

Financial results – H1 2018



2018

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Presenting team



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Chief Executive Officer

Michel Van Geyte (52) joined Leasinvest Real Estate in August 2004. He is CEO and executive director of Leasinvest Real Estate and Leasinvest Immo Lux.

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Chief Financial Officer

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Highlights H1 2018

Highlights H1 2018

- **EPRA earnings** increase by 5.3% to € 14.0m from € 13.3m (H1 2017)
- Important rise of **net result** (+26%) to € 19.7m (€ 3.99 per share) from € 15.6m (H1 2017, € 3.16 per share)
- **Dividend forecast** unchanged at € 5.00 per share
- **Real estate portfolio** of € 922m, an increase of 2% compared to 31/12/2017
- **Debt ratio** at 59.31%
- **Weighted average lease term** of 4.19 years
- **Occupancy rate** at 94.44% overall, 97.53% in retail, 91.08% in offices and 93.51% in logistics

02

**Company profile
& strategic vision**

Company profile

1 Billion

Fair value portfolio (incl. stake in Retail Estates)

> € 490M

Market capitalization

Shareholders

Ackermans & van Haaren 30%

AXA Belgium 29%

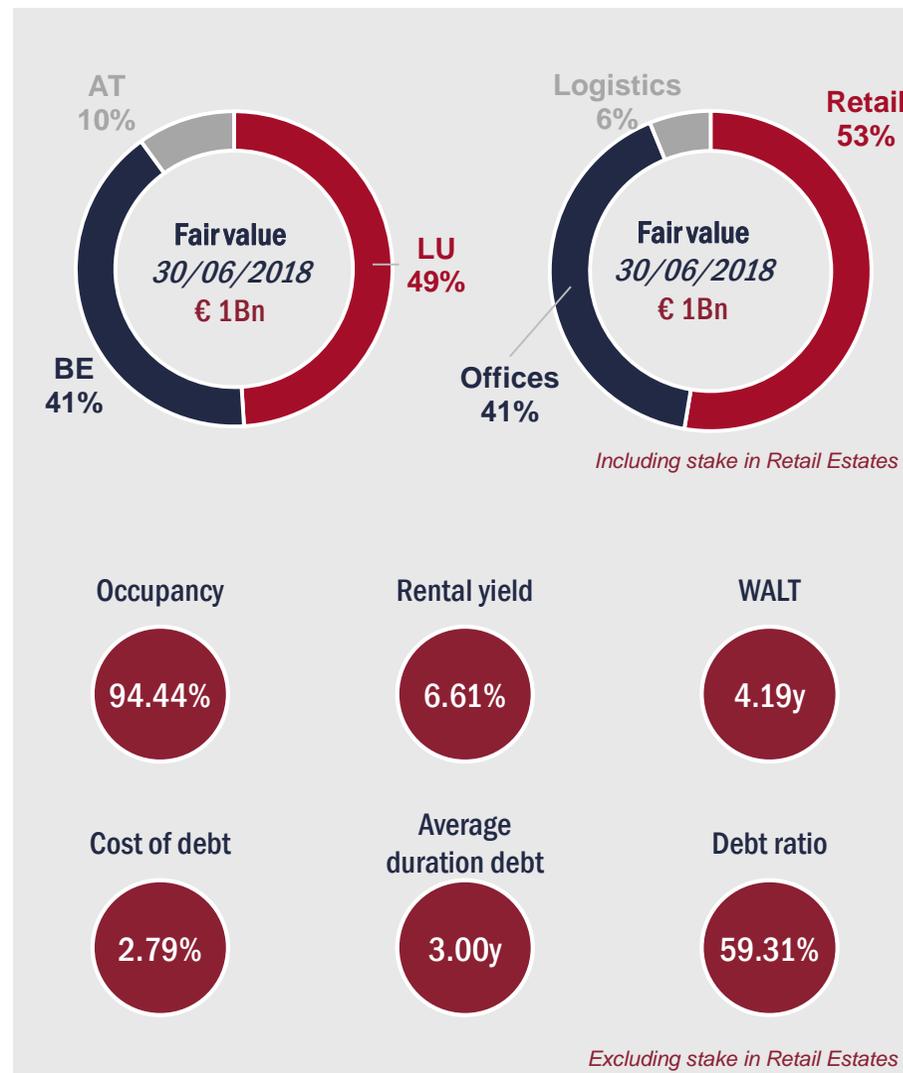
Free float 41%

Indices: **BEL MID**

EPRA BELGIUM

EPRA Eurozone

Listed on Euronext Brussels



Leasinvest's markets

Office Market

Luxembourg

- Vacancy rate <5% of which CBD <2%
- Prime rents > € 50/m²/month
- Yields <4.25% - lack of investment products

Belgium

- Slowdown of take-up (-27% YoY)
- Co-working takes up to 18% of total
- Higher rental prices
- Prime rent € 305/m²/yr (Treesquare at € 330/m²/yr)

Retail Market

Luxembourg

- Stable but new projects as Opkorn & Borders live difficult times
- Slight pressure on rent

Austria

- Vienna named best city to live in
- Office Vacancy < 4%
- Investment market over 2.3Bn
- Retail stable - few developments

Strategic vision

01 Investment strategy – Opportunity driven



Montoyer Brussels CBD (BE)
reconstruction by 2018
2016: 21y usufruct with EP
capital gain expected

2005



Metro Group retail (LU)
portfolio € 50M - 3 buildings
2011: extension Diekirch
2017-2020: redevelopment Strassen

2008



Tour&Taxis Royal Depot (BE)
€ 108M
landmark office building
in Brussels

2015



2017

2006

Dexia Immo Lux (LU)
portfolio € 150M
13 buildings



2012-13

Knauf shopping (LU)
Schmiede & Pommerloch
€ 170M
100 shops



2016

Frun Park, Retail Park Asten (AT)
strengthening geographical
diversification
€ 38 M



Strategic vision

02 Development strategy – Organic (re)developments

Organic (re)developments...



Montoyer Brussels CBD (BE)

- Reconstruction by 2018
- 2016: 21y usufruct with EP
- capital gain expected

Boomerang Strassen (LU)

- Portfolio € 50M - 3 buildings
- 2011: extension Diekirch
- 2017-2020: redevelopment Strassen

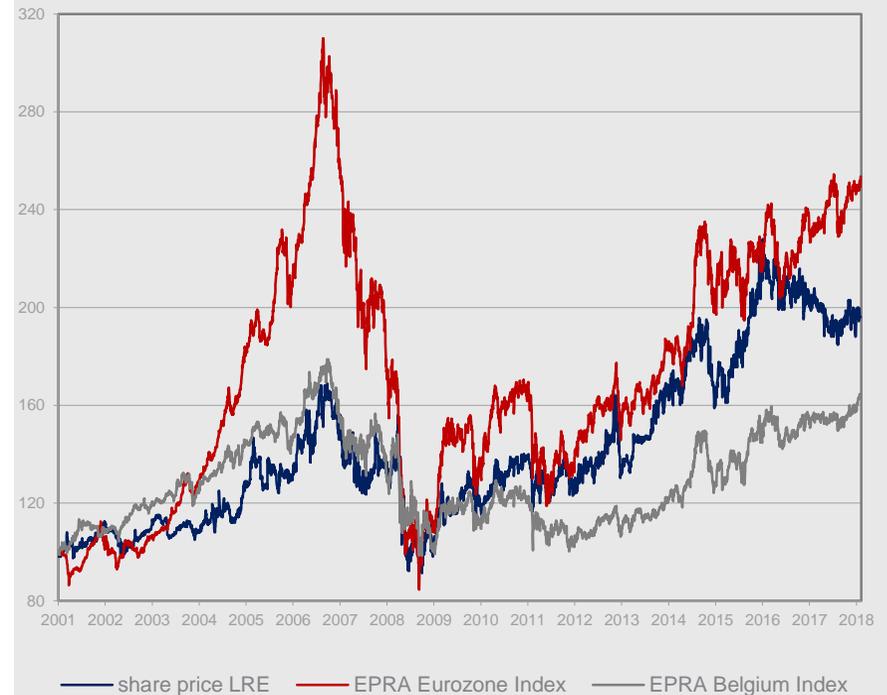


Tour&Taxis Royal Depot (BE)

- € 108M
- landmark office building
- in Brussels



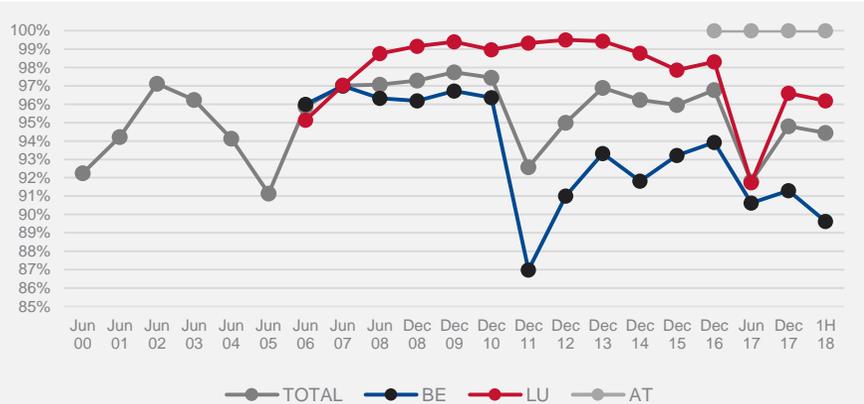
...creating value for shareholders



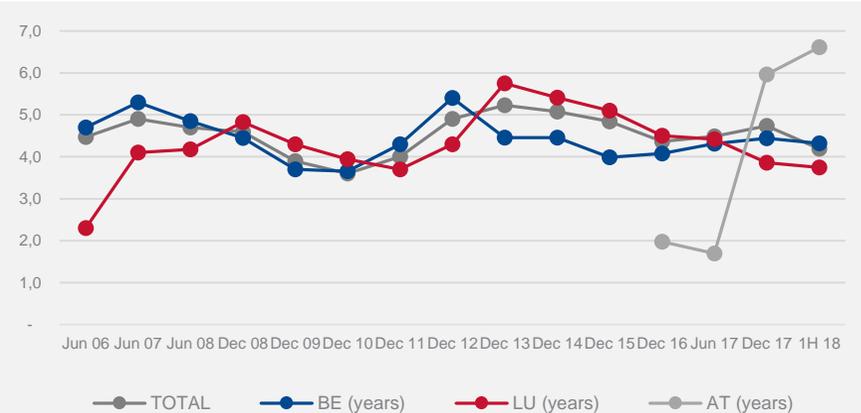
Strategic vision

03 Commercial strategy – Maximizing lease duration & occupancy rates

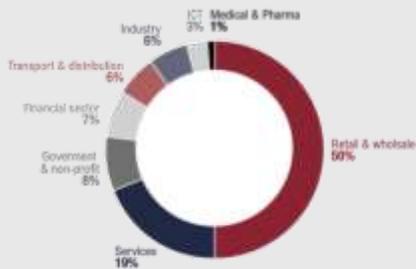
Long term evolution of occupancy rates



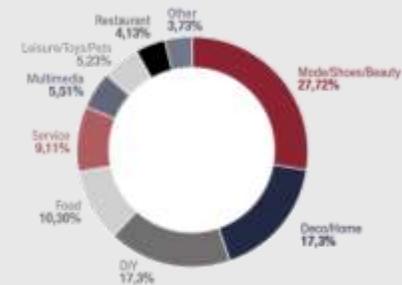
Long term lease duration evolution



Tenants' industry split – overall



Tenants' industry split - retail



Strategic vision

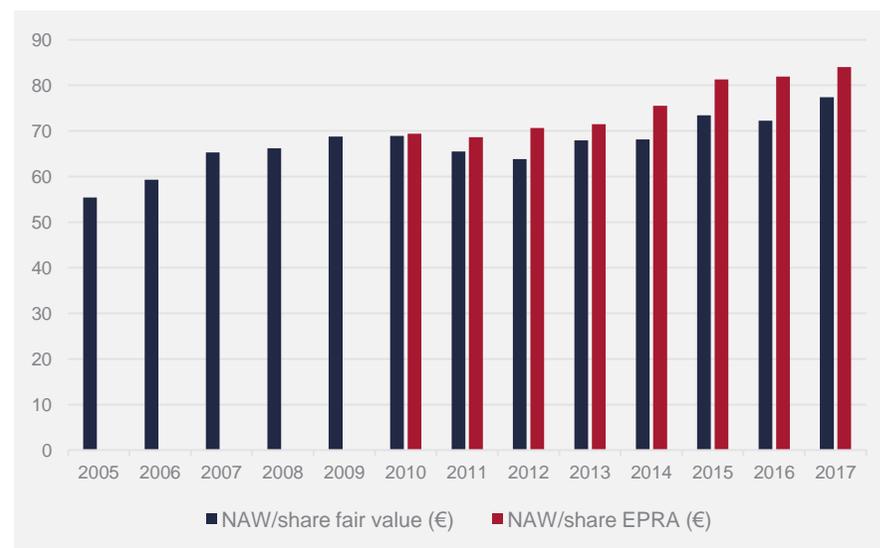
04 Dividend pay-out

- Gross dividend 2017 increased +2.04% to €5.00 over 2017 (2016: €4.90)
- Net dividend amounts to €3.50 (excl. 30% WHT), vs 2016 €3.43 (excl. 30% WHT)
- Gross dividend yield of 5.21% (31/12/2017)
- Consolidated pay-out ratio 2017: 89.77% (2016: 86.90%)

Long term EPS & Gross DPS evolution



Long term NAV/Share evolution

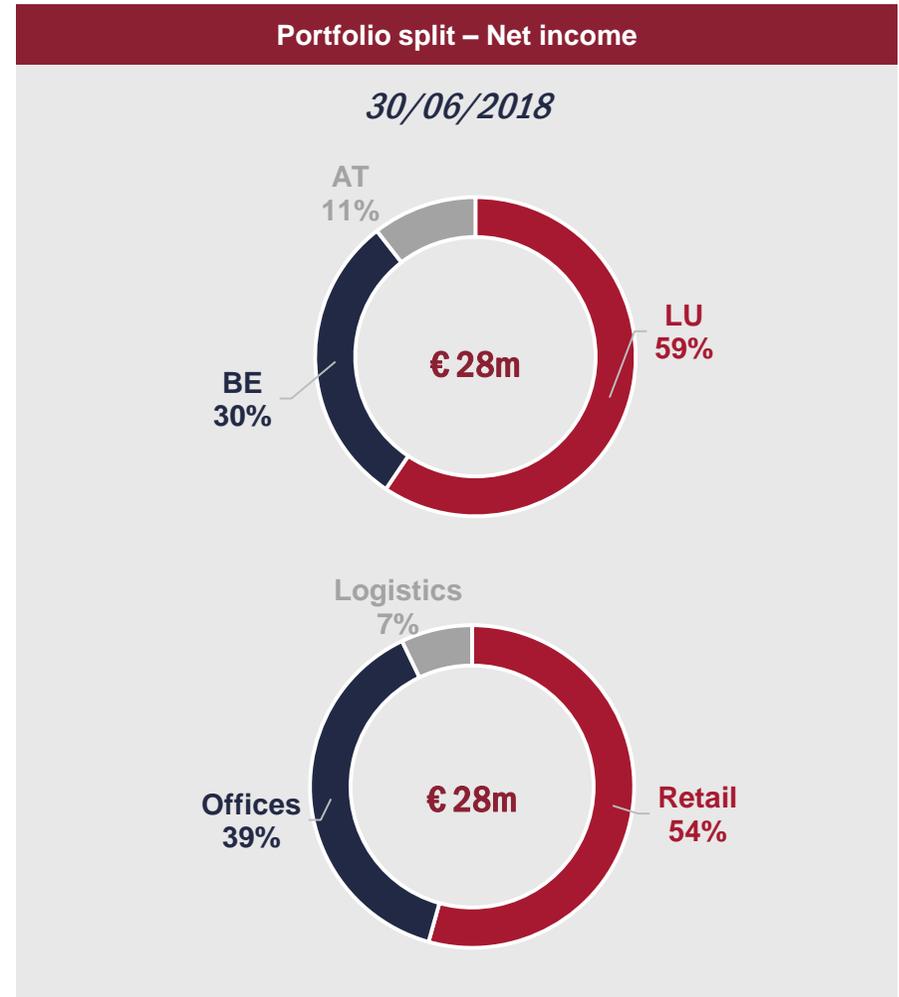
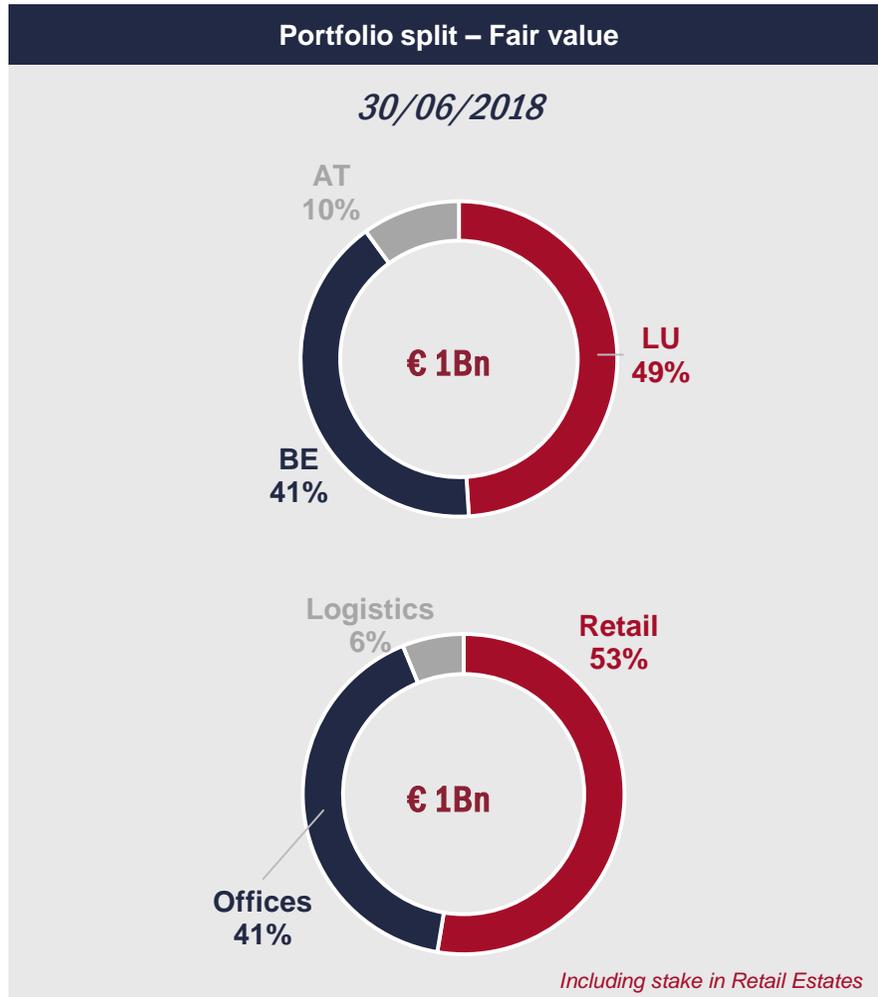


03

Portfolio
overview

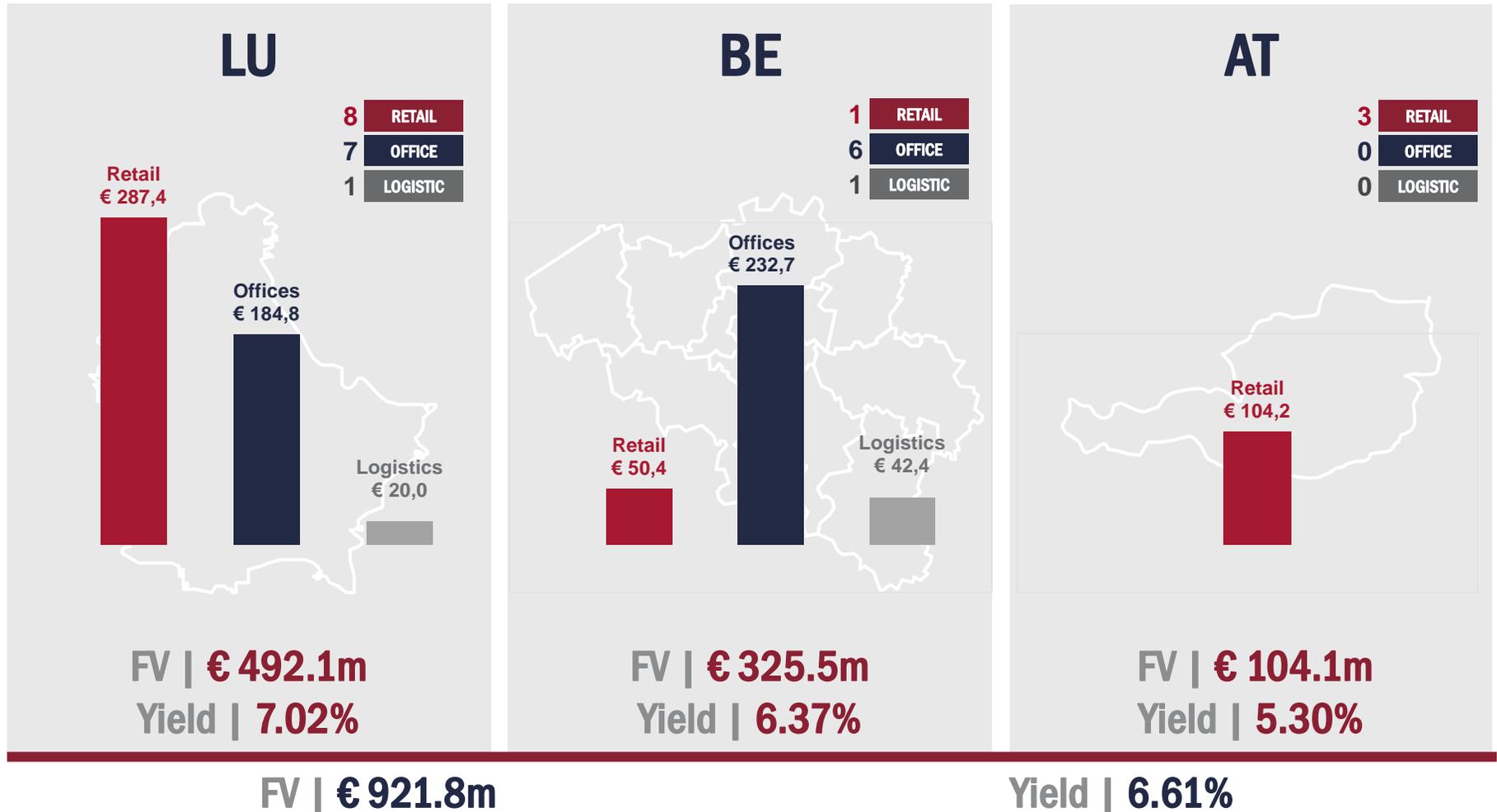
Portfolio overview

01 Focused on two segments in three countries



Portfolio overview

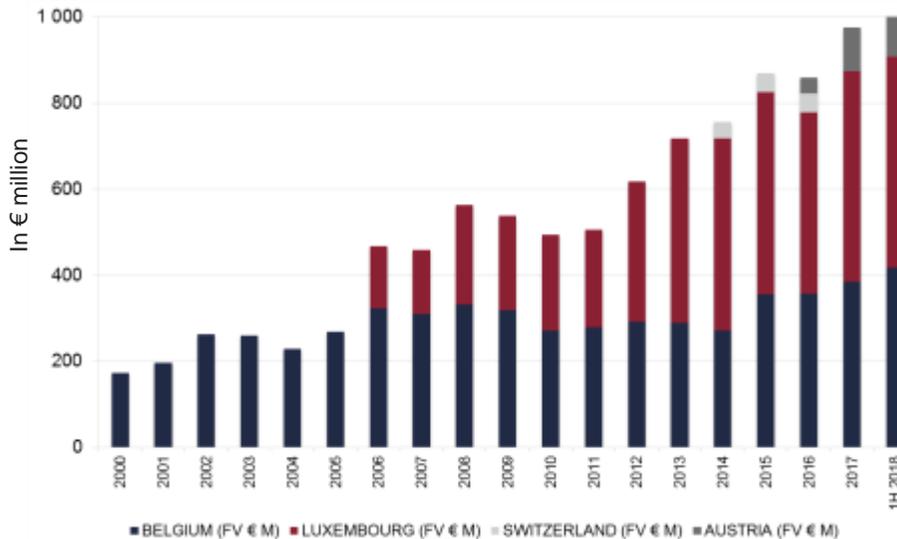
02 A unique combination of market segments and geographical diversification



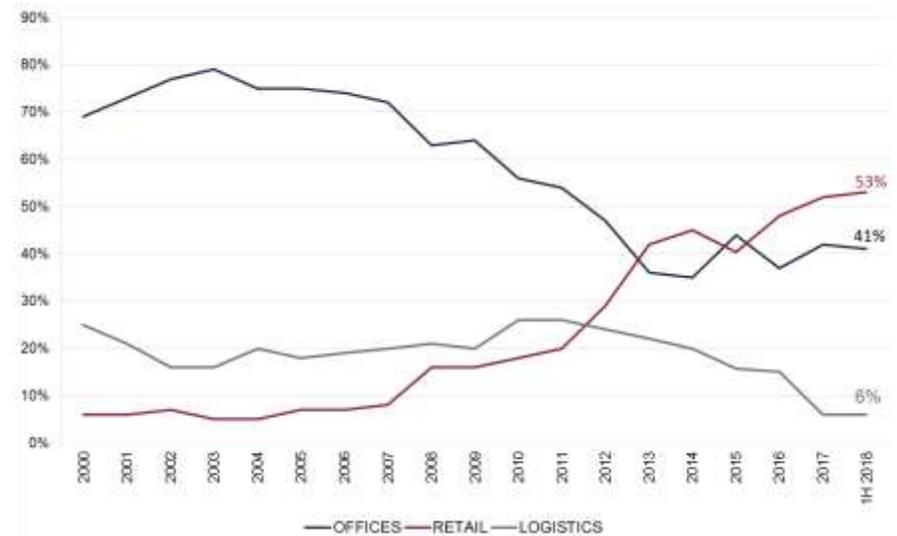
Portfolio overview

04 Demonstrating long term growth through a focused approach

Evolution of portfolio fair value per country



Evolution of split in market segments



including stake in Retail Estates

Focus on three countries

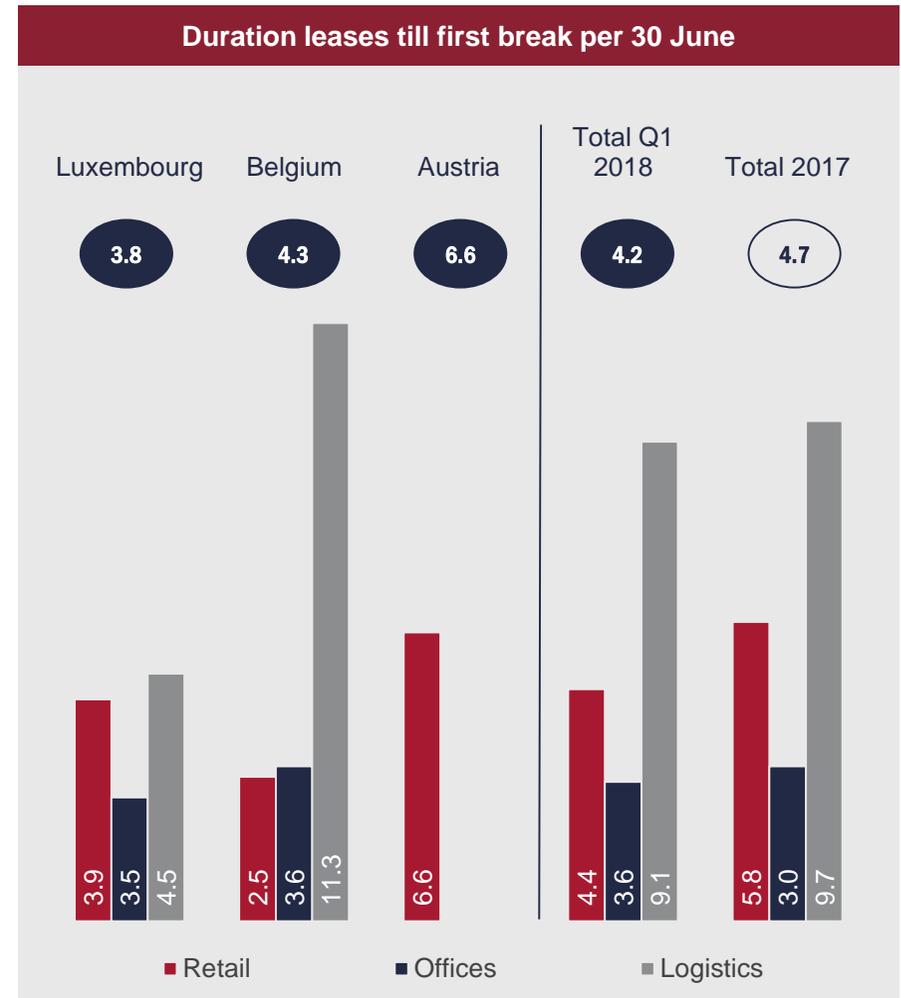
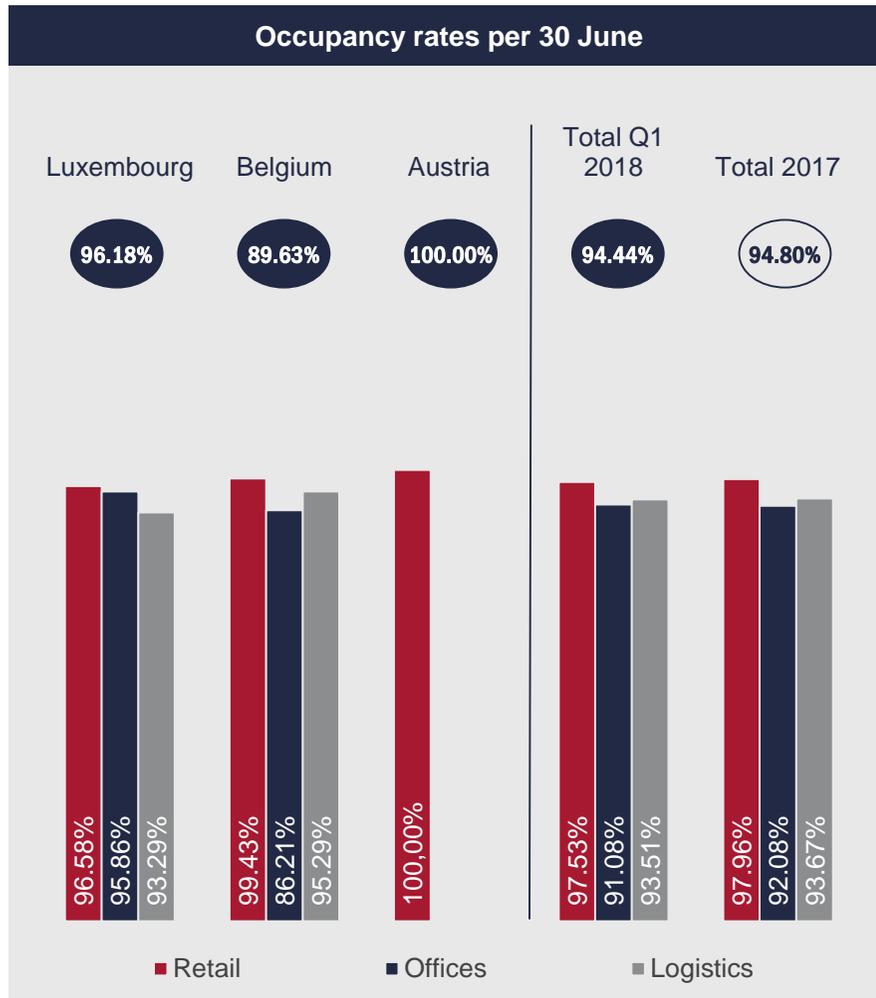
- i.e. Luxembourg – Belgium – Austria
- sale of Swiss portfolio in 2017

Focus on two asset classes

- i.e. retail and offices
- sale of largest part of logistics portfolio in 2017

Portfolio overview

05 On the back of solid occupancy rates



04

**Activity
overview**

Activity overview

Participation in capital increase of **Retail Estates**

Delivery & leases of **Treesquare**

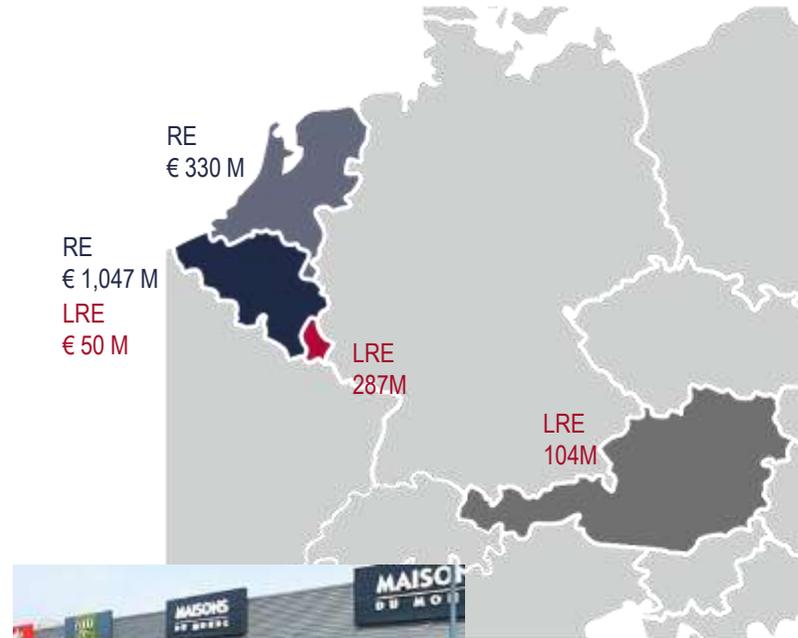
Opening co-working space **De Mot Malines**

Renovation plan **Knauf shopping center Schmiede**

Delivery & full lease of extension **Frun Park Asten**

Retail Estates (BE)

- Leasinvest (LRE) holds 10.47% share in BE-REIT Retail Estates (€ 91 M at 30/06/2018)
- Subscription of capital increase for € 12.9 M in April 2018 (198,736 new shares)
- Real estate portfolio of € 1.38 Bn (30/06/2018)
- Focus = clusters & retail parks (81% of total portfolio)
- Portfolio breakdown: BE 76% - NL 24%
- LRE must hold minimum 10% stake for fiscal reasons (otherwise 30% withholding tax deducted)



RETAIL ESTATES



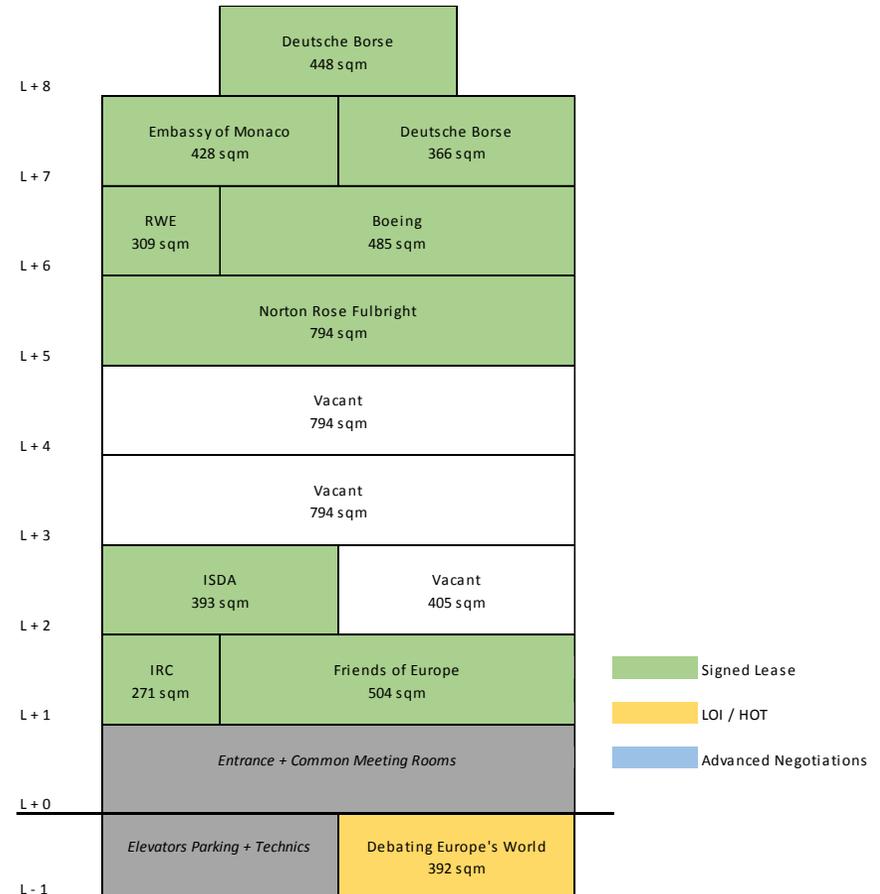
Delivery Treesquare (BE)



Redevelopment Treesquare (BE)



- Successfull project at the heart of Europe
- Office building of 6,400 m² with high ending materials
- High end occupants as Deutsche Börse, Boeing, RWE, Embassy of Monaco, Norton Rose, Friends of Europe
- Average Rent Price at 285 €/m² from -1 at 240€/m² to 330 €/m² for the top floors
- BREEAM 'excellent'
- Design: Assar Architects (Brussels)
- ERV of 1,7 mio of which 1,3 mio € secured
- Capex: € 17.8 M
- 75% is pre-let.



Delivery Treesquare (BE)



treesquare



Redevelopment Motstraat 30/32 (BE)



Opening speech mayor Somers



Testimonial CEO WKB



Testimonial CEO Excell



Redevelopment Motstraat 30/32 (BE)



- Office project of 14,174 m²
- Part of the remaining office space is installed as co-working space 'De Mot' based on our business center concept 'The Crescent' in Anderlecht and Ghent – concept is much appreciated by tenants & other users
- Opening reception with Mayor Bart Somers in July
- Actual BREEAM in use: good
- Value creation
- Sitting tenant Wolters Kluwer renewed rental contract for half of the building and new other rental contracts/agreements signed
- Occupancy stands at > 86.4%
- Contacts with new tenants/users are ongoing and will further increase occupancy

Exellys		WKB				WKB		WKB			WKB	
Exellys	Vacant	First IT	Katena	Xeptor	Vacant	BC	WKB	Jidoka	Paralax	Reliance	BC	WKB
								Corsearch			Corsearch	



Knauf shopping center Schmiede (LU)



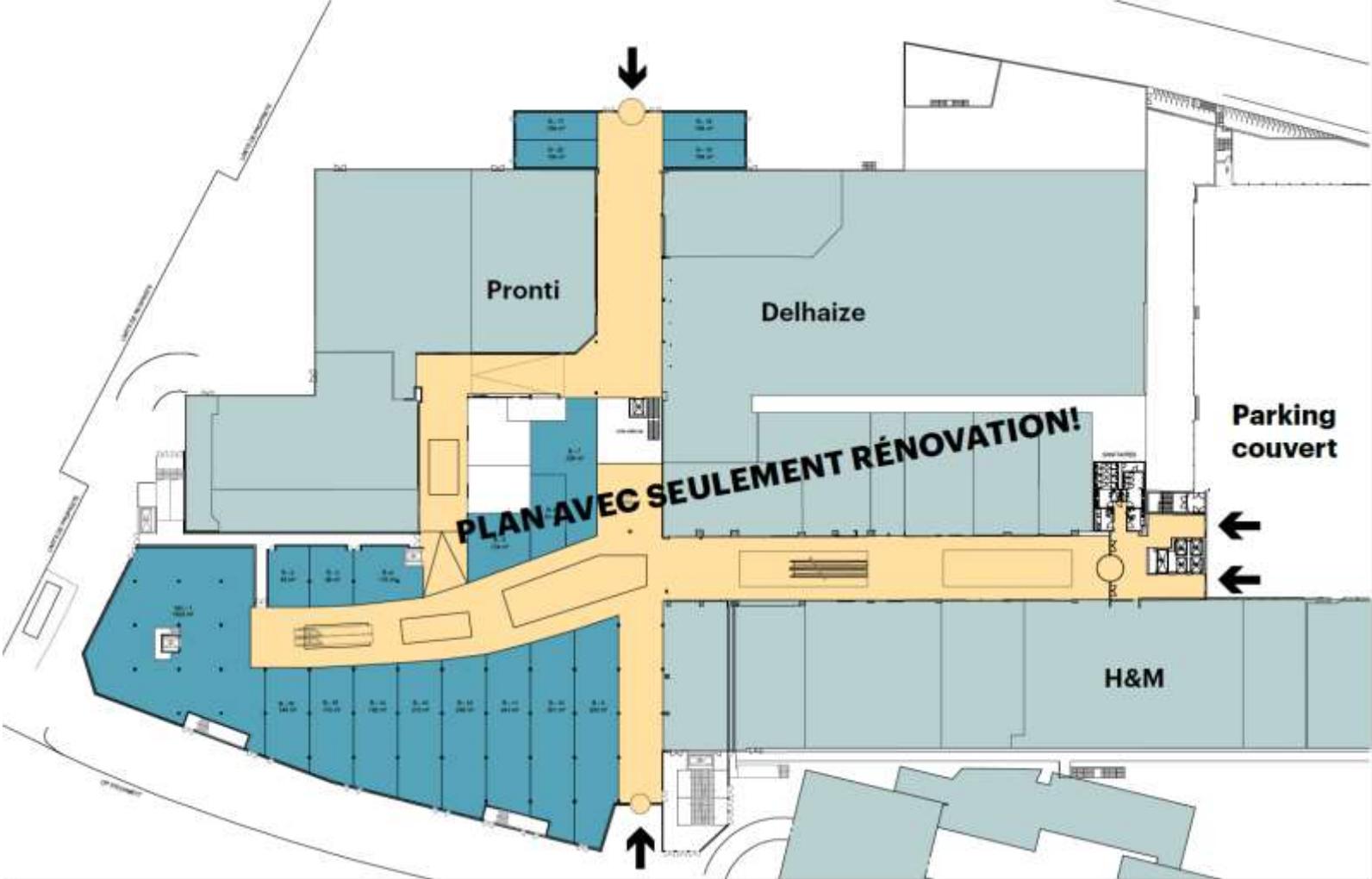
Knauf shopping center Schmiede (LU)

Schmiede

- Strengthening the position of Knauf Schmiede as largest shopping center in the North of Luxembourg, while maintaining its 'good deal' and family-oriented character
- Revamping of the shopping center in order to meet consumers' expectations will start in September
- In the course of Q1 2019 important renovation works will subsequently start, with an extension of 8,000 m² in order to attract more restaurants (food court), shops and events for creating unique experiences (kids area)
- Foreseen Capex: € 30 million
- Reception end 2020



Knauf shopping center Schmiede (LU)



Knauf shopping center Schmiede (LU)



Knauf shopping center Schmiede (LU)

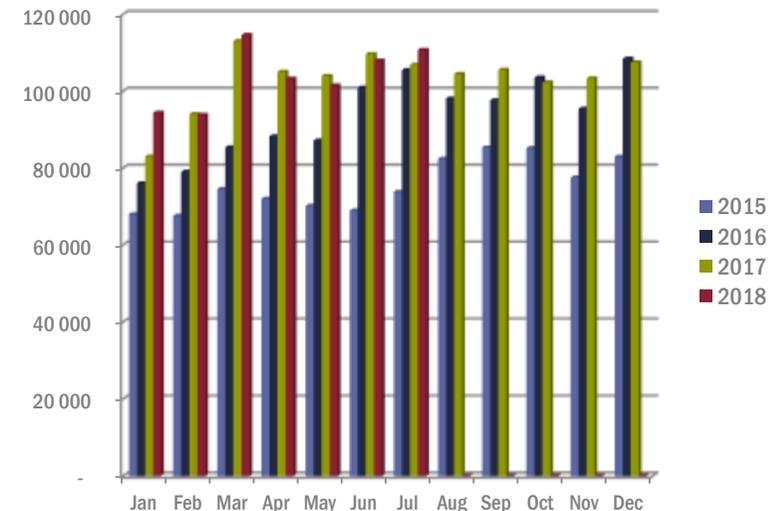


Frun Park Asten (AT)

- Acquisition November 2016
- Total annual rent: € 2.4 M
- Recent (2013) and very successful retail park located at 200 km of Vienna and nearby Linz - 26 shops and 600 parking spaces; roof is equipped with solar panels
- Retail concept: construction of a harmonious architectural ensemble surrounding a large, central, free parking area, and uniting a mix of national and international brands
- 100% occupancy
- 2017: 10% increase in footfall
- Extension finalized and entirely let



Footfall



05

**Financials
& outlook**

Key consolidated financials 1H 2018

Key figures balance sheet	30/06/2018	31/12/2017
Net asset value group share (€ 1,000)	376 595	382 206
Number of issued shares	4 938 870	4 938 870
Number of shares entitled to the result of the period	4 938 870	4 938 870
Net asset value group share per share	76.3	77.4
Net asset value group share per share based on investment value	80.0	81.1
Net asset value group share per share EPRA	82.8	84.0
Total assets (€ 1,000)	1 036 886	999 293
Financial debt	594 550	540 440
Financial debt ratio (in accordance with RD 13/07/2014)	59.31%	57.14%
Average duration credit lines (years)	3.00	3.34
Average funding cost (excluding fair value adjustments fin. instruments)	2.79%	2.99%
Average duration hedges (years)	5.02	5.15

Key figures income statement	30/06/2018	30/06/2017
Rental income (€ 1,000)	27 858	28 084
Net rental result per share	5.64	5.69
EPRA Earnings (1)	13 968	13 261
EPRA Earnings per share (1)	2.83	2.69
Net result group share (€ 1,000)	19 683	15 595
Net result group share per share	3.99	3.16
Comprehensive income group share (€ 1,000)	19 082	32 243
Comprehensive income group share per share	3.86	6.53

EPRA KPIs 1H 2018

EPRA performance measures	30/06/2018	30/06/2017
EPRA Earnings* (in € per share) (1)	2.83	2.69
EPRA NAV* (in € per share) (2)	82.8	81.6
EPRA NNAV* (in € per share) (3)	75.5	73.1
EPRA Net Initial Yield* (in %) (4)	5.49%	5.39%
EPRA Topped up Net Initial Yield* (in %) (5)	5.50%	5.41%
EPRA Vacancy* (in %) (6)	5.54%	9.12%
EPRA Cost ratio* (incl. direct vacancy costs) (in %) (7)	22.96%	24.26%
EPRA Cost ratio* (excl. direct vacancy costs) (in %) (7)	21.09%	21.00%

Consolidated income statement

Consolidated statement of realized and unrealized results (in 1,000 €)		30/06/2018	30/06/2017
(+)	Rental income	27 858	28 084
(+)	Write-back of lease payments sold and discounted	0	0
(+/-)	Related-rental expenses	0	0
NET RENTAL INCOME		27 858	28 084
(+)	Recovery of property charges	76	21
(+)	Recovery income of charges and taxes normally payable by tenants on let properties	1 524	1 184
(-)	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	-1 524	-1 184
(+/-)	Other rental related income and expenditure	-903	-992
PROPERTY RESULT		27 031	27 113
(-)	Technical costs	-508	-750
(-)	Commercial costs	-371	-386
(-)	Charges and taxes on un-let properties	-520	-915
(-)	Property management costs	-2 555	-2 321
(-)	Other property charges	-222	-208
PROPERTY CHARGES		-4 176	-4 580
PROPERTY OPERATING RESULT		22 855	22 533
(-)	Corporate operating charges	-1 438	-1 515
(+/-)	Other operating charges and income	122	275
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		21 539	21 293
(+/-)	Result on disposal of investment properties	0	-1 924
(+/-)	Changes in fair value of investment properties	25	3 693
OPERATING RESULT		21 564	23 062
(+)	Financial income	59	59
(-)	Net interest charges	-6 803	-7 348
(-)	Other financial charges	-563	-539
(+/-)	Changes in fair value of financial assets and liabilities	5 690	565
FINANCIAL RESULT		-1 617	-7 263
PRE-TAX RESULT		19 947	15 799
(+/-)	Corporate taxes	-264	-204
(+/-)	Exit tax	0	0
TAXES		-264	-204
NET RESULT		19 683	15 595



- Fifth year in a row -

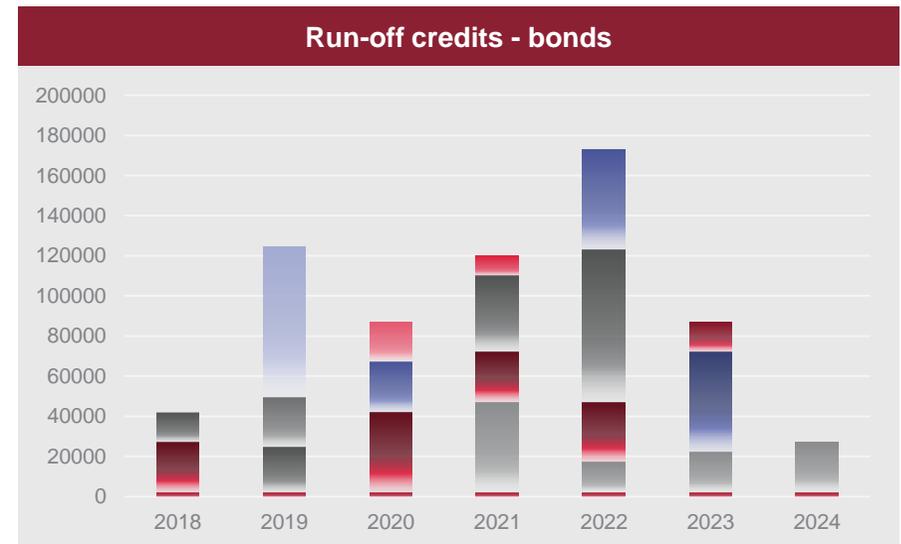
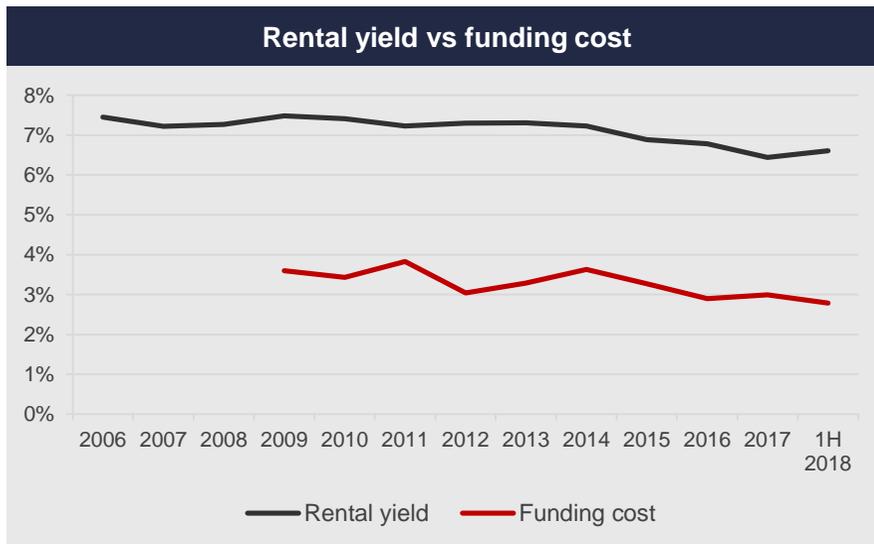
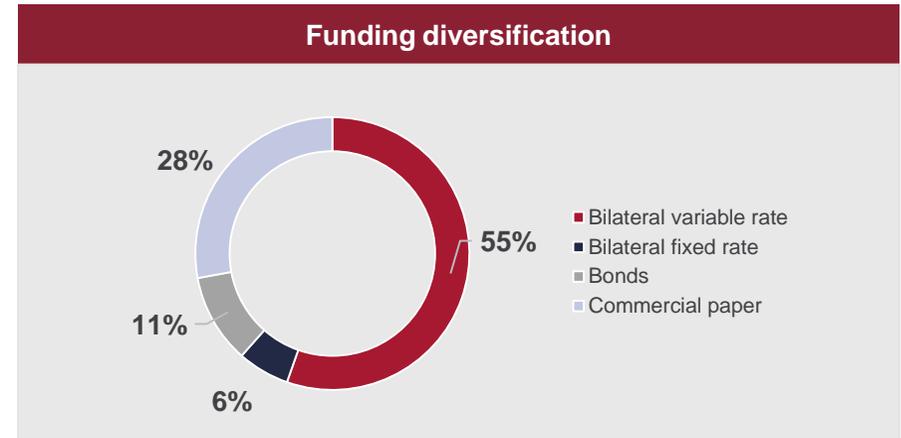
Consolidated balance sheet

ASSETS (in 1,000 euro)	30/06/2018	31/12/2017
I. NON-CURRENT ASSETS	1 015 949	979 104
Intangible assets	1	2
Investment properties	903 996	885 151
Other tangible assets	922	354
Non-current financial assets	93 190	75 757
Finance lease receivables	17 840	17 840
II. CURRENT ASSETS	20 937	20 189
Assets held for sale	0	0
Current financial assets	0	0
Trade receivables	12 859	11 471
Tax receivables and other current assets	2 566	2 533
Cash and cash equivalents	4 298	5 702
Deferred charges and accrued income	1 214	483
TOTAL ASSETS	1 036 886	999 293

LIABILITIES (in 1,000 euro)	30/06/2018	31/12/2017
TOTAL SHAREHOLDERS' EQUITY	376 595	382 206
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	376 595	382 206
Capital	54 315	54 315
Share premium account	121 091	121 091
Purchase of treasury shares	-12	-12
Reserves	181 518	159 267
Net result of the financial year	19 683	47 545
Translation differences	0	0
II. MINORITY INTERESTS	0	0
LIABILITIES	660 291	617 088
I. NON-CURRENT LIABILITIES	463 560	384 626
Provisions - other	11	11
Non-current financial debts	427 413	348 156
- Credit institutions	328 693	251 168
- Other	98 720	96 988
Other non-current financial liabilities	33 364	33 696
Other non-current liabilities		
Deferred taxes	2 772	2 763
II. CURRENT LIABILITIES	196 730	232 461
Provisions		
Current financial debts	171 761	192 284
- Credit institutions	30 061	24 053
- Other	141 700	168 231
Other current liabilities	0	160
Trade debts and other current debts	13 290	28 193
- Exit tax	0	12 907
- Other	13 290	15 286
Other current liabilities	2 030	1 716
Accrued charges and deferred income	9 650	10 108
TOTAL EQUITY AND LIABILITIES	1 036 886	999 293

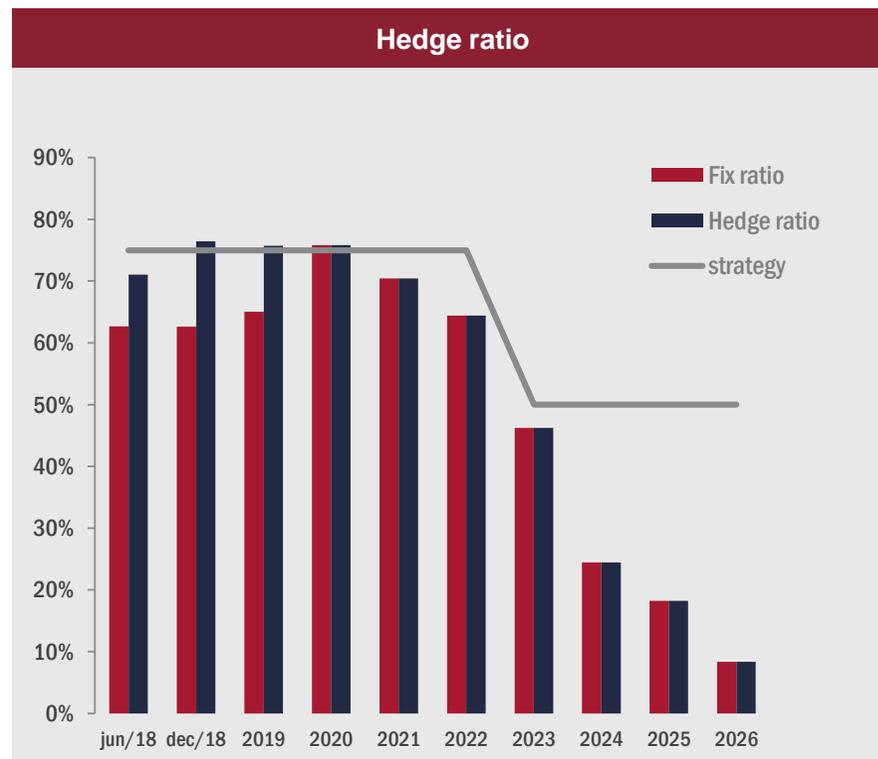
Funding

- Cost of debt: decrease from 2.99% (2017) to 2.79%
- Total committed lines (incl. bonds) of € 646.5m
- Duration credit facilities decreased from 3.34y (2017) to 3.0y
- Available headroom credit facilities € 56m



Funding

- Debt financing – 63% fixed ratio
- Hedge ratio – 71% (currently 74% due to start 2 IRS for notional amount € 20 M as of 15 July)
- Fixed rate debt, incl. bonds (25%) and interest rate swaps/Caps (46%)
- Duration: 5.0y vs 5.15y (2017)
- Restructuring for € 80 M: cancelled IRS replaced by forward starting IRS as of Q4 2019
- Temporary decrease in hedge ratio compensated by interest CAP options 0% with maturity Q4 2019



Outlook FY 2018

As already mentioned in the annual financial report 2017, Leasinvest Real Estate expects for 2018, on the one hand, a rental income in line with 2017. The funding costs, on the other hand, will decrease, also by restructuring the hedges portfolio. Except for extraordinary and unexpected events, this should result in the possibility to maintain the dividend at least at the same level of € 5.00 gross per share.

Financial calendar and analyst coverage

Financial calendar

19 November 2018	Interim statement Q3 (30/09/2018)
20 February 2019	Annual results 2018 (31/12/2018)
29 March 2019	Annual financial report 2018
20 May 2019	Annual meeting of shareholders & Interim statement Q1 (31/03/2019)
27 May 2019	Dividend payment
21 August 2019	Half-year financial report 2019

Analyst coverage

Bank Degroof Petercam	Herman van der Loos
ING Bank	Pieter Runneboom
KBC Securities	Jan Opdecam

06

Key investment
highlights

Key investment highlights

1 Unique exposure to the growing Luxembourg office and retail market

2 Diversified quality portfolio on the back of dynamic asset management

3 Proactive commercial approach translating into a high quality tenant base

4 Proven expertise in (re)development of offices

5 Strong dividend track record