

Half-year financial report



Regulated information

Under embargo till 24/08/2017 – 7.30 AM

COMPANY PROFILE

Public regulated real estate company (B-REIT) Leasinvest Real Estate SCA invests in high quality and well-located retail and office buildings in the Grand Duchy of Luxembourg, in Belgium, in Switzerland and in Austria.

At present the total fair value of the directly held real estate portfolio of Leasinvest amounts to nearly € 907 million spread across the Grand Duchy of Luxembourg (51%), Belgium (40%), Switzerland (5%) and Austria (4%).

Moreover, Leasinvest is the second largest foreign real estate investor in the Grand Duchy of Luxembourg.

The real estate portfolio consists of retail (46%), offices (40%) and logistics (14%).

The public RREC is listed on Euronext Brussels and has a market capitalization of approximately € 505 million (value 22 August 2017).

ALTERNATIVE PERFORMANCE MEASURES

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this half-year financial report are indicated by an asterisk (*). For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 47 et seq of this half-year financial report.

STATEMENT ACCORDING TO ARTICLE 12, § 2, 3° OF THE RD OF 14 NOVEMBER 2007

Mr Jean-Louis Appelmans, permanent representative of the statutory manager of Leasinvest Real Estate, declares, on behalf and for the account of the statutory manager, that, to his knowledge:

(i) the 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)	30/06/2017	31/12/2016
Fair value real estate portfolio (€ 1,000) (2)	906,980	859,931
Fair value investment properties, incl. participation Retail Estates (€ 1,000) (2)	982,068	930,689
Investment value investment properties (€ 1,000) (3)	925,225	876,747
Rental yield based on fair value (4) (5)	6.41%	6.78%
Rental yield based on investment value (4) (5)	6.29%	6.65%
Occupancy rate (5) (6)	91.80%	96.77%
Average duration of leases (years)	4.49	4.37

- (1) The real estate portfolio comprises the buildings in operation, the development projects, the assets held for sale, as well as the buildings presented as financial leasing under IFRS.
(2) Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS. The fair value of Retail Estates has been defined based on the share price on 30/06/2017.
(3) The investment value is the value as defined by an independent real estate expert and of which the transfer rights have not yet been deducted.
(4) Fair value and investment value estimated by real estate experts Cushman & Wakefield and Stadim (BeLux), CBRE-SPG Intercity (Switzerland) en BAR bareal (Austria).
(5) For the calculation of the rental yield and the occupancy rate only the buildings in operation are taken into account, excluding the assets held for sale and the development projects.
(6) The occupancy rate has been calculated based on the estimated rental value.

KEY FIGURES INCOME STATEMENT	30/06/2017	30/06/2016
Rental income (€ 1,000)	28,084	28,412
Net rental result per share	5.69	5.75
EPRA Earnings* (1)	13,261	14,349
EPRA Earnings* per share (1)	2.69	2.91
Net result group share (€ 1,000)	15,595	15,137
Net result group share per share	3.16	3.07
Comprehensive income group share (€ 1,000)	32,243	937
Comprehensive income group share per share	6.53	0.19

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

KEY FIGURES BALANCE SHEET	30/06/2017	31/12/2016
Net asset value group share (€ 1,000)	362,754	356,407
Number of issued shares	4,938,870	4,938,870
Number of shares entitled to the result of the period	4,938,870	4,935,478
Net asset value group share per share	73.4	72.2
Net asset value group share per share based on investment value	77.1	75.6
Net asset value group share per share EPRA	81.6	81.9
Total assets (€ 1,000)	1,030,256	988,441
Financial debt	585,443	541,064
Financial debt ratio (in accordance with legal RREC regulation)	59.92%	58.05%
Average duration credit lines (years)	3.44	3.94
Average funding cost (excl. fair value changes financial instruments)	2.94%	2.90%
Average duration hedges (years)	5.80	6.30

EPRA PERFORMANCE MEASURES* (1)	30/06/2017	30/06/2016
EPRA Earnings* (in € per share) (2)	2.69	2.91
EPRA NAV* (in € per share) (3)	81.6	80.0
EPRA NNNAV* (in € per share) (4)	73.1	68.92
EPRA Net Initial Yield* (in %) (5)	5.39%	5.48%
EPRA Topped up Net Initial Yield* (in %) (6)	5.41%	5.54%
EPRA Vacancy* (in %) (7)	9.12%	2.53%
EPRA Cost ratio* (incl. direct vacancy costs) (in %) (8)	24.26%	25.53%
EPRA Cost ratio* (excl. direct vacancy costs) (in %) (8)	21.00%	23.60%

(1) These figures were not subject to a review by the auditor.

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

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

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

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

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

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

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

Contents

Company profile

Alternative performance measures

Statement of responsible persons

Key figures

Interim management report 4

LRE on the stock exchange 16

Real estate report 20

Market information 21

Composition and analysis of the real estate portfolio 22

Valuation report 25

Condensed financial statements 26

Report of the auditor 47

Annexes APMs 48

Interim management report



HIGHLIGHTS FIRST HALF-YEAR 2017

Redevelopments Montoyer 63 and Treesquare in Brussels and Strassen in Luxembourg on schedule

The figures realized on 30/06 correspond to the outlook

The rental income is stable at € 28.1 million compared to € 28.4 million (-1%)

Due to a lack of extraordinary financial income in H1 2017 the net result and EPRA Earnings* are lower

EPRA Earnings* (previously the net current result) on 30/06 has decreased, according to the outlook, to € 13.3 million (30/06/2016: € 14.35 million) or € 2.69 per share (30/06/2016: € 2.91 per share) (-8%)

The net result has slightly risen from € 15.1 million to € 15.6 million or € 3.16 per share (+3%)

Temporary lower occupancy rate of the real estate portfolio at 91.8%

Global real estate portfolio amounts to € 982 million (incl. participation in Retail Estates)

Net asset value (group share) per share EPRA stands at € 81.6

Temporary higher debt ratio of 59.92%

Further geographical diversification towards Luxembourg by acquisition of Mercator office building

Divestment 3 logistics buildings in final phase

“Leasinvest Real Estate realizes half-year figures corresponding to the outlook and reduces its logistics portfolio.”

► ACTIVITY REPORT FOR THE PERIOD 01/01/2017- 30/06/2017

ACQUISITIONS AND DIVESTMENTS

Acquisition of office building Mercator in Luxembourg

On 3 May 2017, Leasinvest Immo Lux SA, Luxembourg subsidiary of Leasinvest Real Estate, acquired 100% of the shares of the company Mercator Sàrl, owner of the office building located route d'Arlon, no 110 – 112 in the City of Luxembourg.

The building held by that company comprises 8,641 m² of offices, spread across 5 floors and 104 parking spaces, and benefits from an excellent location in the capital of the Grand Duchy along the route d'Arlon, one of the main access roads to Luxembourg City.

The value of the building amounts to € 35 million, an amount in line with the fair value measured by the independent real estate expert. The gross rental yield based on total occupancy is estimated at 6.75%. The building is currently let for 42% for an annual rent of € 1.06 million. At present there are ongoing negotiations with potential tenants that could lead to an important improvement of the occupancy rate of the recently acquired office building Mercator by the beginning of 2018.

Mainly by this acquisition, the consolidated occupancy rate has temporarily decreased to 91.80%; the outlook is that once this building will be further leased, the consolidated occupancy rate will again rise to its level of end 2016.

Year of construction: **1998**

8,641 m² offices - 104 parking spaces

Occupancy rate: **42%**

Total investment: **€ 35 million**



Fair value direct portfolio

€ 907

Grand Duchy of Luxembourg

51%

Retail

46%

Offices

40%

Sales agreement concluded for Prins Boudewijnlaan in Kontich

At the end of March 2017 an agreement was concluded subject to a number of conditions precedent, that have all been met in the meantime, for the sale of the distribution center located Prins Boudewijnlaan 7 in Kontich. The notarial deed for the sale for an amount of € 12 million will, as planned, be signed in the course of December 2017. The rental income of the 100% leased building remains in the meanwhile for the account of the Company, till the execution of the notarial deed¹.

Sale of Vierwinden in Zaventem/Nossegem

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

¹ For more information, we refer to the press release of 15/05/2017 on the website www.leasinvest.be.

Divestment of important part of logistics portfolio in Belgium

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

The three concerned buildings for a total surface of 80,000 m² of storage space and 8,000 m² of office space are 100% leased to high-quality tenants and are located respectively in Tongres (Heesterveldweg leased to SKF), Wommelgem (Nijverheidslaan leased to different tenants among which Van Inn and Vanden Borre) and Neder-over-Heembeek (Canal Logistics phase 1, Vilvoordsesteenweg leased to a/o Doctors Without Borders and Ziegler).

The expected execution of the notarial deeds at the beginning of September 2017 will lower the debt ratio by approximately 2.5 percentage points in the course of the third quarter of 2017, or 57.4%.

Given this and the other transactions mentioned above, the main part of our logistics portfolio will be sold by end 2017.

REDEVELOPMENTS

Grand Duchy of Luxembourg

Repositioning of Boomerang Strassen shopping center

The retail site of 22,721 m², located Route d'Arlon in Strassen, is partially redeveloped into a retail park that will, besides shops, also comprise a restaurant. This site will become the largest retail park in the Luxembourg periphery at the entrance of the city of Luxembourg, reason why this site was also subject to a rebranding and its name was changed into 'Boomerang Strassen shopping center'. The redevelopment is executed in 2 phases in order to take into account the interests of the current tenants Adler Mode, Bâtiself and Roller, the first phase being completed by the end of 2017.



Belgium

Current developments in Brussels CBD - Treesquare and Montoyer 63

The office buildings Treesquare and Montoyer 63, both located in the Brussels CBD, are entirely reconstructed in order to enhance these buildings' market positioning and make these more sustainable (BREEAM certified). The final goal is to hold a high-quality real estate portfolio with well located, agreeable working spaces that perform well at a technical level, are sustainable, and require less maintenance costs. The execution of the works evolves according to planning. The Montoyer 63 office building will be occupied end 2018 by the European Parliament, as announced previously¹. Contacts with potential tenants for Treesquare, that will be finalized by the end of 2017, are ongoing.



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



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

In the course of the third quarter of 2016 the extension for half of the office space, that entered into force in the second quarter of 2017, was signed with the current tenant for the office building located Motstraat 30 in Malines. In the course of the first half-year of 2017 additional rental and services contracts were concluded. A part of the remaining office space will be equipped as a co-working space “De Mot”, based on our business center concept ‘The Crescent’ in Anderlecht and Ghent. This project fits within the policy of renovation and redevelopment of buildings, enabling to create value.



LEASES

Grand Duchy of Luxembourg

Besides a number of smaller lettings in the office buildings EBBC and Esch, a new rental contract could be concluded with the current tenant, for 1,410 m², expiring on 30/04/2026, for the office building Kennedy. Different rental renewals and new rental contracts could also be concluded for the Knauf shopping centers in Schmiede (a/o H&M) and Pommerloch, maintaining the occupancy rate of both shopping centers at a high level.

Belgium

The conclusion of a number of new rental contracts for smaller to medium sized spaces (a/o Le Pain Quotidien) in the second and at the beginning of the third quarter of 2017 resulted for Tour & Taxis Royal Depot (Brussels) in a nearly full occupation, which again confirms the appeal of our building and of the Tour & Taxis site as a whole.

For Motstraat Malines the occupancy rate amounted to 74.71% (31/03/2017: 95.05%) and different office spaces were leased in the first half-year of 2017, which means that the new business center concept is well received.

For the retail part in the Brixton Business Park in Zaventem all seven current retailers have extended their rental contracts.

Switzerland

In the retail building in Etoy the rental contract with JYSK was renewed for 6 years.

Austria

Finally, in the Frun® Park in Asten two rental extensions with retailers could be concluded till 09/2023.

► CONSOLIDATED RESULTS PERIOD 01/01/2017- 30/06/2017

The first half-year of 2017 corresponds to Leasinvest Real Estate's outlook.

The activity over the first half-year 2017 was influenced by the following elements, namely

- the vacancy of Montoyer 63 due to its demolition and reconstruction, with consequently higher vacancy costs
- the acquisition of the Mercator office building in Luxembourg that is only occupied for 42%, with a temporary lower vacancy rate until the building is again fully let
- and the lack of extraordinary financial income in 2017.

The **rental income** remained relatively stable at € 28.1 million (€ 28.4 million 1H 2016); the lack of rental income due to the building Montoyer 63 becoming vacant and the extension of a number of rental contracts at lower levels (Wolters Kluwer in the Motstraat in Malines, Van Marcke in the building CFM in Luxembourg) was to a large extent compensated by the contribution of the Frun® retail Park Asten (Austria). Like-for-like the rental income has decreased by € 1.2 million (- 4.2%), with mainly a clear decrease of the rental income in Belgium (Montoyer 63 and Motstraat), only partially compensated by Luxembourg where a reduction was recorded for CFM and EBBC, yet an important increase for Monnet.

The **gross rental yields** have temporarily decreased in comparison with end 2016 and amount to 6.41% (6.78% end 2016) based on the fair value and to 6.29% (6.65% end 2016) based on the investment value; the occupancy rate has temporarily decreased from 96.8% end 2016 to 91.8% 1H 2017, mainly due to the acquisition of the building "Mercator" in Luxembourg that is currently let for only 42%. Once the occupancy rate of the building Mercator improves, the gross rental yield will again rise to its initial level.

The **property charges** have slightly decreased from - € 4.6 million end 1H 2016 to - € 4.5 million despite the growth of the portfolio of investment properties (including buildings held for sale), mainly by lower technical costs, but only partially compensated by higher vacancy costs in comparison to last year, due to the building Montoyer 63 becoming vacant in function of its demolition and reconstruction. The operating margin (operating result before the portfolio result/rental income) slightly improves from 75% in 1H 2016 to 76% in 1H 2017.

The changes in **fair value of the investment properties** end of 1H 2017 amount to + € 3.7 million in comparison with - € 3.7 million end of 1H 2016 (+ € 7.4 million). This is largely due to the fact that the capital gains on the development projects Montoyer 63 and Treesquare are accounted for in the result in function of the progress of the works.

The **financial result** amounts to - € 7.3 million at the end of 1H 2017 in comparison with - € 6.9 million for the same period of the previous financial year, on the one hand, by the lack of some extraordinary financial income received in 1H 2016, namely the payment of a coupon representing the repayment of capital on real estate certificates (last year € 569 thousand were accounted for in the results of Q1 2016, afterwards booked in Other Comprehensive Income Group share given the nature of repayment of capital) and the one-off recuperation of the withholding tax on the dividend Retail Estates 2015 (€ 592 thousand last year) and, on the other hand, higher interest charges (from - € 6.3 million to - € 7.4 million) by the increase of the outstanding credits and after the knock-in of 3 forward IRS in the course of Q1 2017. The average funding cost consequently slightly increases from 2.87% at the end of 1H 2016 to 2.94% end of 1H 2017. The changes in fair value of the financial instruments amount to € 565 thousand, mainly as a consequence of the drop of the CHF.

The **corporate taxes** have decreased from - € 0.6 million to - € 0.2 million as a consequence of the merger of the company Tour & Taxis Koninklijk Pakhuis SA.

The **net result** over 1H 2017 slightly improves to € 15.6 million compared to € 15.1 million end of 1H 2016¹. In terms of net result per share this results in € 3.15 per share end of 1H 2017 compared to € 3.07 at the end of 1H 2016.

The **EPRA Earnings*** (previously the net current result) at the end of 1H 2017 amount to € 13.3 million (€ 2.69 per share) and, according to the outlook, have decreased in comparison with last year (EPRA Earnings* 1H 2016: € 14.3 million (€ 2.91 per share). This decrease is mainly the consequence of the lack of extraordinary income, higher vacancy costs and higher net interest charges.

At the end of the second quarter of the financial year 2017 **shareholders' equity**, group share (based on the fair value of the investment properties) amounts to € 362.75 million (year-end 2016 € 356.41 million). On 30 June 2017 an increase of shareholders' equity of € 6.3 million is recorded, mainly by the incorporation of the net result of the first half-year (€ 15.6 million) and other elements of comprehensive income (€ 16.6 million), reduced by the distribution of the dividend over the financial year 2016 (paid on 22 May 2017) for an amount of € 24.2 million.

The other elements of comprehensive income consist, on the one hand, of the increase of the fair value of the financial assets and liabilities available for sale (€ 7.7 million) and, on the other hand, of the changes in the effective part of the fair values of authorized cash flow hedges as defined in IFRS (€ 8.6 million) as a consequence of the increased swap curve.

The **net asset value per share** excluding the influence of fair value adjustments to the financial instruments (EPRA NAV) stands at € 81.6 at the end of June 2017 in comparison with € 81.9 end 2016.

¹ For more details on this subject, we refer to the statement of comprehensive income (p27-28).

At the end of June 2017 the net asset value including the impact of fair value adjustments to the financial instruments (IAS 39) amounts to € 73.4 per share (31/12/16: € 72.2). The closing price of the Leasinvest Real Estate share on 30 June 2017 amounted to € 102.75.

End June 2017 the **debt ratio** temporarily rose to 59.92% in comparison with 58.05% end 2016, and this, after the acquisition of the Mercator building (€ 35 million) and the payment of the dividend over the past financial year (€ 24.2 million). It is expected that the debt ratio will decrease by 2.5% percentage points to approximately 57.4% once the divestment of the 3 logistics buildings will be finalized at the beginning of September 2017.

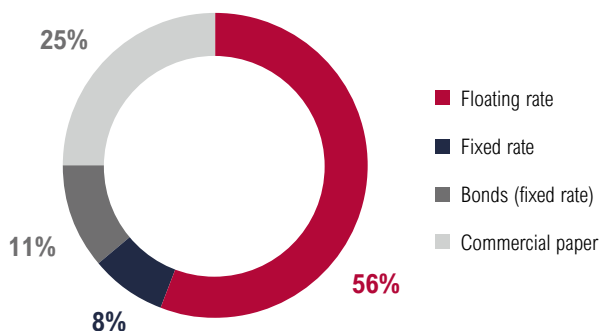
► MANAGEMENT OF FINANCIAL RESOURCES

Per 30/06/2017 the nominal financial debts recorded in the balance sheet amount to € 581.3 million compared to € 538.3 million on 31/12/2016. This increase is attributable to the realized acquisition of the Mercator building in Luxembourg and the paid dividend over the past financial year 2016.

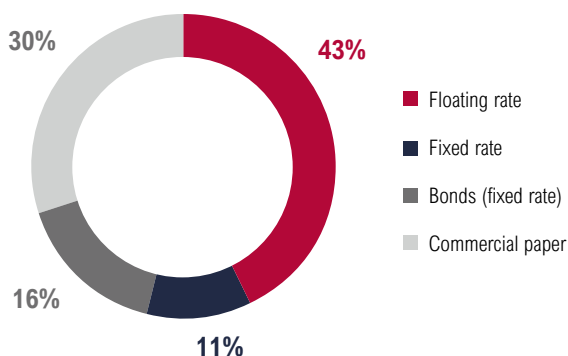
These financial debts for an amount of € 581.3 million comprise € 249.3 million of bank credits at floating rate, € 62.5 million of bank credits at fixed rate, € 95.0 miljoen of bonds and € 174.5 million of commercial paper issues on 30/06/2017.

The spread of the credits portfolio according to the type of funding sources and to the number of credit institutions (currently spread across 9 different credit institutions) is an important element to be able to count on a continuous funding base limiting to a maximum concentrations and counterparty risks. The credits used mentioned below are reproduced in a graph in combination with a reproduction of the maturity dates of the credit lines.

Credit lines 30/06/2017



Credit usage 30/06/2017

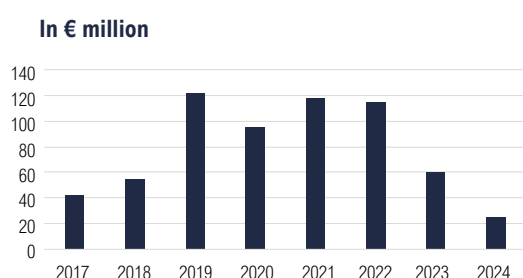


The commercial paper issues have increased over the first half-year of 2017 from € 146.8 million to € 174.5 million by the increased liquidity in the market creating a higher demand by investors for issues. Given the short-term nature of this funding source, available, unused credit lines from banks are at all time foreseen to cover the issued amount in the commercial paper programme. After deduction of this buffer, Leasinvest Real Estate disposes of over € 51.7 million of headroom on 30/06/2017.

The not expired maturity dates of credit lines in 2017 fall due around year-end; the negotiations for refunding have been started and will lead to a further spread of the maturity profile mentioned below.

The weighted average duration of the granted credit lines amounts to 3.44 years per 30/06/2017; this duration will increase after refunding the lines that fall due at the end of 2017.

Maturity dates credit lines



The hedge ratio on 30/06/2017 amounts to 80% and is calculated based on the total nominal withdrawn hedge amount of the Interest Rate Swaps, Cross currency Swaps and Interest caps (€ 307.5 million), augmented by the credits at fixed rate including the bonds (€ 157.5 million) over the total withdrawn amount of financial debts per 30 June 2017 (€ 581.3 million). This amount is slightly higher than the desired strategic level of 75% during the first 5 years and 50% for the following 5-year period. The weighted average duration of the hedges amounts to 5.8 years on 30/06/2017.

The weighted average funding cost has slightly increased per 30 June 2017 to 2.94%, to be compared to 2.87% over the first half-year of 2016 as a consequence of the knock-in of 3 forward IRS in the course of Q1 2017. Consequently, the spread between the temporarily lower rental yield on the investment properties (6.41%) as a result of the Mercator transaction and the funding cost (2.94%) on June amounts to 3.47%, in comparison with 4.08% over the first half-year of 2016.

► IMPORTANT EVENTS AFTER THE CLOSING OF THE PERIOD 01/01/2017-30/06/2017

No significant events took place after the closing of the first half-year of 2017.

► CORPORATE GOVERNANCE

RENEWAL OF AUTHORISATIONS FOR ACQUISITION AND ALIENATION OF TREASURY SHARES

On 15/05/2017 the extraordinary general meeting proceeded to the renewal of the statutory authorizations of the manager with regard to the acquisition and alienation of treasury shares without prior decision by the general meeting whenever this acquisition or alienation is necessary to prevent the company from being subject to a serious and imminent danger, and this for a term of 3 years as of the publication of the amendments to the articles of association to this effect.

Moreover, the extraordinary general meeting has also renewed all other existing authorizations of the manager with regard to the acquisition and alienation of treasury shares, namely in accordance with the articles 620, §1, fifth subparagraph, respectively 622, §2, first subparagraph of the Company Code, with definition of the maximum number of shares to be acquired, the minimum and maximum remuneration per share and the duration of the authorization of 5 years as of the publication of the amendments to the articles of association to this effect.

Furthermore, the statutory authorization with regard to the acquisition and alienation of shares on a regulated market by its directly controlled subsidiaries in accordance with art. 527 of the Company Code, was confirmed.

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

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

REPLACEMENT OF RESPONSIBLE REPRESENTATIVE OF ERNST & YOUNG BEDRIJFSREVISOREN

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

EXTENSION OF DIRECTORS MANDATES

The general meeting of shareholders of Leasinvest Real Estate Management SA, the statutory manager of Leasinvest Real Estate, has decided to extend the directors mandate of Sonja Rottiers, appointed on 18/05/2015 for a duration of two years till the annual meeting of 2017, and that of Guy van Wymersch-Moons, appointed as director as from 21/01/2006 and re-appointed in 2014 till the annual meeting of 2017, till the annual meeting that will be held in 2018.

CHANGE IN COMPOSITION OF THE EXECUTIVE COMMITTEE

Appointment of a co-CEO and co-managing director

As of 15 May 2017, the general meeting of shareholders of Leasinvest Real Estate Management SA has appointed Michel Van Geyte, Chief Investment Officer, as co-Chief Executive Officer and co-managing director of the statutory manager.

Change of CFO

Tim Rens was hired as Chief Financial Officer on 12 May 2017.

► OVERVIEW OF MAIN RELATED-PARTY TRANSACTIONS

In the period 01/01/2017-30/06/2017 no transactions with related parties, which had material consequences with regard to the financial position or the results of Leasinvest Real Estate, took place.

► 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.

► PURCHASE/SALE OF TREASURY SHARES

In the period 01/01/2017 - 30/06/2017 Leasinvest Real Estate sold the 3,392 treasury shares, based on the existing authorization for the purchase and sale of treasury securities, that were acquired in the course of the financial year 2015 within the framework of the finalization of the legal procedure with regard to the dematerialization of bearer securities in accordance with article 11 of the law of 14 December 2005. Consequently, the total number of issued and listed shares (4,938,870) again corresponds to the number of shares entitled to the result of the period.

► OUTLOOK FINANCIAL YEAR 2017

As already mentioned in the annual financial report 2016 and except for extraordinary circumstances, the company expects to realize a lower net result and EPRA earnings* in 2017 in comparison with 2016, due to a temporary decrease in rental income as a consequence of the total renovation of the buildings Treesquare and Montoyer 63 and the sale of the logistics buildings. Notwithstanding this evolution, the company expects to maintain the dividend over 2017 at the same level as that of 2016.

Leasinvest Real Estate on the stock exchange





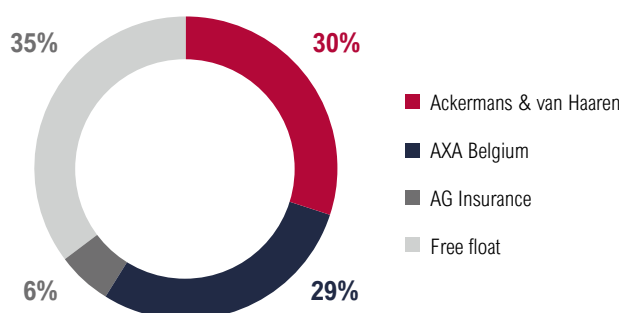
SHAREHOLDER STRUCTURE

The Leasinvest Real Estate shares are listed in Belgium on Euronext Brussels (BEL Mid).

Extensa Group SA (Ackermans & van Haaren Group) was the founder and promoter of the public RREC (B-Reit). Ackermans & van Haaren SA holds 100% of the shares of the statutory manager, Leasinvest Real Estate Management SA.

A transparency notification, according to the law of 02/05/2007 on the publication of important participations, of 6/04/2017 by Ackermans & van Haaren SA, shows that an intra-group transfer occurred, Ackermans & van Haaren SA having taken over 1,444,748 shares in Leasinvest Real Estate SCA from its subsidiary Extensa Participations II S.A.R.L. After this transaction, Ackermans & van Haaren SA, holds, directly and indirectly, a stake of 30.01% in Leasinvest Real Estate SCA.

NUMBER OF LISTED SHARES (4,938,870)



COMMENTS ON KEY FIGURES AND GRAPHS

In the first half-year of 2017 the price of the Leasinvest Real Estate share consistently fluctuated above the € 100 threshold, except after the payment of the dividend over the financial year 2016 in May 2017. The premium compared to the net asset value (based on fair value) amounted to +40% on 30/06/2017.

The average monthly traded volume of the share over the first half of 2017 increased and amounted to 33,783 shares (31/12/2016: 30,897). The velocity for 6 months (8.21% over the first half of 2017) also rose, but is relatively limited due to the limited free float of the share (35%). If we only take into account the freely traded shares, the free float velocity for six months amounts to 23.45% over the first half-year of 2017.

Since the beginning of 2016 (21/03/2016: inclusion of the Leasinvest Real Estate share in the BEL Mid index), we record a permanently higher return of the share in comparison with the index.

Also in comparison with the EPRA Belgium index the Leasinvest Real Estate share records a noticeably higher return. The return of the EPRA Eurozone Index remains higher than that of the Leasinvest Real Estate share and recorded an important rise in the first half-year of 2017.

KEY FIGURES

	30/06/2017	31/12/2016
Number of listed shares (#)	4,938,870	4,938,870
Number of issued shares (#)	4,938,870	4,938,870
Number of shares entitled to the result of the period (#)	4,938,870	4,935,478
Market capitalisation based on closing price (€ million)	508	521
Free float (%)	35%	35%
Closing price (€) (1)	102.75	105.5
Highest price (€) (1)	107.95	114
Lowest price (€) (1)	97.56	87.75
Average monthly volume (#) (1)	33,783	30,897
Velocity (%) (1) (2)	8.21%	7.51%
Free float velocity (%) (1) (3)	23.45%	21.45%
Premium based on closing price vs NAV (fair value)	40%	46%

(1) For the financial year 31/12/2016 the data are calculated over a period of 12 months and for 30/06/2017 over a period of 6 months.

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

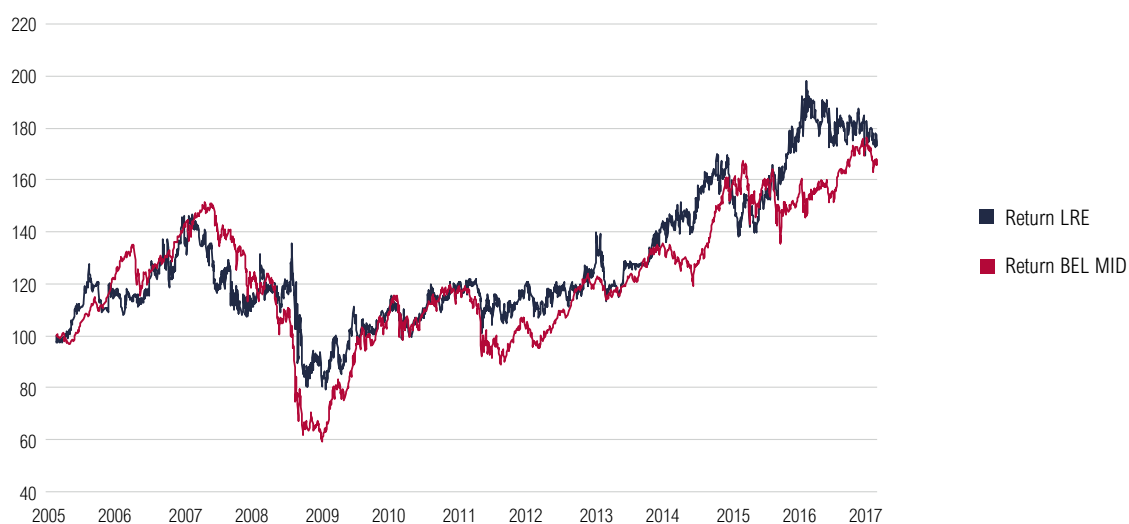
(3) Number of traded shares / (total number of listed shares * free float).

GRAPHS

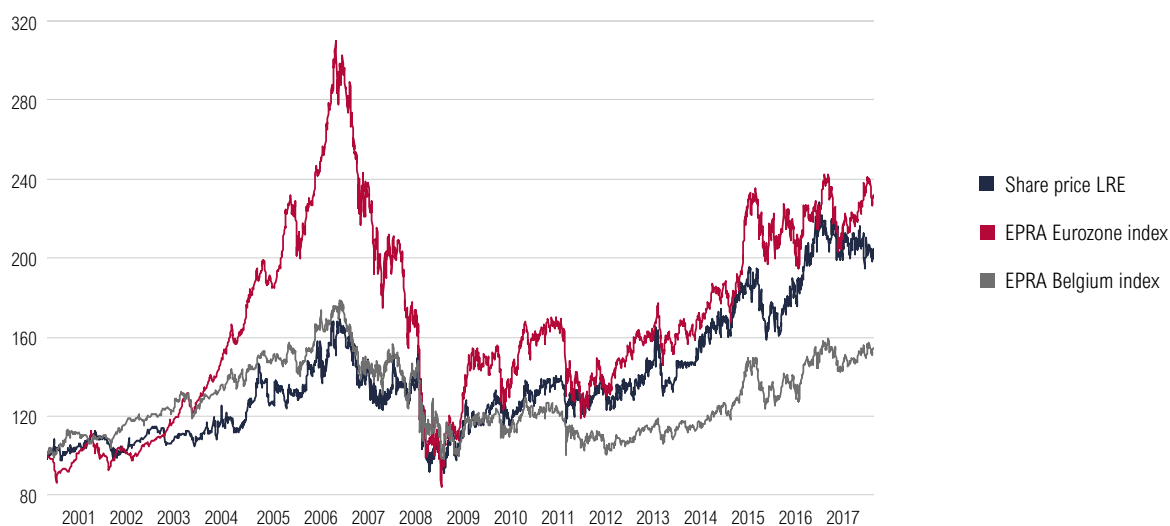
PRICE PREMIUM/DISCOUNT LEASINVEST REAL ESTATE SHARE PRICE VERSUS NET ASSET VALUES



COMPARISON OF RETURN ON THE LEASINVEST REAL ESTATE SHARE VERSUS RETURN BEL MID¹



COMPARISON OF RETURN ON THE LEASINVEST REAL ESTATE SHARE VERSUS THE RETURN ON THE EPRA INDICES (WWW.EPRA.COM)²



¹ Indices to consult in the financial papers or on the internet.

² Information from EPRA, not controlled by any authority.

Real estate report



REAL ESTATE MARKET OVER THE FIRST HALF-YEAR OF 2017

The information on the real estate market below comprises extracts from the real estate market reports of Cushman & Wakefield, JLL and CBRE for the Grand Duchy of Luxembourg and Belgium, reproduced with their consent, and of which the contents have not been verified. Given the fact that Leasinvest Real Estate is only operating in an important way in the Grand Duchy of Luxembourg and Belgium, and the current divestment of the logistics buildings, only the real estate markets in retail and offices in those 2 countries are discussed below.

GRAND DUCHY OF LUXEMBOURG

OFFICE MARKET

Rental market: strong activity

The total take-up for 1H 2017 amounts to 141,822 m², or the best half-year ever. The Luxembourg office rental market keeps growing and records a healthy level of activity.

The global vacancy rate dropped to 4.6% at the end of the quarter, as the available space only amounts to just over 200,000 m², with vacancy rates in Kirchberg and CBD of below 2%.

The strong letting market and the market dynamics of offer and demand sustain the rents, top rents of € 47/m²/month currently being recorded in the CBD. The top rents in other markets are: € 35 €/m²/month in the Kirchberg district and € 36 €/m²/month in the Station district.

Investment market: historic low yields

The total investment market for 1H 2017 amounts to nearly € 430 million for all types of real estate and including projects and acquisitions for own use, of which 80% was invested in offices, with a/o the acquisition of Mercator in the City of Luxembourg by Leasinvest Real Estate.

The top office yields amount to 4.3% at the end of the first half-year of 2017. Further slight decreases are not to be excluded in the course of the coming months, taken into account the accrued competition for top products and the stable economic performance of the Luxembourg market.

RETAIL MARKET

Rental market: the year started well

The retail rental market also recorded a strong activity in the first half-year of 2017 with a take-up of 18,000 m², or the second best start of the year since 2011, of which out-of-town retail represented 70%.

In shopping centers prime rents have risen since 2011 and currently amount to approximately € 115/m²/month. It is expected that they will remain stable over the next years given the future completion of new shopping centers.

For out-of-town retail the rents are stable and prices between € 19 and € 22/m²/month are recorded. Given the current demand for top products in this segment however, the outlook is that they will rise to € 23-25/m²/month over the coming months.

Investment market: decreasing yields

The volume invested in retail in 1H 2017 currently already largely exceeds that of 2016, with € 70 million recorded year-to-date versus € 43 million for the entire year 2016.

The prime yields reach historically low levels in each retail segment. For out-of-town retail the yield currently stands at 6% and for shopping centers we record 5.25%. A further decrease is however foreseen over the next months given the completion of new shopping centers in combination with an important appetite of investors.

BELGIUM

OFFICE MARKET

Rental market: prime rents rise for the first time in 6 years

The take-up volume recorded for the first half-year of 2017 amounts to 214,000 m², perfectly in line with the last 5-year average.

61% of the take-up in the first half-year was realized by corporates, which corresponds to the long-term average. Belgian authorities represent 37%, and international authorities 2%. No single deal with a European institution was however recorded in this period.

The global vacancy rate for offices in Brussels continued its drop and currently reaches 8.7%, the lowest level since Q3 2002 (8.5%), versus 9% in Q1 2017 and 9.4% a year ago. In the CBD the vacancy rate only amounts to 4.7%. As only 15,000 m² will be completed on a speculative

basis by the end of 2017, among which our building Treesquare located in the European district, the vacancy rate will inevitably further decrease in the course of the next quarters.

In the European district the top rents rose by 9% to € 300/m²/ year, or the first rise in 6 years. Moreover, there is room for further increases in the short term at the best locations.

Investment market: in line with the average

The volume recorded in the offices investment market amounts to € 782 million, or less than a year ago. 71% of this half-yearly volume was realized in Brussels.

The prime yield in the Brussels CBD further dropped and currently reaches a historic low of 4.4% (versus 4.5% the previous quarter and 6% 2.5 years ago), a level that was recorded in both the European district and the Brussels' Pentagon. Buildings with long-term rental contracts and creditworthy tenants are traded at 3.75% or even below.

RETAIL MARKET

Rental market: in line with the 5-year average

The take-up for the first half-year of 2017 amounted to 162,427 m², or in line with the 5-year average for the first half-year, but lower than in 1H 2016. Strong activity was recorded in the out-of-town retail segment.

The prime rents for retail parks vary between € 100/m²/year in locations such as Mons and € 160/m²/year in Zaventem. They were relatively stable over the past years, but have slightly increased in the course of the previous quarters. This reflects the healthy level of demand and the clear trend towards an upgrade of this segment.

Investment market: mainly portfolios

The investment volume in retail is estimated at € 264 million, or lower than the half-year average over the past 5 years, among which the sale of two portfolios. With the potential sale of the Woluwe Shopping center and other transactions, the outlook is that the volume invested in retail buildings will again reach a level of € 1 billion over the entire year 2017, just like last year.

The prime yields for high streets dropped to 3.4% (3.85% end 2015), and amount to 5.35% for out-of-town retail and to 4.25% for shopping centers.

COMPOSITION & ANALYSIS OF THE REAL ESTATE PORTFOLIO

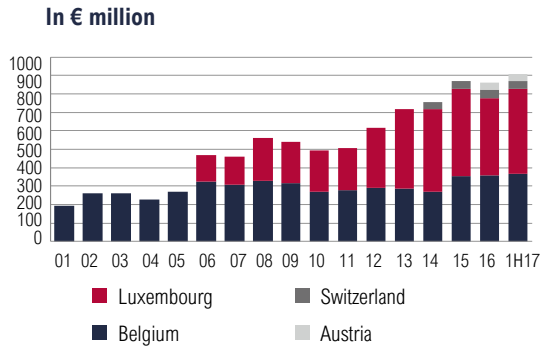
GEOGRAPHICAL BREAKDOWN GRAND DUCHY OF LUXEMBOURG – BELGIUM - SWITZERLAND - AUSTRIA

	FAIR VA- LUE (€ M)	INVEST- MENT VALUE (€ M)	SHARE IN PORTFO- LIO (%) < FV	CONTRAC- TUAL RENT (€ M/YEAR)	RENTAL YIELD* < FV (%)	RENTAL YIELD* < IV (%)	OCCUPAN- CY RATE (%)	DURATION
Grand Duchy of Luxembourg	459.98	467.33	51	29.34	6.38	6.28	91.74	4.42
Belgium	254.07	259.89	28	16.82	6.62	6.47	90.63	4.31
Switzerland	43.21	44.29	5	2.63	6.09	5.85	100.00	4.90
Austria	37.39	38.32	4	2.19	5.79	5.65	100.00	1.70
Real estate available for lease	794.65	809.83	88	50.98	6.42	6.29	91.80	4.49
Belgium	70.43	72.45	8	5.64				
Assets held for sale	70.43	72.45	8	5.64				
Projects Belgium	41.89	42.94	4	0.00				
Total investment properties	906.97	925.22	100	56.62				

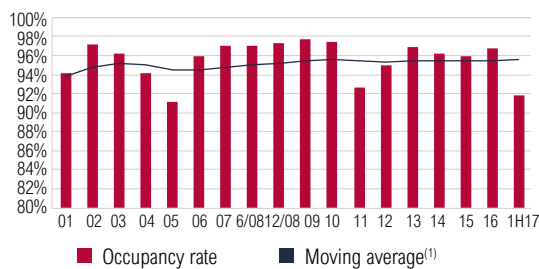
BREAKDOWN ACCORDING TO ASSET CLASSES

	FAIR VA- LUE (€ M)	INVEST- MENT VALUE (€ M)	SHARE IN PORTFO- LIO (%) < FV	CONTRAC- TUAL RENT (€ M/YEAR)	RENTAL YIELD* < FV (%)	RENTAL YIELD* < IV (%)	OCCUPAN- CY RATE (%)	DURATION
Retail								
Retail Grand Duchy of Luxembourg	281.52	284.39	31	19.25	6.84%	6.77%	97.89	4.90
Retail Switzerland	43.21	44.29	5	2.63	6.09%	5.94%	100.00	4.90
Retail Belgium	50.08	51.34	6	3.35	6.69%	6.53%	98.11	2.60
Retail Austria	37.39	38.32	4	2.19	5.86%	5.72%	100.00	1.70
Total retail	412.20	418.34	46	27.42	6.65	6.55	98.14	4.80
Offices								
Offices Grand Duchy of Luxembourg	159.51	163.49	18	8.77	5.50%	5.36%	80.08	3.00
Offices Brussels	145.88	149.52	16	9.14	6.27%	6.11%	89.01	2.70
Offices rest of Belgium	17.57	18.01	2	1.40	7.97%	7.77%	74.71	6.80
Total offices	322.96	331.02	36	19.31	5.98	5.83	83.60	3.16
Logistics/Semi-industrial								
Logistics/Semi-industrial Belgium	40.54	41.02	4	2.93	7.23	7.14	97.86	11.66
Logistics/Semi-industrial Grand Duchy of Luxembourg	18.95	19.45	2	1.32	6.97	6.79	89.58	5.50
Total logistics/Semi-industrial	59.49	60.47	6	4.25	7.14	7.03	95.29	9.69
Investment properties	794.65	809.83	88	50.98	6.42	6.29	91.80	4.49
Assets held for sale	70.43	72.45	8	5.64				
Real estate available for lease	865.08	882.28	96	56.62				
Projects Belgium	41.89	42.94	4					
Total investment properties	906.97	925.22	100					

EVOLUTION OF THE FAIR VALUE

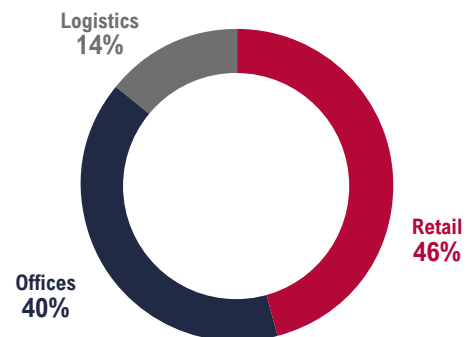


OCCUPANCY RATE

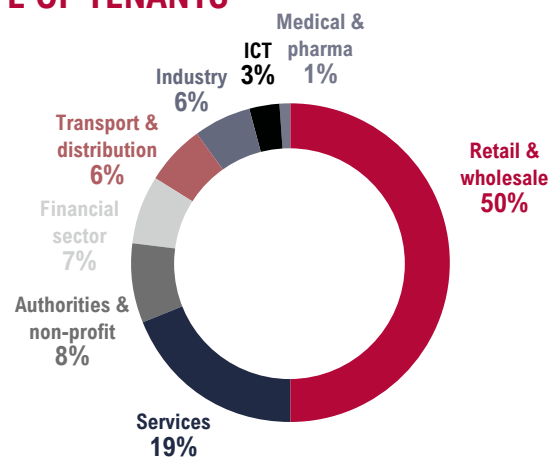


(1) A moving average is a type of average value based on a weight of the current occupancy rate and the previous occupancy rates.

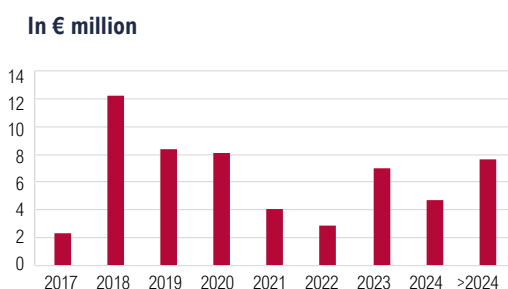
ASSET CLASSES



TYPE OF TENANTS



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



CONCLUSIONS OF THE REAL ESTATE EXPERT¹

VALUATION UPDATE AS AT 30 JUNE 2017 OF THE LEASINVEST REAL ESTATE SCA PORTFOLIO

REPORT BY THE EXTERNAL VALUER CUSHMAN & WAKEFIELD

We are pleased to report our valuation of the investment and fair values of the Leasinvest Real Estate SCA portfolio as at 30 June 2017.

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

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

The values were determined taking current market parameters into account.

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

1. The portfolio consists of business parks, offices and semi-industrial buildings or distribution centres and shops, located in Belgium, in the Grand Duchy of Luxembourg, in Austria and in Switzerland.
2. The total (**including** de projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 6.15% % higher than the market rent (respectively 5.61%, 0.50%, 0.0% and -2.95% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolios).
3. The total (**excluding** de projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 6.23% higher than the market rent (respectively 5.59%, 0.50%, 0.0% and -2.95 for the Belgian, the Luxembourg, the Austrian and the Swiss portfolios).
4. The total occupancy rate² of the portfolio (**including** the projects) is 87.75% (respectively 81.54%, 91.74%, 100% and 100% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolios).
5. The total occupancy rate of the portfolio (**excluding** the projects) is 91.80% (respectively 90.63%, 91.74%, 100% and 100% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolios).

6. The remaining weighted average duration of the current leases for the whole portfolio equals to 18 quarters or 4.49 years. The projects and assets 'to be sold' were not taken into account in this parameter.

7. A total **investment value** of **€ 925,224,000** (nine hundred twenty-five million two hundred twenty-four thousand euro) has been determined, with respectively € 375,277,000, € 467,333,000, € 38,324,000 and € 44,290,000 as investment values for the Belgian, Luxembourg, Austrian and Swiss portfolios.

8. A total **fair value** of **€ 907,003,000** (nine hundred and seven million three thousand euro) has been determined, with respectively € 366,402,000, € 460,002,000, € 37,389,000 and € 43,210,000 as fair values for the Belgian, Luxembourg, Austrian and Swiss portfolios.

On this basis, the initial yield of the complete portfolio (including the Projects and assets 'to be sold') in terms of investment value is 6.12% (with respectively 5.98%, 6.28%, 5.70% and 5.94% for the Belgian, Luxembourg, Austrian and Swiss portfolios) and the initial yield of the complete portfolio in terms of fair value is 6.24% (respectively 6.13%, 6.38%, 5.84% and 6.09% for the Belgian, Luxembourg, Austrian and Swiss portfolios).



TOM VELGHE

Account Manager
Valuation & Advisory
For Cushman & Wakefield



KOEN NEVENS MRICS

Managing Partner
For Cushman & Wakefield

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

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 22 August 2017.

The half-year 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 INCOME STATEMENT

(in € 1,000)	30/06/2017	30/06/2016
Rental income	28,084	28,412
Related-rental expenses	0	-51
NET RENTAL INCOME	28,084	28,361
Recovery of property charges	21	53
Recovery income of charges and taxes normally payable by tenants on let properties	1,184	2,083
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	-1,184	-2,083
Other rental-related income and expenditure	-992	-1,337
PROPERTY RESULT	27,113	27,077
Technical costs	-750	-1,014
Commercial costs	-386	-276
Charges and taxes on un-let properties	-915	-550
Property management costs	-2,321	-2,289
Other property charges	-208	-464
PROPERTY CHARGES	-4,580	-4,593
PROPERTY OPERATING RESULT	22,533	22,484
Corporate operating charges	-1,515	-1,232
Other operating charges and income	275	-92
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	21,293	21,160
Result on disposal of investment properties	-1,924	5,291 ⁽¹⁾
Changes in fair value of investment properties	3,693	-3,710
OPERATING RESULT	23,062	22,741
Financial income	59	793 ⁽²⁾
Net interest charges	-7,348	-6,358
Other financial charges	-539	-624
Changes in fair value of financial assets and liabilities	565	-670
FINANCIAL RESULT	-7,263	-6,859
PRE-TAX RESULT	15,799	15,882
Corporate taxes	-204	-648
Exit tax	0	-97
TAXES	-204	-745
NET RESULT	15,595	15,137

(1) The comparative figures have been adjusted from € 4,801 thousand to € 5,291 thousand: as of 2017 the transfer rights for the acquisition of investment properties are accounted for in the portfolio result in accordance with IAS 40 instead of in the comprehensive income. The comparative figures were amended accordingly.

(2) The comparative figures have been adjusted from € 1,362 thousand to € 793 thousand. The repayment of capital on real estate certificates was mistakenly recorded in the financial income last year. In the meantime, this has been – retroactively – recorded in the comprehensive income.

OTHER ELEMENTS OF COMPREHENSIVE INCOME

(in € 1,000)	30/06/2017	30/06/2016
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	0	0 ⁽²⁾
Reserve for treasury shares	281	0
Other	71	0
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	8,624	-15,877
Changes in fair value of financial assets available for sale	7,672	1,677 ⁽³⁾
Other elements of comprehensive income	16,648	-14,200
Minority interests	0	0
Other elements of comprehensive income – Group share	16,648	-14,200
COMPREHENSIVE INCOME	32,243	937
Attributable to:		
Minority interests	0	1
Comprehensive income – Group share	32,243	937
NET RESULT	15,595	15,137
To be eliminated		
- Result on disposal of investment properties	-1,924	5,291
- Changes in fair value of investment properties	3,693	-3,710
- Changes in fair value of financial assets and liabilities	565	-670
- Deferred taxes	0	123
EPRA Earnings*	13,261	14,349

RESULTS PER SHARE

(in €)	30/06/2017	30/06/2016
Comprehensive income per share, group share	6.53	0.19
Comprehensive income per entitled share	6.53	0.19
Net result per share, group share	3.16	3.07
Net result per entitled share	3.16	3.07
EPRA Earnings* per share ⁽¹⁾	2.69	2.91

(1) Based on the number of shares entitled to dividends at closing date (30/06/2017)

4,938,870 4,935,478

(2) This figure has been adjusted in comparison with the figures recorded in the half-year report 2016 because of the change in valuation rules with regard to transfer rights on the acquisition of investment properties. See footnote on page 27.

(3) This figure has been adjusted in comparison with the figures recorded in the half-year report 2016 because of the correction of the repayment of € 569 thousand of capital on real estate certificates, mistakenly booked as financial income last year. See footnote on page 27.

CONSOLIDATED BALANCE SHEET

(in € 1,000)	30/06/2017	31/12/2016
ASSETS		
I. NON-CURRENT ASSETS	934,254	896,179
Intangible assets	2	4
Investment properties	818,695	787,065
Other tangible assets	1,260	1,250
Non-current financial assets	96,442	89,960
Finance lease receivables	17,855	17,900
II. CURRENT ASSETS	96,002	92,262
Assets held for sale	70,431	54,966
Current financial assets	0	0
Trade receivables	12,643	12,085
Tax receivables and other current assets	1,787	3,264
Cash and cash equivalents	10,398	20,768
Deferred charges and accrued income	743	1,179
TOTAL ASSETS	1,030,256	988,441
LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	362,754	356,407
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	362,754	356,407
Capital	54,315	54,315
Share premium account	121,091	121,091
Purchase of treasury shares	-12	-293
Reserves	171,757	151,405
Translation differences	8	8
Net result of the financial year	15,595	29,880
II. MINORITY INTERESTS	0	0
LIABILITIES	667,502	632,034
I. NON-CURRENT LIABILITIES	445,553	444,362
Provisions	11	11
Non-current financial debts	404,097	394,615
- Credit institutions	305,067	297,395
- Other	99,030	97,220
Other non-current financial liabilities	41,445	49,736
II. CURRENT LIABILITIES	221,949	187,672
Provisions	0	0
Current financial debts	182,102	146,856
- Credit institutions	7,510	0
- Other	174,592	146,856
Other current financial liabilities	316	0
Trade debts and other current debts	28,102	28,985
- Exit tax	12,907	12,907
- Other	15,195	16,078
Other current liabilities	2,217	2,361
Accrued charges and deferred income	9,212	9,469
TOTAL EQUITY AND LIABILITIES	1,030,256	988,441
Debt ratio (RD on BE-REIT (SIR/GVV))	59.92%	58.05%

CONSOLIDATED CASH FLOW STATEMENT

(in € 1,000)	30/06/2017 (6 months)	30/06/2016 (6 months)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	20,768	4,531
1. Cash flow from operating activities	21,242	19,925
Net result	15,595	15,216
Adjustment of the profit for non-cash and non-operating elements	5,527	4,988
<i>Depreciations, write-downs and taxes</i>	33	246
- Depreciations and write-downs on intangible and other tangible assets (+/-)	83	70
- Write-downs on current assets (-)	0	51
- Taxes	0	746
- Taxes paid	-50	-621
<i>Other non-cash elements</i>	-4,258	3,923
- Changes in fair value of investment properties (+/-)	-3,693	3,710
- Movements in provisions (+/-)	0	1
- Phasing of gratuities (+/-)	0	-458
- Increase (+) / Decrease (-) in fair value of financial assets and liabilities	-565	670
- Other non-current transactions	0	0
<i>Non-operating elements</i>	9,752	819
Gains on disposals of non-current assets	1,924	-4,801
Dividends received	0	-592
Write-back of financial income and financial charges	7,828	6,212
Change in working capital requirements	120	-279
<i>Movements in asset items</i>	1,355	-4,323
- Other long-term assets	0	0
- Current financial assets	0	-8
- Trade receivables	-558	-4,548
- Tax receivables and other current assets	1,477	-832
- Deferred charges and accrued income	436	1,065
<i>Movements in liability items</i>	-1,235	4,044
- Other non-current debts	0	0
- Trade debts and other current debts	-884	6,544
- Taxes	50	-28
- Other current liabilities	-144	-5,927
- Accrued charges and deferred income	-257	3,455

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(in € 1,000)	30/06/2017 (6 months)	30/06/2016 (6 months)
2. Cash flow from investment activities	-44,490	57,238
<i>Investments</i>	-47,746	-8,807
Investment properties in operation	-40,834	-3,174
Development projects	-6,374	-5,025
Intangible and other tangible assets	-91	-86
Non-current financial assets	-447	-522
Assets held for sale	0	0
Effect in consolidation of new participations	0	0
<i>Divestments</i>	3,256	65,453
Investment properties in operation	1,927	0
Development projects	0	61,043
Intangible and other tangible assets	0	0
Non-current financial assets	1,329	0
Assets held for sale	0	4,410
Effect in consolidation of new participations	0	0
Dividends received	0	592
3. Cash flow from financing activities	12,878	-64,451
<i>Change in financial liabilities and financial debts</i>	45,012	-34,992
Increase (+) / Decrease (-) of financial debts	45,012	-34,992
Increase (+) / Decrease (-) of other financial liabilities	0	0
Financial income received	59	663
Financial charges paid	-7,887	-6,926
<i>Change in shareholders' equity</i>	-24,306	-23,196
Change of capital and share premium account (+/-)	0	0
Changes in reserves	-388	0
Increase (+) / Decrease (-) of treasury shares	281	0
Dividend of the previous financial year	-24,199	-23,196
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,398	17,242

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in € 1,000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS
IFRS BALANCE SHEET 31/12/16	54,315	121,091	5,431	42,660	-44,492
Distribution closing dividend previous financial year					
Transfer net result 2016 to reserves				-528	
Comprehensive income for the period					8,625
Miscellaneous				-460	
IFRS BALANCE SHEET 30/06/17	54,315	121,091	5,431	41,672	-35,867

End June 2017 shareholders' equity, group share (based on the fair value of the investment properties) amounts to € 362.75 million (31/12/2016: € 356.41 million) or € 73.4 per share (31/12/2016: € 72.2).

The increase in shareholders' equity in comparison with end 2016 is attributable to the evolution of the comprehensive income that is € 8.6 million higher over the first half-year of 2017 in comparison with 31/12/2016, mainly due to changes in fair value of authorized hedges in a cash flow hedge as defined in IFRS.

The - € 1,238 thousand is the consequence of a one-off recalculation (31/12/2016) of the negative carry forward of the foreign exchange component of the cross-currency swaps in favour of the interest component of these swaps.

The comprehensive income amounts to € 32.2 million on 30/06/2017 and is partially compensated by the payment of the dividend over the financial year 2016 for an amount of € 24.2 million.

Reserve for translation differences from the conversion of a foreign activity (+/-)	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company
8	-7,135	-293	29,184	125,759	29,880	356,407
				-24,200		-24,200
	678			30,220	-30,370	0
		281	7,672	71	15,595	32,244
	-1,238			0		-1,698
8	-7,695	-12	36,856	131,360	15,595	362,754

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 2016, except for booking the transfer rights on the acquisition or alienation of real estate. As of now, these are accounted for in the income statement at the moment of their first recording in the consolidated statements (while in the past they were accounted for directly in shareholders' equity), in accordance with IAS 40 "Investment properties".

Furthermore, a number of new standards and interpretations entered into force as of January 2017, as enumerated below.

Standards and interpretations applicable for the financial year starting on 1 January 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 12 (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)
- Amendments to IAS 7 Statement of Cash Flows - Disclosure Initiative (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)
- Amendments to IAS 12 Income taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable for annual periods beginning on or after 1 January 2017, but not yet endorsed by the EU)

Standards and interpretations that were published but not yet entered into force for the financial year starting on 1 January 2017

- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRS 9 Financial Instruments and subsequent amendments (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 15 Revenue from Contracts with Customers (applicable for annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)

- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to IAS 40 Transfers of Investment Property (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)

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

IFRS 9 – Financial Instruments (effective 1 January 2018)

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

Based on an analysis of Leasinvest Real Estate's situation as at 30 June 2017, IFRS 9 is not expected to have a material impact on the consolidated financial statements. With respect to the impairment of financial assets measured at amortised cost, including trade receivables and finance lease receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39. Considering the relatively limited amount of trade and finance lease receivables combined with the low associated credit risk, Leasinvest Real Estate considers the impact on the consolidated financial statements to be limited.

With regard to the financial assets, more specifically the participations in other real estate companies of below 20%, when IFRS 9 enters into force, they will no longer be revalued directly compared to shareholders' equity (and thus through comprehensive income), but the revaluation will be accounted for in the net result. The revaluation reserves existing on 31 December 2017 will however not be recycled through the income statement. The impact will consequently be limited to a reclassification of the comprehensive income to the net result and will in no single way impact the value of shareholder's equity.

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

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

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

IFRS 16 – Leases (effective 1 January 2019)

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It will supersede IAS 17 – Leases and related interpretations upon its effective date. IFRS 16 has not yet been endorsed at the EU level.

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

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

2 Segment reporting

CONDENSED CONSOLIDATED INCOME STATEMENT (GEOGRAPHICAL SEGMENTATION)

(in € 1,000)

	Belgium	
	30/06/2017	30/06/2016
(+) Rental income	11,518	12,886
(+) Write-back of lease payments sold and discounted		
(+/-) Related-rental expenses		-35
NET RENTAL INCOME	11,518	12,851
(+) Recovery of property charges		53
(+) Recovery income of charges and taxes normally payable by tenants on let properties	555	2,032
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease		
(-) Charges and taxes normally payable by tenants on let properties	-555	-2,032
(+/-) Other rental-related income and expenditure	-507	-1,063
PROPERTY RESULT	11,011	11,841
(-) Technical costs	-406	-847
(-) Commercial costs	-75	-164
(-) Charges and taxes on un-let properties	-819	-483
(-) Property management costs ⁽³⁾	-2,136	-2,153
(-) Other property charges	-106	-256
PROPERTY CHARGES	-3,542	-3,903
PROPERTY OPERATING RESULT	7,469	7,938
(-) Corporate operating charges	-797	-723
(+/-) Other operating charges and income	29	-61
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	6,701	7,154
(+/-) Result on disposal of investment properties	-1,924	18
(+/-) Changes in fair value of investment properties	4,176	-2,459
OPERATING RESULT	8,953	4,713
(+) Financial income		
(-) Interest charges		
(-) Other financial charges		
(+/-) Changes in fair value of financial assets and liabilities		
FINANCIAL RESULT	0	0
PRE-TAX RESULT	8,953	4,713
(+/-) Corporate taxes		
(+/-) Exit tax		
TAXES	0	0
NET RESULT	8,953	4,713
Attributable to:		
Minority interests		
Group share		

(1) The comparative figures have been adjusted from € 4,801 thousand to € 5,291 thousand: as of 2017 the transfer rights for the acquisition of investment properties are accounted for in the portfolio result in accordance with IAS 40 instead of in the comprehensive income. The comparative figures were amended accordingly.

(2) The comparative figures have been adjusted from € 1,362 thousand to € 793 thousand. The repayment of capital on real estate certificates was mistakenly recorded in the financial income last year. In the meantime, this has been – retroactively – recorded in the comprehensive income.

(3) The property management costs consist a/o of the fee paid by Leasinvest Real Estate and its Belgian subsidiaries to the statutory manager Leasinvest Real Estate Management SA. Of the total fee paid by Leasinvest Real Estate for the first 6 months of the financial year 2017 (€ 1.91 million) € 1.1 million is related to the Luxembourg real estate portfolio. The fee is however fully recorded in the Belgian segment because Leasinvest Real Estate is the actual debtor.

[illegible]

CONDENSED CONSOLIDATED BALANCE SHEET (GEOGRAPHICAL SEGMENTATION)

(in € 1,000)	Belgium	
	30/06/2017	31/12/2016
ASSETS		
Intangible assets	2	4
Investment properties (incl. development projects, excl. financial leasing)	278,104	284,016
Assets held for sale	70,431	54,966
Other assets	108,718	106,597
ASSETS PER SEGMENT	457,255	445,583
LIABILITIES		
Non-current financial debts		
Current financial debts		
Other liabilities		
LIABILITIES PER SEGMENT		
SHAREHOLDERS' EQUITY		

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.

(in € 1,000)	Retail		Offices		Logistics (and semi-industrial)		TOTAL	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Rental income (incl. lease receivables and excl. compensation for early termination and incentives)	13,686	12,158	6,744	8,302	7,570	6,668	28,000	27,128 ⁽¹⁾
Fair value of the real estate portfolio	412,200	367,570	364,860	315,257	129,921	131,320	906,981	814,147
Investment value of the real estate portfolio	418,340	372,570	373,970	323,160	132,915	134,070	925,225	829,800
Occupancy rate	98.00%	99.77%	84.00%	95.18%	95.50%	96.38%	91.80%	97.47%
Rental yield (in fair value) of the segment	6.65%	6.77%	5.98%	6.91%	7.60%	7.49%	6.41%	6.95%
Rental yield (in investment value) of the segment	6.55%	6.68%	5.83%	6.75%	7.45%	7.33%	6.29%	6.82%
Weighted average duration till first break possibility (# years)	4.8	5.1	3.2	2.9	7.7	6.0	4.5	4.5

(1) 30/06/2016 excluding guaranteed income, rental incentives and finance lease receivables and comparable items.

	Luxembourg		Switzerland		Austria		Corporate		TOTAL	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
									2	4
	459,991	421,198	43,210	44,488	37,389	37,363			818,694	787,065
									70,431	54,966
	28,507	36,910	1,126	737	2,778	2,162			141,129	146,406
	488,498	458,108	44,336	45,225	40,167	39,525	0	0	1,030,256	988,441
							404,097	394,615	404,097	394,615
							182,102	146,856	182,102	146,856
							81,303	90,562	81,303	90,563
							667,502	632,033	667,502	632,034
									362,754	356,407

3 Net rental result

The rental income has slightly decreased to € 28.1 million compared to € 28.4 million on 30 June 2016. Since end 2016 the building Montoyer 63 became vacant in order to demolish and rebuild it. Furthermore, also the rental volume of Motstraat Malines was slightly lower by the renegotiation of the rental contract with Wolters Kluwer België. The acquisition of the Frun® Park in Asten (Austria) could only partially compensate this evolution. Like-for-like the rental increase consequently decreases by € 1.2 million.

(in € 1,000)	30/06/2017	30/06/2016
Rental income		
Rents	27,192	27,128
Guaranteed income		174
Rent-free periods	159	458
Rental incentives	0	0
Indemnities for early termination of the leases	83	15
Income from finance leases and comparable items	650	636
TOTAL	28,084	28,412
Write-back of lease payments sold and discounted	0	0
Rental-related expenses		
Rent payable on rented premises	0	0
Write-downs on trade receivables	0	-51
Write-backs of write-downs on trade receivables	0	0
TOTAL	0	-51
NET RENTAL RESULT*	28,084	28,361

4 Investment properties and assets held for sale

The fair value⁽¹⁾ of the directly held real estate portfolio has increased and amounts to € 906.98 million end June 2017 compared to € 859.93 million end December 2016.

	Real estate available for letting		Development projects		Total Investment properties	
(in € 1,000)	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	756,402	785,051	30,663	62,018	787,065	847,069
Investments	2,774	4,622	6,374	3,756	9,148	8,378
Divestments		0		-50,750	0	-50,750
Translation effects	-790	390			-790	390
Acquisitions of real estate	35,471	37,090			35,471	37,090
Transfer from/(to) other items	-16,359	-67,222		13,180	-16,359	-54,042
Spreading of gratuities	-1	192			-1	192
Increase/(decrease) in fair value	-695	-3,721	4,856	2,459	4,161	-1,262
BALANCE AT THE END OF THE PERIOD	776,802	756,402	41,893	30,663	818,695	787,065

(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.

Finance lease receivables		Total investment properties and finance lease receivables		Assets held for sale		Total investment properties, finance lease receivables & assets held for sale	
30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016	30/06/2017	31/12/2016
17,900	17,900	804,965	864,969	54,966	4,392	859,931	869,361
		9,148	8,378	2,589	455	11,737	8,833
		0	-50,750	-3,853	-4,392	-3,853	-55,142
		-790	390			-790	390
		35,471	37,090			35,471	37,090
-45		-16,404	-54,042	16,404	54,042	0	0
		-1	192	129	125	128	317
		4,161	-1,262	195	344	4,356	-918
17,855	17,900	836,550	804,965	70,430	54,966	906,980	859,931

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

Asset class	Fair value 06/2017 (€ 1,000)	Valuation technique	Important input data	Spread (ERV per month)
Retail (Grand Duchy of Luxembourg & Belgium)	331,600	Actualization of estimated rental income	a) Weighted average estimated rental value b) Capitalization rate	a) [14.73 €/m ²] b) [6.40% -> 7.15%]
Retail Switzerland	43,210	Actualization of estimated rental income	a) Weighted average estimated rental value b) Capitalization rate	a) [19 €/m ² -> 23€/m ²] b) [5.8% -> 6.4%]
Retail Austria	37,390	Actualization of estimated rental income	a) Weighted average estimated rental value b) Capitalization rate	a) [7.50€/m ² -> 16€/m ²] b) [5.5% -> 6.0%]
Offices Grand Duchy of Luxembourg	159,510	Actualization of estimated rental income	a) Weighted average estimated rental value b) Capitalization rate	a) [28.86 €/m ²] b) [5.6% -> 7.5%]
Offices Belgium	163,450	Actualization of estimated rental income	a) Weighted average estimated rental value b) Capitalization rate	a) [12 €/m ²] b) [5% -> 8.25%]
Logistics	129,940	DCF (discounted cash flow)	a) Weighted average discount rate b) Weighted average economic life	a) [6.22%] b) [22 years]
Projects Belgium	41,890	DCF (discounted cash flow)	a) Average rental value b) Capitalization rate c) Construction period	a) [20.42 €/m ²] b) [5.50%] c) [15 to 18 months]
Total investment properties	906,980			

The forecasted long-term inflation rate applied to the valuation techniques amounts to 1.25%.

Based on the balance sheet at 30 June 2017, an increase of the average yield by 0.10% would have had an impact of € - 11.6 million on the net result and of € - 2.36 on the net asset value per share, in combination with an increase of the debt ratio by 0.68% (namely from 59.92% to 60.60%) at a constant credit drawdown.

Based on that same balance sheet, a decrease of the average ERV by 10% would have an impact of approximately € - 81.4 million on the net result, which corresponds to € - 16.5 on the net asset value per share. At a constant level of credit drawdown this would lead to an increase of the debt ratio by 5.14% (namely from 59.92% tot 65.06%).

5 Information on the financial debt

On 30/06/2017 the financial debts of € 44.7 million have increased in comparison with end 2016 following the acquisition of the building “Mercator” in Luxembourg in May 2017. Furthermore, the dividend of € 24.2 million was distributed.

The item other loans comprises for € 98.3 million the bond loans issued by Leasinvest in 2013.

The confirmed credit lines (excl. the € 98.3 million bond loans and € 174.5 million commercial paper) amount to € 538 million (end 2016: € 513 million) at the end of June 2017.

6 Calculation and further comments on the debt ratio

In accordance with art 24 of the RD of 13 July 2014, the public RREC 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 RREC. The general guidelines of the financial plan are recorded in the annual and half-year financial reports. In the annual and half-year financial reports is described and justified how the financial plan was executed in the course of the relevant period and how the public RREC will execute the plan in the future.

Debt ratio overview

As commented in the table below, historically, Leasinvest Real Estate's debt ratio has in general remained below 50% till 2011, but crossed the 50%-threshold as of 2012 as a consequence of the investment programme that was executed over the past years (more specifically within the framework of the development and later sale of the Bian office building in Luxembourg, the investment in the real estate certificates issued by Porte des Ardennes Schmiede SA and Porte des Ardennes Pommerlach SA for the refinancing of the shopping centers Knauf located in Schmiede and in Pommerloch, the acquisition of the building Tour & Taxis Royal Depot, the development of the completed project Royal20 and the acquisition of the Mercator building).

1H 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
59.92%	58.05%	58.03%	54.27%	53.53%	56.19%	47.29%	44.13%	47.61%	52.06%	40.93% (•)	44.15% (•)	32.23% (•)	41.06% (•)

(•) Closing at 30/06

At the end of December 2016 Leasinvest Real Estate's debt ratio still amounted to 58.05% and has increased to 59.92% on 30 June 2017 by a combination of the distribution of the dividend over the financial year 2016 and the acquisition of the Mercator building in the course of May 2017.

Evolution of the debt ratio in the long term

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

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

Based on the debt ratio of 59.92% end June 2017 Leasinvest Real Estate has a proportional investment potential based on debt financing of € 148 million without exceeding the 65%-debt ratio, and an investment potential of € 2 million without exceeding the 60%-debt ratio.

Evolution of the debt ratio in the short term

Each quarter a projection of the debt ratio is presented to the board of directors in the scope of the presentation of the budget, in function of the forecasted results and the planned acquisitions and sales. Based on these elements, a projection is made per end 2017. This forecast also takes into account possible divestment transactions.

The item "assets held for sale" has a balance of € 70.4 million on 30 June 2017. The objective is to divest the concerned assets before the end of 2017, reducing the debt ratio by already 3 percentage points.

Taking into account these assumptions, and the realization or not of the possible divestment transactions as mentioned above, the debt ratio will be situated between 55% and 57% at the end of December 2017, i.e. slightly above the predefined 50%-55% range.

Other elements influencing the debt ratio

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

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

Should substantial value decreases take place in the real estate portfolio, with the risk that the debt ratio would exceed 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings to solve that issue.

It is the opinion of the board of directors that no additional measures are necessary to avoid the debt ratio from exceeding 65%.

7 Definition of the fair value of 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 are (non-adjusted) quoted prices in active markets for identical assets or liabilities;
- **Level 2** inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. deducted from prices);
- **Level 3** inputs are unobservable inputs for the asset or liability based on valuations techniques comprising data for the asset or liability.

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

With regard to the financial derivatives, the valuations of the different counterparty banks have been recorded, 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 data that are an approximation of the underlying credit risk. The valuation of the private bond is based on an approximation of an observable CDS spread and the evolution of the corresponding Euribor rate.

The financial leasing is valued based on a discounted cash flow principle.

Fair value disclosures:

There were no transfers between items in 2017 in comparison with 31/12/2016.

per 30 June 2017 (in € 1,000)	Level 1	Level 2	Level 3	book value
Investment properties			818,695	818,695
Non-current financial assets				
- Financial assets	75,088	20,078		95,166
- Other derivative instruments qualified as cash flow hedge			1,276	1,276
Finance-lease receivables			17,855	17,855
Assets held for sale			70,431	70,431
Current financial assets				
Trade receivables		12,643		12,643
Tax receivables and other current assets		1,787		1,787
Cash and cash equivalents	10,398			10,398
Deferred charges and accrued income		743		743
Non-current financial debts				
- Credit institutions			305,068	305,068
- Other	79,125		20,539	98,273
Other non-current financial liabilities				
- Other financial derivatives through the income statement			4,045	4,045
- Other financial derivatives through other equity components			41,445	41,445
Current financial debts				
- Credit institutions			7,510	7,510
- Other			174,908	174,908
Trade debts and other current debts				
- Exit tax		12,907		12,907
- Other		15,194		15,194
Other current liabilities		2,217		2,217
Accrued charges and deferred income		9,212		9,212

per end 2016 (in € 1,000)	Level 1	Level 2	Level 3	book value
Investment properties			787,065	787,065
Non-current financial assets				
- Financial assets	70,758	17,474		88,232
- Loans and receivables				
- Other derivative instruments non-qualified as cash flow hedge				0
- Other derivative instruments qualified as cash flow hedge			1,584	1,584
Finance-lease receivables			17,900	17,900
Assets held for sale			54,966	54,966
Current financial assets				0
Trade receivables		12,085		12,085
Tax receivables and other current assets		3,264		3,264
Cash and cash equivalents	20,768			20,768
Deferred charges and accrued income		1,179		1,179
Non-current financial debts				
- Credit institutions			300,823	297,395
- Other	78,623		20,716	96,813
Other non-current financial liabilities				
- Other financial derivatives through the income statement			1,043	1,043
- Other financial derivatives through other equity components			48,693	48,693
Current financial debts				
- Credit institutions				0
- Other			146,856	146,856
Trade debts and other current debts		28,985		28,985
- Exit tax		12,907		12,907
- Other		16,078		16,078
Other current liabilities		2,361		2,361
Accrued charges and deferred income		9,469		9,469

8 Important events after the closing of the period 01/01/2017-30/06/2017

No important events occurred after the closing of the first half-year of 2017.

9 Overview of the main related-party transactions

In the period 01/01/2017-30/06/2017 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 2016, and more specifically to pages 4-18.

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 2017 AND FOR THE SIX-MONTH PERIOD THEN ENDED

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Leasinvest Real Estate SCA (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2017 and the related interim condensed consolidated income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the 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 balance sheet total of € 1,030,256 thousand and a consolidated profit for the six-month period of € 15,595 thousand. The board of directors 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 by 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". 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 are not prepared, in all material aspects, in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

Brussels, 22 August 2017

Ernst & Young Bedrijfsrevisoren bcvba/Ernst & Young Réviseurs d'Entreprises scrl
Statutory auditor
represented by



Joeri Klaykens*
Partner

* Acting on behalf of a bvba/sprl

ANNEX I: RECONCILIATION TABLES EPRA APMS PER 30/06/2017¹

EPRA Earnings* (€ 1,000)	30/06/2017	30/06/2016
Net Result – Group share as mentioned in the financial statements	15,595	15,137
Net Result per share - Group share as mentioned in the financial statements (in €)	3.16	3.06
Adjustments to calculate the EPRA Earnings	-2,334	-911
To exclude:		
(i) Changes in fair value of investment properties and assets held for sale	-3,693	-5,291
(ii) Result on the sale of investment properties	1,924	3,710
(vi) Changes in fair value of financial instruments	-565	670
EPRA Earnings*	13,261	14,349
Number of registered shares in the result of the period	4,938,870	4,938,870
EPRA Earnings* per share (in €)	2.69	2.91

EPRA NAV* (€ 1,000)	30/06/2017	31/12/2016
NAV according to the financial statements	362,754	356,407
NAV per share according to the financial statements (in €)	73.4	72.2
To exclude		
(i) Fair value of the financial instruments	40,485	48,152
EPRA NAV*	403,239	404,559
Number of registered shares in the result of the period	4,938,870	4,935,478
EPRA NAV* per share (in €)	81.6	82.0

EPRA Triple Net Asset Value* (€ 1,000)	30/06/2017	31/12/2016
EPRA NAV*	403,239	404,559
Corrections:		
(i) Fair value of the financial instruments	-40,485	-48,152
(ii) Revaluation of debts at FV	-1,773	-6,349
EPRA NNNAV*	360,981	350,058
Number of registered shares in the result of the period	4,938,870	4,935,478
EPRA NNNAV* per share (in €)	73.1	70.9

¹ These figures were not subject to a review by the auditor.

EPRA Net Initial Yield* (NIY) and Topped up Net Initial Yield* (topped up NIY) (€ 1,000)		30/06/2017	31/12/2016
Investment properties and assets held for sale		906,980	859,931
To exclude:			
Development projects		-41,893	-30,663
Real estate available for lease		865,087	829,268
Impact FV of estimated transfer rights and costs resulting from hypothetical disposal of investment properties		-	444
Estimated transfer rights and costs resulting from hypothetical disposal of investment properties		9,048	9,167
Investment value of properties available for lease	B	874,135	838,435
Annualized gross rental income		56,610	56,540
Annualized property charges		-9,457	-10,933
Annualized net rental income	A	47,153	45,607
Gratuities expiring within 12 months and other lease incentives		156	317
Annualized and adjusted net rental income	C	47,309	45,924
EPRA NIY*	A/B	5.39%	5.44%
EPRA Topped up NIY*	C/B	5.41%	5.48%

EPRA Vacancy* (€ 1,000)		30/06/2017			
		Offices	Logistics	Retail	Total
Rental surface (in m ²)		110,897	162,011	176,977	449,885
Estimated Rental Value of vacant spaces	A	3.59	0.19	4.27	8.05
Estimated Rental Value of total portfolio	B	22.90	10.08	55.24	88.22
EPRA Vacancy*	A/B	15.68%	1.88%	7.73%	9.12%

EPRA Vacancy* (€ 1,000)		31/12/2016			
		Offices	Logistics	Retail	Total
Rental surface (in m ²)		110,897	162,011	176,977	449,885
Estimated Rental Value of vacant spaces	A	1.24	0.17	0.22	1.63
Estimated Rental Value of total portfolio	B	19.34	9.38	28.15	56.87
EPRA Vacancy*	A/B	6.41%	1.81%	0.78%	2.87%

EPRA cost ratio* (€ 1,000)		30/06/2017	31/12/2016
Other rental-related income and expenses		-992	-2,554
Property charges		-4,580	-9,438
General corporate overhead		-1,515	-3,220
Other operating charges and income		275	1
EPRA costs including rental vacancy costs	A	-6,812	-15,211
Direct costs of rental vacancy		915	1,080
EPRA costs excluding rental vacancy costs	B	-5,897	-14,131
Rental income	C	28,084	56,647
EPRA Cost ratio* (including direct vacancy)	A/C	-24.26%	-26.85%
EPRA Cost ratio* (excluding direct vacancy)	B/C	-21.00%	-24.95%

ANNEX II: RECONCILIATION TABLES OTHER APMS PER 30/06/2017¹

Result on the portfolio* (€ 1,000)	30/06/2017	30/06/2016
Result on sale of investment properties	-1,924	5,291
Changes in fair value of investment properties	3,693	-3,710
Latent taxes on portfolio result	0	0
Result on the Portfolio*	1,769	1,581

Net result* - group share (amount per share)	30/06/2017	30/06/2016
Net Result* - group share (€ 1,000)	15,595	15,137
Number of registered shares in circulation	4,938,870	4,938,870
Net Result* - group share per share	3.16	3.06

Net Asset value* based on fair value (amount per share)	30/06/2017	31/12/2016
Shareholders' equity attributable to the shareholders of the parent company (€ 1,000)	362,754	356,407
Number of registered shares in circulation	4,938,870	4,938,870
Net Asset Value* (FV) group share per share	73.4	72.2

Net Asset Value* based on investment value (amount per share)	30/06/2017	31/12/2016
Shareholders' equity attributable to the shareholders of the parent company (€ 1,000)	362,754	356,407
Investment value of the investment properties per 31/12 (€ 1,000)	925,220	876,747
Fair value of the investment properties per 31/12 (€ 1,000)	906,980	859,931
Difference Investment value – Fair value per 31/12 (€ 1,000)	18,240	16,816
TOTAL	380,994	373,223
Number of registered shares in circulation	4,938,870	4,938,870
Net Asset Value* group share per share	77.1	75.6

¹ These figures were not subject to a review by the auditor.

Changes in gross rental income at constant portfolio (like-for-like)*	30/06/2017 vs. 30/06/2016	31/12/2016 vs. 31/12/2015
Gross rental income at the end of the previous reporting period (€ 1,000)	28,412	50,113
2015 – 2016 changes to be excluded	1,230	5,407
- Changes following acquisitions	1,410	6,048
- Changes following divestments	-180	-641
Gross rental income at closing date reporting period (€ 1,000)	28,084	56,011
Change like for like* (€ 1,000)	-1,558	491
Change like for like* (%)	-5.5%	1.0%

Average funding cost* in %	30/06/2017	31/12/2016
Interest charges on an annual basis (€ 1,000)	-15,000	-13,654
Commitment fees on an annual basis (€ 1,000)	-1,142	-1,309
Interest paid incl. commitment fees on an annual basis (€ 1,000)	-16,142	-14,963
Weighted average withdrawn debt (€ 1,000)	548,933	515,417
Average funding cost* in %	2.94%	2.90%

Comprehensive income* – Group share (amount per share)	30/06/2017	30/06/2016
Net result* - Group share (€ 1,000)	15,595	15,137
Other elements of comprehensive income	16,648	-14,200
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	8,624	-15,877
Changes in the effective part of the fair value of financial assets available for sale	7,672	1,677
Changes in the reserve for treasury shares	281	0
Other	71	0
Comprehensive income* – Group share	32,243	937
Number of registered shares in circulation	4,938,870	4,938,870
Comprehensive income* – Group share per share	6.53	0.19

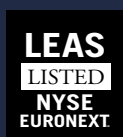
IDENTITY CARD LEASINVEST REAL ESTATE

Public REIT (SIR/GVV) under Belgian Law	Leasinvest Real Estate SCA
Legal entity	Limited partnership by shares
Registered office	Route de Lennik 451, 1070 Brussels, Belgium
Administrative office	Schermersstraat 42, 2000 Antwerp, Belgium
Contact	T +32 3 238 98 77 – F +32 3 237 52 99
E-mail	investor.relations@leasinvest.be
Web	http://www.leasinvest.be
Register of legal entities	Brussels
VAT	BE 0436.323.915
Established	8 June 1999, publication MB 26 June 1999 (conversion into real estate investment trust) (nr. 990626-330) 6 November, publication Official Belgian Gazette 3 December 2014 (change into a BE-REIT (SIR/GVV)) (no 20141203-14216372)
Term	Unspecified
Financial year	1 January – 31 December
Listing	Euronext Brussels, BEL Mid
Liquidity provider	Bank Degroof Petercam
Financial service	Main paying agent Bank Delen
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Joeri Klaykens as of 15/05/2017
Real estate experts	Cushman & Wakefield – Stadim – SPG Intercity Geneva/CBRE – BAR bareal Austria
Supervision	FSMA

FINANCIAL CALENDAR

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

This half-year financial report is available on www.leasinvest.be.
You can request a printed copy via registration on www.leasinvest.be.



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