

Annual report 2003-2004



# mission statement

“ *Real estate fund Leasinvest Real Estate SCA invests in high-quality and well-situated office buildings (Brussels / Ghent / Antwerp), as well as in logistic buildings and retail premises. The real estate fund has the objectives of achieving a rental yield in line with market performance, steady dividend growth and potential capital gains. In the pursuit of these objectives, Leasinvest Real Estate can rely on its manager Leasinvest SA (Ackermans & van Haaren Group) with over 20 years of real estate experience.* ”

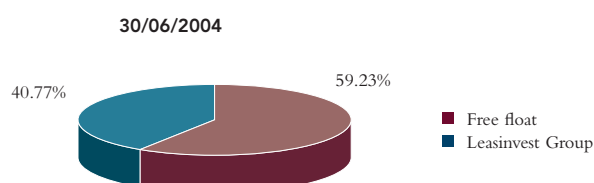
## Financial calendar (financial year 2003/2004)

General Meeting	18/10/2004
Analysts' meeting about annual results	18/10/2004
Dividend payable from	25/10/2004

## Publication of the consolidated annual accounts (financial year 2004-2005)

Trading update (30/09/2004)	26/11/2004
Announcement of half-year results (31/12/2004)	25/02/2005
Trading update (31/03/2005)	20/05/2005
Announcement of annual results (30/06/2005)	26/08/2005
General Meeting	17/10/2005
Analysts' meeting about annual results	17/10/2005
Dividend payable from	24/10/2005

## Shareholders



# key figures

In the context of the simplification of the group structure, Leasinvest Real Estate merged, during the past financial year, its 2 subsidiaries, Brüssimmo SA and Ekiport SA by absorption. These subsidiaries have been accounted in the past via integral consolidation which makes that the statutory figures as of 30/06/2004 are fully comparable with the consolidated figures for 2002/2003 and 2001/2002.

## Real estate portfolio

Total area (in m <sup>2</sup> above ground)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Offices	105,520	112,467	113,737	80,667	67,949
Semi-industrial	72,339	73,736	73,736	73,612	73,072
Retail	949	1,704	1,774	1,774	1,774
Other	2,516	2,755	3,295	2,644	994
<b>Total</b>	<b>181,324<sup>1</sup></b>	<b>190,662</b>	<b>192,542</b>	<b>158,697</b>	<b>143,789</b>

	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Estimated investment value (x € 1,000) <sup>2</sup>	257,488	266,079	269,519	200,945	177,288
Liquidation value (x € 1,000) <sup>3</sup>	227,865	235,468	238,512	177,827	156,892
Occupancy rate excluding rental guarantee (%) <sup>4</sup>	94.13	96.24	97.11	94.21	92.25
Occupancy rate including rental guarantee (%) <sup>4</sup>	94.43	97.77	100.00	98.53	98.00
Rental yield excluding rental guarantee (%)	7.70	7.85	7.77	7.51	7.23
Rental yield including rental guarantee (%)	7.71	7.97	8.01	7.86	7.69

<sup>1</sup> The decrease from 2003 to 2004 in the different sections is due to the sales of which details can be found on p 13.

<sup>2</sup> Investment value estimated by real estate valuers Cushman & Wakefield Healey & Baker/Winsinger en Associates, including costs and taxes.

<sup>3</sup> After deduction of 13% costs.

<sup>4</sup> The definition of occupancy rate can be found in the glossary on p 59.

## Key results

(x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Operating income <sup>1</sup>	22,689	23,954	20,265	15,822	15,424
of which, rents <sup>2</sup>	20,399	20,872	17,105	13,568	12,705
Operating result	15,427	16,947	15,250	11,480	11,495
EBITDA	16,641	18,423	14,949	11,706	12,057
Net current result	11,485	12,742	12,395	10,441	10,415
Result on the portfolio <sup>3</sup>	-3,140	-2,677	429	613	2,598
Net result	8,345	10,072	12,806	11,054	13,013
Net cash flow	12,595	14,251	12,075	10,667	10,977

<sup>1</sup> Including rental guarantees.

<sup>2</sup> Excluding rental guarantees.

<sup>3</sup> Composition: -140 loss on elements of the portfolio disposed of, -207 changes in market value of elements of the portfolio disposed of and -2,793 changes in market value of elements of the portfolio – detailed overview on p 36 & 40.

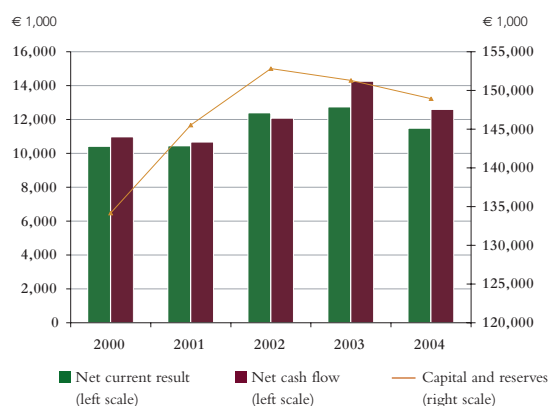
## Balance sheet

(x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Capital and reserves <sup>1</sup>	148,945	151,287	152,820	145,526	134,162
Balance sheet total	267,604	275,051	288,773	206,298	185,564
Ratio of debt (%) <sup>2</sup>	41.06	42.33	44.94	27.28	25.65

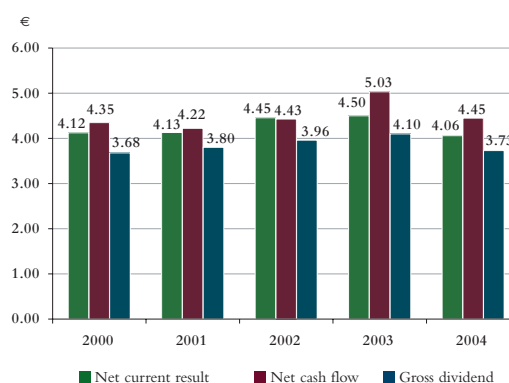
<sup>1</sup> Ex-dividend.

<sup>2</sup> For 30/06/2002, 30/06/2003 and 30/06/2004: including provisions for exit tax amounting to € 2,108,040, € 2,364,978 and € 734,352 respectively.

## Evolution in results and capital + reserves



## Evolution in results per share



## Data per share

(€)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Number of shares (#)	2,830,371	2,830,366	2,830,366	2,725,624	2,525,124
Net asset value (excluding dividend)	52.62	53.45	53.99	53.39	53.13
Net asset value (including dividend)	56.35	57.55	57.95	57.19	56.81
Rents (excluding rental guarantee)	7.21	7.37	6.15	5.37	5.03
Operating result	5.45	5.99	5.48	4.54	4.55
Net current result	4.06	4.50	4.45	4.13	4.12
Result on the portfolio	-1.11	-0.95	0.15	0.24	1.03
Net result	2.95	3.56	4.60	4.37	5.15
Net cash flow (CFS)	4.45	5.03	4.34	4.22	4.35

## Key ratios

(€)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Share price on coupon date <sup>1</sup>		53.50	49	49.8	49.0
Coupon date	25/10/2004	27/10/2003	28/10/2002	22/10/2001	26/10/2000
price / cash flow (PCF)		10.64	11.29	11.79	11.28
price / earnings (PER) <sup>2</sup>		11.89	11.00	12.05	11.88
Price at end of financial year	54.10	55.50	55.40	47.90	48.51
price / cash flow (PCF)	12.16	11.03	12.77	11.34	11.15
price / earnings (PER) <sup>2</sup>	13.33	12.33	12.44	11.59	11.76
Interest coverage ratio <sup>3</sup>	3.25	5.15	4.40	5.78	11.24
Total debt / EBITDA	6.92	5.33	6.48	3.78	2.90

<sup>1</sup> No figures available for 30/06/2004 because the annual report precedes the coupon date.

<sup>2</sup> Earnings = net current result.

<sup>3</sup> EBITDA / (financial charges + portion of LT debts falling due within a year).

## Change in number of shares

	30/06/2004	28/11/2003	30/06/2003	30/06/2002	14/12/2001	30/06/2001	28/06/2001	30/06/2000
At end of the financial year								2,525,124
capital increase 28/06/2001							200,500	
At end of the financial year						2,725,624		
capital increase 14/12/2001					104,742			
At end of the financial year			2,830,366	2,830,366				
capital increase 28/11/2003		5						
as a result of the merger of Brussimmo and Ekiport with Leasinvest Real Estate								
At end of the financial year	2,830,371							

## Leasinvest Real Estate on the stock market

(€)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Number of shares (#)	2,830,371	2,830,366	2,830,366	2,725,624	2,525,124
Market capitalisation based on closing price	153,123,071	157,085,313	156,802,276	130,557,390	122,493,765
Closing price	54.10	55.50	55.40	47.90	48.51
Highest price	57.50	56.00	56.30	56.00	55.50
Lowest price	52.50	49.00	48.77	47.01	45.98
Average price	55.25	52.97	51.97	49.04	52.07
Annual traded volume (#)	653,805	584,605	188,317	89,073	191,676
Average monthly traded volume (#)	54,484	48,717	15,693	7,423	15,973
Annual turnover	35,653,537	31,543,415	9,758,192	4,367,692	10,193,399
Velocity <sup>1</sup> (%)	23.10	20.65	6.77	3.53	7.59
Gross dividend	3.73	4.10	3.96	3.80	3.68
Net dividend	3.17	3.49	3.37	3.23	3.13
Dividend yield (%)	6.75	7.74	7.62	7.75	7.07
Pay-out ratio (%)	93	93	93	92	89

<sup>1</sup> Annual traded volume/number of shares.

Note: years in which a capital increase took place: number of shares = pro rata the number of shares for that year.

## Outlook

During the last financial year, the company resisted well to the difficult market conditions.

Thanks to the framework agreement signed recently with AXA Belgium SA, Leasinvest Real Estate will have the capacity to start a major investment programme that will have an impact in the next two years and will further improve its financial ratios.

AXA Belgium will participate in the capital of Leasinvest Real Estate by future contributions in kind of real estate against the creation of new shares of the real estate fund.

As the authorised debt ratio amounts to 50%, the intended participation of AXA Belgium will allow Leasinvest Real Estate to additionally invest € 120 million over time.

Although new investments in office buildings are preferred, further investments in semi-industrial and retail premises will take place. New locations with strategic potential will therefore actively be pursued.

As a consequence of the initial portfolio, the main point for offices is actually in and around Brussels. For logistics and retail premises, main entrance roads in the neighbourhood are decisive.

The strategy foresees no further divestments, unless opportunities should arise.

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1 For more information concerning the deal with AXA Belgium SA, see p 13.

# letter to the shareholders

Dear Madam,  
Dear Sir,

For the second year in row, shares in Belgian real estate funds remained attractive for investors. The average price (over the financial year) of the Leasinvest Real Estate share rose by 4.30%, from € 52.97 to € 55.25. The liquidity of the share also increased by 11.84% from 584,605 to 653,805 shares traded on an annual basis.

The performance of the Belgian economy was weak during the past financial year, which resulted in a significantly lower demand for office space from businesses, mainly outside the Brussels Leopold district. The valuations of office buildings in the periphery and the decentralised zone of Brussels remained under pressure as a result of rising vacancy in these segments. Due to the diversification of our portfolio, the overall occupancy rate only experienced a slight decrease compared with the previous financial year, from 96.23% to 94.14% (the Belgian average is 90%, according to Jones Lang LaSalle).

The net current result fell by 9.86% due to lower rental income and higher renovation & maintenance costs and amounted to € 11,485,685. The net result amounted to € 8,344,912, caused by negative fluctuations in the valuation of the business parks in Ghent and Anderlecht and office buildings in Evere.

During the past financial year, no additional investments were made. A number of smaller properties in the portfolio were sold, with a slight loss. These sales are consistent with dynamic management of the portfolio. Considering the weak rental market, there is very strong demand for top quality investment properties, which leads to very high prices.

The focus for the next few years will be on commercial, operational and investment policy. The necessary human and financial resources were therefore attracted.

In order to grow the real estate portfolio, a framework agreement was entered into on 16 July 2004 with Axa Belgium SA, one of the most important institutional investors in Belgium. Axa Belgium SA has agreed to bring in buildings against the creation of new shares of Leasinvest Real Estate. After these buildings are brought in, Axa Belgium SA will have a stake comparable with Leasinvest SA, the promotor of our real estate fund.

Leasinvest Real Estate welcomes this major investment decision by Axa Belgium SA, which is a confirmation of the quality of our portfolio, of the reliability of our strategy and of our organisation.

Given the commitment of Axa Belgium SA resulting in additional capital and the current and future debt capacity, Leasinvest Real Estate has a substantial investment capacity, which will take the value of the current real estate portfolio to over € 400 million in the next few years. The investments will always be considered carefully, and be consistent with the objective of long-term profitability.

We wish to thank our teams, clients, investors, bankers, suppliers and shareholders for their support to Leasinvest Real Estate, without which we could not have achieved these results. We are convinced that during the first 5 years of Leasinvest Real Estate's existence, firm foundations have been laid for future growth.

Yours faithfully,

Jean-Louis Appelmans  
Managing Director

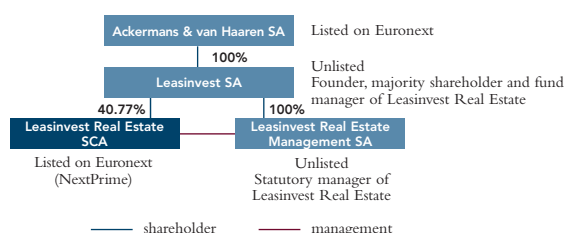
Kris Verhellen  
Managing Director

Luc Bertrand  
Chairman of the Board of Directors

# management

## Statutory manager

The management of the real estate fund Leasinvest Real Estate is controlled by the limited (managing) partner and statutory manager Leasinvest Real Estate Management SA, a 100% subsidiary of Leasinvest SA. As of 30 June 2004, Leasinvest Real Estate Management SA had capital and reserves of € 370,599.94. Leasinvest SA is the founder, majority shareholder and fund manager of Leasinvest Real Estate. Leasinvest SA, which manages over € 500 million of real estate assets either directly or indirectly, is active in real estate investment and development for the corporate and residential market. The company is a subsidiary of the quoted investment group Ackermans & van Haaren.



Leasinvest Real Estate Management SA was appointed as the sole statutory manager for an unspecified term with a minimum of ten years. The mandate of the manager is irrevocable until the date of the general meeting of shareholders in 2009. The extension of the mandate until 2014 will be proposed to the general meeting of shareholders which will be held on 18 October 2004. After that, the mandate may be revoked provided that the attendance and majority conditions necessary to amend the articles of association are fulfilled, without the manager having a right of veto on this point. The statutory manager may resign at any time. The mandate of the manager may also be withdrawn under a court order as a result of a petition on legal grounds, initiated by the general meeting of shareholders. Leasinvest Real Estate Management SA employs either directly or indirectly nine persons who are responsible for commercial contacts with tenants and real estate agents, technical assistance, accounting, legal affairs and administration. The remuneration of the manager for the past financial year was € 1,090,534.08. The day-to-day management is carried out by two managing directors.

Since the end of 2002 Jean-Louis Appelmans has been appointed Permanent Representative of Leasinvest Real Estate Management SA within the framework of its mandate as statutory manager, in accordance with the legal provisions concerning corporate governance. This appointment can not infringe Art. 18 of the RD of 10 April 1995. Possible

contradictions between the two legislations are being examined, and will be given an appropriate solution, if necessary.

## Management

### Jean-Louis Appelmans



Jean-Louis Appelmans (51) has been Managing Director of Leasinvest Real Estate Management SA since it was founded in 1999. He has also been a Director and General Manager of Leasinvest SA since 1994. He also fulfils a number of other functions and mandates

including, among others, Chairman of Leasinvest subsidiary Extensa and Director of real estate fund Retail Estates. Mr. Appelmans joined Leasinvest SA in 1989 as General Manager. Previously, he worked at Crédit Lyonnais within the Corporate Banking Division (1986–1989). From 1979 to 1986, he was Vice-President Corporate Banking at Chase (now JPMorgan Chase).

### Kris Verhellen



Kris Verhellen (39) has been Managing Director of Leasinvest Real Estate Management SA since it was founded in 1999. He joined Leasinvest SA in 1990 and fulfils various mandates there. Among other positions, he is also a member of the Executive Committee of

Leasinvest SA, Director of Project T&T, Extensa, Grossfeld Immobilière, etc.

## Management of the buildings

The real estate management of Leasinvest Real Estate is carried out by Bopro Real Estate Services SPRL. The management contract runs until 31 December 2005. After that, the management contract can be terminated with effect from 1 January of each year, provided that six months' notice is given. The routine property management consists of administrative, financial and technical activities. As long as the management contract is still in force, the manager can be charged with carrying out project management tasks.

The administrative and financial management consists of:

- Verification of compliance with the leases and the internal regulations.
- Updating reports on condition of the rents.

- 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 condition of the premises to be drawn up and monitoring them at the start and end of leases; recovery of any damage recorded from the tenant or the party liable.
- Managing the insurance portfolio.

The technical management implies:

- Regular inspection of the buildings with a view to maintaining them in good rental condition.

- Maintenance of the common areas and the technical facilities.
- Taking the necessary protective measures.
- Handling claims with the insurance companies.

For its routine management assignment, Bopro Real Estate Services receives 3% (excluding 21% VAT) of the rents of the buildings managed by them. For unlet premises, a management fee of 1.5% excluding 21% VAT is charged. This fee is included in the rental charges paid by the tenants. Extra performances and/or services that are not included in the routine management may be charged by the real estate manager based on the scales produced by the Professional Institution.



[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)



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## **Market - strategy**

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## Real estate market

### Investment market

The total investment volume in 2003 was around € 2 billion, which made it a record year. The investment transactions of the past six months are valued at € 650 million, which shows that the Brussels investment market will perform strongly again in 2004.

Brussels is rightly considered as a stable investment within the property portfolio of foreign funds, due to the long-term leases of European institutions and the organisations related to Europe. The demand for investment products is therefore highest in the European district, where the top buildings are offered at a yield of around 6% or even lower.

Movements by government institutions in the centre of Brussels led to an additional increase in investment transactions.

The German and the Belgian funds have sustained their investment pace, but in the last year, they have had competition from Irish investment funds and investors from the Middle East.

### Rental market

#### Brussels

In 2003, Brussels had its second-best year in the last twenty, with a take-up of just under 750,000 m<sup>2</sup>. This record figure does not reflect the real economic situation, since over 70% of the new office lets were taken up by federal and regional government and by the European institutions.

The Central Business District (CBD) was the main area to benefit from these new lettings, while the peripheral locations around Brussels saw vacancy rates growing to averages exceeding 20%.

Due to a reduction in the take-up of offices by government institutions which have, apart from a few departments, found a new accommodation, it was observed that for the first half of 2004, take-up of offices was around 185,000 m<sup>2</sup>, which is a fall of 36%

compared with the previous year and even 30% compared with the average of the last 5 years.

The average vacancy rate for the Brussels office market rose to as much as 10.5%, depending on the source: the supply of offices at station locations (North and South station districts) has been boosted particularly by projects now under construction which will be on the market for rent next year, and by the various sub-lets that are occurring there.

In the periphery of the city, the new projects have been completed, and no new development projects are planned. Nevertheless, vacancy rates in the North-Western area, including the "green belt", are estimated at over 20%.

#### Antwerp

The start of road works on the Antwerp ring motorway has made an impact on the office market in Antwerp for the first half of 2004. Opinions about the impact of the road works are mixed, but it is gradually becoming clear that the locations around the Singel are having a harder time than the city centre.

The southern area of the city has experienced a slight increase, which indicates that businesses want to avoid the traffic problems.

Total take-up in 2003 was around 90,000 m<sup>2</sup> which is not a bad result for the Antwerp region, in view of the poor economic climate, and is even 15% up on 2002. The growth can largely be explained by the demand in Mechelen from a few large organisations (Dupont, De Lijn, Red Cross) but due to the high supply, it also has a vacancy rate of around 18%.

The total vacancy rate for the Antwerp region rose to 8%, but it is gradually becoming clear that the supply of high quality offices is declining.

#### Ghent

Ghent has a surplus of offices, with 120,000 m<sup>2</sup> under construction, and already 35,000 m<sup>2</sup> available to let at the end of 2003. During the first half of 2004, a large part of the Zuiderpoort (65,000 m<sup>2</sup>) was let to the Flemish Community.

Due to the higher supply, rents are under pressure, and have decreased by 10 to 15% as a consequence. Average take-up is around 30,000 m<sup>2</sup>, which will increase by 30% in 2004 due to the take-up of Flemish Community.



## Strategy & Risk Management

Leasinvest Real Estate's aim is to manage a profitable and diversified portfolio of buildings that generate recurrent rental and dividend income as well as capital gains in the longer term.

Our strategy is intended to manage and limit the inherent market and business risks as much as possible. These risks are on the one hand the overall economic evolution and its impact on the real estate market, tenant risk and maintaining the quality of our buildings, and on the other hand, the development of high quality commercial and operational management, and managing the interest and financing risks.

### Economic evolution

Changes in the economy have an impact on demand from tenants, which are mostly corporates, for available office space. A poor economic climate leads to a reduction in employment and therefore also demand for office space. This results in a higher vacancy rate and lower rents.

Not all locations or all types of buildings (offices, storage & retail premises) react to economic cycles in the same way. The Leopold district in Brussels for instance has a very limited vacancy rate and stable or rising rents. The correlation with the trend in the economy is most pronounced for offices, followed by storage, and least noticeable for retail.

Leasinvest Real Estate wishes to expand the proportion of the office portfolio in the Leopold district, as well as expanding the proportion of storage and retail space, so as to reduce sensitivity to economic cycles.

### Tenant risk

We are endeavouring to reduce the relative importance of the largest tenants and obtain a better spread both in numbers of tenants and the sector in which those tenants operate. This will reduce vulnerability due to the loss of a tenant, f.i. due to giving notice or going out of business.

At the same time, it will be ensured that the tenants are high quality and solvent tenants with a sound reputation, who have signed long-term leases to guarantee the quality of the rental income stream.

### Maintaining the quality of the buildings

Leasinvest Real Estate wants make quality buildings available to its tenants. Our buildings must meet the requirements of the tenants and evolve to keep pace with their future needs.

That is why we only invest in high quality, technically advanced buildings, and often in new or recent developments. All investments must meet a number of quality and return criteria (such as the technologies required, location, accessibility via public and private transport, adequate parking). The investments must generate an acceptable return, taking account of future costs of maintenance and renovation.

For the existing buildings in the portfolio, we invest wherever necessary in order to keep the technical quality at the right level. Our buildings are managed dynamically, and the qualities of each building are evaluated regularly. Buildings in the portfolio that no longer meet our requirements are sold.

### Quality commercial & operational management

The tenant as a client comes first in our strategy. Tenants generate our rental income and determine the vacancy rate. Therefore, it is very important to ensure that our tenants remain loyal. Through expert, dynamic and customer-focused commercial and operational management, we respond to tenants' needs. This is of the utmost importance for Leasinvest Real Estate.

### Interest rate risk

The hedging policy is intended to cover the interest rate risk for 80 to 90% of the financial debts. Since Leasinvest Real Estate's external debt financing is based on a floating interest rate, the interest rate risk is hedged using financial instruments such as CAPs and IRSs.

The expiry dates on the hedging instruments are between 2004 and 2009. The fixed interest rates lie between 3.15% and 3.90%, not including credit margin. During the 2003/2004 financial year, the low prevailing interest rates were used to enter into some additional hedgings.

### **Financing risk**

In the past, Leasinvest Real Estate used mainly short-term finance, via the issue of short term commercial paper and bank advances. We are endeavouring to convert at least 50% of the financial debts into medium term debt. Commercial paper lines need to be hedged by back-up lines with financial institutions.

At the start of the financial year 2003/2004, Leasinvest Real Estate replaced a part of this short term financing by medium term bank loans for an amount of € 45 million for five years. The floating interest rate on these credit lines has been hedged.



## **Real estate portfolio**

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## Changes in the portfolio

### Investments and divestments in financial year 2003/2004

In the past financial year 2003/2004, no investments were made.

Various projects were analysed, but did not meet the selective investment criteria. The less favourable economic climate means that acquisitions are examined even more restrictively. The dynamic management of the portfolio of Leasinvest Real Estate has led to the sale of some smaller buildings.

### Divestments

#### *Antwerp centre - sale Britse Lei 3-5-7*

In June 2002 Leasinvest Real Estate signed an in-principle agreement concerning the sale of the office building situated Britse Lei 3-5-7 in Antwerp. The deed by which the real estate fund sold the office building for € 0.56 million, was recorded on 16 September 2003, and the capital gain realized was € 56,000 in relation to the estimated investment value as of 30/06/03.

#### *Kontichsesteenweg 17, Aartselaar - sale*

On 30 December 2003, the building was sold for € 1,010,000, excluding registration fees and deed costs, which corresponds to the estimated value on 30 June 2003.

#### *Kontichsesteenweg 38, Aartselaar - sale*

The building situated Kontichsesteenweg 38 (rear side) in Aartselaar was sold on 11 May 2004 for the amount of € 1,050,000, with a slight loss of € 0.2 million compared to the estimated value on 30 June 2003. The maintenance costs for this building and its long-standing vacancy will as a consequence disappear.

#### *Mechelsesteenweg 30-34, Antwerp - sale*

The buildings with parkings situated Mechelsesteenweg 30-34 in Antwerp were sold on 25 June 2004 at € 3,900,000.

Compared to the estimated value this results in a limited loss of € 0.2 million, but given the important structural vacancy and the maintenance costs, this building will no longer negatively influence the current result.

## Contracts

### *Rue de Trèves 74, Brussels - long term lease*

For the building situated Rue de Trèves in Brussels and currently let to EFTA (European Free Trade Association), a long term lease for 27 years was signed with the Committee of the Regions, a European institution, which will ultimately come into effect on 1 February 2005. This long term lease has positively influenced the estimated value of this building for an amount of € 4.40 million.

### Important events that have occurred after the end of the financial year

On 16 July 2004, a framework agreement was signed between real estate fund Leasinvest Real Estate and AXA Belgium SA in order to support the growth of the real estate portfolio of Leasinvest Real Estate.

AXA Belgium will participate in the capital of Leasinvest Real Estate, among other things, by future contributions in kind of real estate against the creation of new shares of the real estate fund. Leasinvest SA (promotor) currently holds, directly and indirectly, 40.77% of the shares of Leasinvest Real Estate. If the planned investment is made in full, Leasinvest SA and AXA Belgium SA will each own a stake of approximately 29% in Leasinvest Real Estate.

As the authorised debt ratio amounts to 50%, the intended participation of AXA will allow Leasinvest Real Estate to additionally invest € 120 million over time.

This Head of Terms has been signed subject to the approval by the the Banking, Finance and Insurance Commission of the successive steps of the investment project.

The shareholder structure of Leasinvest Real Estate Management SA, statutory manager of Leasinvest Real Estate, will remain unchanged as a 100% subsidiary of Leasinvest SA.

Between Leasinvest SA (promotor) and AXA Belgium SA a shareholders agreement was entered into, for a specified term, in which, among other things, is agreed that within the board of directors of Leasinvest Real Estate Management SA (statutory manager) a maximum of 4 directors, proposed by AXA, can be appointed as the participation of AXA increases up to



1,154,047 shares. AXA will also be invited to take part with an advisory vote, in the investment committee and the permanent committee of the real estate fund, as long as they hold a minimum participation of 10%.

## Review of the rental transactions

### Top ten tenants

- |                                    |   |
|------------------------------------|---|
| 1. Mobistar                        | 6. Redevco                                  |
| 2. L'Oréal Belgilux                | 7. Nashuatec                                |
| 3. Federal Mogul                   | 8. Group Falck (formerly Group 4 Securitas) |
| 4. European Free Trade Association | 9. Delaware Industrial Solutions            |
| 5. Electrabel Netten Vlaanderen    | 10. Papyrus                                 |

EFTA (European Free Trade Association) as the tenant of the building situated Rue de Trèves, will be replaced, from 1 February 2005 on, by the Committee of the Regions of the European Union, for 27 years.

### Changes in rental contracts

The following tenants have extended their lease:

Tenant	Building	Location	Office (m²)	Retail (m²)	Semi-industrial (m²)	Parking spaces
Mobistar	Extensa Square	Evere	4,808			123
Linvatec	Riverside Business Park	Anderlecht	476		886	18
Bouygues Belgium	Riverside Business Park	Anderlecht	996			10
Intergraph	Riverside Business Park	Anderlecht	980			22
Chacalli De Decker	Brixton Business Park	Zaventem	94		385	4
Group Falck	Vierwinden Business Park	Zaventem	2,161		8,511	
Leasinvest	Mechelsesteenweg	Antwerp	736		300	27
<b>Total</b>			<b>10,251</b>		<b>10,082</b>	<b>204</b>



The following tenants have terminated their lease:

Tenant	Building	Location	Office (m²)	Retail (m²)	Semi-industrial (m²)	Parking spaces
Intrafin <sup>1</sup>	Brixton Business Park	Zaventem	47		385	5
Repair Belgium	Brixton Business Park	Zaventem	118		388	5
Howe Furniture	Brixton Business Park	Zaventem	118		388	5
Sanofi-Synthelabo	Brixton Business Park	Zaventem	312		3,036	12
Explo	Axxes Business Park	Ghent	581			20
GL Trade	Avenue Louise 66	Brussels	231			2
Royal Reinsurance	Avenue Louise 66	Brussels	251			4
Vedior	Riverside Business Park	Brussels	4,212			90
TBC Halbart	Vierwinden Business Park	Zaventem	339		1,147	5
MGS Legal Mail	Brixton Business Park	Zaventem	118		388	5
Lancaster	Avenue Louise 66	Brussels	251			3
<b>Total</b>			<b>6,578</b>		<b>5,732</b>	<b>156</b>

New tenants:

Tenant	Building	Location	Office (m²)	Retail (m²)	Semi-industrial (m²)	Parking spaces
Intrafin <sup>1</sup>	Brixton Business Park	Zaventem	47		385	5
ZF Belgien	Brixton Business Park	Zaventem	118		388	5
Idoc	Riverside Business Park	Anderlecht	2,808			20
Frezza	Avenue Louise 250	Brussels		231		1
<b>Total</b>			<b>2,973</b>	<b>231</b>	<b>773</b>	<b>31</b>

Sales:

Buyer	Building	Location	Office (m²)	Retail (m²)	Semi-industrial (m²)	Parking spaces
Marcon NV	Britselei 3/5/7	Antwerp	625	110	22	14
Amora BVBA	Kontichsesteenweg 17	Aartselaar	799		1,397	26
Ecorem	Kontichsesteenweg 38	Aartselaar	1,380			31
Mechelsesteenweg NV	Mechelsesteenweg 30/34	Antwerp	4,143	645	217	
Mechelsesteenweg NV	Jan Frans Willemstraat	Antwerp				74
<b>Total</b>			<b>6,947</b>	<b>755</b>	<b>1,636</b>	<b>145</b>

<sup>1</sup> Lease for 8 months, entered into and terminated during the financial year 2003-2004.

## Real estate portfolio

### Breakdown of the real estate portfolio

(Figures as of 30/06/2004)	Investment value (€ mio)	Share in portfolio (%)	Contractual rents (€ mio)	Return (%)	Estimated return (%)	Occupancy rate <sup>2</sup> (%)	Estimated rental value (€ mio)
<b>OFFICES</b>							
Rue de Trèves-Rue Bélliard, Brussels	22.99	9	1.34	5.84	6.75 <sup>3</sup>	100	1.17
Avenue Louise 250	22.77	9	1.86	8.18	7.60	100	1.75
Avenue Louise 66	5.54	2	0.37	6.75	8.29	71	0.48
Riverside Business Park - Phase I, III + IV	40.08	16	2.85	7.11	7.40	86	3.10
Extensa Square	28.28	11	2.59	9.14	7.37	100	2.15
Route de Lennik, Anderlecht	28.16	11	2.06	7.31	7.50 <sup>4</sup>	100	2.05
<b>TOTAL OFFICES BRUSSELS</b>	<b>147.82</b>	<b>57</b>	<b>11.07</b>	<b>7.49</b>	<b>7.41</b>	<b>95</b>	<b>10.70</b>
Kontichsesteenweg	2.10	1	0.21	9.91	8.40	100	0.17
Delta Business Park	2.45	1	0.17	7.13	8.35	82	0.21
Schranshoevebaan 18, Wommelgem	2.53	1	0.22	8.76	8.50	100	0.21
<b>TOTAL OFFICES ANTWERP<sup>5</sup></b>	<b>7.08</b>	<b>3</b>	<b>0.60</b>	<b>8.53</b>	<b>8.42</b>	<b>94</b>	<b>0.59</b>
Axxes 51-003 Business Park	39.93	16	3.21	8.05	7.90	97	3.14
<b>TOTAL OFFICES GHENT</b>	<b>39.93</b>	<b>16</b>	<b>3.21</b>	<b>8.05</b>	<b>7.90</b>	<b>97</b>	<b>3.14</b>
<b>TOTAL OFFICES</b>	<b>194.83</b>	<b>76</b>	<b>14.89</b>	<b>7.64</b>	<b>7.56</b>	<b>95</b>	<b>14.43</b>
<b>LOGISTICS</b>							
Prins Boudewijnlaan 7	16.29	6	1.51	9.26	8.40	100	1.35
<b>TOTAL LOGISTICS</b>	<b>16.29</b>	<b>6</b>	<b>1.51</b>	<b>9.26</b>	<b>8.40</b>	<b>100</b>	<b>1.35</b>
<b>INDUSTRIAL</b>							
Riverside Business Park - Phase II	5.89	2	0.53	8.94	8.25	100	0.48
Brixton Business Park	18.53	7	1.33	7.16	8.28	76	1.56
Vierwinden Business Park	10.09	4	0.86	8.48	8.43	90	0.83
<b>TOTAL INDUSTRIAL</b>	<b>34.51</b>	<b>13</b>	<b>2.71</b>	<b>7.85</b>	<b>8.32</b>	<b>84</b>	<b>2.87</b>
<b>RETAIL</b>							
Brixton Business Park - Unit 4/5/6	11.86	5	0.72	6.09	8.00	100	1.45
<b>TOTAL RETAIL</b>	<b>11.86</b>	<b>5</b>	<b>0.72</b>	<b>6.09</b>	<b>8.00</b>	<b>100</b>	<b>1.45</b>
<b>GENERAL TOTAL</b>	<b>257.50</b>	<b>100</b>	<b>19.83</b>	<b>7.70</b>	<b>7.76</b>	<b>94</b>	<b>20.09</b>

The rental guarantees amounted to € 8,364.91 the previous financial year; in the meanwhile the terms of the rental guarantees, obtained in the past, from the promotors and parties which brought in/sold real estate, have expired.

2 The occupancy rate is calculated compared to the estimated rental value.

3 Yield in case of ordinary lease. A long term lease with purchase option for 27 years was signed with the Committee of the Regions of the European Union, coming into effect on 1 February 2005. Yield in case of long term lease: 5.35%.

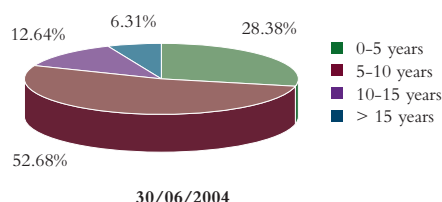
4 Yield without leasing; for this building a real estate leasing was entered into with L'Oréal Belgilux.

5 Total excluding Britse Lei 3-5-7 (sold on 30/09/2003) and Mechelsesteenweg 30-34/Willemstraat 1 (sold on 30/06/2004) in the centre of Antwerp, and Kontichsesteenweg 17 (sold on 31/12/2003) and Kontichsesteenweg 38 (sold on 30/06/2004) in Aartselaar.

## Analysis of the real estate portfolio

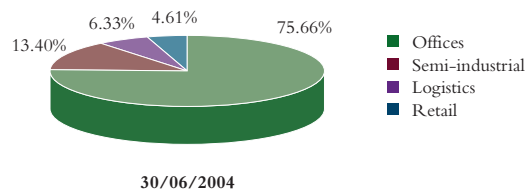
### Average age

The real estate portfolio of Leasinvest Real Estate is a relatively young portfolio in terms of average age. 81.06% of the buildings are less than 10 years old, of which 28.38% are even less than 5 years old. In comparison with the previous financial year (30/06/2003), the part of properties of more than 15 years old fell to 6.31% (compared to 8.35%) due to the disinvestments during the last financial year.

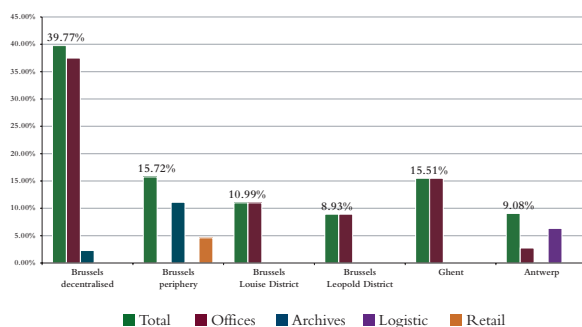


### Type of assets

The main part of the real estate portfolio of Leasinvest Real Estate consists of office property, i.e. 75.66%, followed by semi-industrial (13.40%), logistics (6.33%) and retail (4.61%). The logistics property consists of a distribution centre located at Prins Boudewijnlaan, Kontich. The retail part is mainly located in the Brixton Business Park in Zaventem. The part of offices still amounted to 79.33% in the previous financial year. The sale of 3 offices in the past financial year explains this slight decrease.



### Type of assets according to geographical spread



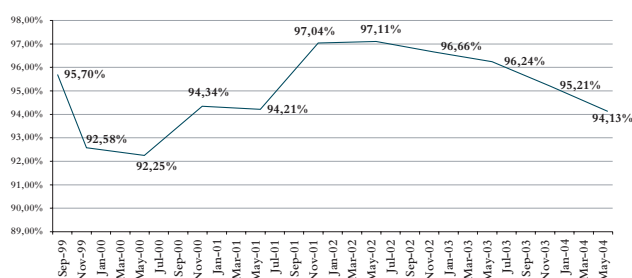
At the end of the financial year, Brussels accounted for 75.41% of the investments, compared with 73.19% the previous financial year. There were no divestments in the Brussels region, so that this positive impact is entirely attributable to the higher valuation of the building in Rue de Trèves.

Ghent remained almost stable: 15.51%. The divestments in the Antwerp region explain the drop from 11.45% last year to 9.08% as of 30/06/2004.

The decentralised zone, which is also the largest, consists mainly of offices with a limited part of semi-industrial space.

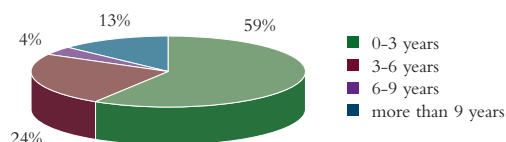
The Ghent region (Axxes Business Park), Brussels Leopold district (rue de Trêves) and the Louise district also consist entirely of office buildings. The storage facilities and the logistics facility are located mainly in Antwerp and the periphery of Brussels. The retail part is also located in the periphery of Brussels (Brixton Business Park in Zaventem).

### Occupancy rate

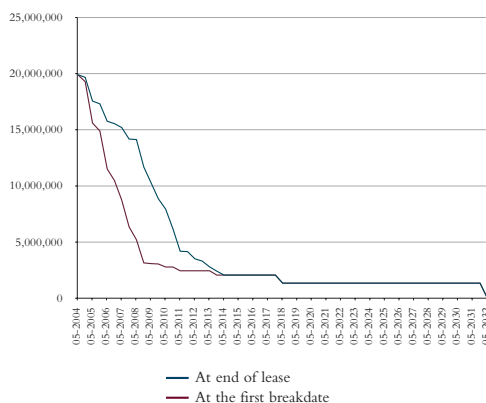


Since the financial year 30/06/2000, the occupancy rate has risen sharply and continuously from 92.25% as of 30/06/2000 to 97.11% as of 30/06/2002. The acquisitions of completely-let buildings and intensive renovation investments in general were responsible for this positive evolution. The occupancy rate over the latest financial year decreased from 96.24% to 94.13% (excluding rental guarantees). This is mainly due to the difficult real estate market.

### Remaining lease terms and contractually guaranteed rental income



30/06/2004



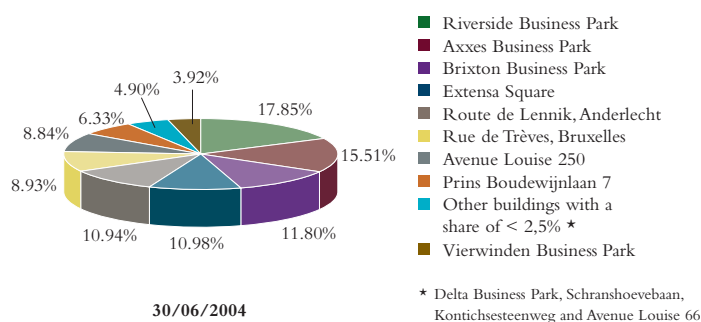
The graph is based on the first break date of the current leases and on the estimated rental value. The proportion of leases with a remaining term of less than 3 years fell from 68% to 59%.

This evolution is mainly due to the extension of a number of large leases, such as those with Group Falck and Mobistar. In the next financial year, a number of major ongoing leases, for which negotiations are already in progress, will be extended. The proportion of 3-6 and 6-9 year leases remains more or less unchanged from the previous financial year. The sharp increase from 4% to 13% of leases with a term longer than 9 years is attributable to the letting of 2,808 m<sup>2</sup> to Idoc at the Riverside Business Park, as well as the signature of the long-term lease with the Committee of the Regions for 27 years.

The enclosed graph shows the rental income on the existing portfolio which is guaranteed until the first break date, and on the other hand, guaranteed until the end date, i.e. if the tenants stay to the end of their lease. By entering into a long-term lease with the Committee of the Regions of the European Union during the previous financial year, the time horizon on the portfolio was extended until January 2032.

### Spread of investment value

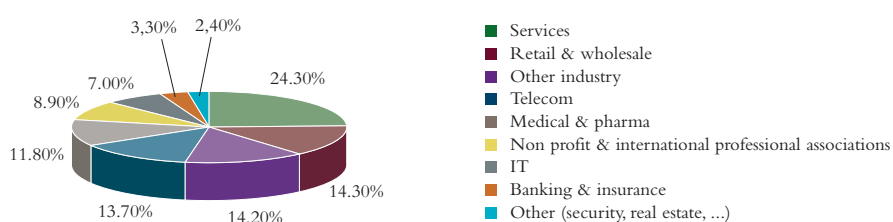
The top 3 investments in terms of investment value as of 30/06/2004 are the Riverside Business Park in Anderlecht, the Axxes Business Park in Merelbeke (Ghent) and the Brixton Business Park in Zaventem. These buildings represent 45.16% of the portfolio.



Two important changes should be noted in comparison with last year: the share of smaller properties, with an investment value of less than 2.5%, has fallen considerably, from 7.51% to 4.90%. Furthermore, the importance of the building in Rue de Trèves rose by 2.39%, due to the positive impact on the investment value of the long-term lease entered into with the Committee of the Regions.

### Type of tenants

The Leasinvest Real Estate portfolio is well diversified in terms of spread of the rental income across different business sectors. Our tenants can be divided into 9 categories, the largest of which is the services sector at 24.3%, followed by retail and wholesale (14.3%). With regard to the previous financial year, the most important change is the decrease in the part of retail & wholesale from 18.1% to 14.3%.



## Real estate portfolio

### Description of the real estate portfolio

#### Riverside Business Park / Internationalelaan 55, 1070 Anderlecht



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

**Year of construction** 1992/96  
**Area rented** 26,931 m<sup>2</sup>  
**Parking spaces** 624

#### Route de Lennik 451, 1070 Anderlecht



New office building in the Erasmus Science Park in Anderlecht

**Year of construction** 2002  
**Area rented** 15,132 m<sup>2</sup>  
**Parking spaces** 278

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



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

**Year of construction** 1991 (I) / 1996 (II)  
**Area rented** 12,218 m<sup>2</sup>  
**Parking spaces** 291

#### Avenue Louise 250, 1000 Brussels



Prestige office complex consisting of 12 floors

**Year of construction** 1975/76, 4 of the 12 floors have been completely renovated since the end of '00  
**Area rented** 11,225 m<sup>2</sup>  
**Parking spaces** 114

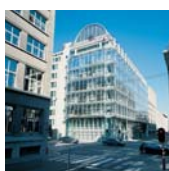
#### Avenue Louise 66, 1000 Brussels



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

**Year of construction** 1974/75, renovated in 1987, 6 floors renovated in 2001  
**Area rented** 3,592 m<sup>2</sup>  
**Parking spaces** 41

#### Rue de Trèves 74, 1000 Brussels



Office building on the corner of Rue de Trèves and Rue Bélliard in the Brussels Leopold district

**Year of construction** 1994  
**Area rented** 5,515 m<sup>2</sup>  
**Parking spaces** 68

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



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

**Year of construction** 1975/88, renovations carried out as required for new tenants  
**Area rented** 36,042 m<sup>2</sup>  
**Parking spaces** 485

#### Vierwinden Business Park / Leuvensesteenweg 532, 1930 Zaventem



Semi-industrial business park

**Year of construction** 1973, renovated in 1994 and 1998  
**Area rented** 13,623 m<sup>2</sup>  
**Parking spaces** 317

#### Axxes Business Park / Guldensporenpark 22-40, 9820 Merelbeke



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

**Year of construction** 2000/01  
**Area rented** 23,447 m<sup>2</sup>  
**Parking spaces** 714

#### Prins Boudewijnlaan 7, 2550 Kontich



Distribution centre

**Year of construction** 1989, extended in 2000  
**Area rented** 27,589 m<sup>2</sup>  
**Parking spaces** 100

#### Kontichsesteenweg 38A, 2630 Aartselaar



1 office building

**Year of construction** 1986, renovated in 2001  
**Area rented** 1,824 m<sup>2</sup>  
**Parking spaces** 38

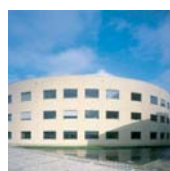
#### Schranshoevebaan 18, 2160 Wommelgem



A single office building with semi-industrial space in Wommelgem

**Year of construction** 1993  
**Area rented** 2,394 m<sup>2</sup>  
**Parking spaces** 44

#### Delta Business Park, Kontichsesteenweg / Technologiepark Satenrozen,



##### Satenrozen 1A bus 1, 2550 Kontich

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

**Year of construction** 2000  
**Area rented** 1,792 m<sup>2</sup>  
**Parking spaces** 47

- Brussels decentralised
- Brussels Louise District
- Brussels Leopold District
- Brussels periphery
- Ghent
- Antwerp periphery

## Valuation report

Update as of the 30th of June 2004 of the valuation of the Leasinvest Real Estate SCA portfolio

### Report by the external valuer Cushman & Wakefield Healey & Baker

We are pleased to report our valuation of the gross investment value of the portfolio of Leasinvest Real Estate SCA as of the 30th of June 2004.

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

We made our valuation using the method of capitalisation of the estimated rental value, corrected with the net present value of the difference between current and estimated rental income, and on the basis of the points of comparison that were available as 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 asset base consists of business parks, offices and semi-industrial buildings or distribution centres, situated in Brussels, Zaventem, Antwerp and Ghent (Merelbeke).
2. Occupancy of the portfolio is 94%.
3. The average of the current rental income (+ the estimated rental value of vacant space) is 5.9% higher than the estimated rental value.

For all buildings of Leasinvest Real Estate SCA, we determined a gross investment value, as of the 30th of June 2004, of € 257,500,000 (two hundred and fifty-seven million five hundred thousand euro).

This amount includes the portion of the portfolio valued by the firm Winssinger & Associés.

On this basis, the initial yield was 7.70%.

Cushman & Wakefield  
Healey & Baker



## **Report of the Statutory Manager**

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)



**Report of the Board of Directors of the Statutory Manager to the Ordinary General Meeting of shareholders of Leasinvest Real Estate SCA of 18 October 2004**

Ladies and Gentlemen,

The Board of Directors of Leasinvest Real Estate Management SA (hereafter referred to as the “Statutory Manager”) has the honour of reporting to you on the activities of Leasinvest Real Estate SCA (hereafter referred to as the “Company”) on its fifth financial year, which runs from 1 July 2003 to 30 June 2004, and submitting the annual accounts of the Company as per 30 June 2004 for your approval.

**1. Major events in financial year 2003/2004**

During the financial year, Leasinvest Real Estate entered into a 27 year long term lease with purchase option with the Committee of the Regions of the European Union for the building located on the corner of Rue de Trèves and Rue Bélliard in Brussels. This long lease comes into effect on 1 February 2005. As a result of this, the building was substantially revalued.

In the past financial year 2003/2004, no investments were made.

Some smaller properties in the portfolio were sold with a slight loss. This concerned the properties at Britselei 3-5-7 and Mechelsesteenweg 30-34 in Antwerp and Kontichsesteenweg 17 & 38 in Aartselaar. These sales are the result of a dynamic portfolio management.

**2. Important events that have occurred after the end of the financial year**

After the accounts were closed, no exceptional events or circumstances arose which might have a fundamental influence on the results or the further development of Leasinvest Real Estate, with the exception of what is stated below.

On 16 July 2004, a framework agreement was entered into between the Company, its Statutory Manager, Leasinvest SA and AXA Belgium SA in order to support the growth of the real estate portfolio of the Company.

This framework agreement provides that AXA Belgium will participate in the capital of the Company by future contributions in kind of real estate against the creation of new shares of the Company. If the planned investment is made in full, Leasinvest SA and AXA Belgium will each own a stake of approximately 29% in the Company.

The shareholder structure of the Statutory Manager will remain unchanged as a 100% subsidiary of Leasinvest SA. However, AXA Belgium will be represented on the Board of Directors of the Statutory Manager.

The Head of Terms has been signed subject to the approval by the Banking, Finance and Insurance Commission of the successive steps of the investment project.

**3. Statutory Accounts 2003/2004**

In the context of the simplification of the group structure, the Company merged, during the past financial year, its 2 subsidiaries, Brussimmo SA and Ekiport SA by absorption. These subsidiaries have been accounted in the past via integral consolidation which makes that the statutory figures as of 30/06/2004 are fully comparable with the consolidated figures for 2002/2003.

**a. Results**

The operating income (excluding re-invoicing of costs for an amount of € 2,071,635.79) amounted to € 20,617,148.70 for the financial year.

During the financial year, an amount of € 20,399,057.15 was collected in rent (excluding rental guarantees<sup>1</sup>), or 2.26% less than last year. This decrease is

<sup>1</sup> The rental guarantees amounted to € 8,364.91 the previous financial year; in the meanwhile the terms of the rental guarantees, obtained in the past, from the promoters and bringers-in/sellers of real estate, have expired.



mainly a consequence of the slightly higher vacancy rate compared with last year and the loss of rental income as a result of sales of buildings during this and the last financial year.

The operating charges (excluding re-invoicing of costs for an amount of € 2,071,635.79) amounted to € 5,189,817.02, or an increase of 13.54% and are composed of € 1,030,635.57 (fall of 28.39% compared to the previous year) of provisions for maintenance and renovation works<sup>2</sup> and € 3,691,152.33 (increase of 31.97%) of services and other goods.

In this entry 'services and other goods', the maintenance<sup>2</sup> costs are included, as well as the remuneration of the Statutory Manager and the indirect operating costs (auditor, consultancy fees, estimations, real estate agents, etc.). The rise of 31.97% concerns mainly increased renovation and maintenance costs (+/- € 410,000) and one-off costs<sup>3</sup>.

The operating results amounts to € 15,427,331.68 or a decrease of 8.97%.

The net financial result improved and amounted to € -3.7 million (8.12% lower than last year), mainly due to the effect of lower interest rates, good interest rate risk management and slightly lower debt.

The net current result amounted to € 11,485,684.99 and the net profit of the financial year was € 8,344,911.67. The difference between the two is the negative net portfolio result of 2,999,888.32, mainly a result of decreased values on the buildings Extensa Square (Evere), Riverside Business Park (Anderlecht) and Axxes Business Park (Ghent), which could not be offset by a substantial revaluation of the building Rue de Trèves, let to the Committee of the Regions.

<sup>2</sup> The provisions of € 1,030,635.57 were made for future maintenance and renovation works, while the real expenses for the financial year 2003-2004 are comprised in the 'services and other goods' entry.

<sup>3</sup> One-off costs concern real estate agents' costs for the transaction with the Committee of the Regions of the European Union and costs connected to the merger of Leasinvest Real Estate with its two subsidiaries.

The net cash flow<sup>4</sup> of the Company amounted to € 12,595,201.37 or down by 11.6%.

During the past financial year, the Company, with whom the auditor has a professional collaboration agreement, has invoiced fees for an amount of € 29,685.16 (€ 10,000 for the merger and € 19,685.16 for verification of the annual accounts).

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

The investment value of the real estate portfolio was estimated by the real estate valuers at € 257.5 million, after sales of the buildings mentioned above. This means that the value of the portfolio on a comparable basis is € 1,719,000 or 0.66% less than the investment value on 30/06/2003.

The balance sheet total decreased from € 275,050,921.54 to € 267,603,647.70.

Capital and reserves, after appropriation of the profit, amounts to € 148,944,747.85. The debt ratio is 41.06%.

During the financial year 45% of the total bank debts on commercial paper were financed via bank loans on a long term basis. This resulted in an improvement of the balance sheet of the Company.

## **4. Research and development**

During the past financial year, no research and development activities were carried out.

<sup>4</sup> Net cash flow = net current result plus additions to and withdrawals on depreciations on trade debtors and the additions to and withdrawals on provisions, plus the gains or losses realised on the portfolio, plus the extraordinary result.

## 5. Appropriation of the result – dividend payment

The profit for appropriation from the current financial year 2003/2004 is € 11,344,799.99. Taking into account the profit brought forward from the previous financial year of € 3,201,125.59, this results in a total profit for appropriation of € 14,545,925.58.

The Board of Directors of the Statutory Manager will propose to the ordinary general meeting of shareholders to allocate the result for appropriation of € 14,545,925.58 as follows:

- € 3,988,641.75 to be carried forward to next year and
- € 10,557,283.83 to be paid out as dividends.

The proposed dividend amounts to 93.06% of the result for appropriation (just like last year), and is considerably higher than the minimum 80% of the result as imposed by the Royal Decree of 10 April 1995 on real estate closed-end funds (sicafi/bevak).

If you approve this appropriation, the dividend will be € 3.73 gross (compared with € 4.10 gross last year) and € 3.17 net, free of withholding tax (compared with € 3.49 net last year) for all 2,830,371 shares.

Dividends will be paid out on presentation of coupon No. 5 from 25 October 2004 onward at branches of ING Bank, Dexia Bank, Fortis Bank and Bank Degroof.

## 6. Outlook

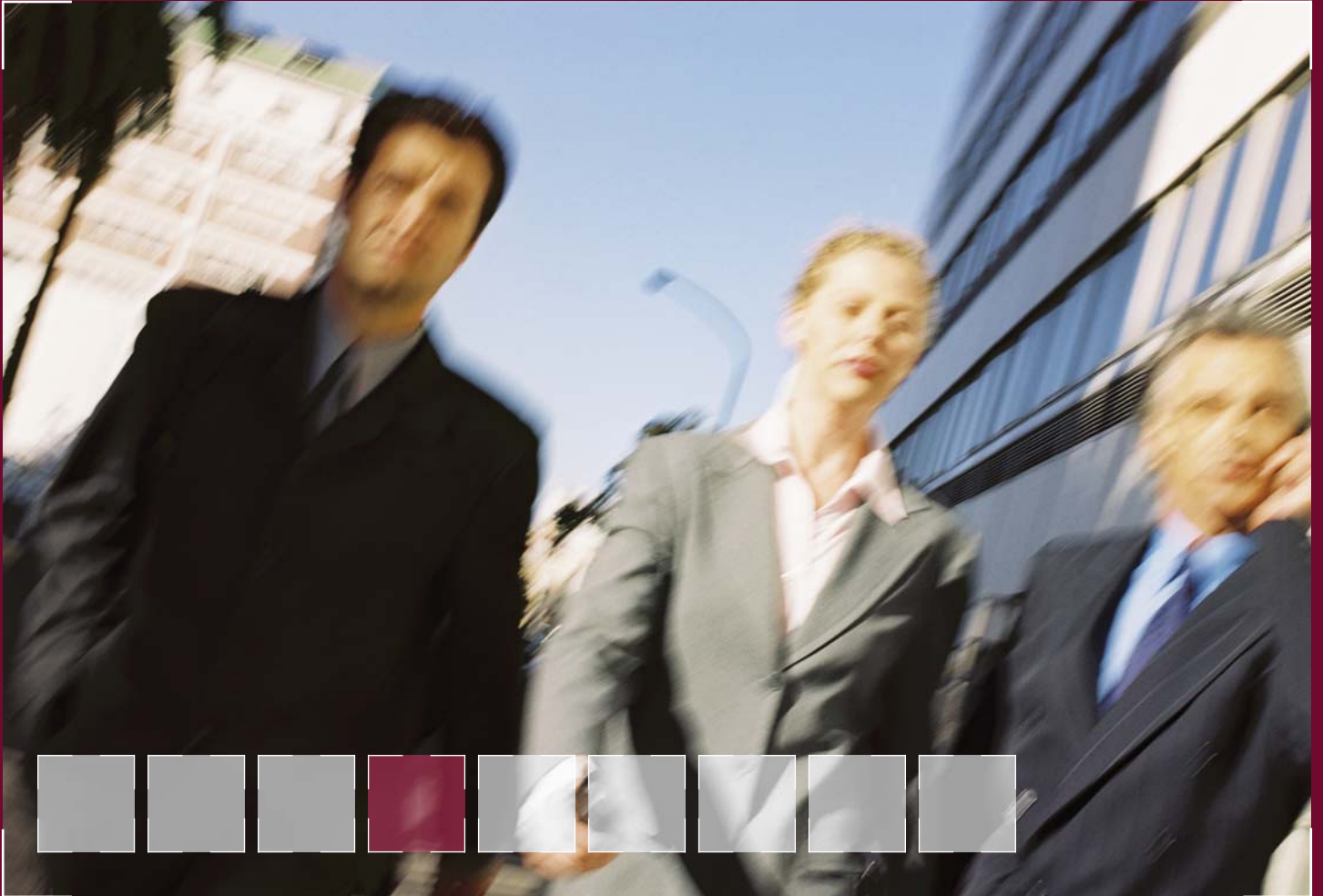
During the last financial year, the company resisted well to the difficult market conditions.

Thanks to the framework agreement signed recently with AXA Belgium SA, the Company has laid the bases, during this financial year, to start a major investment programme that will have an impact in the next two years and will further improve its financial ratios.

Done at Antwerp on 19 August 2004.

J.L. Appelmans  
Director

L. Bertrand  
Chairman of the  
Board of Directors



## **Corporate governance**

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## Decision-making organs

Leasinvest Real Estate is a partnership limited by shares and is approved as an “investment company with fixed capital under Belgian law” (or a closed-end real estate investment fund, known in Belgium as a “sicafi”). As such, the company is subject to the legal system for companies with fixed capital, known as “sicafi”, provided for by Article 118 of the Law of 4 December 1990 on Financial Transactions and Financial Markets. The company is managed by a limited (managing) partner and statutory manager Leasinvest Real Estate Management SA, with its registered office at Mechelsesteenweg 34, 2018 Antwerp.

### The Board of Directors of the manager

The Board of Directors of the Statutory Manager, Leasinvest Real Estate Management SA, determines the policy of the real estate fund and is composed jointly of directors who are associated with the real estate company Leasinvest on the one hand, and independent directors on the other hand. The independent directors have the special task of overseeing the interests of all shareholders of Leasinvest Real Estate and ensuring that they are treated equally. The Board of Directors consists of eight directors who are appointed for a maximum term of six years by the general meeting of shareholders of Leasinvest Real Estate Management SA. Re-appointment of the directors will be requested at the Ordinary General Meeting of shareholders of 2004 of Leasinvest Real Estate Management SA. Re-appointment of the independent directors, according to the new legal definition (cfr. Corporate Governance Act), will also be requested at the Ordinary General Meeting of shareholders on 18/10/2004 of Leasinvest Real Estate. The Board of Directors is chaired by Luc Bertrand, Chairman of the Executive Committee of Ackermans & van Haaren.

Subject to the approval by the the Banking, Finance and Insurance Commission of the amendments to the articles of association and the appointment of new directors, the Board of Directors will, upon full completion of the investment program by AXA, consist of a maximum of 12 members, of which 4 independent directors, 4 directors appointed by the promotor Leasinvest SA and a maximum of 4 directors proposed by AXA.

A Committee of independent directors will be established, having specific advisory competences for certain transactions.

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

- Eric De Keuleneer, Managing Director of Credibe SA.
- Bernard de Gerlache de Gomery, independent director of companies including Floridienne SA and Sipef SA.
- Christophe Desimpel, Managing Director of De Speyebeek SA.
- Marcus Van Heddeghem, Managing Director of Redevco Belgium SCS.

The directors<sup>1</sup> associated with Ackermans & van Haaren SA are:

- Luc Bertrand, Chairman of the Executive Committee of Ackermans & van Haaren SA.
- Jean-Louis Appelmans, Managing Director of Leasinvest SA.
- Jan Suykens, Chief Financial Officer of Ackermans & van Haaren SA.
- Kris Verhellen, Managing Director of Leasinvest Real Estate Management SA and director of various companies.

Pursuant to the Royal Decree of 10 April 1995, Messrs. Appelmans and Verhellen, in their capacity of Managing Director of Leasinvest Real Estate Management SA, exercise supervision of the day-to-day management.

The Board of Directors met five times during the financial year. The articles of association provide that the Board of Directors should meet at least four times per year. During the financial year 2003/2004, the independent directors received € 39,662.96 in direct and indirect remuneration.

The dependent directors received no remuneration during the past financial year.

<sup>1</sup> The addresses of the directors can be obtained upon simple request at the offices of the company.

### Permanent Representative

Leasinvest Real Estate Management SA is the statutory manager of Leasinvest Real Estate SCA for an unspecified term, with a minimum of 10 years.

Since the end of 2002 Jean-Louis Appelmans has been appointed Permanent Representative of Leasinvest Real Estate Management SA within the framework of its mandate as statutory manager, in accordance with the legal provisions concerning corporate governance. This appointment can not infringe Art. 18 of the RD of 10 April 1995. Possible contradictions between the two legislations are being examined, and will be given an appropriate solution, if necessary.

### The Permanent Committee

The Permanent Committee meets fortnightly to discuss the ongoing business of the company, to ensure appropriate communication and to monitor the implementation of the decisions of the Board of Directors. The Permanent Committee consists at least of a Managing Director, the Commercial Manager, the Legal Adviser, the Financial Manager and the Real Estate Manager.

### The Investment Committee

The Investment Committee will be summoned according to the agenda and prepares the investment and divestment decisions for the Board of Directors. The Investment Committee consists of the Managing Directors, the Legal, Technical and Commercial Advisors and the Financial Manager.

### Settlement of conflicts of interest

During the past financial year, no situations occurred in which the provisions of Articles 523 and 524 onward of the Companies Act had to be applied. Should these situations occur the provisions of these articles will be applied.

### Audit of the annual accounts

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

reports. The auditor also draws up the special report for the attention of the Banking, Finance and Insurance Commission. Ernst & Young, approved Auditors, Avenue Marcel Thiry 204, 1200 Brussels, represented by Mr. Pierre Anciaux, approved company auditor, were appointed for a period of three years (from the Ordinary General Meeting of 21 October 2002) to fulfil the function of auditors. The remuneration of the auditor for verification of the annual accounts for the past financial year amounted to € 19,685.16 and € 10,000 for the merger (total of € 29,685.16).

### Valuation of the portfolio

The quarterly valuations of the real estate portfolio are made by two independent valuers. In the event of a conflict arising between the real estate agent's activity and that of the property valuer, the other expert shall make the valuation. The value of the real estate portfolio is determined by Cushman & Wakefield Healey & Baker and Winssinger & Associates.

- Cushman & Wakefield Healey & Baker, Avenue des Arts 58 (boîte 7), 1000 Brussels, represented by Mr. Yves De Koster.
- Winssinger & Associates, Avenue Louise 380, 1050 Brussels, represented by Mr. Philippe Winssinger.

### Depository bank

ING Bank was appointed as the depository bank of Leasinvest Real Estate, in accordance with the provisions of Article 12 onward of the Royal Decree. In its capacity as the depository bank, ING Bank must comply with the obligations imposed by the Law of 4 December 1990 and the implementing decree of 10 April 1995. The depository bank is put in possession of all official documents and deeds relating to changes in the assets of the real estate fund, and ensures that any change in the real estate portfolio is incorporated into the inventory. The remuneration of the depository bank is set on the basis of the investment value of the

portfolio of Leasinvest Real Estate according to the tranches set out below:

Total investment value of the real estate portfolio	Fee to the depositary bank (excl. VAT) <sup>2</sup>
Between € 0 and € 125 million	0.03%
Over € 125 million	0.01%

### Liquidity provider

ING Financial Markets (ex-Vermeulen Raemdonck) has been appointed as liquidity provider.

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<sup>2</sup> Percentages applicable on the respective tranches.





## Financial review

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)



## Analytical results\*

(x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
Rents	20,399	20,872	17,105	13,568	12,705
Other operating income	218	647	1,694	1,401	1,348
<b>Rental result</b>	<b>20,617</b>	<b>21,518</b>	<b>18,799</b>	<b>14,968</b>	<b>14,053</b>
Direct real estate costs	-1,377	-943	-2,437	-2,169	-648
Indirect real estate costs	-1,690	-1,065	-477	-412	-717
Provisions	-1,031	-1,439	301	-126	-473
<b>Real estate result</b>	<b>16,519</b>	<b>18,071</b>	<b>16,186</b>	<b>12,261</b>	<b>12,215</b>
Operating expenses	-1,091	-1,124	-935	-781	-720
<b>Operating result</b>	<b>15,427</b>	<b>16,947</b>	<b>15,250</b>	<b>11,480</b>	<b>11,495</b>
Financial charges	-3,858	-4,164	-3,137	-1,812	-1,249
Financial operating income	125	101	292	128	121
Taxes	-209	-142	-10	646	48
<b>Net current result</b>	<b>11,485</b>	<b>12,742</b>	<b>12,395</b>	<b>10,441</b>	<b>10,415</b>

Other operating income = rental guarantee, compensation, ... excluding reinvoiced charges.

Direct real estate costs = costs of maintenance, renovation, vacancy and insurance.

Indirect real estate costs = other costs (excl. management fee and reinvoiced costs).

Operating expenses = management fee.

## Key balance sheet data\*

ASSETS (x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
<b>FIXED ASSETS</b>	<b>258,161</b>	<b>266,079</b>	<b>269,519</b>	<b>200,945</b>	<b>177,288</b>
Tangible assets	257,488	266,079	269,519	200,945	177,288
Financial fixed assets	673				
<b>CURRENT ASSETS</b>	<b>9,443</b>	<b>8,972</b>	<b>19,254</b>	<b>5,353</b>	<b>8,277</b>
Amounts receivable in more than 1 year	78	131	205	274	225
Amounts receivable within 1 year	2,519	3,501	6,714	2,136	2,539
Investments, cash in hand and at bank	6,456	5,200	11,947	2,729	5,450
Deferred charges and accrued income	390	140	388	214	63
<b>TOTAL ASSETS</b>	<b>267,604</b>	<b>275,051</b>	<b>288,773</b>	<b>206,298</b>	<b>185,565</b>
LIABILITIES (x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001	30/06/2000
<b>CAPITAL AND RESERVES</b>	<b>148,945</b>	<b>151,287</b>	<b>152,820</b>	<b>145,526</b>	<b>134,162</b>
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>3,573</b>	<b>4,173</b>	<b>2,476</b>	<b>669</b>	<b>543</b>
<b>DEBTS</b>	<b>115,086</b>	<b>119,591</b>	<b>133,477</b>	<b>60,103</b>	<b>50,860</b>
Financial debts in more than 1 year	41,550		7,475	46	46
Financial debts within 1 year	50,137	98,180	89,463	44,240	34,896
Trade debts and taxes	5,205	3,422	2,464	2,240	3,197
Other debts	12,250	12,476	28,278	9,744	9,463
Accrued charges and deferred income	5,944	5,513	5,797	3,833	3,258
<b>TOTAL LIABILITIES</b>	<b>267,604</b>	<b>275,051</b>	<b>288,773</b>	<b>206,298</b>	<b>185,565</b>
Solvency (%)	55.66	55.00	52.92	70.54	72.30
Ratio of debt (%) <sup>1</sup>	41.06	42.33	44.94	27.28	25.65

<sup>1</sup> Excluding accrued charges and deferred income.

For 30/06/2002, 30/06/2003 and 30/06/2004: including provisions for exit tax amounting to € 2,108,040, € 2,364,978 and € 734,352 respectively.

\* Statutory figures, except on 30/06/2002 and 30/06/2003 (consolidated figures).

## Stock market performance

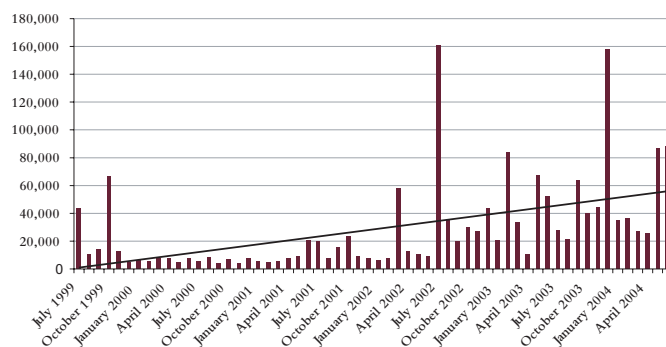
### Change in the share price and volume of shares traded since the IPO on 2 July 1999



In the past financial year, the pattern in the share price was positive once more: the trend line is upward, in other words, the floor and ceiling prices are continuing to rise. The lowest price quoted was € 52.50, the highest € 57.50. Both are maxima since the share has been quoted. The average price over the 2004 financial year amounted to € 55.25; the closing price on 30/06/2004 was € 54.10.

The pattern of the share price over the last financial year exhibits the foreseen downturn just after the coupon payment on 27/10/2003.

### Monthly volumes of Leasinvest Real Estate traded since de IPO on 2 July 1999

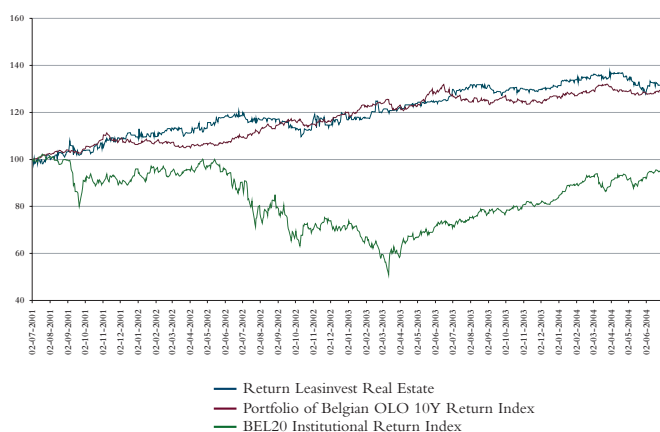


The results in terms of volume traded and turnover of the Leasinvest Real Estate share reached a historic high this financial year. The average transaction volume per month reached a historic record during the last financial year and amounted to 54,424 shares, compared with 48,717 shares in the previous year. In total, 11.8% more shares were traded on an annual basis than in the previous year, i.e. 653,805 shares. The yearly turnover experienced a comparable pattern, amounting to € 35,653,537 compared with € 31,543,415 the previous year.

The best months were December 2003, May 2004 and June 2004, with 157,622, 86,562 and 88,183 shares traded respectively.

The above-mentioned trends in volume can be translated into the velocity of the share, which is the number of shares traded in relation to the total number of shares. For Leasinvest Real Estate, this increased from 3.53% as of 30/06/2001 to 23.10% as of 30/06/2004.

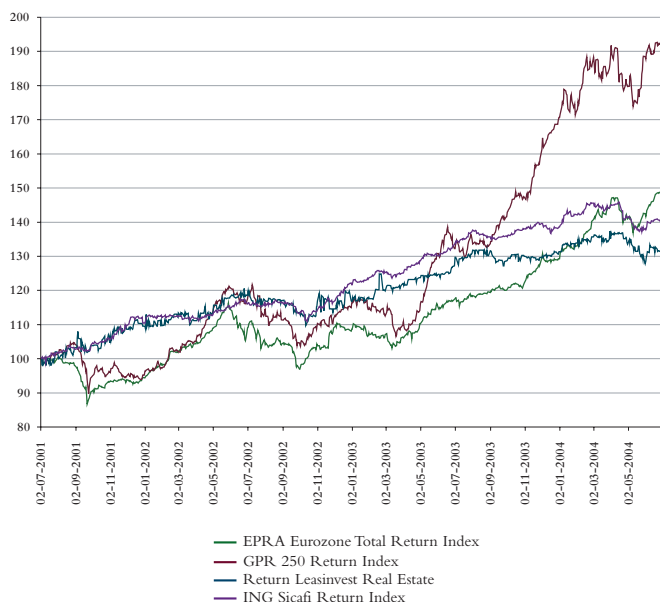
### Comparison of return from Leasinvest Real Estate with the return on BEL20 and OLO 10Y Return Index<sup>1</sup>



The return of the Leasinvest Real Estate share, the BEL20 Index and the Portfolio of Belgian OLO 10Y Return Index are shown on this graph as base 100 on 02/07/2001. The return of Leasinvest Real Estate is continuously higher than the return of the BEL20 Index over the last 3 financial years, with an average of 35.9% over the 2004 financial year.

The curve of the return of Leasinvest Real Estate is around that of the OLO 10Y Return Index. In the past financial year, however, Leasinvest Real Estate offered a return above the OLO 10Y, of 3.7% on average.

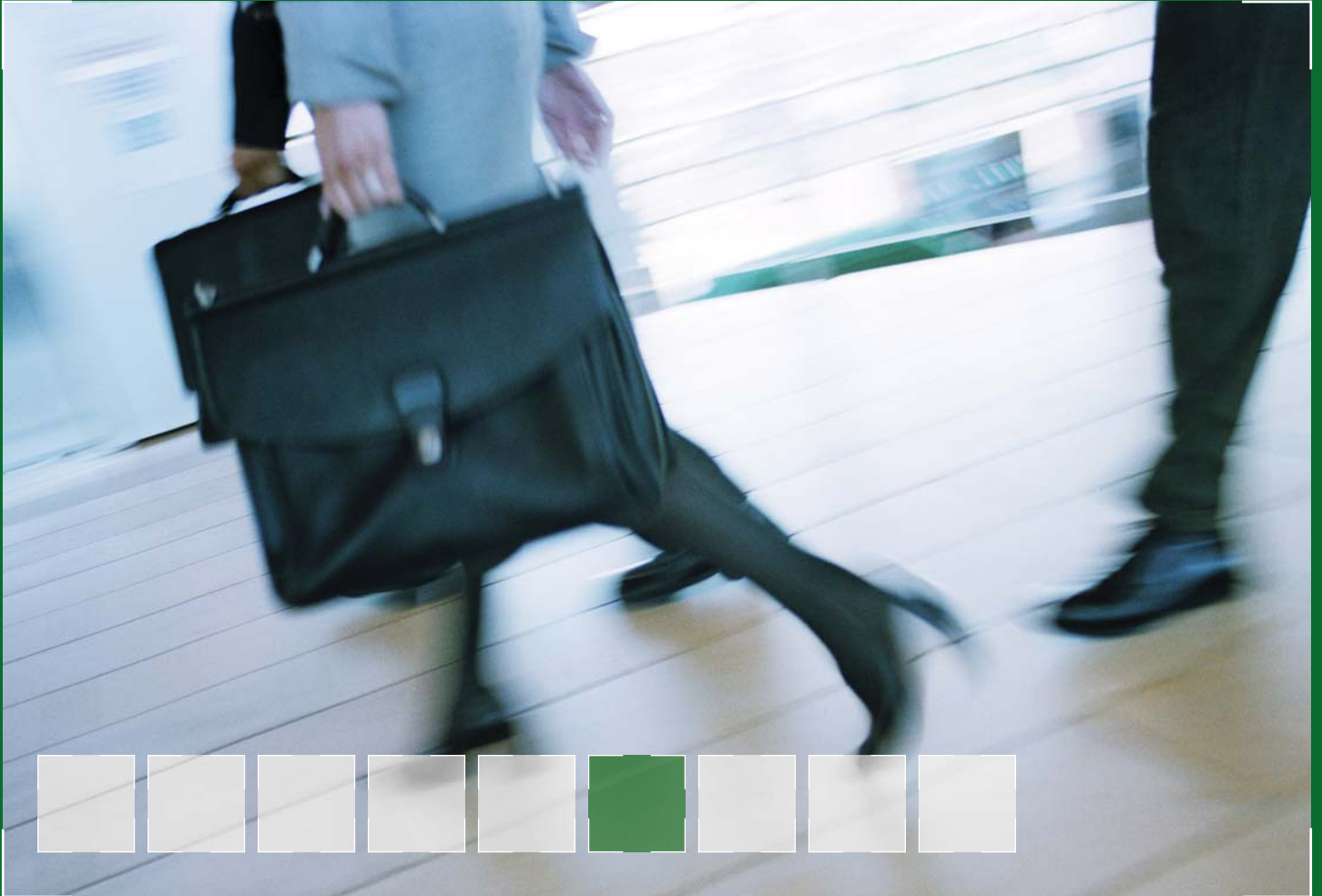
### Change in the return of the share in comparison with the ING Sicafi Return Index, the EPRA Eurozone Total Return Index and the GPR 250 Return Index<sup>2</sup>



The return of the Leasinvest Real Estate share, the ING Sicafi Return Index, the EPRA Eurozone Total Return Index and the GPR 250 Return Index are shown on this graph as base 100 on 02/07/2001. Since September 2003, the GPR 250 Return Index has performed significantly better than the other 2 indexes and the Leasinvest Real Estate share. The Leasinvest Real Estate share achieved a better return over the first half of the past financial year than the EPRA Eurozone Total Return Index, consequent to the previous 2 years.

<sup>1</sup> Indices can be consulted in the financial newspapers, including l'Echo de la Bourse and De Tijd, in the stock market pages.

<sup>2</sup> More information on these indices can be found on [www.epra.com](http://www.epra.com) and [www.gpr.nl](http://www.gpr.nl).



## **Financial statements and notes**

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)

## Annual accounts

### Balance sheet

(x € 1,000)		30/06/2004	30/06/2003	30/06/2003	30/06/2002	30/06/2002	30/06/2001	30/06/2000
		statutory	consolidated	statutory	consolidated	statutory	statutory	statutory
<b>ASSETS</b>								
<b>FIXED ASSETS</b>	<b>20/28</b>	<b>258,161</b>	<b>266,079</b>	<b>280,571</b>	<b>269,519</b>	<b>250,851</b>	<b>200,945</b>	<b>177,288</b>
III. Tangible fixed assets	22/27	257,488	266,079	221,309	269,519	224,589	200,945	177,288
A. Land and buildings	22	257,488	266,079	221,309	269,519	224,589	200,945	177,288
IV. Financial fixed assets	28	673		59,262		26,262		
A. Associated companies	280/1			59,262		26,262		
C. Other financial fixed assets	285/8	673						
<b>CURRENT ASSETS</b>	<b>29/58</b>	<b>9,443</b>	<b>8,972</b>	<b>8,745</b>	<b>19,254</b>	<b>16,020</b>	<b>5,353</b>	<b>8,277</b>
V. Amounts receivable in more than 1 year	29	78	131	131	205	205	274	225
B. Other amounts receivable	291	78	131	131	205	205	274	225
VII. Amounts receivable within 1 year	40/41	2,519	3,501	3,282	6,714	3,640	2,136	2,539
A. Trade debtors	40	2,414	3,369	3,217	4,226	3,412	1,926	2,321
B. Other amounts receivable	41	105	132	65	2,488	228	210	218
VIII. Investments	50/53	4,600	179	179	11,150	11,150	2,441	5,354
B. Other investments	51/53	4,600	179	179	11,150	11,150	2,441	5,354
IX. Cash in hand and at bank	54/58	1,856	5,021	5,021	797	797	288	96
X. Deferred charges and accrued income	490/1	390	140	132	388	228	214	63
<b>TOTAL ASSETS</b>	<b>20/58</b>	<b>267,604</b>	<b>275,051</b>	<b>289,316</b>	<b>288,773</b>	<b>266,871</b>	<b>206,298</b>	<b>185,565</b>
<b>LIABILITIES</b>								
<b>CAPITAL AND RESERVES</b>	<b>10/15</b>	<b>148,945</b>	<b>151,287</b>	<b>149,987</b>	<b>152,820</b>	<b>151,412</b>	<b>145,526</b>	<b>134,162</b>
I. Capital	10	31,123	31,123	31,123	31,123	31,123	29,971	27,765
A. Issued capital	100	31,123	31,123	31,123	31,123	31,123	29,971	27,765
II. Share premium account	11	12,065	12,065	12,065	12,065	12,065	7,710	
III. Revaluation surpluses	12				96,500	96,500	96,500	96,500
IV. Reserves	13	101,768	104,061	103,598	10,348	9,467	9,918	8,783
A. Legal reserves	130	602	602	602	602	602	602	602
B. Reserves not available for distribution	131	90,903	96,660	96,197	3,759	2,879	3,330	2,717
D. Available reserves	133	10,263	6,799	6,799	5,986	5,986	5,986	5,464
V. Profit brought forward	140	3,989	4,038	3,201	2,784	2,256	1,427	1,114
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>16</b>	<b>3,573</b>	<b>4,173</b>	<b>946</b>	<b>2,476</b>	<b>326</b>	<b>669</b>	<b>543</b>
VII.A. Provisions for liabilities and charges	160/5	3,573	4,173	946	2,476	326	669	543
<b>DEBTS</b>	<b>17/49</b>	<b>115,086</b>	<b>119,591</b>	<b>138,383</b>	<b>133,477</b>	<b>115,133</b>	<b>60,103</b>	<b>50,860</b>
VIII. Debts payable in more than 1 year	17	41,550			7,475		46	46
A. Financial debts	170/4	41,550			7,475			
D. Other debts	178/9						46	46
IX. Debts payable within 1 year	42/48	67,592	114,078	133,485	120,205	110,402	56,224	47,556
A. Debts payable in more than 1 year, that expire within the year	42				546			
B. Financial debts	43	50,137	98,180	98,180	88,917	64,844	44,240	34,896
1. Loans from bank	430/8		16,574	16,574			15,150	
2. Other loans	439	50,137	81,606	81,606	88,917	64,844	29,090	34,896
C. Trade debts	44	2,473	3,207	1,730	2,420	1,131	2,159	3,062
D. Prepaid amounts received on orders	46		57	57				
E. Unpaid taxes, salaries and social security	45	2,732	158	48	44	39	81	135
F. Other debts	47/48	12,250	12,476	33,470	28,278	44,388	9,744	9,463
X. Accrued charges and deferred income	492/3	5,944	5,513	4,898	5,797	4,731	3,833	3,258
<b>TOTAL LIABILITIES</b>	<b>10/49</b>	<b>267,604</b>	<b>275,051</b>	<b>289,316</b>	<b>288,773</b>	<b>266,871</b>	<b>206,298</b>	<b>185,565</b>

## Profit and loss account

(x € 1,000)		30/06/2004	30/06/2003	30/06/2003	30/06/2002	30/06/2002	30/06/2001	30/06/2000
		statutory	consolidated	statutory	consolidated	statutory	statutory	statutory
<b>A. NET CURRENT RESULTS</b>								
<b>I. Operating income</b>	<b>70/74</b>	<b>22,689</b>	<b>23,954</b>	<b>20,219</b>	<b>20,265</b>	<b>19,417</b>	<b>15,822</b>	<b>15,424</b>
A. Turnover	70	20,399	20,872	17,526	17,105	16,266	13,568	12,705
C. Other operating income	74	2,290	3,082	2,693	3,160	3,151	2,254	2,719
<b>II. Operating charges</b>	<b>60/64</b>	<b>-7,262</b>	<b>-7,007</b>	<b>-5,537</b>	<b>-5,015</b>	<b>-4,908</b>	<b>-4,342</b>	<b>-3,929</b>
A. Services and other goods	61	-3,691	-2,797	-2,541	-3,447	-3,393	-3,132	-1,770
B. Salaries, social security and pensions	62							52
C. Depreciations	630							-14
D. Losses of value on trade debtors	634	-184	-37	-37			-100	-75
E. Provisions for liabilities and charges	635/7	-1,031	-1,439	-620	301	343	-126	-473
F. Other operating charges	640/8	-2,356	-2,734	-2,339	-1,869	-1,859	-984	-1,649
<b>III. Operating result</b>	<b>70/64</b>	<b>15,427</b>	<b>16,947</b>	<b>14,682</b>	<b>15,250</b>	<b>14,509</b>	<b>11,480</b>	<b>11,495</b>
<b>IV. Financial income</b>	<b>75</b>	<b>1,384</b>	<b>1,364</b>	<b>3,437</b>	<b>1,471</b>	<b>1,373</b>	<b>819</b>	<b>121</b>
A. Income from financial fixed assets	750	20		1,907				
B. Income from current assets	751	105	84	251	284	186	130	94
C. Other financial income	752/9	1,259	1,280	1,279	1,187	1,187	689	27
<b>V. Financial charges</b>	<b>65</b>	<b>-5,117</b>	<b>-5,427</b>	<b>-5,670</b>	<b>-4,316</b>	<b>-4,026</b>	<b>-2,504</b>	<b>-1,249</b>
A. Interest payable	650	-2,629	-3,577	-3,821	-2,847	-2,557	-2,027	-1,073
B. Losses on other current assets then mentioned sub. II.D.	651	-36						
C. Other financial charges	652/9	-2,452	-1,850	-1,849	-1,469	-1,469	-477	-176
<b>VI. Taxation of the result</b>	<b>67/77</b>	<b>-209</b>	<b>-142</b>	<b>-9</b>	<b>-10</b>	<b>-8</b>	<b>646</b>	<b>48</b>
A. Taxation	670/3	-263	-142	-9	-19	-17	-11	-51
B. Regularisation of taxation and withdrawal from provision for taxation	77	54			9	9	657	99
<b>VII. Net current profit</b>		<b>11,485</b>	<b>12,742</b>	<b>12,440</b>	<b>12,395</b>	<b>11,848</b>	<b>10,441</b>	<b>10,415</b>
<b>B. RESULTS ON THE PORTFOLIO</b>								
<b>VIII. Gain or loss on disposal of elements of the portfolio (compared with the acquisition value)(+)(-)</b>		<b>-140</b>	<b>109</b>	<b>109</b>				
A. Property								
Gains			109	109				
Losses		-140						
<b>VIIIbis. Reversal of changes in market value previously recorded on elements of the portfolio disposed of during the financial year</b>			<b>-84</b>	<b>-84</b>				
Gains - withdrawal from non-distributable reserves (-)			-84	-84				
<b>IX. Change in non-realised gains or losses of the portfolio</b>	<b>743/643</b>	<b>-3,000</b>	<b>-2,702</b>	<b>-2,285</b>	<b>429</b>	<b>-451</b>	<b>613</b>	<b>2,598</b>
A. Property in portfolio at the end of the year								
Gains	74300	5,496	2,548	2,548	4,594	3,714	1,862	4,283
Losses	64300	-8,289	-5,250	-4,833	-4,165	-4,165	-1,249	-1,685
C. Reversal of changes in market value previously recorded on elements of the portfolio disposed of during the financial year*								
Gains - withdrawal from non-distributable reserves (-)		-315						
Losses - transfer to non-distributable reserves (+)		108						
<b>XI. Profit on the portfolio</b>					<b>429</b>		<b>613</b>	<b>2,598</b>
<b>Loss on the portfolio (-)</b>		<b>-3,140</b>	<b>-2,677</b>	<b>-2,260</b>		<b>-451</b>		

\* Advice of the Commission on Accounting standards of 9 February 2004.

## Profit and loss account (continuation)

(x € 1,000)	30/06/2004 statutory	30/06/2003 consolidated	30/06/2003 statutory	30/06/2002 consolidated	30/06/2002 statutory	30/06/2001 statutory	30/06/2000 statutory
<b>C. EXTRAORDINARY RESULTS</b>							
<b>XII. Extraordinary income</b>		7					
B. Other extraordinary income	764/9	7					
<b>XIII. Extraordinary charges</b>				-19			
B. Other extraordinary charges	664/8			-19			
<b>XIV. Extraordinary profit</b>		7					
Extraordinary loss (-)				-19			
<b>D. RESULTS FOR APPROPRIATION</b>							
<b>XV. Profit for the financial year</b>	8,345	10,072	10,180	12,806	11,848	11,054	13,013
<b>XVI. Appropriation of non-realised gains or losses recorded on the portfolio</b>							
A. Transfer to the non-distributable reserves (-)						-613	-2,598
B. Withdrawal from the non-distributable reserves (+) (provided that they are still positive)	3,000		2,285		451		
<b>XVII. Profit for the financial year for appropriation</b>	11,345		12,465		11,848	10,441	10,415
<b>APPROPRIATION OF THE RESULT</b>							
<b>A. Profit balance for appropriation</b>	14,546		14,721		13,275	11,555	10,409
1. Profit (loss) for the financial year for appropriation (-)	11,345		12,465		11,848	10,441	10,415
2. Profit (loss) brought forward from the last financial year (-)	3,201		2,256		1,427	1,114	-6
<b>B. Withdrawal from the capital and reserves</b>	791/2		84				
2. From the reserves	792		84				
<b>C. Transfer to the capital and reserves (-)</b>	691/2					-522	
3. To the other reserves	6921					-522	
<b>D. Result to be carried forward (-)</b>	693	-3,989	-3,201	-2,256	-1,427	-1,114	-1,114
1. Profit to be carried forward (-)	693	-3,989	-3,201	-2,256	-1,427	-1,114	-1,114
<b>E. Distributable profit (-)</b>	694/6	-10,557	-11,604	-11,019	-9,606	-9,295	-9,295
1. Dividends	694	-10,557	-11,604	-11,019	-9,606	-9,295	-9,295

## Cash flow statement

(x € 1,000)	30/06/2004	30/06/2003	30/06/2002	30/06/2001
<b>A. NET CURRENT ACTIVITIES</b>				
1. Net current profit of the financial year	11,485	12,742	12,395	10,441
2. Depreciation, provisions and losses of value	1,215	1,477	-301	226
3. Extraordinary result		7	-19	
<b>Net current flow</b>	<b>12,700</b>	<b>14,226</b>	<b>12,075</b>	<b>10,667</b>
<b>B. PORTFOLIO ACTIVITIES</b>				
1. Realised gains/losses <sup>1</sup>	-347	25		
<b>Portfolio flow</b>	<b>-347</b>	<b>25</b>		
<b>C. INVESTMENT ACTIVITIES</b>				
1. Net investments in real estate <sup>2</sup>	5,798	995	-68,145	-23,144
2. Net investments in financial fixed assets	-620	74	69	-49
<b>Investment flow</b>	<b>5,178</b>	<b>1,069</b>	<b>-68,076</b>	<b>-23,193</b>
<b>D. FINANCING ACTIVITIES</b>				
1. Variation of capital and reserves and share premium account	0	0	5,507	9,916
2. Variation of provisions	275	0	2,108	
3. Variation of amounts payable in more than 1 year	41,550	-7,475	7,429	
4. Variation of amounts payable within 1 year	-48,043	8,716	45,224	9,344
5. Paid dividends and tantièmes	-10,557	-11,605	-11,019	-9,606
6. Variation of the working capital requirement	500	-11,703	15,969	152
<b>Financing flow</b>	<b>-16,275</b>	<b>-22,067</b>	<b>65,218</b>	<b>9,806</b>
<b>E. INVESTMENTS, CASH IN HAND AND AT BANK</b>				
1. Cash at the beginning of the financial year	5,200	11,947	2,730	5,450
2. Cash at the end of the financial year	6,456	5,200	11,947	2,730
<b>Net change in treasury</b>	<b>1,256</b>	<b>-6,747</b>	<b>9,217</b>	<b>-2,720</b>

During the past financial year 4 buildings were sold with a slight loss of € -347,000 in total. The balance sheet value of these divestments amounted to € 6,872,000.

The financing policy of Leasinvest Real Estate, particularly to hold an important part of the debts in the long term, is expressed in the changed debtstructure.

The net current flow, together with the divestments, allowed to pay out dividends for an amount of € 10,557,283.83.

1 For 30/06/2004: Britse Lei 3-5-7 and Mechelsesteenweg in Antwerp, Kontichsesteenweg 17 and 38 in Aartselaar.

2 Net investments are shown with a minus sign / net divestments are shown with a plus sign.

€ 5,797,619.83 on 30/06/2004 corresponds to the market value on 30/06/2003 of the buildings sold, namely, € 6,872,000.00 minus the activated costs of € 1,074,380.17 for renovation works of the building situated Rue de Trèves.



## Notes to the annual accounts (amounts in € 1,000)

### III. Statement of tangible fixed assets

	<i>1. Land and buildings</i>
<b>A. Acquisition value</b>	
At the end of the previous financial year	81,647
Changes during the financial year:	
- Acquisition value including fixed assets produced	45,844
- Transfers and taken out of service (-)	-3,117
<b>At the end of the financial year</b>	<b>124,374</b>
<b>B. Gains</b>	
At the end of the previous financial year	139,662
Changes during the financial year:	
- Written off (-)	-6,548
At the end of the financial year	133,114
<b>D. Net book value at the end of the financial year</b>	<b>257,488</b>

### IV. Statement of financial fixed assets

	<i>1. Associated companies</i>	<i>3. Other companies</i>
<b>1. Participating interests and shares</b>		
<b>A. Acquisition value</b>		
At the end of the previous financial year	26,262	
Changes during the financial year:		
- Transfer from one entry to another	-26,262	
At the end of the financial year	0	
<b>Net book value at the end of the financial year</b>	<b>0</b>	
<b>2. Amounts receivable</b>		
Net book value at the end of the previous financial year	33,000	0
Changes during the financial year:		
- Additions		673
- Refunds	-33,000	
<b>Net book value at the end of the financial year</b>	<b>0</b>	<b>673</b>

### VI. Investments: other investments

	<b>30/06/2004</b>	<b>30/06/2003</b>
<b>Fixed-interest securities</b>		<b>11</b>
of which issued by financial institutions		
Fixed-term accounts with financial institutions	4,600	
with a remaining term or notice period of:		
- maximum one month	4,600	
<b>Other investments not shown above</b>		<b>168</b>

### VIII. Statement of the capital

	<b>Amounts</b>	<b>Number of shares</b>
<b>A. Authorised capital</b>		
<b>1. Subscribed capital (heading 100 of the liabilities side)</b>		
- At the end of the previous financial year	31,123	2,830,366
- Changes during the financial year		
Capital increase		5
<b>- At the end of the financial year</b>	<b>31,123</b>	<b>2,830,371</b>
<b>2. Composition of the capital</b>		
2.1. Sorts of shares		
Bearer shares		
2.2. Registered or bearer shares		
Registered		1,155,326
Bearer		1,675,045

**X. Statement of debts**

more than one year  
but within 5 years

**A. Breakdown of debts, having on initial term of more than one year, according to their residual value**

Financial debts

4. Loans from banks 41,550

**Xbis. Statement of debts**

30/06/2004

30/06/2003

**B. Financial debts**

1. Loans from banks

16,574

2. Other loans

50,137

81,606

**XV. Rights and obligations not included on the balance sheet**

- In order to limit the risks of a rise in variable interest rates, Leasinvest Real Estate has mainly hedged its loans by purchasing Interest Rate Swaps at fixed interest rates.

**XVIII. Relations with associated companies and with companies with which there is a participating interest****1. Associated companies**

30/06/2004

30/06/2003

**1. Financial fixed assets****59,262**

Participating interests

26,262

Amounts receivable: other

33,000

Debts within one year

20,995

**7. Financial results**

Income from financial fixed assets

1,907

Income from current assets

167

Cost of debts

639

Appropriation of the non-realised gains and losses recorded on the portfolio -3,000

**A. The transfer/withdrawal that corresponds to the changes in the non-realised gains on elements of the portfolio at the end of the financial year**

**-2,793**

**B. The transfer/withdrawal that corresponds to changes in market value previously recorded on elements of the portfolio disposed of during the financial year**

**-207**

## Statement of the capital

	Issued capital (x € 1,000)	Number of shares
Initial capital Brixton Zaventem	2,922	61,250 <sup>1</sup>
New number of shares		864,808
Buy-back of own shares and cancellation of bought-back shares		-24,603
Bringing-in of "Extensa buildings"	2,788	727,818
Bringing-in of Vierwinden Business Park	9,370	191,574
<b>Total before public offering</b>	<b>15,080</b>	<b>1,759,597</b>
Capital increase	20,334	370,851
Merger with Brixton Louise	7,561	394,672
Merger with Kapex		4
Reduction of the capital	-15,209	
<b>Capital after public offering</b>	<b>27,765</b>	<b>2,525,124</b>
Bringing-in of D4 and D5 of the Axxes Business Park	2,206	200,500
Bringing-in of D2 of the Axxes Business Park	1,152	104,742
Merger with Brussimmo		2
Merger with Ekiport		3
<b>Issued capital</b>	<b>31,123</b>	<b>2,830,371</b>

<sup>1</sup> Own shares were destroyed.



## Presentation of the Annual Accounts

Under the derogation granted by the Federal Public Service of Economy, SME's, Self-employed and Energy on 9 February 2004, on the basis of a favourable opinion from the Accounting Standards Committee, the profit and loss account was adapted to the specific features of the real estate funds (sicafi). This derogation was granted for the 2002, 2003 and 2004 financial years. The question about derogation for the subsequent financial years was submitted to the Federal Government Department for Economics, and the Commission for Accounting Standards.

### Object of derogation

In order to reflect the specific business activity of the sicafi, the results were split as follows:

- A. The net current result, which comprises the operating income and costs relating to the management of the assets, the financial results and taxes.
- B. The results on the portfolio, which mainly reflect variations in the portfolio as a result of:
  - the realisation of elements of the portfolio
  - the variation in the market value of the real estate valued by the experts.

The net balance of the variations in the market values is transferred to the reserves not available for distribution for the incorporation in the results, while the capital losses or gains on the realisation of buildings are included fully in the results for appropriation of the financial year. In order to present the activities of the company faithfully, in the context of what was mentioned above, in the presentation of the annual accounts, items XVI A and B have been added – “Transfer to the reserves not available for distribution” and “Withdrawal from the reserves not available for distribution” respectively.

### Valuation rules

The main special valuation rules of Leasinvest Real Estate, taking into consideration the accounting principles and the provisions of the Royal Decree are as follows:

#### Provisions

The company makes provisions for maintenance and renovation costs, to maintain the quality of the buildings or if possible, improve it.

### Tangible assets

The tangible fixed assets are valued on purchase at their acquisition cost including additional charges and non-deductible VAT. Notwithstanding the obligation contained in Article 7 of the Law of 17 July 1975 on bookkeeping (amended to Article 8 by the Law of 7 May 1999) and the Royal Decree of 30 January 2001 with regard to the annual accounts of companies to produce an inventory at least once a year, the real estate fund, pursuant to Articles 55 to 61 of the Royal Decree of 10 April 1995 with regard to real estate funds, draws up an inventory on 30 June each year, and whenever it issues shares or buys them back other than on the stock market.

A real estate valuer values the following elements of the fixed assets in a precise manner at the end of each financial year:

- the real estate, the real estate immovable by its intended purpose, and the rights in rem to real estate that are held by the real estate fund or, if the case should arise, by a real estate company under its control;
- option rights held to real estate by the real estate fund or, if the case arises, by a real estate company under its control, and the real estate to which these rights refer;
- rights under contracts where the real estate fund or, if the case should arise, a real estate company under its control, takes one or more properties under property leasing, and the underlying property.

These valuations are binding on the real estate fund with regard to the drawing up of its annual accounts.

Furthermore, at the end of each quarter of the financial year, the valuer updates the total valuation of the real estate owned by the real estate fund and, if appropriate, of the companies under its control, based on market developments and the specific features of the real estate concerned. The real estate is therefore shown in the annual accounts at the value estimated by a real estate valuer known as “investment value”<sup>8</sup>, i.e. including charges, registration duties and fees which is dictated by the going concern principle of the real estate fund, unless the Board of Directors adopts a different valuation method.

<sup>8</sup> This corresponds with the method indicated on page 23 of this annual report.

By derogation from Articles 27bis §3, 28 §3 and 34, first paragraph of the Royal Decree of 8 October 1976 with regard to the annual accounts of companies (amended by Articles 73, 61 §2/ 64 §2 and 57 §1 first clause respectively of the Royal Decree of 30 January 2001), pursuant to Article 57 §1 of the Royal Decree of 10 April 1995 with regard to real estate funds, reductions in value and revaluation surpluses on real estate are recorded, as established by the valuer and approved by the Board of Directors. By derogation from Articles 28 §2 and 30 of the Royal Decree of 8 October 1976 with regard to the annual accounts of companies (amended by Articles 61 §1/ 64 §1 and 65 respectively of the Royal Decree of 30 January 2001), pursuant to article 60 of the Royal Decree of 10 April 1995 with regard to real estate funds, the sicafi does not allow for any depreciation on components of the fixed assets described above, and which an expert values at the end of each financial year. The costs of maintenance and major repairs are charged against the accounts for the financial year to which they relate or are deducted from the provisions made for this purpose.

The tangible fixed assets, other than real estate, whose use is limited in time, are valued at their acquisition value, minus the depreciation allowed on the basis of their anticipated working life.

For tangible assets that are not real estate and whose use is not limited in time, reductions in value are entered in the event of a lasting reduction in value. These may be revalued. At the time when tangible fixed assets other than real estate are sold or taken out of service the acquisition values and depreciations relating to them are removed from the accounts and capital gains or losses are entered into the profit and loss account. Work on buildings which is payable by the owner, is treated in two different ways from the accounting viewpoint depending on its nature.

Expenditure concerning maintenance and repair work which adds no additional functions and does not raise the level of comfort of the building, is treated as a cost from the ordinary business activities for the financial year, and is therefore deducted from the net current result. Example: renovation of a roof.

On the other hand, the cost of two types of work are shown as assets (capitalised) on the balance sheet:

- major renovations: this concerns renovations which are normally carried out every 25 to 35 years, and consist of virtually a complete re-construction of the building often re-using the existing carcass of the building and applying the very latest construction techniques. After the major renovation, the building is considered as new, and can be included as such in presentations of the portfolio.
- alterations: this concerns occasional work that will add functions to the building or raise the level of comfort considerably, so allowing an increase in the rent, and consequently of the estimated rental value. The cost of such work is also shown on the assets side of the balance sheet since and to the extent that the valuer usually grants a corresponding increase in the value of the building. Example: installation of a climate control system.

#### ***Financial fixed assets***

Financial fixed assets are valued on the basis of their market value. On purchase the financial fixed assets are valued at their acquisition cost, without taking account of additional charges. The Board of Directors shall decide whether the additional charges will be capitalised and in that case, over what period they should be depreciated.

By derogation from Articles 29 §2, first clause and 34, first paragraph of the Royal Decree of 8 October 1976 with regard to the annual accounts of companies (amended by Articles 66 §2 and 57 §1 first clause respectively of the Royal Decree of 30 January 2001), pursuant to Article 57 §2 of the Royal Decree of 10 April 1995 with regard to real estate funds, reductions in value and revaluation surpluses on financial fixed assets held in associated real estate companies and real estate investment institutions are entered in the accounts whenever the inventory is drawn up.

Articles 10 and 14, §1 of the Royal Decree of 8 March 1994 on the bookkeeping and annual accounts of companies pursuant to Article 61 of the Royal Decree of 10 April 1995 with regard to real estate funds, certain institutions for collective investment and with a variable number of rights of participation apply to the valuation of the financial fixed assets held in associated real estate companies and real estate investment institutions.

The amounts receivable in more than one year and within one year are valued at their nominal value, after deduction of reductions in value for doubtful or bad debts.

Financial investments are valued at their market value or, if this is impossible, at their acquisition value.

Each year, the Board of Directors examines the necessity of making provisions to cover liabilities and charges that the sicafi may have to face.

Debts are valued at their nominal value.

The adjustment accounts show the proportion of deferred charges and income that apply to the financial year or subsequent financial years.

## Statutory auditor's report

### **Statutory auditor's report for the year ended June 30, 2004 to the shareholders' meeting of the company Leasinvest Real Estate SCA**

In accordance with legal and statutory requirements we are pleased to report to you on the performance of the audit mandate, which you have entrusted to us.

We have audited the financial statements as of and for the year ended June 30, 2004 which have been prepared under the responsibility of the business manager and which show a balance sheet total of € 267.603.647,70 and a profit for the year of € 8.344.911,67. We have also carried out the specific additional audit procedures required by law.

#### ***Unqualified audit opinion on the financial statements***

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to financial statements in Belgium.

In accordance with those standards, we considered the company's administrative and accounting organisation, as well as its internal control procedures. Company officials have responded clearly to our requests for explanations and information. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing accounting principles used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, taking into account the applicable legal and regulatory requirements and use of the format of annual accounts specific to fixed capital real estate investment trust, the financial statements give a true and fair view of the company's assets, liabilities, financial position as of June 30, 2004 and the results of its operations for the year then ended, and the information given in the notes to the financial statements is adequate.

#### ***Additional certifications and information***

We supplement our report with the following certifications and information, which do not modify our audit opinion on the financial statements:

- The directors' report contains the information required by law and is consistent with the financial statements.
- Without prejudice to certain formal aspects of minor importance, the accounting records are maintained and the financial statements have been prepared in accordance with the legal and regulatory requirements applicable in Belgium.
- No transactions have been undertaken or decisions taken in violation of the articles of incorporation of the company or Company Law. The appropriation of results proposed to the general assembly is in accordance with the legal requirements applicable for real estate companies and with articles of incorporation of the company.

Brussels, September 6, 2004

Ernst & Young Bedrijfsrevisoren BCV (B 160)  
Statutory auditor  
represented by

Pierre Anciaux  
Partner





## General information

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)

## Company profile

Real estate fund Leasinvest Real Estate manages a portfolio of high-quality office, semi-industrial and retail premises valued at approximately € 258 million and a total area of more than 180,000 m<sup>2</sup> situated at 14 different locations and spread across 35 buildings. The buildings are mainly located in the periphery of the triangle between Brussels (75.41%), Ghent (15.51%) and Antwerp (9.08%). The real estate fund is listed on Euronext and was included in January 2002 in the NextPrime segment.

The most important investments of the real estate fund include:

- Brussels: the business parks Brixton Business Park in Zaventem (36,042 m<sup>2</sup>), the Riverside Business Park (26,931 m<sup>2</sup>) and Route de Lennik 451/Erasmus Science Park (15,132 m<sup>2</sup>) in Anderlecht, and Extensa Square in Evere (12,218 m<sup>2</sup>).
- Ghent: the Axxes Business Park in Merelbeke (23,447 m<sup>2</sup>).
- Antwerp: the distribution centre in Prins Boude-wijnlaan 7 in Kontich (27,589 m<sup>2</sup>).

An extension of the investment policy, both geographically, as concerning additional investments in retail, will be requested at the General Meeting of shareholders which will be held on 18 October 2004.

Leasinvest Real Estate was founded by Leasinvest SA, a private real estate company which offers clients, partners and investors solutions in the field of corporate and residential real estate. Leasinvest, which manages € 510 million of real estate assets either directly or indirectly, is active in real estate investment and development. The company is a subsidiary of investment group Ackermans & van Haaren, listed on Euronext.

## Identification

### Name

Leasinvest Real Estate, "investment company with fixed capital under Belgian law" (a closed-end real estate investment fund, known in Belgium as a 'sicafi').

### Registered office

Leasinvest Real Estate has its registered office at

Avenue de Tervueren 72, 1040 Brussels. The registered office can be moved within Belgium without any amendment to the Articles of Association by a decision of the Statutory Manager, notwithstanding the legislation on use of languages.

### Legal entity

Leasinvest Real Estate adopted the legal form of a partnership limited by shares (SCA).

### Formation

Leasinvest Real Estate was founded on 8 June 1999 by a deed recorded by notary public Frank Celis in Antwerp, and published in the appendices to the Moniteur Belge on 26 June 1999 under number 990626-330.

### Term

Leasinvest Real Estate was founded for an unspecified term.

### Commercial register and Company number

Leasinvest Real Estate is registered in the Commercial Register of Brussels under number 513.949 and has been allocated the company number 0436.323.915.

### Purpose of the company / activities

Article 4 of the coordinated Articles of Association dated 14 December 2001:

"The sole purpose of the company is collective investment from publicly drawn financing possibilities in real estate, as defined in Article 122, paragraph 1 first clause, 5° of the Law of 4 December 1990 on Financial Transactions and Financial Markets.

Real estate is defined as:

1. immovable property as defined in Articles 517 onward of the Civil Code and rights in rem to real estate;
2. shares with voting rights issued by associated real estate companies;
3. option rights to real estate;
4. participating rights in other real estate investment companies which are recorded in the list as defined in Article 120, paragraph 1, second clause or Article 137 of the Law of 4 December 1990 on Financial Transactions and Financial Markets.
5. real estate certificates as described in Article 106 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;

6. rights derived from contracts under which the company is given one or more properties in real estate leasing;
7. as well as any other goods, shares or rights that are defined as real estate by the Royal Decrees, taken pursuant to the Law of 4 December 1990 on Financial Transactions and Financial Markets and applicable to collective investment institutions investing in real estate.

Within the limits of the investment policy, as defined in Article 5 of the Articles of Association and in accordance with the legislation applicable to the real estate fund, the company may become involved with:

- the purchase, alteration, fitting-out, letting, sub-letting, management, exchange, sale, allotment, bringing within the co-ownership system of real estate as described above;
- the acquisition and lending of securities in accordance with Article 51 of the Royal Decree of 10 April 1995 with regard to real estate funds;
- real estate, with or without purchase option, take out a leasing arrangement pursuant to Article 46 of the Royal Decree of 10 April 1995 with regard to real estate funds; and
- in a secondary capacity, lease out real estate, with or without purchase option, pursuant to Article 47 of the Royal Decree of 10 April 1995 with regard to real estate funds;
- the company may only occasionally act as a property developer, as defined in Article 2 of the Royal Decree of 10 April 1995.

The company may, in compliance with the applicable legislation on real estate funds:

- in an additional or temporary capacity, invest in securities, hold goods other than real estate and liquid funds in accordance with Articles 41 and 45 of the Royal Decree of 10 April 1995 relating to real estate funds. The holding of securities must be compatible with the pursuit in the short or medium term of the investment policy as described in Article 5 of the Articles of Association. The securities must be included in the listing on a stock exchange of a member state of the OECD or traded on a regulated, regularly operating, approved market

accessible to the public of the OECD, as well as the Euro.NM, Easdaq or Nasdaq. The liquid funds may be held in any currency in the form of sight deposits, or in term accounts or by any instruments on the financial markets that are suitable for easy raising of funds;

- grant mortgages or other securities or guarantees in the context of the financing of real estate in accordance with Article 53 of the Royal Decree of 10 April 1995 relating to real estate funds;
- grant loans and stand security for a subsidiary of the company, which is also an investment institution as defined in Article 49 of the Royal Decree of 10 April 1995 relating to real estate funds. The company may acquire, hire or let, assign or exchange any movable or immovable goods, material and accessories, and in general, carry out any commercial or financial transactions directly and indirectly connected with the purpose of the company, and the exploitation of any intellectual and commercial property rights relating to it. Provided that it is compatible with the status of real estate funds, the company may, by means of bringing-in in cash or in kind, or merger, split-off, subscription, participating interest, financial support or in any other way, acquire a share in any business or company that exists or has yet to be formed, in Belgium or abroad, whose company purpose is identical to its own, or is of such a nature as to promote the pursuit of its goal.
- to change the purpose of the company, the prior approval of the Banking, Finance and Insurance Commission is required."

### Financial year

The financial year of Leasinvest Real Estate runs from 1 July to 30 June, with the exception of the first financial year that ran from 1 January 1999 to 30 June 2000.

### Places where documents are accessible for the public

- The Articles of Association of Leasinvest Real Estate are available for inspection at the Registry of the Commercial Court in Brussels and at the registered office.
- The annual accounts are filed with the National Bank of Belgium. The annual accounts are sent each year, together with the associated reports, to the registered shareholders, and to anyone who requests it. The annual and semester reports are also available for consultation on the entirely renovated Leasinvest Real Estate web site ([www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)) and on the Euronext web site ([www.euronext.com](http://www.euronext.com)).
- Financial reporting and convocation of the shareholders for general meetings of shareholders are published in the financial press (only year and half-year results and other mandatory information – all the rest can be found on the new Leasinvest Real Estate web site only).
- Decisions about the appointment or dismissal of Members of the Board of Directors and their cessation of office are published in the appendices to the Moniteur Belge.

### Registered capital

#### Issued capital

On 30 June 2004 the registered capital amounted to € 31,122,909.49. The total number of shares was 2,830,371, without mention of the nominal value.

#### Authorized capital

The annual meeting of shareholders of Leasinvest Real Estate which will be held on 18 October 2004 will again be asked the authorization for the manager to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by an amount of € 31,122,909.49 in the cases foreseen in the relevant report.

This authorization will be valid, in this case, for a period of five years from the publication of the minutes of the general meeting.

It is renewable. This capital increase (or increases) can be carried out by subscription in cash, by bringing-in

in kind, or by conversion of reserves or issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Companies Act, Article 11 of the Royal Decree of 10 April 1995 with regard to real estate funds, and these Articles of Association. In case of a decision to increase the registered capital, by the Board of Directors, within the framework of its authorization for authorized capital, at which an issue premium is asked, only the amount of the increase of the registered capital will be accounted on the authorization and not on the amount of the issue premium. 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 a blocked account and treated in the same way as the capital which guarantees the interests of third parties, and may not under any circumstances be reduced or disposed of unless this is decided by the general meeting, voting under the conditions required by Article 72 of the Companies Act except for the conversion into capital as foreseen above.

The manager has, in the past, already been authorized to increase the registered capital by a maximum of € 27,500,000 as a result of the decision of the general meeting of 8 June 1999.

The Board of Directors made use of this authorization:

- Under a deed recorded by notary public Erik Celis in Antwerp on 28 June 2001 for an amount of two million two hundred and five thousand five hundred euro.
- Under a deed recorded by notary public Erik Celis in Antwerp on 14 December 2001 for an amount of one million one hundred and fifty-two thousand one hundred and sixty-two euro.

#### Acquisition of own securities

The annual meeting of shareholders will be asked the authorization to, for a period of 3 years, acquire own securities when this is necessary to prevent the company from undergoing a serious threat, and to dispose of them again, under the conditions mentioned in the special report of the manager.



## **Articles of Association**

[www.leasinvest-realestate.com](http://www.leasinvest-realestate.com)



**Coordinated Articles of Association from date  
28<sup>th</sup> November 2003**

“LEASINVEST REAL ESTATE”  
partnership limited by shares  
Sicafi under Belgian law  
1040 Brussels-Etterbeek, avenue de Tervueren 72  
Register of legal persons 436.323.915  
Brussels register of companies

Established as an “Aktiengesellschaft” under Swiss law with the name “Zanos Estate Company A.G.” from Zug (Switzerland) on the twenty first of November nineteen seventy three and first registered in Zug (Switzerland) on the thirtieth of November thereafter.

It was decided at the general meeting on the date of the seventeenth of November nineteen eighty eight, amongst other things, to move the registered office from Switzerland to Belgium.

Under a deed recorded by notary public Hans Berquin in Brussels on the sixteenth of December nineteen eighty eight, announced in the appendices to the Moniteur Belge on the twelfth of January nineteen eighty nine under number 890112-044, the aforementioned office move to Belgium was ratified, it was established that the company is subject to the Belgian law conforming to article 197 of the Companies Act and that the company is a legal person under Belgian law and has assumed the legal status of a public limited company, and the Articles of Association were integrally re-established under Belgian law.

The Articles of Association were last changed:

- under a deed recorded by notary public Frank Celis in Antwerp on the eighth of June nineteen ninety nine, announced in the appendices to the Moniteur Belge on the twenty sixth of June thereafter under number 990626-330 and from which the establishment was recorded by notary public Erik Celis in Antwerp on the first of July nineteen ninety nine, announced in the appendices to the Moniteur Belge on the twentieth of July thereafter under number 990720-618. The capital was increased within the framework of the authorised capital for which the deed was recorded by notary public Erik Celis in Antwerp on the twenty eighth of June two thousand and one, announced in the appendices to the Moniteur Belge on the twenty sixth of July thereafter under number 20010726-264.
- under a deed recorded by notary public Erik Celis in Antwerp on the fourteenth of December two thousand and one, announced in the appendices to the Moniteur Belge on the third of January two thousand and two under number 20020103-16.
- under a deed recorded by notary public Erik Celis in Antwerp on the twenty eighth of November two thousand and three, laid down for publication in the appendices to the Moniteur Belge.

**CHAPTER I – NAME - TERM - OFFICE - PURPOSE OF  
THE COMPANY**

**ARTICLE 1. NAME**

The company has the legal form of a partnership limited by shares. It has the name “LEASINVEST REAL ESTATE”. It is subject to the available laws for companies with fixed capital, called “sicafi”, provided

by Article 118 of the Law dated the fourth of December nineteen ninety on the Financial Transactions and the Financial Markets. The naming of the sicafi and all the documents that it brings forth (including all deeds and invoices) contain the declaration “investment company with fixed capital under Belgian law” or “sicafi under Belgian law” or are immediately followed by these words. The company has opted for the category of investments provided by Article 122, paragraph 1, alinea 1, 5° (real estate) of the Law dated the fourth of December nineteen ninety.

The company makes a public appeal for savings in the sense of Article 26 alinea 2 of Companies Act. The company is subject to the provisions of book 3 of the Law from the fourth of December nineteen ninety, as well as to the provisions of the Royal Decree from the tenth of April nineteen ninety five with regard to Sicafis.

**ARTICLE 2. TERM**

The term of the company is undetermined. It can be dissolved after consultation in the general meeting according to the conditions and in the form required for a change of the Articles of Association, notwithstanding more stringent legal conditions. The company will not be dissolved by the resignation, the expulsion, the recalling, the withdrawal, the purchase, the declaration of incompetence, the prevention, the dissolution or the declaration of bankruptcy from the managing partner.

**ARTICLE 3. OFFICE**

The company is registered at Brussels-Etterbeek, avenue de Tervueren 72.

The office can be moved in Belgium without any amendment to the Articles of Association by decision of the statutory manager, and this irrespective of the legislation on use of languages. The company can, by simple decision of the statutory manager, establish branches or agencies, either in Belgium or abroad. In case unusual events of a political, military, economic or social nature should occur or could occur, that could endanger the normal workings of the registered office or the easy communication with the office abroad, then the office of the company can be temporarily moved in Belgium or abroad by the sole decision of the statutory manager, until the complete conclusion of these abnormal circumstances. These temporary measures will have no consequence for the nationality of the company, which will stay Belgian despite this temporary moving of the company office.

**ARTICLE 4. PURPOSE OF THE COMPANY**

The sole purpose of the company is collective investment from publicly drawn financing possibilities in real estate, as defined in Article 122, paragraph 1 first clause, 5° of the Law of 4 December 1990 on Financial Transactions and Financial Markets. Real estate is defined as:

1. immoveable property as defined in Articles 517 onward of the Civil Code and rights in rem to real estate;
2. shares with voting rights issued by associated real estate companies;
3. option rights to real estate;
4. participating rights in other real estate investment companies which are recorded in the list as defined in Article 120, paragraph 1, second clause or Article 137 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
5. real estate certificates as described in Article 106 of the Law of 4 December 1990 on Financial Transactions and Financial Markets;
6. rights derived from contracts under which the company is given one or more properties in real estate leasing;

7. as well as any other goods, shares or rights that are defined as real estate by the Royal Decrees, taken pursuant to the Law of 4 December 1990 on Financial Transactions and Financial Markets and applicable to collective investment institutions investing in real estate.

Within the limits of the investment policy, as defined in Article 5 of the Articles of Association and in accordance with the legislation applicable to the real estate fund, the company may become involved with:

- the purchase, alteration, fitting-out, letting, sub-letting, management, exchange, sale, allotment, bringing within the co-ownership system of real estate as described above;
- the acquisition and lending of securities in accordance with Article 51 of the Royal Decree of 10 April 1995 with regard to real estate funds;
- real estate, with or without purchase option, take out a leasing arrangement pursuant to Article 46 of the Royal Decree of 10 April 1995 with regard to real estate funds; and
- in a secondary capacity, lease out real estate, with or without purchase option, pursuant to Article 47 of the Royal Decree of 10 April 1995 with regard to real estate funds;
- the company may only occasionally act as a property developer, as defined in Article 2 of the Royal Decree of 10 April 1995.

The company may, in compliance with the applicable legislation on real estate funds:

- in an additional or temporary capacity, invest in securities, hold goods other than real estate and liquid funds in accordance with Articles 41 and 45 of the Royal Decree of 10 April 1995 relating to real estate funds. The holding of securities must be compatible with the pursuit in the short or medium term of the investment policy as described in Article 5 of the Articles of Association. The securities must be included in the listing on a stock exchange of a member state of the OECD or traded on a regulated, regularly operating, approved market accessible to the public of the OECD, as well as the Euro.NM, Easdaq or Nasdaq. The liquid funds may be held in any currency in the form of sight deposits, or in term accounts or by any instruments on the financial markets that are suitable for easy raising of funds;
- grant mortgages or other sureties or guarantees in the context of the financing of real estate in accordance with Article 53 of the Royal Decree of 10 April 1995 relating to real estate funds;
- grant loans and stand surety for a subsidiary of the company, which is also an investment institution as defined in Article 49 of the Royal Decree of 10 April 1995 relating to real estate funds.

The company may acquire, hire or let, assign or exchange any moveable or immovable goods, material and accessories, and in general, carry out any commercial or financial transactions directly and indirectly connected with the purpose of the company, and the exploitation of any intellectual and commercial property rights relating to it.

Provided that it is compatible with the statute of real estate funds, the company may, by means of bringing-in in cash or in kind, or merger, split-off, subscription, participating interest, financial support or in any other way, acquire a share in any business or company that exists or has yet to be formed, in Belgium or abroad, whose company purpose is identical to its own, or is of such a nature as to promote the pursuit of its goal. To change the purpose of the company, the prior approval of the Banking and Finance Commission is required.

### ARTICLE 5. INVESTMENT POLICY

The collective investment in real estate by means of capital raised from public savings in Belgium or abroad will happen as described here. The company portfolio at present consists mainly of office buildings and semi-industrial buildings to a lesser extent. The company is also the owner of one commercial premise. The company has the intention of expanding the portfolio in the short term. The new acquisitions must meet the following criteria. Learning from the experience of the already owned industrial parks, the attention will primarily be focussed on so-called "business parks", complexes of different buildings which, it is true, form a harmonious whole and complement each other, but are also flexible and can be commercialised autonomously. These business parks can have a solely semi-industrial function, but they can also be exclusively office parks. The experience from the Riverside Business Park in Anderlecht has taught that even mixed parks can be extremely attractive. Given the limited availability of such business parks within the urban agglomerations, the acquisitions will rather be found situated in the peripheral areas of the most important Belgian cities. Investments in individual buildings will be investigated further. As far as office buildings are concerned, the preference will be for recent or recently thoroughly renovated buildings with a minimum of ten thousand square metres of floor space to let. Such buildings must furthermore fulfil a series of technical requirements, have sufficient parking space and be modulisable. If the whole building is to be let to one customer, this customer must have an exceptional reputation. The locations can be inner city or peripheral. This type of diversification permits to anticipate temporary postponements of the demand due to external elements. Even though new investment in office buildings is preferred, further investment in semi-industrial premises will also be made. New locations with a strategic potential will furthermore also be investigated. Guidelines for new investment can be derived from experience at the Brixton Business Park in Zaventem. The buildings' great flexibility guarantees optimal occupancy. In accordance with the starting portfolio, the centre of the portfolio will stay in and around Brussels. Further geographical spreading in to the Brussels - Antwerp - Ghent triangle is fairly certain. Investments in other types of real estate will only be considered if necessary accessories to an investment in offices or semi industrial buildings. Finally, the company will continue to improve the quality of the technical support as well as the service provided to the tenants, in order to add extra value to the portfolio.

## CHAPITRE II – CAPITAL – ACTIONS

### ARTICLE 6. CAPITAL

The company's registered capital amounts to thirty one million one hundred and twenty two thousand nine hundred and nine euros and forty nine cents. It is completely accountable. It is divided in to two million eight hundred and thirty thousand three hundred and seventy one shares, without nominal value, with each one representing one/ two million eight hundred and thirty thousand three hundred and seventy first of the capital.

### ARTICLE 7. AUTHORISED CAPITAL

The Statutory Manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by an amount of twenty-seven million five hundred



thousand euro in the cases foreseen in the relevant report. This authorisation is valid for a period of up to five years from the publication of the minutes of the general meeting of 8 June 1999. It is renewable. This capital increase (or increases) can be carried out by subscription in cash, by bringing-in in kind, or by conversion of reserves or issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Companies Act, Article 11 of the Royal Decree of 10 April 1995 with regard to real estate funds, and these Articles of Association.

If the case arises, in the event of a capital increase decided by the statutory manager, possibly after deduction of charges, the issue premiums shall be transferred by the statutory manager to a blocked account and treated in the same way as the capital which guarantees the interests of third parties, and may not under any circumstances be reduced or disposed of unless this is decided by the general meeting, voting under the conditions required by Article 72 of the Companies Act except for the conversion into capital as foreseen above.

The Board of Directors made use of this authorisation:

- Under a deed recorded by notary public Erik Celis in Antwerp on 28 June 2001 for an amount of two million two hundred and five thousand five hundred euro.
- Under a deed recorded by notary public Erik Celis in Antwerp on 14 December 2001 for an amount of one million one hundred and fifty-two thousand one hundred and sixty-two euro.

#### **ARTICLE 8. NATURE OF THE SHARES**

The shares are bearer shares or registered shares, or in case of prior indication of an account holder by the statutory manager, in the form of dematerialised titles. The bearer shares can be issued as single shares or as a collection of shares. Every holder of single securities can acquire the exchange of his securities from the company against one or more collections of bearer shares that represent single securities and this, according to his choice; each holder of a collection of shares can acquire the exchange of these securities from the company against the number of single shares that they represent. This exchange occurs at the holder's expense. Each bearer security can be exchanged for registered securities or securities under dematerialised form and the other way around at the holder's expense. If the company has not yet decided to issue dematerialised securities, the exchange in dematerialised securities can not yet be requested.

#### **ARTICLE 9. FURTHER PURCHASE OF OWN SHARES**

1. The company can acquire its own fully paid shares and keep them in the premises in accordance with the decision of the general meeting and in accordance with the Companies Act. The conditions of derealisation of these shares can be established in the same meeting.
2. The statutory manager is permitted to acquire securities mentioned sub 1 when this acquirement is necessary to safeguard the company against serious and threatening disadvantage. This permission is valid for three years from the publication date of the minutes from the general meeting from the eighth of June nineteen ninety nine and is renewable for the same period of time.
3. The conditions for the derealisation of securities acquired by the company are established depending on the case in accordance with the Article 52bis paragraph 4 of the Companies Act, by the general meeting or by the statutory manager.

#### **ARTICLE 10. CHANGING THE REGISTERED CAPITAL**

Subject to the possibility of the application of the authorised capital by decision of the statutory manager, an increase or decrease in the placed capital can only be decided at an extraordinary general meeting in the presence of a notary public and with the approval of the statutory manager.

Furthermore the company will have to adhere to the rules laid down in the case of public issue of company shares provided by Article 125 of the Law from the fourth of December nineteen ninety and the Articles 28 and following of the Royal Decree from the tenth of April nineteen ninety five with regard to sifafis. Furthermore in accordance with Article 11, paragraph 2 of the Royal Decree from the tenth of April nineteen ninety five with regard to real estate funds, the following conditions must be met for contributions in kind:

1. the identity of the one who makes the contribution must be stated on the report provided by Article 34 paragraph 2 third subsection of the Companies Act just as in the summoning of a general meeting which will deliberate about capital increases;
2. the issue price cannot be lower than the average stock exchange price from the thirty days prior to the contribution;
3. the report provided under point 1 above must also indicate the repercussions of the proposed contribution for the situation of old shareholders and moreover with regard to their share of the profit and the capital.

In accordance with Article 11 paragraph 1 of the Royal Decree from the tenth of April nineteen ninety five concerning real estate funds, the pre-emptive right of the shareholders provided by Article 34bis of the Companies Act in the case of money subscriptions, cannot be revoked.

#### **ARTICLE 11. EXECUTIVE AND SILENT PARTNERS**

The managing partner is chiefly and fully responsible for all obligations of the company. The silent partners are responsible for the debts and losses of the company to the tune of their contributions, on the condition that they have no executive duties whatsoever.

### **CHAPTER III – MANAGEMENT AND REPRESENTATION**

#### **ARTICLE 12. NOMINATIONS – DISMISSALS – VACANCIES**

1. The company is directed by a statutory manager, who must have the capacity of a limited (managing) partner. The public limited company "LEASINVEST REAL ESTATE MANAGEMENT", with registered office in 1000 Brussels, Montoyerstraat 63, is appointed sole statutory manager for an indefinite duration with a minimal duration of ten years. The mandate of this statutory manager is irrevocable until the date of the annual meeting of the company which will be held in two thousand and nine. After this date the mandate is revocable under the presence and majority conditions required for a change of the Articles of Association, without the statutory manager having a right to veto on this point.
2. Despite the provision of Article 12.1 concerning the first statutory manager, the statutory manager is appointed for a definite or indefinite duration at the general meeting, which decides under the presence and majority conditions required for a change of the

Articles of Association. If the statutory manager is a legal person, then he is represented for the execution of his mission as statutory manager by the persons who, in accordance with the Articles of Association, can legally bind him for his management activities.

3. The statutory manager can resign at any time. The statutory manager contract can only be revoked by legal order by recommendation at the general meeting on grounds of legal reasons. The general meeting must make this decision with an Articles of Association changing majority and the statutory manager cannot participate in the vote. The statutory manager will continue to carry out his tasks until his removal is acquired and declared by the authority of a final decision. The statutory manager must be organised in such a way that in the course of his Board of Directors at least two physical persons are appointed to jointly supervise its delegates' day-to-day management as far as actions relevant to the company are concerned. The members of the management bodies and of the statutory manager's daily management, must have the required professional reliability, experience, autonomy, as determined in Article 4 paragraph 1, 4° of the Royal Decree from the tenth of April nineteen ninety five and may not fall under the stipulations mentioned in Article 19 of the Law from the twenty second of March nineteen ninety three concerning the statute of and the supervision of the credit institutions.
4. A statutory manager is obliged, after his dismissal, to further fulfil his contract until a replacement can reasonably be provided. In that case the general meeting will meet within a month to officially nominate a new statutory manager.
5. The death, the declaration of incompetence, the dissolution, the bankruptcy or similar procedure, the dismissal, the deposition of the statutory manager by court order for whatever reason, will not have the consequence of the company being dissolved, but he will be followed up by a statutory manager appointed by the extraordinary shareholders general meeting, on condition that he, if necessary, accepts to act for the company as limited (managing) partner. If a statutory manager is a legal person, the fusion, the splitting, the conversion or any other form of legal company reorganisation whereby the legal status of the statutory manager according to the relevant law as set out, does not lead to the dismissal or the replacement of the statutory manager. In case of the overall loss of the members of the management bodies or the statutory manager's daily management of the reliability, experience and autonomy required by Article 4, paragraph 1, 4° of the Royal Decree from the tenth of April nineteen ninety five, the statutory manager or the commissioners must give notice of a general meeting with the possible reporting of the loss of the requirements and the necessary measures to be taken on the agenda; this meeting must meet within the month; if only one or more members of the management bodies or of the statutory manager's daily management no longer meet the aforementioned requirements, the statutory manager must replace them within the month; after this period, notice for the company meeting will be given as mentioned above; and all this in either case, under reserve of the measures that the Commission for the Bank and Financial institutions would take by virtue of the powers provided in Article 134 of the Law from the fourth of December nineteen ninety. In case of the application of the provisions of Article 19 of the Law from the twenty second of March nineteen ninety three

concerning the statute and supervision of the credit institutions which endanger all members of the management bodies or the statutory manager's daily management, the statutory manager or the commissioners must give notice of the general meeting with the reporting of the application of the noted Article 19 of the Law from the twenty second of March nineteen ninety three and the decisions to be taken on the agenda; this meeting must happen within the month; if only one or more members of the management bodies or of the statutory manager's daily management no longer meet the aforementioned requirements, the statutory manager must replace them within the month; after this period, notice for the company meeting will be given as mentioned above; and all this in either case, under reserve of the measures that the Commission for the Bank and Financial institutions would take by virtue of the powers provided by Article 134 of the Law from the fourth of December nineteen ninety.

### ARTICLE 13. SALARY

Any possible remuneration cannot, neither directly nor indirectly, be bound to the transactions that occur through the real estate fund. The statutory manager will carry out his mandate with remuneration. The remuneration is equal to nought point four one five percent (0.415%) of the company assets. The remuneration is due during the financial year, yet is only payable after the annual accounts have been approved. The statutory manager has the right to the repayment for costs directly related to his assignment.

### ARTICLE 14. INTERNAL MANAGEMENT

The statutory manager is authorised to perform all internal management affairs that are necessary or serve to fulfil the company objective, with exception for those affairs for which only the general meeting is authorised according to the law. The statutory manager presents reports every semester as well as a draft for an annual report. The statutory manager appoints the experts conforming to the Royal Decree from the tenth of April nineteen ninety five and presents every related change to the list of experts recorded in the dossier that accompanies in advance the request for recognition as a real estate fund. The statutory manager also chooses a guardian and explains this choice to the Commission for Bank and Financial institutions. The statutory manager also appoints the change of the guardian to the Commission for Bank and Financial institutions and this conforming to the Royal Decree from the tenth of April nineteen ninety five. The statutory manager can determine the allowance for each mandate holder who has had special powers conferred, and this all conforming to the law from the fourth of December nineteen ninety and its implementing decisions. The statutory manager takes all decisions it deems appropriate.

### ARTICLE 15. EXTERNAL REPRESENTATIVE POWER

The statutory manager represents the company in all affairs judicially and extrajudicially. In accordance with Article 18 of the Royal Decree from the tenth of April nineteen ninety five, the company is represented by the statutory manager for each decisive action for its real estate in the sense of Article 2, 4° of the predicated Royal Decree, traded between two people who must be members of its management body.

### ARTICLE 16. EXCEPTIONAL AUTHORITIES

The statutory manager can appoint trustees for the company. Only exceptional and limited powers for certain or for a series of certain legal

acts are permitted. The trustees join the company within the bounds of their conferred mandate, without diminishing the responsibility of the statutory manager in the case of excessive power.

#### **ARTICLE 17. RESPONSIBILITY OF THE STATUTORY MANAGER**

The statutory manager is personally and chiefly bound without limit to the obligations of the company.

### **CHAPTER IV – CONTROL**

#### **ARTICLE 18. CONTROL**

The control of the company is entrusted to one or more commissioner revisers.

### **CHAPTER V – GENERAL MEETING**

#### **ARTICLE 19. THE GENERAL MEETING**

The general meeting is held at the registered office or at the address indicated in the notice. The annual meeting is held every year on the third Monday of the month of October at four p.m. or, if this day is a recognised public holiday, on the previous working day at the same time. The general meeting is called by the statutory manager or by a commissioner-reviser.

#### **ARTICLE 20. JURISDICTION OF THE GENERAL MEETING**

The general meeting is authorised for deliberations and decisions concerning:

- the reporting of the annual accounts;
- the appropriation of the results;
- the nomination and the dismissal of the commissioner;
- the reporting of the commissioner's salary;
- the establishment of progress of the company or the relieving of duties for the statutory manager and commissioner-reviser.

The general meeting is also authorised to make changes to the Articles of Association, namely to decide the naming of a statutory manager, for early dissolution of the company, increase or decrease of the placed capital, the possibility of an authorised capital by decision of the statutory manager, the pay off of the capital, the paying out of interim dividends, the issue of convertible bonds or warrants, fusion with one or more companies, conversion of the company to a company with another legal status.

#### **ARTICLE 21. CONVENING**

The statutory manager and every commissioner can convene a general meeting (annual meeting) as well as an exceptional or an extraordinary general meeting. They must convene the annual meeting on the day as determined by the Articles of Association. The statutory manager and commissioner are obliged to give notice of an exceptional or extraordinary meeting when one or more shareholders who represent a fifth of the placed capital individually or collectively request it.

#### **ARTICLE 22. REGISTRATION OF SHARES**

To be permitted in to the meeting the bearer shareholders must,

when required by the invitation, register their shares at the company office or a financial institution indicated in the invitation at least three working days prior to the date of the intended meeting. Registered shareholders do this by sending a normal letter to the company office, also at least three working days beforehand. The owners of dematerialised shares must produce, at least three working days before the meeting, a certificate from a recognised account holder or from the settlement institution at the office that records the unavailability of the dematerialised securities until the date of the meeting.

#### **ARTICLE 23. PARTICIPATION IN THE MEETING – REPRESENTATION**

Notwithstanding the rules concerning the legal representation namely the mutual representation of married people, each shareholder can be represented at the meeting by a nominated proxy, shareholder or not. To be authorised the mandate must have been given in writing, by telegram, telex or telecopy. The mandates must be presented to the company office at least three working days before the meeting.

#### **ARTICLE 24. CHAIRMANSHIP – BUREAU**

Every general meeting is chaired by the chairman of the statutory manager's executive committee. The chairman of the statutory manager's executive committee appoints a secretary and a vote counter, who do not need to be a shareholder. These two roles can be carried out by one person. The chairman, the secretary and the vote counter together form the bureau.

#### **ARTICLE 25. MEETING PROCEDURE**

1. The deliberations and vote occur under the leadership of the chairman and in accordance with the applicable rules for proper meeting procedure. The statutory manager and the commissioner answer the questions asked by the shareholders with regard to their annual report or points on the agenda.
2. The statutory manager has the right to adjourn each normal, exceptional or extraordinary meeting once, for three weeks, unless the meeting has been called at the request of one or more shareholders who represent at least one fifth of the capital, or by a commissioner. Such an adjournment nullifies any taken decisions.
3. The general meeting can only legally deliberate or make decisions about points that are noted in the announced agenda or are implicit therein. Points that are not in the agenda can only be deliberated in a meeting where all shareholders are presents and furthermore provided that it is unanimously decided by vote. The required approval is stood by if no opposition is noted in the minutes from the meeting. The agenda must contain the matters to be dealt with, as well as the proposals to deliberate.

#### **ARTICLE 26. VOTING RIGHT**

1. Every share gives the right to one vote.
2. When one or more shares belong to separate people with joint ownership or to a legal person with a collegial body of representation, the application of the associated rights according to the company can only be made by a single person who has been given written consent to do so by all entitled persons respectively those who can represent the legal persons externally. As long as such a consent has not been given, all the rights bonded with the shares remain suspended.

3. If a share is encumbered with a usufruct, then the execution of that share's bonded voting right is executed by the usufructuary except if the legal owner opposes. The execution of the pre-emptive right in the case of a capital increase belongs to the legal owner.

## ARTICLE 27. DECISION MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER

1. The normal and the exceptional general meeting's deliberations and decisions are valid irrespective of the number of present or represented shares, yet in the presence of the statutory manager. If he is not present then a second meeting can be convened, to deliberate and decide, even if the statutory manager is absent. The decisions are made simply on the majority of votes and with the approval of affairs of the present or represented statutory manager, with the best interests for third parties of the company at heart, such as payment of dividends along with each decision whereby the company assets are affected. Abstaining, or blank or invalid votes are not included in the counting of votes. When no voting is recorded the proposal is rejected. Minutes are taken at each general meeting during the meeting.
2. The extraordinary general meeting must be held in the presence of a notary public who draws up an authentic official report. The general meeting can only then deliberate and decide on a change in Articles of Association in a legal way, when those participating in the meeting represent at least half of the company capital and in the presence of the statutory manager, notwithstanding more stringent legal stipulations. If the nominated quorum is not reached or if the statutory manager is not present, then a new notice of meeting is necessary in accordance with Article 70 of the Companies Act; the second meeting deliberates and decides in a valid way, irrespective of the present or represented part of the capital and irrespective of the absence of the statutory manager. A change of the Articles of Association is then only accepted if it has been previously approved by the Commission for the Bank and Financial institutions and when they have got three quarters of the votes bound to the shareholders that are present or represented and with approval of the present or represented statutory manager notwithstanding more stringent legal stipulations. The votes of those who abstain, or blank or invalid votes, are considered to be votes against the proposal in calculating if the required majority has been reached.

## ARTICLE 28. FINANCIAL YEAR – ANNUAL ACCOUNTS – ANNUAL REPORT

The financial year of the company always commences on the first of July and ends on the thirtieth of June. At the end of each financial year the accounts and records are closed and the statutory manager does the inventory, including the annual accounts, and is processed further as specified in Article 77 of the Companies Act and the stipulations of the Royal Decree from the tenth of April nineteen ninety five with regard to real estate funds. Furthermore, the statutory manager draws up an annual report in which he gives an explanation of his policy. Fifteen days before the normal general meeting, which must meet within six months of the ending of the financial year, the shareholders can have access to the annual accounts and other records as stated in the Companies Act.

The general meeting can decide to discharge the statutory manager and commissioner after approval of the balance by separate vote.

## ARTICLE 29. APPROPRIATION OF THE PROFIT

The company distributes the net returns, under the title of capital payment, decreased by the amounts that are equal to net decreases of the debts of the current financial year to the tune of at least eighty percent. For the application of this Article, the net returns are defined as the profit from the financial year with the exclusion of the decreases in value, the reclaiming of decreases in value and surplus-values on the fixed assets for as far as these can be added to the calculation of the results. The remaining twenty percent will go to who the general meeting wants to give it to on recommendation from the statutory manager. On the other hand surplus-values on the realisations of fixed assets are not included as part of the net returns as determined by alinea 2 because this will be reinvested within a period of four years beginning on the first day of the running financial year in which surplus-values will be realised. The part of the realised surplus-values that is not reinvested after the period of four years is added to the net returns as defined of the financial year that follows this period.

## ARTICLE 30. INTERIM DIVIDENDS

The statutory manager has the capacity to pay out interim dividends at the conclusion of the financial year. This payment can only be taken from the profit of the current financial year, in the event decreased by the loss carried forward or increased by the profit carried forward, without withdrawal from the formed reserves and with due regard for the reserves which must be formed under a legal or statutory stipulation. Further reference is made to the requirements of Article 77ter of the Companies Act.

## CHAPTER VI – DISSOLUTION – LIQUIDATION

### ARTICLE 31. NOMINATION AND CAPACITY OF LIQUIDATORS

If no liquidators are nominated, then the statutory manager, who is in function at the time of the dissolution, is the legal liquidator unless the general meeting decides otherwise. The liquidators are authorised for all operation as stated in Article 181, 182 and 183 of the Companies Act, unless the general meeting, by normal majority of votes, decides otherwise. The liquidators present the consequences of liquidation to the company's general meeting every year.

### ARTICLE 32. DISSOLUTION

The balance after liquidation is divided between the shareholders in relation to their rights.

## CHAPTER VII – CHOICE OF LOCATION

### ARTICLE 33.

The statutory manager and liquidators whose location is unknown are obliged to choose location at the company office where their subpoenas, services and notifications concerning the company can be done.

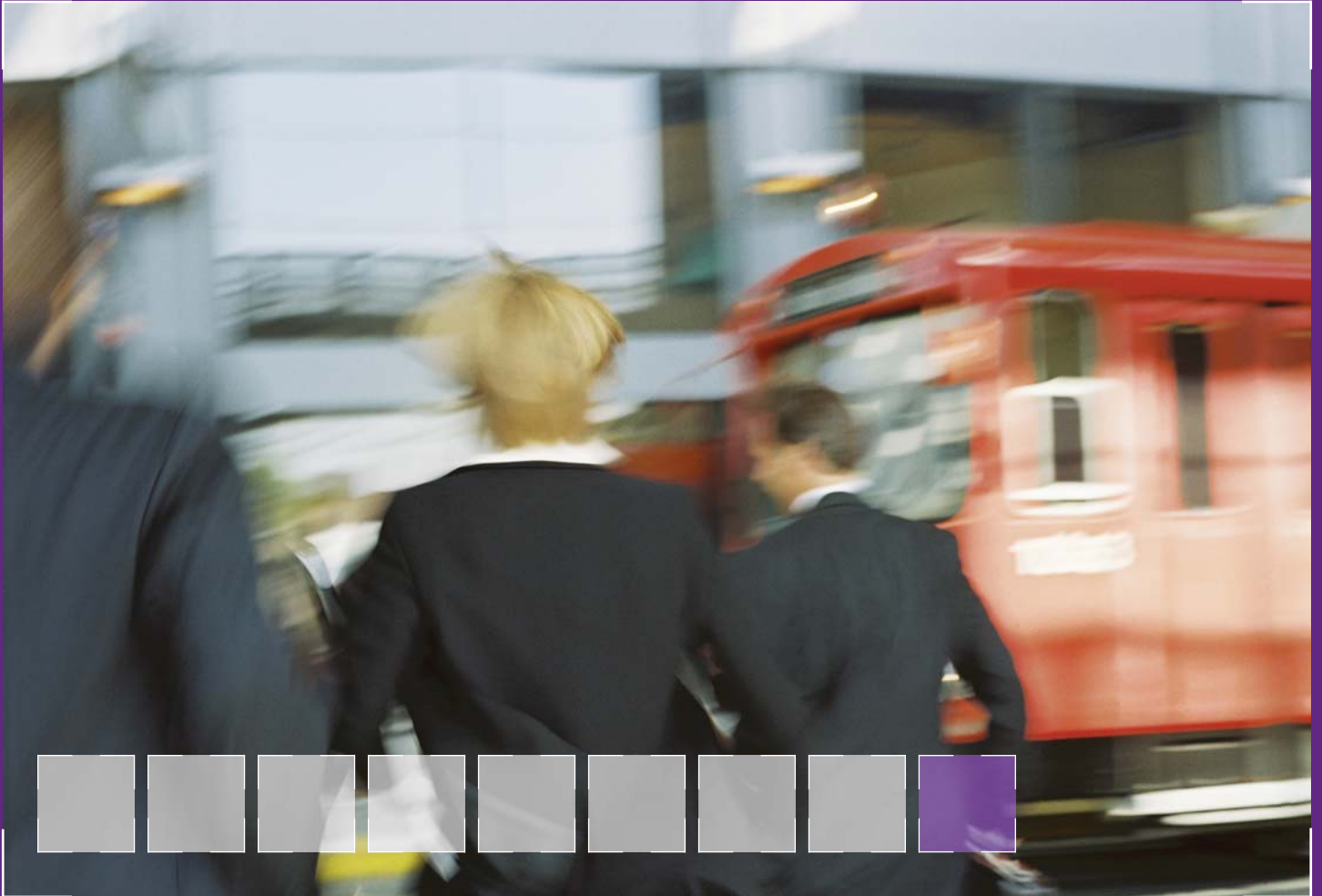
### ARTICLE 34. JURISDICTION

Exclusive jurisdiction is given to the courts of the company office for all disputes between the company, its statutory manager, its shareholders and liquidators, concerning company matters and the carrying out of

the current Articles of Association, unless the company expressly renounces it.

#### **ARTICLE 35. CIVIL LAW**

The parties declare themselves to be fully in compliance with the Companies Act, as well as with the Law from the fourth of December nineteen ninety on the Financial Transaction and Financial Markets, and with the Royal Decree from the tenth of April nineteen ninety five concerning real estate funds. Consequently the provisions of these Articles of Association that illicitly deviate from the aforementioned laws are not obliged to be recorded in the current deed, and the clauses that contradict obligatory provisions of these laws are not obliged to be recorded. It is exceptionally noted that, in accordance with the Article 119 paragraph 4 of the Law from the fourth of December nineteen ninety, the Articles 29 paragraph 1, 2 and 5, 29ter, 46 paragraph 1, 64 paragraph 2, 70bis, 77 alinea 6 of the Companies Act are not applicable.



## Glossary

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### **CAP**

Financial instrument of the option-type for covering increases in interest rates and for which a premium is paid upfront.

### **Debt ratio**

Total debt excluding accrued charges and deferred income / balance sheet total.

### **Dividend yield**

Gross dividend / average share price of the concerned financial year.

### **EBITDA**

Earnings before interests, taxes, depreciation & amortisation = operating result corrected for amortisations, depreciation and provisions.

### **Exit tax**

Companies applying for approved 'Sicaf Immobilière' status, or which merge with a 'Sicaf Immobilière' are subject to an exit tax. This tax is equivalent to a liquidation tax on net unrealised gains and on tax-exempt reserves, and amounts to 19.5% (increased by an additional crisis tax of 3%, amounting to a total of 20.085%).

### **IRS**

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 variable interest rates and vice versa.

### **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 cash flow**

Net current result plus additions to and withdrawals on depreciations on trade debtors and the additions to and withdrawals on provisions, plus the gains or losses realised on the portfolio, plus the extraordinary result.

### **Occupancy rate**

Is calculated based on the estimated rental value (ERV = estimated rental value) as follows:  $(ERV - ERV_{on\ empty}) / ERV$ .

### **Pay-out ratio**

Percentage of the result for appropriation that is distributed as dividends.

### **Velocity**

Presents how many shares are traded annually or, in other words, the yearly volume divided by the total number of shares.



The Banking, Finance and Insurance Commission gave its authorization on 27 September 2004 to use this annual report as a reference document for any public appeal to savings that may be made by the company, until publication of the next annual report, by means of the procedure for separate information provision pursuant to article 14 of the law of 22 April 2003 concerning the public offer of securities. In the context of this procedure, this annual report must be accompanied by an issue note in order to form a prospectus as defined by Article 129 of the Law of 4 December 1990. That prospectus must be submitted for approval to the Banking, Finance and Insurance Commission under Article 129 of the above-mentioned law.

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

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

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



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**Listing**

Euronext NextPrime, Brussels

**Liquidity provider**

ING Financial Markets (ex-Vermeulen Raemdonck)

**Auditor**

Ernst & Young, Bedrijfsrevisoren, represented by the statutory auditor Pierre Anciaux

**Depository Bank**

ING Bank

**Real estate valuers**

Cushman & Wakefield Healey & Baker  
Winssinger & Associates

**Payment of dividend**

Dexia Bank, Bank Degroef, Fortis Bank and ING Bank as from 25 October 2004

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