivables and other current assets	152
Note 29	Cash and cash equivalents	152
Note 30	Deferred charges and accrued income – assets	152
Note 31	Share capital, share premium, treasury shares and net result	
	31.1 Share capital	153
	31.2 Share premium	154
	31.3 Result	154
	31.4 Treasury shares redeemed	154
	31.5 Reserves	155
Note 32	Comments on the number of shares, dividends and profit per share	155
Note 33	Information on the financial debt	
	33.1 Financial instruments at book value	156
	33.2 Note on the financial debts	157
	33.3 Fair value disclosures	160
	33.4 Management of capital and debt ratio	162
	33.5 Note on financial derivatives	164
	33.6 Information with regard to financial risk management	166
Note 34	Trade debts and other current debts	168
Note 35	Other current liabilities	168
Note 36	Accrued charges and deferred income - liabilities	168
Note 37	Other liabilities	168
Note 38	Related-party transactions	168
Note 39	Consolidation scope	169
Note 40	Important events after balance sheet date	170

NOTE 1**GENERAL INFORMATION****Comprehensive income**

Leasinvest Real Estate SCA ('LRE') is a public REIT (SIR/GVV) under Belgian Law and subject to the law of 12 May 2014 (RREC law) and the RD of 13 July 2014, with its administrative offices in Antwerp.

The consolidated financial statements of LRE for the financial year ending on 31 December 2017 comprise LRE and its subsidiaries. The statutory and consolidated financial statements were authorized for issue by the board of directors of the statutory manager of 15 February 2018 and will be presented to the annual general meeting of shareholders for approval on 22 May 2018. The statutory financial statements as well as the consolidated financial statements are prepared according to IFRS. Leasinvest Real Estate is included in the consolidation of Ackermans & van Haaren SA.

NOTE 2**SIGNIFICANT ACCOUNTING PRINCIPLES****2.1 IFRS valuation rules consolidated financial statements
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 31/12/2017, 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 of financial reporting are consistent with those of the previous financial year, except for the following modifications.

The nature and the impact of each of the following new accounting rules, changes and/or interpretations, are described below:

New and amended standards and interpretations, effective for financial years starting on 1 January 2017

The Group applied for the first time certain standards and amendments, which are effective for financial years beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new and modified standards and interpretations have been applied for the first time in 2017, they had no material impact on the Group's financial statements.

Below the nature and the effect of the new and modified standards and interpretations are commented:

- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative applicable for annual periods beginning on or after 1 January 2017

- Amendments to IAS 12 Income taxes - Recognition of Deferred Tax Assets for Unrealized Losses applicable for annual periods beginning on or after 1 January 2017
- Annual improvements to IFRS Standards 2014-2016 Cycle¹, applicable as of 1 January 2017

New and modified IFRS standards and IFRIC interpretations applicable to financial years starting as of 1 January 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable as of 1 January 2019)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

Leasinvest Real Estate has not applied the following new standards (amendments to standards and interpretations) that have been issued and can be applied anticipatively, but are not yet effective:

IFRS 9 – Financial Instruments (effective 1 January 2018)

IFRS 9 was published by IASB in July 2014 and endorsed by the EU in November 2016. IFRS 9 contains the requirements for the classification and measurement of financial assets and financial liabilities, the impairment of financial assets, and the general hedge accounting. IFRS 9 replaces most parts of IAS 39 – Financial Instruments: Recognition and Measurement.

¹ Not yet adopted by the EU per 15 December 2017.

Based on an analysis of Leasinvest Real Estate's situation as at 31 December 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With respect to the impairment of financial assets measured at amortized cost, including trade receivables and finance lease receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade and finance lease receivables combined with the low associated credit risk, Leasinvest Real Estate considers the impact on the consolidated financial statements to be limited.

With regard to the financial assets, more specifically the participations in other real estate companies of below 20%, the financial assets available for sale will no longer be passed through equity but through the income statement. The revaluation reserves existing on 31 December 2017 of € 20.4 million will be reclassified to the unavailable reserves, more specifically to the revaluation reserve on property, and will no longer be recycled through the income statement upon realization.

IFRS 15 – Revenue from Contracts with Customers (effective 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Upon its effective date IFRS 15 will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts and the related interpretations.

IFRS 15 is not expected to have a material impact on the consolidated financial statements of Leasinvest Real Estate as lease contracts, representing Leasinvest Real Estate's main income source, are excluded from the scope of IFRS 15. The principles of IFRS 15 are still applicable to the non-lease components that may be contained in lease contracts or in separate agreements, such as maintenance related services charged to the lessee. Considering however that such non-lease components are relatively limited in amount and mostly represent services recognised over time under both IFRS 15 and IAS 18, Leasinvest Real Estate does not anticipate a material impact in that respect.

IFRS 16 – Leases (effective 1 January 2019)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date.

Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

As Leasinvest Real Estate is almost exclusively acting as lessor (and has chosen not to reassess whether a contract is or contains a lease compared to IAS 17), IFRS 16 is not expected to have a material impact on its consolidated financial statements. In the limited cases where Leasinvest Real Estate is the lessee in contracts classified as operating leases under IAS 17 and not subject to the IFRS 16 exemptions (e.g. lease of cars, property used by the Group, ...), a right-of-use asset and related liability will be recognised in the consolidated financial statements.

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, except for the change in the valuation rules with regard to transfer rights.

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

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 have evolved in the meanwhile or if new information became available. The final outcome can consequently differ from the estimate.

More specifically, within the framework of the sale of the buildings in the Axxes Business Park in 2010 and Torenrove 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 making an appeal to this 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 in accordance with market standards. 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 constitution of an additional provision on the account of LRE.

C. CONSOLIDATION PRINCIPLES

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

I Subsidiaries

Subsidiaries are entities over which the company exercises control. There is control when the company, directly or indirectly, has the power to direct the financial and operational policy of an entity, in order to benefit from its activities. The financial statements of the subsidiaries are recorded in the consolidated financial statements as of the start date till the end date of the control.

If necessary, the valuation rules for subsidiaries are amended in order to guarantee coherence with the principles adopted by the Group. The financial statements of the subsidiaries recorded in the consolidation cover the same accounting period as that of the company.

Changes in interests of the Group in subsidiaries that do not lead to a loss of control are treated as transactions in shareholders' equity.

The book value of the interests of the Group or of third parties in subsidiaries is adjusted to take into account the changes of the respective interest levels. Each difference between the amount by which the minority interests are adjusted and the fair value of the paid or received remuneration is immediately recorded in shareholders' equity.

II Jointly controlled entities

Jointly controlled entities are associates and joint ventures over which the Group exercises a joint control, defined by contract of as a consequence of a distribution of the shares among a limited number of shareholders.

The consolidated income statements comprise the Group share in the results of the associates and joint ventures according to the equity method. This share is calculated as of the start date till the end date of the joint control. The financial statements of the jointly controlled entities comprise the same accounting period as that of the company.

III Transactions eliminated in consolidation

Intra-group balances and transactions, and all profits from intra-group transactions, are not taken into account when preparing the consolidated financial statements.

Profits from transactions with jointly controlled entities are eliminated in relation to the interest of the Group in those entities. Losses are eliminated in the same way as profits, but only if there is no indication of depreciation.

A list of the Group companies is recorded in the notes to the consolidated financial statements.

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

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 previ-

ously held interests (shares) in the company acquired. The transfer rights have to be passed through the income statement. If the assets acquired do not constitute a company based on the classification of the underlying transaction, the transaction is booked as an acquisition of investment properties according to IAS 40 (and potential other non-current assets according to IAS 16), and consequently, after their initial booking, the measurement at fair value according to IAS 40 is applied, as commented under section G. Investment properties.

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, i.e. 3 years, 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.

The useful life of assets amounts to 20 years for solar panels, 5 years for furniture and 3 years for IT-equipment.

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 following methods to define the fair value according to IFRS 13:

- *Net present value of estimated rental income*

The investment value is the result of the yield applied on the estimated rental value (capitalisation method or market approach) corrected by the net present value of the difference between the current rent and the estimated rental value at the valuation date, and this, for the period till the next break possibility of the current rental contracts.

- *Discounted cash flow method*

The DCF method consists in defining the present value of the future cash flows. The future rental income is estimated on the basis of the existing contractual rents and the real estate market outlook for each building in the following periods. Moreover, the future maintenance costs are also estimated and taken into account. The actualisation rate applied takes into account the risk premium for the object defined by the market. The obtained value is also compared to the market on the basis of the definition of the residual land value.

- *Residual valuation*

Buildings to renovate or in the course of renovation, or planned projects are valued based on the value after renovation, valued based on the value after renovation under deduction of the amount for the remainder of the work to be carried out, including costs, interests, vacancy and risk premium.

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:

- 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).
- 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 and in Austria 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. When not listed, or when the share price of these real estate certificates as shown by the share price tables can not be considered as being a reliable reference, taken into account the limited liquidity of this real estate certificate, the certificates are booked at closing date under the item Non-current Financial Assets, at historical issue price, minus potential reimbursements.

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 its 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 moment of 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 RRECs, 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.

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.

IFRS 5 – Non-current assets held for sale only applies to the presentation of real estate held for sale. IAS 40 has to be applied to the measurement, as is the case for the other investment properties (at fair value).

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.

The company value is the market value of the expected future cash flows. In order to define the company value, the expected future cash flows are discounted at an interest rate before taxes that reproduces both the current market interest rate and the specific risks with regard to the asset. For assets that do not generate cash flows the recoverable value of the cash-generating entity they belong to, is defined.

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 ASSETS AND LIABILITIES

Financial assets and liabilities at fair value with changes in value passed through the income statement

The fair value changes of the financial assets and liabilities recorded at fair value through the results, are taken into the income statement, unless they were founded by 'hedge accounting' documentation (see K).

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.

As mentioned before, IFRS 9 enters into force as of 1 January 2018. Consequently, the financial assets available for sale will no longer be passed through shareholders' equity, yet through the income statement. The existing revaluation reserve on 31 December 2017 of € 20.4 million will be reclassified to the unavailable reserves and will no longer be recycled through the income statement upon realization.

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 the interest rate and exchange rate risks 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 or are fair value hedges, are taken into profit or loss.

IFRS 13 mentions an element in measurement, namely the obligation to record the own credit risk and that of the counterparty in the calculation. The correction of the fair value as a consequence of the application of the credit risk to the counterparty is called Credit Valuation Adjustment (CVA). Quantifying the own credit risk is called Debit Valuation Adjustment or DVA.

Cash flow hedges

The effective portion of gains or losses from fair value changes of derivative financial instruments (payer interest rate swaps), 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 fair value of the 'swap' interest rates is the estimated value the company would receive or pay when exercising the swap at the balance sheet date, taking into account the current interest rates and the expected interest rates and the solvency of the counterparty of the swap.

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.

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.

Fair value hedging

For each financial derivative covering the potential changes in fair value of a recorded receivable or debt, the profit or loss resulting from the revaluation of the hedge is recorded in the income statement. The value of the hedged element is also measured at the fair value attributable to the hedged risk. The related profits or losses are recorded in the income statement. The fair value of the hedged elements related to the hedged risk are the book values at the balance sheet date, calculated in euro at the exchange rate effective at the balance sheet date.

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 an RREC with an entity that is not an RREC. When the latter first enters in the scope of consolidation, the exit tax is recorded as a liability. Every subsequent adjustment of this exit tax liability, following the evolution of the fair value and the accounting value between the moment of the incorporation in the consolidated accounts of the acquired companies and the moment of the merger between the RREC and those companies, 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 date 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 period. For the calculation of the diluted profit per share, the profit or the loss that can be attributed and the holders of ordinary shares and the weighted average number of issued shares are corrected for the effects of all potential ordinary shares that will lead to dilution.

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

Financial income

Financial income comprises the interest received on investments, dividends, exchange rate income and income relating to hedges that is recorded in the income statement (excluding fair value adjustments). Interests and dividends that originate from the use by third parties of company resources, are recorded when it is probable that the economic benefits related to the transaction will flow back to the company and the income can be defined in a reliable way.

Interests received are recorded when collected (taking into account the time elapsed and the effective return of the asset), unless there is any doubt on the collection.

Dividends are recorded in the income statement at the date of payment or when they were granted.

Net funding costs ◀

The net funding costs ◀ comprise the interest payable on loans, calculated using the effective interest rate method, as well as the net interest due on derivative financial instruments that are recognized in the income statement (excluding fair value adjustments). Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset.

Other financial charges

The other financial charges mainly comprise reservation fees due on unused confirmed credit lines.

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 “chief operating decision makers” (high-ranking officers) are the Effective officers of the company. The operational segments are defined, as there is evidence, in the long term, of similar financial performance as they have comparable economic characteristics, based on the estimated rental value, investment potential and residual value.

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 three geographic segments, namely Belgium, the Grand Duchy of Luxembourg, Switzerland-Austria. The Luxembourg and Swiss segment correspond to the Leasinvest Immo Lux SICAV-SIF portfolio. In the course of 2017 the Swiss buildings were sold, the segment “Switzerland-Austria” in fact only comprising Austria since 5 October 2017. The “corporate” category comprises all unallocated fixed costs carried at group level, and the financing costs ◀. In view of maximum transparency, the Swiss and Austrian results are reported separately in the segment information presented hereafter.

NOTE 3**SEGMENT INFORMATION****3.1 Segment information - geographical****3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in € 1,000)

	Belgium	
	31/12/2017	31/12/2016
(+) Rental income ⁽¹⁾	22,091	25,326
(+) Write-back of lease payments sold and discounted		
(+/-) Related-rental expenses	0	-132
NET RENTAL INCOME	22,091	25,195
(+) Recovery of property charges	153	73
(+) Recovery income of charges and taxes normally payable by tenants on let properties	3,173	5,394
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
(-) Charges and taxes normally payable by tenants on let properties	-3,173	-5,394
(+/-) Other rental related income and expenditure	-1,692	-1,938
PROPERTY RESULT	20,552	23,329
(-) Technical costs	-1,332	-1,240
(-) Commercial costs	-252	-628
(-) Charges and taxes on un-let properties	-1,030	-909
(-) Property management costs ⁽²⁾	-4,408	-4,214
(-) Other property charges	-243	-376
PROPERTY CHARGES	-7,265	-7,366
PROPERTY OPERATING RESULT	13,287	15,963
(-) Corporate operating charges	-1,171	-1,435
(+/-) Other operating charges and income	-349	-1,053
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	11,767	13,475
(+/-) Result on disposal of investment properties	-1,420	18
(+/-) Changes in fair value of investment properties	6,098	213
OPERATING RESULT	16,444	13,706
(+) Financial income		
(-) Net interest charges		
(-) Other financial charges		
(+/-) Changes in fair value of financial assets and liabilities		
FINANCIAL RESULT	0	0
PRE-TAX RESULT	16,444	13,706
(+/-) Corporate taxes		
(+/-) Exit tax		
TAXES	0	0
NET RESULT	16,444	13,706
Attributable to:		
Minority interests		
Group share		

(1) There is no rental income from transactions with other operational segments.

(2) 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 SA & the real estate certificates held. Of the total fee paid by Leasinvest Real Estate during the financial year 2017 (12 months) € 2.23 million is related to the Luxembourg real estate portfolio (including the Swiss and Austrian buildings).

[illegible]

3.1.2 CONSOLIDATED BALANCE SHEET (GEOGRAPHICAL SEGMENTATION)

(in € 1,000)

	Belgium	
	31/12/2017	31/12/2016
ASSETS		
Intangible assets	2	4
Investment properties (incl. development projects, excl. financial leasing)	293,404	284,016
Assets held for sale	0	54,966
Other assets	105,200	106,597
ASSETS PER SEGMENT	398,606	445,583
LIABILITIES		
Non-current financial debts		
Current financial debts		
Other liabilities		
LIABILITIES PER SEGMENT		
SHAREHOLDERS' EQUITY		

Other segment information

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

(in € 1,000)

	Belgium		Luxembourg		Switzerland		Austria		TOTAL	
	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16
Investment properties										
investments	19,559	4,679	43,468	10,542		110	58,750	37,090	121,777	52,421
divestments				-50,750					0	-50,750
Finance lease receivables										
investments										
divestments										
Assets held for sale										
investments	1,441	455							1,441	455
divestments	-72,568	-4,392			-43,073				-115,641	-4,392
Other tangible assets (other)										
investments	3		120	227					123	227
divestments	-925	0	0	0					-925	0
depreciations	-4	-73	-90	-67					-94	-140
Net book value at the end of the financial year	3	929	351	321					354	1,250

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).

Luxembourg		Switzerland		Austria		Corporate		TOTAL	
31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	0		0					2	4
489,098	421,198		44,488	102,650	37,363			885,152	787,065
								0	54,966
8,247	36,910		737	692	2,162			114,139	146,406
497,345	458,108	0	45,225	103,342	39,525	0	0	999,293	988,441
						348,156	394,615	348,156	394,615
						192,283	146,856	192,283	146,856
						76,648	90,562	76,648	90,562
						617,087	632,033	617,087	632,033
								382,206	356,408

3.1.3 MAIN KEY FIGURES

The fair value and the investment value of the real estate portfolio comprise the buildings in operation, i.e. the buildings available for lease and the non-current 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 development projects and the assets held for sale. The yields concern gross yields.



(in € 1,000)	Belgium		Luxembourg		Switzerland		Austria		TOTAL	
	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16
Fair value of the real estate portfolio ⁽¹⁾	311,244	356,882	489,099	421,198		44,488	102,650	37,363	902,992	859,931
Investment value of the real estate portfolio	318,741	365,270	497,183	427,580		45,600	105,216	38,300	921,140	876,750
Gross yield (in fair value) of the segment ⁽²⁾	5.46%	6.38%	6.55%	6.87%		6.00%	5.50%	5.78%	6.44%	6.78%
Gross yield (in investment value) of the segment ⁽²⁾	5.33%	6.24%	6.44%	6.77%		5.85%	5.37%	5.65%	6.32%	6.65%
Total letting area (m²)	266,229	271,840	176,670	160,707		11,649	42,245	18,218	496,793	462,414
Occupancy rate ⁽²⁾	74.94%	82.51%	96.59%	98.30%		100.00%	100.00%	100.00%	94.80%	96.77%
Weighted average duration till first break possibility (# years)	4.92	4.72	3.86	4.50		4.73	5.96	1.98	4.74	4.37

(1) The fair value of the real estate portfolio end 2017 consists of the investment properties (€ 885,151 thousand), the finance lease receivables (€ 17,841 thousand), or € 902,992 thousand in total.

The fair value of the real estate portfolio end 2016 consists of the investment properties (€ 787,065 thousand), the finance lease receivables (€ 17,900 thousand) and the assets held for sale (€ 54,966 thousand), or € 859,931 thousand in total.

(2) The calculation of the gross yield (in fair value and investment value) and the occupancy rate take into account all buildings, except for those recorded under 'assets held for sale' and 'development projects'.

3.2 Segment information – Key figures per asset class

(in € 1,000)	Retail		Offices		Logistics (and semi-industrial)		TOTAL	
	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16	31/12/17	31/12/16
Rental income (incl. lease receivables and excl. compensation for termination and incentives)	29,313	24,998	12,874	16,999	14,554	14,492	56,741	56,489
Fair value of the real estate portfolio	436,800	410,680	404,492	318,033	61,700	131,218	902,992	859,931
Investment value of the real estate portfolio	443,570	416,780	414,610	326,010	62,960	133,960	921,140	876,750
Occupancy rate	97.76%	99.14%	92.08%	93.57%	93.67%	95.56%	94.80%	96.77%
Rental yield  (in fair value) of the segment	6.52%	6.76%	6.28%	6.52%	6.77%	7.88%	6.44%	6.78%
Rental yield  (in investment value) of the segment	6.42%	6.66%	6.13%	6.36%	6.64%	7.73%	6.32%	6.65%
Weighted average duration till first break possibility (# years)	5.77	5.13	3.03	2.77	9.65	5.31	4.74	4.37

The rental income does not take into account the indemnities received for early termination of leases of 151 thousand (158 thousand end 2016).

The real estate portfolio comprises the buildings in operation and the non-current 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.

Comprehensive income

NOTE 4

NET RENTAL RESULT

(in € 1,000)	31/12/2017	31/12/2016
Rental income	56,892	56,647
Rents	55,110	54,727
Guaranteed income	0	161
Rent-free periods	323	317
Rental incentives	-9	0
Indemnities for early termination of the leases	160	158
Income from finance leases and comparable items	1,308	1,284
Rental-related expenses	0	-179
Rent payable on rented premises	0	0
Write-downs on trade receivables	0	-179
Write-backs of write-downs on trade receivables	0	0
NET RENTAL RESULT	56,892	56,468

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

The rental income has increased from € 56,647 thousand to € 56,892 thousand. This is the result of a mixed effect of acquisitions (Mercator, retail parks Stadlau) and sales (5 Belgian logistics buildings and the Swiss buildings) throughout the year. Besides this, in the course of 2017 the 2/3rd threshold was passed of holding the listed real estate certificates "Lux Airport", the related income (capital and interest coupons) being allowed recognition as rental income.

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 date. 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 rent 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 shows the loss of rental income.

(in € 1,000)	31/12/2017	31/12/2016
Within one year	8,449	6,087
Between one and five years	34,649	29,629
More than five years	13,263	21,211
TOTAL	56,361	56,927

Leasinvest Real Estate's portfolio mainly comprises players from the private sector and, to a lesser extent, of the public sector. Consequently, there are relatively more rental contracts with shorter fixed durations (type 3/6/9 years).

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

(in € 1,000)	31/12/2017	31/12/2016
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease		
Recovery of property charges	174	73
Compensations received for rental damage	174	73
Recovery of refurbishment costs at end of lease	0	0
TOTAL	174	73
Other rental-related income and expenses	-3,214	-2,554
TOTAL	-3,214	-2,554

The recovery of property charges only comprises the compensations received for rental damage.

The item "other rental-related income and expenses" amounts to € -3,214 thousand end 2017 in comparison with € -2,554 thousand end 2016. The increase of these costs is the consequence of higher operating costs (a/o personnel, maintenance costs and an increase of communal and provincial surtaxes) in The Crescent on the one hand, and the full integration of Porte des Ardennes Pommerloch, on the other hand.

NOTE 6**CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES**

(in € 1,000)	31/12/2017	31/12/2016
Recovery income of charges and taxes normally payable by tenants on let properties	3,578	5,483
Rebiling of rental charges paid by the landlord	1,281	3,957
Rebiling of taxes on let properties	2,297	1,525
Rental charges and taxes normally payable by tenants on let properties	-3,578	-5,483
Rental charges paid by the landlord	-1,281	-3,957
Taxes on let properties	-2,297	-1,525
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 rebiling by the landlord. This concerns, among other things, the property taxes and other taxes on let buildings. In 2017 and 2016 all charges and taxes, contractually for the account of the tenant, have integrally been rebilled to the tenants concerned.

NOTE 7**TECHNICAL COSTS**

(in € 1,000)	31/12/2017	31/12/2016
Recurring technical costs	-2,444	-2,043
Maintenance	-2,248	-1,721
Compensation for total guarantees	-158	-306
Insurance premiums	-38	-16
Non-recurring technical costs	2	-7
Major repairs (building contractors, architects, engineering, ...)	0	-5
Claims	2	-2
TOTAL	-2,442	-2,050

To ensure that the buildings keep responding to the increasing demands of comfort, image and sustainability maintenance and renovation works are regularly carried out. The item technical costs comprises both the recurrent and occasional costs of repair to the real estate portfolio, besides the fees with regard to the total guarantee and the insurance premiums related to the technical management of the buildings.

NOTE 8 COMMERCIAL COSTS

(in € 1,000)	31/12/2017	31/12/2016
Letting fees paid to real estate agents	-400	-884
Marketing expenses	-300	-81
Lawyer fees and legal expenses	-182	-94
TOTAL	-882	-1,059

The commercial costs decreased in comparison with last year, mainly because of importantly lower brokers' fees. On the other hand, the marketing expenses rose, mainly as a consequence of more "branding" actions for the Knauf shopping centers and because the Frun® Park in Asten was included in the figures for a full year in 2017 (instead of only 2 months in 2016).

NOTE 9 CHARGES AND TAXES ON UN-LET PROPERTIES

(in € 1,000)	31/12/2017	31/12/2016
Charges on un-let properties of the financial year	-630	-523
Property taxes on un-let properties	-596	-557
TOTAL	-1,226	-1,080

The charges on un-let properties are the charges related to vacant spaces, which cannot be recovered from tenants and are consequently to be borne by the owner. Given the slightly lower occupancy rate of the portfolio in the course of 2017, these costs are slightly higher than in 2016.

NOTE 10 PROPERTY MANAGEMENT COSTS AND OTHER PROPERTY COSTS

10.1 Property management costs

(in € 1,000)	31/12/2017	31/12/2016
External management costs	-3,974	-3,908
Costs of the internal management of the property	-961	-625
TOTAL PROPERTY MANAGEMENT COSTS	-4,935	-4,534

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 REIT (SIR/GVV) and had a staff of eleven persons at the end of 2017 under the direction of the permanent representative (twelve in total). The external management costs consist of the remuneration of the 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 held, according to the articles of association. The costs of the internal management of the real estate mainly consist of the personnel costs of Leasinvest Services, which takes care of the technical management of the buildings of the REIT (SIR/GVV) (personnel: 5 employees).

10.2 Other property costs

The other property costs amount to € -0.4 million at the end of 2017 and mainly comprise the valuers' fee (€ 167 thousand) and the fee paid within the framework of the external management (o/a Inowai & CBRE-PSM) and other diverse property costs (fees for situation surveys).

NOTE 11**GENERAL CORPORATE CHARGES AND OTHER OPERATING INCOME AND CHARGES**

(in € 1,000)	31/12/2017	31/12/2016
UCI tax	-311	-188
Depository	-142	-121
Auditor fees	-275	-197
Liquidity provider	-17	-17
Other expenses	-2,169	-2,696
TOTAL	-2,914	-3,219
Other operating income and charges	-453	0

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 REIT (SIR/GVV) 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 general corporate charges decrease from € 3.2 million in 2016 to € 2.9 million in 2017. This decrease is mainly due to an important drop in 'other expenses' by € 0.5 million. Less consulting fees were paid, mainly due to lower due diligence expenses and lower telecom costs. On the other hand, the UCI tax increased by € 123 thousand because of a higher calculation basis of this tax: it is based on the statutory shareholders' equity of the REIT (SIR/GVV) at the end of the previous financial year. As per end 2016 participations were for the first time booked at fair value, this entailed an important rise of shareholders' equity, the UCI tax consequently increasing as of 2017.

Other operating income and charges comprises mainly the charges of rental guarantees of buildings sold in the past. In 2016 these expenses were compensated by the one-off positive effect of badwill, recognized as income under this item.

NOTE 12**RESULT OF DISPOSAL OF INVESTMENT PROPERTIES**

(in € 1,000)	31/12/2017	31/12/2016
Net gains on investment properties (sales price – transfer rights)	112,843	64,855
Book value of real estate sold (fair value)	-115,641	-61,272
Write-back of impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		0
TOTAL	-2,798	3,583

In 2017 a total of 5 buildings were sold: 2 Belgian logistics buildings (Vierwinden and Prins Boudewijnlaan Kontich) and 3 Swiss retail buildings (Etoy, Yverdon and Villeneuve). Besides this leaseholds were granted on 3 Belgian logistics buildings (Neder-over-Heembeek, Wommelgem and Tongres), but the nude property is still owned by LRE. The result of all those divestments was negative for an amount of € 2.8 million.

Also in 2016 a number of buildings were sold, namely the logistics building located Zeutestraat in Malines and the office building Royal20 in Luxembourg.

NOTE 13**CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES**

(in € 1,000)	31/12/2017	31/12/2016
Positive changes in fair value of investment properties	36,543	11,462
Negative changes in fair value of investment properties	-14,195	-12,924
TOTAL	22,348	-1,462

The net portfolio result ▲ shows a total unrealized capital gain of € 22.3 million in 2017, or an increase of € 23.8 million compared to 2016.

This variation in the unrealized changes in fair value of the investment properties are to a large extent explained by the following:

- As already mentioned in note 4, the participation in the listed real estate certificate “Lux Airport” is considered as an investment property in 2017 and no longer as a non-current financial asset. Consequently, the fair value fluctuation is no longer directly passed through equity (“OCI”), but through the income statement. The historically built up revaluation reserve of € 8.1 million has consequently been recycled through the result on the portfolio ▲ in 2017;
- The renovation projects “Treesquare” and “Montoyer 63” generated a revaluation upgrade of € 8.2 million in the course of 2017. The capital gain is recognized in function of the progress of the works on both projects. Treesquare is expected to be delivered end of Q1 2018, Montoyer 63 will normally be delivered in the course of Q4 2018;
- The Austrian portfolio generated a revaluation upgrade of € 5.0 million. This is on the one hand linked to the favourably priced acquisition of the retail parks in Stadlau (October 2017), resulting in the recognition of an immediate capital gain of € 4.2 million. The extension of the Frun® Park Asten also generated a capital gain of € 0.7 million;
- De Mercator building acquired in the course of 2017 in Luxembourg recorded a revaluation upgrade of € 2.2 million. At the moment of the acquisition the occupancy rate stood at only 42%, but could be systematically increased to 100% throughout 2017, which favourably impacted the valuation.

NOTE 14 FINANCIAL INCOME

(in € 1,000)	31/12/2017	31/12/2016
Interests and dividends received	3,324	3,475
Income from finance leases and comparable items	0	8
Income from financial instruments for hedging	563	510
Income from authorized hedges subject to hedge accounting as defined by IFRS	563	510
Income from authorized hedges not subject to hedge accounting as defined by IFRS	0	0
Net realized capital gains on sale of financial assets	0	0
Net realized capital gains on sale of finance lease receivables and comparable items	0	0
TOTAL	3,887	3,994

The ‘interests and dividends received’ consist of the dividends received of € 3.3 million (for the financial year 2017) on the Retail Estates shares on the one hand, and of interests from temporary, short term deposits of cash surpluses on the other hand. Despite the fact that in 2017 a dividend over more shares was received compared to 2016, the amount has slightly decreased in comparison with 2016. This effect is due to the recovery in 2016 of the withholding tax deducted in 2015 on the dividend of the Retail Estates shares held (€ 0.6 million) and for which Leasinvest Real Estate benefits from the reconfirmed (by the constitutional court) parent-subsidiary exemption. The dividend from Retail Estates in 2016 and 2017 benefited from the immediate recovery of the withholding tax.

The income from financial instruments (€ 0.6 million) consists of variable interests received from interest rate receiver swaps, within the framework of the current bond loans, and from interest rate payer swaps for which Leasinvest Real Estate always pays a fixed interest rate and receives the variable interest rate. This fixed payer interest rate can be found under the item ‘Costs of authorized hedges’ in the item Financial charges (see note 15).

NOTE 15

FINANCIAL CHARGES

(in € 1,000)	31/12/2017	31/12/2016
Nominal interest charges on loans	-8,307	-8,442
Interest charges on non-current financial debts	-4,515	-4,787
Interest charges on bond loans	-3,518	-3,412
Interest charges on current financial debts	-274	-243
Re-composition of the nominal amount of the financial debts	0	0
Costs of financial instruments for hedging	-7,158	-5,723
Authorized hedges subject to hedge accounting as defined by IFRS	-7,158	-5,723
Authorized hedges not subject to hedge accounting as defined by IFRS	0	0
Other interest charges	-46	-2
Activated interest charges	533	767
TOTAL	-14,978	-13,400

The costs of authorized hedges comprise the fixed interest rate settlements paid by Leasinvest Real Estate within the framework of the interest rate payer swaps concluded.

The decrease of the nominal interest charges on loans (mainly non-current financial debts) originates from the lower interest rate curve and the lower average paid credit margins, incurring lower interest charges in 2017 despite the higher average credit volume, in comparison with 2016.

This decrease is however entirely cancelled by the higher costs of financial instruments for hedging purposes (+€ 1.4 million). These have risen because of two mutually strengthening effects, namely:

- The Euribor 3M was on average lower over 2017 than in 2016;
- In the course of 2017 a number of previously concluded “forward starting” interest rate swaps entered into force at relatively high fixed interest rates.

The average funding cost ◀ (excluding the marked to market of the hedges) after hedging amounts to 2.99% (end 2016: 2.90%) end 2017; before interest charges on the hedging portfolio the average funding cost ◀ amounts to 1.55% end 2017 (end 2016: 1.64%).

End 2017 € 533 thousand (end 2016: € 767 thousand) of funding costs ◀ were activated.

They are based on an internal funding rate of approximately 2.9%.

NOTE 16

OTHER FINANCIAL CHARGES

(in € 1,000)	31/12/2017	31/12/2016
Bank costs and other commissions	-1,364	-1,459
Net realized losses on the sale of non-current financial assets		
Net realized losses on the sale of finance lease receivables and similar		
Other	0	0
Costs of financial instruments for hedging	0	0
TOTAL	-1,364	-1,459

The bank costs and other commissions mainly comprise the provisions for reservation due on the undrawn part of the credit portfolio. These costs have decreased in 2017 in comparison with 2016 because of the higher average credit withdrawal.

NOTE 17**CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

(in € 1,000)	31/12/2017	31/12/2016
Authorized hedges subject to hedge accounting as defined by IFRS and ineffective part of CF hedges	476	812
Authorized hedges subject to hedge accounting as defined by IFRS, relating to the fair value hedge relating to the IRS receiver	-531	-145
Adjustment of fair value bond loans	547	11
TOTAL	492	678

The changes in fair value of the authorized hedges subject to hedge accounting as defined by IFRS and the ineffective part of the cash flow hedges amounted to € 812 thousand in 2016 and were mainly defined by the impact of the exchange rate component of the cross currency swap. In 2017 the value of the Swiss franc compared to the Euro decreased substantially, resulting in a positive revaluation result of € 2.8 million. Following the sale of all Swiss buildings in October 2017, it was decided to also anticipatively repay the Cross Currency Swaps, the loss on the interest component (-€ 2.3 million) previously directly booked in equity, being recycled under this item in the income statement.

The changes in fair value of the authorized hedges subject to hedge accounting relating to the fair value hedge concern variations of the receiver swaps concluded as fair value hedges within the framework of the bond loans at a fixed interest rate.

The changes in fair value of the bond loans concerns the part of the public bond loan for € 35 million that is subject to hedge accounting and resulted in a positive effect in the course of the past financial year of € 547 thousand.

NOTE 18**CORPORATE TAXES**

(in € 1,000)	31/12/2017	31/12/2016
Parent company LRE	-219	-193
Pre-tax result	38,052	30,873
Result exempt from income tax due to the REIT (SIR/GVV) regime	38,052	30,873
Taxable result based on non-deductible costs	644	423
Tax rate of 33.99%	-219	-144
Corporate tax provision		
Withholding tax	0	0
Previous tax year adjustment	87	0
Subsidiaries	-475	-2,445
TOTAL	-607	-2,589

REIT (SIR/GVV) enjoy a special tax regime, which makes that corporate taxes are only applicable to non-deductible expenses (regional taxes) 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 or the permanent establishment in Switzerland (that does no longer exist since October 2017 after the sale of the Swiss buildings), on the contrary, are subject to corporate taxes.

Total taxes have decreased from - € 2.6 million in 2016 to - € 0.6 million in 2017, mainly as a consequence of corporate taxes due at the level of the subsidiary Tour & Taxis Koninklijk Pakhuis SA in 2016. Following the merger between Leasinvest Real Estate and Tour & Taxis Koninklijk Pakhuis SA end 2016, total taxes in 2017 are again reduced to the 2015-level.

BALANCE SHEET

NOTE 19

INTANGIBLE ASSETS

(in € 1,000)	31/12/2017	31/12/2016
software	2	4
Intangible assets	2	4
Movements in other intangible assets		
Balance at the end of the previous financial year	4	10
Gross amount	26	26
Accumulated depreciation (-)	-22	-16
Accumulated impairment	0	0
Investments (+) / Divestments (-)	0	0
Acquisitions through business combinations		
Disposals through retirement (-)	0	0
Disposals through splitting-up (-)		
Depreciations	-2	-6
Balance at the end of the financial year	2	4

NOTE 20

INVESTMENT PROPERTIES (FAIR VALUE METHOD)

(in € 1,000)	Real estate available for lease		Development projects	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	756,402	785,051	30,663	62,018
Investments	13,068	4,622	15,528	3,756
Divestments		0		-50,750
Translation differences		390		
Acquisitions of property	112,118	37,090		
Transfer from/(to) other items	-60,833	-67,222		13,180
Spreading of gratuities	148	192		
Increase/(decrease) in fair value	9,848	-3,721	8,209	2,459
BALANCE AT THE END OF THE FINANCIAL YEAR	830,751	756,402	54,400	30,663

	Total Investment properties		Finance lease receivables		Total		Assets held for sale	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	787,065	847,069	17,900	17,900	804,965	864,969	54,966	4,392
	28,596	8,378		0	28,596	8,378	1,441	455
	0	-50,750			0	-50,750	-115,641	-4,392
	0	390			0	390		
	112,118	37,090			112,118	37,090		
	-60,833	-54,042	-59		-60,892	-54,042	60,892	54,042
	148	192			148	192	144	125
	18,057	-1,262			18,057	-1,262	-1,802	344
	885,151	787,065	17,841	17,900	902,992	804,965	0	54,966

The real estate available for lease rises by € 74.3 million as a consequence of a/o the acquisitions in Austria-Stadlau (+€ 56.2 million), Mercator Luxembourg (+€ 35.3 million) and the incorporation of the real estate certificate Lux Airport as an investment property (+€ 18.9 million). On the other hand, there were important divestments in the course of 2017, such as the Swiss portfolio (-€ 45.2 million) and the building in Kontich (-€ 12.9 million).

Moreover, there was an important revaluation effect of € 16.5 million. This revaluation effect does not take into account the recycled capital gain on the real estate certificate "Lux Airport" (€ +8.1 million), nor the deferred tax-effect following the revaluation at fair value of the buildings (€ -2.2 million), both booked via the result on the portfolio. Next to that, phase 1 of the renovation of the Boomerang Shopping Center in Strassen was completed (€ 4.1 million).

The development projects increase by € 23.7 million as a consequence of the progress of the renovation projects Treesquare and Montoyer 63 throughout 2017.

End 2017 there were no assets held for sale: the building booked under this item on 31 December 2016 were all divested in the course of 2017 (Nederover-Heembeek, Wommelgem and Tongres).

Capex overview 2017

Investment capex 2017 in € 1,000	LRE	Belgium	Luxembourg	Switzerland	Austria
(1) Acquisition capex	93,181		36,155		57,026
(2) Capex (incl. developments and reallocation)	22,505	16,716	4,065		1,724
(3) Capex recurrent real estate portfolio	4,940	1,692	3,248		
(4) Other	0				
TOTAL CAPEX	120,626	18,408	43,468	0	58,750

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.

The following methods were used to define the fair value according to IFRS 13:

- **Net present value of estimated rental income**

The investment value is the result of the yield applied on the estimated rental value (capitalisation method or market approach) corrected by the net present value of the difference between the current rent and the estimated rental value at the valuation date, and this, for the period till the next break possibility of the current rental contracts.

- **Discounted cash flow method**

The DCF method consists in defining the present value of the future cash flows. The future rental income is estimated on the basis of the existing contractual rents and the real estate market outlook for each building in the following periods. Moreover, the future maintenance costs are also estimated and taken into account. The actualisation rate applied takes into account the risk premium for the object defined by the market. The obtained value is also compared to the market on the basis of the definition of the residual land value.

- **Residual valuation**

Buildings to renovate or in the course of renovation, or planned projects are valued based on the value after renovation, valued based on the value after renovation under deduction of the amount for the remainder of the work to be carried out, including costs, interests, vacancy and risk premium.

Assets and liabilities valued at fair value after their initial booking can be presented in three levels (1-3), that each correspond to a different input level to observe the fair value:

- **Level 1** inputs are quoted prices in active markets for identical assets or liabilities.
- **Level 2** inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. deducted from prices).
- **Level 3** inputs are unobservable inputs for the asset or liability based on valuations techniques comprising data for the asset or liability..

The investment properties come under level 3

For the total Leasinvest Real Estate SCA property, including the part of the portfolio estimated by the companies Stadim, de Crombrugghe&Partners and Oerag, Cushman & Wakefield has defined at 31 December 2017,

1. A total **investment value** of **€ 921,141,000** (nine hundred twenty one million one hundred forty one thousand euros) has been determined, with respectively € 318,741,000, € 497,184,000 and € 105,216,000 as investment values for the Belgian, Luxembourg and Austrian portfolio.
2. A total **fair value** of **€ 903,002,000** (nine hundred three million two thousand euros) has been determined, with respectively € 311,249,000, € 489,103,000 and € 102,650,000 as fair values for the Belgian, Luxembourg and Austrian portfolio.

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

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

The fair value of the real estate portfolio amounts to € 903.0 million end 2017 compared to € 859.92 million end December 2016.

The following table gives an overview of the valuation techniques applied per asset class, and of the main variables used:

Asset class	Fair value 2017 (€ 1000)	Valuation technique	Important input data	31/12/2017 Min-Max (weighted average)	31/12/2016 Min-Max (weighted average)
Retail (Grand Duchy of Luxembourg & Belgium)	334,150	Actualization of estimated rental income	a) ERV spread b) Average weighted estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate	a) [8.35 €/m ² - 19.93 €/m ²] b) [13.17 €/m ²] c) [5.60% - 7.15%] d) [6.22%]	a) [8.35 €/m ² - 19.93 €/m ²] b) [13.17 €/m ²] c) [5.65% - 7.15%] d) [6.69%]
Retail Switzerland	0	Actualization of estimated rental income	a) ERV spread b) Average weighted estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate		a) [18.5 €/m ² - 20.81 €/m ²] b) [19.67 €/m ²] c) [5.79% - 6.47%] d) [6.05%]
Retail Austria	102,650	DCF (discounted cash flow)	a) Average weighted estimated rental value b) Capitalization rate spread c) Capitalization rate calculation terminal value after 10y.	a) [9.88 €/m ²] b) [5.02% - 5.72%] c) [5.36%]	a) [9.88 €/m ²] b) [5.65%] c) [6.0%]
Offices Grand Duchy of Luxembourg	205,350	Actualization of estimated rental income	a) ERV spread b) Average weighted estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate	a) [23.42 €/m ² - 39.99 €/m ²] b) [29.93 €/m ²] c) [5.15% - 8.65%] d) [6.6%]	a) [23.42 €/m ² - 39.99 €/m ²] b) [29.93 €/m ²] c) [5.25% - 6.85%] d) [6.25%]
Offices Belgium	163,872	Actualization of estimated rental income	a) ERV spread b) Average weighted estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate	a) [9.77 €/m ² - 11.76 €/m ²] b) [10.83 €/m ²] c) [5.60% - 9.00%] d) [7.22%]	a) [9.77 €/m ² - 11.76 €/m ²] b) [10.83 €/m ²] c) [5.65% - 8.75%] d) [6.92%]
Logistics	42,570	DCF (discounted cash flow or net present value of cash-flows at discount rate)	a) ERV spread b) Average weighted estimated rental value b) Average discount rate b) Economic life	a) [3.35 €/m ² - 16.88 €/m ²] b) [4.82 €/m ²] a) 7.32% b) 30 years	a) [3.35 €/m ² - 16.88 €/m ²] b) [4.82 €/m ²] a) 7.32% b) 30 years
Projects Belgium	54,400	DCF (discounted cash flow or net present value of cash-flows at discount rate)	a) Average weighted estimated rental value b) Capitalization rate c) Estimated construction period	a) 20.75 €/m ² b) 5.15% c) 15 to 18 months	a) 20.75 €/m ² b) 5.10% c) 15 to 18 months
TOTAL INVESTMENT PROPERTIES	902,992				

The forecasted long-term inflation applied to the valuation techniques amounts to 1%.

Based on the balance sheet at the end of December 2017, an increase of the average yield by 0.10% would have had an impact of - € 14.1 million on the net result and of € - 2.86 on the net asset value per share, and an increase of the debt ratio by 0.82% (namely from 57.14% to 57.96%).

Based on that same balance sheet, a decrease of the average ERV (1) by 10% would have an impact of approximately € - 90.3 million on the net result. The possible influence of the construction cost on the fair value and the net result is considered to be less significant.

(1) ERV = Estimated Rental Value, or the estimated rental value of the real estate portfolio.

NOTE 21**ACQUISITIONS OF SUBSIDIARIES**

On 3 May 2017, through its subsidiary Leasinvest Immo Lux SA, the group has acquired 100% of the shares of Mercator Sàrl, the company that owns the building “Mercator” in Luxembourg.

On 16 October 2017, via the companies Leasinvest Immo Austria GmbH and AE Starvilla 7 GmbH & Co OG, 100% of the shares were acquired of the companies Kadmos Immobilien Leasing GmbH and Adrestos Beteiligungsverwaltungs GmbH. These companies own respectively the DIY store “Hornbach” in Stadlau (Austria) and part of the Stadlauer Gewerbepark (Austria).

NOTE 22**OTHER TANGIBLE ASSETS**

(in € 1,000)	31/12/2017	31/12/2016
Installations, machines and equipment	213	1,111
Furniture, office equipment and rolling stock	141	139
Other	0	0
Other tangible assets	354	1,250
Changes in other tangible assets		
Balance at the end of the previous financial year	1,250	1,163
Gross amount	1,954	1,727
Accumulated depreciation (-)	-704	-564
Accumulated impairments	0	0
Investments (+)/Divestments (-)	123	227
Acquisitions through business combinations		
Transfers and disposals (-)	-925	0
Transfers through splitting-up		
Depreciations (-)	-94	-140
Balance at the end of the financial year	354	1,250
Of which:		
Tangible assets for own use	141	139
Other	213	1,111

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

These are written off in a linear way in function of their economic life cycle. The disposal of € 925 thousand relates to the solar panels on the roof of the building in Wommelgem. The installation was also transferred under the leasehold granted in September 2017.

NOTE 23**NON-CURRENT FINANCIAL ASSETS**

(in € 1,000)	31/12/2017	31/12/2016
Participations in other REIT (SIR/GVV)	73,344	70,758
Loans and receivables	0	0
Other	144	144
Real estate certificates	1,203	17,474
Derivative financial instruments	1,066	1,585
Participations in associates	0	0
TOTAL	75,757	89,961

The non-current financial assets decrease substantially because the real estate certificates “Lux Airport” are considered as investment properties from now on. On the other hand, ca. € 4 million of extra Retail Estates shares were acquired to keep on exceeding the 10% threshold, resulting in no withholding tax being due on the dividends received. On 31 December 2017 a capital loss of € 1.7 million was directly booked in equity following the evolution of the share price of the Retail Estates share.

NOTE 24**LEASING**

The item finance lease receivables for € 17.8 million comprises the State Archives in Bruges that are presented as a financial leasing in conformity with IFRS. The initial duration was 25 years, of which already four years have passed. The implicit interest rate based on the present value of minimum lease payments amounts to 3.69% for 2017 and 3.93% for 2016.

(in € 1,000)	31/12/2017				31/12/2016			
	< 1 year	1 year < > 5 years	> 5 year	TOTAL	< 1 year	1 year < > 5 years	> 5 year	TOTAL
	resterende looptijd							
1. Gross lease investments	1,375	7,299	32,682	41,356	1,348	7,156	34,200	42,704
2. Present value of minimum lease payments		712	17,129	17,841		525	17,374	17,899
3. Unearned finance income				23,515				24,805
4. Contingent rent recognised in income								
5. Unguaranteed residual values for the lessor								
6. Accumulated allowance for uncollectible lease payments receivable								

NOTE 25**ASSETS HELD FOR SALE**

(in € 1,000)	31/12/2017	31/12/2016
Balance at the end of the previous financial year	54,966	4,392
Investments	1,441	455
Divestments	-115,641	-4,392
Transfer from/(to) other items	60,892	54,042
Spreading of gratuities	144	125
Increase/(decrease) of fair value	-1,802	344
Balance at the end of the financial year	0	54,966

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.

End 2016 this item comprised the buildings located at Nijverheidsstraat in Wommelgem (€ 17.09 million), at Heesterveldweg in Tongres (€ 17.51 million) and the storage building Canal Logistics phase 1 in Neder-over-Heembeek (20.37 million). In the course of 2017 a 99-year leasehold was granted on each of these buildings, reason why they are no longer booked as assets held for sale. End 2017 there are no assets held for sale.

NOTE 26

CURRENT FINANCIAL ASSETS

(in € 1,000)	31/12/2017	31/12/2016
Assets held to maturity		
Assets available for sale	0	0
Assets at fair value through profit or loss		0
Loans and receivables	0	0
Other	0	0
TOTAL	0	0

NOTE 27

TRADE RECEIVABLES

(in € 1,000)	31/12/2017	31/12/2016
Trade receivables	10,104	10,855
To be invoiced	1,712	1,575
Doubtful receivables	-345	-345
TOTAL	11,471	12,085

Leasinvest Real Estate estimates that the accounting value of the trade receivables comes close to their fair value. Consequently, no corrections to the book value of the receivables were foreseen.

(in € 1,000)	31/12/2017					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	9,414	7,471	247	416	363	917
To be invoiced	1,712	1,712				
Doubtful receivables	345					345
TOTAL	11,471	9,183	247	416	363	1,262

(in € 1,000)	31/12/2016					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	10,165	7,205	1,482	255	279	944
To be invoiced	1,575	1,575				0
Doubtful receivables	345					345
TOTAL	12,085	8,780	1,482	255	279	1,289

Receivables and debts	31/12/2017	31/12/2016
Accumulated depreciation – opening balance	-345	-166
Impairment booked during the financial year	0	-179
Write-back of impairment during the financial year	0	0
Write-off of impairment during the financial year	0	0
Accumulated depreciation – ending balance	-345	-345

The part of the trade receivables come due, for which no provision has been created, is either covered by a bank guarantee on first request or is the object of an installment plan.

NOTE 28

TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in € 1,000)	31/12/2017	31/12/2016
Taxes	653	1,317
Other	1,880	1,947
TOTAL	2,533	3,264

The item tax receivables mainly relates to property taxes to be recovered. The other current assets comprise a/o amounts to be recovered, deposited as completion guarantees for the completed Royal20 project.

NOTE 29

CASH AND CASH EQUIVALENTS

(in € 1,000)	31/12/2017	31/12/2016
Cash	5,702	20,768
Cash equivalents	0	0
TOTAL	5,702	20,768

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. The decrease of the cash position per 31/12/2017 is explained to a large extent by the start of an additional credit line of € 12.5 million just before 31/12/2016.

NOTE 30

DEFERRED CHARGES AND ACCRUED INCOME – ASSETS

(in € 1,000)	31/12/2017	31/12/2016
Accrued and not due rental income		
Rent-free periods and incentives		
Prepaid property charges	157	781
Prepaid interests and other financial charges	0	0
Other	325	398
TOTAL	482	1,179

The decrease of the prepaid property charges of € 781 thousand to € 157 thousand is mainly due to charges relating to buildings that were sold in 2017, incurred in 2016, and consequently passed through the income statement in 2017.

NOTE 31**SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND NET RESULT****31.1 Subscribed capital****a) Evolution subscribed capital since the creation of the REIT (SIR/GVV)**

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
25/06/2013	Capital increase	10,187	926,038
	Issued capital and number of issued shares on 31/12/2013, 31/12/2014, 31/12/2015, 31/12/2016 & 31/12/2017	54,315	4,938,870

(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 registered shares or dematerialized shares. For more information on the nature of the shares, see articles of association.

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 instalments, for a total amount of € 54,314,744.64. This authorization is valid for a term of five (5) years as of the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable. For more information on the authorized capital, we refer to the articles of association (article 7).

d) Costs related to capital increases:

Over the financial year 2013 € 979 thousand of costs related to the abovementioned capital transactions, and consequently to the issue of new shares, were deducted from the reserves.

31.2 Share premium accounts (in € 1,000)

Date	Operation	
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 31/12/2012	70,622
25/06/2013	Public capital increase	50,469
	Share premium account on 31/12/2013, 31/12/2014, 31/12/2015, 31/12/2016 & 31/12/2017	121,091

31.3 Result

(in € 1,000)	31/12/2017	31/12/2016
Result to be carried forward	22,850	5,253
Proposed dividend	24,694	24,184
TOTAL	47,545	29,437

The consolidated net result, group share, of the past financial year 2017 amounted to € 47.5 million.

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 5.00 on 28 May 2017, and net, free of withholding tax of 30%, € 3.50. Consequently, the dividend amounts to € 24.69 million.

Subject to the approval of the ordinary general shareholders' meeting of 22 May 2018, dividends will be paid out on presentation of coupon no 21.

31.4 Treasury shares purchased

3,392 treasury shares were already purchased in the course of the financial year 2015, within the framework of the finalization of the legal procedure with regard to the dematerialization of bearer securities according to article 11 of the law of 14 December 2005, and this for € 282 thousand; these shares were sold on 21 February 2017. The proceeds were directly booked in the reserves.

31.5 Reserves

(in € 1,000)	31/12/2017	31/12/2016
Legal reserves	5,431	5,431
Reserves for the balance of the changes in fair value of property (+/-)	27,956	43,104
Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)		
Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS	-31,888	-43,254
Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-7,707	-7,135
Reserves from translation differences coming from conversion of foreign activity (+/-)	8	8
Reserve for treasury shares	-11	-293
Reserve for the balance of changes in fair value of financial assets held for sale (+/-)	20,379	29,184
Result carried forward	145,087	124,521
Net result of the financial year	47,545	29,436

NOTE 32**COMMENTS ON THE NUMBER OF SHARES, DIVIDENDS AND PROFIT PER SHARE****Changes in the number of shares**

	31/12/2017 Number of shares	31/12/2016 Number of shares
Number of shares at the beginning of the financial year	4,938,870	4,938,870
Changes in the number of shares	0	0
Number of shares at the end of the financial year	4,938,870	4,938,870
Number of shares entitled to dividends	4,938,870	4,938,870
Number of treasury shares	0	3,392
Number of shares entitled to the result of the period	4,938,870	4,935,478
Number of shares entitled to a full dividend	4,938,870	4,935,478
Number of shares entitled to a pro rata dividend (after capital increase)	0	0

The 3,392 treasury shares being sold again at the beginning of 2017, the total number of shares entitled to dividends amounts to 4,938,870.

Calculation of the profit and dividend per share:

	31/12/2017 (12 months)	31/12/2016 (12 months)
Net result, group share (€ 1,000)	47,545	29,437
Number of shares entitled to the result of the period	4,938,870	4,935,478
Net result, group share, per share (€) (1)	9.63	5.96
Distributable result per share (€) (2)	5.57	5.65

	proposal 2017	proposal 2016
Gross dividend attributable to ordinary shareholders (€)	24,694	24,184
Gross dividend per share (€)	5.00	4.90
Net dividend per share (€)	3.5000	3.4300

(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 corresponds to the consolidated EPRA Earnings ◀ per share. This standard expresses well the cash result of the REIT (SIR/GVV), as revaluation results and other non-monetary effects are not taken into account.

NOTE 33**INFORMATION ON FINANCIAL INSTRUMENTS****33.1 Overview of financial instruments at book value**

(in € 1,000)

31/12/2017

	Loans and receivables (Amortized cost)	Available for sale	FV hedge	Total
FINANCIAL ASSETS				
Non-current financial assets	1,347	73,344	1,066	75,756
<i>Participation in other REIT (SIR/GVV)</i>		73,344		73,344
<i>Real estate certificates</i>	1,203	0		1,203
<i>Hedging instruments</i>			1,066	1,066
<i>Other</i>	144			144
Finance lease receivables	17,841			17,841
Trade receivables	11,471			11,471
Tax receivables and other current assets	2,533			2,533
Cash and cash equivalents	5,702			5,702
TOTAL FINANCIAL ASSETS	38,894	73,344	1,066	113,303
	FV through income statement	Finan- cial liabilities at amortized cost	CF hedge	Total
FINANCIAL LIABILITIES				
Non-current financial debts	35,868	312,288	0	348,156
<i>Credit institutions</i>		251,168		251,168
<i>Bond loan</i>	35,868	60,398		96,266
Rental guarantees received		722		722
Other non-current financial liabilities - derivatives			33,696	33,696
Current financial debts		192,283		192,283
<i>Credit institutions</i>		24,052		24,052
<i>Commercial paper</i>		168,231		168,231
Other current financial liabilities - derivatives			160	160
Tax debts and other current debts		28,193		28,193
Other non-current liabilities		1,716		1,716
TOTAL FINANCIAL LIABILITIES	35,868	534,480	33,856	604,204

33.2 Note on the financial debt

(in € 1,000)	31/12/2017	31/12/2016
Non-current financial debts	348,156	394,615
Credit institutions	251,168	297,395
Other	96,988	97,220
Bond loans	96,266	96,813
Rental guarantees received	722	407
Current financial debts	192,284	146,857
Credit institutions	24,053	0
Other	168,231	146,857
Other loans	168,231	146,857
TOTAL	540,440	541,472

The total financial debts decrease by € 1.03 million in comparison with end 2016 and amount to € 540,440 thousand.

The stagnating debt position year by year has to be interpreted based on capital recycling over the financial year, with on the one hand, the sale of the largest part of the logistics portfolio and the Swiss buildings and, on the other hand, the acquisition of 2 retail buildings in Austria and the Mercator building in Luxembourg, besides the current capital expenditure in the projects Montoyer 63, Treesquare and Retail park Strassen.

The item other non-current loans comprises for € 96.3 million the bond loans issued by Leasinvest in 2013. This relates to the public bond loan of € 75 million issued at a fixed interest rate of 3.75% with maturity on 9 October 2019 on the one hand, and the private placement of € 20 million issued at a fixed interest rate of 3.528% with maturity on 4 December 2020, on the other hand. The draw-downs of bilateral bank credits amount to € 251.2 million in the long term and € 24.1 million in the short term on 31/12/2017.

The 'other current financial debts' of € 168.2 million only comprise the commercial paper issued at less than 1 year. The issued commercial paper has increased over the past financial year by € 21.4 million following the increased market demand by investors. The commercial paper issues are paid on the basis of a variable interest rate and all come to maturity within the year. These issues are fully covered by the available margin on bilateral credit lines, ensuring that these maturities can always be refinanced should the market demand for new issues decrease.

The composition of the bilateral credit portfolio is as follows:

Number	Type of financing instrument	Authorized amount of credit line	Start credit	Maturity credit	Fixed interest rate (TF) or variable interest rate (TV) for hedge
1	Bilateral Revolving credit facility	22,500,000	17/11/2014	30/11/2019	TV
2	Bilateral Revolving credit facility	20,000,000	09/11/2015	31/10/2022	TV
3	Bilateral Revolving credit facility	15,000,000	23/08/2012	31/12/2018	TV
4	Bilateral Revolving credit facility	38,000,000	28/10/2016	31/08/2021	TV
5	Bilateral Revolving credit facility	15,000,000	01/02/2016	31/01/2021	TV
6	Bilateral Revolving credit facility	25,000,000	01/12/2010	31/01/2024	TV
7	Bilateral Revolving credit facility	10,000,000	07/02/2013	21/08/2023	TV
8	Bilateral Revolving credit facility	10,000,000	01/02/2016	31/01/2021	TV
9	Bilateral Revolving credit facility	30,000,000	01/11/2016	15/01/2022	TV
10	Bilateral Term Loan	15,000,000	31/12/2015	31/12/2020	TV
11	Bilateral Term Loan	25,000,000	30/11/2016	29/11/2021	TV
12	Bilateral Revolving credit facility	25,000,000	15/01/2013	31/12/2018	TV
13	Bilateral Revolving credit facility	25,000,000	31/01/2016	31/12/2020	TV
14	Bilateral Term Loan	50,000,000	08/12/2015	31/03/2022	TV
15	Bilateral Revolving credit facility	15,000,000	23/08/2013	23/08/2018	TV
16	Bilateral Revolving credit facility	50,000,000	23/12/2016	23/12/2021	TV
17	Bilateral Revolving credit facility	12,500,000	23/12/2016	23/12/2019	TV
18	Bilateral Term Loan	12,500,000	23/12/2016	23/12/2019	TV
19	Bilateral Revolving credit facility	25,000,000	03/01/2017	31/12/2020	TV
20	Bilateral Revolving credit facility	56,000,000	11/10/2017	10/10/2022	TV
Total credits at variable interest rate		496,500,000			
21	Bilateral Term Loan	10,000,000	23/01/2013	23/01/2021	TF
22	Bilateral Investment credit	20,000,000	21/11/2015	21/11/2021	TF
23	Bilateral Investment credit	15,000,000	21/11/2015	21/11/2022	TF
24	Bilateral Investment credit	10,000,000	07/08/2014	21/08/2020	TF
25	Public bond	75,000,000	09/10/2013	09/10/2019	TF
26	Private bond	20,000,000	04/12/2013	04/12/2020	TF
Total credits at fixed interest rates		150,000,000			

The total drawn down debt position at closing date amounts to € 540,440 thousand, of which € 722 thousand of rental guarantees received.

Taking into account the hedging policy of the company, as described in the risk factors, the company striving at a hedging percentage of 75%, i.e. the relation between the fixed rate debt augmented by the variable interest rate debt swapped for a fixed rate debt through interest rate swaps, compared to the total debt, for a part, namely € 35 million, of the public bond loan, a fair value hedge was concluded through an IRS receiver in 2013. The corresponding part, or € 35 million of the public bond loan was not booked at amortized cost, but at fair value, and recognized in the financial results as a positive change of € 547 thousand (2016: € 11 thousand).

The bond loans, except for the part for which a fair value hedge was concluded, are booked at amortized cost.

The book value of the public and private bond loans end 2017 amounts to € 96, 266 thousand in comparison with € 96, 813 thousand end 2016.

End 2017 the part fixed rate credits amounts to 28% or € 150 million of total drawn down debt excl. rental guarantees of € 539.72 million, comparable with 29% end 2016.

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 REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Within the framework of the additional obligations imposed since this year by IAS 7, that the movements on the balance sheet with regard to financial debts for both the financial year 2017 and 2016, exclusively consist of cash movements within the scope of withdrawal of credit lines, except for € 0.5 million (€ 0.01 million in 2016) linked to the limited part of the bond debt valued at fair value, as commented above.

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

(in € 1,000)	31/12/2017			
	Debts with a residual duration of			Total
	< 1 year	> 1 year < 5 years	> 5 year	
Financial debts – credit institutions				
Credit lines	55,000	471,500	25,000	551,500
Credit draw-downs	24,000	251,000	0	275,000
Interests	4,970	10,208		15,178
% share (credit draw-downs/credit lines)	52.7%	55.4%	0.0%	52.6%
Bond loans	3,519	99,789		103,308
Commercial Paper program			250,000	250,000
Commercial Paper draw-downs	168,300			168,300
% share CP / credit lines				30.5%
% share (credit draw-downs & CP / credit lines)				80.4%
% Credit lines balance after CP hedging				19.6%

33.3 Fair Value Disclosures

Assets and liabilities valued at fair value after their initial booking can be presented in three levels (1-3), that each correspond to a different input level to observe the fair value:

- **Level 1** inputs are quoted prices in active markets for identical assets or liabilities.
- **Level 2** inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. deducted from prices).
- **Level 3** inputs are unobservable inputs for the asset or liability based on valuations techniques comprising data for the asset or liability.

(in € 1,000) per end 2017	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	73,344	1,203		74,547	74,547
- Other derivative instruments non-qualified as cash flow hedge			0	0	0
- Other derivative instruments qualified as fair value hedge		1,584		1,584	1,584
Finance-lease receivables			17,841	17,841	17,841
Current financial assets					
Trade receivables		11,471		11,471	11,471
Tax receivables and other current assets		2,533		2,533	2,533
Cash and cash equivalents	5,702			5,702	5,702
Deferred charges and accrued income		482		482	482
Non-current financial debts					
- Credit institutions		252,569		252,569	251,168
- Other	77,535	20,374		97,909	96,266
Other non-current financial liabilities					
- Financial derivatives through the income statement					
- Financial derivatives through other equity components		33,696		33,696	33,696
Current financial debts					
- Credit institutions		24,322		24,322	24,053
- Other		168,231		168,231	168,231
Other current financial liabilities					
- Other derivatives through other equity components		160		160	160
Trade debts and other current debts					
- Other		15,286		15,286	15,286
Other current liabilities		1,716		1,716	1,716

(in € 1,000) per end 2016	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	70,758	17,474		88,232	88,232
- Other derivative instruments non-qualified as cash flow hedge			0	0	0
- Other derivative instruments qualified as fair value hedge		1,584		1,584	1,584
Finance-lease receivables			17,900	17,900	17,900
Current financial assets					
Trade receivables		12,085		12,085	12,085
Tax receivables and other current assets		3,264		3,264	3,264
Cash and cash equivalents	20,768			20,768	20,768
Deferred charges and accrued income		1,179		1,179	1,179
Non-current financial debts					
- Credit institutions		300,823		300,823	297,395
- Other	78,623	20,716		99,339	96,813
Other non-current financial liabilities					
- Financial derivatives through the income statement		1,043		1,043	1,043
- Financial derivatives through other equity components		48,693		48,693	48,693
Current financial debts					
- Credit institutions					
- Other		146,856		146,856	146,856
Trade debts and other current debts					
- Other		16,078		16,078	16,078
Other current liabilities		2,361		2,361	2,361

Concretely, the company appeals to comparable market data for the valuation of the credits, such as an approximation of the applied reference rate and an approximation of the evolution of the credit margin based on recent comparable observations.

With regard to the financial derivatives, the valuations of the different counterparty banks have been recorded. However, these instruments were classified under level 2 as we calculate a CVA or a DVA on these received valuations, and this on the basis of market data that are an approximation of the credit risk. The valuation of the private bond is based on an approximation of an observable CDS spread and the evolution of the Euribor 6M.

The financial leasing is valued based on a discounted cash flow that takes into account an indexed rental value (2% index on a rental value of approximately € 1.2 million), an effective interest rate (3.7%) and the period (25 years).

For the valuation techniques of the real estate certificates recorded under the non-current financial assets we refer to notes 2 and 23.

33.4 Management of capital and debt ratio

Calculation and further comments on the debt ratio (both calculated according to IFRS):

		Statutory balance sheet	Consolidated balance sheet
TTOTAL OF THE ITEMS 'LIABILITIES' OF THE BALANCE SHEET	→	424,014	617,086
I. NON-CURRENT LIABILITIES		0	0
A. Provisions	-	10	10
C. Other non-current financial liabilities – Authorized hedges	-	33,696	33,696
F. Deferred taxes	-	0	2,763
II. CURRENT LIABILITIES		0	0
A. Provisions	-	0	0
C. Other current financial liabilities – Authorized hedges	-	160	160
F. Deferred charges and accrued income	-	3,430	10,108
Total liabilities taken into account for the calculation of the debt ratio (numerator):	=	386,718	570,349
TOTAL 'ASSETS' OF THE BALANCE SHEET	→	806,236	999,293
Authorized hedges recorded in the assets	-	1,066	1,066
Total assets taken into account for the calculation of the debt ratio (denominator):	=	805,170	998,227
Debt ratio	:	48.03%	57.14%

In accordance with art 24 of the RD of 13 July 2014, the public REIT (SIR/GVV) 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 REIT (SIR/GVV).

The general guidelines of the financial plan are recorded in the annual and half-year financial reports. In the annual and half-year financial reports is described and justified how the financial plan was executed in the course of the relevant period and how the public RREC will execute the plan in the future.

As shown in the table below, the debt ratio of Leasinvest Real Estate has in general historically remained below 50% till 2011 included, but structurally exceeded, since 2012 the 50%-threshold as a consequence of the investment programme executed over the past years, defined a/o by:

- the development and later sale of the office building Bian in Luxembourg;
- the investment in the real estate certificates issued by Porte des Ardennes Schmiede SA and Porte des Ardennes Pommerlach SA for the financing of the shopping centers Knauf situated in Schmiede and in Pommerloch;
- the acquisition of the building Tour & Taxis Royal Depot;
- the development of the completed project Royal20;
- the acquisition of Frun® retail park in Asten Austria;
- the acquisition of the building Mercator in Luxembourg;
- the acquisition of 2 retail buildings in Stadlau (Austria);
- the current redevelopment projects Montoyer 63, Treesquare and Retail park Strassen.

2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
57.14%	58.05%	58.03%	54.27%	53.53%	56.19%	47.29%	44.13%	47.61%	52.06%	40.93% (•)	44.15% (•)	32.23% (•)	41.06% (•)	41.38% (•)	44.94% (•)

(•) Closing 30/06

In the course of the financial year 2017 the debt ratio first increased from 58.05% per end 2016 to a peak of 59.92% on 30 June 2017. This was mainly due to the combination of the acquisition of the building Mercator in Luxembourg (+€ 35 million) at the beginning of May 2017, shortly followed by the annual dividend distribution for an amount of € 24 million.

In the second half-year further investments were made in 2 retail buildings in Stadlau Austria (€ 56 million), but there were also the sales of 4 logistics buildings in Belgium (€ 72 million) and of the Swiss portfolio (€ 42 million), resulting in more divestments than investments. Consequently, the debt ratio could decrease by nearly 3 percent, from 59.92% on 30 June 2017 to 57.14% on 31 December 2017.

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.

Based on the debt ratio of 57.14% end December 2017 Leasinvest Real Estate has a proportional investment potential based on debt financing of € 224.3 million without exceeding the 65%-debt ratio and an investment potential of € 74.8 million without exceeding the 60%-debt ratio.

The valuation of the portfolio also has a direct impact on the debt ratio. Currently there are no indications in the market of strong negative evolutions. Through the diversification of the portfolio of Leasinvest Real Estate, both in terms of assets and geographically, the risk is also mitigated. The existing portfolio could undergo a potential decrease in fair value of € 120.8 million before exceeding the maximum debt ratio of 65%. Such a decrease in value could be the consequence of an increase of the yield (at constant rental values the yield should increase by 97 base points to exceed the maximum debt ratio of 65%) or of a decrease of the rental income (at constant yields the rents should decrease by 13.4% to exceed the maximum debt ratio of 65%). At present, there are no indications in the market that a significant increase of the yields or a decrease of the rental income is near.

Should substantial value decreases take place in a certain asset class or in a region, with the risk that the debt ratio would exceed 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings. Leasinvest Real Estate has indeed a strong track record in the sale of buildings and has divested for € 401 million over the period 2007 to 31 December 2017.

It is the opinion of company that no additional measures are necessary to avoid the debt ratio from exceeding 65%. In the short term, the debt ratio will stagnate between 55% and 60%, or slightly above the predefined long-term spread of 50%-55%.

33.5 Note on the financial derivatives

In order to limit the risks of a rise of the variable interest rates, Leasinvest Real Estate has partially hedged its credits by the conclusion of the financial products below:

Type of hedge	Notional amount	IFRS qualification	Maturity	Interest rate Paying leg	Interest rate Receiving leg
Active hedges					
SWAPS					
IRS payer	10,000,000	Cashflow hedge	2018	2.85%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2021	2.38%	EUR 3M
IRS payer	20,000,000	Cashflow hedge	2021	2.68%	EUR 3M
IRS payer	15,000,000	Cashflow hedge	2021	1.30%	EUR 3M
IRS payer	25,000,000	Cashflow hedge	2022	1.85%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	1.81%	EUR 3M
IRS payer	15,000,000	Cashflow hedge	2023	1.76%	EUR 3M
IRS payer	30,000,000	Cashflow hedge	2023	2.29%	EUR 3M
IRS payer	40,000,000	Cashflow hedge	2023	1.13%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	2.82%	EUR 3M
IRS payer	12,500,000	Cashflow hedge	2023	2.00%	EUR 3M
IRS payer	20,000,000	Cashflow hedge	2023	1.95%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	1.99%	EUR 3M
IRS payer	30,000,000	Cashflow hedge	2025	2.71%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2024	1.33%	EUR 3M
IRS payer	15,000,000	Cashflow hedge	2024	1.79%	EUR 3M
IRS payer	25,000,000	Cashflow hedge	2027	2.31%	EUR 3M
Total Notional amount	307,500,000				
IRS receiver	25,000,000	Fair Value hedge	2019	EUR 3M	1.27%
IRS receiver	10,000,000	Fair Value hedge	2019	EUR 3M	1.29%
Total Notional amount	35,000,000				
Starting in the future					
Forward IRS payer	10,000,000	Cashflow hedge	2023	2.20%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.97%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.90%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2025	1.93%	EUR 3M
Total Notional amount	60,000,000				

At the end of the financial year 2017 the notional amount of the current net payer IRS-contracts amounts to € 272.5 million (€ 307.5 million payer IRS, minus € 35 million receiver IRS) and the future payer IRS to € 60 million.

De hedge ratio end 2017 amounted to 73% (fix ratio 78%), in comparison with 71% (fix ratio 78%) end 2016.

The relation between the debts at variable interest rates of € 388,300 thousand, increased by the IRS receiver swaps for € 35,000 thousand on the one hand, and on the other hand, the debt at fixed interest rates (€ 150,000 thousand) and the corresponding IRS hedge (€ 307,500 thousand), is the hedge position and is thus calculated on the basis of the notional amount of current active hedges at that moment. For this calculation the future hedges are not taken into account, as they do not offer any 'protection' at that moment against an increasing interest rate. In the table below is explained how the hedge ratio and the fix ratio are calculated at the closing date.

Calculation hedge ratio	31/12/2017	
Nominal amount of the drawn down financial liabilities excluding accr. Interest in 000 €	A	538,300
Nominal amount of the debts at fixed interest rates in 000 €	B	150,000
Nominal amount of the financial instruments IRS Payer in 000 €	C	307,500
Nominal amount of the financial instruments IRS Receiver in 000 €	D	35,000
Fix ratio	$((B+C-D))/A$	78%
Hedge Ratio	$C/(A-B+D)$	73%

Derivative financial instruments are valued at fair value, which corresponds to the marked-to-market calculated by financial institutions. 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 on the one hand, IRS Payer swaps being used to hedge drawn down credit lines at variable interest rates, including the commercial paper issued at variable interest rates, with price adjustments at short-term intervals (typically three months or less). On the other hand, it concerns fair value hedges, the IRS Receiver swaps being put into a hedge relation with part of the publicly issued bond in conformity with the fair value hedging methodology.

In practice, this means that the efficient part of the cash flow hedges is attributed to the “reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS”, and the inefficient part of the cash flow hedges, together with the fair value hedges is recorded in the “reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS”.

The fair value of the hedges at closing date is composed as follows:

(in € 1,000)	31/12/2017		31/12/2016	
	Assets	Liabilities	Assets	Liabilities
Caps bought				
Floors sold	1,066		1,585	
Interest Rate Swaps		-33,696		-49,736
	1,066	-33,696	1,585	-49,736

The balance of the liabilities of € -€ 33.9 million is presented in the item “Other non-current liabilities” and “Other current liabilities” and the balance of the assets of € +1.1 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 31/12/2012	-23,727
Change in the effective part of the fair value of derivative financial instruments	8,427
Balance on 31/12/2013	-15,300
Change in the effective part of the fair value of derivative financial instruments	-21,890
Balance on 31/12/2014	-37,191
Change in the effective part of the fair value of derivative financial instruments	3,003
Balance on 31/12/2015	-34,188
Change in the effective part of the fair value of derivative financial instruments (1)	-9,065
Balance on 31/12/2016	-43,253
Change in the effective part of the fair value of derivative financial instruments	11,366
Balance on 31/12/2017	-31,887

The changes in the effective part of the fair value of authorized hedges subject to hedge accounting as defined in IFRS van € 11.4 million concern changes in value of the hedges as a consequence of the evolution of the swap curve, passed through the reserves.

Ineffective part of the fair value

Balance on 31/12/2012	-3,671
Change in the ineffective part of the fair value of derivative financial instruments	1,031
Balance on 31/12/2013	-2,640
Change in the ineffective part of the fair value of derivative financial instruments	720
Balance on 31/12/2014	-1,920
Change in the ineffective part of the fair value of derivative financial instruments	-5,216
Balance on 31/12/2015	-7,136
Change in the ineffective part of the fair value of derivative financial instruments	-571
Balance on 31/12/2016	-7,707
Change in the ineffective part of the fair value of derivative financial instruments (1)	-55
Balance on 31/12/2017	-7,762

The changes in the ineffective part of the fair value of the derivative instruments of -€ 0.1 million (end 2016: - € 0.6 million) is directly passed through the results (see also note 17).

33.6 Information on financial risk management

33.6.1 Financial management

The financial policy is intended at optimising the costs of the capital and limiting the financing, interest rate, liquidity, cash flow, counterparty and covenant risks.

We refer, for the note on financial risk management, the potential impact, the mitigating factors and measures, to the note with regard to the risks, as described in the Risk factors, recorded in the annual financial report on page 4.

33.6.2 Specific note on Liquidity risk

Per 31 December 2017 the weighted average duration of the credit portfolio has evolved from 3.94 years (end 2016) to 3.34 years. For a more detailed presentation of the maturity analysis, we refer to the note with regard to the financial debts.

The weighted average duration of the hedges has decreased from 6.30 years (end 2016) to 5.15 years end 2017.

The liquidity risk inherent to the difference in the average remaining durations of the financial liabilities and the financial derivative liabilities is monitored in function of the refinancing expectations of the credit and the estimated future extra funding needs of the company. The liquidity risk concerns the unavailability of extra financing to refinance the maturity dates in the credit portfolio or to meet extra credit needs. On the one hand, this risk is mitigated by a balanced spread of the maturity dates of the credits and by the diversification of the funding sources. Moreover, the buildings owned by the REIT (SIR/GVV) are considered to be held, in principle, to generate rental income and be able to pay the mandatory dividend. This allows to suppose that it is highly probable that certain cash flows will be realized (rent & dividend) and, by consequence can be defined, what kind of debt financing and hedges have to be drawn down. Consequently, the operations concluded can, according to Leasinvest, not be considered as speculative.

33.6.3 Specific note on Exchange rate risk

In the course of 2017 the Swiss buildings were sold. Following this transaction, the two cross currency swaps were also anticipatively terminated. The residual exchange rate risk on the Swiss Franc is insignificant, as there are only very limited amounts recorded on the balance sheet on 31 December 2017.

33.6.4 Market risk sensitivity analysis

In the table below an overview is given of the different types of market risks to which the company is exposed at the end of the reporting period and with the potential influence of changes in the different risk variables to which the company is exposed, on the company's shareholders' equity.

Change of market risk	Impact on shareholders' equity	
	DECREASE	INCREASE
Estimated rental value	negative	positive
Inflation	negative	positive
Capitalisation rate	positive	negative
Remaining duration rental contract	negative	positive
Occupancy rate	negative	positive
Maintenance cost	positive	negative
Interest rate financings	positive	negative
Other funding costs	positive	negative

The average funding cost (excluding the marked-to-market of the hedges) after hedging amounts to 2.99% end 2017 (end 2016: 2.90%); before hedging this amounts to 1.55% end 2017 (end 2016: 1.64%).

End 2017 € 533 thousand (end 2016: € 767 thousand) funding costs* for development projects were activated. An internal funding rate of approximately 2.9% was used.

An increase of the variable interest rate by 100bps, calculated with the current hedge rate, would have an impact on the financial charges of € 0.8 million.

33.6.5 Tenant and credit risk

Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to obtain a rental risk and income with an improved diversification therefore limiting the dependency of the REIT (SIR/GVV) 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 approximately 21%. 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 or Austria.

For an analysis of the trade receivables we refer to note 27.

NOTE 34**TRADE DEBTS AND OTHER CURRENT DEBTS**

(in € 1,000)	31/12/2017	31/12/2016
Exit tax	12,907	12,907
Other		
<i>Suppliers</i>	13,336	13,694
<i>Tenants</i>	0	0
<i>Taxes, salaries and social security</i>	1,950	2,384
TOTAL	28,193	28,985

The amount of the exit tax of € 12.9 million refers to the tax liability related to the acquisition and the merger of the company Tour & Taxis Koninklijk Pakhuis SA with Leasinvest Real Estate SCA.

The item Suppliers has nearly remained constant at € 13.3 million.

NOTE 35**OTHER CURRENT LIABILITIES**

(in € 1,000)	31/12/2017	31/12/2016
Other current liabilities	1,716	2,361
TOTAL	1,716	2,361

The item comprises the dividends to be paid, provisions relating to rental guarantees and rental guarantees received in cash.

NOTE 36**ACCRUED CHARGES AND DEFERRED INCOME – LIABILITIES**

(in € 1,000)	31/12/2017	31/12/2016
Property income received in advance	8,832	8,989
Interests and other charges accrued and not due	762	203
Other	514	277
TOTAL	10,108	9,469

NOTE 37**OTHER LIABILITIES**

Within the framework of the alienation of the buildings in the Axxes Business Park in 2010 and Torenrove 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 38**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 2017 (12 months) amounted to € 3.9 million.

For more information on the control chain we refer to the website www.leasinvest.be (investor relations – shareholders and transparency).

As to the remuneration of the auditor: an overview of the audit and non-audit services rendered during the financial year 2017 in the permanent document on page 187 of this annual report.

As in the remuneration report below only the remuneration of the CEO and the co-CEO is presented on an individual basis, and on a global basis that of the 'other leaders', which are the (other) members of the executive committee, among which OKIMONO SPRL represented by Sven Janssens, Piet Vervinck, ex-CFO and Tim Rens, CFO since May 2017, assisting the effective officers in their day-to-day management.

As explained above, the effective officers are Mr Jean-Louis Appelmans, managing director, and Mr Michel Van Geyte, co-CEO of Leasinvest Real Estate Management and director, and since 15 May 2017 co-managing director.

During the past financial year the remuneration in the table below was granted to the CEO and the co-CEO, on an individual basis, directly and indirectly.

In accordance with the company's remuneration policy, the effective officers do not receive any stock options or other share-based payments.

For the past financial year he received the following amounts:

Effective officers (in €)	Fixed	Insurance	Variable	Total
Jean-Louis Appelmans	387,897	42,733	98,000	528,630
Michel Van Geyte	362,000		90,000	452,000
Total	749,897	42,733	188,000	980,630

In 2016, when Jean-Louis Appelmans was CEO, the amounts were as follows:

In €	Fixed	Insurance	Variable	Total
Jean-Louis Appelmans	323,874	139,733	98,000	561,607

The effective officers – executive directors – are granted fixed and variable remunerations as defined above in the remuneration report.

NOTE 39**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 financial statements are established at the same date as the date on which the subsidiaries establish their financial statements.

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%)	
			31/12/2017	31/12/2016
Leasinvest Services NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0826.919.159	100%	100%
Leasinvest Immo Lux SA 6 D, Route de Trèves - L-2633 Senningerberg	Grand Duchy of Luxembourg	LU 1637 2655	100%	100%
Rab Invest NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0820.897.736	100%	100%
Haven Invest NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0644.563.317	100%	100%
T & T Koninklijk Pakhuis NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0863.090.162	0%	100%
Orli Lux Sàrl	Grand Duchy of Luxembourg	LU B136357	0%	100%
S INVEST S.A.	Grand Duchy of Luxembourg	LU B174218	100%	100%
PDA Schmiede S.A.	Grand Duchy of Luxembourg	LU B171588	100%	100%
P INVEST S.A.	Grand Duchy of Luxembourg	LU B174188	100%	100%
PDA Pommerloch S.A.	Grand Duchy of Luxembourg	LU B171587	100%	100%
AE Starvilla Sieben GmbH & Co OG	Austria	FN 456562s	100%	100%
Leasinvest Immo Austria	Austria	FN 456512t	100%	100%
Merula Beteiligungs GmbH	Austria	FN 379973i	0%	100%
Frun Park Asten GmbH	Austria	FN 308936v	0%	100%
Frun Park Asten GmbH	Austria	FN 379973i	100%	0%
Mercator S.à.r.l.	Grand Duchy of Luxembourg	LU B158571	100%	0%
Adrestos Beteiligungsverwaltung GmbH	Austria	FN 439942z	100%	0%
Kadmos Immobilien Leasing GmbH	Austria	FN 139265b	100%	0%

Leasinvest Services SA, RAB Invest SA, Haven Invest NV and T&T Koninklijk Pakhuis SA were established in Belgium, while Leasinvest Immo Lux SA, S Invest SA, PDA Schmiede SA, P. Invest SA and PDA Pommerloch SA were created in Luxembourg. AE Starvilla Sieben GmbH & Co OG, Leasinvest Immo Austria GmbH and Frun Park Asten GmbH are all companies subject to Austrian law.

Leasinvest Immo Austria GmbH is the former company "AE Starvilla 13 GmbH": a name change took place in the course of 2017. Furthermore, in August 2017 the company Frun Park Asten GmbH was merged by absorption by Merula BeteiligungsGmbH. Afterwards the name "Merula Beteiligungs-GmbH" was changed into Frun Park Asten GmbH.

In April 2017 the Luxembourg company "Orli Lux Sàrl" was merged by absorption by Leasinvest Immo Lux.

The consolidation scope was extended as follows:

- The company Mercator Sàrl was acquired on 3 May 2017;
- The companies Adrestos BeteiligungsverwaltungsGmbH and Kadmos Immobilien Leasing GmbH were acquired on 16 October 2017.

The group structure and Leasinvest Real Estate's position in it is commented on page 51.

NOTE 40

IMPORTANT EVENTS AFTER BALANCE SHEET DATE

No important event took place after the balance sheet date.

INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF LEASINVEST REAL ESTATE COMM VA FOR THE YEAR ENDED 31 DECEMBER 2017

As required by law and the Company's by-laws, we report to you as statutory auditor of

Leasinvest Real Estate Comm VA (the "Company") and its subsidiaries (together the "Group").

This report includes our opinion on the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves and the consolidated cash flow statement for the year ended 31 December 2017 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable.

We have been appointed as statutory auditor by the shareholders meeting of 18 May 2015, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2017. We performed the audit of the Consolidated Financial Statements of the Group during 18 consecutive years.

Report on the audit of the Consolidated Financial Statements

Unqualified opinion

We have audited the Consolidated Financial Statements of Leasinvest Real Estate Comm VA, which consists of the consolidated balance sheet as at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves and the consolidated cash flow statement for the year ended 31 December 2017 and the disclosures, which show a consolidated balance sheet total of € 999,293 thousand and of which the consolidated income statement shows a profit for the year of € 47,545 thousand.

In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2017, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance

of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

Valuation of the investment properties

- Description of the matter and audit risk:
Investment property amounts to a significant part (89%) of the assets of the Group.
In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement.
The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...). For these reasons, we consider the valuation of the investment properties as a key audit matter.

- Summary of audit procedures performed:
As external appraisers carry out an estimate of the fair value of the investment properties of the Group, we have assessed their valuation reports (with the support of real estate valuation specialists of our firm). More precisely, we have:
 - assessed the objectivity, the independence and the competence of the external appraisers,
 - tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
 - reviewed the models, assumptions and parameters used in their reports (the most important ones being discount rates, future occupancy rates, ...).
 Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 20 of the Consolidated Accounts.

Valuation of financial instruments

- Description of the matter and audit risk:

Leasinvest Real Estate uses interest rate swaps (IRS) to hedge its interest rate risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result and/or the shareholders' equity. As a matter of fact, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements except for some IRS for which the Company applies hedge accounting ("cash-flow hedging"), which allows to record most of the changes in fair value

in the caption of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting. For these reasons, we consider this as a key audit matter.

- Summary of audit procedures performed:

- We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the most important assumptions and the calculations performed by this external specialist.
- Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Company and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33.5 of the Consolidated Accounts.

Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium including for the system of internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective 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;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

Report on other legal and regulatory requirements

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report.

Responsibilities of the auditor

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report and to report any matters.

Aspects relating to Board of Director's report and other information included in the annual report

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

- Alternative Performance Measures pages 72-78

contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the individual elements included in the annual report.

Independence matters

Our auditor's office and our network have not performed any services that are not compatible with the audit of the Consolidated Financial Statements and we have remained independent of the Company during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

Other communications

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 30 March 2018

Ernst & Young Bedrijfsrevisoren BCVBA
Statutory auditor
Represented by



Joeri Klaykens*
Partner

*Acting on behalf of a BVBA/SPRL

Statutory financial statements

Hereafter an abbreviated version of the statutory financial statements (also according to IFRS) of Leasinvest Real Estate is presented. The complete financial statements 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 financial statements without reservations.

STATUTORY INCOME STATEMENT

(in € 1,000)	Period 31/12/2017	Period 31/12/2016
Rental income (+)	20,783	18,165
Write-back of lease payments sold and discounted (+)	0	0
Related-rental expenses (+/-)	0	-39
NET RENTAL RESULT	20,783	18,126
Recovery of property charges (+)	153	73
Recovery income of charges and taxes normally payable by tenants on let properties (+)	2,701	1,586
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease (-)	0	0
Charges and taxes normally payable by tenants on let properties (+)	-2,701	-1,586
Other rental-related income and expenditure (+/-)	-2,327	-2,426
PROPERTY RESULT	18,610	15,773
Technical costs (-)	-1,332	-1,156
Commercial costs (-)	-240	-543
Charges and taxes on un-let properties (-)	-1,030	-719
Property management costs (-)	-3,887	-3,286
Other property charges (-)	-537	-483
PROPERTY CHARGES	-7,026	-6,187
PROPERTY OPERATING RESULT	11,583	9,586
Corporate operating charges (-)	-961	-863
Other operating charges and income (-)	2,355	3,507
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	12,977	12,231
Result on disposal of investment properties (+/-)	-1,420	18
Result on disposal of other non-financial assets (+/-)	0	0
Changes in fair value of investment properties (+/-)	6,281	600
Other portfolio result (+/-)	0	0
OPERATING RESULT	17,837	12,848
Financial income (+)	6,204	6,863
Net interest charges (-)	-12,966	-12,423
Other financial charges (-)	-807	-1,142
Changes in fair value of financial assets and liabilities (+/-)	29,955	23,931 ⁽¹⁾
FINANCIAL RESULT	22,387	17,229
PRE-TAX RESULT	40,224	30,077
Corporate taxes (+/-)	-219	-193
Exit tax (+/-)	0	0
TAXES	-219	-193
NET RESULT	40,006	29,844 ⁽¹⁾

(1) The splitting-up between the exchange rate and interest rate effect in the fair value of the CCS was incorrect on 31/12/2016. Consequently, € 1.2 million of charges were wrongly not booked under the item changes in fair value of financial assets and liabilities in 2016. This results in higher reserves for the same amount, with no difference as to the net asset value.

STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	31/12/2017	31/12/2016
Net result	40,006	29,884 ⁽¹⁾
Other elements of comprehensive income	9,980	-12,244
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	11,367	-9,066
Changes in fair value of financial assets available for sale	-1,669	-3,179
Other	282	
Comprehensive income	49,985	17,640

(1) The net result of 2016 was adjusted following an incorrect breakdown of the fair value of the CCS. Consequently, the net result is € 1.2 million lower than last year, but the OCI was adjusted in the opposite direction, resulting in no single impact on shareholders' equity on 31/12/2016.

RESULT PER SHARE	31/12/2017	31/12/2016
Profit per share	8.10	6.05

STATUTORY BALANCE SHEET

(in € 1,000)	Period 31/12/2017	Period 31/12/2016
ASSETS		
NON-CURRENT ASSETS	788,184	717,338
Intangible assets	0	1
Investment properties	284,139	172,332
Other tangible assets	0	926
Non-current financial assets	504,046	544,079
CURRENT ASSETS	18,052	96,153
Assets held for sale	0	54,966
Current financial assets	8,488	31,459
Trade receivables	6,692	5,920
Tax receivables and other current assets	931	1,827
Cash and cash equivalents	1,588	980
Deferred charges and accrued income	354	1,000
TOTAL ASSETS	806,236	813,490
LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	382,222	356,422
Capital	54,315	54,315
Share premium account	121,091	121,091
Reserves	166,810	151,132
Net result of the financial year	40,006	29,884
LIABILITIES	424,014	457,068
NON-CURRENT LIABILITIES	213,673	297,567
Provisions	11	0
Non-current financial debts	179,966	247,831
Other non-current financial liabilities	33,696	49,736
Other non-current liabilities		
CURRENT LIABILITIES	210,341	159,501
Provisions	0	0
Current financial debts	183,538	146,856
Other current financial liabilities	160	0
Trade debts and other current debts	21,995	7,656
Other current liabilities	1,219	1,768
Accrued charges and deferred income	3,430	3,221
TOTAL EQUITY AND LIABILITIES	806,236	813,490

STATUTORY APPROPRIATION OF THE RESULT

(in € 1,000)	31/12/2017	31/12/2016
A. Net result	40,006	29,844
B. Addition to/withdrawals from reserves (-/+)	-15,312	-5,700
1. Addition to/withdrawals from the reserves from the (positive or negative) balance of the changes in fair value of the property (-/+)	19,550	17,798
- financial year	22,348	528
- previous financial years		
- sale of property	-2,798	17,270
2. Addition to/withdrawals from the reserves from estimated transfer rights and costs from hypothetical disposal of investment properties (-/+)	0	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 (-)		
- financial year		
- 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 (+)		
- 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 (-)		
- 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 (+)	-5,469	571
- financial year	-5,469	571
- previous financial years		
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 (-/+)	-29,393	-24,069
11. Addition to/withdrawals from results carried forward from previous financial years (-/+)		0
C. Remuneration of the capital according to article 13, § 1, subparagraph 1	0	4,357
D. Remuneration of the capital – other than C	24,694	19,827
Dividend for distribution	24,694	24,184

MANDATORY DIVIDEND DISTRIBUTION ACCORDING TO RD OF 13 JULY 2014 ON REIT (SIR/GVV) (ART. 13 §1, 1ST SUBPARAGRAPH)

(in € 1,000)	31/12/2017	31/12/2016
A. Corrected result		
Net result according to the statutory accounts	40,006	29,884
+ Amortization	1	72
+ Depreciation	0	39
+/- Write-back of depreciation		
+/- Write-back of lease payments sold and discounted		
+/- Other non-monetary elements	-5,469	560
+/- Result sale of property	-1,420	-18
+/- Result participations booked according to the equity method	-24,487	-24,491
+/- Changes in fair value of property	-6,281	-600
Corrected result (A)	2,350	5,446
B. Net capital gains on the sale of property not exempt from mandatory distribution		
Realized capital gains and losses on investment property (capital gains and losses versus acquisition cost augmented by capitalized investment costs) during the financial year	-9,407	18
Realized capital gains on investment property in the course of the financial year, exempt from mandatory distribution subject to their reinvestment within 4 years (capital gains and losses versus acquisition cost augmented by capitalized investment costs)	0	-18
Realized capital gains on investment property previously exempt from mandatory distribution that were not reinvested within 4 years (+)		
B. Net capital gains on the sale of property not exempt from mandatory distribution	-9,407	0
TOTAL (A) + (B)	-7,057	5,446
Mandatory distributable result 80%	0	4,357

NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY ACCORDING TO ART. 617 OF THE COMPANY CODE

(in € 1,000)	31/12/2017	31/12/2016
- Paid up capital or should this be higher, the called-up capital	54,315	54,315
- Share premium account non-distributable according to the articles of association	121,091	121,091
- Reserves for the positive balance of the changes in fair value of property (+)	54,642	43,815
- Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)		-8,723
- Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS (+/-)	-31,887	-43,253
- Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-7,653	-7,708
- 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 (+/-)	20,379	29,184
- 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 (+)	11	293
- Legal reserve (+)	5,431	5,431
Total un-distributable	216,328	194,445
Net assets of the company	382,222	356,422
Proposed dividend	24,694	24,184
Net assets after distribution	357,528	332,238
Balance of the margin after distribution	141,199	137,793

STATEMENT OF CHANGES IN CAPITAL AND 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 resulting from hypothetical disposal of investment properties (-)
Balance sheet under IFRS on 31/12/15	54,315	121,091	5,431	42,278	-8,723
Distribution closing dividend previous financial year					
Transfer net result 2015 to reserves				9,549	
Comprehensive income of the financial year 2016 (12 months)					0
Various					
Balance sheet under IFRS on 31/12/16	54,315	121,091	5,431	51,827	-8,723
Adjustment reserves on 31/12/16 ⁽¹⁾				7,136	
Distribution closing dividend previous financial year					
Transfer net result 2016 to reserves				2,122	
Transfer historic revaluation sold buildings				-17,270	
Comprehensive income of the financial year 2017 (12 months)					
Various				0	
Balance sheet under IFRS on 31/12/17	54,315	121,091	5,431	35,092	

(1) The adjustment of the reserves on 31 December 2016 relates to the historic revaluation capital gain on the real estate certificate Lux Airport. As the certificates are held by Leasinvest Immo Lux, the revaluation did not have to be passed directly through equity in the statutory figures, but through the income statement through the revaluation of the participation at fair value. That is the reason why this reserve was reclassified to the –also unavailable– revaluation reserve on investment properties.

FINANCIAL 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 REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were also concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Besides that, and in accordance with the RD of 13/072014, Leasinvest Real Estate establishes, internally, a financial plan with an execution calendar, whenever the consolidated debt ratio as defined in that 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 statutory debt ratio of Leasinvest Real Estate is under control and amounted to 48.03% (2016: 49.77%) on 31 December 2017, which is lower than the legally maximum authorized debt ratio of 65% as defined by the RD of 13/07/2014.

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
-34,188	-1,921	-293	32,363	121,450	30,618	362,423
				-23,197		-23,197
	-5,216			26,285	-30,618	0
-9,066			-3,179		29,884	17,640
				-444	0	-444
-43,253	-7,136	-293	29,184	124,094	29,884	356,422
			-7,136			
				-24,184		-24,184
0	-571	0		28,334	-29,884	0
				17,270	0	0
11,367		282	-1,669	0	40,005	49,984
			0	0		0
-31,886	-7,708	-11	20,379	145,514	40,005	382,223

(in € 1,000)	31/12/2017	31/12/2016
Total of the items 'Liabilities' of the balance sheet	424,014	457,068
I. NON-CURRENT LIABILITIES		
A. Provisions	10	
C. Other non-current financial liabilities – Authorized hedges	33,696	49,736
F. Deferred taxes		
II. CURRENT LIABILITIES		
A. Provisions		
C. Other current financial liabilities – Authorized hedges	160	
F. Deferred charges and accrued income	3,430	3,221
Total liabilities taken into account for the calculation of the debt ratio (numerator)	386,718	404,111
Total 'Assets' of the balance sheet	806,236	813,490
Authorized hedges recorded in the assets	1,066	1,584
Total assets taken into account for the calculation of the debt ratio (denominator)	805,170	811,906
Debt ratio	48.03%	49.77%

General information	183
Company profile	183
Identification Leasinvest Real Estate	183
Identification Leasinvest Immo Lux	184
Audit of the financial statements – auditor	187
Valuation of the portfolio	188
Financial service providers	189
Statements	189
Articles of association	191
Information for shareholders	203

General information

COMPANY PROFILE

Leasinvest Real Estate is a BE-REIT (SIR/GVV) that invests in high quality and well-located shops and offices in the Grand Duchy of Luxembourg, Belgium and Austria.

The fair value of the real estate portfolio on 31 December 2017 amounts to € 903 million, or including the participation in Retail Estates SA to nearly € 976 million.

The consolidated real estate portfolio represents at the end of 2017 (including assets held for sale and development projects) a surface of 485,144 m², with 28 sites, of which 16 in the Grand Duchy of Luxembourg, 9 in Belgium and 3 in Austria.

Geographically, the real estate portfolio is situated for 54% in the Grand Duchy of Luxembourg (through its 100% subsidiary Leasinvest Immo Lux), for 35% in Belgium and for 11% in Austria. The retail part of the real estate portfolio amounts to 48%, offices to 45% and logistics to 7%.

The company is listed on Euronext Brussels (Bel Mid) and is part of the EPRA Eurozone Total Return Index.

IDENTIFICATION LEASINVEST REAL ESTATE

Name

Leasinvest Real Estate, 'public regulated real estate company under Belgian law', or abbreviated 'public RREC under Belgian law' or 'PRREC under Belgian law'.

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 Route de Lennik 451, in 1070 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 21/11/1973, after which the registered office has been moved (17/11/1988) 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 8/06/1999 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.

On 06/11/2014 the status of the company was changed into a public regulated real estate company under Belgian law, recorded by a deed by notary public Frank Liesse in Antwerp, and published in the Appendices to the Official Belgian Gazette on 03/12/2014 under number 20141203-14216372.

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 Mid).

Purpose of the company / activities

The purpose of the company is extensively described in article 4 of the coordinated articles of association of 15/05/2017 (page 192).

Financial year

The financial year of Leasinvest Real Estate starts on 1 January and ends on 31 December.

Registered capital

Issued capital

On 31/12/2017 the registered capital amounted to € 54,314,744.64. The total number of shares was 4,938,870, and have a no-par value.

Authorised capital

The provisions relating to the authorized capital are included in article 7 of the coordinated articles of association of 15/05/2017 (page 194).

Purchase of treasury shares

For more information on the authorizations for purchasing an alienating treasury shares, we refer to article 11 of the coordinated articles of association of 15/05/2017 (page 196).

General meetings

According to the articles of association, the ordinary general meeting has to be held on the third Monday of the month of May following the closed financial year concerned; should this be a legal holiday, the following working day. The ordinary general meeting over the financial year 2017 will consequently be held on 22/05/2018 at 16h (4 PM).

When one or more shareholders representing individually or jointly 1/5 of the registered capital of the company ask, the statutory manager is held, cf. article 23.1 of the articles of association of the company, to convene a special or extraordinary general meeting.

Amendments to the rights of shareholders have to be approved by an extraordinary general meeting of shareholders of the company according to the legal provisions, taking into account an attendance quorum of at least 50% of the registered capital, the presence of the manager and an approval by at least ¾ of the votes. Moreover, an amendment to the rights of the shareholders is an amendment to the articles of association that requires a preliminary approval by the FSMA.

For more information on exercising rights and on formalities for attending general meetings, we refer to Chapter IV General meeting of the articles of association on page 199. These principles are also mentioned in the convening note that is published in the Official Belgian Gazette, a national newspaper and on the company website (together with the proxy forms and related documents), at latest 30 calendar days before the meeting date.

The minutes of the general meeting are published as soon as possible after the meeting on the website of the company, and at latest, within fifteen days following the meeting.

IDENTIFICATION LEASINVEST IMMO LUX

Since the extraordinary general meeting of Leasinvest Immo Lux of 18/12/2008 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 December 2017 the investment properties of Leasinvest Immo Lux represent 65% of the consolidated real estate portfolio of Leasinvest Real Estate.

On 31 December 2017 Leasinvest Immo Lux owned 16 sites in ownership or co-ownership, with a surface of 176,670 m² located in the Grand Duchy of Luxembourg gelegen and 3 buildings in Austria (42,245 m²).

On 31 December 2017 Leasinvest Immo Lux has ten subsidiaries, namely S. Invest I SA, in its turn 100% owner of Porte des Ardennes Schmiede SA, the legal owner of the shopping center Schmiede; P Invest SA, in its turn 100% owner of Porte des Ardennes Pommerloch SA, the legal owner of the shopping center Pommerloch; Mercator Sàrl, owner of the building Mercator.

End 2017 Leasinvest Immo Lux has two subsidiaries in Austria, i.e. Leasinvest Immo Austria GmbH and AE Starvilla Sieben GmbH & Co GO, owners of the company Frun Park Asten GmbH, legal owner of Frun® Park Asten. In 2017 Leasinvest Immo Austria has acquired 100% of the shares of Kadmos Immobilien Leasing GmbH, owner of the Hornbach Baumarkt and Adrestos Beteiligungsverwaltungs GmbH, owner of Gewerbepark Stadlau, both located in Austria.

2 buildings represent each more than 5% of the consolidated Leasinvest Real Estate portfolio, namely shopping center Knauf in Pommerloch (11%) and shopping center Knauf in Schmiede (9%).

The buildings in Luxembourg and Austria are mostly multi-tenant. The portfolio consists of retail (65.3%), offices (31.5%) and logistics (3.2%).

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

Is located at 6D route de Trèves, LU- 2633 Senningerberg.

Constitution and term

Leasinvest Immo Lux has been established on 14/01/1991 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 February 2007 on specialized investment funds, as amended thereafter ("loi du 13 février 2007 concernant les fonds d'investissement spécialisés").

The articles of association have been modified on 10/11/1999, 27/12/2005, 18/09/2006, 18/12/2008, 18/04/2011 and for the last time on 28/09/2012 (published in the Mémorial C, Reueil des Sociétés et Associations du Grand-Duché de Luxembourg" on 23/11/2012).

'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 18/12/2008 the listing of the shares on the Luxembourg stock exchange has been deleted at the beginning of 2009. The shares of Leasinvest Immo Lux were also listed on Euronext Brussels until 15/09/2006.

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.'

Board of directors

The board of directors of Leasinvest Immo Lux, the 100% subsidiary of the company currently holding the Luxembourg portfolio and the Austrian buildings (directly or indirectly), is at present composed of six directors, five of whom are directors of Leasinvest Real Estate Management SA, and the Secretary-general of the company:

- Jan Suykens, CEO and chairman of the executive committee of Ackermans & van Haaren SA (non-executive director), chairman of the board of Leasinvest Immo Lux
- Jean-Louis Appelmans, CEO and managing director of Leasinvest Real Estate Management SA and managing director of Leasinvest Immo Lux
- Michel Van Geyte, CIO and effective officer of Leasinvest Real Estate Management SA
- Piet Dejonghe, member of the executive committee of Ackermans & van Haaren SA (non-executive director)
- Micheline Paredis, Secretary-general of the company.

Guy Van Wymersch-Moons, ex-CEO of AXA REIM Belgium SA, (non-executive director of Leasinvest Real Estate Management SA), resigned as director on 31 October 2017.

The annual meeting of shareholders of Leasinvest Immo Lux that will be held in April 2018 will be asked not to extend the mandates of Jean-Louis Appelmans and Micheline Paredis. On the other hand, will be proposed to nominate Tim Rens, CFO of Leasinvest Real Estate, as a director, for a term of 1 year, till the general meeting of April 2019. It will also be proposed to extend the directors' mandates of Jan Suykens, Michel Van Geyte (managing director) and Piet Dejonghe for 4 years.

Depositary

Since 01/01/2015 SGG S.A. (company number B 65.906, with its registered office at L-2086 Luxembourg, 412F, route d'Esch, subject to the supervision of the 'Commission de Surveillance du Secteur Financier', was appointed as depositary of Leasinvest Immo Lux SA in accordance with the applicable Luxembourg legislation (RCS Luxembourg B47192). In its capacity of depositary, SGG is bound to comply with the provisions imposed, including the Luxembourg law of 13 February 2007 on specialised 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 company and of a number of documents in virtue of corporate law.

For the past financial year total remunerations of circa € 133,232 (excl. VAT) were paid to SGG by Leasinvest Immo Lux.

Investment advice Luxembourg

Between Leasinvest Immo Lux SICAV-FIS and Leasinvest Real Estate, after approval by the CSSF, an investment advice agreement was concluded. 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.

The past year, Leasinvest Real Estate received a remuneration of € 2,695,131 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.

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.

AUDIT OF THE FINANCIAL STATEMENTS – AUDITOR

The auditor, appointed by the general meeting of shareholders, audits the financial statements and the half-year reports.

The ordinary general meeting of 22 May 2018 will be asked to renew the mandate of Ernst & Young Bedrijfsrevisoren, member of the 'Instituut van de Bedrijfsrevisoren', De Kleetlaan 2, 1831 Diegem, for a period of three years. Ernst & Young Bedrijfsrevisoren is hereto represented by Joeri Klaykens, bank auditor.

The remuneration of the auditor for auditing the financial statements of the company and its Belgian subsidiaries for the past financial year was estimated at € 56,895 (excl. VAT), or € 47,916 for the company and € 8,979 for auditing its subsidiaries Leasinvest Services SA, RAB Invest SA, Haven Invest SA and T&T Koninklijk Pakhuis SA. The remuneration of the auditor for auditing the financial statements of the statutory manager, Leasinvest Real Estate Management SA, amounted to € 3,000.

Next to that, remunerations of € 33.553 (excluding VAT) were paid to the auditor for extraordinary missions relating to the company Leasinvest Real Estate (namely auditor's reports for FSMA, reporting on the financial plan/ evolution of the debt ratio, report within the framework of the internal control, EMIR questionnaire) that were approved by the audit committee in accordance with the procedure intended in article 133/2 of the Company Code.

To the annual general meeting of shareholders of Leasinvest Immo Lux SA which will be held in April 2018, a request is made to renew the mandate of the auditor Ernst & Young (Luxembourg), with its registered office at 35 E, avenue J.F. Kennedy 2, L-1855- Luxembourg, represented by René Esch for a period of one year (which is usual practice for Leasinvest Immo Lux SA).

The remuneration of the auditor for auditing the financial statements of Leasinvest Immo Lux and its subsidiaries for the past financial year was estimated at € 144,000 (excl. VAT), or € 55,000 for Leasinvest Immo Lux and € 89,000 for Porte des Ardennes Schmiede SA, Porte des Ardennes Pommerloch SA, P Invest SA, S Invest SA, Leasinvest Immo Austria GmbH, AE Starvilla Sieben GmbH & Co GO, Frun Park Asten GmbH, Kadmos Immobilien Leasing GmbH and Adrestos BeteiligungsverwaltungsGmbH. Next to that, a remuneration was paid for Leasinvest Immo Lux for an amount of € 80,241 within the framework of the financial & tax due diligence (a/o executed by EY Luxembourg within the scope of the take-over of the Luxembourg company Mercator Sàrl. Furthermore, € 136,378 were paid to EY Austria for financial and tax due diligence work within the scope of the take-over of the companies Kadmos Immobilien Leasing GmbH and Adrestos BeteiligungsverwaltungsGmbH.

Agreements relating to the (fixed) remuneration of the auditor of the company are contractually defined with the auditor and are, for the remuneration relating to the audit mission, approved by the general meeting of shareholders.

VALUATION OF THE PORTFOLIO

In the past financial year, the quarterly valuations of the real estate portfolio were conducted by six independent valuers, Cushman & Wakefield VOF, Stadim, SPG Intercity (related to Cushman & Wakefield), de Crombrugghe & Partners, Oerag and BAR bareal. In the event of a conflict of interest arising between the real estate agent's activity and that of property surveyor, another expert shall make the valuation.

The valuation of the Luxembourg portfolio is made by Cushman & Wakefield (except for the underlying buildings of the real estate certificate Lux Airport, valued by de Crombrugghe & Partners, that of Belgium by respectively Cushman & Wakefield and Stadim, that of the buildings located in Switzerland by SPG Intercity (till 30 September 2017 included, whereafter the buildings were sold and valuation was no longer required) and that of Austria by BAR bareal till 31 March 2017 and as of 30 June 2017 by Oerag.

For the past financial year, the value of the property was defined by Cushman & Wakefield and Stadim, and for the valuation of the portfolio in Luxembourg, Belgium, Switzerland and Austria a total remuneration of € 192,047 (excl. VAT) was foreseen, of which

- € 82,285 for the valuation of the Belgian portfolio to Cushman & Wakefield (€ 62,460) and Stadim (€ 19,825) for Leasinvest Real Estate;
- € 56,400 to Cushman & Wakefield for the valuation of the Luxembourg portfolio, and
- € 11,842 to SPG Intercity (CBRE) for the valuation of the real estate in Switzerland for Leasinvest Immo Lux; and
- € 1,200 to BAR bareal and € 40,320 to Oerag for the valuation of the real estate in Austria for Leasinvest Immo Lux.

An expert can be charged with the valuation of a certain property for 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 physical persons representing the legal person, providing that the expert proves that an adequate functional independence exists between these physical persons.

In accordance with article 24 § 1 of the RREC law the remuneration of the surveyor shall not be linked, either directly or indirectly, to the value of the real estate subject to his valuation. The remuneration mentioned above has been defined based on a fixed amount per m². The remuneration is contractually defined with the real estate expert.

The physical persons representing the real estate expert as experts in the sense of article 24 §1 of the RREC law, have to define their valuation in complete independence. This is also valid when these physical persons follow each other up within or after the maximum term of three years defined in article 24 §1 of the RREC law, in which an expert can value a defined real estate.

Valuation of the real estate in Belgium/Luxembourg

Cushman & Wakefield VOF 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 box 7, 1000 Brussels (company number 418 915 383). Since the foundation on 04/12/1978 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 body, yet is regulated by the RICS (Royal Institute of Chartered Surveyors).

Both Cushman & Wakefield Belgium and Cushman & Wakefield Luxembourg are represented by Koen Nevens, MRICS. The valuation is carried out by Tom Velghe, Account Manager - Surveyor.

de Crombrugghe & Partners (company number 0462.107.802) has its registered office in 1160 Brussels, boulevard du Triomphe 172.

The office has an extensive experience in valuation reporting for nearly all types of real estate, spread across Belgium and also in Luxembourg. de Crombrugghe & Partners is an independent real estate services provider and is subject to Belgian law, but is not supervised by any official body. The valuation of the real estate of the Lux Airport certificates is carried out by Patrizia Tortolani, MRICS.

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 professional real estate (offices, retail, logistics and nursing homes) all over Belgium and Luxembourg. Stadim is not supervised by any official body, but is regulated by the RICS (Royal Institute of Chartered Surveyors).

The valuation of the logistics real estate in Belgium is done by Yannick Stolk.

Valuation of the real estate in Austria

BAR bareal (company number ATU62692688), with registered office at AT-1220 Vienna, Donau-City-Strasse 7, provides independent real estate services, with offices in the main Austrian cities, and is subject to Austrian legislation, but is not supervised by any official body.

The valuation of the real estate in Austria is done by Michael Buchmeier, MRICS.

As of 30 June 2017 the valuations of the Austrian portfolio are carried out by Oerag (company number FN 89590), with registered office in A-1010 Vienna, Herrengasse 17. The company renders independent real estate services and is subject to Austrian law, but is not supervised by any official body. The surveyor remains Michael Buchmeier, MRICS.

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 approximately € 25,000 (excl. VAT) was foreseen for this.

Statements

PERSONS RESPONSIBLE

The statutory manager of the company 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, to his knowledge, 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.

STATEMENT ACCORDING TO ARTICLE 12, § 2, 3° OF THE RD OF 14 NOVEMBER 2007

Mr. Jean-Louis Appelmans, permanent representative 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 financial statements, 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
Permanent representative
Leasinvest Real Estate Management SA
Schermersstraat 42
BE-2000 Antwerp
Statutory manager

STATEMENTS WITH REGARD TO THE DIRECTORS AND THE MANAGEMENT

The statutory manager of the company declares that, to the best of his knowledge:

- nor himself, nor one of the directors, not the effective leaders, nor members of the executive committee 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, the effective leaders and the members of the executive committee, 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 company 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. A comparable arrangement, including a compensation for leaving of 16 months, will be presented to the general meeting of 22 May 2018 for Michel Van Geyte, executive director;
- that the (employment) contracts concluded between the statutory manager, the company or its subsidiaries, and the members of the executive committee 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 Jan Suykens, Jean-Louis Appelmans, Michel Van Geyte, Piet Dejonghe, Guy Van Wymersch-Moons, Michel Eeckhout, Mark Leysen, Eric Van Dyck, Nicolas Renders and Sonja Rottiers do not own shares in Leasinvest Real Estate;
- that the members of the executive committee do not own Leasinvest Real Estate shares;
- that until now no options on the company shares have been granted, nor to the directors, nor to the members of the executive committee;
- that there are no mutual family ties between the directors and the members of the executive committee.

THIRD-PARTY INFORMATION

The statutory manager confirms that the information obtained from third parties has been precisely reproduced, and that to his knowledge, and based on the information published by those third parties, no facts have been omitted which could result in the reproduced information being inaccurate or misleading.

The statutory manager confirms that the real estate experts and the auditor of the company granted their permission to reproduce their reports in this report.

FORWARD-LOOKING STATEMENTS

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.

STATEMENTS WITH REGARD TO LEGAL PROCEDURES OR ARBITRAGES

The statutory manager of the company 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 company 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.

Articles of association

Coordinated articles of association dated 15/07/2017

“LEASINVEST REAL ESTATE”

Partnership limited by shares which makes a public appeal to savings
Public regulated real estate company under Belgian law
at 1070 Brussels (Anderlecht), route de Lennik 451
Register of legal persons Brussels 0436.323.915

The Company was 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 of the Company 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 ‘EKIPOINT’ 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”;

- 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;

- under a deed recorded by notary public Frank Liesse in Antwerp on 25 June 2013, announced in the appendices to the Belgian Official Gazette on 16 July thereafter under number 20130716-109614, stating the increase of the capital within the framework of the authorized capital;

- under a deed recorded by notary public Frank Liesse in Antwerp on 19 December 2013, announced in the appendices to the Belgian Official Gazette on 14 January thereafter under number 20140114-13718, stating the silent merger by take over (following the joining of all shares in one hand) of the Société Anonyme “Canal Logistics Brussels” (RPR Antwerp 0888.064.001) however without an actual amendment to the articles of association as a consequence;

- under a deed recorded by notary public Frank Liesse in Antwerp on 19

May 2014, announced in the appendices to the Belgian Official Gazette on 16 June thereafter under number 20140616-116768;

- under a deed recorded by notary public Frank Liesse in Antwerp on 6 November 2014, announced in the appendices to the Belgian Official Gazette on 3 December thereafter under number 20141203-216372, the Company having adopted the status of a public regulated real estate company under Belgian law;

- under a deed recorded by notary public Frank Liesse in Antwerp on 17 May 2016, announced in the appendices to the Belgian Official Gazette on 31 May thereafter under number 16074496, with regard to the renewal of the authorizations relating to the authorized capital;

- under a deed recorded by notary public Frank Liesse in Antwerp on 19 December 2016, announced in the appendices to the Belgian Official Gazette on 11 January thereafter under number 17006208, with regard to the silent merger by take-over (following the reunion in one hand of all shares) of the limited company "T&T Koninklijk Pakhuis" (Register of legal persons 0863.090.162) without any amendments to the articles of association.

The articles of association were amended for the last time under a deed recorded by notary public Frank Liesse in Antwerp on 15 May 2017, to be filed for publication in the appendices to the Belgian Official Gazette.

CHAPTER I – NAME – LEGAL FORM– OFFICE – PURPOSE OF THE COMPANY – TERM

ARTICLE 1. NAME - LEGAL FORM

1.1 The company has the legal form of a partnership limited by shares (hereafter "the Company").

It has the name "LEASINVEST REAL ESTATE".

1.2. The Company is a public regulated real estate company under Belgian law (abbreviated "public RREC under Belgian law" or "PRREC under Belgian law") as intended by article 2, 2° of the law of 12 May 2014 with regard to regulated real estate companies (hereafter the "RREC law") of which the shares are admitted to trading on a regulated market and that attracts its financial resources in Belgium or abroad via a public offer of shares.

The name of the Company is always immediately followed by the words "public regulated real estate company under Belgian law" or "public RREC under Belgian law" or "PRREC under Belgian law"; those same words are mentioned in all documents issued by the Company.

The Company is subject to the RREC law and to the Royal Decree of 13 July 2014 on regulated real estate companies (hereafter the "RREC RD") as well as to all other potential executive decrees and regulations of the RREC law, at any given time, (this law and its executive decrees and regulations together with any other regulation, at any given time, applicable to PRRECs under Belgian law are referred to hereafter as the "RREC legislation").

The Company is moreover subject to the provisions of these articles of association (hereafter the "Articles of association"). Each project to modify the Articles of association has to be preliminary submitted to the "Finan-

cial Services and Markets Authority", abbreviated "FSMA", hereafter always referred to by its abbreviation "FSMA").

1.3. The Company attracts its financial resources in Belgium or abroad via a public offer of shares, and appeals to public savings in the sense of article 438 of the Company Code (abbreviated "C.Code").

ARTICLE 2. MANAGING AND LIMITED PARTNERS

2.1. By reason of its legal form, the Company always has, mandatorily, one or more jointly responsible partners, called managing partners, and one or more limited partners, having the capacity of shareholder.

2.2. The Company has namely one (1) managing partner, severally and unlimitedly liable for all agreements of the Company and that also acts as the manager of the Company; this manager/managing partner is indicated in article 13 of the Articles of association.

2.3. The limited partners (also referred to as "shareholders") are responsible for the debts and losses of the Company, only proportionally to their contribution, providing that they do not exercise any management activity. They can however act in the capacity of mandatory of the Company, following a special proxy.

ARTICLE 3. OFFICE

3.1. The registered office of the Company is situated in Brussels (Anderlecht), Route de Lennik 451.

The registered office and the general board always have to be established in Belgium. They can be moved by a simple decision by the 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 manager has full authority, following that kind of move, to have every modification of the Articles of association certified, as well as to have every move of the registered office, and consequently amended text of the Articles of association, filed for publication.

3.2. By a simple decision of the manager, the Company can establish branches or agencies, both in Belgium and abroad.

ARTICLE 4. PURPOSE

4.1. The exclusive purpose of the Company is:

(a) to make real estate available to users, directly or via a company in which it holds a participation, in accordance with the provisions of the RREC legislation; and

(b) to, within the limits of the RREC legislation, possess real estate as mentioned in article 2, 5°, i till x of the RREC law.

"Real estate" is defined as follows:

- i. real estate as defined in article 517 et seq of the Civil Code, and the rights in rem on real estate, excluding real estate of forestry, agricultural or mining nature;
- ii. the shares with voting rights issued by real estate companies, die exclusively or jointly controlled by the Company;
- iii. pre-emptive rights to real estate;
- iv. the shares of public or institutional regulated real estate companies,

providing that, in the latter case, a joint or exclusive control is exercised by the Company;

- v. rights arising from contracts giving the company leasehold of one or several real estate assets or other similar rights of use;
- vi. the shares of public real estate investment trusts;
- vii. the participation rights in foreign undertakings for collective investment in real estate registered in the list intended by article 260 of the law of 19 April 2014 with regard to alternative undertakings for collective investment and their managers;
- viii. the participation rights in undertakings for collective investment in real estate established in another member state of the European Economic Area and that are not registered in the list intended by article 260 of the aforementioned law of 19 April 2014, as far as they are subject to an equivalent supervision as public sicafi;
- ix. the shares issued by companies (i) that are legal entities; (ii) governed by the law of another member state of the European Economic Area; (iii) of which the shares are admitted to trading on a regulated market and/or are subject to a regime of prudential supervision; (iv) of which the main activity is acquiring or constructing real estate in view of making it available to users, or the direct or indirect possession of participations in companies with a similar activity; and (v) that are exempt from tax on income from the profits resulting from the activity referred to in clause (iv) above, subject to compliance with certain legal obligations, and that are at least required to distribute part of their income to their shareholders (the "Real Estate Investment Trusts" (abbreviated "REITs"));
- x. real estate certificates, as intended by article 5, § 4, of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.
- xi. and all other assets, shares or rights defined as real estate by the RREC legislation.

4.2. Within the framework of making real estate available, the Company can exercise all activities related to the foundation, the construction (without prejudice to the prohibition of acting as a property developer, except for occasional operations), the alteration, the design, the renovation, the development, the alienation, the lease, the sub-lease, the exchange, the contribution, the transfer, the allotment, the bringing of real estate assets into a system of co-ownership or joint ownership, granting or receiving the right of superficies, usufruct, long-term lease or other real or personal rights on real estate, management and running of real estate assets.

4.3. Providing conformity with the RREC legislation, the Company can also invest additionally or temporarily in securities that are not real estate in the sense of the RREC legislation. These investments will be made in accordance with the risk management policy adopted by the Company and will be diversified, so that they ensure an adequate risk diversification. The Company can also possess unallocated cash in all currencies in the form of deposits on demand, term deposits, or any money-market instrument that can be easily traded.

4.4. Providing conformity with the RREC legislation, the Company is authorized to subscribe authorized hedges, except for speculative operations. The acquisitions and disposals have to fit within the financial risk hedging policy of the Company.

4.5. Providing conformity with the RREC legislation, the Company is

authorized to grant mortgages or other sureties or grant guarantees within the framework of funding the real estate activities of the Company or its group, within the limits defined by the RREC legislation to that effect.

4.6. Providing conformity with the RREC legislation, the Company is authorized to take or give in lease one or more properties. The activity of giving in lease with purchase option of real estate assets can only be exercised as an accessory activity, unless these real estate assets are destined for a purpose of general interest, including social housing and education (in this case, the activity can be exercised as main activity).

4.7. Providing conformity with the RREC legislation, the Company is authorized to grant credits within the limits defined by the RREC legislation to that effect.

4.8. Providing conformity with the RREC legislation, the Company can, through a contribution in cash or in kind, a merger, splitting-up or any other restructuring, subscription, participation, financial or other intervention, according to Company Law, acquire a share and any possible form of participation or membership in all existing or to be founded companies, associations or enterprises, in Belgium or abroad, of which the purpose is similar to its own, or that fits within the realization of, or facilitates, its purpose. Providing conformity with the RREC legislation, the Company can, in general, acquire, rent, lease, transfer or exchange all moveable or real estate assets, all materials and necessities, and in general, take all civil, commercial or financial actions that are, directly or indirectly, related to its purpose and exercising all related intellectual rights and commercial properties. Next to that, the Company may, providing conformity with the RREC legislation, do anything relevant or necessary to realize its purpose, also including all activities relating to, directly or indirectly the development and daily management of its real estate assets and all other activities with an added value to its real estate assets and to its users, such as offering services that are complementary to making the related real estate available.

ARTICLE 5. TERM

5.1. The term of the Company is unspecified. It can be dissolved by a resolution of the general meeting deliberating in accordance with the conditions and forms required for amending the articles of association, without prejudice to the application of other more stringent legal provisions.

5.2. The Company shall not be dissolved as a result of the dismissal, expulsion, revocation, withdrawal, purchase, declaration of incompetence, prevention, dissolution or declaration of bankruptcy of the managing partner.

CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES

ARTICLE 6. CAPITAL

6.1 The company's registered capital amounts to fifty-four million three hundred and fourteen thousand seven hundred and forty-four euros and sixty-four cents (54,314,744.64). It is paid up in full.

6.2 It is divided into four million nine hundred and thirty-eight thousand eight hundred and seventy (4,938,870) shares, of no-par value, each one representing 1 / 4,938,870 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 instalments, by a maximum amount of fifty-four million three hundred fourteen thousand seven hundred forty-four euro sixty-four cent (€ 54,314,744.64) in the cases foreseen in the relevant report of the manager and, if the manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the 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 17 May 2016. 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 RREC legislation, and the Articles of Association.

If the case arises, in the event of a capital increase decided by the manager, possibly after deduction of charges, the issue premiums shall be transferred by the manager to an unavailable account that will be treated in the same way as the capital as a guarantee for 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 in conjunction with article 657 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 in conjunction with article 657 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 not members of 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 the RREC legislation and of article 8.2 of the articles of association. Without prejudice to the articles 595 to 599 in conjunction with article 657 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 8.2 of the articles of association.

Capital increases by a contribution in kind are realized in accordance with the RREC legislation and in accordance with the conditions recorded in article 8.3 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 exposed in the sub-paragraphs above, the extraordinary general meeting of 17 May 2016 has explicitly authorized the manager to proceed to one or

more capital increases in the case of a public take-over bid, under the conditions foreseen by article 607 in conjunction with article 657 of the Company Law, and with respect, should the case arise, of the irreducible right of attribution foreseen by the RREC legislation. The capital increases executed by the manager following the latter authorization, are deducted from the capital that can still be used in conformity with this article. This authorization does not limit the manager's competences to proceed to other operations using the authorized capital than those foreseen by article 607 in conjunction with article 657 of the Company Law.

ARTICLE 8. CHANGE OF THE REGISTERED CAPITAL

8. 1 Except for the possibility to increase the capital using 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 of the shareholders in the presence of a notary public and with the approval of the manager. Furthermore the company will always have to take the RREC legislation into account in this context.

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.

8.2. 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 RREC legislation:

- 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.

8.3. 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 RREC legislation, 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 value per share 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 8.4 hereafter, 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 value per share and in the capital, including the impact at the level of the voting rights.

The special conditions described above, in accordance with the RREC legislation, 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.

8.4. The special rules with regard to capital increases by contribution kind recorded in article 8.3 above 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.

8.5. In accordance with the RREC legislation 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 regulated real estate company (or abbreviated “institutional RREC”) for an issue price that is ten per cent (10%) or more lower than the lowest value of (a) a net value per share 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 this article 8.5, 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 subsidiary mentioned in the first paragraph of this article 8.5 is not listed, the discount defined in the first paragraph of this article 8.5 is only calculated based on the net value per share that is dated no more than four (4) months.

This article 8.5 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 9. NATURE OF THE SHARES

9.1. The Company has only one type of shares, that all have the same rights.

9.2. The shares of the Company are nominative or dematerialized, and this according to the choice of their owner or holder (hereafter the “Holder”) and in accordance with legal limitations. Each Holder of shares can at any given time, and at his own expenses, ask for the conversion of his nominative shares into dematerialized shares, or vice versa.

9.3. For nominative shares, ownership is exclusively proven by inscription in the register of shares of the Company held at its office; the register of shares may potentially be held in an electronic form.

9.4. Dematerialized shares are represented by booking into an account, at the name of the owner or holder, with a clearing institution.

ARTICLE 10. OTHER SECURITIES

With the exception of profit-sharing certificates and similar securities and subject to the specific provisions of the RREC legislation, the Company may issue the securities intended by article 460 of the Company Code in accordance with the rules prescribed by the Company Code, the RREC legislation and these Articles of association.

ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire treasury shares, hold them and alienate them in accordance with the formalities and conditions prescribed by the articles 620 to 625 of the Company Code.

11.2. The manager is authorized to proceed to the purchase or alienation of treasury shares without a preliminary decision of the general meeting, whenever this purchase is necessary to safeguard the Company against serious and threatening disadvantage. These authorizations in conformity with article 620, §1, third subparagraph and fourth subparagraph, respectively article 622, §2, second subparagraph, 2°, of the Company

Code, are valid for three (3) years as of the publication of the amendments to the articles of association of 15 May 2017 and are renewable for an equal period.

11.3. The manager is authorized, in virtue of a decision taken by the general meeting of 15 May 2017 according to article 620, §1, of the Company Code, to (a) acquire a maximum number of treasury shares that equals at highest the number of shares by the acquisition of which the threshold of twenty percent (20%) of the subscribed capital would be reached, cumulatively taking into account all already purchased shares and potentially still detained shares by the company and its subsidiaries, (b) at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the acquisition date, decreased by fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the last twenty (20) closing prices of the share of the Company at the regulated market on which they are listed, before the acquisition date, augmented by fifteen percent (15%), (c) taking into account that the remuneration for the purchase of these treasury shares does not exceed the resources of the company that are according to article 617 of the Company Code distributable, and (d) taking into account the immediate constitution of an unavailable reserve 'acquisition of treasury shares' for the amount of the global acquisition value of the purchased shares, and this by withdrawal on the available reserve (profit) if and as long as the shares are held in portfolio.

This authorization is valid for a term of five (5) years as of the date mentioned above on which this decision was approved. This authorization is also valid for the acquisition of shares by the Company on a regulated market by its directly controlled subsidiaries in accordance with article 627 of the Company Code.

11.4. The manager is also authorized, according to article 622, §2, first subparagraph, of the Company Code, to proceed to, in respect of the conditions and terms defined by law, the alienation of treasury shares that the Company holds in portfolio, subject to the following conditions: (a) this authorization is valid for a number of treasury shares that is at highest equal to the number of shares by which the limits for legally holding crossed participations by the indirect subsidiaries of the Company according to article 631, §1 of the Company Code would be reached; (b) the alienation of a share in virtue of this authorization has to occur at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the alienation date, minus fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the twenty (20) last closing prices of the share before the alienation date, augmented by fifteen percent (15%); (c) the booking of the unavailable reserve 'acquisition of treasury shares' created by the Company for detention of treasury shares in the portfolio is after the alienation corrected by the acquisition value of the alienated shares, and this by the increase of the available reserve.

The manager is finally authorized to, without prior consent by the general meeting, in accordance with article 622, §2, second subparagraph, 1° of the Company Code, and at a price he defines, proceed to the alienation of treasury shares, as far as these shares are alienated on a regulated market

the shares are listed on.

These authorizations are valid without any end term. These authorizations are also valid for the alienation of shares of the Company on a regulated market by its directly controlled subsidiaries according to article 627 of the Company Code.

ARTICLE 12. LISTING ON THE STOCK EXCHANGE AND NOTIFICATION OF IMPORTANT PARTICIPATIONS

12.1 The shares of the company must be admitted to trading on a Belgian regulated market, in accordance with the RREC legislation.

12.2 Each holder of shares 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 in issuers of which the shares are admitted for trading on a regulated market.

The thresholds of which exceeding results in a mandatory notification following the special aforementioned legislation of the disclosure of important participations are fixed at three per cent (3%), five per cent (5%) and multiples of five per cent (5%) of the total number of voting rights.

12.3 Except for exceptions foreseen by the Company Law, nobody can participate to a voting at a general meeting of shareholders 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 that general meeting.

CHAPTER III – MANAGEMENT AND REPRESENTATION - CONTROL

ARTICLE 13. NOMINATIONS – DISMISSALS – VACANCIES

14.1 The company is directed by a statutory manager, who must have the capacity of a limited (managing) partner and who must permanently comply with the articles 14 and 15 of the RREC legislation.

14.2 The public limited company "LEASINVEST REAL ESTATE MANAGEMENT", (register of legal persons Antwerp, section Antwerp 0466.164.776), with registered office in 2000 Antwerp, Schermersstraat 42, is the (only) managing partner intended by article 2.2 of the Articles of association and is in virtue of this article appointed as the first and sole statutory manager of the Company (hereafter the "Manager-Legal person"). It is appointed for an indefinite period, in the understanding that the minimal duration of its mandate has been fixed at twenty-seven (27) years, which makes that its mandate is irrevocable until the date of the annual meeting, which will be held in 2026. After this date the mandate of the Manager-Legal person is revocable under the attendance and majority conditions required for a change of the Articles of Association, without any right of veto for the manager on this point.

The board of directors of the Manager-Legal person has to be composed as prescribed by the RREC legislation and as settled in article 14 of the Articles of association below.

13.3 Despite the aforementioned (article 13.2) concerning the first

manager, the manager is appointed for a definite or indefinite period at the general meeting of shareholders, which decides under the attendance and majority conditions required for a change of the Articles of Association.

13.4 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 of shareholders 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.

13.5 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.

13.6 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.

ARTICLE 14. SPECIAL PROVISIONS WITH REGARD TO THE MANAGER-LEGAL PERSON AND THE EFFECTIVE OFFICERS OF THE COMPANY

14.1. The provisions of this article 14 below are valid for the Manager-Legal person as long as it manages the Company as a public RREC. The Manager-Legal person acts to that effect via its board of directors, its permanent representative and the persons it appointed for the effective leadership of the Company. The directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company cannot personally be manager nor managing partner of the Company. Moreover, they have to comply, on a permanent basis, with the articles 14 and 15 of the RREC law.

14.2. The board of directors of the Manager-Legal person is always composed in that way, that the Company can be managed in accordance with article 4 of the RREC law.

14.3. The board of directors of the Manager-Legal person consists at least of three (3) independent members in the sense of article 526ter of the Company Code, for which the respect of the criteria intended by the aforementioned article is also evaluated as if the concerned independent member of the board of directors of the Manager-Legal person would be a director in the Company.

14.4. The members of the board of directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company are exclusively physical persons and have to dispose, on a permanent

basis, of the required professional reliability and adequate competences, required for exercising their function. They cannot find themselves in one of the cases foreseen by article 20 of the law of 25 April 2014 on the status of supervision on credit institutions.

14.5. The effective leadership of the Company has to be entrusted to at least two (2) physical persons, of which at least one (1) has to be a member of the board of directors of the Manager-Legal person.

14.6. One of the persons intended by article 14.5 above that is also a member of the board of directors of the Manager-Legal person, is appointed as permanent representative of the Manager-Legal person in the sense of article 61, §2, of the Company Code, that is entrusted with exercising the mandate of manager in the Company in the name of and for the account of the Manager-Legal person and that is more specifically authorized to, acting alone, represent and commit the Company versus third parties, but without prejudice to the applicable provisions of the RREC legislation. The Manager-Legal person cannot dismiss its permanent representative without appointing a successor at the same time.

14.7. Within the framework of and specifically in view of the internal management of the Company intended by article 16 of the Articles of association, the board of directors of the Manager-Legal person can, among his members and under his responsibility, in accordance with the articles 522, 526bis en 526quater of the Company Law, establish one or more consultative committees, such as e.g. a remuneration committee and an audit committee. These 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 that those committees respectively have 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 of the Manager-Legal person in compliance with the applicable regulations.

ARTICLE 15. SALARY

15.1. The manager will carry out his mandate with remuneration.

15.2. The remuneration is equal to zero point four hundred fifteen per cent (0.415%) of the consolidated assets of the Company. The remuneration is due during the financial year, but only payable after the approval of the financial statements.

15.3. The manager is entitled to the repayment of the costs that are directly related to his assignment.

ARTICLE 16. COMPETENCES OF THE MANAGER – INTERNAL MANAGEMENT

16.1. The manager has the most extended powers to perform all acts of internal management necessary or useful for realizing the purpose of the Company, except for those acts for which only the general meeting is

competent, in virtue of the law or the Articles of association.

The manager takes all decisions it deems appropriate.

16.2. The manager draws up the half-year reports, as well as the annual report project in accordance with the RREC legislation. The manager appoints the real estate experts in accordance with the RREC legislation.

16.3. The deliberations and decisions of the manager – should the case arise, taken at the level of the board of directors of the Manager-Legal person in accordance with the rules for deliberation and decision-making as defined in the articles of association of the Manager-Legal person – are reproduced in the minutes that are signed by the manager or the acting directors of the Manager-Legal person. These minutes are recorded in a special register.

The copies of or the extracts of those minutes, that have to be presented lawfully or elsewhere, are signed by the manager in accordance with its external representation power, except for copies and extracts of the minutes that were registered in an authentic deed and that are signed by the notary public.

ARTICLE 17. EXTERNAL REPRESENTATIVE POWER

17.1 The manager represents the company in all judicial and extra-judicial affairs.

17.2 The Manager-Legal person acts externally towards third parties via its permanent representative, all this, in accordance with the RREC legislation.

17.3 In all deeds committing the Company, the capacity in which the person representing the Company acts has to be stated, immediately before of after his signature.

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 RREC legislation.

ARTICLE 19. RESPONSIBILITY OF THE STATUTORY MANAGER

19.1 The statutory manager is personally, severally and unlimitedly bound to the obligations of the company.

19.2 The permanent representative of the Manager-Legal person is however not personally liable for the undertakings made by the Company.

ARTICLE 20. CONTROL

20.1. The audit of the Company is entrusted to a company auditor or auditor's company certified by the FSMA, that exercises the mission of auditor as defined in the Company Code and in the RREC legislation. In the case of the appointment of a certified auditor's company as auditor,

this company will appeal to a certified company auditor that it appoints, for the exercise of its mission as auditor; it can eventually also appoint a substitute among its members that comply with the appointment conditions.

20.2. Moreover, the Company is subject to supervision by the FSMA in accordance with the RREC legislation.

CHAPTER IV – GENERAL MEETING

ARTICLE 21. POWER OF THE GENERAL MEETING

21.1 The lawfully composed general meeting of the shareholders of the Company represents the entirety of the shareholders. The decisions of the general meeting that were validly taken are binding upon all shareholders, even for those who were absent or for those who voted against a proposal.

21.2 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 of optional dividends, to the issue of convertible (or not) bonds or warrants, to the merger or an equal operation with one or more companies.

ARTICLE 22. ORDINARY GENERAL MEETING

22.1. The general meeting is held at the registered office or at the address indicated in the convening notice.

22.2. The ordinary general meeting, also called annual meeting, is held each year the third Monday of the month of May at sixteen hours or, should this day be a legal holiday, the next working day at the same hour.

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 data 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 Holders of dematerialized shares who want to participate to the general meeting, must present a certificate issued by an authorized account holder or the settlement body, stating how many dematerialized shares are registered in their accounts at the registration date, in the name of the shareholders, 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.

Holders 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

25.1 A shareholder of the company may only appoint (1) one proxy for a specific general meeting. 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.

25.2 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.

25.3 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.

25.4 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

26.1 Every general meeting is in general presided by manager of the Company. For as long as the Manager-Legal person manages the Company, the chairman of its Board of Directors or, in case the chairman is unable to attend, another director of the Manager-Legal person presides the general meeting.

26.2 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 at the general meeting are directed by the chairman of the meeting and take place in accordance with the habitual rules of proper meeting techniques.

27.2 The manager answers the questions of the shareholders 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 the 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 the 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.

27.3 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.

27.4 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 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 pre-emptive right in the case of a capital increase belongs to the nude owner.

ARTICLE 29. DECISION-MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER

29.1 The normal and the exceptional general meeting's deliberations and decisions are valid irrespective of the number of present or represented shares, yet in the presence of the statutory manager.

If he is not 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. Abstinance 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.

29.2 At each general meeting minutes are taken during the meeting.

29.3 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.

29.4 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**

30.1 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 RREC legislation.

Furthermore, the statutory manager draws up an annual report in which he renders account for his policy, as prescribed by the Company code and the RREC legislation.

The annual report also comprises a corporate governance statement that is a specific part of it and which comprises a remuneration report.

30. 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).

30. 3 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 RREC legislation.

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 RREC legislation, to distribute a dividend as a remuneration of the capital to its shareholders, of which the minimum amount is defined in accordance with article 13 of the RREC RD.

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 RREC legislation.

CHAPTER VI – DISSOLUTION – LIQUIDATION

ARTICLE 33. NOMINATION AND CAPACITY OF LIQUIDATORS

33.1 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.

33.2 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.

33. 3 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 in the Company.

CHAPTER VII – MISCELLANEA - CHOICE OF LOCATION

ARTICLE 35. CHOICE OF LOCATION

35. 1 The manager and the liquidators, whose place of residence is unknown, are supposed to have chosen their address at the registered office of the company, where all subpoenas, services and notifications concerning the companies' affairs can be delivered.

35.2. The regulation in article 35.1 above is mutatis mutandis also valid for the directors of the Manager-Legal person and the persons in charge of effective direction of the Company and the persons responsible for the internal control functions of the Company.

ARTICLE 36. JURISDICTION

36.1 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.

36.2 The regulation in article 36.1 above is mutatis mutandis also valid for all disputes between the Company, on the one hand, and the directors of the Manager-Legal person, the persons in charge of effective direction of the Company and the people responsible for the internal control functions of the Company.

ARTICLE 37. 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 (a) the Company Law and its executory decrees and regulations, (b) the RREC legislation and (c) the other legal provisions, decrees and regulations under Belgian law are applicable, as far as they apply to the Company due to its status as a public RREC.

Moreover, the provisions of these articles of association that would unlawfully have derogated from the provisions of the laws, decrees and regulations 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, decrees and regulations shall be deemed as not written.

Namens het bestuursorgaan,

Notaris Frank Liesse

Information for shareholders

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 articles of association can also be consulted on the company website.

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 financial reports, which comprise the consolidated financial statements, the annual report and the report of the auditor concerning the financial years 2015, 2016 and 2017 and the conclusion of the valuation report and the half-yearly financial reports including the report of the auditor for the financial years 2015, 2016 and 2017 can be consulted on the Leasinvest Real Estate website (www.leasinvest.be) and may be consulted at the administrative office of the company.

The historical financial information of all subsidiaries¹ of Leasinvest Real Estate can be consulted at the administrative office of Leasinvest Real Estate.

Financial reporting and convening 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.

The decisions about the nomination or resignation of members of the board of directors of the statutory manager 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.

LIST OF REFERENCE INFORMATION

Historical financial information and the description of the financial situation of the previous financial years 2015 and 2016, and related-party transactions in the previous financial years 2015 and 2016

For this information we refer to the annual financial reports, which include the key figures, the consolidated financial statements, the annual report and the report of the auditor for the financial years 2015 and 2016, that can be consulted on the Leasinvest Real Estate website (www.leasinvest.be).

Overview of information with corresponding page numbers

Financial year (Annual financial report)	2016	2015
Key figures	28-31	30-35
Annual report (Management report)	32-79	36-125
Audited consolidated financial statements	129-191	126-186
Auditor's report on consolidated financial statements	192	187

¹ For more information we refer to the consolidation scope on page p 169.

REGULATED REAL ESTATE COMPANY (RREC) – CHARACTERISTICS AND TAX REGIME

The main characteristics of a regulated real estate company (RREC) are as follows (RD of 13/07/2014):

- 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 regulated real estate company and its subsidiaries, and the statutory debt ratio of the regulated real estate company is limited to 65% of the consolidated or statutory assets, after deduction of the authorized hedges
- 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 13/07/2014, 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; otherwise, there are no company taxes on results and capital gains
- withholding tax of 30% on dividend
- no withholding tax for non-residents who are not engaged in a profit-making activity
- a regulated real estate company cannot grant loans unless to subsidiaries
- supervision by the FSMA (www.fsma.be)

SICAV-SPECIALIZED 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
- no mandatory stock exchange listing
- mainly real estate investments
- Risk diversification: maximum 30% of the consolidated assets can be invested in one building/complex, or in securities issued by one same company. In certain cases derogation can be granted by the CSSF; in 2016 Leasinvest Immo Lux has been granted a derogation by the CSSF for a debt ratio up to 65%
- debt ratio of maximum 50% except for derogations granted by the CSSF in certain cases
- annual valuation by an independent real estate expert
- real estate assets carried at fair value – no amortizations
- no minimum distribution of the operating result
- no corporate taxes on result nor gains
- no withholding tax on dividends (in case the dividends are paid in favour of the RREC)
- supervision by the "Commission de Surveillance du Secteur Financier" www.cssf.lu

For the choice of an investment, Leasinvest Real Estate is subject to limitations with regard to the diversification of investments and participation in companies.

DIVIDEND 2017

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 5.00 (2016: € 4.90), and net, free of withholding tax of 30%, € 3.50 (2016: € 3.43) to the 4,938,870 shares entitled to dividends.

Subject to the approval of the ordinary general shareholders' meeting of 22 May 2018 dividends will be paid out on presentation of coupon no 21 as of 28 May 2018 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

The Ex-date is 24/05/2018 and the Record date is 25/05/2018.

With regard to practical formalities to attend the annual meeting of shareholders that will be held on 22 May 2018 we refer to Chapter IV of the articles of association on page 199 and to the website www.leasinvest.be, where all documents to participate are published on the day indicated in the convening notice published in the Official Belgian Gazette and in a national newspaper.

WEBSITE

www.leasinvest.be

The website has free access and comprises all mandatory legal information.

Anyone interested can freely subscribe at www.leasinvest.be (investor relations – IR contact) to receive all press releases and mandatory financial information per email.

INVESTOR RELATIONS CONTACTS

Leasinvest Real Estate Management SA

Jean-Louis Appelmans • Michel Van Geyte

CEO

T +32 3 238 98 77

E investor.relations@leasinvest.be

LEXICON

ALTERNATIVE PERFORMANCE MEASURES

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this annual financial report are indicated by \blacktriangleleft . For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 72 et seq of this report.

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.

CONTRACTUAL ANNUAL RENTS

The indexed basis rents as contractually defined in the leases in force per 31/12/2017.

CORPORATE GOVERNANCE

Sustainable 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.corporategovernancecommittee.be).

DEBT RATIO

All items of the "Liabilities" in the balance sheet, except for the items: "I. Non-current liabilities – A. Provisions", "I. Non-current liabilities – C. Other non-current financial liabilities – Derivative financial instruments", "I. Non-current liabilities – 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.

EPRA COST RATIO \blacktriangleleft

EPRA Cost ratio \blacktriangleleft consists of the relation of the operating and general charges versus the gross rental income (including and excluding direct vacancy costs); see also www.epra.com.

EPRA EARNINGS \blacktriangleleft

The EPRA Earnings \blacktriangleleft , previously net current result, consists of the net result excluding the portfolio result* and the changes in fair value of the ineffective hedges.

EPRA NET ASSET VALUE \blacktriangleleft (NAV) & EPRA NNNAV \blacktriangleleft (TRIPLE NET ASSET VALUE)

EPRA Net Asset Value \blacktriangleleft (NAV) consists of the adjusted Net Asset Value \blacktriangleleft , excluding certain elements that do not fit within a financial model of long-term real estate investments; see also www.epra.com.

EPRA NNNAV \blacktriangleleft (triple Net Asset Value*): consists of the EPRA NAV \blacktriangleleft , adjusted to take into account the fair value of the financial instruments, the debts and the deferred taxes; see also www.epra.com.

EPRA NET INITIAL YIELD \blacktriangleleft & EPRA TOPPED UP NET INITIAL YIELD \blacktriangleleft

EPRA Net Initial Yield \blacktriangleleft comprises the annualized gross rental income based on the current rents at the closing date of the financial statements, excluding the property charges, divided by the market value of the portfolio, increased by the estimated transfer rights and costs for hypothetical disposal of investment properties; see also www.epra.com.

EPRA Topped up Net Initial Yield \blacktriangleleft corrects the EPRA Net Initial Yield \blacktriangleleft with regard to the ending of gratuities and other rental incentives granted; see also www.epra.com.

EPRA VACANCY \blacktriangleleft

EPRA Vacancy \blacktriangleleft is calculated on the basis of the Estimated Rental Value (ERV) of vacant surfaces divided by the ERV of the total portfolio; see also www.epra.com.

EXIT TAX

Companies applying for approved Regulated real estate company status, or which merge with a Regulated real estate company 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% for the financial year 2017 (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 21/06/2006, substituted by the RD of 13/07/2014, Leasinvest Real Estate applies these rules to its statutory annual accounts, already as from the financial year beginning on 01/07/2006.

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.

REGULATED REAL ESTATE COMPANY

Is an ordinary operational company that has to act according to its purpose (which includes taking into account other interests than the exclusive interest of the shareholders, such as the interests of its clients, users of the buildings). It has a general commercial purpose: offering real estate to users. This company pursues a company strategy and not an investment policy; it can make a public appeal to savings, but to use those funds for its company purpose in general, in function of the needs arising from its strategy, and not to invest them in accordance with a statutory investment policy with regard to managing those funds in view of generating a "pooled return" for investors.

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

Public REIT (SIR/GVV) under Belgian Law	Leasinvest Real Estate SCA
Legal entity	Limited partnership by shares
Registered office	Route de Lennik 451, 1070 Brussels, Belgium
Administrative office	Schermersstraat 42, 2000 Antwerp, Belgium
Contact	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) 6 November, publication Official Belgian Gazette 3 December 2014 (change into a regulated real estate company) (no 20141203-14216372)
Term	Unspecified
Financial year	1 January – 31 December
Listing	Euronext Brussels, BEL Mid
Liquidity provider	Bank Degroof Petercam
Financial service	Main paying agent Bank Delen
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Joeri Klaykens, certified auditor
Real estate experts	Cushman & Wakefield – Stadim – Oerag – de Crombrughe & Partners
Supervision	FSMA

This annual financial report is available on www.leasinvest.be.

You can request a printed copy through registration on www.leasinvest.be.



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