

Regulated information
Under embargo till 26/08/2014 at 7.30 AM

2014

Half-year financial report



Company profile

Real estate investment trust (sicafi) Leasinvest Real Estate SCA invests in high quality and well-located retail buildings, offices and logistics buildings in the Grand Duchy of Luxembourg and in Belgium. At present the real estate portfolio of Leasinvest comprises 32 sites of which 18 are located in the Grand Duchy of Luxembourg and 14 in Belgium, with a total real estate value of € 709 million.

The sicafi is listed on Euronext Brussels and has a market capitalization of approximately € 412 million (value 22 August 2014).

Statement of responsible persons

according to article 12 §2 of the RD of 14/11/2007

Mr. J.L. Appelmans, Permanent representative of the statutory manager of Leasinvest Real Estate, declares, on behalf and for the account of the statutory manager, that, to his knowledge:

(i) the condensed financial statements, established in accordance with the applicable accounting standards for annual accounts, present a fair view of the assets, financial situation and the results of Leasinvest Real Estate and the companies included in the consolidation;

(ii) the interim management report presents a fair overview of the development and the results of Leasinvest Real Estate, and of the position of the company and the companies included in the consolidation, and also comprises a description of the main risks and uncertainties which the company is confronted with.

Jean-Louis Appelmans
Permanent representative
Leasinvest Real Estate Management SA
Schermerstraat 42
BE-2000 Antwerp
Statutory manager

Key figures

KEY FIGURES REAL ESTATE PORTFOLIO ⁽¹⁾

	30/06/2014	31/12/2013
Fair value real estate portfolio (€ 1,000) ⁽²⁾	708,818	718,234
Fair value real estate portfolio, incl. participation Retail Estates (€ 1,000) ⁽²⁾	755,677	759,290
Investment value real estate portfolio (€ 1,000) ⁽³⁾	722,050	731,850
Rental yield based on fair value ^{(4) (5)}	7.28%	7.31%
Rental yield based on investment value ^{(4) (5)}	7.15%	7.18%
Occupancy rate ^{(5) (6)}	96.32%	96.90%
Average duration of leases (years)	5.03	5.23

- 1 The real estate portfolio comprises the buildings in operation, the development projects, the assets held for sale, as well as the buildings presented as financial leasing under IFRS.
- 2 Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS. The fair value of Retail Estates has been defined based on the share price on 30/06/2014.
- 3 The investment value is the value as defined by an independent real estate expert and of which the transfer rights have not yet been deducted.
- 4 Fair value and investment value estimated by real estate experts Cushman & Wakefield / Winssinger and Associates / Stadim.
- 5 For the calculation of the rental yield and the occupancy rate only the buildings in operation are taken into account, excluding the assets held for sale.
- 6 The occupancy rate has been calculated based on the estimated rental value.

KEY FIGURES RESULTS

	30/06/2014	30/06/2013
Rental income (€ 1,000)	25,223	20,828
Net rental result per share (€) ⁽²⁾	5.11	4.22
Net current result (€ 1,000) ⁽¹⁾	12,452	10,291
Net current result per share (€) ^{(1) (2)}	2.52	2.08
Net result group share (€ 1,000)	13,474	12,970
Net result group share per share (€) ⁽²⁾	2.73	2.63
Global result group share (€ 1,000)	9,118	20,301
Global result group share per share (€) ⁽²⁾	1.85	4.11

- 1 The net current result consists of the net result excluding the portfolio result and the changes in fair value of the ineffective hedges.
- 2 The results per share are calculated based on the number of shares entitled to the result of the period.

KEY FIGURES BALANCE SHEET

	30/06/2014	31/12/2013
Net asset value group share (€ 1,000) ⁽¹⁾	324,207	335,334
Net asset value group share per share ⁽¹⁾	65.6	67.9
Net asset value group share per share based on investment value ⁽¹⁾	68.3	70.7
Net asset value group share per share EPRA ^{(1) (2)}	71.0	71.5
Total assets (€ 1,000)	779,312	777,867
Financial debt	409,903	407,602
Financial debt ratio (pursuant RD 7/12/2010)	53,80%	53,53%
Average duration credit lines (years)	3.19	3.7
Average funding cost (excl. fair value changes hedges)	3.67%	3.29%
Average duration hedges (years)	5.32	5.63

1 Net asset value according to IFRS is before distribution of the dividend. The net asset value per share is calculated based on the number of shares entitled to the result of the period.

2 These data are mentioned for purely informative reasons and are not required by the regulation on sicafi and are also not subject to any review by public bodies. Neither are they audited.

APPENDIX: KEY PERFORMANCE INDICATORS ACCORDING TO THE EPRA REFERENCE SYSTEM

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

These figures were not audited by the auditor.

EPRA NET ASSET VALUE (NAV) (X € 1.000)

	30/06/2014	30/06/2013
NAV according to financial statements	324,207	318,327
NAV per share according to financial statements (€)	65.6	64.5
To be excluded		
(i) Net liability fair value of financial derivatives	26,644	19,813
EPRA NAV	350,851	338,140
Number of shares entitled to the result of the period (#)	4,938,870	4,938,870
EPRA NAV per share (€)	71.0	68.5

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Bell ceremony Euronext - 15 years of stock exchange listing



HIGHLIGHTS FIRST HALF-YEAR 2014

- Increase of the rental income by 21% to € 25.2 million in comparison with € 20.8 million for the same period last year;
- Nearly constant occupancy rate of 96.32% at the end of June 2014 in comparison with 96.9% end 2013;
- Increase of the net result from € 13 million end June 2013 to € 13.5 million end June 2014, or an increase per share of € 2.63 end June 2013 to € 2.73 end June 2014;
- Rise of the net current result per share from € 10.3 million end June 2013 to € 12.5 million end June 2014, or from € 2.08 end June 2013 to € 2.52 end June 2014.

1 ACTIVITY REPORT FOR THE PERIOD 01/01/14-30/06/14

Divestments

Sale office building avenue Louise 66 in Brussels

On 27 January 2014 Leasinvest Real Estate sold the office building located Avenue Louise 66 in Brussels to Immo Graanmarkt SPRL for an amount of € 10,350,000, which exceeds the fair value end 2013. This office complex located opposite the Steigenberger (ex-Conrad) hotel consists of 2 connected buildings and 1 commercial space (ground floor). It has a total rental surface of 3,398 m² and is entirely let.

Sale semi-industrial building in Meer

On 28 May 2014 Leasinvest Real Estate has sold a semi-industrial building located in Meer to RAMA SA for a net amount of € 1,650,000, which equals the fair value end March 2014. It has a gross letting area of 5,015 m² and is entirely let to Dobra, producer of high-end chocolate decorations.

Both divestments fit within Leasinvest Real Estate's strategy to divest smaller, non-strategic buildings.

Lettings

SKF, of which the real estate leasing contract would expire at the end of 2016, has opted for a further extension till end 2025. The site comprises a logistics building of 25,000 m² in Tongres, and is used as a European logistics hub for the Swedish multinational.

The tenant Caterpillar has cancelled its rental contract expiring on 30/10/2014, at our site Canal Logistics site in Nederover-Heenbeek (Brussels). The tenant Sal. Oppenheim has also cancelled its rental contract for the office building located at Kirchberg (Luxembourg) that expires on 31/12/2014. Given the very good situation of both buildings and the low vacancy rate at both locations, re-letting is expected to take place within a normal term frame.





2 CONSOLIDATED RESULTS PERIOD 01/01/14-30/06/14

The first half-year of 2014 is in line with the outlook of Leasinvest Real Estate.

The **rental income** of Leasinvest Real Estate has risen by **21.1%** (+ € 4,394 thousand) and amounts to € 25,223 thousand in comparison with € 20,828 thousand for the same period in 2013.

This evolution is mainly the consequence of the investments realised in 2013 in the Knauf Shopping Center Pommerloch (€ 3,300 thousand) (6 months in 2014) and 6 months of income from Hornbach (€ 862 thousand), or € 4,162 thousand in total.

The sale of the buildings Pasteur, Mercure, Delta BP (Saten-rozen), a part of Vierwinden, Meer and rue Lusambo, had a negative impact on the rental income of € 864 thousand.

At constant portfolio, the rental income increases by 9.5% or € 1,017 thousand (mainly Schmiede & The Crescent) in comparison with the same period last year (excl. rental reductions).

The average duration of the rental contracts has slightly decreased to 5.03 years in comparison with 5.23 years end 2013.

The gross rental yields are comparable with those of end 2013 and amount to 7.28% (end 2013: 7.31%) based on the fair value and to 7.15% (end 2013: 7.18%) based on the investment value.

The fair value¹ of the direct real estate portfolio amounts to € 709 million end June 2014 compared to € 718 million end December 2013.

The decrease is explained by the sale of the building located Avenue Louise 66 (Brussels) in the first quarter of 2013 (€ -8.2 million) and by the sale of the logistics building located in Meer (€ -1.7 million).

The **net result**, group share, amounts to € 13.5 million end June 2014 compared to € 13 million in comparison with the same period last year. In terms of net result per share, this gives € 2.73 end June 2014 compared to € 2.63 end June 2013. This increase is mainly the consequence of the higher rental income in comparison with the same period last year, compensated by a negative impact from the fair value of financial assets and liabilities.

The **net current result** of the first half-year amounts to € 12.5 million (or € 2.52 per share), in comparison with the net current result of € 10.3 million (or € 2.08 per share) for the comparable period of last year. This increase is mainly the consequence of the higher rental income in comparison with the same period last year.

The **financial result** over the first semester of 2014 amounts to € -7.6 million in comparison with € -4.4 million for the same period in 2013, and was also negatively impacted by fair value adjustments on financial assets and liabilities of € -314 thousand in comparison with € 808 thousand for the same period last year. The funding cost has increased

¹ Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS.



to 3.67% as a consequence of more outstanding fixed rate credits and the public and private bond loans issued last year.

At the end of the first half-year of the financial year 2014 shareholders' equity, group share (based on the fair value of the investment properties) amounts to € 324.2 million (2013: € 335.3 million). The decrease is attributable to the payment of the dividend over 2013, compensated by the realised comprehensive result over the first six months of 2014.

End June 2014 the net asset value per share stands at € 65.6 (31/12/13: € 67.9). End June 2014 the closing price of the Leasinvest Real Estate share amounted to € 81.75, or 24.6% higher than the net asset value. The net asset value per share excl. the influence of the fair value adjustments on financial derivatives (EPRA) also increases and stands at € 71 end June 2014 in comparison with € 68.5 end June 2013.

The debt ratio is almost identical to that of end 2013 and amounts to 53.8% (53.53% end 2013).

The ordinary general shareholders' meeting of Leasinvest Real Estate, held on 19 May 2014, has approved the proposal of the statutory manager to distribute over the financial year 2013 a dividend of € 4.50 gross (net € 3.375) for all shares existing before the public capital increase. This dividend consists of a gross dividend of € 2.14 gross (coupon no 16), on 4 June 2013 (after closing of the Stock Exchange), detached from the shares existing before the capital increase, representing the pro rata dividend for the financial year 2013, calculated pro rata for the period between 1 January 2013 and the issue date of the new shares, i.e. 25 June 2013, and a dividend of € 2.36 gross (coupon no 17), representing the dividend for the period after the issue date of the new shares and 31 December 2013.

3 IMPORTANT EVENTS AFTER THE CLOSING OF THE PERIOD 01/01/14-30/06/14

No important events occurred after the closing of the first half-year of 2014.

4 CORPORATE GOVERNANCE

The ordinary general meeting of shareholders of Leasinvest Real Estate of 19 May 2014 has approved issue condition 6.3. of the private bond issue of € 20 million and issue conditions 7.2 and 20.6 of the syndicated loan of € 22.5 million.

The extraordinary general meeting held consecutively, has approved the renewal of the authorizations granted to the manager with regard to the redemption and disposal of treasury shares.

Following the implementation of the European Directive, "Alternative Investment Fund Managers" (AIFM) in the Belgian legislation, Sicafi are subject to new obligations.

Taking into account the operational nature of the current real estate activities of sicafi, a new law, introducing the Belgian REIT (SIR / GVV) status, and offers the sicafi the possibility to adopt this new status, was published on 30 June 2014. A Royal Decree in execution of this law was published in the Belgian Official Gazette of last 16 July.

Sicafi still have to communicate their choice within four months following the publication of the aforementioned Royal Decree: or request their homologation as an AIF and as investment company, or propose to their shareholders to adopt the Belgian REIT status (SIR / GVV) and request their approval for the transformation from sicafi to Belgian REIT (SIR / GVV).

Amendments to the composition of the board of directors

At the annual meeting of shareholders of Leasinvest Real Estate Management SA held on last 19 May, the directors mentioned below were (re-)appointed:

For a term of 4 years, i.e. till the annual meeting that will be held in 2018:

- 1 Luc Bertrand (chairman)
- 2 Jan Suykens
- 3 Jean-Louis Appelmans (managing director)
- 4 Michel Van Geyte
- 5 Michel Eeckhout, independent director
- 6 Mark Leysen, independent director
- 7 Eric Van Dyck, independent director

For a term of 3 years, i.e. till the annual meeting that will be held in 2017:

8 Guy van Wymersch-Moons

For a term of 1 year, i.e. till the annual meeting in 2015:

9 Thierry Rousselle

5 OVERVIEW OF MAIN RELATED-PARTY TRANSACTIONS

In the period 01/01/14-30/06/14 no transactions with related parties, which had material consequences with regard to the financial position or the results of Leasinvest Real Estate, took place.

6 MAIN RISKS AND UNCERTAINTIES FOR THE REMAINING MONTHS OF THE FINANCIAL YEAR

For an overview of the main risks and uncertainties we refer to the financial risk management in the condensed financial statements.

7 PURCHASE/SALE OF TREASURY SHARES

In the period 01/01/14-30/06/14 Leasinvest Real Estate has not purchased, nor sold any treasury shares. The total number of issued shares after the capital increase amounts to 4,938,870 and corresponds to the number of listed shares.

8 OUTLOOK FOR THE FINANCIAL YEAR

It is expected that unless exceptional circumstances and unforeseen capital losses on the existing real estate portfolio and interest rate hedges a better net result and better net current result will be achieved than in 2013.

Montimmo avenue Monterey, Luxembourg



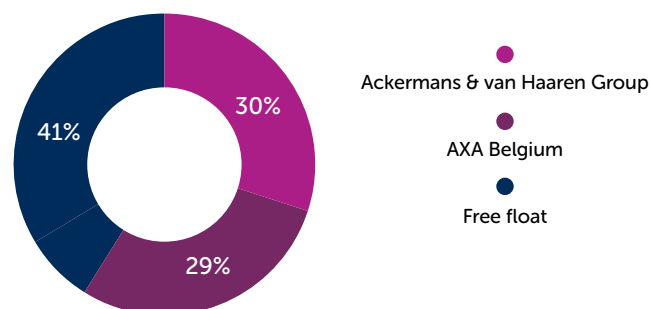
Leasinvest Real Estate on the stock exchange

SHAREHOLDER STRUCTURE

The Leasinvest Real Estate shares are listed in Belgium on Euronext Brussels (Bel small).

Extensa Group SA (Ackermans & van Haaren Group) is the founder and promoter of the real estate investment trust (sicafi) and holds 100% of the shares of the statutory manager, Leasinvest Real Estate Management SA.

NUMBER OF LISTED SHARES (4,938,870)¹



KEY FIGURES

	30/06/2014	31/12/2013
Number of listed shares (#)	4,938,870	4,938,870
Number of issued shares (#)	4,938,870	4,938,870
Market capitalisation based on closing price (€ million)	404.5	363.5
Free float (%)	41.00%	41.00%
Closing price (€) (1)	81.75	73.60
Highest price (€) (09/06/2014) (1)	84.50	80.52
Lowest price (€) (30/01/2014) (1)	73.00	65.15
Average monthly volume (#) (1)	44,397	33,347
Velocity (%) (1) (2)	10.97%	8.96%
Free float velocity (%) (1) (3)	26.31%	21.86%
Premium based on closing price vs NAV (fair value)	24.80%	7.50%

¹ For the financial year 31/12/2013 the data are calculated over a period of 12 months and for 30/06/2014 over a period of 6 months.

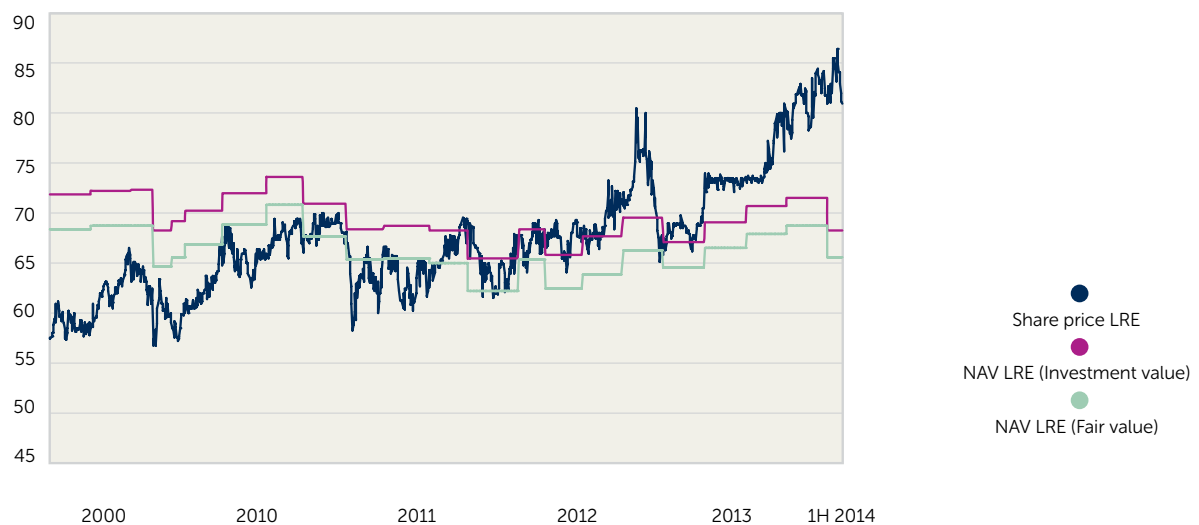
² Number of traded shares / total number of listed shares.

³ Number of traded shares / (total number of listed shares * free float).

¹ In the periodical press releases, the net asset value per share is communicated.



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



In the first half-year of 2014 the share price of Leasinvest Real Estate recorded a solid increase to reach € 84.5 as the highest share price at the beginning of June. The premium compared to the net asset value (based on fair value) increased from +7.5% on 31/12/13 to +24.8% on 30/06/14.

The average monthly traded volume of the share over the first half of 2014 substantially increased and amounted to 44,397 shares (31/12/13: 33,347). The higher velocity for 6 months (10.97% over the first half of 2014) is mainly explained by the effectively higher transaction volume, though still relatively restricted due to the limited free float of the share (41%). If we only take into account the freely traded shares, the free float velocity for six months amounts to 26.31% over the first half of 2014.

Real estate report

REAL ESTATE MARKET OVER THE FIRST HALF-YEAR OF 2014¹

The Luxembourg office market

The office market of Luxembourg currently accounts for approximately 3.49 million m², periphery included. CBD and Kirchberg, the 2 reference districts, account together for 49% of this total stock. But most of the stock growth came from decentralized or peripheral districts, due to the lack of affordable land in business districts.

The stock evolution is characterized by a balanced growth since 2008 (3.7% on average per year). However, very few developments out of these completions can be considered as speculative. In the first half of 2014 approximately 23,000 m² have been completed and added to the office stock (largest deliveries are Findel Golf Office Park F6 and AIRE). Thanks to a robust demand, the vacancy pursued its decrease initiated in 2009 until 5.1% currently, a pretty safe overall level. CBD (2.9%) and Kirchberg (2.1%) maintain the lowest rates, presuming of a potential tension between offer and demand.

The rental market

The current take-up amounts to 67,300 m², again a very similar total than for the same period last year (67,000 m²). Stability and resilience are deserved keywords to describe the letting office market of Luxembourg.

Unusually, CBD only catches the 4th rank in take-up, with 8.5%. Kirchberg, Airport and Station are the three winning submarkets, reaching a cumulative 56% of the market take-up. Decentralized (except Airport) and peripheral districts attained together a relatively low percentage of the global take-up, with hardly more than 22%. The Airport district signed an exceptional proportion of this H1 2014 take-up: 16%. This tends to confirm its excellent positioning as an attractive decentralized submarket, playing on its easier accessibility.

Prime rents are currently in most districts on a stable-to-upward trend. Due to the persistent lack of new high quality developments in its area, CBD has seen its prime rent reach 45 €/m²/month as from 2013, representing a big step up. In Q4 2015 our office project Royal20, located Boulevard Royal

in the CBD, will be delivered. Station has also witnessed an increase of its prime rent over the past quarters, from 30 to 33 €/m²/month.

Looking at the surfaces let, it is noticeable that 80% of the lease contracts concerns surfaces less than 500 m² (483 m² on average, 21% below the average of 2013). Big size transactions (>2,500 m²) remain relatively scarce on the Luxembourg office market.

The sector split confirms the predominance of the banking and financial services in Luxembourg (30.1% of the take-up). The transport sector also grabbed a significant share of the take-up (7.3%).

In terms of transactions, the 8,843 m² lease for the European Investment Bank in the President building in the Kirchberg is honoured with the title for the largest transaction in the first half-year. No other transaction surpassed the 5,000 m² threshold. Airport recorded 3 large deals for a total of 7,421 m² (Deloitte, Cargolux and Northern Trust).

The investment market

The investment volume for the first half-year of 2014 amounts to € 427 million, almost in line with 2013, when € 946 million was recorded, i.e. a record in 6 years.

Since its highest level of 6.00% from 2009 until 2011, the prime yield of CBD has sharpened again in two steps, currently lying at 5.20%.

The largest investment volume is recorded in offices (98%). Investors increasingly look for opportunistic deals offering attractive yields. One of the main transactions was the acquisition by AXA Belgium of the Galerie Kons (a mixed office / retail / residential project in the station district, for € 150 million. Based on that, investment volume in 2014 could be at least similar to that of 2013.

German investors are the most active with a share of 67% of the transactions, followed by Belgian investors with 13% (source: JLL).

¹ Source: Cushman & Wakefield



The retail market in Luxembourg

The rental market

Leasing activity was healthy, with total take-up volume higher than in 2013, despite a lack of new developments. The available supply was good, partially due to some space coming onto the market as a result of FCPE's bankruptcy and the withdrawal of some international brands in order to minimize global consolidated costs, despite strong turnover figures. However, only the best streets were attracting demand, with waiting lists now typically shorter.

For the first half of 2014 this represented a 9% increase. Vacancy remains limited in the best locations where demand is robust. However, there are still differences in rents between different parts of the same area, with Grand Rue being a good example of this. Significant leasing transactions included the opening of Butlers, Hifi International, la Boutique du Coiffeur and Sergent Major, whilst Carrefour in Esch-sur-Alzette was a notable newcomer to the market.

Project Royal Hamilius is expected to add 15,000 m² of modern shopping centre space to the city centre in 2017, but no other schemes are due to be delivered this year. However, a new small retail park, Borders (7,500 m²) in Schenghen, is due to start construction, whilst the next two years will also see Auchan Kirchberg shopping centre reorganise its tenant mix to accommodate more upmarket retailers.

The investment market

The investment market is characterised by scarce and opportunistic transactions, and is generally controlled by private wealthy Luxembourgers, leading to a limited number of benchmark deals. Nevertheless, there is available capital in the hands of institutional investors and there is a distinct rise in interest from private investors and high net worth individuals which are active particularly at extremely competitive prices. Bank financing, however, remains nearly inexistent for speculative projects.

Interest rates are currently at record low levels and prime yields are not likely to fall further in 2014. There is at present strong appetite for retail assets given the lack of opportunities and the above offer demand from a leasing perspective. Furthermore, economic conditions in the euro zone are improving and occupier take-up is likely to exceed 25,000 m² this year.

The office market in Belgium

The rental market

The public sector was the main driver of the 185,434 m² take-up in Q2, accounting for nearly 75% of all activity. Two notable deals were a 50,000 m² pre-lease by the Vlaamse Gemeenschap in Meander/Tour&Taxis (Brussels North) and a new lease of 35,000 m² by Actiris in the Astro Tower, also in Brussels CBD. Despite positive economic growth, demand from corporate occupiers is still restrained as reducing operation costs and increasing efficiency remain top of the list. Despite being the political capital of Europe, Brussels has not attracted many corporate newcomers over the last years.

Scarcity of grade A office stock and limited construction work has led to falling vacancy rates in the most desired locations, with levels between 4 and 6% in most CBD areas like Brussels' Pentagon and EU districts. Conversely, vacancy rates in outlying areas with a surplus of secondary stock, particularly the Brussels' Periphery, remain very high, currently standing at 22.2%. Many landlords will be forced to convert old, inefficient office buildings to other uses if possible.

The investment market

Belgium has witnessed a huge swell in investment this quarter, with € 824.1 million in transactions, the largest amount since Q1 2011. Two transactions amounted to over 80% of the quarterly investment total. The largest transaction was ATP's purchase of the North Galaxy in Brussels' CBD, totalling € 475 million for 118,918 m², followed by AG Real Estate's acquisition of Kievit I in Antwerp for € 195 million. Prime space in central locations remains the most popular for investments, particularly Brussels' CBD locations.

Whilst a more prolonged period of economic stability is required to increase corporate occupier confidence, some large public sector leasing transactions and a standout investment activity have established a more positive outlook for Belgium's office market. As the importance of workspace efficiency intensifies, older stock will become very difficult to lease, particularly in out-of-town areas. Limited development work over the past years might result in a structural scarcity of prime office space over the years to come.



The retail market in Belgium

The rental market

Retail warehouses and prime shopping centres are now being leased more easily than high street locations. On the supply side, Docks Bruxsel started construction in Q2 and is due to open in 2016, the only one of the larger projects to break ground. Indeed, the big shopping centre schemes of Uplace and Neo-Europea have seen more legal obstructions in recent months and face longer delays than planned.

The investment market

Investment activity in the second quarter picked up slightly on the previous three months, with approximately € 113 million worth of retail assets traded. Retail market activity was primarily driven by a raft of small high street and retail warehouse deals; there are larger and medium sized transactions in the pipeline but decisions start to take longer. The largest transaction of the quarter was the acquisition of the Carrefour centre in Evere Brussels by Teychené from Redevco for approximately € 25 million. Prime yields remained largely unchanged at 4.35% in the premier high streets of Brussels and Antwerp; investments below € 10 million may result in sharper yields (minus approximately 50 to 100 bps).

Despite tentative signs of stabilisation and retail sales growth, the high street market remains under pressure and prime rents may decline slightly in the second half of the year, albeit they are likely to hold firm for shopping centres and retail parks. However, activity in the investment market is expected to improve on the back of large transactions in the pipeline.

The logistics and semi-industrial market in Belgium

Belgium's industrial market has experienced another positive quarter, with healthy take-up levels bolstered by several mid to large sized leasing transactions.

Whilst moderate growth is expected to remain steady throughout 2014 and 2015, developers remain extremely cautious. Investors are keen to invest in industrial property, particularly in logistics hotspots along the Brussels-Antwerp axis, but limited prime space has hindered activity.

The rental market

There has been a clear shift in occupier focus this quarter, with a significant growth in demand for larger space. Take-up was dominated by mid to large-size transactions including Neovia Logistics' lease of 19,500 m² and Sonoco's lease of 14,000 m² in Park de Hulst in Willebroek (Brussels-Antwerp axis). Whilst occupiers still prefer well located, modern property in Antwerp and the Brussels-Antwerp axis, Limburg-Liège should gradually come back into the picture for those looking for larger distribution centres.

Large logistics space is very limited and with little development work on the horizon, vacancy rates should continue to fall gradually. Prime rents are likely to experience some upward movement towards the end of the year.

The investment market

Investment activity totalled € 90 million in Q2, an improvement on Q1 but still subdued due to a lack of well located, prime logistics space on the market. The bulk of activity was comprised of smaller deals, with a few larger deals. A stable market has led to further downward movement in prime yields, falling by 5 bp this quarter.

As the Belgian economy begins to stabilise and consumer spending remains high, occupier focus has moved from SME buildings towards larger industrial property. High demand for such property alongside a lack of development pipeline should push prime rents up slightly in the months to come, especially in the most favoured locations such as the Brussels-Antwerp axis.

COMPOSITION & ANALYSIS OF THE REAL ESTATE PORTFOLIO

Geographical breakdown Grand Duchy of Luxembourg - Belgium

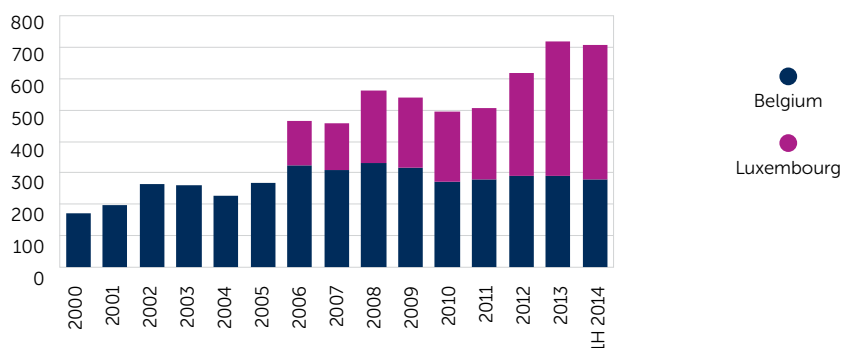
	Fair value (€ M)	Invest- ment value (€ M)	Part of portfolio (%) (FV)	Contrac- tual rents (€ M/year)	Rental yield FV (%)	Rental yield IV (%)	Occu- pancy rate (%)	Duration
Grand Duchy of Luxembourg	408.63	414.75	57.7	29.0	7.09	6.99	98.97	5.29
Belgium	275.94	282.29	38.9	20.9	7.56	7.39	92.55	4.63
Real estate available for letting	684.57	697.04	96.6	49.9	7.28	7.15	96.32	5.03
Belgium	1.79	1.99	0.3	0.2				
Assets held for sale	1.79	1.99	0.3	0.2				
Projects Luxembourg	22.43	23.02	3.2					
Total investment properties	708.79	722.05	100.0	50.2				

Asset class breakdown

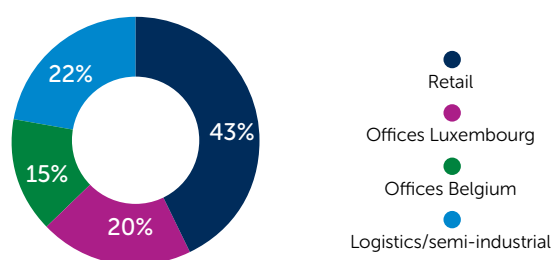
	Fair value (€ M)	Invest- ment value (€ M)	Part of portfolio (%) (FV)	Contrac- tual rents (€ M/year)	Rental yield FV (%)	Rental yield IV (%)	Occu- pancy rate (%)	Duration
Offices								
Offices Grand Duchy of Luxembourg	118.11	121.07	17	8.07	6.83	6.67	96.2	2.00
Offices Brussels	84.51	86.63	12	6.80	8.05	7.85	82.4	2.70
Offices rest of Belgium	26.20	26.85	4	2.32	8.85	8.64	100.0	2.90
Total offices	228.82	234.55	32	17.19	7.51	7.33	91.2	2.41
Logistics/Semi-industrial								
Logistics/Semi-industrial Grand Duchy of Luxembourg	19.940	20.43	3	1.50	7.52	7.34	100.0	3.90
Logistics/Semi-industrial Belgium	132.66	135.42	19	9.58	7.22	7.07	97.2	6.40
Total Logistics/Semi-industrial	152.60	155.85	22	11.08	7.26	7.11	97.5	6.06
Retail								
Retail Grand Duchy of Luxembourg	270.58	273.25	38	19.41	7.17	7.10	100.0	6.60
Retail Belgium	32.57	33.39	5	2.17	6.66	6.50	100.0	3.80
Total retail	303.15	306.64	43	21.58	7.12	7.04	100.0	6.32
Investment properties	684.57	697.04	97	49.85	7.28	7.15	96.32	5.03
Assets held for sale (BE)	1.79	1.99	0	0.18				
Real estate available for letting	686.36	699.03	97	50.03				
Projects Grand Duchy of Luxembourg	22.43	23.02	3					
Total investment properties	708.79	722.05	100					



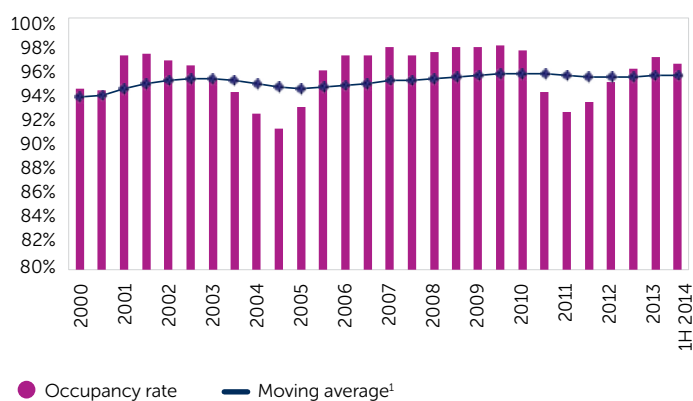
Evolution of the real estate portfolio based on fair value



Asset classes

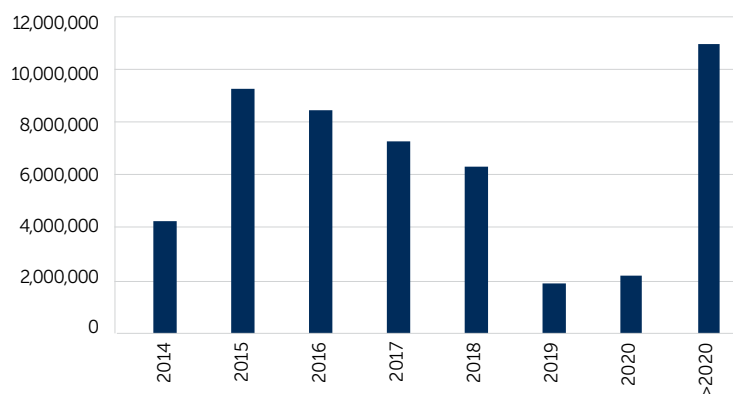


Occupancy rate

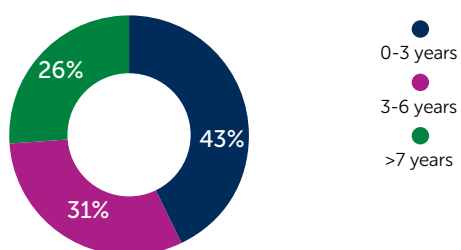


(1) A moving average is a type of average value based on a weight of the current occupancy rate and the previous occupancy rates.

Rental breaks (first break date)



Contractually guaranteed rental income



Type of tenants





VALUATION REPORT¹

VALUATION UPDATE AS AT 30 JUNE 2014 OF THE LEASINVEST REAL ESTATE SCA PORTFOLIO REPORT BY THE EXTERNAL VALUER CUSHMAN & WAKEFIELD

We are pleased to report our valuation of the investment value and fair value of the Leasinvest Real Estate SCA portfolio as at 30 June 2014.

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

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

The values were determined taking current market parameters into account.

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

1. The portfolio consists of business parks, offices, semi-industrial buildings, distribution centres and shops, situated in Belgium (Brussels, Zaventem, Mechelen, Antwerp, Tongres and Meer) and in the Grand Duchy of Luxembourg.
2. The effective rental income (including the market rent on vacant space) is 4.91% higher than the market rent (respectively 10.77% and 1.03% for the Belgian and Luxembourg portfolios).
3. The occupancy rate² of the total portfolio (including the Projects) is 92.68% (respectively 92.98% and 92.48% for the Belgian and the Luxembourg portfolios).

4. The office building (with commercial space at the ground floor) located Avenue Louise 66 in Brussels has been sold during Q1 2014 with an estimated net value of € 8,200,000.
5. The building located in Meer (Dobla) has been sold during Q1 2014 with an estimated net value of € 1,630,000.
6. In Q4 2013, the Hornbach property in Bertrange was added to the portfolio with an estimated net value of € 25,460,000.
7. The semi-industrial property 'Satenrozen' has been sold during Q3 2013 for a net estimated value of € 2,180,000, and the Knauf shoppingcenter in Pommerloch has been added to the portfolio with an estimated net value of € 97,170,000.
8. The last floors of the Mercure building have been sold during the second quarter of 2013.

For all buildings of Leasinvest Real Estate SCA, we determined the following values as at 30 June 2014, including the part that has been valued by Winssinger & Associates and Stadim,

1. an investment value of € 722,050,000 (seven hundred twenty-two million and fifty thousand euro), with respectively € 284,290,000 and € 437,760,000 as investment values for the Belgian and Luxembourg portfolios; and
2. a fair value of 708,790,000 (Seven hundred and eight million seven hundred and ninety thousand euro), with respectively € 277,730,000 and € 431,060,000 as fair values for the Belgian and Luxembourg portfolios.

On this basis, the initial yield of the complete portfolio (including the Projects) in terms of investment value is 6.93% (with respectively 7.40% and 6.62% for the Belgian and Luxembourg portfolios) and the initial yield of the complete portfolio in terms of fair value is 7.06% (respectively 7.58% and 6.73% for the Belgian and Luxembourg portfolios).

Wim OTTEVAERE
Associate
Valuation & Advisory

Koen NEVENS
Managing Partner

For Cushman & Wakefield

¹ The valuation report has been reproduced with the agreement of Cushman & Wakefield and Winssinger & Associates.

² The occupancy rate is valid on the date of the valuation and does not take into account future availability (already known or not) nor with future new contracts (signed or not). This figure is calculated on the basis of the following formula: (market rent of all let areas) / (market rent of the complete portfolio).

Condensed financial statements

The condensed consolidated financial statements of Leasinvest Real Estate have been approved for publication by the board of directors on 21 August 2014.

The annual report of the board of directors should be read jointly with the condensed financial statements of Leasinvest Real Estate. The condensed financial statements have been subject to a limited review by the auditor.

CONDENSED CONSOLIDATED STATEMENT OF REALIZED AND UNREALIZED RESULTS

(in € 1,000)	30/06/2014 6 months	30/06/2013 6 months
(+) Rental income	25,223	20,828
(+/-) Related-rental expenses	0	0
NET RENTAL INCOME	25,223	20,828
(+) Recovery of property charges	38	80
(+) Recovery income of charges and taxes normally payable by tenants on let properties	1,703	1,776
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
(-) Charges and taxes normally payable by tenants on let properties	-1,703	-1,776
(+/-) Other rental-related income and expenditure	-773	-828
PROPERTY RESULT	24,487	20,080
(-) Technical costs	-637	-605
(-) Commercial costs	-180	-527
(-) Charges and taxes on un-let properties	-142	-88
(-) Property management costs	-2,020	-1,706
(-) Other property charges	-201	-245
PROPERTY CHARGES	-3,180	-3,171
PROPERTY OPERATING RESULT	21,307	16,909
(-) Corporate operating charges	-1,303	-1,103
(+/-) Other operating charges and income	-113	-167
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	19,891	15,639
(+/-) Result on disposal of investment properties	1,767	1,114
(+/-) Changes in fair value of investment properties	-431	756
OPERATING RESULT	21,227	17,509
(+) Financial income	553	290
(-) Net interest charges	-6,940	-4,824
(-) Other financial charges	-862	-738
(+/-) Changes in fair value of financial assets and liabilities	-314	808
FINANCIAL RESULT	-7,563	-4,463
PRE-TAX RESULT	13,664	13,046
(+/-) Corporate taxes	-190	-76
(+/-) Exit tax	0	0
TAXES	-190	-76
NET RESULT	13,474	12,970



OTHER ELEMENTS OF REALIZED AND UNREALIZED RESULTS

(in € 1,000)	30/06/2014	30/06/2013
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	151	233
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-11,089	6,777
Changes in fair value of financial assets available for sale	6,584	321
Other elements of realized and unrealized results	-4,354	7,331
Minority interests	0	0
Other elements of realized and unrealized results – Group share	-4,354	7,331
COMPREHENSIVE RESULT	9,120	20,301
Attributable to:		
Minority interests	-1	0
Comprehensive result – Group share	9,121	20,301
NET RESULT	13,474	12,970
To be eliminated		
- Result on disposal of investment properties	1,767	1,114
- Changes in fair value of investment properties	-431	756
- Changes in fair value of financial assets and liabilities	-314	808
NET CURRENT RESULT	12,452	10,292
RESULTS PER SHARE (in €)	30/06/14	30/06/13
	(6 mois)	(6 mois)
Comprehensive result per share, group share	1.85	4.11
Comprehensive result per diluted share, group share	1.85	4.11
Net result per share, group share	2.73	2.63
Net result per diluted share, group share	2.73	2.63
Net current result per share	2.52	2.08

CONSOLIDATED BALANCE SHEET

(in € 1,000)	30/06/2014	31/12/2013
ASSETS		
I. NON-CURRENT ASSETS	764,944	757,058
Intangible assets	15	1
Investment properties	689,109	690,191
Other tangible assets	1,110	1,140
Non-current financial assets	56,810	47,827
Trade receivables and other non-current assets	17,900	17,899
II. CURRENT ASSETS	14,368	20,809
Assets held for sale	1,809	10,144
Current financial assets	0	0
Trade receivables	7,223	5,427
Tax receivables and other current assets	1,037	1,197
Cash and cash equivalents	2,644	2,254
Deferred charges and accrued income	1,655	1,787
TOTAL ASSETS	779,312	777,867
LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	324,211	335,335
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	324,208	335,331
Capital	54,315	54,315
Share premium account	121,091	121,091
Reserves	135,327	132,997
Net result of the financial year	13,475	26,928
II. MINORITY INTERESTS	3	4
LIABILITIES	455,101	442,532
I. NON-CURRENT LIABILITIES	310,964	301,299
Provisions	0	0
Non-current financial debts	282,744	282,731
- Credit institutions	184,149	186,776
- Other	98,595	95,955
Other non-current financial liabilities	28,220	18,568
Other non-current liabilities	0	0
II. CURRENT LIABILITIES	144,137	141,233
Provisions		
Current financial debts	127,347	125,058
- Credit institutions	37,612	25,099
- Other	89,735	99,959
Trade debts and other current debts	5,946	6,077
- Exit tax		
- Other	5,946	6,077
Other current liabilities	2,362	2,203
Accrued charges and deferred income	8,482	7,895
TOTAL EQUITY AND LIABILITIES	779,312	777,867

The Crescent Anderlecht, Belgium



CONSOLIDATED CASH FLOW STATEMENT

(in € 1,000)	30/06/14 (6 months)	30/06/13 (6 months)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,254	2,436
1. Cash flow from operating activities	19,143	14,774
Net result	13,474	12,970
Amendment of the profit for non-cash and non-operating elements	6,730	1,927
Depreciations, write-downs and taxes	209	83
- Depreciations and write-downs on intangible and other tangible assets (+/-)	39	37
- Write-downs on current assets (+/-)	0	0
- Taxes	190	76
- Taxes paid	-20,3	-30
Other non-cash elements	1,039	-1,215
- Changes in fair value of investment properties (+/-)	431	-756
- Movements in provisions (+/-)	0	0
- Phasing of gratuities (+/-)	294	350
- Increase (+) / Decrease (-) in fair value of financial assets and liabilities	314	-808
- Other non-current transactions		0
Non-operating elements	5,482	3,059
Gains on disposals of non-current assets	-1,767	-1,114
Dividends received	0	0
Write-back of financial income and financial charges	7,249	4,173
Change in working capital requirements:	-1,061	-123
Movements in asset items:	-1,504	-715
- Other non-current assets		-24
- Current financial assets		0
- Trade receivables	-1,796	-128
- Tax receivables and other current assets	160	22
- Deferred charges and accrued income	132	-585
Movements in liability items:	443	592
- Trade debts and other current debts	-131	-640
- Taxes	-170	0
- Other current liabilities	160	250
- Accrued charges and deferred income	584	982

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

(in € 1.000)	30/06/14 (6 months)	30/06/13 (6 months)
2. Cash flow from investment activities	9,136	13,706
Investments		
Investment properties in operation	-145	-2,079
Development projects	-1,151	-762
Non-current financial assets	-23	-7,729
Assets held for sale	-1,450	0
Divestments		
Investment properties in operation	1,598	2,333
Assets held for sale	10,307	21,943
3. Cash flow from financing activities	-27,889	-29,202
Change in financial liabilities and financial debts		
Increase (+) / Decrease (-) of financial debts	1,407	-65,574
Increase (+) / Decrease (-) of other financial liabilities		
Dividends received		0
Financial income received	256	290
Financial charges paid	-7,800	-5,939
Change in other liabilities	-1,510	0
Increase (+) / Decrease (-) in other liabilities	-1,510	0
Change in shareholders' equity	-20,242	42,021
Change in capital and share premium account (+/-)		60,655
Change in reserves (costs capital increase)		-979
Increase (+) / Decrease (-) of treasury shares		0
Dividend of the previous financial year	-20,242	-17,656
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,644	1,714



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AND RESERVES

(in € 1,000)	Capital	Share premium account	Legal reserve	Reserve for the balance of the changes in fair value of the real estate (+/-)	Reserve for the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)
Balance sheet under IFRS on 31/12/2013	54,315	121,091	5,431	39,837	-8,230
Global result for the period					152
Transfers					
Issue of shares through capital increase in cash					
Dividends to shareholders					
Balance sheet under IFRS on 30/06/2014	54,315	121,091	5,431	39,837	-8,078

End June 2014 shareholders' equity, group share (based on the fair value of the investment properties) amounts to € 324.2 million (31/12/13: € 335.3 million) or € 65.6 per share (2013: € 67.9).

The decrease of shareholders' equity in comparison with end 2013 is attributable to the dividend (€ -20.2 million), compensated by the evolution of the global result, amounting to € 9 million end June 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Basis for presentation

These interim condensed consolidated financial statements have been established in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. These interim condensed consolidated financial statements are in accordance with IAS 34 'Interim financial reporting'.

For establishing the interim condensed consolidated financial statements the same accounting standards and methods have been used as for the financial statements per 31 December 2013. A number of new standards and interpretations entered into force as of January 2014. None of these new standards have had an impact on the consolidated interim financial half-year accounts.

Modified IFRS standards:

- IFRS 10 Consolidation
- IFRS 11 Joint arrangements
- IFRS 12 Disclosure of interests in other entities

The abovementioned standards had no impact on the condensed half-year financial statements at end June 2014.



Reserves for the balance of the changes in fair value of authorized hedges that are subject to hedge accounting as defined by IFRS	Reserve for treasury shares	Reserve for the balance of the changes in fair value of financial assets available for sale	Results carried forward	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
-15,300	-11	5,958	105,313	26,928	335,331	3	335,334
-11,091		6,585		13,474	9,119	0	9,119
			26,928	-26,928	0		0
					0		0
				-20,243	-20,243		-20,243
-26,391	-11	12,542	132,241	-6,769	324,208	3	324,211

Wommelgem, Belgium



2 Segment reporting

Condensed consolidated profit & loss account (geographical segmentation)

(in € 1,000)	Belgium		Luxembourg		Corporate		TOTAL	
	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13
(+) Rental income	10,977	10,958	14,246	9,870			25,223	20,828
(+) Write-back of lease payments sold and discounted								
(+/-) Rental-related expenses							0	0
NET RENTAL INCOME	10,977	10,958	14,246	9,870	0	0	25,223	20,828
(+) Recovery of property charges	27	80	10	0			37	80
(+) Recovery income of charges and taxes normally payable by tenants on let properties	1,667	1,739	36	37			1,703	1,776
(-) Charges and taxes normally payable by tenants on let properties	-1,667	-1,739	-36	-37			-1,703	-1,776
(+/-) Other rental-related income and expenditure	-731	-810	-42	-18			-773	-828
PROPERTY RESULT	10,273	10,228	14,213	9,852	0	0	24,486	20,080
(-) Technical costs	-588	-527	-49	-78			-637	-605
(-) Commercial costs	-89	-518	-91	-9			-180	-527
(-) Charges and taxes on un-let properties	-124	-67	-17	-21			-141	-88
(-) Property management costs	-1,863 ⁽¹⁾	-1,633	-157	-73			-2,020	-1,706
(-) Other property charges	-124	-191	-76	-54			-201	-245
PROPERTY CHARGES	-2,789	-2,936	-389	-235	0	0	-3,179	-3,171
PROPERTY OPERATING RESULT	7,484	7,292	13,824	9,617	0	0	21,307	16,909
(-) General corporate costs	-921	-829	-382	-274		0	-1,303	-1,103
(+/-) Other operating charges and income	-40	-112	-73	-56	0	0	-113	-167
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	6,522	6,351	13,368	9,287	0	0	19,891	15,638
(+/-) Result on disposals of investment properties	1,767	474	0	640			1,767	
(+/-) Changes in fair value of investment properties	-1,133	439	702	317			-431	756
OPERATING RESULT	7,156	7,264	14,071	10,245	0	0	21,227	16,395
(+) Financial income					553	14	553	14
(-) Net interest charges					-6,940	-390	-6,940	-390
(-) Other financial charges					-862	-126	-862	-126
(+/-) Changes in fair value of financial assets					-314	2,334	-314	2,334
FINANCIAL RESULT	0	0	0	0	-7,562	-4,049	-7,562	-4,049
PRE-TAX RESULT	7,156	7,264	14,071	10,245	-7,562	-4,049	13,665	12,346
(+/-) Corporate taxes					-190	-191	-190	-191
(+/-) Exit tax					0	0	0	0
TAXES	0	0	0	0	-190	-191	-190	-191
NET RESULT	7,156	7,264	14,071	10,245	-7,752	-4,240	13,475	12,155
Attributable to:								
Minority interests							-1	2
Shareholders of the group							13,475	12,153

¹ The property management costs consist a/o of the remuneration paid by Leasinvest Real Estate and its Belgian subsidiaries to the manager Leasinvest Real Estate Management SA. Of the total remuneration paid by Leasinvest Real Estate for the first 6 months of the financial year 2014 (€ 1.6 million), € 919 thousand is related to the Luxembourg portfolio. The fee is however integrally recorded in the Belgian segment, because Leasinvest Real Estate is the real debtor.



Condensed consolidated balance sheet (geographical segmentation)

	Belgium		Luxembourg		Corporate		TOTAL	
(in € 1,000)	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13	30/06/14	31/12/13
ASSETS								
Intangible assets	15	1	0	0			15	1
Investment properties (incl. development projects)	258,051	260,926	431,058	429,265			689,109	690,191
Assets held for sale	1,809	10,144		0			1,809	10,144
Other assets	79,968	71,593	8,411	5,939			88,379	77,532
ASSETS PER SEGMENT	339,843	342,664	439,469	435,204	0	0	779,312	777,868
LIABILITIES								
Non-current financial debts					282,744	189,100	282,744	189,100
Current financial debts					127,347	109,735	127,347	109,735
Other liabilities					45,011	38,363	45,011	38,363
LIABILITIES PER SEGMENT	0	0	0	0	455,102	337,198	455,102	337,198
SHAREHOLDERS' EQUITY							324,210	256,010

Segmentation per asset class (main key figures)

The real estate portfolio comprises both the buildings in operation and the development projects.

For the calculation of the other key figures (rental income, rental yield, occupancy rate and weighted average duration of the leases) only the buildings in operation are taken into account.

	Offices		Logistics (and semi-industrial)		Retail		TOTAL	
(in € 1,000)	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13	30/06/14	30/06/13
Rental income	9,742	9,375	5,758	4,904	9,682	5,912	25,182	20,191
Fair value of the real estate portfolio	251,278	262,249	154,390	156,350	303,150	179,490	708,818	598,089
Investment value of the real estate portfolio	257,570	269,021	157,840	160,010	306,640	182,240	722,050	611,271
Yield (in fair value)	7.51%	7.53%	7.26%	7.28%	7.12%	7.21%	7.28%	7.36%
Yield (in investment value)	7.33%	7.35%	7.11%	7.12%	7.04%	7.10%	7.15%	7.20%
Occupancy rate	91.20%	93.00%	97.50%	95.99%	100%	100%	96.32%	95.92%
Weighted average duration till first break possibility (# years)	2.4	3.2	6.1	5.7	6.3	4.7	5.0	4.4

3 Net rental result

(in € 1,000)	30/06/2014	30/06/2013
Rental income		
Rents	24,849	20,541
Guaranteed income	0	0
Rental rebates	-294	-350
Rental incentives	0	-8
Compensation for early termination of the leases	41	25
Compensation for financial leasing and comparable items	627	620
TOTAL	25,223	20,828
Write-back of lease payments sold and discounted	0	0
Rental-related expenses		
Rent payable on rented assets	0	0
Write-downs on trade receivables	0	0
Write-backs of write-downs on trade receivables	0	0
TOTAL	0	0
NET RENTAL RESULT	25,223	20,828

The rental income of Leasinvest Real Estate has risen by **21.1%** (+ € 4,394 thousand) and amounts to **€ 25,223** thousand in comparison with € 20,828 thousand for the same period in 2013.

This evolution is mainly the consequence of the **investments** realised in 2013 in the Knauf Shopping Center Pommerloch (€ 3,300 thousand) (6 months in 2014) and 6 months of income from Hornbach (€ 862 thousand), or **€ 4,162** thousand in total. The **sale** of the buildings Pasteur, Mercure, Delta BP (Satenrozen), a part of Vierwinden, Meer and rue Lusambo, had a negative impact on the rental income of **€ 864 thousand**.

At constant portfolio, the rental income increases by 9.5% or € 1,017 thousand (mainly Schmiede & The Crescent) in comparison with the same period last year (excl. rental rebates).

The average duration of the rental contracts has slightly decreased to 5.03 years in comparison with 5.23 years end 2013.

4 Investment properties and assets held for sale

The fair value of the direct real estate portfolio amounts to € 708,8 million end June 2014 compared to € 718 million end December 2013. The decrease is explained by the sale of the building located Avenue Louise 66 in the first quarter of 2014 (book value: € 8.2 million) and by the sale of the logistics building located in Meer let to Dobra in the second quarter of 2014 (book value € 1.7 million end 2013), both presented under the item assets held for sale.

(in € 1,000)	Real estate available for lease		Development projects	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Balance at the beginning of the previous financial year	669,511	558,544	20,680	19,620
Investments	145	125,140	1,151	1,489
Divestments	0	-6,047	0	0
Acquisitions of real estate	0	0	0	0
Transfers from(to) other items	-1,783	-9,888	0	0
Phasing of gratuities	-289	-416	0	0
Increase/(decrease) of the fair value	-905	2,178	599	-429
Balance at the end of the period	666,679	669,511	22,430	20,680
Real estate portfolio	708,818	718,234		



Shopping center Knauf Pommerloch, Luxembourg



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Total Investment properties (1)		Finance lease receivables (2)		Total		Assets held for sale (3)	
30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
690,191	578,164	17,900	17,900	708,091	596,064	10,144	21,701
1,296	126,629	0	0	1,296	126,629	0	0
0	-6,047	0	0	0	-6,047	-9,988	-21,701
0	0	0	0	0	0		
-1,783	-9,888	0	0	-1,783	-9,888	1,783	9,888
-289	-416	0	0	-289	-416	-6	27
-306	1,749	0	0	-306	1,749	-125	229
689,110	690,191	17,900	17,900	707,009	708,091	1,808	10,144

In accordance with IFRS 5 (criteria met) only the other building in Meer remains listed as an asset held for sale.

The following table gives an overview of the valuation techniques applied per asset class, and of the main variables used:

Asset class	Fair value 06/2014 (€ 000)	Valuation technique	Important input data	Spread (ERV per month)
Retail	303,150	Actualization of estimated rental income	a. weighted average ERV b. Yield	a. [€ 15.8/m ²] b. [6.7% -> 7.2%]
Offices Grand Duchy of Luxembourg	118,110	Actualization of estimated rental income	a. weighted average ERV b. Yield	a. [€ 26.7/m ²] b. [5.8% -> 7%]
Offices Belgium	110,710	Actualization of estimated rental income	a. ERV b. Yield	a. [€ 10/m ² -> € 12/m ²] b. [7% -> 8%]
		Residual valuation	a. ERV b. Yield c. Construction cost	a. [€ 20/m ² -> € 20.5/m ²] b. [5.6%->5.7%] c. 1,650 €/m ²
Logistics	134,700	DCF	a. Average discount rate b. Economic life	a. 6.4% b. 20 years
Projects Grand Duchy of Luxembourg	22,439	DCF	a. Average ERV b. Yield c. Construction period	a. € 39/m ² b. 5.8% c. 15 months
Total investment properties	689,109			

The forecasted inflation applied to the valuation techniques amounts to 1.4%.

Based on the balance sheet at the end June 2014, an increase of the average yield by 0.10% would have had an impact of € 9.6 million on the net result and of € 1.94 on the net asset value per share, and an increase of the debt ratio by 0.67% (namely from 53.80% to 54.47%).

Based on that same balance sheet, a decrease of the average ERV by 10% would have an impact of approximately € 71 million on the net result. The possible influence of the construction cost on the fair value and the net result is considered to be less significant.

4 Information on the financial debt

(in € 1,000)	30/06/14	31/12/13
Non-current financial debts	282,744	282,731
Credit institutions	184,149	186,776
Other	98,595	95,955
Other loans	98,406	95,767
Rental guarantees received	189	189
Current financial debts	127,347	125,058
Credit institutions	37,612	25,099
Other	89,735	99,959
Other loans	89,735	99,959
TOTAL	410,091	407,789



The financial debts slightly increased by € 2,302 thousand in comparison with end 2013 and amount to € 410,091 thousand. The increase is due to the dividend paid over 2013 and the forecasted non paid interest, compensated by the net result and the realized net divestments.

The item 'other loans' comprises the issued bond loans by Leasinvest of € 98,406 thousand in 2013.

The credit lines (excl. € 95 million of bond loans) amount to € 448.7 million at the end of June, which is identical to the figure end 2013.

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

Taking into account the hedging policy of the company as described in the risk factors in the Annual Financial Report, for which the company strives at a hedging ratio of 75%, the fix ratio, or the proportion of the fixed rate debt augmented by the current interest rate debt swapped for a fixed rate debt through interest rate swaps, amounts to 80%.

At the end of the first half-year of 2014 the part of the fixed-rate credits amounts to 36% or € 150 million of the total debt of € 410 million, in comparison with 0% end-2012.

6 Calculation and further comments on the debt ratio

In accordance with art 54 of the RD of 7 December 2010, the public sicafi has to establish a financial plan with an execution calendar, whenever the consolidated debt ratio exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

On the financial plan, a special report is drawn up by the auditor, in which is confirmed that the latter has verified the way the plan has been drawn up, namely with regard to its economic fundamentals, and that the figures comprised in this plan correspond to those of the accounts of the public sicafi.

The general guidelines of the financial plan are recorded in the annual and half-yearly financial reports.

This financial plan was drawn up by the board of directors of 21 August 2014 and has been verified by the auditor who has established a special report to this effect.

Leasinvest Real Estate's debt ratio has exceeded 50% since September 2013 and amounts to 53.80% at the end of June 2014.

The board of directors considers a debt ratio of maximum 50%-55% as being optimal and in the interest of the shareholders of Leasinvest Real Estate, and this both with regard to return, net result per share and to mitigating the liquidity and solvency risks.

For each investment the impact on the debt ratio is analysed, and the investment is potentially not selected should it unilaterally influence the debt ratio in a too negative way.

Based on the debt ratio of 53.80% end June 2014, Leasinvest Real Estate has an investment potential based on debt financing of € 249 million without exceeding the 65%-debt ratio, and an investment potential of € 120 million without exceeding the 60%-debt ratio, and € 21 million without exceeding the 55%-debt ratio.

Each quarter, following the presentation of the budget, a projection of the debt ratio is presented to the board of directors in function of the estimated results and the planned acquisitions and divestments.

Based on these elements, a projection is made for end 2014. This projection also takes into account possible investment operations. Besides this, the projections take into account the sale of some smaller buildings. Taking into account these assumptions, and the concretization or not of possible investment operations as described above, the debt ratio will amount to between 53% - 55% per end December 2014, or within the 50%-55% spread.

The valuation of the portfolio has a direct impact on the debt ratio.

As of today there are no indications of such market evolutions. Through the diversification of the portfolio of Leasinvest Real Estate, both in terms of assets as geographically, the risk is also mitigated.

Moreover, the occupancy rate again knows an increasing trend in 2013. Should substantial value decreases take place in a certain asset class or in Belgium, resulting in the debt ratio exceeding 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings.

The board of directors judges no additional measures necessary to avoid the debt ratio from exceeding 65%. It is the intention to keep the debt ratio at 50%-55%.

(in € 1,000)		Statutory balance sheet	Consolidate balance sheet
Total of the items 'Liabilities' of the balance sheet	=>	364,441	455,102
I. Non-current liabilities			
A. Provisions	-	0	0
C. Other non-current financial liabilities – Authorized hedges	-	28,191	28,220
F. Deferred taxes	-	0	0
II. Current liabilities			
A. Provisions	-	0	0
C. Other non-current financial liabilities – Authorized hedges	-	0	0
F. Deferred charges and accrued income	-	5,509	8,482
Total liabilities taken into account for the calculation of the debt ratio (numerator):	=	330,741	418,400
Total 'Assets' of the balance sheet	=>	591,881	779,312
Authorized hedges recorded in the assets		1,576	1,576
Total assets taken into account for the calculation of the debt ratio (denominator):	=	590,305	777,736
Debt ratio (%)	:	56.03%	53.8%

7 Definition of the fair value of the financial assets and liabilities per level

Assets and liabilities valued at fair value after their initial booking can be presented in three levels (1-3), that each correspond to a different input level to observe the fair value:

- Level 1 inputs of fair value are quoted prices (adjusted or not) in active markets for identical assets or liabilities.
- Level 2 inputs of fair value are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. deducted from prices).
- Level 3 inputs of fair value are unobservable inputs for the asset or liability based on valuations techniques comprising data for the asset or liability (non-observable data).



Concretely, the company appeals to comparable market data for the valuation of the credits and the private bond loan, such as an approximation of the applied reference rate and an approximation of the evolution of the credit margin based on recent comparable observations.

With regard to the financial derivatives, the valuations of the different counterparty banks have been recorded, meaning that a detailed description of these data, as required by level 3, is not possible. However, these instruments were classified under level 3 as we calculate a CVA or a DVA on these received valuations, and this on the basis of records that are an approximation of the credit risk.

The financial leasing is valued based on a discounted cash flow that takes into account an indexed rental value (2% index on a rental value of approximately € 1.2 million), an effective interest rate (3.7%) and the period (25 years).

Fair value disclosures:

(in € 1,000) on 30 June 2014	Level 1	Level 2	Level 3	Book value
Investment properties			689,109	689,109
Non-current financial assets				
- Financial assets	53,563	1,671		55,234
- Other derivative instruments non-qualified as cash flow hedge			1,522	1,522
- Derivative instruments qualified as cash flow hedge			54	54
Finance-lease receivables			17,899	17,899
Assets held for sale			1,809	1,809
Current financial assets		0		0
Trade receivables		7,223		7,223
Tax receivables and other current assets		1,037		1,037
Cash and cash equivalents	2,644			2,644
Deferred charges and accrued income		1,655		1,655
Non-current financial debts				
- Credit institutions			186,931	184,149
- Other	77,813		20,657	98,595
Other non-current financial liabilities				
- Financial derivatives through the income statement			1,208	1,208
- Financial derivatives through other equity components			27,012	27,012
Current financial debts				
- Credit institutions			37,652	37,612
- Other			89,735	89,735
Trade debts and other current debts				
- Exit tax	0	0		0
- Other		5,946		5,946
Other current liabilities		2,362		2,362
Accrued charges and deferred income		8,482		8,482

(in € 1,000) end 2013	Level 1	Level 2	Level 3	Book value
Investment properties			690,191	690,191
Non-current financial assets				
- Financial assets	41,056	6,144		47,200
- Other derivative instruments non-qualified as cash flow hedge			184	184
- Derivative instruments qualified as cash flow hedge			443	443
Finance-lease receivables			17,899	17,899
Assets held for sale			10,144	10,144
Current financial assets		1		1
Trade receivables		5,427		5,427
Tax receivables and other current assets		1,253		1,197
Cash and cash equivalents	2,254			2,254
Deferred charges and accrued income		1,786		1,786
Non-current financial debts				
- Credit institutions			172,174	186,776
- Other	76,500		19,866	95,955
Other non-current financial liabilities				
- Financial derivatives through the income statement			2,315	2,315
- Financial derivatives through other equity components			16,253	16,253
Current financial debts				
- Credit institutions			24,978	25,099
- Other			99,959	99,959
Trade debts and other current debts				
- Exit tax	0	0		0
- Other		6,077		6,077
Other current liabilities		2,203		2,203
Accrued charges and deferred income		7,896		7,896



8 Important events after the closing of the period 01/01/14-30/06/14

No important events occurred after the closing of the first half-year of 2014.

9 Overview of the main related-party transactions

In the period 01/01/14-30/06/14 no transactions with related parties, which had material consequences with regard to the financial position or the results of Leasinvest Real Estate, took place.

10 Risks and uncertainties

With regard to the risks and uncertainties, management refers to the Annual Financial Report 2013, and more specifically to pages 6-19.



Auditor's report

REPORT OF THE STATUTORY AUDITOR TO THE SHAREHOLDERS OF LEASINVEST REAL ESTATE SCA ON THE REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2014 AND FOR THE SIX-MONTH PERIOD THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Leasinvest Real Estate SCA (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2014 and the related interim condensed consolidated statement of comprehensive income including the consolidated income statement, the consolidated statement of changes in shareholders' equity and the consolidated cash flow statement for the six-month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 779,312 thousand and a consolidated profit for the six-month period of € 13,474 thousand. Management is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the Group as at 30 June 2014, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34, as adopted for use in the European Union.

Brussels, 22 August 2014

Ernst & Young Réviseurs d'Entreprises SCCRL
Statutory auditor
represented by

Pierre Vanderbeek
Partner




Identity card

Leasinvest Real Estate

Real estate investment trust under Belgian Law	Leasinvest Real Estate SCA
Legal entity	Limited partnership by shares
Registered office	Route de Lennik 451, 1070 Brussels, Belgium
Administrative office	Schermersstraat 42, 2000 Antwerp, Belgium
Contact	T +32 3 238 98 77 – F +32 3 237 52 99
E-mail	investor.relations@leasinvest.be
Web	http://www.leasinvest.be
Register of legal entities	Brussels
VAT	BE 0436.323.915
Established	8 June 1999, publication MB 26 June 1999 (conversion into real estate investment trust) (nr. 990626-330)
Term	Unspecified
Financial year	1 January – 31 December
Listing	Euronext Brussels, Bel Small
Liquidity provider	Bank Degroof
Financial service	Main paying agent Bank Delen
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Pierre Vanderbeek, certified auditor
Real estate experts	Cushman & Wakefield - Winssinger & Associates - Stadim
Supervision	FSMA

Financial calendar



26/08/2014	Half-year financial report 2014
17/11/2014	Interim statement Q3 (30/09/2014)
19/02/2015	Year-results 2014 (31/12/2014)
31/03/2015	Annual financial report 2014
18/05/2015	Annual meeting of shareholders
19/05/2015	Interim statement Q1 (31/03/2015)
25/05/2015	Dividend payment
26/08/2015	Half-year financial report 2015
17/11/2015	Interim statement Q3 (30/09/2015)

This annual financial report is available on www.leasinvest.be.
You can request a printed copy through registration on www.leasinvest.be.



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