


ANNUAL FINANCIAL REPORT

2018



## MISSION STATEMENT

Leasinvest is an out-of-the-box real estate investor driven by a diverse team of passionate professionals, managing a high-quality portfolio in sustainable markets. By creating inspiring environments, we generate added value and consistent returns for all of our stakeholders

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this annual financial report are indicated by . For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 70 et seq of this annual financial report.

# CONTENTS

<b>RISK FACTORS</b>	4
<b>PROFILE LEASINVEST REAL ESTATE</b>	16
<b>LETTER TO THE SHAREHOLDERS</b>	22
<b>KEY FIGURES</b>	26
<b>ANNUAL REPORT</b>	30
Activity report	32
During the financial year 2018	32
After the closing of the financial year 2018	43
Comments to the consolidated balance sheet and income statement	44
Dividend	46
Outlook financial year 2019	46
Management of financial resources	47
Risk factors	47
Corporate Governance statement	48
Research and development	65
Code of conduct for financial transactions	65
Relevant information in accordance with article 34 of the RD of 14/11/2007	66
Corporate social responsibility	67
Discharge to the manager and the auditor	69
<b>ALTERNATIVE PERFORMANCE MEASURES</b>	70
Detail of the calculations of the EPRA performance indicators	72
Detail of the calculations of the Alternative Performance Measures (APMs) used by Leasinvest Real Estate	76
<b>LEASINVEST REAL ESTATE SHARE</b>	78
<b>REAL ESTATE REPORT</b>	84
<b>FINANCIAL STATEMENTS</b>	106
Consolidated financial statements & notes	107
Auditor's report	165
Statutory financial statements	168
<b>PERMANENT DOCUMENT</b>	176
LEXICON	194



# RISK FACTORS



**EBBC**  
AIRPORT DISTRICT (LU)

This section describes the main risks Leasinvest Real Estate is confronted with. It also mentions the influence of these risks on its activities and the different elements and actions to limit their potential negative impact. These mitigating factors are commented in this section whereby a link is made with the potential impact on the activities.

The mitigating factors and measures mentioned do not necessarily entirely eliminate the potential influence of the identified risk. It is therefore possible that the impact is to be partially or entirely borne by Leasinvest Real Estate and indirectly by its shareholders. The risks and mitigating factors are discussed in the audit committee that advises the Board of Directors. This process is followed at least once a year, but divergences or adjustments or new risks are discussed in the audit committee on a quarterly basis.

## MARKET RISK

Those who invest in real estate are looking for stability both with regard to the dividend as to long-term income streams. Besides the specific risks characteristic to managing a real estate portfolio, the evolution of the economic circumstances can have an impact on the real estate market, be it with a certain delay.

The main exogenous risks linked to the market risk and their possible impact on the one hand, and the mitigating factors and measures on the other hand, are commented below.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Deterioration of the economic situation compared to the current situation	<ol style="list-style-type: none"> <li>1. Negative influence on the demand for space to rent</li> <li>2. Higher vacancy and/or lower rents in the case of re-letting</li> <li>3. Downwards adjustment of the value of the real estate portfolio and consequently a lower shareholders' equity (net asset value or "NAV")</li> </ol>	<p>Diversification of the real estate portfolio, both geographically and as to asset class (1,2,3); The weight of retail in the directly held consolidated real estate portfolio stands at 43% and the offices part at 51%. The logistics and semi-industrial part amounts to 6%. The share in the portfolio of the Grand Duchy of Luxembourg amounts to 55%, that of Belgium to 35%, and that of Austria to 10%.</p> <p>Sectorial diversification of the tenants (1,2,3). The main sectors are: retail &amp; wholesale (52%), the services sector (20%), followed by financial institutions (8%) and the non-profit organisations and international professional associations (8%). The largest sector retail &amp; wholesale is diversified in its turn based on the type of products offered (clothes, DIY, food &amp; beverage). Besides, these are mainly part of the shopping centres, where the 'experience' and food aspects complement the retail aspect as to attracting customers.</p> <p>Weighted average duration of the rental contracts is comparable to that of the previous year and amounts to 4.34 years compared to 4.74 years end 2017 (1,2).</p> <p>Accurate follow-up of tenants and an annual limited provision for doubtful receivables (1).</p> <p>Active investment management (1,2,3).</p>
Decreased demand of investors for real estate	<ol style="list-style-type: none"> <li>1. Decrease of fair value of the real estate portfolio and lower shareholders' equity ("NAV")</li> <li>2. Increase of debt ratio</li> </ol>	<p>Active portfolio management illustrated by the acquisition and divestment transactions realized in the past (1,2).</p> <p>Diversification of the real estate portfolio, both geographically and as to asset class (1,2).</p>
Overheating of economic activity, resulting in a general increase of prices, inflation	<ol style="list-style-type: none"> <li>1. Decrease of the fair value of the real estate portfolio and lower equity ("NAV") by an increase of the capitalization rates</li> <li>2. Increase of debt ratio</li> <li>3. Increase of funding costs ◀ due to positive correlation between inflation and interest rates</li> </ol>	<p>Active portfolio management illustrated by the acquisition and divestment transactions realized in the past (1,2).</p> <p>Diversification of the real estate portfolio, both geographically and as to asset class (1,2).</p> <p>As the rental contracts comprise indexation mechanisms, the rental income is expected to rise in the case of inflation, which can compensate the increasing funding costs. Moreover, the variable interest rates are largely hedged against interest rate rises (3).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
A decline in economic activity resulting in a general price reduction, deflation	<ol style="list-style-type: none"> <li>1. Possible decrease of the rental income</li> <li>2. Decrease of the rents for current contracts</li> <li>3. Relatively high opportunity funding cost ◀ following a decrease of the interest rates, taking into account the hedging policy, which leads to a lower shareholders' equity "NAV";</li> <li>4. Decrease of the capitalisation rates which could make the available offer for the acquisition of real estate relatively more expensive</li> </ol>	<p>Clause in rental contracts stipulating a minimum level for the basic rent (1,2). Decrease of the capitalisation rates and consequently an increase of the fair value of the real estate and a higher shareholders' equity ("NAV") (3).</p> <p>Active investment management (3,4)..</p>
Splitting-up or disappearing of the monetary union or political instability, Brexit, ...	<ol style="list-style-type: none"> <li>1. Increase of the funding cost ◀ following a rise of the interest rates</li> <li>2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV")</li> <li>3. Erosion of the creditworthiness of tenants following their direct exposure to countries leaving the union</li> </ol>	<p>Increase of the fair value of the hedges concluded to cover the interest rate ensures a stable funding cost ◀ (1) and will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2).</p> <p>It is expected that Belgium and Luxembourg remain among the founding members of the monetary union (1,2,3).</p> <p>The diversification to Austria contributes to potentially mitigating the effect of a (partial) break-up of the monetary union (1,2,3).</p> <p>Luxembourg, Belgium and Austria are politically stable countries (1,2,3).</p> <p>Diversification of the tenant portfolio and screening of debtors should mitigate the risk of an impact of the break-up of the monetary union on the tenant portfolio (3).</p>
Extreme volatility and insecurity on the international capital markets	<ol style="list-style-type: none"> <li>1. Difficult access to the stock markets to proceed to a capital increase and consequently limiting the reduction of the debt ratio and limiting the growth of activities</li> <li>2. Increased volatility of the share price</li> </ol>	<p>Permanent dialogue with different players on the capital markets and financial counterparties (1,2).</p> <p>Strong long-term relationships existing with current shareholders (1,2).</p>
Erosion of consumer confidence	<ol style="list-style-type: none"> <li>1. A decrease in consumer confidence can lead to lower turnovers of tenants and pressure on the rents in the retail portfolio, and consequently a decrease of the fair value of the buildings and an impact on shareholders' equity "NAV"(1)</li> <li>2. A decrease in value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV"(2)</li> </ol>	<p>Diversification of the real estate portfolio, both geographically and as to asset classes (1,2).</p> <p>Diversification of the tenants portfolio (1,2).</p> <p>Intense contact with the tenants in order to closely follow up the evolution of their turnover (1,2).</p> <p>Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2).</p>

## OPERATIONAL RISK

The company's investment strategy is concretely translated into a diversified real estate portfolio and a limited development activity. The technical management of the real estate is partially internally (mainly Belgium) and partially externally (mainly Luxembourg and Austria) managed within the limits of the legislation on REIT (SIR/GVV). The diversification as to assets with a limited correlation fits within the diversification of the market risks.

Below the main risks relating to the real estate portfolio and the linked operational activities are reproduced, as well as their potential impact and the mitigating factors and measures.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Unsuitable policy resulting in unfit investment or development choices	<ol style="list-style-type: none"> <li>1. Expected yields are not reached</li> <li>2. Change in the income and risk profile of the company</li> <li>3. Investment or real estate portfolio that is not adjusted to market demand and vacancy as a consequence</li> </ol>	<p>Strategic and risk analysis, as well as a market, technical, administrative, legal, accounting and fiscal due diligence before each acquisition (1,2,3).</p> <p>Internal and external valuation for each investment and divestment project (1,2,3).</p> <p>Constant monitoring of changes in economic, real estate-specific and regulation trends (2,3).</p> <p>Management experience and involvement of (by formal procedures for approval) the board of directors (3).</p>
Risks related to (re) developments for own account	<ol style="list-style-type: none"> <li>1. Uncertainty on future income, costs and occupation</li> <li>2. Incapacity to obtain the necessary permits</li> <li>3. Non-respect of budget, timing and intended quality</li> <li>4. Long-lasting periods of vacancy</li> <li>5. Not reaching the intended yield on the (re)developments</li> </ol>	<p>Activity limited to one open development and to maximum 10% of the fair value of the total real estate portfolio in open development (1).</p> <p>Taking into account a risk premium (1).</p> <p>Internal specialized project management team with internal management system for follow-up of projects and payment of invoices (2,3).</p> <p>External specialized and carefully selected consultants for larger projects (2,3).</p> <p>Commitment towards the environment in order to maintain a constructive dialogue with the local decision-making levels and the environment (2).</p> <p>No development is launched before being entirely funded and before there is sufficient certainty with regard to obtaining the necessary permits and lettings, should this not yet be the case at the start of the (re)development (4,5).</p>



Description of the risk	Potential impact on the activities	Mitigating factors and measures
Decrease in value in the real estate portfolio	<ol style="list-style-type: none"> <li>1. The company is exposed to the risk of changes in fair value of its real estate portfolio. The quarterly valuations by independent real estate experts have an accounting impact on the net result, the net asset value per share and the company's debt ratio.</li> </ol>	<p>The value of the real estate portfolio is defined quarterly by independent surveyors, which allows implementing possibly corrective measures (1), a/o by anticipating expiry dates of rental contracts or arbitrage on the portfolio.</p> <p>Portfolio with different types of assets to which different compensating valuation trends apply (1).</p> <p>Most important asset represents 9.7% of the balance sheet total and relates to the building Tour &amp; Taxis Royal Depot, a diversified retail and office building with a diversified tenant file at a top location. Based on the balance sheet of end December 2018 an increase of the average yield by 0.10% would have had an impact of - € 16.0 million on the net asset value, group share and of - € 2.70 on the net asset value ◀ per share, and result in an increase of the debt ratio by 0.752% (namely from 53.53% to 54.286%).</p>
Rental vacancy of the buildings	<ol style="list-style-type: none"> <li>1. Loss of rental income</li> <li>2. Downward adjustment of the rents</li> <li>3. Higher commercial costs to attract new customers, which impacts the results</li> <li>4. Value decrease of the buildings</li> <li>5. Refurbishment costs</li> </ol>	<p>Proactive commercial and property management (1,2,3,4,5).</p> <p>Efforts are being made to keep the spread of the largest tenants and the sectors they operate in as large as possible and to improve it in order to obtain a rental risk and income with an improved diversification therefore limiting the dependency of the regulated real estate company to the fall-out of one or more important tenants due to e.g. termination of the rental contract or bankruptcy (1,2,3,4,5).</p> <p>Relatively high average duration of the rental contracts (4.34 years) following a proactive management of the break dates (1,2,3,4,5).</p> <p>Better follow-up of tenants (1,2,3,4,5).</p>
Unforeseen non-extension or anticipated termination of the rental contract	<ol style="list-style-type: none"> <li>1. Rental vacancy</li> <li>2. The REIT (SIR/GVV) bears itself costs that are normally billable to tenants and commercial costs related to re-letting.</li> <li>3. Decrease of income and cash flow</li> <li>4. Refurbishment costs</li> <li>5. Granting of higher rental incentives</li> </ol>	<p>Internal and external specialized teams responsible for commercial and facility management (1,2,3,4,5).</p> <p>Contractual mandatory compensation for rental damage for early termination of the contract and the fact that rental and bank guarantees are present (1,2,3).</p> <p>The impact on the net result is usually spread and accounted for over 3 years. The impact on the consolidated portfolio of the granted rental rebates amounted to respectively € 137 thousand in 2018 and € 293 thousand in 2017 (1,3,5).</p>
Underestimated volatility in maintenance costs of buildings	<ol style="list-style-type: none"> <li>1. Decrease of the results due to higher technical costs</li> <li>2. Architectural or technical obsolescence and consequently reduced commercial appeal</li> </ol>	<p>Periodical maintenance policy for the assets carried out by specialized firms (1,2).</p> <p>Permanent portfolio adjustment policy taking into account the lifecycle cost of the buildings of the real estate portfolio (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Destruction of buildings by damage, terrorism, fire, natural disasters, ...	1. Discontinuous activity and consequently loss of the tenant and reduced rental income	<p>Portfolio insured for a total reconstruction value of € 771.48 million (yearly indexed according to the ABEX index), excluding a loss of rent of maximum 36 months and other accessory guarantees.</p> <p>For buildings that are part of the global insurance policy of the regulated real estate company, the insured value is based on the 'new construction value', i.e. the cost for reconstruction of the building, including architects' fees and value-added tax (excluding the buildings that are subject to the VAT regime).</p> <p>With regard to buildings that are not subject to the global insurance policy (based on specific contractual provisions with the tenant and or buildings in co-ownership), similar conditions are usually negotiated.</p> <p>For more details on the insured value of the buildings we refer to the Real estate report on page 102. Moreover, negotiations were started with different insurers to specifically insure the economic risk for damage caused by terrorism (1).</p> <p>For a number of buildings in the portfolio, adjusted security measures and procedures are foreseen when threat levels increase in order to limit the terror threat by prevention (1).</p>
Break-in into the IT-network, cybercrime, phishing ,...	<ol style="list-style-type: none"> <li>1. Financial and reputational damage by external manipulation and/or unavailability of the IT-network.</li> <li>2. Financial and reputational damage by the loss of important files containing company information</li> </ol>	<p>Preventive training on cybercrime for employees within the group (1,2).</p> <p>Appropriate investments in an improved protection and storage capacity of the IT-network (1,2).</p> <p>In the course of 2018 an insurance was contracted to adequately insure the economic damage risk caused by cybercrime (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Risks related to concentration	<ol style="list-style-type: none"> <li>1. Loss of income if a specific sector is hit by an economic downturn</li> <li>2. Important negative impact on the rental income in case of the departure of important tenants</li> <li>3. Important negative impact on the rental income in case of departure for single-tenant buildings</li> <li>4. Risk of bigger negative impact on NAV (net asset value) given the lower spread</li> </ol>	<p>Strong sector diversification with limited correlation of the tenants (1).</p> <p>The breakdown of our tenants' portfolio according to sector remains good. The main sectors are: retail &amp; wholesale (52%), the services sector (20%), followed by financial institutions (8%) and the non-profit organisations and international professional associations (8%). The largest sector retail &amp; wholesale is diversified in its turn based on the type of products offered (clothes, DIY, food &amp; beverage).</p> <p>Limited concentration of the most important tenants (1). The top 10 of the main tenants amounts to 21.9% of total rental income.</p> <p>Limited concentration in one or more buildings (3,4).</p> <p>41% (calculation based on the fair value) of the real estate portfolio is invested in buildings that represent individually more than 5% of the total portfolio, of which more than half are retail buildings with different tenants (3,4).</p>
Risks related to the success of e-commerce	<ol style="list-style-type: none"> <li>1. The growing market of e-commerce can lead to a decrease of the demand for the retail asset class held in portfolio by the regulated real estate company. In its turn, this can result in higher vacancy and lower rents</li> <li>2. A decrease in demand for this type of property can lead to a decrease of the real estate portfolio of the regulated real estate company</li> <li>3. A decrease of the value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV".</li> </ol>	<p>Diversification of the real estate portfolio, both geographically and as to asset classes (1,2,3).</p> <p>Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2,3).</p> <p>The retail asset class held by the regulated real estate company mainly relates to shopping centres with a broader experience perception and that also offer other services than merely shopping (1,2).</p>

## FINANCIAL MANAGEMENT

The financial management is intended at optimising the costs of the capital and limiting the financing, liquidity, cash flow, counterparty and covenant risks.

Below the main risks related to the financial management and the linked operational activities are reproduced, as well as their possible impact and the mitigating factors and measures.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Insolvency of financial or bank counterparties (counterparty risk)	<ol style="list-style-type: none"> <li>1. Termination of current credit lines (credits and hedges) and reduction of financial resources</li> <li>2. Costs of restructuring and higher costs of new credits and facilities</li> </ol>	<p>Strictly balanced funding policy and follow-up by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings and diversification of funding resources wherever necessary. The credit lines (incl. the € 95 million bond loans) amount to € 651.5 million end 2018 compared to € 646.5 million end 2017 (1,2).</p> <p>Complete back-up of the commercial paper program through confirmed additional credit lines that are available. The available margin on credit lines of financial counterparties exceeds at any given moment the amount of the issued commercial paper (1,2).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). The margin end 2018 amounts to € 56.1 million compared to € 108.2 million end 2017 after deduction of the credit lines held available as back-up for the issued commercial paper.</p> <p>Strong and stable shareholders (1,2).</p>
The non availability of financing or the intended duration of the financing (liquidity risk) and drying up of the commercial paper market	<ol style="list-style-type: none"> <li>1. Impossibility to finance acquisitions, or only through increased costs and at a lower profitability</li> <li>2. Impulse for selling assets at a value inferior to the fair value</li> </ol>	<p>Strictly balanced funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding resources wherever necessary. The average duration of the total of credits, including the bond loans, amounts to 3.11 years (2017: 3.34 years, 2016: 3.94 years) (1,2).</p> <p>Complete back-up of the commercial paper program through available confirmed credit lines (1,2).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2).</p> <p>Strong and stable shareholders (1,2).</p>
Insufficient cash flow to respect its financial obligations (cash flow risk)	<ol style="list-style-type: none"> <li>1. No longer being able to satisfy the reimbursement of interests and capital</li> </ol>	<p>Strict follow-up of the net cash flow and limiting the operational risks<sup>1</sup> (1).</p> <p>Financing is of the bullet type with a clear view on the maturity dates (1).</p> <p>Aiming at maintaining an adequate availability margin on confirmed credit lines (1).</p>

(1) The rental income received during the financial year 2018 amply suffices to cover the potential increase of the interest charges. For the last two financial years the financial result compared to the rental income, amounts to respectively 8.2% (2018) and 21.0% (2017), and the net interest charges excluding the impact of fair value adjustments on financial instruments not qualified as cash flow hedges, compared to the rental income, amount to 17.9% (2018) and 21.9%(2017).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Combination of unfavourable interest rate changes, increased risk premium on the stock exchanges and increase of the banking margin (cost of the capital)	<ol style="list-style-type: none"> <li>1. Increase of the weighted average cost of the capital of the company</li> <li>2. Impact on the profitability of the company and of new investments</li> </ol>	<p>Protection against the rise of the interest rates by using hedges. The policy is intended to hedge the interest rate risk for approximately 75% of the financial debt for a 5-year period and for circa 50% for the consequent 5-year period. At the end of 2018 the BE-REIT (SIR/GVV) has 28.6% of current net payer interest rate swaps (IRS) (hedging at a fixed interest rate) (end 2017: 50.6%) and 20.6% of current interest CAP option contracts (2017: nil), and 25.2% credits at fixed rates (2017: 27.9%) (1,2). For more details we refer to note 33 of the financial statements on page 150.</p> <p>The policy further consists of reaching an optimum average funding cost <math>\blacktriangleleft</math>, taking the hedges into account. This cost amounts to 2.59% (end 2017: 2.99%) excluding the effect of fair value adjustments on financial assets and liabilities (1,2).</p> <p>Permanent dialogue with shareholders and bank partners for establishing solid long-term relationships (1,2).</p>
Risks related to the debt ratio of the company and contractual covenants in funding agreements	<ol style="list-style-type: none"> <li>1. Possible termination of credits and an eroded confidence with investors and bankers</li> <li>2. Sanctions and increased supervision from the regulator in the case of noncompliance with certain legal parameters</li> <li>3. Loss of GVW/SIR status should the debt ratio exceed 65%</li> </ol>	<p>The financial policy closely corresponds to the company's needs with a permanent vigilance as to respecting the financial and other covenants concluded.</p> <p>The evolution of the debt ratio is regularly followed up and the influence of each investment project on the debt ratio is always analysed beforehand (1,2).</p> <p>In accordance with art 24 of the RD of 13/07/2014 the RREC has to draw up a financial plan with an execution calendar when the consolidated debt ratio, as defined by the same RD, would amount to more than 50%. Herein are described the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. On 31/12/2018 the consolidated debt ratio amounted to 53.53% in comparison with 57.14% end 2017. The statutory debt ratio amounted to 42.01% on 31/12/2018 compared to 48.03 end 2017.</p> <p>A financial plan was consequently drawn up according to the provisions of art. 24 of the RD of 13/07/2014. This has further been commented in the financial report (note 33) at page 150 (1,2,3).</p>
Risk of divergence of the financial results from the predefined budget and legal demands	<ol style="list-style-type: none"> <li>1. Untimely detection of potentially not meeting certain obligations</li> </ol>	<p>Minimum quarterly updates of the financial model with checking of assumptions and the way they were set up, and continuous follow-up of parameters that could influence the result and the budget (1).</p>
Risks related to limited dividend distribution	<ol style="list-style-type: none"> <li>1. Limited dividend yield for the shareholder</li> </ol>	<p>Watch over sufficient income that is taken in account for the legal mandatory minimum distribution of 80% in parallel to compliance with art 617 with regard to the distribution level of dividends at the statutory level of Leasinvest Real Estate (1).</p>

## LEGISLATION AND OTHER RISKS

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

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

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Non compliance with the legal regulated real estate company system	<ol style="list-style-type: none"> <li>1. Loss of the regulated real estate company status and of the related transparent tax regime</li> <li>2. Mandatory advanced reimbursement of certain credits</li> </ol>	Professionalism of the teams and the board of directors by supervision of strict compliance with legal provisions (1,2).
Non compliance with the legal SICAV-SIF system	<ol style="list-style-type: none"> <li>1. Loss of the transparent tax regime for Leasinvest Immo Lux</li> </ol>	Professionalism of the teams and the board of directors by supervision of strict compliance with legal provisions through involvement of specialized consultants (1).
Risks related to the evolution of regulation (GVV/ SIR, SICAV-FIS/ SIF, AIFMD, IFRS, EMIR,...)	<ol style="list-style-type: none"> <li>1. Influence on reporting, capital demands, the use of derivatives and the organization of the company</li> <li>2. Defining the operational activities and potentially the valuation</li> </ol>	<p>On-going evaluation of the changes in legal demands and their compliance, assisted by consultative meetings with professional associations (1,2).</p> <p>Leasinvest Immo Lux SICAV-SIF, 100 % subsidiary of Leasinvest Real Estate in Luxembourg, is subject to AIFMD regulation as it is in principle qualified as an AIF. The company can however apply an exception rule to the applicable legislation, relating to the status of Leasinvest Real Estate and the shareholding structure, resulting in the fact that Leasinvest Immo Lux is eventually not considered to be an AIF (1,2).</p>

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Changes in regulations relating to urban development and to the environment	<ol style="list-style-type: none"> <li>1. Higher costs to maintain the real estate in good condition</li> <li>2. Decrease of the fair value of a building</li> <li>3. Decrease of the occupancy</li> </ol>	Active energy performance and environmental policy for office buildings that anticipates the legislation as much as possible (1,2,3). We refer to the Annual report on page 67.
Change in tax legislation	<ol style="list-style-type: none"> <li>1. Potential influence on acquisition and sales prices</li> <li>2. As a consequence, potential impact on the valuation and consequently on the NAV (net asset value or shareholders' equity of the group)</li> <li>3. Besides this, new national legislations and regulations, or possible amendments to current legislation and regulations can enter into force</li> </ol>	On-going evaluation of the changes in legal demands and their compliance, assisted by specialized external consultants (1,2,3).
Changes in the fiscal tax climate in Luxembourg	<ol style="list-style-type: none"> <li>1. Erosion of tax incentives for cross-border shopping can lead to decreased turnovers and pressure on the rents of the retail tenants of the Luxembourg shopping centres with potential vacancy and a decrease in fair value of the retail buildings as a consequence, and an impact on the NAV</li> </ol>	<p>Extensive analysis and due diligence of the aspects relating to the market and to the location of retail buildings when considering investments (1).</p> <p>Intense contact with tenants in order to closely follow-up the evolution of their turnover (1).</p> <p>An investment policy focused on developing a high-quality diversified portfolio (1).</p>
Complexity of acquisition or divestment files	<ol style="list-style-type: none"> <li>1. Wrongly assessed risks of which the probability level and the impact have an influence on the profitability</li> </ol>	Extensive due diligence at property-technical, market, economic, tax, legal, accounting and administrative level within the framework of each acquisition, together with specialized consultants (1).
Turnover of key personnel	<ol style="list-style-type: none"> <li>1. Negative influence on current professional relationships</li> <li>2. Loss of decisiveness and efficiency in the management decision-making process</li> </ol>	<p>Remuneration package in line with market standards (1,2).</p> <p>Working in teams, whereby individual responsibility for important and strategic tasks is avoided (1,2).</p> <p>Clear and consistent procedures and communication (1,2).</p>



# PROFILE AND STRATEGY



**TOUR&TAXIS**  
ROYAL DEPOT  
BRUSSELS (BE)



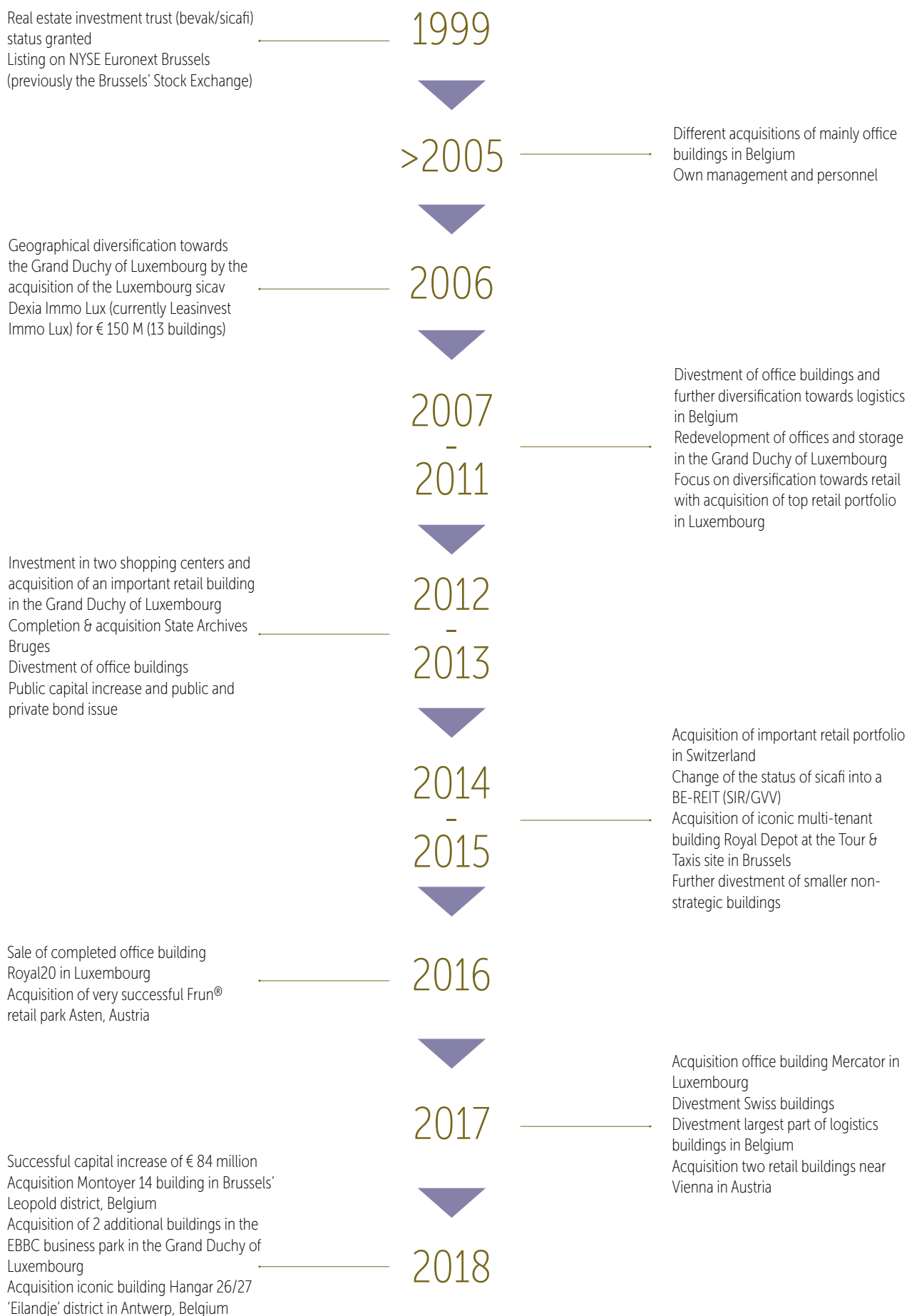


“Leasinvest Real Estate’s strategy is focused on well located and high-quality retail and office buildings. Geographically our buildings are located in the Grand Duchy of Luxembourg, Belgium and Austria.”



• Period of 01/07/1999 to 31/12/2018.

## HISTORY



For more information, consult [www.leasinvest.be](http://www.leasinvest.be) – Leasinvest – history.

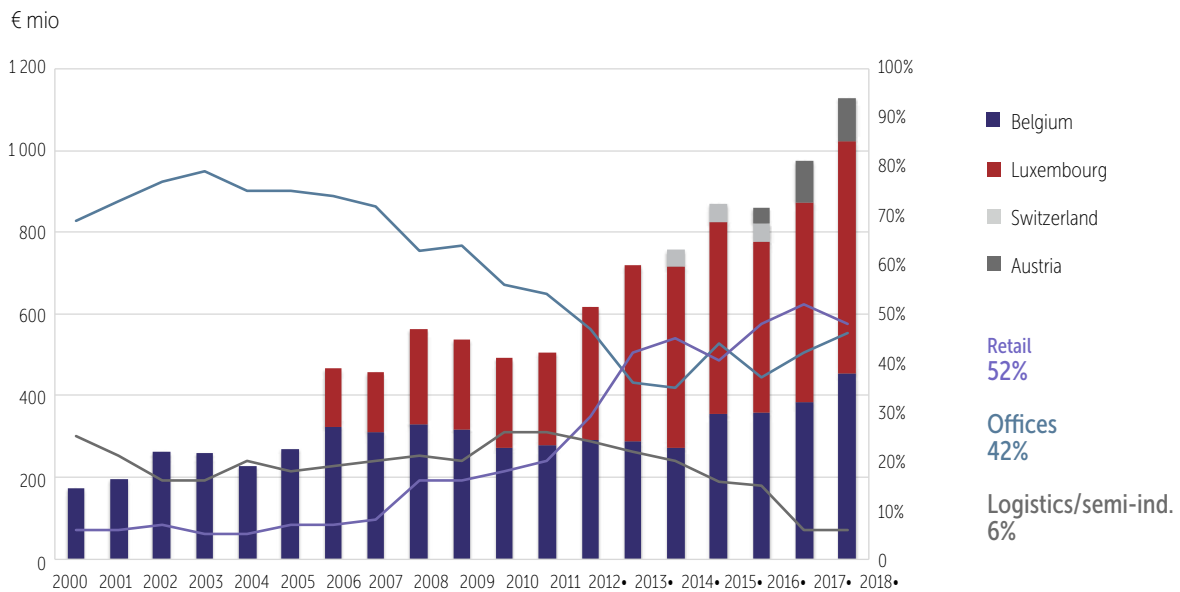
## INVESTOR PROFILE

Leasinvest Real Estate's investor profile consists of private investors, mainly in Belgium, and institutional investors in Belgium and abroad looking for acceptable dividend prospects in combination with limited risks in the medium term.

## STRATEGY

<p><b>Creation of shareholder value resulting in a high dividend yield</b></p>	<p>by creating capital gains through</p>	<ul style="list-style-type: none"> <li>- active portfolio management</li> <li>- dynamic investment and development policy</li> <li>- divestment of non-strategic buildings</li> </ul>
<p><b>Generation of recurrent cash flow</b></p>	<p>through a dynamic commercial policy</p>	<ul style="list-style-type: none"> <li>- that responds to tenant's needs</li> <li>- that is market-driven on a permanent basis</li> <li>- striving for a high occupancy rate</li> </ul>
<p><b>Development of a high-quality real estate portfolio</b></p>	<p>by optimizing the portfolio</p>	<ul style="list-style-type: none"> <li>- redevelopment, enhancing sustainability and renovating of existing buildings</li> <li>- strategic acquisitions</li> </ul>
<p><b>Limiting the risk profile</b></p>	<p>through diversification</p>	<ul style="list-style-type: none"> <li>- geographically: Grand Duchy of Luxembourg, Belgium and Austria</li> <li>- asset classes: focus on retail and offices</li> </ul>

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



• Fair value including participation in Retail Estates. For more information we refer to the key figures of the real estate portfolio at page 28 and note 23 in the financial statements.

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

## INVESTMENT STRATEGY

Leasinvest Real Estate's investment strategy is based on detecting interesting opportunities. Consequently, the composition of the real estate portfolio has strongly evolved over the years, in function of the evolution of the real estate and financial markets. For more information on the evolution of the real estate market over 2018, we refer to the Real estate report on page 90.

# 01

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

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

## DEVELOPMENT STRATEGY

02

Leasinvest Real Estate has also been very successful in the redevelopment of buildings in view of leasing them for a longer period. Year after year buildings of the portfolio that can be taken into consideration for redevelopment are selected, taking into account our risk management policy (see Risk factors on page 4).

The objective is to generate capital gains and continuously improve the portfolio's quality. Important examples of this policy are the buildings CFM, Bian, Montimmo, Royal20, shopping center Strassen and shopping center Knauf Schmiede in the Grand Duchy of Luxembourg, and The Crescent Anderlecht, Montoyer 63, Treesquare, Montoyer 14 in the Leopold district of Brussels and De Mot in Malines.

## COMMERCIAL STRATEGY

03

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

## FUNDING STRATEGY

04

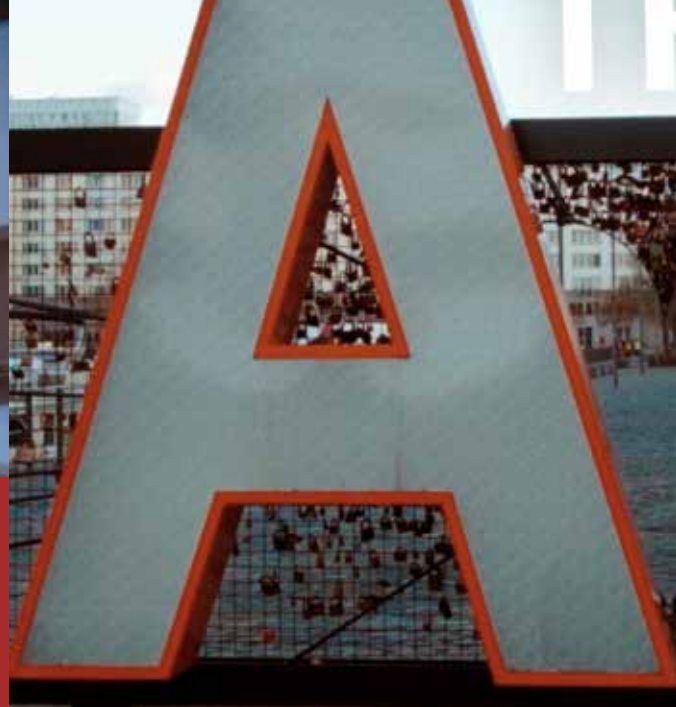
Despite the fact that the BE-REIT (SIR/GVV) legislation allows for a maximum debt ratio of 65%, the board of directors of the statutory manager of Leasinvest Real Estate opted for a more conservative funding policy, keeping the debt ratio within the 50-55% spread. After the capital increase of 4 October 2018, and the subsequent acquisitions, the debt ratio amounts to 53.53% in comparison with 57.1% on 31/12/2017.

The debt ratio is closely followed by management, the combination of the capital increase in 2018 and "capital recycling" over the past years having permitted to realize a number of interesting investments (cf. "investment strategy") by selling a number of non-strategic buildings.

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

The funding strategy also aims at keeping the funding cost as low as possible for the longest possible period, yet with the possibility to swiftly respond to potential investment files. In 2018 the funding cost dropped to 2.59% (2017: 2.99%). The weighted average duration of funding on 31 December 2018 is 3.11 years (2017: 3.34 years). An important part of this funding is at variable interest rates. In order to protect the company against rising interest rates, a hedging strategy was adopted, with a hedge ratio of approximately 75% for the first 5 years, and of approximately 50% for the 5 following years.

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



# LETTER TO THE SHAREHOLDERS



**HANGAR 26/27**

ANTWERP (BE)





**JAN SUYKENS** • CHAIRMAN OF THE BOARD OF DIRECTORS &  
**MICHEL VAN GEYTE** • MANAGING DIRECTOR

## THE STRATEGY

In 2018, for the first time, the fair value of the portfolio has exceeded € 1 billion. The capital increase of 4 October 2018 of € 84 million has allowed Leasinvest Real Estate to further focus on its future growth. Towards the end of the year, some important acquisitions were realized in the Grand Duchy of Luxembourg and in Belgium, that will contribute to a higher rental income in 2019.

The strategy remains focused on three countries, namely the Grand Duchy of Luxembourg, Belgium and Austria, and on two asset classes, retail and offices. Leasinvest Real Estate is essentially an 'out-of-the-box' investor, always looking for interesting opportunities, respecting a balance between a financial and a real estate logic, paying equal attention to generating recurring income and creating capital gains in the long term.

Besides investing in new buildings, optimizing its current real estate portfolio is also a priority. For top locations where Leasinvest Real Estate is present, the redevelopment or extension potential is thoroughly analyzed and translated into

concrete pluriannual plans. We also keep our finger on the pulse of new market trends. That way, Leasinvest Real Estate has been one of the first real estate companies to launch a business center concept in different of its office buildings and immediately responded to the co-working trend. All of which is undertaken to maximally protect the portfolio against possible vacancy and being able to guarantee a continuous rental income stream.

**“Leasinvest Real Estate is essentially an 'out-of-the-box' investor, always looking for interesting opportunities”**

## THE MARKETS

The **Grand Duchy of Luxembourg** remains Leasinvest Real Estate's main investment market with a share of 55% of the consolidated real estate portfolio. In this market, the company is one of the most important foreign real estate investors, both in offices and retail buildings.

The Luxembourg economy performed very well in 2018 with a GDP growth of 3.6%, making Luxembourg one of the top performing EU countries. For 2019 a growth of 4% is even expected, now that it becomes more and more clear that the Grand Duchy of Luxembourg will also become the winner of the Brexit. The take-up in the office market reached 252,000 m<sup>2</sup> in 2018, the second highest level ever recorded, and the rents are high, but stable over the past year. The take-up in retail amounted to 37,650 m<sup>2</sup> in 2018, higher than the annual average for the 5-year period 2013-2017. The shopping center segment came first with over 15,400 m<sup>2</sup> in 2018, 147% more than the 5-year average.

The employment growth remains strong while the unemployment rate decreased for the fifth year in a row to 5% end 2018. The population will continue to grow in the future, which will benefit the residential market in particular and the real estate market in general.

In **Belgium** (35% of the consolidated real estate portfolio) the annual GDP-growth decreased to 1.4% in 2018 but is expected to slightly rise to 1.5% in 2019. The unemployment rate stood at 6.3% in Q4 and is foreseen to remain stable over 2019. The total take-up on the Brussels office market amounts to 367,000 m<sup>2</sup> for 2018, a drop by 8% in comparison with 2017. Co-working operators represent nearly 20% of this total. The global vacancy rate decreased again to 7.98%, the lowest level in 17 years, and the prime rents in Brussels rose before the end of the year, to € 315/m<sup>2</sup>/year. The total investment volume in Brussels amounted to € 1.9 billion, the best year since 2007 and the top yields further dropped to a historically low level of 4.25%. The Brussels office market is still highly demanded by investors and is supported by low interest rates and new stimuli announced by the ECB.

Moreover, all markets in Flanders displayed peak performance in Q4, thanks to a number of large deals in Antwerp, Louvain and Malines. The highest rent was recorded in Antwerp, with € 155/m<sup>2</sup>/year.

The **Austrian** economy (10% of the consolidated real estate portfolio) also recorded a solid performance with a GDP-growth of 2.7% in 2018. The investment volume in Austrian retail buildings rose in 2018 by ca. 68% in comparison with 2017 and represented approximately 33% of the total investment volume in commercial real estate. For retail parks the prime rents were constant, and the top yields dropped by 5 base points (approximately 5.55%).

**“The Grand Duchy of Luxembourg remains Leasinvest Real Estate’s main investment market with a share of 55% of the consolidated real estate portfolio.”**



## REALIZATIONS 2018

The EPRA earnings ◀ (previously the net current result) increased by 13.7% to € 31.3 million (€ 6.03 per share) end 2018 in comparison with € 27.5 million the previous year (€ 5.57 per share) end 2017. The net result, group share, amounts to € 38.2 million end 2018 compared to € 47.55 million end 2017. In terms of net result per share this results in € 7.37 per share end 2018 compared to € 9.63 end 2017 (-23%). This decrease is mainly explained by a lower revaluation result on the portfolio, compared to a positive portfolio result of € 22.3 million in 2017.

## THE SHARE AND THE DIVIDEND

The price of the Leasinvest Real Estate share fluctuated between € 82.6 and € 99.7 in 2018. Since 19 September 2018 (closing price of € 97.39) the share listed ex-coupon of € 3.78. The closing price at year-end amounted to € 87.4. The proposed gross dividend per share over the financial year 2018 amounts to € 5.10 which results in a gross dividend yield (based on the closing price) of 5.8% (financial year 2017: 5.2%).

## OUTLOOK 2019

Subject to extraordinary circumstances, Leasinvest expects that the rental income in 2019 will be higher than in 2018, while the financial costs remain at a level comparable to that of 2018. However, after the capital increase of 2018, the results are divided over 5,9 million shares in 2019 rather than over 5,2 million shares, being the weighted average number in 2018. In these circumstances, a dividend is forecasted that will at least be equal to the dividend over the financial year 2018, namely € 5.10 per share.

We wish to thank all our tenants, suppliers, real estate agents, banks, investors and shareholders in the Grand Duchy of Luxembourg, in Belgium and in Austria, for their confidence in Leasinvest Real Estate. We also would like to thank our employees for their continued efforts, which have led to achieving these results

### MICHEL VAN GEYTE

Managing director

### JAN SUYKENS

Chairman of the board of directors

**“The EPRA earnings ◀  
increased by 13.7%  
end 2018.”**



# KEY FIGURES




**SCHMIEDE**  
KNAUF SHOPPING  
CENTER (LU)



## THE KEY FIGURES PER 31 DECEMBER 2018

At the end of 2018 Leasinvest Real Estate (LRE) fully consolidates the following participations: the Luxembourg SICAV-SIF Leasinvest Immo Lux SA, Leasinvest Services SA, RAB Invest SA, Haven Invest NV, NEIF Montoyer SPRL, Carver SPRL, S. Invest I SA, P Invest I SA, Porte des Ardennes Schmiede SA, Porte des Ardennes Pommerlach SA, Mercator Sàrl, EBBC A Sàrl, EBBC C Sàrl, Leasinvest Immo Austria GmbH, AE Starvilla Sieben GmbH & Co OG, Frun Park Asten GmbH, Kadmos Immobilien Leasing GmbH, and Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH.

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this Annual financial report are indicated by . For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 70 et seq of this report.

Key figures real estate portfolio (1)	31/12/2018	31/12/2017
Fair value real estate portfolio (€ 1,000) (2)	1 037 083	902 994
Fair value investment properties, incl. participation Retail Estates (€ 1,000) (2)	1 128 899	976 338
Investment value investment properties (€ 1,000) (3)	1 058 509	921 141
Rental yield based on fair value (4) (5)	6.45%	6.44%
Rental yield based on investment value (4) (5)	6.32%	6.32%
Occupancy rate (5) (6)	94.26%	94.80%
Average duration of leases (years)	4.34	4.74

- (1) The real estate portfolio comprises the buildings in operation, the development projects, the assets held for sale, as well as the buildings presented as financial leasing under IFRS.
- (2) Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS. The fair value of Retail Estates has been defined based on the share price on 31/12/2018.
- (3) The investment value is the value as defined by an independent real estate expert and of which the transfer rights have not yet been deducted.
- (4) Fair value and investment value estimated by real estate experts Cushman & Wakefield, de Crombrughe & Partners, Stadim (BeLux) and Oerag (Austria).
- (5) For the calculation of the rental yield and the occupancy rate only the buildings in operation are taken into account, excluding the assets held for sale and the development projects.
- (6) The occupancy rate has been calculated based on the estimated rental value.

The consolidated direct real estate portfolio of Leasinvest Real Estate end 2018 comprises 29 sites (including the development projects) with a total lettable surface area of 511,382 m<sup>2</sup>. The real estate portfolio is geographically spread across the Grand Duchy of Luxembourg (55%), Belgium (35%) and Austria (10%).

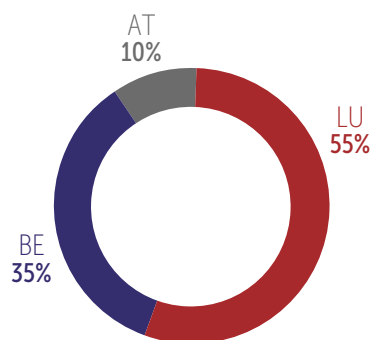
The fair value of the real estate portfolio amounts to € 1.04 billion end 2018 compared to € 903 million end 2017. This increase is explained by the acquisitions of the EBBC buildings in the Grand Duchy of Luxembourg, the Montoyer 14 building in the CBD of Brussels and the iconic building Hangar 26-27 in Antwerp.

End 2018, the company disposes, after those transactions, of 51% offices in portfolio, 43% retail and 6% logistics (vs 45% of-fices, 48% retail and 7% logistics end 2017).

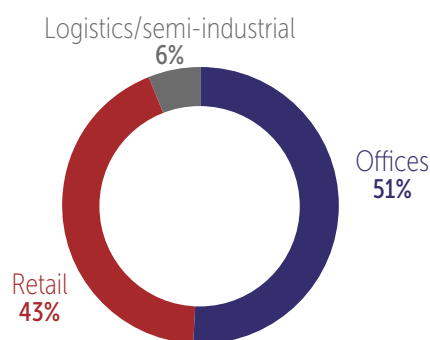
The global direct and indirect real estate portfolio (including the participation in BE-REIT (SIR/GVV) Retail Estates NV) reached a fair value of € 1.13 billion at the end of 2018.

The rental yield of the real estate portfolio in operation, based on the fair value, amounts to 6.45% (compared to 6.44% end 2017), and based on the investment value, to 6.32% (compared to 6.32% at the end of the previous year). eind vorig jaar).

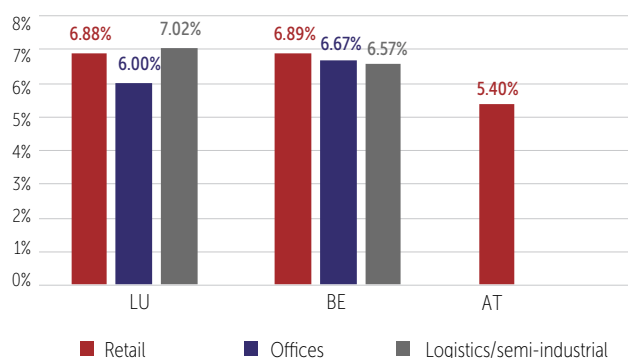
### GEOGRAPHICAL BREAKDOWN



### BREAKDOWN OF ASSET CLASSES



### DETAILS ON YIELD PER ASSET CLASS AND LOCATION (FAIR VALUE)<sup>(1)</sup>



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

Key figures balance sheet	31/12/2018	31/12/2017
Net asset value group share (€ 1,000)	475 811	382 206
Weighted average number of shares after the capital increase on 04/10/2018	5 179 724	4 938 870
Net asset value group share per share	80.3	77.4
Net asset value group share per share based on investment value	83.9	81.1
Net asset value group share per share EPRA	88.7	84.0
Total assets (€ 1,000)	1 156 107	999 293
Financial debt	595 400	540 440
Financial debt ratio (in accordance with RD 13/07/2014)	53.53%	57.14%
Average duration credit lines (years)	3.11	3.34
Average funding cost (excl. fair value changes financial instruments)	2.59%	2.99%
Average duration hedges (years)	5.35	5.15

The figures per share mentioned have been calculated based on the weighted average number of shares after the capital increase on 04/10/2018 as of the results; as to balance sheet data (such as the net asset value per share) the total number of shares of 5,926,644 has been applied.

Key figures income statement	31/12/2018	31/12/2017
Rental income (€ 1,000)	56 209	56 892
Net rental result per share	10.81	11.52
EPRA Earnings ◀ (1)	31 259	27 503
EPRA Earnings ◀ per share (1)	6.03	5.57
Net result group share (€ 1,000)	38 194	47 545
Net result group share per share	7.37	9.63
Comprehensive income group share (€ 1,000)	34 338	49 983
Comprehensive income group share per share	6.63	10.12

(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.

EPRA performance measures ◀	31/12/2018	31/12/2017
EPRA Earnings ◀ (in € per share) (1)	6.03	5.57
EPRA NAV ◀ (in € per share) (2)	88.69	83.99
EPRA NNNAV ◀ (in € per share) (3)	82.27	77.14
EPRA Net Initial Yield ◀ (in %) (4)	5.25%	5.22%
EPRA Topped up Net Initial Yield* (in %) (5)	5.23%	5.25%
EPRA Vacancy ◀ (in %) (6)	5.73%	5.20%
EPRA Cost ratio ◀ (incl. direct vacancy costs) (in %) (7)	26.06%	29.00%
EPRA Cost ratio ◀ (excl. direct vacancy costs) (in %) (7)	24.45%	26.85%

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

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

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

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

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

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

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

# ANNUAL REPORT



LEOPOLD DISTRICT

BRUSSELS (BE)



MICHEL VAN GEYTE • CHIEF EXECUTIVE OFFICER

**“The capital increase of € 84 million in 2018 permitted Leasinvest Real Estate to fund its future growth. For the first time, the fair value of the portfolio has exceeded € 1 billion thanks to important acquisitions in the Grand Duchy of Luxembourg and in Belgium, that will contribute to a higher rental income in 2019.”**

## ACTIVITY REPORT

### DURING THE FINANCIAL YEAR 2018

#### HIGHLIGHTS

- ▶ The **EPRAs earnings** ◀<sup>1</sup> rise by 13.7% from € 27.5 million end 2017 to € 31.3 million (€ 6.03 per share vs € 5.57 per share)
- ▶ **Dividend** increases from € 5.00 to € 5.10 gross per share
- ▶ **Debt ratio** decreased from 57.14% to 53.53%
- ▶ **Funding cost** drops from 2.99% on 31/12/2017 to 2.59% end 2018
- ▶ Successful **capital increase** of € 84 million realized on 4 October 2018
- ▶ Important **acquisitions**: 2 additional EBBC buildings in the Grand Duchy of Luxembourg, Montoyer 14 in Brussels CBD and the iconic building Hangar 26-27 in Antwerp

<sup>1</sup> Alternative Performance Measures (APM) in the sense of the ESMA directive of 5 October 2015 in this Annual financial report are indicated with ◀ and are further explained on page 70 et seq.



## INVESTMENTS

### Grand Duchy of Luxembourg

#### ACQUISITION IN BUSINESS PARK EBBC

On 19 December 2018 Leasinvest Real Estate has acquired 2 additional buildings in the EBBC Business park nearby Luxembourg's airport, via its 100% subsidiary Leasinvest Immo Lux. This acquisition represents an investment of € 64.1 million, with an initial yield of 6.25%. Both buildings are entirely leased and generate an annual rental income of approximately € 4 million.

European Bank & Business Center (EBBC) consists of a total of 6 office buildings with a global surface area of +/- 26,000 m<sup>2</sup> and benefits from a strategic location in the Luxembourg Airport district, at walking distance of Luxembourg airport. Given the importance of this district, it is also included in the tram expansion zone, that will make the park easily accessible by public transportation, both from the city centre and the business district "Kirchberg".

Acquisition of 2 additional office buildings: rental income ca. € 4 million



## Belgium

### ACQUISITION OFFICE BUILDING MONTOYER 14 IN CBD OF BRUSSELS

On 15 October 2018 Leasinvest Real Estate acquired 100% of the shares of the company NEIF Montoyer SPRL from the fund Next Estate Income Fund ("NEIF"), managed by BNP Paribas REIM Luxembourg. This company holds a leasehold with a remaining duration of 94 years on the office building Montoyer 14, situated at the angle of the rue Montoyer and rue de l'Industrie in BE-1000 Brussels. This transaction represents an investment of € 11.35 million, in line with the value estimated by the independent real estate expert.

After the departure of the current tenant (the United Nations) end 2018, Montoyer 14 will be entirely redeveloped into an office building, being the reference for newest technologies and sustainability. The project management is realized by promotor ION. The new building is expected to comprise approximately 4,000 m<sup>2</sup> of state-of-the-art office space and to be delivered at the beginning of 2022.

For Leasinvest Real Estate this is the third office project in the European district in Brussels in two years of time, after Treesquare (Square de Meeûs) and Montoyer 63 (rue Montoyer), and confirms the company's strategy to further develop its current offices portfolio with high-quality projects at top locations.

Redevelopment: 4,000 m<sup>2</sup>  
of state-of-the-art  
office space





## ACQUISITION HANGAR 26-27 IN ANTWERP

On 28 December 2018, Leasinvest Real Estate acquired the iconic building Hangar 26/27 in the Eilandje district in Antwerp, with on the one hand, a direct view on the river Scheldt, and on the other hand, on the MAS museum (Museum aan de Stroom).

This acquisition represents an investment of € 22.6 million, with an initial yield of 6.2%. The building has a surface area of 9,395 m<sup>2</sup> and is part of a concession agreement with AG Vespa. Currently, gradual renovation works are carried out to the building, that are completed for more than 50% and will be continued by Leasinvest Real estate. The building disposes of an additional development potential of 9,000 m<sup>2</sup> for retail and offices purposes.

The concession is acquired through the purchase of 100% of the shares of the company Carver BVBA – concession holder – that already carried out a large part of the renovation works to the existing building.

Development potential of  
9,000 m<sup>2</sup> extra for retail  
and offices purposes

## PARTICIPATION TO CAPITAL INCREASE OF BE-REIT (GVV/SIR) RETAIL ESTATES

Leasinvest Real Estate participated in April 2018 to the capital increase of Retail Estates, a BE-REIT (GVV/SIR) in which the company has a stake of a little over 10% for a while now. Leasinvest Real Estate subscribed all granted subscription rights for an amount of € 12.9 million and received 198,736 new shares of Retail Estates in exchange, that are fully entitled to dividends. The dividend amounted to € 3.60 per share end July.

### Austria

#### ACQUISITION LAND RESERVE

On 18 December 2018, Leasinvest Real Estate has acquired a plot of land of circa 3,870 m<sup>2</sup> alongside the access road to the Frun Park in Asten for an amount of € 625.000, via its Austrian subsidiary Frun Park Asten GmbH. This land is expected to cover +/- 1,350 m<sup>2</sup> of commercial space to be developed. The acquisition of this plot of land represents a capital gain for the retail park that is already owned by the company.

## DEVELOPMENTS

### Grand Duchy of Luxembourg

#### BOOMERANG STRASSEN SHOPPINGCENTER

The site of 22,721 m<sup>2</sup>, located Route d'Arlon in Strassen, is partially redeveloped into a retail park that comprises, besides shops, also a restaurant. This site will become the largest retail park in the Luxembourg periphery at the most important entrance to the city of Luxembourg.

After the redevelopment of the first phase delivered end 2017, the renovation of the parking and the office space (470 m<sup>2</sup>) have also been finalized and are occupied by different tenants.

The start of the following phase is foreseen in the course of 2021 after the departure of Bätiself at the end of March of that same year. After the publication of a masterplan by the municipality in October 2018, a new general development plan is expected in the course of 2019, based on which a phased redevelopment plan will be prepared as of 2021 allowing Leasinvest Real Estate to offer an even better mix of surface at the entrance to the city of Luxembourg.



Largest retail park in the Luxembourg periphery at the important entrance to the city of Luxembourg





## SHOPPING CENTER POMMERLOCH

For the shopping center Pommerloch located in the North of the Grand Duchy of Luxembourg, nearby the Belgian border, the works for the new parking (Bastogne entrance) have started in January 2019. Furthermore, some extensions (terraces/veranda) were built for current tenants (total of 240 m<sup>2</sup>), that will be occupied in the course of Q1 2019.

420 extra parking spaces  
to respond to the growing  
number of visitors

## SHOPPING CENTER SCHMIEDE

The revamping and the renovation works of the shopping center Schmiede have started in September 2018. The renovation of the entrances to the parking was finalized mid-December 2018.

The profound renovation works start in the course of the first quarter of 2019, in combination with an extension of 8,000 m<sup>2</sup> in order to offer more catering opportunities, shops and space for events. The delivery of this extension is foreseen in Q3 2021. In the meanwhile, the urban planning permit for these renovation works has been granted.

Profound renovation with  
extension of ca. 8,000 m<sup>2</sup>



## Belgium

### OFFICE BUILDING TREESQUARE CBD BRUSSELS

The office building Treesquare located in the Brussels CBD, was entirely reconstructed.

An original architecture was chosen for Treesquare based on modularity and great attention for interior design. The different spaces and high-end finishing have contributed to attracting prime tenants for this building. A current occupation rate of 82% and the ongoing negotiations demonstrate the success of this development.



Successful redevelopments  
in the Brussels  
Leopold district



### OFFICE BUILDING MONTOYER 63 CBD BRUSSELS

The Montoyer 63 office building was provisionally accepted end September 2018 by the European Parliament. The provisional acceptance represents the start of the 21-years usufruct period.

This building was constructed tailor-made according to the specifications of the European Parliament to realize a training center at walking distance of the Parliament.

The European Parliament currently conducts fitting out works in order to have the building operational in the spring of 2019.

## BUSINESS CENTER THE CRESCENT EN CO-WORKING SPACE MOTSTRAAT MECHELEN

In the course of 2018 different new agreements could be concluded for the business center The Crescent in the building Motstraat at Malines. The Crescent is a co-working & business center concept, focusing on community building, professional support and quality service. The co-working space "De Mot" is based on this concept and was inaugurated by the mayor of Malines, Bart Somers, and is highly appreciated by the tenants of the building and other users.

The global occupancy rate consequently amounts at present to 92%.

This concept fits within the policy of renovation and redevelopment of buildings, that creates value.



Co-working space  
"De Mot" is highly  
appreciated by its  
tenants and other users





## LEASES

### Evolution occupancy rate

The occupancy rate remained stable (94.26%) on 31/12/2018.

### Leases

#### GRAND DUCHY OF LUXEMBOURG

For the office building **Mercator** a new rental contract could be concluded for 2,770 m<sup>2</sup>, for a 6.5-year period, the building consequently maintaining its 100% occupancy.

For the building located Rue Guillaume J. Kroll in the **Cloche d'Or** district, of which the tenant has left the building at the end of December 2018, a new rental agreement was concluded with Mazars Luxembourg SA for a fixed 9-year term, starting on 1 May 2019. This rental contract relates to 2,200 m<sup>2</sup> of office space and 69 parking spaces, and also comprises an option on the lease of the remaining office space (approximately 1,400 m<sup>2</sup>), of which 350 m<sup>2</sup> was already taken in Q4. The planned renovation works to the façade and the restaurant as well as the refurbishment of the outdoor space will be carried out in Q1 2019.

Shopping center **Knauf Pommerloch** in the North of the Grand Duchy of Luxembourg is still very appreciated by national and international retailers, with the opening of five new shops (SportsDirect, Cecil, Post shop, Okaïdi, Tendances). The shopping center keeps on attracting new brands and its occupancy rate remains high.

In Shopping center **Knauf Schmiede** the H&M store is extended by over 1,000 m<sup>2</sup> to 2,464 m<sup>2</sup> spread across 2 floors (end of the works Q1 2020) - i.e. the largest H&M store in the North of Luxembourg - and Delhaize will realize the largest supermarket in the Belux with an extension of 500 m<sup>2</sup> (end of the works Q4 2019).

In the **EBBC** buildings different extensions of rental contracts for nearly 1,000 m<sup>2</sup> could be concluded.

Finally, different requests for rental extensions are in an advanced stage of negotiation.

#### BELGIUM

For the **Riverside Business Park** in Anderlecht, a couple of important new rental contracts were concluded, resulting in a higher occupancy rate.

The **Crescent business center** with co-working space **De Mot** in Malines remains a success story. The occupancy rate increased again in the course of Q4 2018 and progresses from 87.22% on 30/09/2018 to 92% following the conclusion of a number of new services agreements.

The new-built project **Treesquare** in the CBD of Brussels, delivered earlier this year, is 82% leased on 31 December 2018. Furthermore, advanced negotiations with a number of potential tenants are ongoing.

For **Tour & Taxis Royal Depot**, the occupancy rate remains at a high level, thanks to a number of renegotiations and extensions.

#### AUSTRIA

The last units of the extension of over 1,000 m<sup>2</sup> of Frun® Park Asten were opened in the meantime and are fully leased. All rental contracts with existing tenants in the Frun® Park Asten that were to expire in 2018, have already been successfully extended in the first half-year, the occupancy rate of this retail park remaining 100%. The footfall has once again risen by 4% compared to the previous year.

## SUCCESSFUL CAPITAL INCREASE OF € 83,960,790

In the course of September/October 2018 Leasinvest launched a capital increase of € 84 million, that was fully subscribed and led to an increase from 4,938,870 shares before the capital increase to 5,926,644 shares after the transaction.

In the meantime, the proceeds were already fully reinvested in new investments such as Montoyer 14, EBBC buildings A and C, Hangar 26/27, etc.

## CORPORATE GOVERNANCE

### Composition of the board of directors of the statutory manager and its subcommittees

At the general meeting of Leasinvest Real Estate Management SA, statutory manager of Leasinvest Real Estate SCA, held on 22 May 2018, the following amendments to the board of directors were approved:

- The directors' mandates of Jan Suykens, Piet Dejonghe, Michel Van Geyte, Sonja Rottiers and Eric Van Dyck were extended for a period of 4 years, i.e. till the general meeting of May 2022 that will decide on the approval of the financial statements closed at 31 December 2021;
- The directors' mandate of Nicolas Renders – previously co-opted as director, to replace Guy Van Wymersch-Moons, who resigned as a director end October 2017 and whose mandate ended on 22 May 2018 – was also extended for a same 4-year period;
- Dirk Adriaenssen was nominated as a new director for an identical period.

Different mandates ended at that same general meeting, namely those of Michel Eeckhout, Mark Leysen and Jean-Louis Appelmans. Subsequently it was decided to nominate Jean-Louis Appelmans director again as of 1 June 2018, this time as a non-executive director, for a 1-year period, i.e. till the general meeting of May 2019.

The abovementioned changes also lead to amendments to the composition of the different subcommittees of the board of directors:

- The audit committee is still chaired by Sonja Rottiers, henceforth acting as an independent director. The other members are Dirk Adriaenssen and Piet Dejonghe.
- The nomination and remuneration committee is still chaired by Jan Suykens. The other members are Eric Van Dyck and Sonja Rottiers.
- The committee of independent directors is composed of Eric Van Dyck, Sonja Rottiers and Dirk Adriaenssen.

## Changes in management and in the persons responsible for the internal control functions

Since 22 May 2018, Michel Van Geyte is permanent representative of the statutory manager and also CEO. He also remains an effective officer of Leasinvest Real Estate. Till 22 May 2018 Jean-Louis Appelmans was permanent representative of the statutory manager of Leasinvest Real Estate. He was also co-CEO until his retirement end May 2018.

Since his retirement, Jean-Louis Appelmans is no longer an effective officer, and he has been replaced in his function of effective officer by Tim Rens, CFO of Leasinvest Real Estate.

Since 1 June 2018, Michel Van Geyte has taken over the internal audit function from Tim Rens. The latter became in his turn responsible for risk management of the BE-REIT (GVV/SIR), a function previously exercised by Jean-Louis Appelmans. The compliance officer is Paul Van Lierde since 1 June 2018, who took over this task from Jean-Louis Appelmans.

Since the departure of Sven Janssens<sup>1</sup>, COO, end November 2018, the executive committee is composed of 2 persons: Michel Van Geyte, CEO, and Tim Rens, CFO.

## Renewal of the auditor's mandate

The ordinary general meeting of 22/05/2018 approved the renewal of the mandate of Ernst & Young Réviseurs d'entreprises, represented by Mr Joeri Klaykens, and this for a term of 3 financial years, i.e. till the general meeting of May 2021.

<sup>1</sup> Permanent representative of BVBA Okimono.

## MISCELLANEOUS

### EPRA Gold Award for Annual financial report 2017

For the 6th time in a row, Leasinvest Real Estate has been granted an EPRA Gold Award for its Annual financial report 2017. The award is granted to listed real estate companies that follow the EPRA Best Practices Recommendations, in view of improving transparency and comparability of data.



## AFTER THE CLOSING OF THE FINANCIAL YEAR 2018

### LUXEMBOURG – SALE OF 2 FLOORS IN THE BUILDING KENNEDY (KIRCHBERG)

On 17 January 2019, 2 floors in the office building Kennedy in the Grand Duchy of Luxembourg were sold to Ceetrus for a total amount of € 15.9 million, which is higher than the fair value estimated by the independent real estate expert.

These buildings were already recorded in the item 'assets held for sale' on 31 December 2018.

# NOTES TO THE CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET

## INCOME STATEMENT

The **EPRA earnings** ◀ (previously the net current result) amount to € 31.3 million (€ 6.03 per share) end 2018 and have substantially risen in comparison with the previous year (€ 27.5 million or € 5.57 per share). Despite the slightly lower rental income, the EPRA Earnings increase, mainly due to lower property charges (- € 1.2 million), higher financial income (+ € 1.0 million) and lower financial charges (- € 1.4 million). It is also important to note that the EPRA Earnings per share are calculated based on the weighted average number of shares in 2018, which was higher in 2018, following the capital increase of October 2018 (5.2 million shares), than in 2017 (4.9 million shares).

The **rental income** has slightly decreased compared to the previous year: € 56.2 million in 2018 vs € 56.9 million in 2017. In the course of 2017, an important part of the portfolio was indeed sold, implying a lower income of € 6.4 million. On the other hand, there were also acquisitions in 2017 and 2018, but these only represented a rental volume of € 4.4 million. The provisional acceptance of the projects Treesquare and Montoyer allowed, to a large extent, for a compensation of this difference.

Like-for-like ◀ the rental income has however increased by € 1.7 million (+ 2.94%), mainly in Belgium (+ € 1.0 million) and Luxembourg (+ € 0.6 million).

The **gross rental yields** remain nearly equal to those of end 2017 and amount to 6.45% (6.44% end 2017) based on the fair value, and to 6.32% (6.32% end 2017) based on the investment value; the occupancy rate has decreased from 94.8% end 2017 to 94.3% on 31/12/2018.

The **property charges** dropped (- € 1.2 million) from € -9.9 million end 2017 to € -8.7 million end 2018, mainly because of lower technical and vacancy costs. The property management costs and commercial costs, on the other hand, slightly rise. The **corporate overheads** are € 0.1 million lower than the previous year, mainly due to lower fees for consultants. The **operating margin** (operating result before the portfolio result/rental income) increases from 71.3% on 31/12/2017 to 73.9% on 31/12/2018.

The **changes in fair value of the investment properties** on 31/12/2018 amount to € +1.6 million (31/12/2017: € + 22.4 million) (or € -20.8 million). In 2017 this result was exceptionally high because of

2 positive one-off effects, namely the recycled capital gain from other comprehensive income on Lux Airport and the positive impact of the deferred taxes on the acquisition of the 2 Austrian retail buildings in Stadlau (Vienna).

The **financial result** amounts to € -4.6 million on 31/12/2018 in comparison with € -12.0 million for 2017. This result is composed as follows:

- Financial income of € 4.9 million on 31/12/2018 vs. € 3.9 million on 31/12/2017, entirely due to the higher dividend received from Retail Estates.
- Interests and other charges related to funding for € -15.0 million on 31/12/2018 vs € -16.3 million on 31/12/2017. Leasinvest could extend or renegotiate a number of credits at better conditions. On the other hand, the restructuring of the derivatives portfolio allows for an important drop of the related charges.
- Changes in fair value of the financial assets and liabilities: € + 5.4 million on 31/12/2018 vs € + 0.5 million on 31/12/2017. The reevaluation of the participation in Retail Estates (€ 5.6 million) has to be passed through the income statement as of 2018 in accordance with IFRS 9, while it was previously directly passed through equity.

The **corporate taxes** have decreased from € -0.6 million to € -0.3 million.

The **net result** over 2018 amounts to € 38.2 million compared to € 45.5 million on 31/12/2017. In terms of net result per share this results in € 7.37 per share on 31/12/2018 compared to € 9.63 on 31/12/2017.

## BALANCE SHEET

At the end of the financial year 2018 **shareholders' equity**, group share (based on the fair value of the investment properties) amounts to € 475.8 million (year-end 2017 € 382.2 million). The net asset value per share excl. the influence of fair value adjustments to financial instruments and deferred taxes (EPRA) ♦ stands at € 88.7 end 2018 in comparison with € 84.0 end 2017.

The **changes in fair value of the financial assets and liabilities** (IAS 39) passed through equity have dropped by € 2.2 million following a lower swap curve at the end of 2018. The negative market value of the hedges passed through equity amounts to - € 34.1 million end 2018 compared to - € 31.9 million at the end of the previous financial year.

The costs of the capital increase (€ 1.6 million) were also directly passed through equity in accordance with IFRS.

End 2018 the net asset value per share stands at € 80.3 (31/12/17: € 77.4). The EPRA NAW on the other hand, amounts to € 88.7 (2017: € 84.0), and the closing price of the Leasinvest Real Estate share on 31 December 2018 amounted to € 87.40, or a discount of 1.5%.

End 2018 the debt ratio after the capital increase of October 2018 and the different investments of Q4 2018 amount to 53.5% (57.1% per end 2017).

This means that the nominal **financial debts** recorded in the balance sheet per 31/12/2018 amount to € 595.4 million, which represents an increase of € 55.0 million compared to € 540.4 million at the end of the previous financial year.

## DIVIDEND

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay the following dividends<sup>1</sup>:

- To the existing shareholders before the capital increase of 2018 (holding coupon no 23 detached on 19 September 2018), a proportional dividend of € 3.78 gross per share;
- To all shareholders holding coupon 24 (currently still attached to all shares), a dividend of € 1.32 gross per share.

That way, a dividend of € 5.10 gross per share is distributed to all existing shareholders before the capital increase of 2018, which implies an increase of 2% compared to the dividend of last year.

Subject to the approval of the ordinary general shareholders' meeting of 20 May 2019, dividends will be paid out on presentation of coupons no 23 and 24 as of 27 May 2019 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

## OUTLOOK FINANCIAL YEAR 2019

Subject to extraordinary circumstances, Leasinvest expects that the rental income in 2019 will be higher than in 2018, while the financial costs remain at a level comparable to that of 2018. However, after the capital increase of 2018, the results are divided over 5.9 million shares in 2019 rather than over 5.2 million shares, being the weighted average number in 2018.

In these circumstances, a dividend is forecasted that will at least be equal to the dividend over the financial year 2018, namely € 5.10 gross per share.

<sup>1</sup> Subject to 30% withholding tax.

## MANAGEMENT OF FINANCIAL RESOURCES

In 2018 3 credit lines for a total amount of € 55 million expired. 2 of these credit lines were extended at better conditions. A third credit line (€ 25 million) was not extended but was replaced in January 2019 by a new credit line of € 30 million at better conditions. The average duration consequently stands at 3.11 years.

In the course of 2018 an important restructuring of the derivatives portfolio also took place. This resulted in a significant drop in the average funding cost from 2.99% per end 2017 to 2.59% end 2018. In the last quarter 2018 a number of new forward starting derivatives were bought, allowing Leasinvest to secure the current low interest rates for a longer term. The average duration of the derivatives consequently amounts to 5.35 years at present.

## RISK FACTORS

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

## CORPORATE GOVERNANCE STATEMENT<sup>1</sup>

### REFERENCE CODE

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

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

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

### Comply or Explain - Derogations of the Belgian Corporate Governance Code

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

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

### COMPOSITION OF THE AUDIT COMMITTEE

In accordance with article 526bis of the Company Law, the audit committee has to be composed of non-executive members of the board of directors, of which at least one member is an independent director in the sense of article 526ter of the Company Law. The members of the audit committee dispose of a collective competence in matters of the controlled company's activities.

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

Before 22 May 2018 the composition of the audit committee was in accordance with the provisions of the Company Code, but not with the Code, as it was composed of 4 persons of which (only) half were independent directors. This was justified by the small structure of the board of directors and its efficient deliberation and decision-making ensuring that all important matters discussed at the audit committee were also discussed during the deliberation by the board of directors. Moreover, before 22 May 2018, not one, but two experts in matters of accounting and audit were part of the audit committee, that were not independent directors in the sense of article 526ter Company Code, and this in the interest of the company, namely in view of an increased efficiency in the audit committee's functioning, even if this meant that the Code was not followed on this point.

Since 22 May 2018 the composition of the audit committee was adapted and both recommendations of the Code are complied with.

### COMPOSITION OF THE BOARD OF DIRECTORS – GENDER DIVERSITY

In accordance with provision 2.1. of the Code the board of directors has to be composed based on gender diversity and diversity in general. Based on article 518bis of the Company Code and taking into account the exception with regard to free float which is lower than 50% for the company, the board of directors has to be composed of at least one third of female directors ultimately on the first general meeting of 2019. On the date of publication of this annual report, the board of directors is composed of 7 men and 1 woman with various though complementary knowledge and experience. The board of directors is aware of the aforementioned article 518bis and of the recommendation of the Corporate Governance Commission with regard to the representation of women in boards of directors of listed companies and takes all necessary efforts to comply with those rules and recommendations at latest at the first general meeting of 2019.

<sup>1</sup> This Corporate governance statement was not audited by the auditor.

<sup>2</sup> The law of 12 May 2014 with regard to regulated real estate companies, as modified.

<sup>3</sup> The Royal Decree of 13 July 2014 with regard to regulated real estate companies, as modified.



## QUALIFIED MAJORITY

The qualified majority required for certain important decisions (and discussed on page 54) ensures that the agreement of the directors nominated on the proposal of Ackermans & van Haaren SA is required. Broadly interpreted, this could be seen as a derogation from the principle of section 2.2. of the Code, which prescribes that the decision-making process within the board of directors may not be dominated by an individual, nor by a group of directors.

## REMUNERATION REPORT

There is a derogation from provision 9.3/2 of annex F of the Code as a compensation for leaving of 24 months was granted to Mr. Jean-Louis Appelmans (co-CEO till 22 May 2018, date of his retirement), and a compensation for leaving of 16 months was granted to the current CEO Mr. Michel Van Geyte, which has been approved by the general meeting of shareholders of the company on 16/05/2011 for Mr. Appelmans and on 22/05/2018 for Mr. Van Geyte, on the advice of the nomination and remuneration committee.

## GOVERNANCE STRUCTURE AND DECISION-MAKING BODIES

### Statutory manager

The company is managed by its only statutory manager, Leasinvest Real Estate Management SA, with its registered office at 2000 Antwerp, Schermersstraat 42 (register of legal persons 0466.164.776), a 100% subsidiary of Ackermans & van Haaren SA, in the capacity of sole statutory manager and also permanently complies with the articles 14 and 15 of the RREC law.

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

Leasinvest Real Estate Management SA had a shareholders' equity of € 3,925,126 on 31/12/2018.

### TERM OF THE MANDATE

Leasinvest Real Estate Management SA was appointed in 1999 as the sole statutory manager for an indefinite term, with a minimum term of twenty-seven (27) years, which makes that its mandate is irrevocable until the annual general meeting of the company that will be held in 2026. After that date, the mandate of the statutory manager-legal person may be revoked provided that the attendance and majority

conditions necessary to amend the articles of association are fulfilled, without the statutory manager-legal person having a right of veto on this point. The statutory manager may resign at any time.

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

## COMPETENCES

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

The statutory manager manages the company through its collegial board of directors, which has appointed a managing director and a representative for the daily management. Since 15/05/2018, following the retirement of Jean-Louis Appelmans, Michel Van Geyte has been appointed sole managing director, whereas at the beginning of the financial year 2018 both Mr. Appelmans and Mr. Van Geyte acted as co-CEO.

## REMUNERATION

Besides entitlement to reimbursement of expenses directly related to its mission of running the company, the statutory manager is entitled to receive a fixed-rate remuneration pursuant to the articles of association of 0.415% of the consolidated assets of the company. For the past financial year, this remuneration was € 4,196,356.

No other remuneration is granted to the statutory manager.

## Board of directors of the manager

### COMPOSITION<sup>1</sup>

At present, the board of directors of the statutory manager-legal person, Leasinvest Real Estate Management SA, is exclusively composed of physical persons. The composition of the board of directors also guarantees that the company is managed in the interest of the company.

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

The statutory manager was managed in the financial year 2018 by a board of directors of nine directors till 22 May 2018 and subsequently by eight directors, of which three independent directors, four directors nominated on the proposal of Ackermans & van Haaren SA, one representative of shareholder AXA Belgium and till 22 May 2018 also an other director.

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

The board of directors of the statutory manager consists of at least three independent directors, who comply with the criteria foreseen in article 526ter of the Company Code and in the Company's Corporate Governance Charter. In accordance with the Company's Corporate Governance Charter, their special mission is to watch over the interests of all shareholders of and ensure them an equal treatment.

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

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

### CURRENT COMPOSITION



Director on the proposal of Ackermans & van Haaren NV – non-executive director

Chairman of the board of directors of Leasinvest Real Estate Management NV

Chairman of the nomination and remuneration committee and till 22 May 2018, member of the audit committee

Current function: Chairman of the Executive committee of Ackermans & van Haaren NV, Begijnenvest 113, 2000 Antwerp.

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: **Aannemingsmaatschappij CFE NV**, Ackermans & van Haaren Coordination Center NV•, **Ackermans & van Haaren NV**, Anfima NV, Anima Care NV, ABK Bank CVBA•, Bank J.Van Breda & C° NV, BPI Real Estate Belgium NV, Delen Private Bank NV, Delen Private Bank Luxembourg S.A., Dredging, Environmental & Marine Engineering NV, Extensa Group NV, Extensa NV, FinAx NV, Finaxis NV•, Gemini Natural Resources NV•, Green Offshore NV, Grossfeld PAP, HPA NV, JM Finn & C° Ltd., Leasinvest Immo Lux SICAV-FIS SA, Media Core NV, Mediahuis NV, Mediahuis Partners NV, Oyens & Van Eeghen N.V., Profimolux S.A., Project T&T NV, Rent-A-Port NV, Residalya•, Sofinim NV, T&T Koninklijk Pakhuis NV•, T&T Openbaar Pakhuis NV, T&T Parking NV, Van Laere NV•. Charity mandates: Antwerp Management School, De Vrienden van het Rubenshuis VZW, ING Antwerp branch.

<sup>1</sup> For the mandates in other companies, terminated mandates are indicated with a '\*'; listed companies are indicated in bold.



DIRK ADRIAENSSEN

Independent director since 22 May 2018 – non-executive director  
Member of the audit committee since 22 May 2018

Current function: Managing Director Redevco CH & CE, Bärengasse 29,  
8001 Postfach, 8021 Zürich (Switzerland)

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Redevco Liegenschaftsverwaltungs GmbH, Immoca Wirtschaftsgütervermietungsgesellschaft m.b.H., MITI Wirtschaftsgüter Vermietungsgesellschaft m.b.H., Arioso MH77 Liegenschaftsverwaltungs GmbH, Arioso GmbH, Redevco (Suisse) SA, Redevco Switzerland Asset Management Services AG, Arioso Czech s.r.p., V Prime Properties Korlátolt Felelősségű Társaság, Redevco Polska Delta Spolka Z Ograniczona Odpowiedzialnoscia, Seratos Expert SRL, Bengali NV, Redevco Retail Hungary Ingatlanhasznosito Kft, Redevco Polska Gamma Spolka s ograniczona odpowiedzialnoscia, Redevco Slovakia Petralka sro, Swifico AG, Redevco Polska Delta Spolka Z ograniczona odpowiedzialnoscia, Redevco Neun Liegenschaftsverwaltungs GmbH, S.C. SPV Develop One S.R.L. • Redevco Iroda Ingatlanhasznosito Korlatolt Felelősségű Társasag "végelszamos akatt" • Claudima AG, Cordima AG, Sitimco AG, Tecarla AG, Cofra Services AG, Arioso Czech Republic s.r.o. • Redevco Switzerland Alpha AG, First Side Development AG, Jotta Wirtschaftsgütervermietungsgeschellschaft mbH, Redevco RWP SA, Redevco RWP Villeneuve SA.



JEAN-LOUIS APPELMANS

Director on the proposal of Ackermans & van Haaren NV  
Till 22 May 2018: co-CEO of Leasinvest Real Estate Management NV,  
executive director, effective officer  
Since 1 June 2018: non-executive director

Current function: director of companies, Van Schoonbekestraat 36 bus  
401, 2018 Antwerp 1

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Canal Logistics Brussels NV, Granvelle Consultants & Co BVBA, Leasinvest Immo Lux SICAV-FIS SA, RAB Invest NV, **Retail Estates NV**, Orli Lux S.à.r.l., Frun Park Asten GmbH.

And as permanent representative of Granvelle Consultants & C° BVBA: Extensa Group NV, Haven Invest NV, Leasinvest Services NV, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede SA, S.Invest I SA, P. Invest SA, T&T Koninklijk Pakhuis NV, Kadmos Immobilien Leasing GmbH, Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH.



PIET DEJONGHE

Director on the proposal of Ackermans & van Haaren NV – non-executive director  
Member of the audit committee since 22 May 2018

Current function: member of the Executive committee of Ackermans & van Haaren NV, Begijninvest 113 te 2000 Antwerp

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: **Aannemingsmaatschappij CFE NV, Ackermans & van Haaren NV**, Baloise Belgium NV, Bank J.Van Breda & C° NV, BPI Real Estate Belgium NV, BPI Real Estate Luxembourg S.A., Brinvest NV, CFE Bâtiment Brabant Wallonie SA, CFE Bouw Vlaanderen NV, CFE Contracting NV, CFE Infra NV, CLE S.A., Delen Private Bank NV, Delen Private Bank Luxembourg S.A., Dredging, Environmental & Marine Engineering NV, Distriplus NV, Engema NV, Extensa Group NV, Financière Flo S.A., FinAx NV, Finaxis NV, GB-INNO-BM NV, GIB Corporate Services NV, Green Offshore NV, Groupe Financière Duval S.A., Groupe Flo S.A., Holding Groupe Duval, Ligno Power NV, Profimolux S.A., Sofinim NV, Trasys Group NV, Van Laere NV, Voltis NV. Charity mandates: SOS Kinderdorpen België VZW.



Director on the proposal of AXA NV – non-executive director

Current function: Head of Asset Management Belux, Real Assets, Axa REIM Belgium NV - Troonplein 1 (TR1-673) – 1000 Brussels.

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Aisela 10 BVBA, Alterimmo Belgium NV, Esi Arts 52 NV, European Selectiv Immo NV, Jouron BVBA, Ligne Invest NV, Poppy Caesar NV, Société Immobilière Du Wiltchers, Cabesa NV, Calar Cabesa Partners NV, Evere Square NV, Galaxy Properties NV, L Park NV, Bull's eye Property II Lux NV, PEF Kons Investment NV, Beroepsvereniging van de vastgoedsector VZW.



Independent director since 22 May 2018 – previously Other director Non-executive director

Chairman of the audit committee and since 22 May 2018, member of the nomination and remuneration committee

Current function: CEO of Lloyd's Brussels & Regional Director for Europe, Middle East and Africa, Bastion Tower – floor 14, Marsveldplein 5 in 1050 Brussels

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Kinopolis NV Group, ING Bank Belgium, AXA Holdings Belgium, AXA Belgium, Belgian Finance Club, Servis, Touring Verzekeringen (tot 31/12/16), Women on Board, SdL Advice BVBA.



Independent director – non-executive director

Member of the nomination and remuneration committee

Current function: Head of Antwerp Office at Cushman & Wakefield since 12/2018, Jan Van Gentstraat 7, 2000 Antwerp (as of 01/05/2019).

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Redevco B.V., Arioso Investments Belgium N.V., Arlimmo N.V., Bengali N.V., Redevco France Développement Eurl, Redevco France Sasu, Starboard BVBA, Portside Property Investment BVBA, V Prime Properties Korlátolt Felelősségű Társaság, Immoca Wirtschaftsgütervermietungsgesellschaft m.b.H., Jotta Wirtschaftsgütervermietungsgesellschaft m.b.H., MITI Wirtschaftsgüter Vermietungsgesellschaft m.b.H., Redevco France Services, Redevco Holding France B.V., Redevco Holding France II B.V., Redevco Iroda Ingatlanhasznosító Korlátolt Felelősségű Társaság (Redevco Kft.), Redevco Liegenschaftsverwaltungs-GmbH, Redevco MH77 Liegenschaftsverwaltungs-GmbH, ARIOSO MH77 Liegenschaftsverwaltungs-GmbH, Redevco Polska Delta Spolka Z Ograniczona Odpowiedzialnoscia, Redevco Polska Spólka z ograniczona odpowiedzialnoscia, Redevco Prime SPPICAV, Redevco Retail Belgium Comm. V.



Director on the proposal of Ackermans & van Haaren NV – executive director – effective officer

Till 22 May 2018: co- CEO of Leasinvest Real Estate Management NV  
Since 22 May 2018: managing director of Leasinvest Real Estate Management NV, Schermersstraat 42, 2000 Antwerp.

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Carver BVBA, Neif Montoyer SPRL, EBBC A Sàrl, EBBC C Sàrl, Canal Logistics Brussels NV•, IFMA VZW•, Leasinvest Immo Lux SICAV-FIS SA, Midhan BVBA, RAB Invest NV, KUL Alumni, Belgian Luxembourg Council of Shopping Centers (BLSC), Orli Lux S.à.r.l.•, AE Starvilla Sieben GmbH & Co OG, Frun Park Asten GmbH, Leasinvest Immo Austria GmbH, Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH, Kadmos Immobilien Leasing GmbH.

And as permanent representative of Midhan BVBA, with registered office in 8670 Koksijde, Duinenkranlaan 62: Haven Invest NV, Leasinvest Services NV, S. Invest I SA, P. Invest SA, Porte des Ardennes Pommerloch SA, Porte des Ardennes Schmiede SA., T&T Koninklijk Pakhuis NV•, Mercator Sàrl•.

#### MANDATES THAT ENDED DURING THE FINANCIAL YEAR 2018

##### **Michel Eeckhout**

Independent director, member of the audit committee and of the nomination and remuneration committee

Start of mandate: 16/05/2011

End of mandate: 22/05/2018

Current function: Director of companies (Zikkelstraat 44, 1970 Wezembeek-Oppem).

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Michel Eeckhout Management BVBA, Internationale Muziekwedstrijd Koning Elisabeth van België VZW, Middelheim Promotors VZW, Goods to Give VZW, Guberna VZW, Woman on Board VZW, BCR Group (Luxemburg), United Caps (Wiltz, Luxemburg), Freedelity, Aniserco SA•, Comeos VZW•, Delhome SA•, GS1 Global VZW•, Points Plus Punten - PPP SA•, Union Wallonne des Entreprises SA•, VOKA NV•, Syndicat d'Initiative de Bruxelles ASBL•.

##### **Mark Leysen**

Independent director, member of the audit committee and of the nomination and remuneration committee

Start of mandate: 16/05/2011

End of mandate: 22/05/2018

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

Mandates in other companies on 31/12/2018 and during the 5 previous financial years: Bank Delen NV, Vanbreda Services NV, Econopolis NV, EOS RISQ NV, Justitia NV, Unibreda NV, Vanbreda Nederland BV, Zinner NV, De Warande vzw, Econo Wealth Management NV, BVVM-UPCA, Paratodos, Incofin cvso, Vanbreda Ausloos NV•, Vanbreda Credinco NV•, Vanbreda Fryns NV•, Vanbreda Informatica NV•, Vanbreda International NV•, Vanbreda & Lang SA•.

#### RENEWAL AND NOMINATION OF DIRECTORS

At the general meeting of the statutory manager that took place on 22 May 2018:

- The mandates of Messrs. Suykens, Dejonghe, Van Geyte, Van Dyck and Mrs. Rottiers were renewed for a period of 4 years, till the annual meeting of 2022;
- Mr. Nicolas Renders – previously coopted as director replacing Guy Van Wymersch-Moons who resigned end of October 2017 and whose mandate came to an end on 22 May 2018 – was reappointed director for an equal period of 4 years;
- Mr. Dirk Adriaenssen was appointed as a new director for an identical period.

Also, Mr. Appelmans – whose mandate first ended 22 May 2018 – was appointed, this time as a non-executive director, by the general meeting of the statutory manager, and this as of 1 June 2018 for a period of 1 year, till the general meeting of May 2019.

#### **ACTIVITY REPORT OF THE BOARD OF DIRECTORS**

During the financial year 2018 the board of directors met 8 times, to discuss, in essence, the following items:

- The further development of the strategy of the company with all necessary attention for its further geographical extension in Belgium, the Grand Duchy of Luxembourg and Austria, with the linked (di) investments and important renovations and redevelopments, among which the acquisition of the Belgian companies Neif Montoyer and Carver, the acquisition of the Luxembourg companies EBBC A and EBBC C, the sale of the floors in Av. Kennedy in Luxembourg to Ceetrus, the construction of a parking and extension of shops in Knauf – Pommerloch, the further extension of the retail park Boomerang in Strassen, and the extension and renovation of the shopping center Knauf – Schmiede;
- monitoring of the debt ratio;
- the capital increase of the company within the framework of the authorized capital and the subscription to the capital increase of Retail Estates,
- discussion and analysis of budgets and outlook;
- the renewal and negotiation of current bank credits within the framework of the funding strategy and control of linked derivatives;
- the composition of the board of directors and its different committees, paying attention to gender diversity;
- supervision on the management and functioning of the effective leadership, besides supervising the functioning of the internal control systems, Mr. Van Geyte being appointed as the new permanent representative of the company, to replace Mr. Appelmans who retired in May 2018 and also the persons responsible for the internal audit, risk management and compliance were modified;
- operational and financial reporting, among which drawing up the interim statements and the annual and half-year financial reports;

- implementing an ERP-tool for accounting and operational purposes ("Yardi");
- GDPR and its progressive implementation in the company.

The minutes of the meetings present a summary of the deliberations, specify the decisions taken and mention any reservations of certain directors. The minutes are held at the offices of the statutory manager.

## MAJORITIES

The decisions of the board of directors are validly taken with a simple majority of the votes casted, except for the decisions mentioned hereafter and insofar and to the extent they relate to the direction of the public RREC of which the company is the manager-legal person and for which special majorities are required, as mentioned below:

- a) Decisions with regard to defining the strategy of the company and decisions with regard to proposals to amend the articles of association can only be taken with a simple majority, always including a positive vote from
  - (i) at least the majority of the independent directors and
  - (ii) at least the majority of the directors nominated on the proposal of Ackermans & van Haaren SA, providing that those directors have no conflict of interest with the company in the sense of article 523 of the Company Code.  
This qualified majority is also due to the exclusive control by Ackermans & van Haaren SA over the company as a consequence of the exclusive control over the statutory manager-legal person.
- b) decisions with regard to each proposal for appropriation of the result of the company can only be taken by a special majority of 80% of the votes of the directors present or represented.

## EVALUATION

On the initiative of the chairman, the directors are regularly evaluated within the scope of the requirement that directors of a public RREC have to dispose of the professional reliability and adequate competence for the exercise of their function. Their education, their experience based on prior and current functions and directors' mandates in other companies are therefore taken into account, as well as their contribution to the further development of the company and their involvement in the deliberation and decision-making process.

The formal evaluation of the composition and functioning of the board of directors and its consultative committees takes place every two to three years, as foreseen by the Code. If necessary, advice of external professionals can be asked for.

Such an evaluation also takes into account the size of the board of directors, its composition and efficient functioning and that of the

consultative committees, and the interaction with the effective officers, in order to check if all important subjects were sufficiently prepared and discussed.

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

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

## Consultative committees

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

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

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

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

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

## AUDIT COMMITTEE

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

The audit committee sees to it that the financial reporting of the company presents a truthful, sincere and clear view of the situation and outlook of the company and checks in particular the annual and periodic financial statements before they are published and ensures correct and consistent application of the accounting standards and valuation rules of the company.

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

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

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

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

Till 22 May 2018 half of the audit committee consisted of independent directors and therefore derogated from the Code (cf. Comply or explain op p 48). Since 22 May this is no longer the case, and the composition of the audit committee complies with the recommendations of the Code.

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

1. **Sonja Rottiers**, Chairman,
2. **Piet Dejonghe** (since 22 May 2018), director on the proposal of Ackermans & van Haaren;
3. **Dirk Adriaenssen** (since 22 May 2018), independent director,
4. **Jan Suykens** (till 22 May 2018), director on the proposal of Ackermans & van Haaren, chairman of the board of directors,
5. **Mark Leysen** (till 22 May 2018), independent director,
6. **Michel Eeckhout** (till 22 May 2018), independent director.

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

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

- functioning of the internal control system and results of the internal audit (by BDO);
- checking and amending the risk factors;
- compliance with regulation and follow up FSMA reporting;
- quarterly financial reporting.

The auditor is invited to the meetings of the audit committee, and certainly for discussing the half-yearly and annual figures.

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

## NOMINATION AND REMUNERATION COMMITTEE

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

The nomination and remuneration committee consists exclusively of non-executive directors and the majority of its members are independent directors. The composition of the nomination and remuneration committee has been adapted to the requirements of article 526quater of the Company Code that, inter alia, foresees that the remuneration committee must consist of a majority of independent directors. The independent directors in this committee dispose of the necessary expertise in remuneration policies.

The members of the nomination and remuneration committee during the past financial year are:

1. **Jan Suykens** (Ackermans & van Haaren NV), chairman,
  2. **Eric Van Dyck**, independent director,
  3. **Sonja Rottiers**, since 22 May 2018 as independent director,
  4. **Mark Leysen**, till 22 May 2018 as independent director,
  5. **Michel Eeckhout**, till 22 May 2018 as independent director,
- Except for the chairman, all other members being independent directors.

Unless the nomination and remuneration committee decides otherwise, the managing director is entitled to attend the meetings of the nomination and remuneration committee.

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

- the proposals for amendment of the board of directors – taking gender diversity into account - in the effective direction, in the executive committee and in relation to the persons responsible for the independent control functions, a/o following the retirement of Mr. Appelmans in May 2018;
- the proposals for the remuneration of the effective officers, and of the CEO in particular, besides the executive committee, the staff and drawing up the remuneration report.

## COMMITTEE OF INDEPENDENT DIRECTORS

The committee of independent directors is composed of all independent directors on the board of directors. The committee is chaired by one of its members, in principle, the member having most seniority in his function; it disposes of the competences defined in article 524 §2 of the Company Code. This mission has been defined in article 9.5 of the articles of association of the statutory manager.

The committee is assisted by one (or more) independent expert(s) and draws up a reasoned report in writing to the board of directors on all matters for which it is competent. If the case arises, the board of directors shall record in the minutes, the grounds on which it deviated from the advice of the committee. The written advice shall remain appended to the minutes of the board of directors meeting.

In the financial year 2018, this committee did not meet.

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

Director	Start mandate	End mandate	Presence BoD	Presence AC	Presence NRC
Michel Eeckhout	16/05/11	22/05/18	1/3	1/3	1/1
Eric Van Dyck	16/05/11	16/05/22	8/8	-	3/3
Mark Leysen	16/05/11	22/05/18	3/3	0/3	1/1
Jean-Louis Appelmans	03/06/99	20/05/19	8/8	-	-
Jan Suykens	03/06/99	16/05/22	8/8	3/3	3/3
Michel Van Geyte	19/03/13	16/05/22	8/8	-	-
Piet Dejonghe	18/08/16	16/05/22	8/8	2/2	-
Sonja Rottiers	18/05/15	16/05/22	7/8	5/5	1/2
Nicolas Renders	17/04/18	16/05/22	4/6	-	-
Dirk Adriaenssen	22/05/18	16/05/22	5/5	2/2	-

## Daily management – Effective officers

### DAILY MANAGEMENT

The daily management during the past financial year was entrusted till end May 2018 to Jean-Louis Appelmans and Michel Van Geyte, both co-CEO and managing directors of Leasinvest Real Estate Management SA, and effective officers of the company.

Following the retirement of Jean-Louis Appelmans, daily management was exclusively entrusted to Mr. Michel Van Geyte as sole managing director of Leasinvest Real Estate Management NV, and Michel Van Geyte also became the permanent representative of the statutory manager.

### EFFECTIVE OFFICERS

During the financial year 2018 effective leadership was composed of 2 persons:

- Till end May 2018: Jean-Louis Appelmans and Michel Van Geyte;
- As of 1 June 2018 Jean-Louis Appelmans was replaced as effective officer by Tim Rens, CFO of the company.





MICHEL VAN GEYTE

**Michel Van Geyte (Chief Executive Officer), effective officer**

Michel Van Geyte (53) was appointed as commercial manager of Leasinvest Real Estate Management SA in August 2004. He is currently managing director of Leasinvest Real Estate Management SA and since 22 May 2018 permanent representative. He is also managing director of a/o Leasinvest Immo Lux SA.

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



TIM RENS

**Tim Rens (Chief Financial Officer), effective officer**

Tim Rens (38) works since 1/05/2017 as CFO for the company, is company auditor and has over 12 years of experience in audit at Deloitte, of which 4 years as Senior Audit Manager for a/o GVV's. He fulfils different mandates in other companies: Carver BVBA, Haven Invest NV, Leasinvest Services NV, RAB Invest NV, Leasinvest Immo Lux SA, P Invest SA•, Porte des Ardennes Pomerlach SA•, Porte des Ardennes Schmiede SA•, S Invest I SA•, Leasinvest Immo Austria GmbH, Leasinvest Gewerbebeparkstrasse 2 Stadlau GmbH, Kadmos Immobilien Leasing GmbH and Frun Park Asten GmbH.

Both persons have been appointed as effective officers in accordance with the legal provisions in force and with FSMA approval.

## EXECUTIVE COMMITTEE

Since the retirement of Jean-Louis Appelmans in May 2018 and after the departure of Sven Janssens<sup>1</sup> end November 2018, the executive committee consists of 2 persons: **Michel Van Geyte, CEO**, and **Tim Rens, CFO**.

## THE PERMANENT COMMITTEE

The permanent committee meets regularly to discuss the current affairs of the company, to ensure adequate communication and to monitor the implementation of the decisions of the board of directors. The permanent committee consists of the Investment & Asset Manager, a commercial manager, a legal counsel, the Consolidation & Reporting Manager, an accountant, a property manager or one or more representatives of the technical management of the buildings. For the current affairs of Leasinvest Immo Lux and Leasinvest Immo Austria separate meetings of the permanent committee are held, specifically aiming at the activities in the Grand Duchy of Luxembourg and Austria.

## THE INVESTMENT COMMITTEE

The investment committee can meet as the schedule requires, in function of the preparation of specific investment and divestment decisions, mandatorily taken by the board of directors. The investment committee is composed ad hoc in function of the agenda items and consists of one or more directors, one or more effective officers, possibly assisted by external consultants for specific matters.

## EXTERNAL REPRESENTATION – PERMANENT REPRESENTATIVE

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

The statutory manager can appoint authorized representatives of the company. Only special and limited proxies for a certain or a number of well-defined legal acts are authorized. These authorized representatives commit the company within the boundaries of their proxy.

Pursuant to the provisions of article 61, §2, of the Company Code and article 14.6 of the articles of association of the company, the statutory manager has appointed a permanent representative among its directors, charged with the mandate of statutory manager of the public RREC, in the name and on behalf of Leasinvest Real Estate Management SA, and who is authorized to represent and legally bind the public RREC

<sup>1</sup> As permanent representative of OKIMONO BVBA.

in relation to third parties, acting solely, but without infringing the RREC legislation.

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

## INTERNAL CONTROL, INDEPENDENT CONTROL FUNCTIONS AND RISK MANAGEMENT

### Internal control

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

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

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

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

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

These procedures must guarantee, among other things, that each of the company's transactions can be reconstructed with regard to the origin and the nature of the transaction, the parties involved and the time and place of realization, and that the assets of the company are invested in accordance with its articles of association and the prevailing legal and regulatory provisions, as well as the reliability of financial communication.

### ADMINISTRATIVE AND ACCOUNTING ORGANIZATION

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

## INTEGRITY POLICY

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

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

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

## Independent control functions

### INDEPENDENT INTERNAL AUDIT FUNCTION

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

At the start of the financial year 2018 and till 1 June 2018 the independent person responsible for the internal audit function was Tim Rens, CFO of the company. As of that date, this function has been entrusted to Michel Van Geyte, CEO, who disposes hereto also of the required professional reliability and adequate expertise.

For this function, Mr. Van Geyte is assisted by the company BDO Bedrijfsrevisoren, as an external consultant, represented by Steven Cauwenberghs. After approval by the audit committee, a planning is developed, with business cycles that will be analyzed by the internal auditor. The internal auditor reports its findings directly to the audit committee, in order to allow for a sound control by the latter.

### INDEPENDENT RISK MANAGEMENT FUNCTION

At the start of the financial year 2018 and till 1 June 2018, this function was exercised by Jean-Louis Appelmans as a large number of risk are of a financial nature and are mainly situated in the acquisition activities of the company rather than in managing the real estate portfolio.

Since 1 June 2018, the board of directors appointed Tim Rens, CFO of the company, risk manager, to replace Jean-Louis Appelmans who retired. Tim Rens also disposes of the required professional reliability and adequate expertise.

## INDEPENDENT COMPLIANCE FUNCTION

The responsibilities of the compliance function include ensuring compliance by the public BE-REIT (SIR/GVV), its statutory manager, directors, effective officers, members of the executive committee, employees and mandatories, with the legal provisions relating to the integrity of company activities. The mission of the compliance officer also includes supervising respect for rules of conduct and statements on transactions in Leasinvest Real Estate shares, for own account, by directors and other persons appointed by them, in order to limit the risk of abuse of inside information.

At the start of the financial year 2018 and till 1 June 2018 this function was temporarily exercised by Jean-Louis Appelmans. Since 1 June 2018 the board of directors appointed Paul Van Lierde, Senior Legal Counsel of the company, compliance officer for an unspecified term; he disposes of the required professional reliability and adequate expertise.

## Risk management policy

### INVESTMENTS AND DIVESTMENTS

A(n) (dis)investment decision is taken by the board of directors of the statutory manager, based on a proposal elaborated by management and after ample deliberation in the board of directors. Should the case arise, a prior advice is given to the board of directors by one or more committees (e.g. the committee of independent directors within the framework of applying the procedure for preventing conflicts of interest, that can be assisted by external experts to that end).

Prior to each decision for investment – or divestment of property, a (technical, legal and fiscal) due diligence is carried out, of which the scope is defined in function of the object under review and the possible related risks. In most cases, external specialized consultants are appealed to.

### RISK FACTORS

The company is organized in such a way that if requested, besides the information that is published in the yearly and half-yearly reports, it can provide holders of securities additional information about the quantitative limits that apply to its risk management, about the methods used to enforce compliance with these limits and about the recent developments in relation to risks and returns on its assets.

The main risks the company is exposed to (as recorded in the chapter 'Risk factors' of this annual report) are assessed regularly, and at least once per quarter. The necessary procedures have been adopted to identify and monitor these risks, and to prevent their realization, and/or to estimate, control and follow up their potential impact.

This evaluation is carried out within the audit committee – at least four

times a year (e.g. analysis of possible derogations to the budget/outlook, hedging policy) as well as by the board of directors of the statutory manager, and by the person responsible for the risk management function.

## REMUNERATION REPORT

Once the board of directors approves the remuneration report, based on the propositions and advice it received from the nomination and remuneration committee, this report is subsequently presented for approval to the general meeting of shareholders of the company.

### Procedure and general principles of the remuneration policy

The remuneration policy for the directors, the effective officers, the other leaders and persons in charge of daily management of the company is developed by the board of directors based on proposals and advice of the nomination and remuneration committee.

This remuneration policy is based on the following general principles:

- to the independent directors, no remuneration based on performance is granted, not in their capacity of director, nor in that of member of a committee, they only receive a fixed annual remuneration; no other financial advantages are granted besides their expense allowance within the framework of exercising their mandate. It has to be pointed out that, granting attendance fees as of 1 January on top of the aforementioned fixed annual remuneration, will be presented to the general meeting of the company by the board of directors, based on advice received from the nomination and remuneration committee;
- to the other non-executive directors, a fixed remuneration can be granted by the board of directors, based on the conditions defined on the proposal of the nomination and remuneration committee;
- to the executive directors, effective officers, a variable remuneration is granted besides their fixed remuneration, based on the conditions defined by the board of directors on the proposal of the nomination and remuneration committee; the other leaders can also be granted fixed and variable remunerations.

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

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

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

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

The individual remuneration of the aforementioned persons, is defined as follows:

- i) for the independent directors the fixed remuneration is individually defined based on a lump sum, moreover taking into account if the independent director is part of a committee (audit committee, nomination and remuneration committee and/or committee of independent directors);
- ii) to the other non-executive directors a fixed remuneration can be granted based on the conditions to be defined by the remuneration committee, by analogy with the remunerations granted to the independent directors;
- iii) for the executive directors, the effective officers and other leaders, the remuneration (fixed and potential variable part) is individually defined by the board of directors on recommendation of the nomination and remuneration committee, after a recommendation by the CEO to this committee – except for his own remuneration.

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

The level of the variable remuneration of the effective officers can also be defined by an exceptional performance in the course of the financial year. The remuneration of the effective officers and other leaders is defined in view of attracting, motivating and retaining executive managers, and is geared to their respective responsibilities, required relevant experience and competences, and taking into account the market standards for similar functions.

In accordance with article 520ter of the Company Code, except for other statutory provisions or explicit approval by the general meeting of shareholders, at least a fourth of the variable remuneration for an executive director, has to be based on previously defined and objectively measurable performance criteria over a period of at least two years, and another fourth at least has to be based on previously defined and objectively measurable performance criteria over a period of at least three years. This obligation is not required if the variable remuneration represents one fourth or less of the annual remuneration.

The effective officers and other leaders do not receive any remuneration that is based on the overall financial results of the company, nor do they receive a variable remuneration in cash based on the long-term.

Since 2017 the annual objectives for the effective officers are based on the following important criteria, weighted as follows:

- a) financial and portfolio criteria (33,33%) a/o EPRA Earnings\* and EPS, control of debt ratio, funding, hedging and funding of further growth, control of occupancy rate, duration of leases, re-lettings of vacant buildings, responding to important lease breaks and elaborating (re) development projects.
- b) execution of the strategy (33,33%) a/o further divestment of less qualitative buildings within the framework of the continuous improvement of the quality of the portfolio (mainly (older) (office and logistics)) buildings and non-strategically located buildings, further search for potential investment opportunities in the 3 countries the company operates in.
- c) organizational & management capacities (33,33%) a/o further development of reporting, digital improvements, a long-term HR-plan for personnel management, besides optimizing investor relations.

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

- reaching financial key figures
- realizing projects agreed upon (e.g. obtaining an urban permit, successfully finalizing a renovation project)
- and, realizing qualitative criteria, a/o:
  - collaboration with the rest of the personnel/team,
  - integration within the team,
  - feedback of personnel the manager is responsible for,
  - timely reaching internal and external deadlines in dossiers, etc.

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

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

## Specific contractual remunerations

A compensation for leaving of 16 months for Michel Van Geyte and of 24 months for Jean-Louis Appelmans, that initially both acted as co-CEO in the financial year 2018, Mr. Michel Van Geyte acting as sole CEO after the retirement of Mr. Appelmans on 22 May 2018, were agreed contractually. As these compensations exceed the maximum of respectively 12 months and 18 months as foreseen in article 554 of the Company Code, this compensation for leaving was approved separately by the general meeting of shareholders of the company held on 22 May 2018 – for Mr. Van Geyte – and on 16 May 2011 – for Mr. Appelmans.

The contracts with the other members of the executive committee contain the usual provisions with regard to remuneration (fixed and variable), non-competition and confidentiality. The contracts are valid for an unspecified term and do not contain specific compensations for leaving so that article 554 of the Company Code does not apply to those contracts. No other contracts were concluded after 1 July 2009, except for the contracts with Tim Rens and Okimono SPRL represented by Mr Sven Janssens.

## Remuneration policy for the coming years

The remuneration policy for the financial years 2019 and 2020 is not expected to be amended in an important way, and the remuneration will to a large extent be based on the same basis as that for 2018, the only important change being that in 2018 there were still 2 CEO's, while in the coming years there will only be one CEO.

## Remuneration financial year 2018

### I. TOTAL AMOUNT REMUNERATION DIRECTORS

With regard to the financial year 2018 the executive and non-executive directors of the statutory manager of the company received remunerations, directly and/or indirectly, for all services rendered, for a total amount of € 1,207,683 (excluding VAT)

### II. REMUNERATION INDIVIDUAL DIRECTORS

#### A. Non-executive directors

The remunerations paid to the independent directors and the non-executive directors as members of a committee are fixed on an annual basis, irrespective of the number of meetings of the board of directors and its consultative committees. No benefits in kind were granted in the course of the financial year 2018.

Consequently, the following remunerations were granted to the non-executive directors for the financial year 2018 on an individual basis:

	Fixed remuneration BoD	Fixed remuneration AC	Fixed remuneration NRC	Fixed remuneration Com. Indep. Dir.	Total
Michel Eeckhout (till 22/05/2018)	20 000 (reduced pro rata)	4 000 (reduced pro rata)	4 000 (reduced pro rata)	2 000 (reduced pro rata)	15 000
Mark Leysen (till 22/05/2018)	20 000 (reduced pro rata)	4 000 (reduced pro rata)	4 000 (reduced pro rata)	2 000 (reduced pro rata)	15 000
Eric Van Dyck	20 000	-	4 000	2 000	26 000
Sonja Rottiers	20 000	4 000	4 000	2 000	30 000
Dirk Adriaenssen	20 000	4 000	-	2 000	26 000
Jan Suykens	-	-	-	-	-
Piet Dejonghe	-	-	-	-	-
Nicolas Renders	-	-	-	-	-
Jean-Louis Appelmans (as of 01/06/18)	-	-	-	-	-
<b>Total non-executive directors</b>	<b>80 000</b>	<b>12 000</b>	<b>12 000</b>	<b>8 000</b>	<b>112 000</b>

To the general meeting of 20 May 2019 will be proposed to adapt the remuneration of the independent directors, and to grant them, besides the current annual fixed amount of € 20,000 for the board of directors and € 4,000 for the audit committee resp. nomination and remuneration committee and € 2,000 for the committee of independent directors, an additional € 2,500 for their presence per session, for the meetings of the board of directors, as well as for those of the audit committee, the nomination and remuneration committee and the committee of independent directors.

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

With regard to the financial year 2018, the executive directors and 'other leaders' of the statutory manager of the company<sup>1</sup>, i.e.:

- the effective officers (i.e. since 22 May 2018, Michel Van Geyte (CEO) and Tim Rens (CFO) and previously Michel Van Geyte (co-CEO) and Jean-Louis Appelmans (co-CEO) and
- the other members of the executive committee (i.e. till 22 May 2018, Michel Van Geyte (co-CEO), Jean-Louis Appelmans (co-CEO), Tim Rens (CFO) and Okimono SPRL represented by Sven Janssens (COO), and since the departure of the COO per 1 December 2018, Michel Van Geyte (CEO) and Tim Rens (CFO)

received, directly and/or indirectly, for all services rendered on behalf of the statutory manager, remunerations for a global amount of € 1,509,132, among which:

- fixed remuneration in cash: € 903,602;
- variable remuneration (a/o in the form of bonuses): € 178,000;
- compensation for leaving granted to Mr. Jean-Louis Appelmans within the scope of his retirement, for a/o his contribution for many years to the development of the company in his capacity of CEO: € 400,000;
- group insurance (type defined contribution): € 15,220;
- benefits in kind: € 12,311 as other components of remuneration.

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

### **C. Remuneration of the CEO**

Since the general meeting of 22 May 2018, the company has one CEO, namely Mr. Michel Van Geyte.

Before 20 May 2018 (date on which Mr. Jean-Louis Appelmans retired) the Company was represented by 2 CEO's, namely Mr. Jean-Louis Appelmans and M. Michel Van Geyte.

Fixed and variable remunerations are foreseen by the company,

covering the functions of member of the board of directors and CEO, and besides this, for Mr Jean-Louis Appelmans a Defined Contribution pension plan was subscribed, providing in the build-up of a capital in function of the paid premiums.

The following remuneration mentioned in the table below was granted, for the financial year 2018, to the two CEO's on an individual basis, directly and indirectly<sup>2</sup>. For Mr. Van Geyte, an increase of his fixed remuneration with an index of 5% is foreseen as of 1 January 2019.

The CEO's did not receive any specific benefits in kind.

CEO	Fixed	Insurance	Variable	Compensation for leaving (retirement)	Total
Jean-Louis Appelmans (till 20/05/2018)	€ 180 803	€ 4 880	-	€ 400 000	€ 585 683
Michel Van Geyte	€ 362 000	-	€ 148 000	-	€ 510 000
<b>Total two CEO's</b>	<b>€ 542 803</b>	<b>€ 4 880</b>	<b>€ 148 000</b>	<b>€ 400 000</b>	<b>€ 1 095 683</b>

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

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

Their remuneration is composed of:

- a fixed remuneration based on their capabilities and experience in various fields such as commercial, real estate-technical, legal, tax, financial, accounting and general policy;
- a variable remuneration defined in function of reaching the (annual) objectives or not and potential exceptional performances based on the criteria mentioned above. The nomination and remuneration committee yearly defines the form of the variable remuneration granted to the other members of the executive committee, which were mainly bonuses ("tantièmes") in the financial year 2018.

The global gross amount of the remuneration and other benefits, directly or indirectly<sup>3</sup>, granted by the company or its subsidiaries in 2018 to the other members of the executive committee and the other leaders, totals € 413,449 (excluding VAT) composed as follows:

Fixed	Group insurance	Benefits in kind	Variable	Total
<b>€ 360 799</b>	<b>€ 10 339</b>	<b>€ 12 311</b>	<b>€ 30 000</b>	<b>€ 413 449</b>

<sup>1</sup> In the sense of article 96 §3, 7° of the Company Code.

<sup>2</sup> A/o via Granville Consultants & Co SPRL and Midhan SPRL.

<sup>3</sup> A/o via Okimono SPRL.

## RELATED-PARTY TRANSACTIONS - CONFLICTS OF INTEREST

### ARTICLE 523 OF THE COMPANY CODE

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

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

### ARTICLE 524 OF THE COMPANY CODE

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

### ARTICLES 37 AND 38 OF THE SIR/GVV LAW

Article 37 of the SIR/GVV law foresees a preliminary notification to the FSMA when in the case of an operation with the public REIT (SIR/GVV) one of its subsidiaries, some people mentioned in the article, directly or indirectly act as a counterparty or get a patrimonial benefit. In its notification to the FSMA the company has to demonstrate the interest of the planned operation for the company, and also that the planned operation fits within the normal course of the company strategy. During the past financial year no notifications had to be made to the FSMA within that framework.

### CORPORATE GOVERNANCE CHARTER

In its Corporate Governance Charter, the company has subscribed to the policy that a director or a member of the executive committee who, directly or indirectly, (i) have an interest non-related to the patrimony, that is opposed to, or, has a parallel interest, related or not to the patrimony, to a decision or operation of the company or (ii) has an interest of a patrimonial nature that is opposed to a decision or operation of the company but that is in principle not subject to the competences of the board of directors, that he/she should immediately inform the chairman

of the board of directors. The chairman shall assess whether to report the matter to the board of directors.

During the past financial year the chairman received no notification requiring the application of this policy.

### GENERAL COMMENTS REGARDING POTENTIAL CONFLICTS OF INTEREST OF THE DIRECTORS AND THE EFFECTIVE OFFICERS

The possibility that potential conflicts of interest could arise between the directors of the statutory manager or members of the executive committee and the company, due to, among other things, the functions they hold in other companies in the real estate sector, is estimated as being small.

A functional conflict of interest (to which the legal rules on conflicts of interest contained in article 523 of the Company Code do not apply) could arise with directors appointed on the proposal of Ackermans & van Haaren SA, if operations are carried out between the companies related to Ackermans & van Haaren SA and/or the statutory manager and the company or another company from the Leasinvest Real Estate Group.

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

A potential conflict of interest could finally potentially arise with Jean-Louis Appelmans, co-CEO of the company till 22 May 2018, and also director in the public REIT (SIR/GVV) Retail Estates SA or the part of the function of Eric Van Dyck within the framework of potential investments that could also be considered on account of his new function with Cushman & Wakefield. This is also taken in account for Mr. Nicolas Renders, given his function within the AXA group.

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



## RESEARCH AND DEVELOPMENT

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

## CODE OF CONDUCT FOR FINANCIAL TRANSACTIONS

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

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

## RELEVANT INFORMATION IN ACCORDANCE WITH ARTICLE 34 OF THE RD OF 14 NOVEMBER 2007

regarding the obligations of issuers of financial instruments admitted to trading on a regulated market

### STRUCTURE OF THE CAPITAL

The company is a partnership limited by shares (SCA) with one statutory manager, Leasinvest Real Estate Management SA. Its registered capital is divided in 5,926,8644 shares with voting rights, with no-par value, which represent each 1/5,926,8644 of the capital.

### SHAREHOLDER STRUCTURE

For the shareholder structure and the transparency notifications we refer to Leasinvest Real Estate share on page 83.

### LEGAL OR STATUTORY LIMITATIONS AS TO THE TRANSFER OF SECURITIES

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

The statutory manager has a statutory right of veto according to article 29.1 of the articles of association (according to article 659 of the Company Code) for decisions of the general meeting relating to actions regarding the interests of the company versus third parties, such as dividend distribution and each decision affecting the assets of the company.

### LEGAL OR STATUTORY LIMITATIONS AS TO EXERCISING THE VOTING RIGHT

Each share entitles to one voting right. No other securities granting voting rights have been issued. There are no legal and statutory limitations on the execution of the voting rights.

### STOCK OPTION PLAN FOR EMPLOYEES

There is no stock option plan for employees.

### SHAREHOLDER'S AGREEMENTS

No shareholder's agreements were concluded.

### THE COMPETENCES OF THE MANAGING BODY, NAMELY WITH REGARD TO THE POSSIBILITY OF ISSUING OR REDEEMING SHARES

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

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

### THE RULES FOR NOMINATING AND REPLACING MEMBERS OF THE MANAGEMENT BODY AND FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As to the current agreements regarding the composition of the board of directors of the statutory manager and the majority rules in force within the board of directors, we refer to page 50.

The general meeting of the company can only lawfully deliberate and decide upon an amendment to the articles of association, if those attending the meeting represent at least half of the registered capital and given the presence of the statutory manager, without prejudice to more stringent legal dispositions.

An amendment to the articles of association is only adopted if previously approved by the FSMA and with  $\frac{3}{4}$  of the votes attached to the present or represented shares and with the approval of the present or represented manager without prejudice to more stringent legal provisions.

### IMPORTANT AGREEMENTS BY WHICH THE ISSUER IS A PARTY AND THAT ENTER INTO FORCE, UNDERGO AMENDMENTS OR END IN THE CASE OF A CHANGE OF CONTROL OVER THE ISSUER AFTER A PUBLIC TAKE-OVER BID

It is customary to incorporate a "Change of control"-clause in funding agreements allowing the bank to demand the repayment of the credit should a change in control over the company have a significant unfavourable effect ("Material Adverse Effect") on the company. The following banks incorporated such a clause relating to a change in control: ING Belgium NV, ING Luxembourg SA, KBC Bank and BNP Paribas Fortis. This clause is also present in the commercial paper (also

called "short and medium treasury notes programme") concluded by the company on 21 November 2017 for € 250,000,000.

Besides this, the agreements relating to the bonds issued on 9 October 2013 and those with regard to the private placement of bonds issued on 4 December 2013 comprise a similar clause allowing the investors, under certain circumstances, to ask for an early repayment in the case of a change of control.

### **AGREEMENTS BETWEEN THE COMPANY AND ITS STATUTORY MANAGER, DIRECTORS OR EMPLOYEES THAT FORESEE COMPENSATIONS FOR LEAVING IN THE CASE OF A PUBLIC TAKE-OVER BID**

Furthermore, no agreements are concluded between the company, its statutory manager or employees providing in compensations when, following a public take-over bid, the directors resign or have to leave without any valid reason or the contract of employees is terminated.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate social responsibility is essential to Leasinvest Real Estate's daily management and is part of its on-going striving for quality.

With regard to its striving for quality, Leasinvest Real Estate, as a real estate investor, is convinced that its activities substantially impact its environment and that it can significantly contribute to improving the environment by focusing on sustainability, treating its natural resources in a conscious way and reducing its energy consumption and waste production.

### **AUDIT**

In 2010 a global sustainability audit was carried out on behalf of Leasinvest Real Estate in order to define the areas in which the company could operate in a more sustainable way.

Within this integral approach it has become clear that Leasinvest Real Estate's major positive impact on the environment and on its own ecological footprint comes from focused actions taken on the level of its portfolio of buildings.

### **Strategic approach**

Leasinvest Real Estate has opted for an inclusive and solution-driven direction, translated into a clear-cut step-by-step plan. Unique about this approach is that it is based on a far-reaching cooperation with customers (tenants) and suppliers, and thus goes beyond initiatives taken by the company itself, and that building-specific interventions with the biggest impact are sought after, opposite to taking general measures (solution-driven).

**Step-by-step plan**

- 1 Analysis of the portfolio of buildings and detecting its potential for improvement
- 2 Development of a building-specific plan
- 3 Defining the correct measurement or appropriate technology for defining a zero point that will be the basis for executing the action plan in the most sustainable way and for assessing the improvements; Leasinvest Real Estate has chosen the BREEAM certification system ([www.breeam.org](http://www.breeam.org), see explanation below), based on an annual audit by an accredited organization
- 4 Execution of the improvement action plan
- 5 Measuring results and informing (company, tenants, stakeholders); these procedures are operational since 2012

**BREEAM CERTIFICATION**

BREEAM is the abbreviation of Building Research Establishment Environmental Assessment Method and is the worldwide reference in sustainability assessment and the standard for optimum realization (new constructions) or renovation (buildings in-use) and operation of sustainable buildings with minimal impact on the environment.

BREEAM is an assessment framework based on scientifically defined sustainability metrics and indices comprising a whole range of environment-related matters, such as the evaluation of energy and water consumption, the impact on health and well-being, pollution, transport, materials, waste, ecology and management processes. Buildings are assessed by the British BRE institute (Building Research Establishment) and certified on a scale of 'Pass', 'Good', 'Very Good', 'Excellent' and 'Outstanding' based on audit reports by independent, accredited assessors.

It is intended to make people, users and designers more conscious of the benefits of a sustainable approach. It helps them to successfully adopt sustainable solutions in a cost-effective way and offers recognition for their performance in the market.

**SELECTIVE ARBITRAGE ON THE PORTFOLIO**

Because Leasinvest Real Estate's investments, as a listed company, first of all have to be justifiable from the viewpoint of shareholders' return, a number of buildings have been selected for (partial) redevelopment within the limits of economic profitability. It concerns strategically

well-located buildings, vacant because of their lease ending, or those where improvements can be made, without hindering the tenant (e.g. installation of solar panels).

Older, less strategic buildings qualify for sale should an opportunity present itself.

**REALIZED AND PLANNED ACTIONS****General**

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

- Riverside Business Park, Anderlecht
- The Crescent, Anderlecht
- Canal Logistics te Neder-over-Heembeek (sold in the meantime)

The advantage of this type of meters is that they can be read at a distance and the data can be processed, basis for the distribution of electricity to the tenants. That way, both the owner and the tenant have real-time information on electricity consumption, which enables them to draw conclusions. Peaks in consumption can be detected and lead to corrective measures resulting in energy savings.

**Solar panels**

Besides purchasing energy only coming from renewable energy sources or from high-quality cogeneration plants, and reducing and monitoring the energy consumption, Leasinvest Real Estate also focusses for years on its own production via solar panels (cf. the installation of large PV-installations with a power of respectively 348,117 kWp and 855,00 kWp on the logistics sites (sold in the meantime) of Wommelgem and Neder-over-Heembeek).

At present a large solar panel installation is operated on the Tour@Taxis site, part of which was installed on the Royal Depot. In 2018 solar panels were also installed on the roof of The Crescent Anderlecht (with a power of 105 MWh), as well as on the roof of the new building delivered in September 2018 "Treesquare" in Brussels (power of 24 MWh, where the photovoltaic installation contributes to the objective of obtaining a BREEAM "Excellent" certification).

In Austria also there is a solar panel installation on the roof of the Frun® retail park in Asten (acquired in 2016), annually producing over 0,500 GWh of green energy on the site with a CO<sup>2</sup> reduction of 400 tons as a consequence. In 2018 solar panels were also installed on the roof of the Gewerbepark Stadlau.

**Electric charging stations**

In 2018 charging stations for electrical vehicles were installed on the parkings of Motstraat Malines and The Crescent Anderlecht. In Motstraat

Malines power sockets for electric bikes were also foreseen in the bike hotel. The tenants are encouraged to come to work by bike and can take a shower after their ride and dry their clothes in the closed lockers.

### Smart Buildings

In 2018 Synaptiq Building was linked to the Building Management System of The Crescent Anderlecht. This smart software automatically steers cooling or heating based on smart data (weather forecast, sensors, ...) and ensures that way an improved comfort for the tenants and also a substantial saving in energy consumption and related costs.

### BMS

In different buildings (Motstraat Malines, Treesquare Brussels and Montoyer Brussels) over the past years has been invested in a Building Management System ("BMS"). This system collects all user data and potential alarms from technical installations in order to map consumption and allow for a much faster solution of technical problems.

### Improved roof insulation

For Motstraat Malines the decision was taken to renew the entire roof covering of the building and to take advantage of this opportunity to substantially extend the current roof insulation and improve its performance, in order to realize important energy savings.

### Geothermal energy

The brand-new training center/office building 'Montoyer 63' in Brussels has been equipped with a geothermal energy installation that ensures an energy exchange between the soil and the technical installations of the building. This own energy production must allow for a very limited energy consumption in the building. For this reason, among other things, this brand new building could be certified as passive.

### BREEAM Certification

#### Belgium

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

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

**Office building Treesquare:** objective is BREEAM Excellent (2018)

**Office building Montoyer 63:** objective is BREEAM Excellent (2018), which can only be confirmed once the fitting-out works by the tenant shall be completed in 2019 and the building is effectively in use. In the meantime a BREEAM interim 'design stage' with rating Excellent was already obtained (2017).

#### Luxembourg

**Office building Monnet:** BREEAM Refurbishment 'Very good' obtained.

## CULTURAL AND SOCIAL INVOLVEMENT

Sponsoring of cultural organizations such as Stichting Conservatorium Antwerpen ([www.stichtingconservatorium.be](http://www.stichtingconservatorium.be)), the open-air museum for sculpture Middelheim/Middelheim Promotors vzw ([www.middelheimmuseum.be](http://www.middelheimmuseum.be); [www.middelheimpromotors.be](http://www.middelheimpromotors.be)) and the Royal Museum of Fine Arts in Antwerp ([www.kmska.be](http://www.kmska.be)) reflect Leasinvest Real Estate's involvement in the social and cultural society. Each year new opportunities are analyzed and new initiatives are taken. In 2018 a contribution was made to 'de warmste week' in de MOT Malines, in collaboration with the tenants and catering firm Insieme in favour of the King Baudouin Foundation.

In the Grand Duchy of Luxembourg there was the participation to 'Run&Bike Solidaire' in favour of International Handicap Solidarity.

## DISCHARGE TO THE MANAGER AND TO THE AUDITOR

It is proposed to the general shareholders' meeting to discharge the statutory manager and the auditor for the exercise of their mandates during the financial year closed on 31/12/2018.

Drawn up in Antwerp on 13/02/2019

**MICHEL VAN GEYTE**  
Managing director

**JAN SUYKENS**  
Chairman of the board of directors



# ALTERNATIVE PERFORMANCE MEASURES



FRUN PARK ASTEN  
& STADLAU  
VIENNA (AT)



As is customary in the BE-REIT (SIR/GVV) sector Leasinvest Real Estate presents in its financial results a number of Alternative Performance Measures (APMs) in accordance with the directives of the European Securities and Markets Authority (ESMA) of 5 October 2015. A number of these APMs are recommended by the European Public Real Estate Association (EPRA), other APMs are considered to be mainstream within the sector in order to provide better insight in the financial results and performances reported.

The APMs in this annual financial report are indicated by ◀ ; Performance measures defined by IFRS standards or physical or non-financial performance measures are not considered to be APMs. Moreover, the ESMA directives do not apply to APMs reported in the financial statements or reported in conformity with the current legislation.

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

## DETAILS OF THE CALCULATIONS OF THE EPRA PERFORMANCE MEASURES



Leasinvest Real Estate received for its annual financial reports 2012-2017 an EPRA Gold Award.

The EPRA KPI's are communicated for information purposes only and are not required by the regulation on REIT (SIR/GVV) and are also not subject to any review by public bodies.

No EPRA performance measure was audited by the auditor, except for the EPRA Earnings, EPRA NAV and EPRA triple NAV.

For the report of the real estate expert we refer to the Real estate report on page 102 and for more information on the real estate experts and their remuneration, we refer to the Permanent document on page 180.



**EPRA EARNINGS ◀**

<b>EPRA earnings (€ 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net Result – Group share as mentioned in the financial statements	<b>38 194</b>	47 545
Net Result per share - Group share as mentioned in the financial statements (in €)	<b>7,37</b>	9,63
Adjustments to calculate the EPRA Earnings	<b>-6 935</b>	-20 042
To exclude:		
(i) Changes in fair value of investment properties and assets held for sale	<b>-1 627</b>	-22 348
(ii) Result on the sale of investment properties	<b>0</b>	2 798
(iii) Result on the sale of other real estate	<b>120</b>	
(vi) Changes in fair value of financial instruments and non-current financial assets	<b>-5 428</b>	-492
EPRA Earnings	<b>31 259</b>	27 503
Number of registered shares result of the period	<b>5 179 724</b>	4 938 870
EPRA Earnings per share (in €)	<b>6.03</b>	5.57

**EPRA NAV ◀**

<b>EPRA NAV (€ 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
NAV according to the financial statements	<b>475 811</b>	382 206
NAV per share according to the financial statements (in €)	<b>80.3</b>	77.4
To exclude		
(i) Fair value of the financial instruments	<b>34 929</b>	32 630
(v.a) Deferred tax	<b>14 868</b>	-
EPRA NAV	<b>525 608</b>	414 836
Number of registered shares result of the period	<b>5 926 644</b>	4 938 870
EPRA NAV per share (in €)	<b>88.7</b>	84.0

**EPRA TRIPLE NET ASSET VALUE ◀**

<b>EPRA Triple Net Asset Value (€ 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
EPRA NAV	<b>525 608</b>	414 836
Adjustments:		
(i) Fair value of the financial instruments	<b>-34 929</b>	-32 630
(ii) Revaluation of debts at FV	<b>-3 087</b>	-1 245
EPRA NNNAV	<b>487 592</b>	380 961
Number of registered shares result of the period	<b>5 926 644</b>	4 938 870
EPRA NNNAV per share (in €)	<b>82.3</b>	77.1

**EPRA NIY ◀ & EPRA TOPPED UP NIY ◀**

<b>EPRA Net Initial Yield (NIY) and Topped up Net Initial Yield (topped up NIY) (€ 1 000)</b>		<b>31/12/2018</b>	<b>31/12/2017</b>
Investment properties and assets held for sale		<b>1 037 083</b>	902 994
To exclude:			
Development projects		<b>-11 727</b>	-54 400
Real estate available for lease		<b>1 025 356</b>	848 594
Impact FV of estimated transfer rights and costs from hypothetical disposal of investment properties		<b>-</b>	-518
Estimated transfer rights and costs resulting from hypothetical disposal of investment properties		<b>21 426</b>	7 598
Investment value of properties available for lease	<b>B</b>	<b>1 046 782</b>	855 674
Annualized gross rental income		<b>65 170</b>	56 892
Annualized property charges		<b>-10 209</b>	-12 253
Annualized net rental income	<b>A</b>	<b>54 961</b>	44 639
Gratuities expiring within 12 months and other lease incentives		<b>-257</b>	293
Annualized and adjusted net rental income	<b>C</b>	<b>54 704</b>	44 932
EPRA NIY	<b>A/B</b>	<b>5.25%</b>	5.22%
EPRA Topped up NIY	<b>C/B</b>	<b>5.23%</b>	5.25%

**EPRA VACANCY ◀ 2018**

<b>EPRA Vacancy (€ 1 000)</b>		<b>31/12/2018</b>			
		Offices	Logistics	Retail	Total
Rental surface (in m <sup>2</sup> )		<b>167 070</b>	<b>108 931</b>	<b>184 605</b>	<b>460 606</b>
Estimated Rental Value of vacant spaces	<b>A</b>	<b>2.93</b>	<b>0.20</b>	<b>0.70</b>	<b>3.83</b>
ERV of total portfolio	<b>B</b>	<b>33.33</b>	<b>4.18</b>	<b>29.30</b>	<b>66.81</b>
EPRA Vacancy	<b>A/B</b>	<b>8.79%</b>	<b>4.78%</b>	<b>2.39%</b>	<b>5.73%</b>

**EPRA VACANCY ◀ 2017**

<b>EPRA Vacancy (€ 1 000)</b>		<b>31/12/2017</b>			
		Offices	Logistics	Retail	Total
Rental surface (in m <sup>2</sup> )		163 581	132 831	188 733	<b>485 145</b>
Estimated Rental Value of vacant spaces	<b>A</b>	1.90	0.26	0.53	<b>2.69</b>
ERV of total portfolio	<b>B</b>	24.03	4.13	23.57	<b>51.73</b>
EPRA Vacancy	<b>A/B</b>	7.91%	6.30%	2.25%	<b>5.20%</b>

## EPRA COST RATIO ◀

EPRA cost ratio (€ 1 000)		31/12/2018	31/12/2017
Other rental-related income and expenses		-2 492	-3 213
Property charges		-8 749	-9 922
General corporate overhead		-2 798	-2 913
Other operating charges and income		-610	-453
EPRA costs including rental vacancy costs	A	-14 649	-16 501
Direct costs of rental vacancy		907	1 226
EPRA costs excluding rental vacancy costs	B	-13 742	-15 275
Rental income	C	56 209	56 892
EPRA Cost ratio (including direct vacancy)	A/C	-26,06%	-29,00%
EPRA Cost ratio (excluding direct vacancy)	B/C	-24,45%	-26,85%

CHANGES IN GROSS RENTAL INCOME  
AT CONSTANT PORTFOLIO (LIKE-FOR-LIKE) ◀

Changes in gross rental income at constant portfolio (like-for-like)	31/12/2018 vs 31/12/2017	31/12/2017 vs 31/12/2016
Gross rental income at the end of the previous reporting period (€ 1000)	56 892	56 468
Changes 2017 – 2018 to be excluded	-2 035	1 962
- Changes following acquisitions	4 371	3 579
- Changes following divestments	-6 406	-1 617
Gross rental income at closing date reporting period (€ 1000)	56 513	56 892
Change like for like (€ 1000)	1 656	-1 538
Change like for like (%)	2.9%	-2.7%

## CAPEX

Investment capex 2018 (€ 1 000)	LRE	Belgium	Luxembourg	Austria
(1) Acquisition capex	99 086	34 480	63 944	662
(2) Capex (incl. development and reallocation)	25 291	16 681	7 612	998
(3) Capex recurrent real estate portfolio	2 850	520	2 330	
TOTAL CAPEX	127 227	51 681	73 886	1 660

## DETAILS OF THE CALCULATIONS OF THE ALTERNATIVE PERFORMANCE MEASURES<sup>1</sup> (APMS) USED BY LEASINVEST REAL ESTATE

### RESULT ON THE PORTFOLIO ◀

Result on the portfolio (€ 1 000)	31/12/2018	31/12/2017
Result on sale of investment properties	-	-2 798
Changes in fair value of investment properties	6 498	24 594
Latent taxes on portfolio result	-4 871	-2 246
Result on the Portfolio	1 627	19 550

### NET RESULT – GROUP SHARE (AMOUNT PER SHARE) ◀

Net result – group share (amount per share)	31/12/2018	31/12/2017
Net Result - group share (€ 1000)	38 194	47 545
Number of registered shares in circulation	5 179 724	4 938 870
Net Result - group share per share	7.37	9.63

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

Net Asset value based on fair value (amount per share)	31/12/2018	31/12/2017
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	475 811	382 206
Number of registered shares in circulation	5 926 644	4 938 870
Net Asset Value (FV) group share per share	80.3	77.4

<sup>1</sup> Excluding the EPRA performance measures that are also considered as APM and are reconciled above on page 72.

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

Net Asset Value based on investment value (amount per share)	31/12/2018	31/12/2017
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	475 811	382 206
Investment value of the investment properties per 31/12 (€ 1000)	1 058 509	921 141
Fair value of the investment properties per 31/12 (€ 1000)	1 037 083	902 994
Difference Investment value – Fair value per 31/12 (€ 1000)	21 426	18 147
TOTAL	497 237	400 353
Number of registered shares in circulation	5 926 644	4 938 870
Net Asset Value (IV) group share per share	83.9	81.1

## AVERAGE FUNDING COST ◀ IN %

Average funding cost in %	31/12/2018	31/12/2017
Interest charges on an annual basis (€ 1000)	-13 545	-14 905
Commitment fees on an annual basis (€ 1000)	-1 095	-1 127
Interest paid incl. commitment fees on an annual basis (€ 1000)	-14 640	-16 032
Weighted average drawn debt (€ 1000)	564 746	536 071
Average funding cost in %	2.59%	2.99%

## COMPREHENSIVE INCOME – GROUP SHARE (AMOUNT PER SHARE) ◀

Comprehensive income – Group share (amount per share)	31/12/2018	31/12/2017
Net result - Group share (€ 1000)	38 194	47 545
Other elements of comprehensive income	-3 856	2 437
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-2 212	11 367
Changes in the effective part of the fair value of financial assets available for sale	0	-9 211
Changes in the reserve for treasury shares	0	281
Other	-1644	0
Comprehensive income – Group share	34 338	49 983
Number of registered shares in circulation	5 179 724	4 938 870
Comprehensive income – Group share per share	6.63	10.12

# LEASINVEST REAL ESTATE SHARE



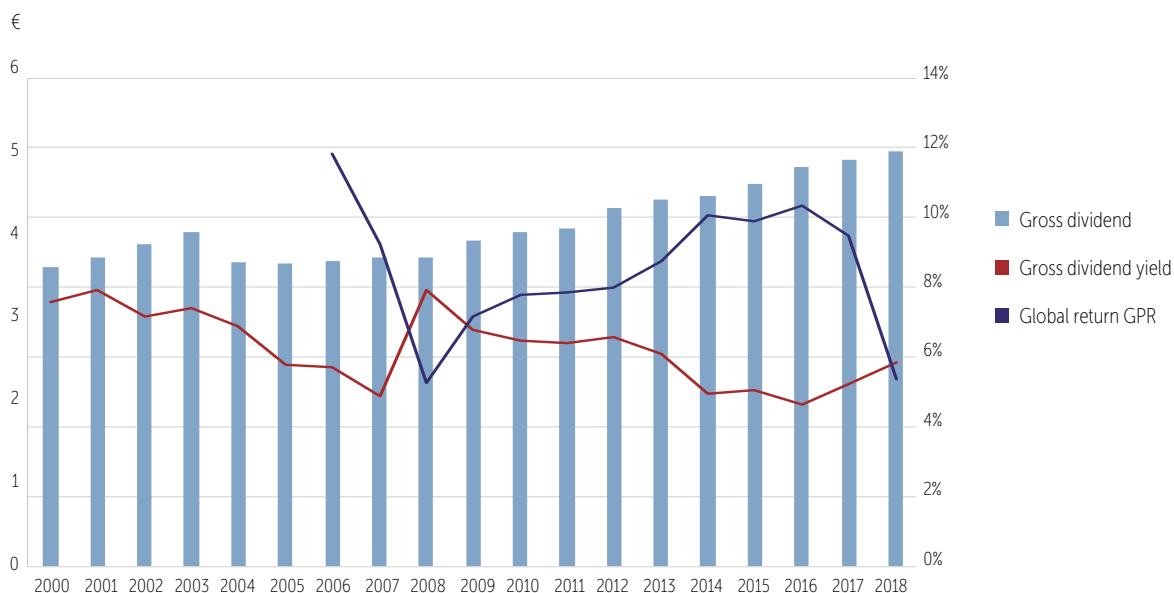
**MOTSTRAAT**  
MALINES (BE)





## DIVIDEND YIELD AND SHAREHOLDERS' RETURN

The graph below reflects the evolution of the gross dividends paid and the gross dividend yield (calculated as the gross dividend divided by the closing price of the share), as well as the total return according to GPR. The gross dividend shows an increasing trend as from 2008.



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

Global return: source GPR: [www.globalpropertyresearch.com](http://www.globalpropertyresearch.com)

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

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

## KEY FIGURES AND GRAPHS

	31/12/2018	31/12/2017
Number of listed shares (#)	5 926 644	4 938 870
Number of issued shares (#)	5 926 644	4 938 870
Weighted average number of shares after the capital increase on 04/10/2018	5 179 724	4 938 870
Market capitalization based on closing price (€ million)	518	474
Free float (%)	36.05%	35%
Closing price (€)	87.4	96.0
Highest price (€)	99.65	107.95
Lowest price (€)	82.60	93.99
Average monthly traded volume (#)	43 065	28 728
Velocity (%) (1)	5.29%	6.98%
Free float velocity (%) (2)	14.66%	19.94%
Premium/discount based on closing price vs NAV (fair value)	-1.5%	24%
Gross dividend (€)	5.10	5.00
Net dividend • (€)	3.57	3.50
Gross dividend yield (3)	5.84%	5.21%
Payout ratio (consolidated)	84.6%	89.8%

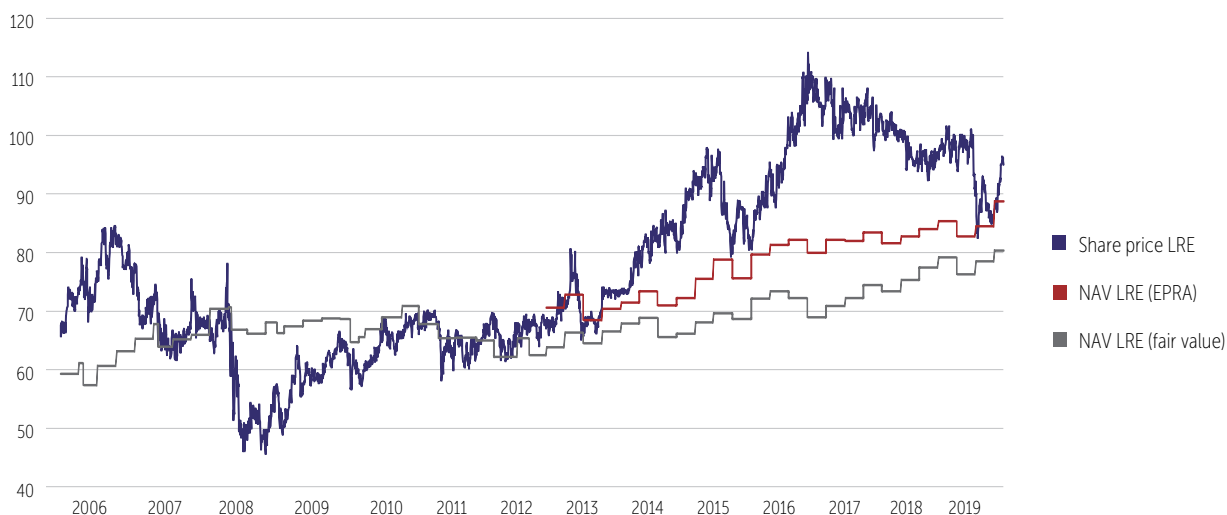
• Based on a withholding tax of 30%.

(1) Number of traded shares / total number of listed shares, calculated pro rata the number of shares before and after the capital increase of 4 October 2018.

(2) Number of traded shares / (total number of listed shares \* free float), calculated pro rata the number of shares before and after the capital increase of 4 October 2018.

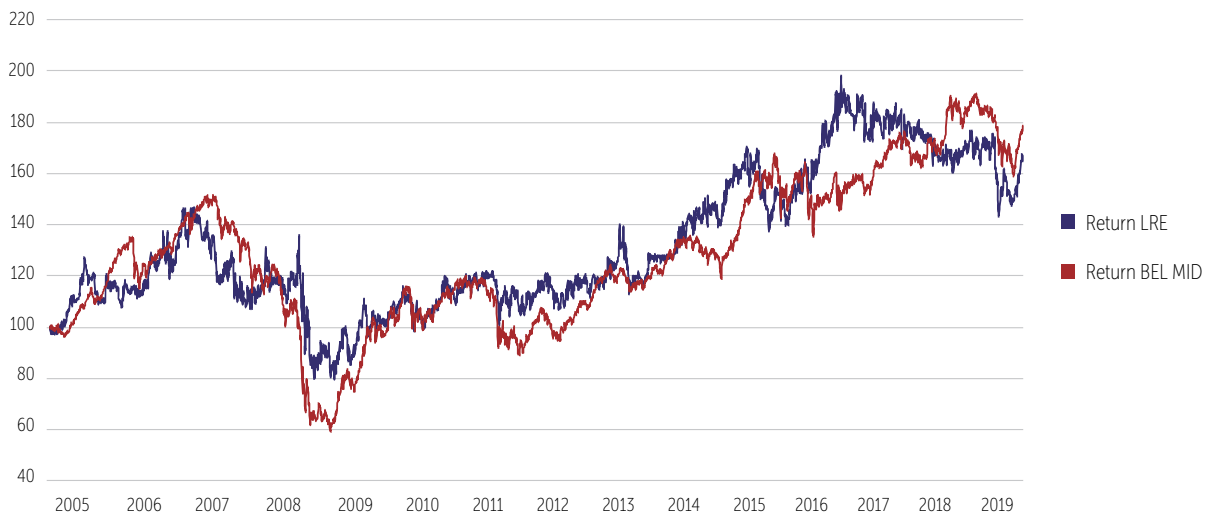
(3) Gross dividend / closing price.

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





## COMPARISON OF RETURN OF LEASINVEST REAL ESTATE WITH THE RETURN ON BEL MID INDEX<sup>1</sup>



## COMPARISON OF LEASINVEST REAL ESTATE SHARE PRICE WITH THE RETURN OF THE EPRA INDICES (WWW.EPRA.COM)<sup>2</sup>



<sup>1</sup> Index to consult in the financial newspapers and on the internet.

<sup>2</sup> Information from EPRA, not verified by any authority.

The Leasinvest Real Estate share closed at € 87.4 (2017: € 96.0), after the capital increase of 4 October 2018, the number of issued shares increasing to 5,926,644. The discount compared to the net asset value based on fair value consequently amounted to -1.5% in 2018.

It has to be pointed out that the share price already takes into account the detachment of coupon 23 (proportional dividend of € 3.78/share, detached just before the capital increase of October 2018) while the accounting net asset value is only adjusted in Q2 2019 to that effect, namely after approval of the dividend by the general meeting. Taking in account this correction, there is no longer a discount, but a premium of 2.8%.

The average monthly transaction volume of the share increased in the course of the past financial year to 43,065 shares in comparison with 28,728 in 2017.

As shown by the graph, the Leasinvest Real Estate share follows the trend of the BEL MID Index, the share being included since 21 March 2016. Till end 2017 the Leasinvest Real Estate share recorded a substantially better performance than the BEL MID index, that outperformed the Leasinvest Real Estate share till end 2018, after which that difference became smaller to follow a similar trend with a slightly higher return for the BEL MID index.

In comparison with the EPRA Belgium Index, the index of the main listed real estate companies in Belgium, the Leasinvest Real Estate share recorded a better evolution. The EPRA Eurozone Index, the index of the main listed real estate companies in Europe, of which the Leasinvest Real Estate share is part, performed however better than the Leasinvest Real Estate share in 2018.

## ANALYSTS' COVERAGE

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## SHAREHOLDERS' CALENDAR

29/03/2019	Annual financial report 2018
20/05/2019	Interim statement Q1 (31/03/2019)
20/05/2019	Annual meeting of shareholders
27/05/2019	Dividend payment
23/05/2019	Ex-date
24/05/2019	Record date
21/08/2019	Half-year financial report 2019
14/11/2019	Interim statement Q3 (30/09/2019)
19/02/2020	Annual results 2019 (31/12/2019)

With regard to practical formalities to attend the annual meeting of shareholders that will be held on 20 May 2019 we refer to Chapter IV of the articles of association of the company and to the website [www.leasinvest.be](http://www.leasinvest.be), where all documents to participate are published on the day indicated in the convening notice published in the Official Belgian Gazette and in a national newspaper.

## DIVIDEND POLICY

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

- (i) 80% of the sum of the corrected result and the net realized gains on real estate not exempt of the mandatory distribution (always calculated according to the aforementioned RD) and
- (ii) the net decrease of financial debt in the course of the financial year of the public REIT (SIR/GVV).

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

The company aims to offer an acceptable dividend return to its shareholders, in combination with limited risks in the medium term.

The past financial years, and this without any future guarantees, it has always been the objective to distribute a dividend that exceeds the legal minima.

For the concrete figures we refer to page 149 et seq of the Financial statements.

## LIQUIDITY PROVIDER

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

## SHAREHOLDER STRUCTURE (based on transparency notification received)

	Percentage of participation
Ackermans & van Haaren	30.01%
AXA SA	26.58%
AG Insurance	7.36%
Free float	36.05%
Total	100%

## TRANSPARENCY NOTIFICATIONS

Each shareholder exceeding a threshold of three per cent (3%) (statutory threshold) and/or exceeding (the legal) threshold of five per cent (5%) and multiples of five per cent (5%) of the total number of shares has to communicate to the company and the FSMA the number of shares he holds in accordance with the current legislation.

For more information on the transparency notifications by AXA SA, including the chains of control, received in 2018, we refer to [www.leasinvest.be](http://www.leasinvest.be) (investor relations – shareholders and transparency).

The statutory manager Leasinvest Real Estate Management SA holds 7 Leasinvest Real Estate shares. The shares in Leasinvest Real Estate Management SA are 100% held by Ackermans & van Haaren SA, exercising exclusive control over Leasinvest Real Estate.



# REAL ESTATE REPORT



**TREESQUARE**

BRUSSELS (BE)



## MAIN ACQUISITIONS AND REDEVELOPMENTS

### BELGIUM

#### MONTOYER 14, CBD BRUSSELS

On 15 October 2018 Leasinvest Real Estate acquired 100% of the shares of the company NEIF Montoyer SPRL. This company holds a leasehold with a remaining duration of 94 years on the office building Montoyer 14, situated at the angle of the rue Montoyer and rue de l'Industrie in BE-1000 Brussels.

Montoyer 14 will be entirely redeveloped into an office building, being the reference for newest technologies and sustainability. The new building is expected to comprise approximately 4,000 m<sup>2</sup> of state-of-the-art office space and to be delivered beginning of 2022.

This building will be the first high wooden construction and will be a co2 neutral passive office building. Also for this new office building, the objective is to obtain a Bream Excellent certificate.

For Leasinvest Real Estate this is the third office project in the European district in Brussels in two years of time, after Trees-square (Square de Meeûs) and Montoyer 63 (rue Montoyer), and confirms the company's strategy to further develop its current offices portfolio with high-quality projects at top locations.

**Year of construction: 2022 after reconstruction**

**4 000 m<sup>2</sup> office space (expected)**

**Total investment: € 11.7 million<sup>(1)</sup>**

(1) For a detailed overview of the capex we refer to the financial statements on page 140. The amount includes the transfer rights.



## HANGAR 26/27, ANTWERP

On 28 December 2018, Leasinvest Real Estate acquired the iconic building Hangar 26/27 in the Eilandje district in Antwerp, with on the one hand, a direct view on the river Scheldt, and on the other hand, on the MAS museum (Museum aan de Stroom).

The building has a surface area of 9,395 m<sup>2</sup> and gradual renovation works are currently carried out, that are completed for more than 50% and will be continued by Leasinvest Real estate. The building disposes of an additional development potential of 9,000 m<sup>2</sup> for retail and offices purposes.

**Year of construction: 2001**

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**9 395 m<sup>2</sup> office space**

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**Occupancy rate: 77.29%**

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**Total investment: € 22.6 million**

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**Rental yield (average): 6.20%**

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## GRAND DUCHY OF LUXEMBOURG

### EBBC BUSINESS PARK, AIRPORT DISTRICT

On 19 December 2018 Leasinvest Real Estate has acquired 2 additional buildings in the EBBC Business park nearby Luxembourg's airport, via its 100% subsidiary Leasinvest Immo Lux.

European Bank & Business Center (EBBC) consists of a total of 6 office buildings with a global surface area of +/- 26,000 m<sup>2</sup> and benefits from a strategic location in the Luxembourg Airport district, at walking distance of Luxembourg airport. Given the importance of this district, it is also included in the tram expansion zone, that will make the park easily accessible by public transportation, both from the city centre and the business district "Kirchberg".

With this acquisition Leasinvest Real Estate now holds 5 of the 6 buildings in this business park: 3 directly (100% owner) held buildings, namely the buildings A, C and D, and 2 indirectly held buildings via a 2/3<sup>rd</sup> majority in the Lux Airport real estate certificates, i.e. the buildings B and E.

This business park will be upgraded in view of creating a strong business community with services for the users (catering, nursery, fitness, co-working, etc.) & shared IT-services.



Year of construction: 1988

19 713 m<sup>2</sup> office space (A, B, C, D & E)

Occupancy rate: 96%

Total investment A & C: € 64.1 million

Rental yield (average): 6.87%

## BOOMERANG STRASSEN SHOPPINGCENTER

The site of 22,721 m<sup>2</sup>, located Route d'Arlon in Strassen, is partially redeveloped into a retail park that comprises, besides shops, also a restaurant. This site will become the largest retail park in the Luxembourg periphery at the important entrance to the city of Luxembourg.

After the redevelopment of the first phase delivered end 2017, the renovation of the parking and the office space (470 m<sup>2</sup>) have also been finalized and are occupied by different tenants.

The start of the following phase is foreseen in the course of 2021 after the departure of Bätiself at the end of March of that same year. Based on a new general development plan expected in the course of 2019, Leasinvest Real Estate will prepare a phased redevelopment plan allowing to offer an even better mix of the surface area.

Year of construction: 1988  
Renovation phase 1: 2017

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22 721 m<sup>2</sup> shops

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Occupancy rate: 100%

---

Total investment: € 17.8 million

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Rental yield (average): 6.04%

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## SHOPPINGCENTER KNAUF SCHMIEDE

The revamping and the renovation works of the shopping center Schmiede have started in September 2018. The renovation of the entrances to the parking was finalized mid-December 2018.

The profound renovation works start in the course of the first quarter of 2019, including an extension of 8,000 m<sup>2</sup> in order to offer more catering opportunities, shops and space for events. The delivery of this extension is foreseen in Q3 2021. In the meanwhile, the urban planning permit for these renovation works has been granted.

The objective of this repositioning is to strengthen the position of Knauf shopping center Schmiede as largest shopping center in the North of Luxemburg. In the meantime, 2 important new deals were concluded, H&M opening here the largest shop in the North of Luxembourg and Delhaize creating the largest supermarket in the Belux, via the extension of their current rental contracts.

**Year of construction: 1995**

**32 908 m<sup>2</sup> shops – 2 776 m<sup>2</sup> offices  
1 200 parking spaces**

**Occupancy rate: 91.92%**

**Investment renovation: € 30 million**

**Rental yield (average): 7.02%**



## REAL ESTATE MARKET IN 2018

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, and of EHL and CBRE for Austria, reproduced with their consent, and of which the contents have not been verified.

### LUXEMBOURG OFFICE MARKET

#### ECONOMIC FUNDAMENTALS

GDP growth posted a strong 3.6% this year and is expected to reach 4% in 2019. Employment growth remains robust, while the unemployment rate continues to decrease for the fifth consecutive year to reach 5% at the end of the year. Monetary policy normalization is expected to be very gradual given the concerns of the ECB to prevent shocks and should result in a strong confidence on the real estate markets in 2019..

#### RENTAL MARKET

The take-up ended to 252,000 m<sup>2</sup> in 2018, the second highest level ever recorded.

The vacancy rate remains one of the lowest at the European level, below 3.5% and is almost inexistent in the central districts such as the Kirchberg, the CBD or the Station district while still above 10% in some peripheral locations.

Location	Built stock (sq.m)	Availability (sq.m)	Vacancy rate (%)	Take-up 2018 (sq.m)	under construction (sq.m)
CBD	840 000	5 000	0.6%	36 273	21 300
Kirchberg	1 095 000	16 000	1.5%	18 720	210 600
Station	415 000	14 000	3.4%	21 718	24 600
Cloche d'Or	450 000	24 000	5.3%	75 365	30 500
Other inner districts	230 000	19 000	8.2%	15 880	0
Decentralised districts	410 000	33 000	8.1%	39 589	25 000
Periphery	510 000	24 000	4.7%	44 588	78 000
<b>Luxembourg (Overall)</b>	<b>3 950 000</b>	<b>135 000</b>	<b>3.4%</b>	<b>252 133</b>	<b>390 000</b>

Source: Cushman & Wakefield

Letting activity will remain intense in the coming months, strongly linked to the robust economic performances of the country and the employment growth, even if the low level of speculative new supply could negatively impact the market.

Prime rents witnessed no changes, recorded at € 50/m<sup>2</sup>/month in the CBD. They stand at € 36 in the Station district, € 35 in the Kirchberg and at € 24/m<sup>2</sup>/month in the Periphery.

## INVESTMENT MARKET

Office investment volumes recorded the second highest level ever with a total of € 1.8 billion.

On the investment market, activity will follow high levels observed since 2014 as real estate will remain attractive and Luxembourg is a strong alternative to other core European cities, though absolute volumes should be lower in 2019.

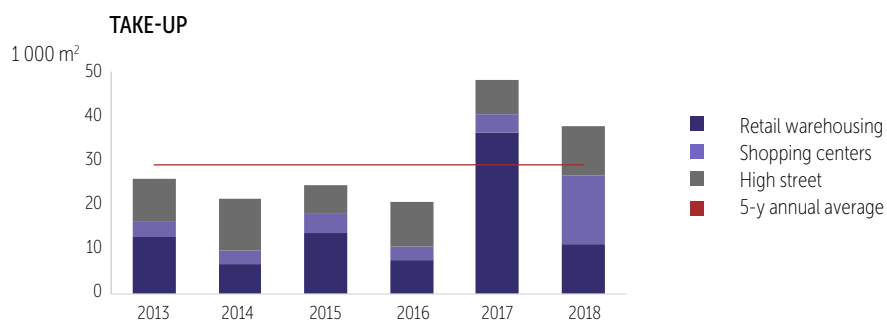
Prime yields recorded a new compression in Q4 to reach a historically low 4% in the CBD. Compression was also observed in the Kirchberg to 4.25%. They remain stable in the other districts.

## LUXEMBOURG RETAIL MARKET

### RENTAL MARKET

The take-up volume 2018 reached 37,650 m<sup>2</sup>, above the annual average for the 5-year period 2013-2017.

The shopping centre segment took first place in 2018 with over 15,400 m<sup>2</sup>, 147% above the 5-year average. The volume recorded in shopping centres was underpinned on the one hand by a high number of transactions, and on the other hand by large size transactions a/o in our shopping center Knauf Schmiede, that is currently undergoing profound renovation works, including an extension of 8,000 m<sup>2</sup> in order to offer more catering opportunities, shops and space for events.



Source: JLL

New important retail schemes will boost the activity in the coming months.

Rents are stable compared to the previous quarter, at around € 115/m<sup>2</sup>/month in the prime shopping centres and at € 23/m<sup>2</sup>/month for prime out-of-town locations.

## INVESTMENT MARKET

Retail is the next biggest asset class with € 103 million invested in 2018, a slight decrease on 2017 of 3.6%. Appetite remains strong though few opportunities currently exist in the market.

With regard to shopping centers, should a prime opportunity arise, the estimated yield would be around 4%, down from 4.5% previously.

## BELGIAN OFFICE MARKET

### ECONOMIC FUNDAMENTALS

Annual GDP growth in Belgium weakened to 1.4% in 2018 and, despite rising geo-political uncertainties, is forecasted to slightly increase in 2019 to 1.5%. The unemployment rate was at 6.3% in Q4 and is expected to remain at this level throughout 2019. Interest rates are also expected to remain unchanged, at least up to the end of 2019 as announced by the ECB.

### RENTAL MARKET (BRUSSELS)

The total take-up for the year amounts to 367,000 m<sup>2</sup>, an 8% decrease compared to last year. Co-working operators contributed close to 20% of the total take-up in 2018.

The overall vacancy rate in Q4 fell to 7.98%, its lowest level in 17 years.

As anticipated, prime rents in Brussels increased before the end of the year to € 315/m<sup>2</sup>/year, with prices up to € 330/m<sup>2</sup>/year such as in Treesquare. Q4 saw an increase in prime rents for the three most important central districts of the capital (Leopold, Centre and North).

In terms of occupier activity, 2019 is expected to be a successful year with take-up exceeding 400,000 m<sup>2</sup>, mainly boosted by public bodies actively looking to relocate.

Location	Built stock (sq.m)	Availability (sq.m)	Vacancy rate (%)	Take-up 2018 (sq.m)	2019 – 2022 under construction (sq.m)
Brussels (Leopold)	3 338 082	150 749	4.5%	85 728	59 904
Brussels (Centre)	2 457 611	107 286	4.4%	60 339	187 965
Brussels (North)	1 470 085	54 718	3.7%	56 546	206 572
Brussels (Louise)	861 498	61 962	7.2%	23 469	3 500
Brussels (Midi)	571 446	51 272	9.0%	8 672	8 620
Brussels (Decentralised)	2 710 888	361 738	13.3%	65 967	20 579
Brussels (Periphery North – Airport & Ring)	1 628 880	268 599	16.5%	44 950	0
Brussels (Periphery South – Walloon Brabant)	429 396	18 390	4.3%	21 452	25 548
<b>Brussels (Overall)</b>	<b>13 467 886</b>	<b>1 074 714</b>	<b>7.98%</b>	<b>367 123</b>	<b>512 688</b>

Source: Cushman & Wakefield

All Flanders markets peaked in Q4, thanks to some big deals led by Antwerp, Leuven and Mechelen. In Flanders, the highest rent is recorded in Antwerp with € 155/m<sup>2</sup>/year, where Leasinvest Real Estate invested in Hangar 26/27, an iconic building in the 'Eilandje' district.

## INVESTMENT MARKET (BRUSSELS)

The investment volume for the year in Brussels totaled € 1.9 billion, the best year since 2007. End 2018 Leasinvest Real Estate invested in a third building in the Leopold district, Montoyer 14 that will be entirely redeveloped into an office building, being the reference for newest technologies and sustainability, after having redeveloped Treesquare (Square de Meeûs) and Montoyer 63.

Demand remains relatively strong but the growing lack of products for sale in the market can still be observed.

Prime yields compressed further to a historically low level of 4.25% and are expected to remain stable throughout 2019. The long-term prime office yield remains at 3.65%.

## BELGIAN RETAIL MARKET

### RENTAL MARKET

2018 ended on a record 431,000 m<sup>2</sup> of take-up. 50% of the take-up was recorded in the out-of-town sector during 2018.

However, the rising competition of e-commerce and growing disparities between tier 1 and tier 2 locations weigh on the retail sector, especially on the rental levels and the vacancy rate.

Prime rents are stable in Brussels and Antwerp but for larger shops rents are clearly decreasing, even in those top cities.

The vacancy rate is on a slight increase, though showing very different dynamics between top locations which continue to attract retailers and secondary locations or secondary cities which are more and more struggling.

### INVESTMENT MARKET

On the investment market, 2018 ended on a very positive note with more than € 1.8 billion invested in Belgium, the second-best year ever recorded. The sales of three shopping centres and of several important portfolios boosted the share of the retail sector to an impressive 40% of the total invested volumes in commercial real estate in Belgium.

Prime yields remain stable in most of the core locations, though a slight increase was observed in Brussels in Q4.

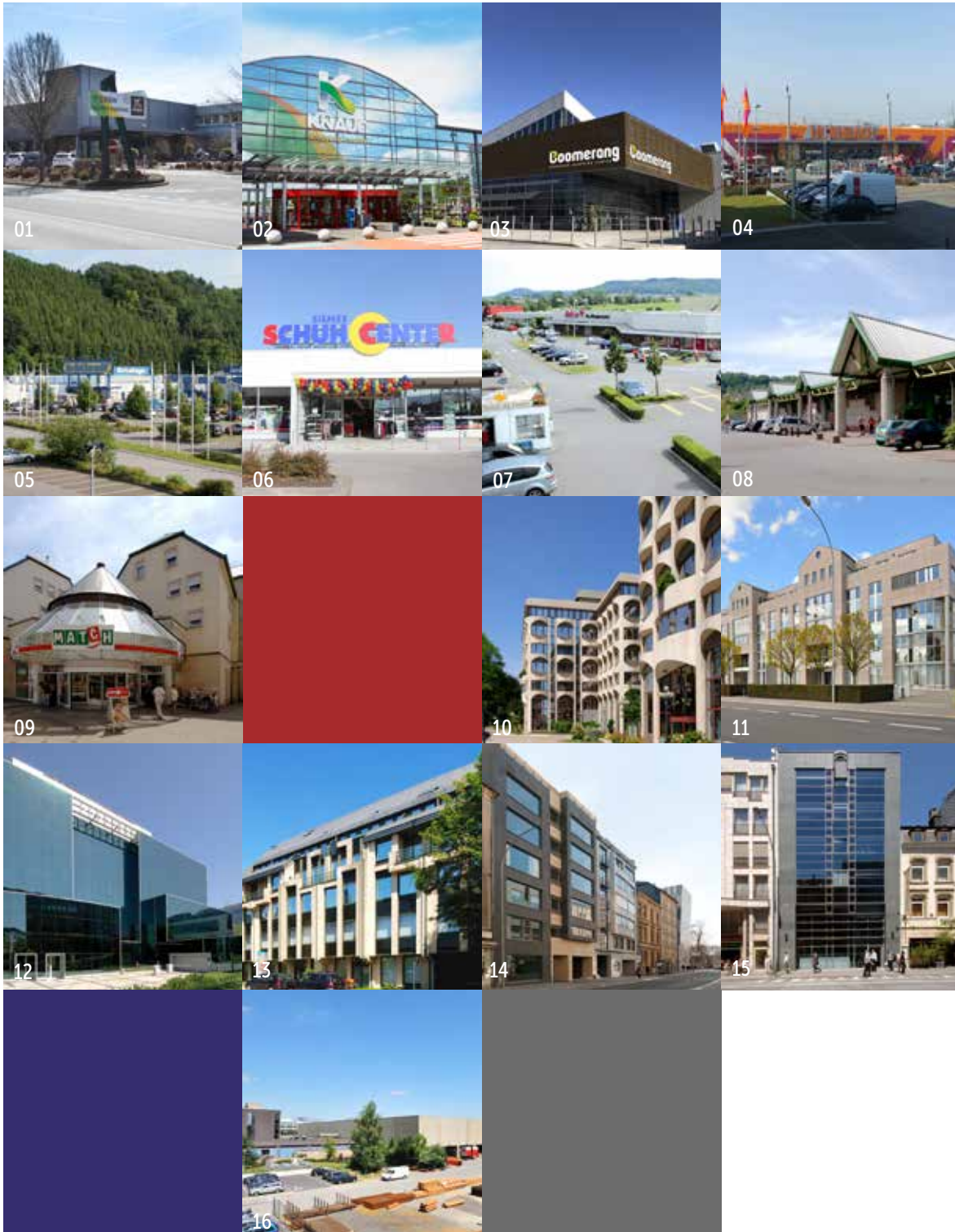
## AUSTRIAN RETAIL MARKET

The prime rent in Austrian retail parks has remained constant, much the same as in recent years.

The investment volume in Austrian retail properties amounted to approximately € 506 million in Q2 and Q3 2018, showing an increase of 68% compared to the same period in 2017 (Q2 & Q3 2017: € 301 million). In Q2 and Q3 2018, retail real estate accounted for approximately 33% of the total investment volume.

The prime yields for retail parks declined by 5 basis points by the end of Q3 (approximately 5.55%).

# REAL ESTATE PORTFOLIO



## GRAND DUCHY OF LUXEMBOURG

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

	Location	Description	Construction	Surface
01	Shoppingcenter Knauf, Schmiede	Shopping center with 40 shops, located in the North of the Grand Duchy of Luxembourg, on the border of the 3 countries Luxembourg, Belgium and Germany	1995	35 684 m <sup>2</sup>
02	Shoppingcenter Knauf, Pommerloch	Shopping center with 60 shops, located in the North of the Grand Duchy of Luxembourg, near Bastogne in Belgium	2002	26 251 m <sup>2</sup>
03	Boomerang shoppingcenter, Strassen	Shopping center located at an important entrance to the City of Luxembourg, namely the Route d'Arlon • Redevelopment phase 1 2018	1988	22 721 m <sup>2</sup>
04	Hornbach, 31, Rue du Puits Romain, Bertrange	Retail site situated in Bertrange, Bourmicht	2008	12 153 m <sup>2</sup>
05	Rue du Cimetière/An der N7, Diekirch	Retail building situated at the N7 in Diekirch	1996	7 703 m <sup>2</sup>
06	Rue du Cimetière/An der N7, Diekirch	Additional retail building	2011	1 356 m <sup>2</sup>
07	Rue du Brill, Foetz	Retail building situated next to Cora	1987	4 219 m <sup>2</sup>
08	Place Schwarzenweg, Dudelange	Commercial building consisting of galleries, commercial spaces, bakeries, reserves, sales points, offices and a cafeteria	1991	3 759 m <sup>2</sup>
09	Rue du Curé, Diekirch Co-ownership	Shopping arcade, part of a mixed building (commercial/ residential) – Leasinvest Real Estate owns all commercial space except 1	1994	3 277 m <sup>2</sup>
10	EBBC, Route de Trèves 6, Senningerberg Co-ownership parking and parking zone	Is part of an office complex of six buildings at walking distance of Luxembourg airport – Leasinvest Real Estate is 100% owner of the buildings A, C & D and indirectly, via its 2/3rd participation in the listed real estate certificates Lux Airport of the buildings B and E	1988	19 713 m <sup>2</sup>
11	Mercator, route d'Arlon, nr. 110 – 112, Luxembourg	Office building located in the capital of the Grand Duchy of Luxembourg, at the route d'Arlon, one of the main access roads to Luxembourg City	1998	8 641 m <sup>2</sup>
12	Rue Jean Monnet 4, Luxembourg	Flagship of the portfolio due to its location, architecture and excellent finishing • Partial renovation in 2011 • profound renovation in 2015	1992	3 866 m <sup>2</sup>
13	Route d'Esch 25, Luxembourg	Situated nearby Banque Internationale du Luxembourg's head offices at the route d'Esch	1992	1 839 m <sup>2</sup>
14	Montimmo, Avenue Monterey 35, Luxembourg	Situated in one of the most important streets of the Central Business District of the City of Luxembourg	2009	1 760 m <sup>2</sup>
15	Avenue Monterey 20, Luxembourg	Office building with standing, situated at the Boulevard Monterey, one of the most prestigious locations in Luxembourg	2001	1 555 m <sup>2</sup>
16	CFM, Rue Guillaume Kroll, Luxembourg	Industrial complex which serves as service center, distributor, wholesale in sanitary fittings, on the one hand, and an office complex on the other hand • Renovated and extended in 2008	1990	19 987 m <sup>2</sup>





## BELGIUM

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

	Location	Description	Construction	Surface
01	<b>Brixton Business Park / Brixtonlaan 1-30, Zaventem•</b>	Business park alongside the E40 motorway, consisting of 6 semi-industrial buildings and 1 large retail site • Renovations executed in function of new tenants	1975/88	36 122 m <sup>2</sup>
02	<b>Royal Depot Tour &amp; Taxis Brussels•</b>	Multi-functional and 'multi-tenant' building with 4 floors, spread across offices (32,076 m <sup>2</sup> ), commercial spaces (7,293 m <sup>2</sup> ) and archives (5,835 m <sup>2</sup> )	1910	44 603 m <sup>2</sup>
03	<b>Riverside Business Park, Boulevard International 55, Anderlecht•</b>	Business park in a verdant setting consisting of 12 buildings, 9 of which are office buildings and 3 are semi-industrial units • Different partial renovations 2005-2010	1992/96	26 826 m <sup>2</sup>
04	<b>The Crescent, Route de Lennik 451, Anderlecht•</b>	Office building in the Erasmus Science Park in Anderlecht • Renovated into a 'green intelligent building' in 2010/2011	2002	15 132 m <sup>2</sup>
05	<b>Motstraat, Malines•</b>	Office complex • Development business center in 2017	2002	14 174 m <sup>2</sup>
06	<b>Rue Montoyer 63, Brussels•</b>	Extremely well-located office building in the Leopold district	2018	6 570 m <sup>2</sup>
07	<b>Treesquare, Square De Meeûs 5-6, Brussels•</b>	Office building with a unique location in the Leopold district	2018	6 565 m <sup>2</sup>
08	<b>Rue Montoyer 14, Brussels</b>	Office building, very well-located in the Leopold district • Reconstruction by beginning of 2022	1972	3 850 m <sup>2</sup>
09	<b>Hangar 26/27, Antwerp</b>	Iconic building in the Eilandje district in Antwerp, with on the one hand, a direct view on the river Scheldt, and on the other hand, on the MAS museum (Museum aan de Stroom) • under phased renovation, half completed, with development potential of 9.000 m <sup>2</sup> extra (retail and offices)	2001	9 395 m <sup>2</sup>
10	<b>State Archives, Predikherenrei 4, Bruges</b>	Building with 29 linear kilometers of archives	2012	6 097 m <sup>2</sup>

## AUSTRIA

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

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

# ANALYSIS OF THE REAL ESTATE PORTFOLIO BASED ON FAIR VALUE

## EVOLUTION OF FAIR VALUE

For the first time, the fair value exceeds € 1 billion following additional investments in the Grand Duchy of Luxembourg and in Belgium. Leasinvest Real Estate focuses on 3 key countries, namely the Grand Duchy of Luxembourg (55%), Belgium (35%) and Austria (10%).

## ASSET CLASSES

Offices again become the most important asset class with 51%, followed by retail with 43%. Logistics was strongly reduced in 2017 and currently amounts to only 6%.

## AVERAGE AGE

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

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

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

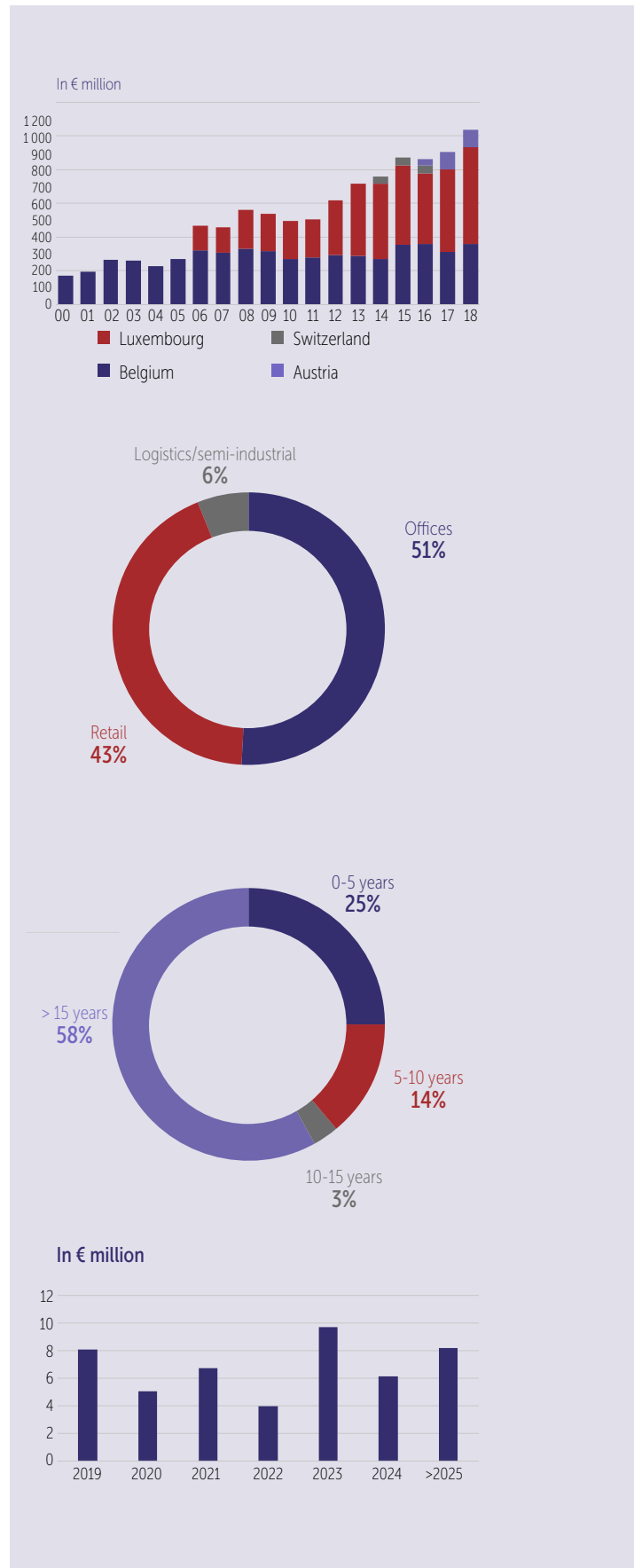
The average remaining duration of the rental contracts amounts to 4.34 years (2017: 4.74 years).

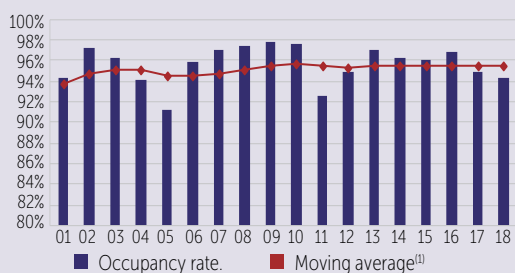
42% of the annual contractual rents expire within 3 years.

In 2018 15% of the annual contractual rents expired. The contracts were for the largest part all renewed or filled-in by other tenants, at competitive conditions.

The breaks in the coming years amount to, respectively 17% in 2019, 11% in 2020 and 14% in 2021.

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

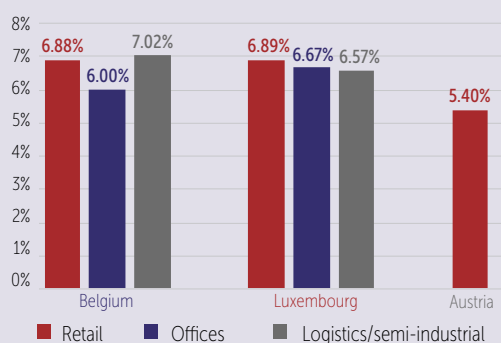




## OCCUPANCY RATE

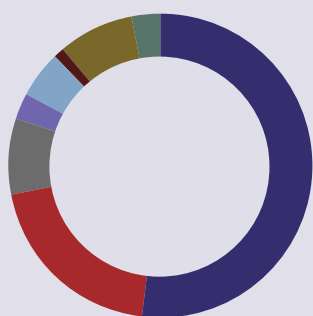
The occupancy rate amounts to 94.26%.

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



## DETAILS ON YIELD PER ASSET CLASS AND LOCATION (FAIR VALUE)<sup>(1)</sup>

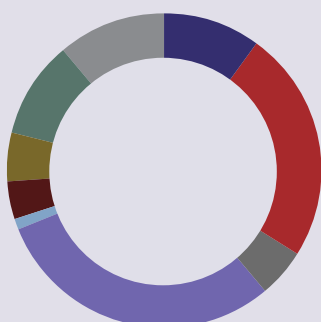
(1) There is an inverse relationship between yield and value; a higher value namely results in a lower yield. These yields are calculated based on the assets available for lease.



## TYPE OF TENANTS BASED ON RENTAL INCOME

- 52% Retail & wholesale
- 20% Services
- 8% Financial sector
- 3% ICT
- 6% Industry
- 1% Medical & pharma
- 8% Government & non-profit
- 2% Transport & distribution

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



## BREAKDOWN AS TO TYPE OF RETAIL

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

## COMPOSITION OF THE REAL ESTATE PORTFOLIO BASED ON FAIR VALUE

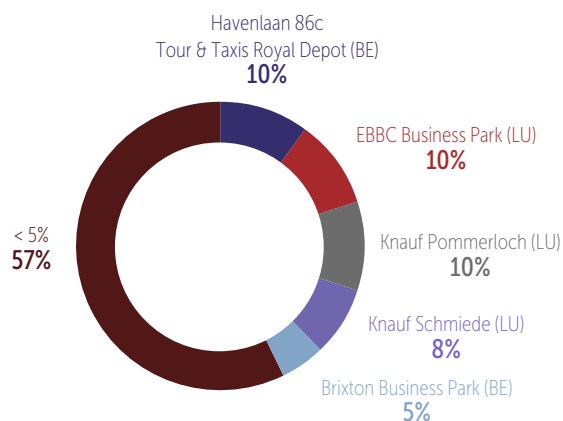
For more information on the segment information we refer to note 3 of the financial statements.

### GEOGRAPHICAL CLASSIFICATION GRAND DUCHY OF LUXEMBOURG - BELGIUM - AUSTRIA

	FAIR VALUE (€ M)	Investment value (€ M)	Share in portfolio (%) based on fair value	Contractual rent (€ M/ year)	Rental yield ◀ based on FV (%)	Rental yield ◀ based on IV (%)	Occupancy rate (%)	Duration
Grand Duchy of Luxembourg	554.44	564.08	53.46	37.61	6.78	6.67	93.46	3.56
Belgium	349.34	357.79	33.68	21.82	6.25	6.10	91.38	5.18
Austria	106.53	109.19	10.27	5.75	5.40	5.27	100.00	6.37
<b>Real estate available for lease</b>	<b>1.010.31</b>	<b>1.031.06</b>	<b>97.42</b>	<b>65.18</b>	<b>6.45</b>	<b>6.32</b>	<b>94.26</b>	<b>4.34</b>
Grand Duchy of Luxembourg	15.05	15.43	1.45	0.94				
<b>Assets held for sale</b>	<b>15.05</b>	<b>15.43</b>	<b>1.45</b>	<b>0.94</b>				
Projects Belgium	11.73	12.02	1.13	0.00				
<b>Total investment properties</b>	<b>1.037.09</b>	<b>1.058.51</b>	<b>100.00</b>	<b>66.12</b>				

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

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



## SEGMENTATION BASED ON ASSET CLASS

	Fair value (€ M)	Invest- ment value (€ M)	Share in portfolio (%) based on fair value	Contra- tual rent (€ M/ year)	Rental yield ◀ based on FV (%)	Rental yield ◀ based on IV (%)	Occu- pancy rate (%)	Duration	Acquisi- tion value (€ M)	Insured value (€ M)
<b>Retail</b>										
Retail Grand Duchy of Luxembourg	292.48	295.56	28%	20.15	6.89%	6.82%	96.95%	3.92	263.91	236.02
Retail Belgium	50.60	51.86	5%	3.48	6.88%	6.71%	99.36%	2.47	35.07	28.62
Retail Austria	106.53	109.19	10%	5.75	5.40%	5.27%	100.00%	6.37	96.20	47.90
<b>Total retail</b>	<b>449.61</b>	<b>456.61</b>	<b>43%</b>	<b>29.38</b>	<b>6.53%</b>	<b>6.43%</b>	<b>97.59%</b>	<b>4.34</b>	<b>395.18</b>	<b>312.54</b>
<b>Offices</b>										
Offices Grand Duchy of Luxembourg	241.86	247.92	23%	16.14	6.67%	6.51%	93.27%	3.08	210.79	146.53
Offices Brussels	212.38	217.68	20%	12.54	5.90%	5.76%	90.40%	5.47	241.46	210.96
Offices rest of Belgium	44.36	45.47	4%	2.85	6.42%	6.27%	85.38%	3.34	71.69	41.24
<b>Total offices</b>	<b>498.60</b>	<b>511.07</b>	<b>48%</b>	<b>31.53</b>	<b>6.32%</b>	<b>6.17%</b>	<b>91.23%</b>	<b>4.12</b>	<b>523.94</b>	<b>398.73</b>
<b>Logistics/Semi-industrial</b>										
Logistics/Semi-industrial Belgium	42.00	42.78	4%	2.95	7.02%	6.90%	95.29%	11.32	27.65	36.61
Logistics/Semi-industrial Grand Duchy of Luxembourg	20.10	20.60	2%	1.32	6.57%	6.41%	93.29%	4.00	13.40	5.71
<b>Total Logistics/Semi-industrial</b>	<b>62.10</b>	<b>63.38</b>	<b>6%</b>	<b>4.27</b>	<b>6.88%</b>	<b>6.74%</b>	<b>94.67%</b>	<b>8.94</b>	<b>41.05</b>	<b>42.32</b>
<b>Investment properties</b>										
Assets held for sale	15.05	15.43	1%	0.94	6.25%	6.09%	100.00%	3.78	12.94	7.21
<b>Real estate available for lease</b>	<b>1.025.36</b>	<b>1.046.49</b>	<b>99%</b>	<b>66.12</b>	<b>6.45%</b>	<b>6.32%</b>	<b>94.26%</b>	<b>4.34</b>	<b>973.11</b>	<b>760.80</b>
Projects Belgium	11.73	12.02	1%	N/A	N/A	N/A	N/A	N/A	0	10.68
<b>Total investment properties</b>	<b>1.037.09</b>	<b>1.058.51</b>	<b>100%</b>	<b>54.67</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>973.11</b>	<b>771.48</b>

## INSURED VALUE (SITUATION ON 31/12/2018)

In order to avoid a multitude of recourse claims and to benefit from favourable premiums, the standard rental contracts (and service agreements within the framework of the business center activities) of both Leasinvest Real Estate (LRE) and Leasinvest Immo Lux (LIL), define that the insurance contract of the specific building is concluded by the lessor for its total reconstruction value (its 'insured value'), including the tenant risk and similar risks, mutually waived, and additionally a loss of rent cover of 36 months ('the global insurance policy LRE/LIL'). The Austrian rental contracts comprise a comparable provision with regard to the insurance duty of the lessor, including a waiver.

For respectively one site in Luxembourg (Hornbach Baumarkt) and, since the reception of the building Montoyer 63, also one building in Belgium (European Parliament), the owner and tenant risk is currently insured by the tenant itself. Real estate that is part of a co-ownership is insured by the syndic in the name and for the account of the co-ownerships and the co-owners. Each year an insurance certificate is requested, with an overview of the (indexed) insured values.

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

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

The premiums paid for 2018 within the framework of the global LRE/LIL insurance policies, incl. taxes, amount respectively to € 100,688.06 (i.e. including Square de Meeus and Montoyer 14) for Belgium and to € 148,350.62 (incl. Mercator) for Luxembourg. The insurance premiums for 2018 for the 3 Austrian sites (Frun® Park Asten, Hornbach Baumarkt and Gewerbeparkstrasse) amounted to € 54,794.1 in total.

## CONCLUSIONS OF THE REAL ESTATE EXPERT<sup>12</sup>

### VALUATION UPDATE AS AT 31 DECEMBER 2018 OF THE LEASINVEST REAL ESTATE 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 31 December 2018.

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.

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

The values were determined taking current market parameters into account.

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

1. The portfolio consists of business parks, offices, semi-industrial buildings, distribution centres and shops, located in Belgium, in the Grand Duchy of Luxembourg and in Austria.
2. At the valuation date 2 new acquisitions were concluded in Belgium and incorporated in the portfolio:
  - Montoyer 14: an office building of 3,895m<sup>2</sup> in the heart of the Brussels European district, in view of a redevelopment of the entire building. This relates to a leasehold with a remaining duration of 94 years.
  - Hangar 26: an office building of 9,395m<sup>2</sup> at walking distance of the center of Antwerp, with a potential extension of 9,042m<sup>2</sup> offices/catering/retail. This relates to a concession agreement that ends within 33 years (renewal is possible subject to conditions).

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

<sup>2</sup> The conclusions of the valuation report concern, unless mentioned differently, the real estate portfolio of Leasinvest Real Estate, including the development projects and the assets held for sale.

3. The total occupancy rate<sup>1</sup> of the portfolio (including the projects) is 94.33% (respectively 91.38%, 94.31% and 100% for the Belgian, the Luxembourg and the Austrian portfolio).
4. The total occupancy rate of the portfolio (excluding the projects) is 94.26% (respectively 91.38%, 94.19% and 100% for the Belgian, the Luxembourg and the Austrian portfolio).
5. The remaining weighted average duration of the current leases for the whole portfolio equals to 17.36 quarters or 4.34 years. The projects and assets 'to be sold' were not taken into account in this parameter.

A total investment value of **€ 1,058,509,000** (one billion fifty-eight million five hundred and nine thousand euro), with respectively investment values of € 369,808,000, € 579,508,000 and € 109,193,000 for the Belgian, Luxembourg and Austrian portfolio.

A total fair value of **€ 1,037,083,000** (one billion thirty-seven million eighty-three thousand euro), with respectively fair values of € 361,067,000, € 569,486,000 and € 106,530,000 for the Belgian, Luxembourg and Austrian portfolio.

On this basis, the initial yield of the complete portfolio (including the projects and assets 'to be sold') in terms of investment value is 6.25% (respectively 5.90%, 6.45% and 5.26% for the Belgian, Luxembourg and Austrian portfolios) and the initial yield of the complete portfolio in terms of fair value is 6.37% (respectively 6.04%, 6.61% and 5.39% for the Belgian, Luxembourg and Austrian portfolio).



**GREGORY LAMARCHE**  
ASSOCIATE  
VALUATION & ADVISORY  
FOR CUSHMAN & WAKEFIELD



**KOEN NEVENS MRICS**  
MANAGING PARTNER  
FOR CUSHMAN & WAKEFIELD

## OPERATIONAL MANAGEMENT OF THE BUILDINGS – ACTIVE MANAGEMENT

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

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

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

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

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

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

<sup>1</sup> 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).

The entire operational team, responsible for general management, commercial contacts with tenants and real estate agents, accounting, legal counsel, administration and technical management of the buildings, consists of some 25 persons end 2018.

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

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

## BELGIUM

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

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

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

The administrative and financial management consists of:

- verification of compliance with the leases and the internal regulations
- updating of rental tenancy schedules
- calculating, requesting and monitoring the payments of rents due and each tenant's share of common charges, property tax and insurance premiums and drawing up the annual final accounts of rent and charges, and if necessary, charging against the rental guarantees provided
- calculating and monitoring the establishment and updating of rental guarantees
- management of any overdue rent and charges
- arranging for reports on the state of the premises to be drawn up and monitoring them at the start and end of leases; recovery of any damage recorded from the tenant or the party liable
- managing the insurance portfolio

The technical management implies a/o:

- regular inspection of the buildings to maintain them in good rental condition
- maintenance of the common areas and the technical facilities
- taking the necessary protective measures
- handling claims with the insurance companies
- evaluating sustainability aspects

The managers of Leasinvest Services SA are the same persons as the managers of the company and the statutory manager, and dispose of adequate experience and the required professional reliability, namely Michel Van Geyte and Tim Rens, the effective officers of the company.

Leasinvest Services SA receives a remuneration of 3% (excluding 21% VAT) of the rental income of the buildings managed. For unlet premises a management fee of 1.5% (excluding 21% VAT) on the estimated rental income as defined by the real estate expert, is charged. This remuneration is included in the rental charges paid by the tenants.

Extra performances and/or services (e.g. facility management in case of moving) that are not included in the normal management may be charged by the property manager based on the scales produced by the Professional Institution.

Leasinvest Services SA also has the required professional competences to offer project management services exclusively to Leasinvest Real Estate.

The project management consists of technical assistance to the client (i.e. the company or one of its subsidiaries) within the framework of important renovations during the construction/renovation process, with activities going from the preparation of the specifications over the comparison of offers, the follow-up and planning of the construction, including managing the budgets.

This project management is remunerated separately in function of the specific project.

During the past financial year the company has paid a total remuneration of € 310,641.71 (excl. VAT), to Leasinvest Services.



## GRAND DUCHY OF LUXEMBOURG

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

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

The past financial year, Leasinvest Immo Lux paid a fee of € 25,637.99 (excl. VAT) to Inowai.

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

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

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

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

## AUSTRIA

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

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

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

The property management in the Frun@ Park Asten is taken care of by CBRE, which is since 1 January 2018 also the case for the buildings in Stadlau.

In the course of the previous financial year Frun Park Asten GmbH has paid a remuneration of € 71,913.14 (excl. VAT) to Josef Anreiter. Property management of the Frun@ Park Asten costed € 84,776.00 in 2018, which was however to a large extent re-invoiced to the tenants and only for an amount of € 6,069.69 at the expense of Frun Park Asten GmbH.

# FINANCIAL STATEMENTS

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

## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

The consolidated financial statements of Leasinvest Real Estate have been approved for publication by the statutory manager on **13 February 2019**.

The management report of the statutory manager should be read jointly with the financial statements of Leasinvest Real Estate.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1 000)	Note	31/12/2018 (12 months)	31/12/2017 (12 months)
Rental income	4	56 209	56 892
Rental-related expenses	4	-212	0
<b>NET RENTAL INCOME</b>		<b>55 997</b>	<b>56 892</b>
Recovery of property charges	5	173	174
Recovery income of charges and taxes normally payable by tenants on let properties	6	5 421	3 578
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	5	0	0
Charges and taxes normally payable by tenants on let properties	6	-5 421	-3 578
Other rental-related income and expenditure	5	-2 492	-3 214
<b>PROPERTY RESULT</b>		<b>53 677</b>	<b>53 853</b>
Technical costs	7	-1 147	-2 442
Commercial costs	8	-1 032	-882
Charges and taxes on un-let properties	9	-907	-1 226
Property management costs	10	-5 365	-4 935
Other property charges	10	-297	-438
<b>PROPERTY CHARGES</b>		<b>-8 749</b>	<b>-9 922</b>
<b>PROPERTY OPERATING RESULT</b>		<b>44 928</b>	<b>43 931</b>
Corporate operating charges	11	-2 798	-2 914
Other operating charges and income	11	-610	-453
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>		<b>41 520</b>	<b>40 565</b>
Result on disposal of investment properties	12	0	-2 798
Result on disposal of other non-financial assets		0	0
Changes in fair value of investment properties	13	1 627	22 348
<b>OPERATING RESULT</b>		<b>43 147</b>	<b>60 114</b>
Financial income	14	4 918	3 887
Net interest charges	15	-13 565	-14 978
Other financial charges	16	-1 414	-1 364
Changes in fair value of financial assets and liabilities	17	5 428	492
<b>FINANCIAL RESULT</b>		<b>-4 633</b>	<b>-11 963</b>
<b>PRE-TAX RESULT</b>		<b>38 513</b>	<b>48 152</b>
Corporate taxes	18	-319	-607
Exit tax		0	0
<b>TAXES</b>		<b>-319</b>	<b>-607</b>
<b>NET RESULT</b>		<b>38 194</b>	<b>47 545</b>
Attributable to:			
Minority interests		0	0
<b>Net result – Group share</b>		<b>38 194</b>	<b>47 545</b>

(in € 1 000)	Note	31/12/2018	31/12/2017
<b>OTHER ELEMENTS OF COMPREHENSIVE INCOME</b>			
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties		0	0
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS		-2 212	11 367
Changes in fair value of financial assets available for sale	23	0	-9 211
Translation differences following the conversion of a foreign activity		0	0
Other		0	282
Costs capital increase		-1 644	0
<b>Other elements of comprehensive income that will be reclassified later to the net result</b>		<b>-3 856</b>	<b>2 438</b>
<b>COMPREHENSIVE INCOME</b>			
Attributable to:			
Minority interests		0	0
Comprehensive income – Group share		34 338	49 983
<b>EPRA EARNINGS</b>			
<b>Net result</b>		<b>38 194</b>	<b>47 545</b>
To be eliminated			
- Result on disposal of investment properties		0	2 798
- Changes in fair value of investment properties		-1 627	-22 348
- Result on disposal of other real estate		120	
- Changes in fair value of financial assets and liabilities		-5 428	-492
<b>EPRA EARNINGS</b>		<b>31 259</b>	<b>27 503</b>
<b>RESULT PER SHARE</b>			
(in €)		31/12/2018	31/12/2017
		(12 months)	(12 months)
Comprehensive income per share, group share		6.63	10.12
Comprehensive income per share entitled to dividends		6.63	10.12
Result per share, group share		7.37	9.63
Result per share entitled to dividends		7.37	9.63
EPRA earnings per share		6.03	5.57

## CONSOLIDATED BALANCE SHEET

(in € 1 000)		Period	Period
	Note	31/12/2018	31/12/2017
<b>ASSETS</b>			
<b>I. NON-CURRENT ASSETS</b>		<b>1 116 270</b>	<b>979 104</b>
Goodwill		0	0
Intangible assets	19	0	2
Investment properties	20	1 004 237	885 151
Other tangible assets	22	1 262	354
Non-current financial assets	23	92 974	75 757
Finance lease receivables	24	17 796	17 841
Tax receivables and other current assets		0	0
Deferred taxes -assets		0	0
<b>II. CURRENT ASSETS</b>		<b>39 837</b>	<b>20 189</b>
Assets held for sale	25	15 050	0
Current financial assets	26	0	0
Finance lease receivables		0	0
Trade receivables	27	13 167	11 471
Tax receivables and other current assets	28	3 303	2 533
Cash and cash equivalents	29	7 403	5 702
Deferred charges and accrued income	30	915	482
<b>TOTAL ASSETS</b>		<b>1 156 107</b>	<b>999 293</b>
<b>LIABILITIES</b>			
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>475 811</b>	<b>382 206</b>
<b>I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY</b>		<b>475 811</b>	<b>382 206</b>
Capital	31	65 178	54 315
Share premium account	31	194 189	121 091
Translation differences		0	0
Reserves	31	178 262	159 267
Purchase of treasury shares		-12	-12
Net result of the financial year	31	38 194	47 545
<b>II. MINORITY INTERESTS</b>		<b>0</b>	<b>0</b>
<b>LIABILITIES</b>		<b>680 296</b>	<b>617 086</b>
<b>I. NON-CURRENT LIABILITIES</b>		<b>385 013</b>	<b>384 626</b>
Provisions		11	11
Non-current financial debts	33	334 509	348 156
- Credit institutions		312 359	251 168
- Other		22 150	96 988
Other non-current financial liabilities	33	35 625	33 696
Trade debts and other non-current debts		0	0
Other non-current liabilities		0	0
Deferred tax liabilities		14 868	2 763
<b>II. CURRENT LIABILITIES</b>		<b>295 283</b>	<b>232 460</b>
Current financial debts	33	264 198	192 283
- Credit institutions		47 533	24 053
- Other		216 665	168 231
Other current financial liabilities		0	160
Trade debts and other current debts	34	17 698	28 193
- Exit tax		0	12 907
- Other		17 698	15 286
Other current liabilities	35	2 048	1 716
Accrued charges and deferred income	36	11 339	10 108
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 156 107</b>	<b>999 293</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in € 1 000)		31/12/2018	31/12/2017
	Note	(12 months)	(12 months)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	29	5 702	20 768
<b>1. Cash flow from operating activities</b>		<b>37 096</b>	<b>41 256</b>
<b>Net result</b>		<b>38 194</b>	<b>47 545</b>
<b>Adjustment of the profit for non-cash and non-operating elements</b>		<b>2 943</b>	<b>-8 097</b>
<b>Depreciations, write-downs and taxes</b>		<b>-29</b>	<b>-510</b>
- Depreciations and write-downs on intangible and other tangible assets (+/-)		78	96
- Write-downs on current assets (-)	27	212	0
- Taxes	18	-319	-406
- Taxes paid		0	-200
<b>Other non-cash elements</b>		<b>-7 192</b>	<b>-22 840</b>
Changes in fair value of investment properties (+/-)	13	-1 627	-22 055
Movements in provisions (+/-)		0	0
Phasing of gratuities (+/-)	4	-137	-293
Increase (+) / Decrease (-) in fair value of financial assets and liabilities (1)	17	-5 428	-492
Other non-current transactions		0	0
<b>Non-operating elements</b>		<b>10 164</b>	<b>15 253</b>
Gains on disposals of non-current assets	12	0	2 798
Dividends received	14	-4 293	-3 271
Write-back of financial income and financial charges		14 457	15 726
<b>Change in working capital requirements</b>		<b>-4 041</b>	<b>1 808</b>
Movements in asset items		3 722	2 041
Movements in liability items		-7 763	-233
<b>2. Cash flow from investment activities</b>		<b>-136 729</b>	<b>-16 822</b>
<b>Investments</b>			
Investment properties in operation	20	-111 539	-106 248
Development projects	20	-12 026	-15 528
Intangible and other tangible assets	20	-1 051	-124
Non-current financial assets	23	-13 234	-12 043
<b>Divestments</b>		<b>1 121</b>	<b>117 121</b>
<b>3. Cash flow from financing activities</b>		<b>101 333</b>	<b>-39 500</b>
<b>Change in financial liabilities and financial debts</b>			
Increase (+) / Decrease (-) of financial debts		58 156	-487
Increase (+) / Decrease (-) of other financial liabilities			
Financial income received		10	616
Financial charges paid		-14 457	-15 783
<b>Change in shareholders' equity</b>			
Change of capital and share premium account (+/-)		83 961	
Changes in reserves		-1 644	72
Increase (+) / Decrease (-) of treasury shares		0	281
Dividend of the previous financial year	31	-24 693	-24 199
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>29</b>	<b>7 402</b>	<b>5 702</b>

## CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

(in € 1 000)	Capital	Share premium account
<b>BALANCE SHEET UNDER IFRS ON 31/12/16</b>	<b>54 315</b>	<b>121 091</b>
- Distribution closing dividend of the previous financial year		
- Transfer net result 2016 to reserves		
- Comprehensive income of the financial year 2017 (12 months)		
<b>BALANCE SHEET UNDER IFRS ON 31/12/17</b>	<b>54 315</b>	<b>121 091</b>
- Distribution closing dividend of the previous financial year		
- Transfer net result 2017 to reserves		
- Comprehensive income of the financial year 2018 (12 months)		
- Capital increase	10 863	73 098
<b>BALANCE SHEET UNDER IFRS ON 31/12/18</b>	<b>65 178</b>	<b>194 189</b>

(1) This concerns costs of the capital increase.



Reserves	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
<b>151 565</b>	<b>29 436</b>	<b>356 407</b>	<b>0</b>	<b>356 407</b>
-24 184		-24 184		-24 184
29 436	-29 436	0		0
2 438	47 545	49 983	0	49 983
<b>159 255</b>	<b>47 545</b>	<b>382 206</b>	<b>0</b>	<b>382 206</b>
-24 694		-24 694		-24 694
47 545	-47 545	0		0
-2 213	38 194	35 981	0	35 981
-1 644 <sup>(1)</sup>		82 317		82 317
<b>178 249</b>	<b>38 194</b>	<b>475 811</b>	<b>0</b>	<b>475 811</b>

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

(in € 1 000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS
<b>BALANCE SHEET UNDER IFRS ON 31/12/15</b>	<b>54 315</b>	<b>121 091</b>	<b>5 431</b>	<b>33 555</b>	<b>-34 189</b>
Distribution closing dividend of the previous financial year					
Transfer net result 2015 to reserves				9 549	
Comprehensive income of the financial year 2016 (12 months)					-9 065
Various					
<b>BALANCE SHEET UNDER IFRS ON 31/12/16</b>	<b>54 315</b>	<b>121 091</b>	<b>5 431</b>	<b>43 104</b>	<b>-43 254</b>
Distribution closing dividend of the previous financial year					
Transfer net result 2016 to reserves				2 122	
Transfer historical revaluation sold buildings				-17 270	
Comprehensive income of the financial year 2017 (12 months)					11 366
<b>BALANCE SHEET UNDER IFRS ON 31/12/17</b>	<b>54 315</b>	<b>121 091</b>	<b>5 431</b>	<b>27 956</b>	<b>-31 888</b>
Distribution closing dividend of the previous financial year					
Transfer net result 2017 to reserves				22 348	
Transfer historical revaluation sold buildings				5 782	
Comprehensive income of the financial year 2018 (12 months)					-2 212
Capital increase	10 863	73 098			
<b>BALANCE SHEET UNDER IFRS ON 31/12/18</b>	<b>65 178</b>	<b>194 189</b>	<b>5 431</b>	<b>56 086</b>	<b>-34 100</b>

(1) This concerns costs of the capital increase.

## RESERVES

Reserve from translation differences following the conversion of a foreign activity (+/-)	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
8	-1 920	-293	32 363	121 426	30 618	362 404	4	362 409
				-23 197		-23 197		-23 197
	-5 215			26 284	-30 618	4	-4	0
			-3 179	0	29 436	17 192		17 192
				8		8		8
8	-7 135	-293	29 184	124 521	29 436	356 407	0	356 407
				-24 184		-24 184		-24 184
	-571			27 885	-29 436	0		0
				17 270		0		0
		282	-8 805	-405	47 545	49 983		49 983
8	-7 706	-11	20 379	145 087	47 545	382 206	0	382 206
				-24 694		-24 694		-24 694
	492			24 705	-47 545	0		0
				-5 782		0		0
					38 194	35 982		35 982
				-1 644 <sup>(1)</sup>		82 317		82 317
8	-7 214	-11	20 379	137 672	38 194	475 811	0	475 811

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CLOSED 31 DECEMBER 2018

Note 1	General information	117
Note 2	Significant accounting principles	117
	2.1 IFRS valuation rules consolidated annual accounts Leasinvest Real Estate SCA	117
Note 3	Segment information	
	3.1 Segment information - geographical	126
	3.1.1 Consolidated statement of comprehensive income	126
	3.1.2 Consolidated balance sheet (geographical segmentation)	128
	3.1.3 Main key figures	129
	3.2 Segment information – key figures per asset class	130
<b>COMPREHENSIVE INCOME</b>		
Note 4	Net rental result	131
Note 5	Costs payable by tenants and borne by the landlord and other rental-related income and expenses	132
Note 6	Charges borne by the landlord on let properties	132
Note 7	Technical costs	132
Note 8	Commercial costs	133
Note 9	Charges and taxes on un-let properties	133
Note 10	Property management costs and other property charges	
	10.1 Property management costs	133
	10.2 Other property charges	133
Note 11	General corporate expenses and other operating expenses and costs	134
Note 12	Result on sale of investment properties	134
Note 13	Changes in fair value of investment properties	134
Note 14	Financial income	135
Note 15	Financial charges	135
Note 16	Other financial charges	136
Note 17	Changes in fair value of financial assets and liabilities	136
Note 18	Corporate taxes	137
<b>BALANCE SHEET</b>		
Note 19	Intangible assets	138
Note 20	Investment properties (fair value method)	138
Note 21	Acquisition of subsidiaries	143
Note 22	Other tangible assets	143
Note 23	Non-current financial assets	144
Note 24	Leasing	144
Note 25	Assets held for sale	144
Note 26	Current financial assets	145
Note 27	Trade receivables	145
Note 28	Tax receivables and other current assets	146
Note 29	Cash and cash equivalents	146
Note 30	Deferred charges and accrued income – assets	146
Note 31	Share capital, share premium, treasury shares and net result	
	31.1 Share capital	147
	31.2 Share premium	148
	31.3 Result	148
	31.4 Reserves	149
Note 32	Comments on the number of shares, dividends and profit per share	149
Note 33	Information on the financial debt	
	33.1 Financial instruments at book value	150
	33.2 Note on the financial debts	151
	33.3 Fair value disclosures	154
	33.4 Management of capital and debt ratio	156
	33.5 Note on financial derivatives	158
	33.6 Information with regard to financial risk management	160
Note 34	Trade debts and other current debts	162
Note 35	Other current liabilities	162
Note 36	Accrued charges and deferred income - liabilities	162
Note 37	Deferred taxes	162
Note 38	Related-party transactions	163
Note 39	Consolidation scope	163
Note 40	Important events after balance sheet date	164

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

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

The consolidated financial statements of LRE for the financial year ending on 31 December 2018 comprise LRE and its subsidiaries. The statutory and consolidated financial statements were authorized for issue by the board of directors of the statutory manager of 13 February 2019 and will be presented to the annual general meeting of shareholders for approval on 20 May 2019. The statutory financial statements as well as the consolidated financial statements are prepared according to IFRS. Leasinvest Real Estate is included in the consolidation of Ackermans & van Haaren SA.

**NOTE 2****SIGNIFICANT ACCOUNTING PRINCIPLES****2.1 IFRS valuation rules consolidated financial statements Leasinvest Real Estate SCA****A. STATEMENT OF COMPLIANCE**

The consolidated annual accounts are prepared in accordance with International Reporting Standards and IFRIC interpretations, entering into force as of 31/12/2018, as adopted by the European Commission.

In the course of the past financial year, different new or modified standards and interpretations entered into force.

The applied accounting principles of financial reporting are consistent with those of the previous financial year, except for the following modifications.

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

*New and amended standards and interpretations, effective for financial years starting on 1 January 2018*

The Group applied for the first time certain standards and amendments, which are effective for financial years beginning on or after 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new and modified standards and interpretations have been applied for the first time in 2018, they had no material impact on the Group's financial statements.

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

- Amendment to IAS 40 Transfer of investment properties
- Amendment to IFRS 2 Classification and measurement of share-based payments
- Amendment to IFRS 4 Application of IFRS 9 Financial instruments with IFRS 4 Insurance contracts
- Annual improvements IFRS 2014-2016 cycle: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

*New and modified IFRS standards and IFRIC interpretations applicable to financial years starting as of 1 January 2018*

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

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

### IFRS 9 – Financial Instruments (effective 1 January 2018)

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

Based on an analysis of Leasinvest Real Estate's situation as at 1 January 2018 can be decided that there is no material impact on the consolidated financial statements. For the detailed financial impact we refer to note 27. With respect to the impairment of financial assets measured at amortized cost, including trade receivables and finance lease receivables, the initial application of the expected credit loss model under IFRS 9 will result in earlier recognition of credit losses compared to the incurred loss model currently applied under IAS 39.

With regard to the financial assets, more specifically the participations in other real estate companies of below 20%, the financial assets available for sale will no longer be passed through equity but through the income statement. The revaluation reserves existing on 1 January 2018 of € 20.4 million has been reclassified to the unavailable reserves, more specifically to the revaluation reserve on property, and will no longer be recycled through the income statement upon realization.

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

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

IFRS 15 has no 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 recognized over time under both IFRS 15 and IAS 18, there was again no material impact.

### IFRS 16 – Leases (effective 1 January 2019)

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

Significant changes to lessee accounting are introduced by IFRS 16, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast to lessee accounting, IFRS 16 substantially carries forward

the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Considering that Leasinvest Real Estate is the lessee of the land in Anderlecht (The Crescent) and of the land in Antwerp (Hangar 26-27), an asset and a liability is booked for these leases. In total an asset and a liability of € 4.7 million will be booked.

## B. BASIS OF PREPARATION

The financial statements are presented in €, rounded to the nearest thousand. They have been prepared on the historical cost basis, except for investment properties, derivative financial instruments, investments held for sale and investments available for sale, stated at fair value.

Equity instruments or derivative financial instruments are stated on a historical cost basis when the instrument concerned has no market price in an active market and when other methods for defining its fair value in a reasonable way are unsuitable or unfeasible.

Hedged assets and liabilities are stated at fair value, taking into account the risk hedged.

The accounting principles have been consistently applied.

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

The presentation of the financial statements according to IFRS standards requires estimates and assumptions which influence the amounts presented in the financial statements, namely:

- the measurement of investment properties at fair value;
- the amortization rhythm of non-current assets;
- the measurement of provisions and employee benefits;
- the measurement selected for impairment tests;
- the measurement of financial instruments at market value.

These estimates are based on a 'going-concern' principle and are defined in function of the information available at that moment. The estimates can be reviewed if the circumstances they were based on have evolved in the meanwhile or if new information became available. The final outcome can consequently differ from the estimate.

## C. CONSOLIDATION PRINCIPLES

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

### I Subsidiaries

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

recorded in the consolidated financial statements as of the start date till the end date of the control.

If necessary, the valuation rules for subsidiaries are amended in order to guarantee coherence with the principles adopted by the Group. The financial statements of the subsidiaries recorded in the consolidation cover the same accounting period as that of the company. Changes in interests of the Group in subsidiaries that do not lead to a loss of control are treated as transactions in shareholders' equity. The book value of the interests of the Group or of third parties in subsidiaries is adjusted to take into account the changes of the respective interest levels. Each difference between the amount by which the minority interests are adjusted and the fair value of the paid or received remuneration is immediately recorded in shareholders' equity.

#### II Jointly controlled entities

Jointly controlled entities are associates and joint ventures over which the Group exercises a joint control, defined by contract of as a consequence of a distribution of the shares among a limited number of shareholders. The consolidated income statements comprise the Group share in the results of the associates and joint ventures according to the equity method. This share is calculated as of the start date till the end date of the joint control. The financial statements of the jointly controlled entities comprise the same accounting period as that of the company.

#### III Transactions eliminated in consolidation

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

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

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

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

New acquisitions are accounted for by applying the purchase method, in accordance with IFRS 3. The cost of a business combination consists of the acquisition price, the minority interests and the fair value of the previously held interests (shares) in the company acquired. The transfer rights have to be passed through the income statement. If the assets acquired do not constitute a company based on the classification of the underlying transaction, the transaction is booked as an acquisition of investment properties according to IAS 40 (and potential other non-current assets according to IAS 16), and consequently, after their initial booking, the measurement at fair value according to IAS 40 is applied, as commented under section G. Investment properties.

#### D. GOODWILL

Goodwill is the excess of the cost of the business combination over the group's interest in the fair value of the identifiable acquired assets,

liabilities and contingent liabilities of the subsidiaries at the time of the acquisition. The cost of the business combination includes the price of acquisition and all directly attributable transaction costs.

Goodwill is not amortized but has to be tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

#### Negative goodwill (badwill):

Negative goodwill equals the amount by which the stake of the party acquiring, in the fair value of the acquired identifiable assets, liabilities and contingent liabilities, exceeds the price of the business combination on the date of the transaction. This negative goodwill has to be recorded in the results, immediately, by the party acquiring.

#### E. INTANGIBLE ASSETS

Intangible assets with a finite useful life are carried at cost less any accumulated depreciation and any possible impairment losses.

Intangible assets are depreciated over their estimated useful life, i.e. 3 years, using the straight-line method.

The estimated useful life, as well as the residual value is reviewed annually.

Intangible assets with an indefinite useful life also carried at cost, are not depreciated but are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

Formation expenses are recognized as expense when incurred.

#### F. OTHER TANGIBLE FIXED ASSETS

The other tangible fixed assets, excluding real estate, are carried at acquisition value less any accumulated depreciation and any possible impairment losses.

Other tangible fixed assets are depreciated using the straight-line method over their economic useful life. The estimated economic useful life, as well as the residual value is reviewed annually.

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

#### G. INVESTMENT PROPERTIES

Investment properties are properties held to earn rental income for the long term. Investment properties comprise the buildings ready for letting (investment properties in operation), as well as the buildings under construction or development for future use as an investment property in operation (development projects).

Investment properties are stated at fair value in accordance with IAS 40. After the acquisition of a building, every gain or loss arising from a change in fair value is recognized in profit or loss.

An external independent real estate valuer determines, upon request of management, every quarter, the investment value of the property, (this term corresponds to the previously used term 'investment value'), i.e. costs, transfer taxes and fees included. The valuers carry out their valuation on the basis of the following methods to define the fair value according to IFRS 13:

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

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

- **Discounted cash flow method**

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

- **Residual valuation**

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

In accordance with the opinion of the working group of the Belgian Association of Asset Managers 'BEAMA', LRE applies the following principles to the investment value to determine the fair value:

- For transactions relating to buildings in Belgium with an overall value lower than € 2.5 million, transfer taxes of 10% need to be taken into account (Flemish Region) or 12.5% (Brussels-Capital and Walloon Region).
- For transactions relating to buildings in Belgium with an overall value higher or equal to € 2.5 million, and considering the range of methods of property transfer that are used, the estimated transaction cost percentage for hypothetical disposal of investment properties is 2.5%.

It is the opinion of the statutory manager, Leasinvest Real Estate Management SA, that for the definition of the fair value of the real estate situated in the Grand Duchy of Luxembourg and in Austria with a value higher than € 2.5 million, the fixed transfer taxes of 2.5% applicable on real estate in Belgium, can be applied.

Investment properties are no longer recorded on the balance sheet when the investment property is disposed of or permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment

property are recognized in profit or loss in the year during which the retirement or disposal occurs.

#### Real estate certificates

The valuation of the real estate certificates depends on whether there is a substantial interest or not in the issued certificates:

##### **A. Possession of no substantial interest in the issued certificates (or less than 50%)**

If the holder of the certificates does not possess a substantial interest (less than 50%) in the real estate certificate, the certificates are booked at closing date at the weighted average share price of the last 30 days, under the item Non-Current Financial Assets. When not listed, or when the share price of these real estate certificates as shown by the share price tables cannot be considered as being a reliable reference, taken into account the limited liquidity of this real estate certificate, the certificates are booked at closing date under the item Non-current Financial Assets, at historical issue price, minus potential reimbursements.

##### **B. Possession of a substantial interest (more than 50%) in the issued certificates**

If these certificates are not listed, or if the share price, as reflected by the price tables, cannot be considered as a reliable reference because of the limited liquidity of this real estate certificate, Leasinvest Real Estate wishes to revalue, at each closing of its accounts, its certificates in function of:

a) the fair value of the real estate of which the issuer is the owner and this, and this by analogy with the valuation of its own real estate. This occurs on the basis of a periodical valuation by its real estate expert.

If one or more buildings are sold by the issuer of the real estate certificate, the sales price will be taken into account for the valuation, till the moment of distribution of the sales proceeds.

b) the contractual rights of the holder of the real estate certificate according to the initial prospectus issued by the real estate certificate. Although Leasinvest Real Estate is not the legal owner of this real estate, it considers itself to be its economic beneficiary, and this pro rata of its contractual rights as the owner of the real estate certificates. Moreover, an investment in real estate certificates, in application of the RD on RRECs, is considered as real estate. Taking these considerations into account, the certificates are booked under the investment properties at their acquisition value including additional costs. Profit or loss, resulting from changes in the fair value of an investment property, are recorded in the income statement in the period in which they originated and are attributed to the available reserves when the result is appropriated.

The treatment of the coupon also depends on whether there is a substantial interest or not in the issued certificates:

##### **A. Possession of no substantial interest in the issued certificates (or less than 50%)**

The fee received comprises a part for the capital reimbursement and a part for the interest. The latter is presented in the financial result when there is certainty on the fee, and this falls due.



### B. Possession of a substantial interest (more than 50%) in the issued certificates

As holder of the real estate certificates, Leasinvest Real Estate has a contractual right pro rata of the real estate certificates in its possession, on a part of the operating balance realized by the issuer through the collection of the rents and payments for the operating and maintenance costs.

As the entire depreciation or value increase is treated via the revaluation of the real estate certificate, no part of the coupon relating to the operating balance should be considered to be a fee for the depreciation of the buildings of the issuer.

Consequently, the entire coupon (pro rata) is treated as net rental income and as operating income (turnover).

When a certain building from the issuer's portfolio is sold, it is treated as follows:

- the net revenue, potentially after deduction of withholding taxes due, is only booked as a realized capital gain at Leasinvest Real Estate for the difference between the book value of the real estate certificate at closing date, augmented by the net liquidation coupon, and the book value at the previous closing date.

We also emphasize that the valuation rules have been amended in view of conformity with the aforementioned issues. This modification has no impact on the comparative figures per end 2017.

#### Subsequent expenditure

The expenditure incurred by the owner to refurbish a property in operation is accounted for in two different manners, depending on their nature.

The expenses relating to repair and maintenance that do not add additional functions, nor raise the level of comfort of the building, are accounted for as expenses of the ordinary activities of the financial year and are therefore deducted from the operational result.

On the other hand, charges related to renovations and significant improvements adding a function to the investment property in operation or raising its level of comfort, in order to allow a raise of the rent and consequently of the estimated rental value, are capitalized and consequently recorded in the accounting value of the concerned asset as far as an independent real estate valuer acknowledges a corresponding increase in value of the building.

Regarding the development projects, all directly attributable costs including additional expenses such as registration charges and non-deductible VAT are capitalized.

Interest costs related to the financing of the project shall also be capitalized, as far as they relate to the period prior to the accomplishment of the asset.

### H. ASSETS HELD FOR SALE

The assets held for sale (investment properties) are presented separately in the balance sheet at a value corresponding to the fair value, decreased by the transfer rights.

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

### I. IMPAIRMENT OF FIXED ASSETS (EXCL. INVESTMENT PROPERTIES)

Leasinvest Real Estate assesses at each reporting date whether there is any indication that an asset may be impaired. If such indication exists, an estimate will be made as to the recoverable amount of the asset.

An asset is impaired when the book value is higher than the recoverable value by reducing its book value with an exceptional depreciation amount to the respective recoverable value.

The recoverable value of an asset is defined as the highest of its fair value less sales costs (supposing a non-forced sale) or its value in use (based on the current value of the estimated future cash flows). The resulting impairment losses are recognized immediately in profit or loss.

The company value is the market value of the expected future cash flows. In order to define the company value, the expected future cash flows are discounted at an interest rate before taxes that reproduces both the current market interest rate and the specific risks with regard to the asset.

For assets that do not generate cash flows the recoverable value of the cash-generating entity they belong to, is defined.

Earlier booked impairment losses, except for goodwill and shares available for sale, are reversed through profit or loss if there has been a change in the valuation used to determine the recoverable value of the asset since the recognition of the last impairment loss. Earlier booked impairment losses for goodwill cannot be reversed, earlier booked impairment losses for shares available for sale can, depending on the type of instrument, be reversed through shareholder's equity or profit or loss.

### J. FINANCIAL ASSETS AND LIABILITIES

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

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

#### Financial assets available for sale

Financial assets available for sale and securities are recorded at fair value. The fair value changes are recognized in equity until the time of the sale or the impairment loss, whereby the cumulated revaluation is taken into profit or loss.

When a decline in fair value of a financial asset available for sale is recognized in equity and there is objective evidence that the asset is impaired, cumulative loss previously recognized in equity, has to be removed from equity and recognized in profit or loss.

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

#### Financial assets held to maturity

Financial assets held to maturity are measured at amortized cost.

#### Interest-bearing loans and receivables

Interest-bearing loans are measured at amortized cost using the effective interest method whereby the difference between acquisition cost and the reimbursement value is recognized pro rata temporis in profit or loss based on the effective interest rate.

Long-term receivables are valued based on their discounted value according to the current interest rate at the time of their emission.

#### Trade payables and receivables/ Other debts and receivables

These accounts are measured at par value, less impairment loss for uncollectible receivables.

#### Cash and cash equivalents

Cash and cash equivalents, consisting of cash at banks, cash in hand and short-term investments (< 3 months) are recognized at par value in the balance sheet.

## K. DERIVATIVE FINANCIAL INSTRUMENTS

Leasinvest Real Estate uses financial instruments in order to hedge its exposure to the interest rate and exchange rate risks arising from the operational, financial and investment activities.

Derivative financial instruments are recognized initially at cost and are revaluated to fair value at the subsequent reporting date.

Changes in fair value of derivative financial instruments, which are not formally attributed as derivative financial instrument or do not qualify for hedge accounting or are fair value hedges, are taken into profit or loss.

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

#### Cash flow hedges

The effective portion of gains or losses from fair value changes of derivative financial instruments (payer interest rate swaps), specifically attributed to hedge the exposure to variability in cash flows associated with a recognized asset or liability or a highly probable forecasted transaction, is recognized directly in equity. The ineffective portion is recognized in profit or loss.

The fair value of the 'swap' interest rates is the estimated value the company would receive or pay when exercising the swap at the balance sheet date, taking into account the current interest rates and the expected interest rates and the solvency of the counterparty of the swap.

The moment the forecasted transaction occurs, the cumulative gain or loss on the derivative financial instrument is taken out of equity and is reclassified into profit or loss.

Cumulative gains or losses related to expired derivative financial instruments remain included in equity, for as long as it is probable that the forecasted transaction will occur. Such transactions are accounted for as explained in the above paragraph. When the hedged transaction is no longer probable, all cumulative unrealized gains or losses at that time, are transferred from equity to profit or loss.

#### Fair value hedging

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

## L. ISSUED CAPITAL AND RESERVES

#### Shares

The costs relating to a capital transaction with the issue of new shares are deducted from capital.

#### Redeeming of treasury shares

Redeemed treasury shares are deducted from equity at acquisition cost. A subsequent sale or disposal does not have an impact on result; gains and losses related to treasury shares are recognized directly in equity.

#### Dividends

Dividends are recognized as a liability when approved by the general meeting of shareholders.

## M. PROVISIONS

If LRE or a subsidiary has a (legal or indirect) obligation as a result of a past event, and it is probable that the settlement of this obligation will require an outflow of resources, and the amount of the obligation can be reliably estimated, a provision is recognized on balance sheet date.

In case the difference between par value and present value is material, a provision is recognized for the present value of the estimated expenses based on the discount rate, and taking into account the current market assessments of the time value of money and the risks specific to the liability.

If LRE expects that (some or all of) a provision will be reimbursed, for example under an insurance contract, the reimbursement is only recognized as a separate asset when it is virtually certain that it will be received.

The expense relating to any provision is presented in the income statement, net of any reimbursement.

## N. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are disclosed in the notes, if their impact is material.

## O. TAXES

### Income tax

Income tax on the profit or loss for the financial year comprises current and deferred tax. Both taxes are recognized in the income statement and under liabilities in the balance sheet, except to the extent that they relate to items recognized directly in equity, in which case they are recognized in equity. The tax amount is calculated based on the legal tax rates and tax legislation in force.

Deferred taxes are calculated using the balance sheet liability method, applied on the temporary differences between the book value of the recognized assets and liabilities and their fiscal value. Deferred taxes are recorded based on the expected taxes rates.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except to the extent that the deferred tax liability arises from the original recognition of goodwill or the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction neither affects the accounting profit nor the taxable profit;
- except in respect to taxable temporary differences associated to investments in subsidiaries, branches and associates, where the group is able to control the timing of the reversal of temporary difference and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forwards of unused tax credits or tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be offset. The book value of the deferred income tax assets is assessed at each balance sheet date and deducted to the extent that is no longer probable that sufficient taxable profit is available against which all or some of the deferred taxes can be offset.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the year when the temporary differences will be realized or settled, based on tax rates that have been enacted or substantively enacted at balance sheet date.

### Exit tax

The exit tax is the tax on gains arising upon the merger of an RREC with an entity that is not an RREC. When the latter first enters in the scope of consolidation, the exit tax is recorded as a liability. Every subsequent adjustment of this exit tax liability, following the evolution of the fair value and the accounting value between the moment of the incorporation in the consolidated accounts of the acquired companies and the moment of the merger between the RREC and those companies, to the exit tax liability is recognized in the income statement.

## P. DISCONTINUED OPERATIONS

The assets, liabilities and net results of discontinued operations are separately reported under one heading in the consolidated balance sheet and the consolidated income statement. The same reporting is also valid for assets and liabilities held-for-sale.

## Q. EVENTS AFTER THE BALANCE SHEET DATE

It is possible that certain events that occur after balance sheet date provide additional evidence over the financial position of an entity (adjusting events). This information permits the improvement of estimates and allows to better reflect the current situation on balance sheet date. These events require an adjustment of the balance sheet and the result. Other events after balance sheet data are disclosed in the notes if their impact is potentially important.

## R. EARNINGS PER SHARE

The group calculates both basic and diluted earnings per share in accordance with IAS 33. Basic earning per share is calculated based on the weighted average number of outstanding shares during the period. For the calculation of the diluted profit per share, the profit or the loss that can be attributed and the holders of ordinary shares and the weighted average number of issued shares are corrected for the effects of all potential ordinary shares that will lead to dilution.

## S. REVENUE

Rental income comprises the gross rental income. Costs of gratuities and advantages granted to tenants are recorded as deduction of the rental income (through 'rent free periods') for the duration of the lease, defined as the period between the start and the first break.

## T. FINANCIAL RESULT

### Financial income

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

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

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

### Net funding costs ◀

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

### Other financial charges

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

## U. SEGMENT REPORTING

The segment information is prepared taking into account the operating segments and the information used internally in order to take decisions. The "chief operating decision makers" (high-ranking officers) are the effective officers of the company. The operational segments are defined, as there is evidence, in the long term, of similar financial performance as they have comparable economic characteristics, based on the estimated rental value, investment potential and residual value.

The segment information comprises the results, assets and liabilities that can, directly, or on a reasonable basis, be attributed to a segment. LRE is split up in three geographic segments, namely Belgium, the Grand Duchy of Luxembourg, and Austria. The Luxembourg and Austrian segment correspond to the Leasinvest Immo Lux SICAV-SIF portfolio.

The "corporate" category comprises all unallocated fixed costs carried at group level, and the financing costs ◀. In view of maximum transparency, the Austrian results are reported separately in de segment information presented hereafter.



## NOTE 3

## SEGMENT INFORMATION

## 3.1 Segment information - geographical

## 3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1 000)	Belgium	
	31/12/2018	31/12/2017
(+) Rental income	18 640	22 091
(+) Write-back of lease payments sold and discounted		
(+/-) Related-rental expenses	-207	
<b>NET RENTAL INCOME</b>	<b>18 433</b>	<b>22 091</b>
(+) Recovery of property charges	173	153
(+) Recovery income of charges and taxes normally payable by tenants on let properties	4 685	3 173
(-) 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	-4 685	-3 173
(+/-) Other rental related income and expenditure	-1 924	-1 692
<b>PROPERTY RESULT</b>	<b>16 682</b>	<b>20 552</b>
(-) Technical costs	-530	-1 332
(-) Commercial costs	-309	-252
(-) Charges and taxes on un-let properties	-494	-1 030
(-) Property management costs	-4 603	-4 408
(-) Other property charges	-185	-243
<b>PROPERTY CHARGES</b>	<b>-6 121</b>	<b>-7 265</b>
<b>PROPERTY OPERATING RESULT</b>	<b>10 561</b>	<b>13 287</b>
(-) Corporate operating charges	-1 117	-1 171
(+/-) Other operating charges and income	-653	-349
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>8 791</b>	<b>11 767</b>
(+/-) Result on disposal of investment properties	0	-1 420
(+/-) Changes in fair value of investment properties	-2 114	6 098
<b>OPERATING RESULT</b>	<b>6 677</b>	<b>16 444</b>
(+) Financial income		
(-) Net interest charges		
(-) Other financial charges		
(+/-) Changes in fair value of financial assets and liabilities		
<b>FINANCIAL RESULT</b>	<b>0</b>	<b>0</b>
<b>PRE-TAX RESULT</b>	<b>6 677</b>	<b>16 444</b>
(+/-) Corporate taxes		
(+/-) Exit tax		
<b>TAXES</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>	<b>6 677</b>	<b>16 444</b>
Attributable to:		
Minority interests		
Group shareholders		

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

(2) The property management costs consist a/o of the fee paid by Leasinvest Real Estate to the statutory manager Leasinvest Real Estate Management SA. This fee is calculated based on the consolidated real estate portfolio, i.e. including the portfolio situated in Luxembourg, the participation in Retail Estates SA & the real estate certificates held. Of the total fee paid by Leasinvest Real Estate during the financial year 2018 (12 months) € 2.54 million is related to the Luxembourg real estate portfolio (including the Austrian buildings).

Luxembourg		Switzerland		Austria		Corporate		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
31 747	29 549	0	1 983	5 822	3 268			56 209	56 892
	0			-5				0	0
								-212	0
<b>31 747</b>	<b>29 549</b>	<b>0</b>	<b>1 983</b>	<b>5 817</b>	<b>3 268</b>	<b>0</b>	<b>0</b>	<b>55 997</b>	<b>56 892</b>
0	21			0	62			173	236
452	179			283				5 420	3 352
0	0			0				0	0
-452	-179			-283	-62			-5 420	-3 414
-477	-964	0	-26	-92	-532			-2 493	-3 214
<b>31 270</b>	<b>28 607</b>	<b>0</b>	<b>1 958</b>	<b>5 725</b>	<b>2 737</b>	<b>0</b>	<b>0</b>	<b>53 677</b>	<b>53 853</b>
-485	-1 095	0	-6	-132	-9			-1 147	-2 442
-540	-572	0	0	-183	-57			-1 032	-882
-414	-196	0	0	0				-908	-1 226
-692	-527	0	0	-70				-5 365	-4 935
-112	-153	0	-42	0				-297	-438
<b>-2 243</b>	<b>-2 542</b>	<b>0</b>	<b>-48</b>	<b>-385</b>	<b>-67</b>	<b>0</b>	<b>0</b>	<b>-8 749</b>	<b>-9 922</b>
<b>29 027</b>	<b>26 065</b>	<b>0</b>	<b>1 909</b>	<b>5 340</b>	<b>2 670</b>	<b>0</b>	<b>0</b>	<b>44 928</b>	<b>43 931</b>
-1 197	-1 322	0	-9	-484	-412			-2 798	-2 914
110	-104			-67				-610	-453
<b>27 940</b>	<b>24 639</b>	<b>0</b>	<b>1 900</b>	<b>4 789</b>	<b>2 258</b>	<b>0</b>	<b>0</b>	<b>41 520</b>	<b>40 565</b>
0	-1 378			0				0	-2 798
1 730	11 403			2 011	4 847			1 627	22 348
<b>29 670</b>	<b>34 664</b>	<b>0</b>	<b>1 900</b>	<b>6 800</b>	<b>7 106</b>	<b>0</b>	<b>0</b>	<b>43 147</b>	<b>60 114</b>
						4 918	3 887	4 918	3 887
						-13 565	-14 978	-13 565	-14 978
						-1 415	-1 364	-1 415	-1 364
						5 428	492	5 428	492
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4 634</b>	<b>-11 963</b>	<b>-4 634</b>	<b>-11 963</b>
<b>29 670</b>	<b>34 664</b>	<b>0</b>	<b>1 900</b>	<b>6 800</b>	<b>7 106</b>	<b>-4 634</b>	<b>-11 963</b>	<b>38 513</b>	<b>48 152</b>
						-319	-607	-319	-607
						0	0	0	0
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-319</b>	<b>-607</b>	<b>-319</b>	<b>-607</b>
<b>29 670</b>	<b>34 664</b>	<b>0</b>	<b>1 900</b>	<b>6 800</b>	<b>7 106</b>	<b>-4 953</b>	<b>-12 569</b>	<b>38 194</b>	<b>47 545</b>
								0	0
								<b>38 194</b>	<b>47 545</b>

## 3.1.2 CONSOLIDATED BALANCE SHEET (GEOGRAPHICAL SEGMENTATION)

(in € 1 000)	Belgium	
	31/12/2018	31/12/2017
<b>ASSETS</b>		
Intangible assets	0	2
Investment properties (incl. development projects, excl. financial leasing)	343 271	293 404
Assets held for sale		0
Other assets	123 088	105 200
<b>ASSETS PER SEGMENT</b>	<b>466 359</b>	<b>398 606</b>
<b>LIABILITIES</b>		
Non-current financial debts		
Current financial debts		
Other liabilities		
<b>LIABILITIES PER SEGMENT</b>		
<b>SHAREHOLDERS' EQUITY</b>		

## Other segment information

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

(in € 1 000)	Belgium		Luxembourg		Switzerland		Austria		TOTAL	
	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17
<b>Investment properties</b>										
investments	51 681	19 559	73 886	43 468			1 660	58 750	127 227	121 777
divestments									0	0
<b>Finance lease receivables</b>										
investments										
divestments										
<b>Assets held for sale</b>										
investments		1 441							0	1 441
divestments		-72 568					-43 073		0	-115 641
<b>Other tangible assets (other)</b>										
investments	5	3		120			1 115		1 120	123
divestments	0	-925		0					0	-925
depreciations	-1	-4		-90			-200		-201	-94
Net book value at the end of the financial year	4	3		351			915		919	354

The investments in and divestments of investment properties, the finance lease receivables and the assets held for sale are commented in respectively note 20, 24 and 25. The other tangible assets are mainly not for own use (note 22).



Luxembourg		Austria		Corporate		TOTAL	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
						0	2
554 436	489 098	106 530	102 650			1 004 237	885 152
15 050						15 050	0
11 128	8 247	2 605	692			136 821	114 139
<b>580 614</b>	<b>497 345</b>	<b>109 135</b>	<b>103 342</b>	<b>0</b>	<b>0</b>	<b>1 156 108</b>	<b>999 293</b>
				334 509	348 156	334 509	348 156
				264 198	192 283	264 198	192 283
				81 589	76 648	81 589	76 648
				<b>680 296</b>	<b>617 087</b>	<b>680 296</b>	<b>617 087</b>
						<b>475 812</b>	<b>382 206</b>

### 3.1.3 MAIN KEY FIGURES

The fair value and the investment value of the real estate portfolio comprise the buildings in operation, i.e. the buildings available for lease and the non-current assets held for sale, as well as the development projects. For the calculation of the other key figures (the yield, the total letting area, the occupancy rate and the weighted average duration) only the buildings in operation are taken into account, excluding the development projects and the assets held for sale. The yields concern gross yields.

(in € 1 000)	Belgium		Luxembourg		Austria		TOTAL	
	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17
Fair value of the real estate portfolio <sup>(1)</sup>	361 067	311 244	569 486	489 099	106 530	102 650	1 037 083	902 992
Investment value of the real estate portfolio	369 808	318 741	579 508	497 183	109 193	105 216	1 058 509	921 140
Gross yield (in fair value) of the segment <sup>(2)</sup>	6.04%	5.46%	6.72%	6.55%	5.39%	5.50%	6.37%	6.44%
Gross yield (in investment value) of the segment <sup>(2)</sup>	5.90%	5.33%	6.61%	6.44%	5.26%	5.37%	6.25%	6.32%
Total letting area (m <sup>2</sup> )	279 519	266 229	188 459	176 670	43 404	42 245	511 382	496 793
Occupancy rate <sup>(2)</sup>	91.38%	74.94%	94.31%	96.59%	100.00%	100.00%	94.33%	94.80%
Weighted average duration till first break possibility (# years)	5.18	4.92	3.56	3.86	6.37	5.96	4.34	4.74

(1) The fair value of the real estate portfolio end 2018 consists of the investment properties (€ 1,004,237 thousand), the finance lease receivables (€ 17,796 thousand) and the assets held for sale (€ 15,050 thousand), or € 1,037,083 thousand in total. The fair value of the real estate portfolio end 2017 consists of the investment properties (€ 885,151 thousand), the finance lease receivables (€ 17,841 thousand), or € 902,992 thousand in total.

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

## 3.2 Segment information – Key figures per asset class

(in € 1 000)	Retail		Offices		Logistics (and semi-industrial)		TOTAL	
	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17	31/12/18	31/12/17
Rental income (incl. lease receivables and excl. compensation for termination and incentives)	29 354	28 583	22 424	19 215	4 398	8 943	56 176	56 741
Fair value of the real estate portfolio	449 605	436 800	498 601	404 492	62 100	61 700	1 010 306	902 992
Investment value of the real estate portfolio	456 612	443 570	511 067	414 610	63 380	62 960	1 031 059	921 140
Occupancy rate	97.59%	97.76%	91.23%	92.08%	94.67%	93.67%	94.33%	94.80%
Rental yield ▼ (in fair value) of the segment	6.53%	6.52%	6.32%	6.28%	6.88%	6.77%	6.37%	6.44%
Rental yield ▼ (in investment value) of the segment	6.43%	6.42%	6.17%	6.13%	6.74%	6.64%	6.25%	6.32%
Weighted average duration till first break possibility (# years)	4.26	5.77	4.04	3.03	8.94	9.65	4.34	4.74

The rental income does not take into account the indemnities received for early termination of leases of 39 thousand (151 thousand end 2017).

The real estate portfolio comprises the buildings in operation and the non-current assets held for sale, as well as the development projects. For the calculation of the occupancy rate and the rental yield, only the buildings in operation are taken into account, excluding the assets held for sale and the development projects. The yields concern gross yields.

With regard to the other assets, other than the real estate portfolio, it is irrelevant to apply the segmentation per type.

Leasinvest Real Estate does not depend on major clients representing each more than 10% of the rental income..

## COMPREHENSIVE INCOME

### NOTE 4

#### NET RENTAL RESULT

(in € 1 000)	31/12/2018	31/12/2017
<b>Rental income</b>	<b>56 209</b>	<b>56 892</b>
Rents	54 707	55 110
Guaranteed income	0	0
Rent-free periods	137	323
Rental incentives	-99	-9
Indemnities for early termination of the leases	132	160
Income from finance leases and comparable items	1 332	1 308
<b>Rental-related expenses</b>	<b>-212</b>	<b>0</b>
Rent payable on rented premises	0	0
Write-downs on trade receivables	-212	0
Write-backs of write-downs on trade receivables	0	0
<b>NET RENTAL RESULT</b>	<b>55 997</b>	<b>56 892</b>

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

The rental income has slightly decreased from € 56,892 thousand to € 56,209 thousand. This is the result of the sale of the Swiss portfolio and the 5 logistics buildings in Belgium in the course of 2017, not entirely compensated by the rental income from buildings acquired in 2017 in Luxembourg and Austria. Moreover, most acquisitions of buildings in 2018 only took place at the end of the year, barely contributing to the 2018 results. The fact that the like-for-like rental income does rise by € 1.7 million is however important.

Costs of rent-free periods and rental incentives to tenants are deducted from the rental income (in the item "rent-free periods") over the duration of the lease, defined as the period between the start and the first break date. The rental incentives that were not yet recognized in the result are deducted from the fair value of the assets.

This implies, when entering a new rental period (after a break possibility or after the conclusion of a new rental contract) and in the case a rent-free period has been granted, no rent will be collected during that period, but rent will be recorded in this item. Consequently, ceteris paribus, this item has a positive balance. In the course of the rental period the rent received will be higher than the rent corrected with the rent-free period. This correction is recorded in this item and will, ceteris paribus, consequently have a negative balance, unless another rent-free period, exceeding this balance, is again granted in that period.

The table below indicates how much of the annual rental income could potentially be lost. If each tenant having a break possibility would actually leave the building and there would be no re-letting, this table show the loss of rental income.

(in € 1 000)	31/12/2018	31/12/2017
Within one year	8 082	8 449
Between one and five years	37 252	34 649
More than five years	15 313	13 263
<b>TOTAL</b>	<b>60 647</b>	<b>56 361</b>

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

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

(in € 1 000)	31/12/2018	31/12/2017
<b>Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease</b>		
<b>Recovery of property charges</b>	<b>173</b>	<b>174</b>
Compensations received for rental damage	173	174
Recovery of refurbishment costs at end of lease	0	0
<b>TOTAL</b>	<b>173</b>	<b>174</b>
<b>Other rental-related income and expenses</b>	<b>-2 492</b>	<b>-3 214</b>
<b>TOTAL</b>	<b>-2 492</b>	<b>-3 214</b>

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

The item "other rental-related income and expenses" amounts to € -2,492 thousand end 2018 in comparison with € -3,214 thousand end 2017.

The decrease of these costs is mainly the consequence of lower operating costs (a/o personnel and maintenance costs) in The Crescent.

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

(in € 1 000)	31/12/2018	31/12/2017
<b>Recovery income of charges and taxes normally payable by tenants on let properties</b>	<b>5 421</b>	<b>3 578</b>
Rebilling of rental charges paid by the landlord	3 700	1 281
Rebilling of taxes on let properties	1 721	2 297
<b>Rental charges and taxes normally payable by tenants on let properties</b>	<b>-5 421</b>	<b>-3 578</b>
Rental charges paid by the landlord	-3 700	-1 281
Taxes on let properties	-1 721	-2 297
<b>RENTAL CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES</b>	<b>0</b>	<b>0</b>

Under usual lease terms these charges and taxes are borne by the tenants through rebilling by the landlord. This concerns, among other things, the property taxes and other taxes on let buildings. In 2018 and 2017 all charges and taxes, contractually for the account of the tenant, have integrally been rebilled to the tenants concerned.

**NOTE 7****TECHNICAL COSTS**

(in € 1 000)	31/12/2018	31/12/2017
<b>Recurring technical costs</b>	<b>-1 139</b>	<b>-2 444</b>
Maintenance	-788	-2 248
Compensation for total guarantees	-296	-158
Insurance premiums	-55	-38
<b>Non-recurring technical costs</b>	<b>-8</b>	<b>2</b>
Major repairs (building contractors, architects, engineering, ...)	-8	0
Claims	0	2
<b>TOTAL</b>	<b>-1 147</b>	<b>-2 442</b>

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

## NOTE 8 COMMERCIAL COSTS

(in € 1 000)	31/12/2018	31/12/2017
Letting fees paid to real estate agents	-476	-400
Marketing expenses	-476	-300
Lawyer fees and legal expenses	-81	-182
<b>TOTAL</b>	<b>-1 032</b>	<b>-882</b>

The commercial costs increased in comparison with last year, mainly because of higher publicity costs, mainly as a consequence of more "branding" actions for the Knauf shopping centers.

## NOTE 9 CHARGES AND TAXES ON UN-LET PROPERTIES

(in € 1 000)	31/12/2018	31/12/2017
Charges on un-let properties of the financial year	-502	-630
Property taxes on un-let properties	-405	-596
<b>TOTAL</b>	<b>-907</b>	<b>-1 226</b>

The charges on un-let properties are the charges related to vacant spaces, which cannot be recovered from tenants and are consequently to be borne by the owner. The occupancy remained stable in comparison with the previous year and we record a decrease in these costs in comparison with 2017 which is explained by the fact that we were able to re-invoice more to the steady tenants.

## NOTE 10 PROPERTY MANAGEMENT COSTS AND OTHER PROPERTY COSTS

### 10.1 Property management costs

(in € 1 000)	31/12/2018	31/12/2017
External management costs	-4 331	-3 974
Costs of the internal management of the property	-1 034	-961
<b>TOTAL PROPERTY MANAGEMENT COSTS</b>	<b>-5 365</b>	<b>-4 935</b>

Leasinvest Real Estate SCA (on a statutory basis) has no own personnel. The statutory manager, Leasinvest Real Estate Management SA ('LREM'), is in charge of the management of the REIT (SIR/GVV) and had a staff of thirteen persons at the end of 2018 under the direction of the permanent representative (fourteen in total). The external management costs consist of the remuneration of the manager, which is defined at 0.415% of the investment value of the consolidated real estate portfolio, including the buildings of Leasinvest Immo Lux, the participation in Retail Estates and the real estate certificates held, according to the articles of association. The costs of the internal management of the real estate mainly consist of the personnel costs of Leasinvest Services, which takes care of the technical management of the buildings of the REIT (SIR/GVV) (personnel: 4 employees).

### 10.2 Other property costs

The other property costs amount to € -0.3 million at the end of 2018 and mainly comprise the valuers' fee (€ 125 thousand) and the fee paid within the framework of the external management (o/a Inowai & CBRE-PSM) and other diverse property costs (fees for situation surveys).

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

<b>(in € 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
UCI tax	-335	-311
Depository	-148	-142
Auditor fees	-242	-275
Liquidity provider	-18	-17
Other expenses	-2 055	-2 169
<b>TOTAL</b>	<b>-2 798</b>	<b>-2 914</b>
<b>Other operating income and charges</b>	<b>-610</b>	<b>-453</b>

The general corporate charges regroup the overhead costs of the company, which have as such nothing to do with the actual activity, namely generating rental income. These are, among other things, the costs carried by the REIT (SIR/GVV) as a legal, listed entity and are mainly related to all kinds of prescriptions/obligations regarding transparency, liquidity of the share and financial communication.

The general corporate charges decrease from € 2.9 million in 2017 to € 2.8 million in 2018. This decrease is mainly due to a drop in 'other expenses' by € 0.1 million. Less consulting fees were paid, mainly due to lower due diligence expenses.

Other operating income and charges comprises mainly the charges of rental guarantees of buildings sold in the past.

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

<b>(in € 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net gains on investment properties (sales price – transfer rights)	0	112 843
Book value of real estate sold (fair value)	0	-115 641
Write-back of impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties		
<b>TOTAL</b>	<b>0</b>	<b>-2 798</b>

In 2018 no buildings were sold.

In the course of 2017 however a number of buildings were sold, namely 2 Belgian logistics buildings (Vierwinden and Prins Boudewijnlaan Kontich) and 3 Swiss retail buildings (Etoy, Yverdon and Villeneuve). Besides this leaseholds were granted on 3 Belgian logistics buildings (Neder-over-Heembeek, Wommelgem and Tongres), but the nude property is still owned by LRE.

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

<b>(in € 1 000)</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Positive changes in fair value of investment properties	14 904	36 543
Negative changes in fair value of investment properties	-13 278	-14 195
<b>TOTAL</b>	<b>1 627</b>	<b>22 348</b>

The net portfolio result shows a total unrealized capital gain of € 1.6 million in 2018, or a decrease of € 20.7 million compared to 2017.

This variation in the unrealized changes in fair value of the investment properties is explained by an increase in value of € 6.5 million compensated by deferred taxes for an amount of -€ 4.9 million.

## NOTE 14

### FINANCIAL INCOME

(in € 1 000)	31/12/2018	31/12/2017
Interests and dividends received	4 346	3 324
Income from finance leases and comparable items	0	0
Income from financial instruments for hedging	571	563
Income from authorized hedges subject to hedge accounting as defined by IFRS	571	563
Income from authorized hedges not subject to hedge accounting as defined by IFRS	0	0
Net realized capital gains on sale of financial assets	0	0
Net realized capital gains on sale of finance lease receivables and comparable items	0	0
<b>TOTAL</b>	<b>4 917</b>	<b>3 887</b>

The 'interests and dividends received' consist of the dividends received of € 4.3 million (for the financial year 2018) on the Retail Estates shares on the one hand, and of interests from temporary, short term deposits of cash surpluses on the other hand. The dividend received from Retail Estates has risen by a higher dividend distribution per share as well as by an increase in the number of shares held by Leasinvest Real Estate following the subscription of the capital increase (from 993,682 shares per end 2017 to 1,192,418 shares per end 2018).

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

## NOTE 15

### FINANCIAL CHARGES

(in € 1 000)	31/12/2018	31/12/2017
Nominal interest charges on loans	-7 777	-8 307
Interest charges on non-current financial debts	-4 068	-4 515
Interest charges on bond loans	-3 518	-3 518
Interest charges on current financial debts	-191	-274
Re-composition of the nominal amount of the financial debts	0	0
Costs of financial instruments for hedging	-6 330	-7 158
Authorized hedges subject to hedge accounting as defined by IFRS	-6 330	-7 158
Authorized hedges not subject to hedge accounting as defined by IFRS	0	0
Other interest charges	-10	-46
Activated interest charges	552	533
<b>TOTAL</b>	<b>-13 565</b>	<b>-14 978</b>

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

The decrease of the nominal interest charges on loans (mainly non-current financial debts) originates from the lower interest rate curve and the lower average paid credit margins, incurring lower interest charges.

Besides this a decrease in the costs of financial instruments held for hedging can be recorded (-0.8 million). These have dropped following the full entry into force of the effects of restructuring the SWAPS.

The average funding cost (excluding the marked to market of the hedges) after hedging amounts to 2.59% (end 2017: 2.99%) end 2018; before interest charges on the hedging portfolio the average funding cost amounts to 1.38% end 2018 (end 2017: 1.55%).

End 2018 € 552 thousand (end 2017: € 533 thousand) of funding costs were activated.

They are based on an internal funding rate of approximately 2.5%.

**NOTE 16****OTHER FINANCIAL CHARGES**

(in € 1 000)	31/12/2018	31/12/2017
Bank costs and other commissions	-1 294	-1 364
Net realized losses on the sale of non-current financial assets	-120	
Net realized losses on the sale of finance lease receivables and similar		
Other	0	0
Costs of financial instruments for hedging	0	0
<b>TOTAL</b>	<b>-1 414</b>	<b>-1 364</b>

The bank costs and other commissions mainly comprise the provisions for reservation due on the undrawn part of the credit portfolio. These costs have decreased in 2018 in comparison with 2017 because of the higher average credit withdrawal.

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

(in € 1 000)	31/12/2018	31/12/2017
Authorized hedges subject to hedge accounting as defined by IFRS and ineffective part of CF hedges	278	476
Revaluation participation in other GVV/SIR	5 555	0
Authorized hedges subject to hedge accounting as defined by IFRS, relating to the fair value hedge relating to the IRS receiver	-516	-531
Adjustment of fair value bond loans	111	547
<b>TOTAL</b>	<b>5 428</b>	<b>492</b>

The changes in fair value of the authorized hedges subject to hedge accounting as defined by IFRS and the ineffective part of the cash flow hedges amounted to € 278 thousand in 2018. Besides this, since this year, the revaluation of participations in other GVV/SIR is also booked in this item. This year, an amount of € 5.6 million was booked for the revaluation of Retail Estates.

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

The changes in fair value of the bond loans concerns the part of the public bond loan for € 35 million that is subject to hedge accounting and resulted in a positive effect in the course of the past financial year of € 111 thousand.



**NOTE 18**  
**CORPORATE TAXES**

(in € 1 000)	31/12/2018	31/12/2017
Parent company LRE	-120	-219
Pre-tax result	38 514	38 052
Result exempt from income tax due to the REIT (SIR/GVV) regime	38 514	38 052
Taxable result based on non-deductible costs	355	644
Tax rate of 29.58%	-121	-219
Corporate tax provision		
Withholding tax	0	0
Previous tax year adjustment	0	87
Subsidiaries	-199	-475
<b>TOTAL</b>	<b>-320</b>	<b>-607</b>

REIT (SIR/GVV) enjoy a special tax regime, which makes that corporate taxes are only applicable to non-deductible expenses (regional taxes) and, on abnormal and benevolent advantages and special amounts. Leasinvest Immo Lux, 100% subsidiary of Leasinvest Real Estate, enjoys, as a sicav, a special tax regime in Luxembourg. The other subsidiaries on the contrary, are subject to corporate taxes. Total taxes have decreased from - € 0.6 million in 2017 to - € 0.3 million in 2018.

## BALANCE SHEET

### NOTE 19

#### INTANGIBLE ASSETS

(in € 1 000)	31/12/2018	31/12/2017
Software	0	2
<b>Intangible assets</b>	<b>0</b>	<b>2</b>
<b>Movements in other intangible assets</b>		
<b>Balance at the end of the previous financial year</b>	<b>2</b>	<b>4</b>
Gross amount	26	26
Accumulated depreciation (-)	-24	-22
Accumulated impairment	0	0
Investments (+) / Divestments (-)	0	0
Acquisitions through business combinations		
Disposals through retirement (-)	0	0
Disposals through splitting-up (-)		
Depreciations (-)	-2	-2
<b>Balance at the end of the financial year</b>	<b>0</b>	<b>2</b>

### NOTE 20

#### INVESTMENT PROPERTIES (FAIR VALUE METHOD)

(in € 1 000)	Real estate available for lease		Development projects	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
<b>BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR</b>	<b>830 754</b>	<b>756 402</b>	<b>54 400</b>	<b>30 663</b>
Investments	27 793	13 068	347	15 528
Divestments	0			
Translation differences	0			
Acquisitions of property	87 408	112 118	11 679	
Transfer from/(to) other items	39 350	-60 833	-54 400	
Increase/(decrease) in fair value	7 205	9 999	-299	8 209
<b>BALANCE AT THE END OF THE FINANCIAL YEAR</b>	<b>992 510</b>	<b>830 754</b>	<b>11 727</b>	<b>54 400</b>

Total investment properties		Finance lease receivables		Total		Assets held for sale	
31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
885 154	787 065	17 841	17 900	902 995	804 965	0	54 966
28 140	28 596		0	28 140	28 596		1 441
0	0			0	0		-115 641
0	0			0	0		
99 087	112 118			99 087	112 118		
-15 050	-60 833	-45	-59	-15 095	-60 892	15 050	60 892
6 906	18 208			6 906	18 208		-1 658
<b>1 004 237</b>	<b>885 154</b>	<b>17 796</b>	<b>17 841</b>	<b>1 022 033</b>	<b>902 995</b>	<b>15 050</b>	<b>0</b>

The real estate available for lease rises by € 161.8 million following among other things the acquisitions of Hangar 26-27 (+ € 22.8 million), EBBC A-C (+ € 63.9 million) and Neif Montoyer (+ € 11.7 million). Next to that, Treesquare and Montoyer 63 were delivered end 2018 and are consequently no longer presented as development projects (+ € 54.4 million).

The development projects decrease by € 42.7 million as a consequence of the delivery of Treesquare and Montoyer 63 end 2018. Neif Montoyer was acquired in the 4th quarter and is booked end 2018 as a development project for a total amount of € 11.7 million.

End 2018 the item assets held for sale comprises the building Kennedy in Luxembourg (€ 15.1 million). In January 2019 this building was effectively sold for an amount of € 15.8 million.

### Capex overview 2018

Investeringencapex 2018 in € 1 000	LRE	Belgium	Luxembourg	Austria
(1) Acquisition capex	99 086	34 480	63 944	662
(2) Capex (incl. developments and reallocation)	25 291	16 681	7 612	998
(3) Capex recurrent real estate portfolio	2 850	520	2 330	
<b>TOTAL CAPEX</b>	<b>127 227</b>	<b>51 681</b>	<b>73 886</b>	<b>1 660</b>

Based on the fair value model according to IAS 40, investment properties are accounted for at fair value. This fair value corresponds to the amount for which a building could be sold between well-informed and ready parties acting under normal competitive circumstances. The fair value corresponds to the investment value as defined by an independent real estate expert, minus the transfer rights, the so-called 'mutation costs'. For more information on this matter we refer to the valuation rules. The investment value is the value as defined by an independent real estate expert, of which the transfer rights have not been deducted. This value corresponds to the price which a third party investor (or hypothetical buyer) would pay to acquire the real estate in order to benefit from the rental income and realize a return on his investment. The values have been defined by independent real estate experts.

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

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

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

- **Discounted cash flow method**

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

- **Residual valuation**

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

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

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

The investment properties come under level 3.

For the total Leasinvest Real Estate SCA property, including the part of the portfolio estimated by the companies Stadim, de Crombrugge&Partners and Oerag, Cushman & Wakefield has defined at 31 December 2018,

1. an **investment value** of **€ 1,058,509,000** (one billion fifty-eight million five hundred and nine thousand euro), with respectively investment values of € 369,808,000, € 579,508,000 and € 109,193,000 for the Belgian, the Luxembourg and Austrian portfolios; and
2. a **fair value** of **€ 1,037,083,000** (one billion thirty-seven million eighty-three thousand euro), with respectively fair values of € 361,067,000, € 569,486,000 and € 106,530,000 for the Belgian, the Luxembourg and Austrian portfolios.

The property consists of business parks, offices, semi-industrial buildings, distribution centers and shops, spread across the Grand Duchy of Luxembourg, Belgium and Austria.

For more details, we also refer to the note Main key figures - (Other segment information).

The fair value of the real estate portfolio amounts to € 1,037.1 million end 2018 compared to € 903.0 million end December 2017.

The following table gives an overview of the valuation techniques applied per asset class, and of the main variables used (excluding assets held for sale):

Asset class	Fair value 2018 (€ 1000)	Fair value 2017(€ 1000)	Valuation technique	Important input data	31/12/2018 Min-Max (weighted average)	31/12/2017 Min-Max (weighted average)
Retail (Grand Duchy of Luxembourg & Belgium)	343 076	334 150	Actualization of estimated rental income	a) ERV spread b) Weighted average estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate e) Remaining duration f) Number of m <sup>2</sup>	a) [9.34 €/m <sup>2</sup> - 18.77 €/m <sup>2</sup> ] b) [12.85 €/m <sup>2</sup> ] c) [5.70% - 7.02%] d) [6.59%] e) 3.74 years f) 153 245 m <sup>2</sup>	a) [8.35 €/m <sup>2</sup> - 19.93 €/m <sup>2</sup> ] b) [13.17 €/m <sup>2</sup> ] c) [5.60% - 7.15%] d) [6.22%] e) 5.50 years f) 153 245 m <sup>2</sup>
Retail Austria	106 530	102 650	DCF (discounted cash flow)	a) Weighted average estimated rental value b) Capitalization rate spread c) Capitalization rate calculation terminal value after 10y. d) Remaining duration e) Number of m <sup>2</sup>	a) [11.18 €/m <sup>2</sup> ] b) [4.97% - 5.67%] c) [5.26%] d) 6.37 years e) 43 404 m <sup>2</sup>	a) [9.88 €/m <sup>2</sup> ] b) [5.02% - 5.72%] c) [5.36%] d) 6.00 years e) 42 600 m <sup>2</sup>
Offices Grand Duchy of Luxembourg	241 860	205 350	Actualization of estimated rental income	a) ERV spread b) Weighted average estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate e) Remaining duration f) Number of m <sup>2</sup>	a) [11.54 €/m <sup>2</sup> - 48.25 €/m <sup>2</sup> ] b) [27.64 €/m <sup>2</sup> ] c) [5.00% - 8.65%] d) [6.27%] e) 3.63 years f) 48 657m <sup>2</sup>	a) [23.42 €/m <sup>2</sup> - 39.99 €/m <sup>2</sup> ] b) [29.93 €/m <sup>2</sup> ] c) [5.15% - 8.65%] d) [6.6%] e) 2.70 years f) 32 061 m <sup>2</sup>
Offices Belgium	268 467	218 272	Actualization of estimated rental income	a) ERV spread b) Weighted average estimated rental value c) Capitalization rate spread d) Weighted average capitalization rate e) Remaining duration f) Number of m <sup>2</sup>	a) [8.42 €/m <sup>2</sup> - 22.02 €/m <sup>2</sup> ] b) [10.64 €/m <sup>2</sup> ] c) [4.10% - 9.35%] d) [6.05%] e) 6.71 years f) 130 013 m <sup>2</sup>	a) [9.77 €/m <sup>2</sup> - 11.76 €/m <sup>2</sup> ] b) [10.83 €/m <sup>2</sup> ] c) [5.60% - 9.00%] d) [7.22%] e) 4.50 years f) 113 870 m <sup>2</sup>
Logistics	62 100	42 570	DCF (discounted cash flow) or actualization of cash flows at discount rate)	a) ERV spread b) Weighted average estimated rental value c) Average discount rate d) Economic life e) Remaining duration f) Number of m <sup>2</sup>	a) [4.79 €/m <sup>2</sup> - 7.64 €/m <sup>2</sup> ] b) [6.06 €/m <sup>2</sup> ] c) 7.83% d) 30 years e) 3.25 years f) 33 979 m <sup>2</sup>	a) [3.35 €/m <sup>2</sup> - 16.88 €/m <sup>2</sup> ] b) [4.82 €/m <sup>2</sup> ] c) 7.32% d) 30 years e) 9.65 years f) 26 084 m <sup>2</sup>
<b>TOTAL INVESTMENT PROPERTIES</b>	<b>1 022 033</b>	<b>902 992</b>				

To be noted that the table above does not individually mention vacancy, residual value and operating margin.

The vacancy hypothesis is partially incorporated based on location, rental contract, and partially in the yield. Top locations in the centre of Brussels and Luxembourg barely record any vacancy, while buildings located in the periphery do have to cope with rental vacancy. The Economic life cycle is not specifically reproduced for office buildings and retail parks because it is already comprised in the definition of the yield.

The forecasted long-term inflation applied to the valuation techniques amounts to 1%.

The current portfolio could be subject to a potential decrease in fair value of € 204.0 million before exceeding the maximum debt ratio of 65%. Such decrease in value can be the consequence of an increase in yield (at constant rental values the yield should rise by 157 base points to exceed the maximum debt ratio of 65%) or of a decrease in rental income (at constant yields the rents should have to drop by 19.7% to exceed the maximum debt ratio of 65%).

(1) Estimated Rental Value, or the estimated rental value of the real estate portfolio.

**NOTE 21****ACQUISITIONS OF SUBSIDIARIES**

On 14 September 2018 Leasinvest Real Estate acquired 100% of the shares of Neif Montoyer SPRL, the company owning the building Montoyer 14 in Brussels.

On 19 December 2018 the group, via its subsidiary Leasinvest Immo Lux SA, has acquired 100% of the shares of EBBC A Sàrl and EBBC C Sàrl, company respectively owning the building EBBC A and EBBC C in Luxembourg.

On 28 December 2018 Leasinvest Real Estate has acquired 100% of the shares of Carver BVBA, the company owning the building Hangar 26-27 in Antwerp.

**NOTE 22****OTHER TANGIBLE ASSETS**

(in € 1 000)	31/12/2018	31/12/2017
Installations, machines and equipment	1 121	213
Furniture, office equipment and rolling stock	142	141
Other	0	0
<b>Other tangible assets</b>	<b>1 263</b>	<b>354</b>
<b>Changes in other tangible assets</b>		
<b>Balance at the end of the previous financial year</b>	<b>354</b>	<b>1 250</b>
Gross amount	841	1 954
Accumulated depreciation (-)	-664	-704
Accumulated impairments	0	0
Investments (+)/Divestments (-)	1 160	123
Acquisitions through business combinations		
Transfers and disposals (-)	0	-925
Transfers through splitting-up		
Depreciations (-)	-74	-94
<b>Balance at the end of the financial year</b>	<b>1 263</b>	<b>354</b>
Of which:		
Tangible assets for own use	142	141
Other	1 121	213

The other tangible assets are recorded at cost minus accumulated depreciation and possible impairments (in accordance with IAS 16).

These are written off in a linear way in function of their economic life cycle. The investment of € 1.2 million mainly relates to solar panels installed in Austria.

**NOTE 23****NON-CURRENT FINANCIAL ASSETS**

(in € 1 000)	31/12/2018	31/12/2017
Participations in other REIT (SIR/GVV)	91 817	73 344
Loans and receivables	0	0
Other	461	144
Real estate certificates	0	1 203
Derivative financial instruments	696	1 066
Participations in associates	0	0
<b>TOTAL</b>	<b>92 974</b>	<b>75 757</b>

The non-current financial assets increase substantially because € 12.9 million of extra Retail Estates shares were acquired to keep on exceeding the 10% threshold, resulting in no withholding tax being due on the dividends received. On 31 December 2018 a capital gain of € 5.6 million was booked following the positive evolution of the share price of the Retail Estates share.

**NOTE 24****LEASING**

The item finance lease receivables for € 17.8 million comprises the State Archives in Bruges that are presented as a financial leasing in conformity with IFRS. The initial duration was 25 years, of which already five years have passed. The implicit interest rate based on the present value of minimum lease payments amounts to 3.45% for 2018 and 3.69% for 2017.

(in € 1 000)	31/12/2018				31/12/2017			
	< 1 year	1 year < 5 years	> 5 years	TOTAL	< 1 year	1 year < 5 years	> 5 years	TOTAL
	<b>remaining duration</b>							
1. Gross lease investments	1 409	5 926	31 002	38 337	1 375	7 299	32 682	41 356
2. Present value of minimum lease payments		684	17 112	17 796		712	17 129	17 841
3. Unearned finance income				20 541				23 515
4. Contingent rent recognised in income								
5. Unguaranteed residual values for the lessor								
6. Accumulated allowance for uncollectible lease payments receivable								

**NOTE 25****ASSETS HELD FOR SALE**

(in € 1 000)	31/12/2018	31/12/2017
<b>Balance at the end of the previous financial year</b>	<b>0</b>	<b>54 966</b>
Investments	0	1 441
Divestments	0	-115 641
Transfer from/(to) other items	15 050	60 892
Spreading of gratuities	0	144
Increase/(decrease) of fair value	0	-1 802
<b>Balance at the end of the financial year</b>	<b>15 050</b>	<b>0</b>



All assets held for sale are investment properties.

As the asset is an investment property accounted for according to the fair value model, it is valued at fair value, i.e. the accounting value minus the transfer rights, based on the valuation by the independent external real estate expert.

End 2018 this item comprises the building Kennedy in Luxembourg (€ 15.1 million).

## NOTE 26 CURRENT FINANCIAL ASSETS

(in € 1 000)	31/12/2018	31/12/2017
Assets held to maturity		
Assets available for sale	0	0
Assets at fair value through profit or loss		0
Loans and receivables	0	0
Other	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>

## NOTE 27 TRADE RECEIVABLES

(in € 1 000)	31/12/2018	31/12/2017
Trade receivables	12 151	10 104
To be invoiced	1 512	1 712
Doubtful receivables	-496	-345
<b>TOTAL</b>	<b>13 167</b>	<b>11 471</b>

Leasinvest Real Estate estimates that the accounting value of the trade receivables comes close to their fair value. Consequently, no corrections to the book value of the receivables were foreseen.

(in € 1 000)	31/12/2018					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	11 159	5 032	1 423	1 685	1 607	1 412
To be invoiced	1 512	1 512				
Doubtful receivables	496					496
<b>TOTAL</b>	<b>13 167</b>	<b>6 544</b>	<b>1 423</b>	<b>1 685</b>	<b>1 607</b>	<b>1 908</b>

(in € 1 000)	31/12/2017					
	Total	not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	9 414	7 471	247	416	363	917
To be invoiced	1 712	1 712				
Doubtful receivables	345					345
<b>TOTAL</b>	<b>11 471</b>	<b>9 183</b>	<b>247</b>	<b>416</b>	<b>363</b>	<b>1 262</b>

Receivables and debts (in € 1 000)	31/12/2018	31/12/2017
<b>Accumulated depreciation – opening balance</b>	<b>-345</b>	<b>-345</b>
Impairment booked during the financial year	-151	0
Write-back of impairment during the financial year	0	0
Write-off of impairment during the financial year	0	0
<b>Accumulated depreciation – ending balance</b>	<b>-496</b>	<b>-345</b>

The part of the trade receivables come due, for which no provision has been created, is either covered by a bank guarantee on first request or is the object of an installment plan.

Following the entry into force of IFRS 9, on the basis of an analysis, a general provision of € 4 thousand was booked. For this, we refer to the valuation rules on page 118.

## NOTE 28

### TAX RECEIVABLES AND OTHER CURRENT ASSETS

(in € 1 000)	31/12/2018	31/12/2017
Taxes	1 058	653
Other	2 245	1 880
<b>TOTAL</b>	<b>3 303</b>	<b>2 533</b>

The item tax receivables mainly relates to property taxes to be recovered. The other current assets comprise a/o amounts to be recovered, relating to the Swiss portfolio that was sold in 2017 (€ 1.2 million)..

## NOTE 29

### CASH AND CASH EQUIVALENTS

(in € 1 000)	31/12/2018	31/12/2017
Cash	7 403	5 702
Cash equivalents	0	0
<b>TOTAL</b>	<b>7 403</b>	<b>5 702</b>

The cash and cash equivalents consist exclusively of bank accounts at financial institutions. For the evolution of the cash and cash equivalents we refer to the cash flow statement.

## NOTE 30

### DEFERRED CHARGES AND ACCRUED INCOME – ASSETS

(in € 1 000)	31/12/2018	31/12/2017
Accrued and not due rental income		
Rent-free periods and incentives for appropriation		
Prepaid property charges	262	157
Prepaid interests and other financial charges	0	0
Other	653	325
<b>TOTAL</b>	<b>915</b>	<b>482</b>

The increase in other deferred charges and accrued income of € 325 thousand to € 653 thousand is mainly due to invoices received in 2018 that already related to 2019 and further.

## NOTE 31

## SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND NET RESULT

## 31.1 Subscribed capital

## a) Evolution subscribed capital since the creation of the REIT (SIR/GVV)

Date		Issued capital (in € 1 000)	Number of shares
31/12/1998	Initial capital Brixton Zaventem	2 922	61 250
4/05/1999	New number of shares (1)		864 808
7/05/1999	Acquisition of treasury shares and annulment of the acquired shares		-24 603
8/06/1999	Contribution in kind of the 'Extensa buildings'	2 788	727 818
8/06/1999	Contribution in kind of the Vierwinden Business Park	9 370	191 574
	Total before the offering	15 080	1 759 597
1/07/1999	Capital increase	20 334	370 851
1/07/1999	Merger with Brixton Louise	7 561	394 672
1/07/1999	Merger with Kapex		4
1/07/1999	Decrease of the capital	-15 209	
	Capital and number of shares after the offering	27 765	2 525 124
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	2 206	200 500
14/12/2001	Contribution in kind D2 of the Axxes Business Park	1 152	104 742
28/11/2003	Merger with Brussimmo		2
28/11/2003	Merger with Ekiport		3
	Issued capital and number of issued shares on 30/06/04	31 123	2 830 371
23/12/2004	Partial splitting-up (Montoyer 63)	4 606	418 850
	Issued capital and number of issued shares on 30/06/05	35 729	3 249 221
29/05/2006	Contribution in kind of buildings Extensa-portfolio	8 397	763 407
	Issued capital and number of issued shares on 30/06/06	44 126	4 012 628
29/12/2006	Merger with Square de Meeûs 5-6 SA	2	204
	Issued capital and number of shares on 30/06/2007 & 31/12/2011	44 128	4 012 832
25/06/2013	Capital increase	10 187	926 038
	Issued capital and number of shares on 31/12/2013	54 315	4 938 870
04/10/2018	Capital increase	10 863	987 774
	<b>Issued capital and number of shares on 31/12/2018</b>	<b>65 178</b>	<b>5 926 644</b>

(1) On 31/12/98 the registered capital of Brixton Zaventem amounted to € 2,921,652, represented by 61,250 shares. On 04/05/99 it has been decided to divide the capital of Brixton Zaventem into 864,808 shares.

## b) Categories of shares:

Leasinvest Real Estate has only one category of shares, namely ordinary shares. Holders of ordinary shares are entitled to receive the declared dividend and to one vote per share at the annual general meetings of shareholders of Leasinvest Real Estate. All shares are fully paid. The shares are registered shares or dematerialized shares. For more information on the nature of the shares, see articles of association.

**c) Authorized capital:**

The statutory manager is authorized to increase the registered capital on the dates and subject to the conditions he will define, in one or more instalments, for a total amount of € 54,314,744.64. This authorization is valid for a term of five (5) years as of the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable. For more information on the authorized capital, we refer to the articles of association (article 7). During 2018 € 10.9 millions were used.

**d) Costs related to capital increases:**

Over the financial year 2018 € 1,644 thousand of costs related to the abovementioned capital transactions, and consequently to the issue of new shares, were deducted from the reserves.

**31.2 Share premium account**

Date	Transaction	(in € 1 000)
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	7 710
14/12/2001	Contribution in kind D2 of the Axxes Business Park	4 356
23/12/2004	Partial splitting-up (Montoyer 63)	19 214
	Share premium account on 30/06/05	31 280
29/05/2006	Contribution in kind of buildings Extensa-portfolio	39 331
	Share premium account on 30/06/06	70 611
29/12/2006	Merger with Square de Meeûs 5-6 SA	11
	Share premium account on 30/06/2007 & 31/12/2011	70 622
25/06/2013	Capital increase	50 469
	Share premium account on 31/12/2013	121 091
04/10/2018	Capital increase	73 098
	Share premium account on 31/12/2018	<b>194 189</b>

**31.3 Result**

(in € 1 000)	31/12/2018	31/12/2017
Result to be carried forward	11 702	22 850
Proposed dividend	26 492	24 694
<b>TOTAL</b>	<b>38 194</b>	<b>47 545</b>

The consolidated net result, group share, of the past financial year 2018 amounted to € 38.2 million.

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay the following dividends on 27 May 2019:

- To the existing shareholders before the capital increase of 2018 (holding coupon no 23 detached on 19 September 2018), a proportional dividend of € 3.78 gross per share;
- To all shareholders holding coupon 24 (currently still attached to all shares), a dividend of € 1.32 gross per share.

That way, a dividend of € 5.10 gross per share is distributed to all existing shareholders before the capital increase of 2018, which implies an increase of 2% compared to the dividend of last year.

Subject to the approval of the ordinary general shareholders' meeting of 20 May 2019, dividends will be paid out on presentation of coupons no 23 and 24.

## 31.4 Reserves

(in € 1 000)	31/12/2018	31/12/2017
Legal reserves	5 431	5 431
Reserves for the balance of the changes in fair value of property (+/-)	56 086	27 956
Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)		
Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS	-34 100	-31 888
Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-7 215	-7 707
Reserves from translation differences coming from conversion of foreign activity (+/-)	8	8
Reserve for treasury shares	-11	-11
Reserve for the balance of changes in fair value of financial assets held for sale (+/-)	20 379	20 379
Result carried forward	137 672	145 087
Net result of the financial year	38 194	47 545

## NOTE 32

## COMMENTS ON THE NUMBER OF SHARES, DIVIDENDS AND PROFIT PER SHARE

## Changes in the number of shares

	31/12/2018	31/12/2017
	Number of shares	Number of shares
Number of shares at the beginning of the financial year	4 938 870	4 938 870
Changes in the number of shares	987 774	0
Number of shares at the end of the financial year	5 926 644	4 938 870
Number of shares entitled to dividends	5 926 644	4 938 870
Number of treasury shares	0	0
Number of shares entitled to the result of the period	5 926 644	4 938 870
Number of shares entitled to a full dividend	4 938 870	4 938 870
Number of shares entitled to a pro rata dividend (after capital increase)	5 179 724	0

Because 987,774 new shares were issued following the capital increase, the total number of shares entitled to dividends equals 5,926,644 units.

## Calculation of the profit and dividend per share:

	31/12/2018	31/12/2017
	(12 months)	(12 months)
Net result, group share (€ 1 000) (statutory result)	38 125	40 006
Number of shares entitled to the result of the period	5 179 724	4 938 870
Net result, group share, per share (€) (1)	7.36	8.10
	proposal 2018	proposal 2017
Gross dividend attributable to ordinary shareholders (€ 1 000)	26 492	24 694
Gross dividend per share (€)	5.10	5.00
Net dividend per share (€)	3.5700	3.5000

(1) The net profit per share is the net result, group share, as stated in the income statement, divided by the number of shares entitled to the result of the period.

(2) The distributable profit per share corresponds to the consolidated EPRA Earnings per share. This standard expresses well the cash result of the REIT (SIR/GW), as revaluation results and other non-monetary effects are not taken into account.

## NOTE 33

## INFORMATION ON FINANCIAL INSTRUMENTS

## 33.1 Overview of financial instruments at book value

(in € 1 000)	31/12/2018			
	Loans and receivables (amortized cost)	Available for sale	FV hedge	Total
<b>FINANCIAL ASSETS</b>				
Non-current financial assets	461	91 818	696	92 974
Participation in other REIT (SIR/GVV)		91 818		91 818
Real estate certificates	0	0		0
Hedging instruments			696	696
Other	461			461
Finance lease receivables	17 796			17 796
Trade receivables	13 166			13 166
Tax receivables and other current assets	3 303			3 303
Cash and cash equivalents	7 403			7 403
<b>TOTAL FINANCIAL ASSETS</b>	<b>42 129</b>	<b>91 818</b>	<b>696</b>	<b>134 642</b>
	FV through income statement	Financial liabilities at amortized cost	CF hedge	Total
<b>FINANCIAL LIABILITIES</b>				
Non-current financial debts	0	334 509	0	334 509
Credit institutions		312 359		312 359
Bond loans		20 508		20 508
Rental guarantees received		1 642		1 642
Other non-current financial liabilities - derivatives	1 165		34 100	35 625
Current financial debts		264 198		264 198
Credit institutions		47 533		47 533
Commercial paper		141 018		141 018
Bond loans		75 647		
Other current financial liabilities - derivatives			0	0
Trade debts and other current debts		17 698		17 698
Other non-current liabilities		2 048		2 048
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1 165</b>	<b>618 453</b>	<b>34 100</b>	<b>654 078</b>

## 33.2 Note on the financial debts

(in € 1 000)	31/12/2018	31/12/2017
<b>Non-current financial debts</b>	<b>334 509</b>	<b>348 156</b>
Credit institutions	312 359	251 168
Other	22 150	96 988
Bond loans	20 508	96 266
Rental guarantees received	1 642	722
<b>Current financial debts</b>	<b>264 198</b>	<b>192 284</b>
Credit institutions	47 533	24 053
Other	216 665	168 231
Other loans – commercial paper	141 018	168 231
Other loans - bond	75 647	0
<b>TOTAL</b>	<b>598 707</b>	<b>540 440</b>

The total financial debts increase by € 58.3 million in comparison with end 2017 and amount to € 597,707 thousand.

The item other non-current loans comprises for € 20.5 million the bond loans issued by Leasinvest in 2013. This relates to a private placement of € 20 million issued at a fixed interest rate of 3.528% with maturity 4 December 2020. The decrease in comparison with the previous year is due to the public bond of € 75 million issued at a fixed interest rate of 3.75% with maturity 9 October 2019 that was reclassified end 2019 in the current financial debts. The draw-downs of bilateral bank credits amount to € 312.4 million in the long term and € 47.5 million in the short term on 31/12/2018.

The 'other current financial debts' of € 216.7 million comprise the commercial paper issued at less than 1 year for an amount of € 141.0 million. The issued commercial paper has decreased over the past financial year by € 27.2 million following the decreased market demand by investors. The commercial paper issues are paid on the basis of a variable interest rate and all come to maturity within the year. These issues are fully covered by the available margin on bilateral credit lines, ensuring that these maturities can always be refinanced should the market demand for new issues decrease. Besides this, the public bond loan of € 75 million is also recorded as 'current' end 2018 given its maturity date of 9 October 2019.

The composition of the bilateral credit portfolio is as follows:

Number	Type funding instrument	Authorized amount credit line	Start credit	Maturity credit	Fixed rate (TF) or variable rate (TV) before hedge
1	Bilateral Revolving credit facility	22 500 000	17/11/2014	30/11/2019	TV
2	Bilateral Revolving credit facility	20 000 000	09/11/2015	31/10/2022	TV
3	Bilateral Revolving credit facility	15 000 000	26/10/2018	30/09/2025	TV
4	Bilateral Revolving credit facility	38 000 000	28/10/2016	31/08/2021	TV
5	Bilateral Revolving credit facility	15 000 000	01/02/2016	31/01/2021	TV
6	Bilateral Revolving credit facility	25 000 000	01/12/2010	31/01/2024	TV
7	Bilateral Revolving credit facility	10 000 000	07/02/2013	21/02/2023	TV
8	Bilateral Revolving credit facility	10 000 000	01/02/2016	31/01/2021	TV
9	Bilateral Revolving credit facility	30 000 000	01/11/2016	15/01/2022	TV
10	Bilateral Term Loan	15 000 000	31/12/2015	31/12/2020	TV
11	Bilateral Term Loan	25 000 000	30/11/2016	29/11/2021	TV
12	Bilateral Revolving credit facility	25 000 000	31/01/2016	31/12/2020	TV
13	Bilateral Term Loan	50 000 000	08/12/2015	31/03/2022	TV
14	Bilateral Revolving credit facility	15 000 000	23/08/2013	27/08/2023	TV
15	Bilateral Revolving credit facility	50 000 000	23/12/2016	23/12/2023	TV
16	Bilateral Revolving credit facility	12 500 000	23/12/2016	23/12/2019	TV
17	Bilateral Term Loan	12 500 000	23/12/2016	23/12/2019	TV
18	Bilateral Revolving credit facility	25 000 000	03/01/2017	31/12/2020	TV
19	Bilateral Revolving credit facility	56 000 000	11/10/2017	10/10/2022	TV
20	Bilateral Revolving credit facility	30 000 000	17/01/2019	16/01/2026	TV
<b>Total credits at variable interest rate</b>		<b>501 500 000</b>			
21	Bilateral Term Loan	10 000 000	23/01/2013	23/01/2021	TF
22	Bilateral Investment credit	20 000 000	21/11/2015	21/11/2021	TF
23	Bilateral Investment credit	15 000 000	21/11/2015	21/11/2022	TF
24	Bilateral Investment credit	10 000 000	07/08/2014	07/08/2023	TF
25	Public bond	75 000 000	09/10/2013	09/10/2019	TF
26	Private bond	20 000 000	04/12/2013	04/12/2020	TF
<b>Total credits at fixed interest rate</b>		<b>150 000 000</b>			



The total drawn down debt position at closing date amounts to € 598,707 thousand, of which € 1,642 thousand of rental guarantees received.

Taking into account the hedging policy of the company, as described in the risk factors, the company striving at a hedging percentage of 75%, i.e. the relation between the fixed rate debt augmented by the variable interest rate debt swapped for a fixed rate debt through interest rate swaps, compared to the total debt, for a part, namely € 35 million, of the public bond loan, a fair value hedge was concluded through an IRS receiver in 2013. The corresponding part, or € 35 million of the public bond loan was not booked at amortized cost, but at fair value, and recognized in the financial results as a positive change of € 111 thousand (2017: € 547 thousand).

The bond loans, except for the part for which a fair value hedge was concluded, are booked at amortized cost.

The book value of the public and private bond loans end 2018 amounts to € 96,155 thousand in comparison with € 96,266 thousand end 2017.

End 2018 the part fixed rate credits amounts to 25% or € 150 million of total drawn down debt excl. rental guarantees, of € 597.07 million, which is a slight decrease in comparison with end 2017 (28%).

Financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. Not respecting these covenants can entail the premature termination of these credits. The concluded credits hold classic covenants mainly related to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Within the framework of the additional obligations imposed by IAS 7, we announce that the movements on the balance sheet with regard to financial debts for both the financial year 2018 and 2017, exclusively consist of cash movements within the scope of withdrawal of credit lines, except for € 0.1 million (€ 0.5 million in 2017) linked to the limited part of the bond debt valued at fair value, as commented above.

#### Breakdown according to the expiry date of financial debts and credit lines

(in € 1 000)	31/12/2018			
	Debts with a residual duration of			Total
	< 1 year	> 1 year < 5 years	> 5 years	
<b>Financial debts – credit institutions</b>				
Credit lines	47 500	439 000	40 000	526 500
Credit draw-downs	47 500	294 000	17 850	359 350
Interests	555	15 409	1 370	17 334
% share (credit draw-downs/credit lines)	101.2%	70.5%	48.1%	71.5%
<b>Bond loans</b>				
Bond loans	77 203	21 380		98 583
Commercial Paper program			250 000	250 000
Commercial Paper draw-downs	141 050			141 050
% share CP / credit lines				26.8%
% share (credit draw-downs & CP / credit lines)				95.0%
% Credit lines balance after CP hedging				5.0%
Future costs derivatives	7 356	29 958	2 936	40 250
Future income derivatives	562	401	0	963

### 33.3 Fair Value Disclosures

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

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

(in € 1 000) per end 2018	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	91 816	0		91 816	91 816
- Other derivative instruments non-qualified as cash flow hedge			0	0	0
- Other derivative instruments qualified as fair value hedge		696		696	696
Finance-lease receivables					
- Other	461		17 796	17 796	17 796
Current financial assets					
Trade receivables		13 167		13 167	13 167
Tax receivables and other current assets		3 303		3 303	3 303
Cash and cash equivalents	7 403			7 403	7 403
Deferred charges and accrued income		915		915	915
Non-current financial debts					
- Credit institutions		312 359		312 359	312 359
- Other		20 603		20 603	20 507
Other non-current financial liabilities					
- Financial derivatives through the income statement					
- Financial derivatives through other equity components		35 625		35 625	35 625
Current financial debts					
- Credit institutions		47 533		47 533	47 533
- Other		217 023		217 023	216 665
Other current financial liabilities					
- Financial derivatives through other equity components		0		0	0
Trade debts and other current debts					
- Exit tax					
- Other		17 698		17 698	17 698
Other current liabilities		2 048		2 048	2 048
Accrued charges and deferred income		11 339		11 339	11 339

(in € 1 000) per end 2017	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	73 344	1 203		74 547	74 547
- Other derivative instruments non-qualified as cash flow hedge			0	0	0
- Other derivative instruments qualified as fair value hedge		1 584		1 584	1 584
Finance-lease receivables			17 841	17 841	17 841
Current financial assets					
Trade receivables		11 471		11 471	11 471
Tax receivables and other current assets		2 533		2 533	2 533
Cash and cash equivalents	5 702			5 702	5 702
Deferred charges and accrued income		482		482	482
Non-current financial debts					
- Credit institutions		252 569		252 569	251 168
- Other	77 535	20 374		97 909	96 266
Other non-current financial liabilities					
- Financial derivatives through the income statement					
- Financial derivatives through other equity components		33 696		33 696	33 696
Current financial debts					
- Credit institutions		24 322		24 322	24 053
- Other		168 231		168 231	168 231
Other current financial liabilities					
- Financial derivatives through other equity components		160		160	160
Trade debts and other current debts					
- Exit tax					
- Other		15 286		15 286	15 286
Other current liabilities		1 716		1 716	1 716
Accrued charges and deferred income		10 108		10 108	10 108

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

With regard to the financial derivatives, the valuations of the different counterparty banks have been recorded. However, these instruments were classified under level 2 as we calculate a CVA or a DVA on these received valuations, and this on the basis of market data that are an approximation of the credit risk. The valuation of the private bond is based on an approximation of an observable CDS spread and the evolution of the Euribor 6M.

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

For the valuation techniques of the real estate certificates recorded under the non-current financial assets we refer to notes 2 and 23.

### 33.4 Management of capital and debt ratio

Calculation and further comments on the debt ratio (both calculated according to IFRS):

(in € 1 000)	Statutory balance sheet	Consolidated balance sheet
<b>TOTAL OF THE ITEMS 'LIABILITIES' OF THE BALANCE SHEET</b>	<b>414 756</b>	<b>680 296</b>
I. NON-CURRENT LIABILITIES	35 636	50 504
A. Provisions	11	11
C. Other non-current financial liabilities – Authorized hedges	35 625	35 625
F. Deferred taxes	0	14 868
II. CURRENT LIABILITIES	5 222	11 339
A. Provisions	0	0
C. Other non-current financial liabilities – Authorized hedges	0	0
F. Deferred charges and accrued income	5 222	11 339
<b>Total liabilities taken into account for the calculation of the debt ratio (numerator):</b>	<b>373 898</b>	<b>618 453</b>
<b>TOTAL 'ASSETS' OF THE BALANCE SHEET</b>	<b>890 964</b>	<b>1 156 107</b>
Authorized hedges recorded in the assets	696	696
<b>Total assets taken into account for the calculation of the debt ratio (denominator):</b>	<b>890 268</b>	<b>1 155 411</b>
<b>Debt ratio</b>	<b>42.01%</b>	<b>53.53%</b>

In accordance with art 24 of the RD of 13 July 2014, the public REIT (SIR/GVV) has to establish a financial plan with an execution calendar, whenever the consolidated debt ratio exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

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

The general guidelines of the financial plan are recorded in the annual and half-year financial reports. In the annual and half-year financial reports is described and justified how the financial plan was executed in the course of the relevant period and how the public RREC will execute the plan in the future.

As shown in the table below, the debt ratio of Leasinvest Real Estate has in general historically remained below 50% till 2011 included, but structurally exceeded, since 2012 the 50%-threshold as a consequence of the investment programme executed over the past years, defined a/o by:

- the development and later sale of the office building Bian in Luxembourg;
- the investment in the real estate certificates issued by Porte des Ardennes Schmiede SA and Porte des Ardennes Pommerlach SA for the financing of the shopping centers Knauf situated in Schmiede and in Pommerloch;
- the acquisition of the building Tour & Taxis Royal Depot;
- the development of the completed project Royal20;
- the acquisition of Frun® retail park in Asten Austria;
- the acquisition of the building Mercator in Luxembourg;
- the acquisition of 2 retail buildings in Stadlau (Austria);
- the current redevelopment projects Montoyer 63, Treesquare and Retail park Strassen;
- the acquisition of the building Montoyer 14 in Brussels;
- the acquisition of the buildings EBBC A and EBBC C in Luxembourg;
- the acquisition of the building Hangar 26-27 in Antwerp.

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>53.53%</b>	57.14%	58.05%	58.03%	54.27%	53.53%	56.19%	47.29%	44.13%	47.61%	52.06%	40.93%	44.15%	32.23%	41.06%	41.38%	44.94%
											(•)	(•)	(•)	(•)	(•)	(•)

(•) Closing per 30/6

In the course of the financial year 2018 the debt ratio first increased from 57.14% per end 2017 to a peak of 59.31% on 30 June 2018. This was mainly due to the annual dividend distribution for an amount of € 24 million.

In the second half-year a capital increase of € 84 million was launched, which was entirely subscribed. The proceeds were already entirely used for new investments such as Montoyer 14, EBBC buildings A and C, Hangar 26-27 etc. As a consequence of these transactions the debt ratio could decrease by nearly 4 per cent points, from 57.14% on 31 December 2017 to 53.5% on 31 December 2018.

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 53.5% end December 2018 Leasinvest Real Estate has a proportional investment potential based on debt financing of € 378.8 million without exceeding the 65%-debt ratio and an investment potential of € 189.0 million without exceeding the 60%-debt ratio.

The valuation of the portfolio also has a direct impact on the debt ratio. Currently there are no indications in the market of strong negative evolutions. Through the diversification of the portfolio of Leasinvest Real Estate, both in terms of assets and geographically, the risk is also mitigated. The existing portfolio could undergo a potential decrease in fair value of € 204.0 million before exceeding the maximum debt ratio of 65%. Such a decrease in value could be the consequence of an increase of the yield (at constant rental values the yield should increase by 157 base points to exceed the maximum debt ratio of 65%) or of a decrease of the rental income (at constant yields the rents should decrease by 19.7% to exceed the maximum debt ratio of 65%). At present, there are no indications in the market that a significant increase of the yields or a decrease of the rental income is near.

Should substantial value decreases take place in a certain asset class or in a region, with the risk that the debt ratio would exceed 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings. Leasinvest Real Estate has indeed a strong track record in the sale of buildings and has divested for € 401 million over the period 2007 to 31 December 2018.

It is the opinion of company that no additional measures are necessary to avoid the debt ratio from exceeding 65%. The debt ratio now lies within the predefined long-term spread of 50%-55%.

### 33.5 Note on the financial derivatives

In order to limit the risks of a rise of the variable interest rates, Leasinvest Real Estate has partially hedged its credits by the conclusion of the financial products below:

Type of hedge	Notional amount	Qualification IFRS	Maturity	Interest rate Paying leg	Interest rate Receiving leg
<b>CURRENT HEDGES</b>					
SWAPS					
IRS payer	40 000 000	Cashflow hedge	2023	1.13%	EUR 3M
IRS payer	10 000 000	Cashflow hedge	2023	1.81%	EUR 3M
IRS payer	15 000 000	Cashflow hedge	2023	1.76%	EUR 3M
IRS payer	25 000 000	Cashflow hedge	2022	1.85%	EUR 3M
IRS payer	30 000 000	Cashflow hedge	2025	2.71%	EUR 3M
IRS payer	15 000 000	Cashflow hedge	2021	1.30%	EUR 3M
IRS payer	25 000 000	Cashflow hedge	2027	2.31%	EUR 3M
IRS payer	10 000 000	Cashflow hedge	2024	1.33%	EUR 3M
IRS payer	15 000 000	Cashflow hedge	2024	1.79%	EUR 3M
IRS payer	10 000 000	Cashflow hedge	2024	1.97%	EUR 3M
IRS payer	10 000 000	Cashflow hedge	2025	1.93%	EUR 3M
<b>Total Notional amount</b>	<b>205 000 000</b>				
IRS receiver	25 000 000	Fair Value hedge	2019	EUR 3M	1.27%
IRS receiver	10 000 000	Fair Value hedge	2019	EUR 3M	1.29%
<b>Total Notional amount</b>	<b>35 000 000</b>				
<b>CAPS</b>					
CAP at 0%	10 000 000	Fair Value hedge	2019		0.00%
CAP at 0%	10 000 000	Fair Value hedge	2019		0.00%
CAP at 0%	20 000 000	Fair Value hedge	2019		0.00%
CAP at 0%	10 000 000	Fair Value hedge	2019		0.00%
CAP at 0%	30 000 000	Fair Value hedge	2019		0.00%
CAP at 0%	12 500 000	Fair Value hedge	2019		0.00%
CAP at 0%	30 000 000	Fair Value hedge	2019		0.00%
<b>Total Notional amount</b>	<b>122 500 000</b>				
<b>START IN THE FUTURE</b>					
Forward IRS payer	10 000 000	Cashflow hedge	2024	1.90%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2024	2.69%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2026	2.50%	EUR 3M
Forward IRS payer	20 000 000	Cashflow hedge	2024	2.51%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2026	2.94%	EUR 3M
Forward IRS payer	30 000 000	Cashflow hedge	2026	2.42%	EUR 3M
Forward IRS payer	12 500 000	Cashflow hedge	2026	2.01%	EUR 3M
Forward IRS payer	20 000 000	Cashflow hedge	2026	1.99%	EUR 3M
Forward IRS payer	10 000 000	Cashflow hedge	2026	2.03%	EUR 3M
Forward IRS payer	25 000 000	Fair Value hedge	2025	0.86%	EUR 3M
Forward IRS payer	25 000 000	Fair Value hedge	2025	0.86%	EUR 3M
Forward IRS payer	30 000 000	Fair Value hedge	2025	1.00%	EUR 3M
<b>Total Notional amount</b>	<b>232 500 000</b>				
<b>CAPS</b>					
CAP at 0%	25 000 000	Fair Value hedge	2022		0.00%
CAP at 0.25%	25 000 000	Fair Value hedge	2022		0.25%
<b>Total Notional amount</b>	<b>50 000 000</b>				

At the end of the financial year 2018 the notional amount of the current net payer IRS-contracts amounts to € 170 million (€ 205 million payer IRS, minus € 35 million receiver IRS) and the future payer IRS to € 232.5 million.

De hedge ratio end 2018 amounted to 74% (fix ratio 54%), in comparison with 73% (fix ratio 78%) end 2017.

The relation between the debts at variable interest rates of € 445,400 thousand, increased by the IRS receiver swaps for € 35,000 thousand on the one hand, and on the other hand, the debt at fixed interest rates (€ 150,000 thousand), the corresponding IRS hedge (€ 205,000 thousand) and the current CAPS (€ 122,500 thousand) is the hedge position and is thus calculated on the basis of the notional amount of current active hedges at that moment. For this calculation the future hedges are not taken into account, as they do not offer any 'protection' at that moment against an increasing interest rate. In the table below is explained how the hedge ratio and the fix ratio are calculated at the closing date.

Calculation hedge ratio		31/12/2018
Nominal amount of the drawn down financial liabilities excluding accr. Interest in 000 €	A	595 400
Nominal amount of the debts at fixed interest rates in 000 €	B	150 000
Nominal amount of the financial instruments IRS Payer in 000 €	C	205 000
Nominal amount of the financial instruments IRS Receiver in 000 €	D	35 000
Nominal amount of the financial instruments Interest CAP in 000 €	E	122 500
<b>Fix ratio</b>	<b>((B+C-D))/A</b>	<b>54%</b>
<b>Hedge Ratio</b>	<b>(A+C+E-D)/A</b>	<b>74%</b>

Derivative financial instruments are valued at fair value, which corresponds to the marked-to-market calculated by financial institutions. With regard to interest rate swaps, hedge accounting is applied to a part of it and the efficiency of the hedges has been proven; another part is subject to non-effective hedge accounting. They relate to cash flow hedges on the one hand, IRS Payer swaps being used to hedge drawn down credit lines at variable interest rates, including the commercial paper issued at variable interest rates, with price adjustments at short-term intervals (typically three months or less). On the other hand, it concerns fair value hedges, the IRS Receiver swaps being put into a hedge relation with part of the publicly issued bond in conformity with the fair value hedging methodology.

In practice, this means that the effective part is revalued in equity and the ineffective part in the income statement. The effective part of the cash flow hedges is attributed to the "reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS", and the ineffective part of the cash flow hedges, together with the fair value hedges is recorded in the "reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS".

The fair value of the hedges at closing date is composed as follows:

(in € 1 000)	31/12/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
Bought caps	132			
Sold floors	564		1 066	
Interest Rate Swaps		-35 625		-33 696
	<b>696</b>	<b>-35 625</b>	<b>1 066</b>	<b>-33 696</b>

The balance of the liabilities of - € 35.6 million is presented in the item "Other non-current liabilities" and "Other current liabilities" and the balance of the assets of € + 0.7 million is presented in "Non-current financial assets" (note 23).

The changes in fair value of the hedges:

Effective part of fair value presented in "Reserves for the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS".

Effective part of the fair value (cf. Item in reserves)	in € 1 000)
Balance on 31/12/2012	-23 727
Change in the effective part of the fair value of derivative financial instruments	8 427
Balance on 31/12/2013	-15 300
Change in the effective part of the fair value of derivative financial instruments	-21 890
Balance on 31/12/2014	-37 191
Change in the effective part of the fair value of derivative financial instruments	3 003
Balance on 31/12/2015	-34 188
Change in the effective part of the fair value of derivative financial instruments	-9 065
Balance on 31/12/2016	-43 253
Change in the effective part of the fair value of derivative financial instruments	11 366
Balance on 31/12/2017	-31 887
Change in the effective part of the fair value of derivative financial instruments	-2 213
<b>Balance on 31/12/2018</b>	<b>-34 100</b>

The changes in the effective part of the fair value of authorized hedges subject to hedge accounting as defined in IFRS van - € 2.2 million concern changes in value of the hedges as a consequence of the evolution of the swap curve, passed through the reserves.

Ineffective part of the fair value	in € 1 000)
Balance on 31/12/2012	-3 671
Change in the ineffective part of the fair value of derivative financial instruments	1 031
Balance on 31/12/2013	-2 640
Change in the ineffective part of the fair value of derivative financial instruments	720
Balance on 31/12/2014	-1 920
Change in the ineffective part of the fair value of derivative financial instruments	-5 216
Balance on 31/12/2015	-7 136
Change in the ineffective part of the fair value of derivative financial instruments	-571
Balance on 31/12/2016	-7 707
Change in the ineffective part of the fair value of derivative financial instruments	-55
Balance on 31/12/2017	-7 762
Change in the ineffective part of the fair value of derivative financial instruments	-238
<b>Balance on 31/12/2018</b>	<b>-8 000</b>

The changes in the ineffective part of the fair value of the derivative instruments of - € 0.2 million (end 2017: - € 0.1 million) is directly passed through the results (see also note 17).

### 33.6 Information on financial risk management

#### 33.6.1 Financial management

The financial policy is intended at optimising the costs of the capital and limiting the financing, interest rate, liquidity, cash flow, counterparty and covenant risks.

We refer, for the note on financial risk management, the potential impact, the mitigating factors and measures, to the note with regard to the risks, as described in the Risk factors, recorded in the annual financial report on page 4.



### 33.6.2 Specific note on Liquidity risk

Per 31 December 2018 the weighted average duration of the credit portfolio has evolved from 3.34 years (end 2017) to 3.11 years. For a more detailed presentation of the maturity analysis, we refer to the note with regard to the financial debts.

The weighted average duration of the hedges has increased from 5.15 years (end 2017) to 5.35 years end 2018.

The liquidity risk inherent to the difference in the average remaining durations of the financial liabilities and the financial derivative liabilities is monitored in function of the refinancing expectations of the credit and the estimated future extra funding needs of the company. The liquidity risk concerns the unavailability of extra financing to refinance the maturity dates in the credit portfolio or to meet extra credit needs. On the one hand, this risk is mitigated by a balanced spread of the maturity dates of the credits and by the diversification of the funding sources. Moreover, the buildings owned by the REIT (SIR/GVV) are considered to be held, in principle, to generate rental income and be able to pay the mandatory dividend. This allows to suppose that it is highly probable that certain cash flows will be realized (rent & dividend) and, by consequence can be defined, what kind of debt financing and hedges have to be drawn down. Consequently, the operations concluded can, according to Leasinvest, not be considered as speculative.

### 33.6.3 Market risk sensitivity analysis

In the table below an overview is given of the different types of market risks to which the company is exposed at the end of the reporting period and with the potential influence of changes in the different risk variables to which the company is exposed, on the company's shareholders' equity.

Change of market risk	Impact on shareholders' equity	
	DECREASE	INCREASE
Estimated rental value	negative	Positive
Inflation	negative	Positive
Capitalization rate	Positive	negative
Remaining duration rental contract	negative	Positive
Occupancy rate	negative	Positive
Maintenance cost	Positive	negative
Interest rate financing	Positive	negative
Other funding costs	Positive	negative

The average funding cost (excluding the marked-to-market of the hedges) after hedging amounts to 2.59% end 2018 (end 2017: 2.99%); before hedging it amounts to 1.38% end 2018 (end 2017: 1.55%).

End 2018 € 552 thousand (end 2017: € 533 thousand) funding costs for development projects were activated. An internal funding rate of approximately 2.5% was used.

An increase of the variable interest rate by 100bps, calculated with the current hedge rate, would have an impact on the financial charges of € 1.0 million.

### 33.6.5 Tenant and credit risk

Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to obtain a rental risk and income with an improved diversification therefore limiting the dependency of the REIT (SIR/GVV) to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy.

The top 10 of the most important tenants amounts to approximately 21%. The breakdown per sector of our tenant portfolio remains good.

The creditworthiness of our tenants' portfolio is still very good, which is proven by the fact that barely any write-downs of doubtful receivables were booked by Leasinvest Real Estate over the last couple of years, not in Belgium, nor in the Grand Duchy of Luxembourg or Austria.

For an analysis of the trade receivables we refer to note 27.

**NOTE 34****TRADE DEBTS AND OTHER CURRENT DEBTS**

(in € 1 000)	31/12/2018	31/12/2017
Exit tax	0	12 907
Other		
Suppliers	15 115	13 336
Tenants	0	0
Taxes, salaries and social security	2 583	1 950
<b>TOTAL</b>	<b>17 698</b>	<b>28 193</b>

The amount of the exit tax of € 12.9 million refers to the tax liability related to the acquisition and the merger of the company Tour & Taxis Koninklijk Pakhuis SA with Leasinvest Real Estate SCA.

The item Suppliers has slightly risen to € 15.1 million.

**NOTE 35****OTHER CURRENT LIABILITIES**

(in € 1 000)	31/12/2018	31/12/2017
Other current liabilities	2 048	1 716
<b>Total</b>	<b>2 048</b>	<b>1 716</b>

The item comprises the dividends to be paid, provisions relating to rental guarantees and rental guarantees received in cash.

**NOTE 36****ACCRUED CHARGES AND DEFERRED INCOME – LIABILITIES**

(in € 1 000)	31/12/2018	31/12/2017
Property income received in advance	9 650	8 832
Interests and other charges accrued and not due	834	762
Other	855	514
<b>TOTAL</b>	<b>11 339</b>	<b>10 108</b>

**NOTE 37****DEFERRED TAXES**

The deferred taxes for an amount of € 14.9 million mainly come from the take-overs of EBBC A, EBBC C and Hangar 26-27.

**NOTE 38****RELATED-PARTY TRANSACTIONS**

The statutory manager Leasinvest Real Estate Management SA employs the personnel and receives an annual management fee of 0.415% on the consolidated investment value of the portfolio, including the real estate portfolio of Leasinvest Immo Lux. The remuneration for the financial year 2018 (12 months) amounted to € 4.2 million.

For more information on the control chain we refer to the website [www.leasinvest.be](http://www.leasinvest.be) (investor relations – shareholders and transparency).

As tot the remuneration of the auditor: an overview of the audit and non-audit services rendered during the financial year 2018 in the permanent document on page 179 of this annual report.

As in the remuneration report below only the remuneration of the CEO and the co-CEO is presented on an individual basis, and on a global basis that of the 'other leaders', which are the (other) members of the executive committee, among which OKIMONO SPRL represented by Sven Janssens, and Tim Rens, CFO, assisting the effective officers in their day-to-day management. Since 1 June 2018 Mr. Jean Louis Appelmans has retired and also OKIMONO BVBA represented by Sven Janssens does no longer work for Leasinvest Real Estate, reason why Tim Rens, CFO, has also become an effective officer since 1 June 2018.

As explained above, the effective officers are Michel Van Geyte, CEO of Leasinvest Real Estate Management and managing director, Jean Louis Appelmans, CEO of Leasinvest Real Estate Management till 31 May 2018 included and, and director, and Tim Rens, CFO, since 1 June 2018.

During the past financial year, the remuneration in the table below was granted to the CEO and the co-CEO, on an individual basis, directly and indirectly.

In accordance with the company's remuneration policy, the effective officers do not receive any stock options or other share-based payments.

For the past financial year, they received the following amounts:

Effective officers (in €)	fixed	insurance	benefits in kind	variable	Total
Jean-Louis Appelmans	180 803	4 880		400 000	585 683
Michel Van Geyte	362 000			148 000	510 000
Other leaders	360 799	10 339	12 311	30 000	413 449
<b>Total</b>	<b>801 602</b>	<b>15 219</b>	<b>12 311</b>	<b>680 000</b>	<b>1 509 132</b>

The effective officers – executive directors – are granted fixed and variable remunerations as defined above in the remuneration report.

**NOTE 39****CONSOLIDATION SCOPE**

The subsidiaries mentioned below are all part of the consolidation scope using the full consolidation method. This consists in incorporating the entire assets and liabilities, as well as the results of the subsidiaries. The minority interests are recorded under a separate caption in the balance sheet and the income statement. The consolidated financial statements are established at the same date as the date on which the subsidiaries establish their financial statements.

Name & address of the administrative office	Country of origin/branch	VAT or national number	Direct or indirect part of the capital held and voting rights (in%)	
			31/12/2018	31/12/2017
Leasinvest Services NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0826.919.159	100%	100%
Leasinvest Immo Lux SA 6 D, Route de Trèves - L-2633 Senningerberg	Grand Duchy of Luxembourg	LU 1637 2655	100%	100%
Rab Invest NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0820.897.736	100%	100%
Haven Invest NV Schermerstraat 42 - 2000 Antwerp	Belgium	BE 0644.563.317	100%	100%
S INVEST S.A.	Grand Duchy of Luxembourg	LU B174218	100%	100%
PDA Schmiede S.A.	Grand Duchy of Luxembourg	LU B171588	100%	100%
P INVEST S.A.	Grand Duchy of Luxembourg	LU B174188	100%	100%
PDA Pommerloch S.A.	Grand Duchy of Luxembourg	LU B171587	100%	100%
AE Starvilla Sieben GmbH & Co OG	Austria	FN 456562s	100%	100%
Leasinvest Immo Austria	Austria	FN 456512t	100%	100%
Frun Park Asten GmbH	Austria	FN 379973i	100%	100%
Mercator S.à.r.l.	Grand Duchy of Luxembourg	LU B158571	100%	100%
Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH (*)	Austria	FN 439942z	100%	100%
Kadmos Immobilien Leasing GmbH	Austria	FN 139265b	100%	100%
Neif Montoyer SPRL	Belgium	0549.979.409	100%	0%
Carver BVBA	Belgium	0859.557.481	100%	0%
EBBC A Sarl	Grand Duchy of Luxembourg	B112831	100%	0%
EBBC C Sarl	Grand Duchy of Luxembourg	B104717	100%	0%

Leasinvest Services NV, RAB Invest NV, Haven Invest NV, Neif Montoyer SPRL and Carver BVBA were created in Belgium, while Leasinvest Immo Lux SA, S Invest SA, PDA Schmiede SA, P. Invest SA, PDA Pommerloch SA, EBBC A Sarl, EBBC C Sarl and Mercator Sarl (merged with Leasinvest Immo Lux SA in January 2019) were established in Luxembourg. AE Starvilla Sieben GmbH & C° OG, Leasinvest Immo Austria GmbH, Frun Park Asten GmbH, Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH and Kadmos Immobilien Leasing GmbH are all companies under Austrian law.

The consolidation scope was extended as follows:

- The company Neif Montoyer SPRL was acquired on 14 September 2018
- The companies EBBC A Sarl en EBBC C SARL were acquired on 18 December 2018;
- The company Carver BVBA was acquired on 28 December 2018.

The group structure and Leasinvest Real Estate's position in it is commented on page 49.

## NOTE 40

### IMPORTANT EVENTS AFTER BALANCE SHEET DATE

On 17 January 2019, 2 floors in the office building Kennedy in the Grand Duchy of Luxembourg were sold to Ceetrus for a total amount of € 15.9 million, which is higher than the fair value estimated by the independent real estate expert. These buildings were already recorded in the item 'assets held for sale' on 31 December 2018.

## INDEPENDENT AUDITOR'S REPORT TO THE GENERAL MEETING OF LEASINVEST REAL ESTATE SCA FOR THE YEAR ENDED 31 DECEMBER 2018

As required by law and the Company's by-laws, we report to you as statutory auditor of Leasinvest Real Estate SCA (the "Company") and its subsidiaries (together the "Group"). This report includes our opinion on the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves and the consolidated cash flow statement for the year ended 31 December 2018 and the disclosures (all elements together the "Consolidated Financial Statements") and includes as well our report on other legal and regulatory requirements. These two reports are considered as one report and are inseparable. We have been appointed as statutory auditor by the shareholders meeting of 22 May 2018, in accordance with the proposition by the Board of Directors following recommendation of the Audit Committee. Our mandate expires at the shareholders meeting that will deliberate on the annual accounts for the year ending 31 December 2020. We performed the audit of the Consolidated Financial Statements of the Group during 19 consecutive years.

### Report on the audit of the Consolidated Financial Statements

#### Unqualified opinion

We have audited the Consolidated Financial Statements of Leasinvest Real Estate Comm VA, which consists of the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves and the consolidated cash flow statement for the year ended 31 December 2018 and the disclosures, which show a consolidated balance sheet total of € 1.156.107 thousand and of which the consolidated income statement shows a profit for the year of € 38.194 thousand. In our opinion the Consolidated Financial Statements of the Group give a true and fair view of the consolidated net equity and financial position as at 31 December 2018, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS") and with applicable legal and regulatory requirements in Belgium.

#### Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the consolidated financial statements" section of our report.

We have complied with all ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Belgium, including those with respect of independence.

We have obtained from the Board of Directors and the officials of the Company the explanations and information necessary for the performance of our audit and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current reporting period.

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and consequently we do not provide a separate opinion on these matters.

#### Valuation of the investment properties

- **Description of the matter and audit risk:**  
Investment property amounts to a significant part (87%) of the assets of the Group.  
In accordance with the accounting policies and IAS 40 standard "Investment property", investment property is valued at fair value, and the changes in the fair value of investment property are recognized in the income statement. The fair value of investment properties belongs to the level 3 of the fair value hierarchy defined within the IFRS 13 standard "Fair Value Measurement", some parameters used for valuation purposes being based on unobservable data (discount rate, future occupancy rate, ...).

- **Summary of audit procedures performed:**  
The Group uses external experts to make an estimate of the fair value of its buildings. We have assessed the valuation reports of the external experts (with the support of our internal experts). More precisely, we have:
  - assessed the objectivity, the independence and the competence of the external appraisers,
  - tested the integrity of source data (contractual rentals, maturities of the rental contracts, ...) used in their calculations,
  - reviewed the models, assumptions and parameters used in their reports (discount rates, future occupancy rates, ...).
 Finally, we have assessed the appropriateness of the information on the fair value of the investment properties disclosed in note 20 of the Consolidated Financial Statements.

#### Valuation of financial instruments

- **Description of the matter and audit risk:**  
The Group uses interest rate swaps (IRS) to hedge its interest rate risk on its variable rate debts. The measurement of the derivatives at fair value is an important source of volatility of the result and/or the shareholders' equity. As a matter of fact, in accordance with IFRS 9 "Financial Instruments: Recognition and Measurement", these derivatives are valued at fair value (considered to belong to the level 2 of the fair value hierarchy defined by IFRS 13 "Fair Value Measurement"). The changes in fair value are recognized in the income statements except for some IRS for which the Group applies hedge accounting ("cash-flow hedging"), which allows to record most of the changes in fair value in the caption of the shareholders' equity ("Reserve for the balance of changes in fair value of authorized hedging instruments qualifying for hedge accounting as defined under IFRS"). The audit risk appears on the one hand in the valuation of these derivatives and on the other hand in the application of hedge accounting.

- Summary of audit procedures performed:
  - We have compared the fair values of the derivatives with the values communicated by the counterparties and the credit risk adjustments calculated by an external specialist. We have assessed the most important assumptions and the calculations performed by this external specialist.
  - Regarding the correct application of hedge accounting, we have reviewed the effectiveness tests performed by the external specialist involved by the Group and we have compared the volume of derivatives subject to hedge accounting with the volume of the variable rate debts projected on the future accounting years in order to identify any potential overhedging which could potentially jeopardize the application of hedge accounting.

Finally, we have assessed the appropriateness of the information on the financial instruments disclosed in note 33.5 of the Consolidated Financial Statements.

### Responsibilities of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with IFRS and with applicable legal and regulatory requirements in Belgium. This responsibility involves implementing internal controls relevant to the preparation of the Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, and provide, if applicable, information on matters impacting going concern. The Board of Directors should prepare the financial statements using the going concern basis of accounting, unless the Board of Directors either intends to liquidate the Company or to cease business operations, or has no realistic alternative but to do so.

### Our responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated

Financial Statements are free from material misstatement, whether due to fraud or error, to express an opinion on these Consolidated Financial Statements based on our audit. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit, in accordance with ISAs, we exercise professional judgment and we maintain professional skepticism throughout the audit. We also perform the following tasks:

- Identification and assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, the planning and execution of audit procedures to respond to these risks and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting material

misstatements is larger when these misstatements are due to fraud, since fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining insight in the system of internal controls that are relevant for the audit and with the objective to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- Evaluating the selected and applied accounting policies, and evaluating the reasonability of the accounting estimates and related disclosures made by the Board of Directors as well as the underlying information given by the Board of Directors;
- Conclude on the appropriateness of Board of Director's use of the going-concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to event or conditions that may cast significant doubt on the Company or Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company or Group to cease to continue as a going-concern;
- Evaluating the overall presentation, structure and content of the Consolidated Financial Statements, and of whether these financial statements reflect the underlying transactions and events in a true and fair view.

We communicate with the Audit Committee within the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audits of the subsidiaries. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We provide the Audit Committee within the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee within the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our report, unless the law or regulations prohibit this.

### Report on other legal and regulatory requirements

#### Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and the content of the Board of Director's report and other information included in the annual report on the Consolidated Financial Statements.

**Responsibilities of the auditor**

In the context of our mandate and in accordance with the additional standard to the ISA's applicable in Belgium, it is our responsibility to verify, in all material respects, the Board of Director's report and other information included in the annual report, and to report any matters.

**Aspects relating to Board of Director's report and other information included in the annual report**

In our opinion, after carrying out specific procedures on the Board of Director's report, the Board of Director's report is consistent with the Consolidated Financial Statements and has been in prepared accordance with article 119 of the Belgian Companies Code.

In the context of our audit of the Consolidated Financial Statements, we are also responsible to consider whether, based on the information that we became aware of during the performance of our audit, the Board of Director's report and other information included in the annual report, being:

- Alternative performance measures page 73 contain any material inconsistencies or contains information that is inaccurate or otherwise misleading. In light of the work performed, we do not need to report any material inconsistencies. In addition, we do not express any form of reasonable assurance regarding the individual elements included in the annual report.

**Independence matters**

Our auditor's office has not performed any services that are not compatible with the audit of the Consolidated Financial Statements and has remained independent of the Company and the Group during the course of our mandate.

The fees for additional services that are compatible with the audit of the Consolidated Financial Statements intended by article 134 of the Belgian Companies Code have been correctly disclosed and detailed in the disclosures to the Consolidated Financial Statements.

**Other communications**

- This report is consistent with our supplementary declaration to the Audit Committee as specified in article 11 of the regulation (EU) nr. 537/2014.

Brussels, 28 March 2019

Ernst & Young Bedrijfsrevisoren cvba  
Statutory auditor  
Represented by



Joeri Klaykens\*  
Partner

\*Acting on behalf of a bvba/sprl

## STATUTORY FINANCIAL STATEMENTS

Hereafter an abbreviated version of the statutory financial statements (also according to IFRS) of Leasinvest Real Estate is presented. The complete financial statements together with the annual report and the report of the auditor are filed with the National Bank of Belgium and these documents may be consulted at the company's office and can be obtained for free, upon simple request.

The auditor has approved the statutory financial statements without reservations.

### STATUTORY INCOME STATEMENT

(in € 1 000)	Period 31/12/2018	Period 31/12/2017
Rental income (+)	17 132	20 783
Write-back of lease payments sold and discounted (+)	0	0
Related-rental expenses (+/-)	-207	0
<b>NET RENTAL RESULT</b>	<b>16 924</b>	<b>20 783</b>
Recovery of property charges (+)	173	153
Recovery income of charges and taxes normally payable by tenants on let properties (+)	4 032	2 701
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 (+)	-4 032	-2 701
Other rental-related income and expenditure (+/-)	-2 480	-2 327
<b>PROPERTY RESULT</b>	<b>14 616</b>	<b>18 610</b>
Technical costs (-)	-530	-1 332
Commercial costs (-)	-314	-240
Charges and taxes on un-let properties (-)	-493	-1 030
Property management costs (-)	-4 111	-3 887
Other property charges (-)	-373	-537
<b>PROPERTY CHARGES</b>	<b>-5.822</b>	<b>-7 026</b>
<b>PROPERTY OPERATING RESULT</b>	<b>8 795</b>	<b>11 583</b>
Corporate operating charges (-)	-994	-961
Other operating charges and income (-)	2 176	2 355
<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>9 977</b>	<b>12 977</b>
Result on disposal of investment properties (+/-)	0	-1 420
Result on disposal of other non-financial assets (+/-)	0	0
Changes in fair value of investment properties (+/-)	-105	6 281
Other portfolio result (+/-)	0	0
<b>OPERATING RESULT</b>	<b>9 872</b>	<b>17 837</b>
Financial income (+)	17 382	6 204
Net interest charges (-)	-9 896	-12 966
Other financial charges (-)	-897	-807
Changes in fair value of financial assets and liabilities (+/-)	5 428	5 469
Result participation booked according to the equity method	16 430	24 487
<b>FINANCIAL RESULT</b>	<b>28 447</b>	<b>22 387</b>
<b>PRE-TAX RESULT</b>	<b>38 320</b>	<b>40 224</b>
Corporate taxes (+/-)	-120	-219
Exit tax (+/-)	0	0
<b>TAXES</b>	<b>-120</b>	<b>-219</b>
<b>NET RESULT</b>	<b>38 200</b>	<b>40 006</b>



## STATEMENT OF COMPREHENSIVE INCOME

(in € 1 000)	31/12/2018	31/12/2017
<b>Net result</b>	<b>38 200</b>	<b>40 006</b>
<b>Other elements of comprehensive income</b>	<b>-3 857</b>	<b>9 978</b>
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-2 213	11 367
Changes in fair value of financial assets available for sale	0	-1 670
Other	0	281
Costs capital increase	-1 644	
<b>Comprehensive income</b>	<b>34 343</b>	<b>49 983</b>
<b>RESULT PER SHARE</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Earnings per share	7.37	8.10

## STATUTORY BALANCE SHEET

(in € 1 000)	Period 31/12/2018	Period 31/12/2017
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>	<b>870 481</b>	<b>788 184</b>
Intangible assets	0	0
Investment properties	300 879	284 139
Other tangible assets	0	0
Non-current financial assets	569 602	504 046
<b>CURRENT ASSETS</b>	<b>20 161</b>	<b>18 052</b>
Assets held for sale	0	0
Current financial assets	9 520	8 488
Trade receivables	8 849	6 692
Tax receivables and other current assets	943	931
Cash and cash equivalents	596	1 588
Deferred charges and accrued income	253	354
<b>TOTAL ASSETS</b>	<b>890 642</b>	<b>806 236</b>
<b>LIABILITIES</b>		
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>475 886</b>	<b>382 222</b>
Capital	65 178	54 315
Share premium account	194 189	121 091
Reserves	178 320	166 810
- Legal reserves	5 431	5 431
- Reserves for the balance of the changes in fair value of property	54 642	35 092
- Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties		
- Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS	-34 100	-31 886
- Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS	-2 239	-7 708
- Reserve for treasury shares	-12	-12
- Reserve for the balance of changes in fair value of financial assets held for sale	20 379	20 379
- Other Reserves	134 218	145 514
- Reserve other correction participation	0	0
Net result of the financial year	38 200	40 006
<b>LIABILITIES</b>	<b>414 756</b>	<b>424 014</b>
<b>NON-CURRENT LIABILITIES</b>	<b>182 583</b>	<b>213 673</b>
Provisions	11	11
Non-current financial debts	146 947	179 966
Other non-current financial liabilities	35 625	33 696
Other non-current liabilities		
<b>CURRENT LIABILITIES</b>	<b>232 172</b>	<b>210 341</b>
Provisions	0	0
Current financial debts	217 522	183 538
Other current financial liabilities	0	160
Trade debts and other current debts	8 110	21 995
Other current liabilities	1 319	1 219
Accrued charges and deferred income	5 221	3 430
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>890 642</b>	<b>806 236</b>

## STATUTORY APPROPRIATION OF THE RESULT

(in € 1 000)	31/12/2018	31/12/2017
<b>A. Net result</b>	<b>38 200</b>	<b>40 005</b>
<b>B. Addition to/withdrawals from reserves (-/+)</b>	<b>-11 708</b>	<b>-15 311</b>
1. Addition to/withdrawals from the reserves from the (positive or negative) balance of the changes in fair value of the property (-/+)	-1 507	-19 550
- financial year	-1 627	-22 348
- previous financial years		
- sale of property	120	2 798
2. Addition to/withdrawals from the reserves from estimated transfer rights and costs from hypothetical disposal of investment properties (-/+)	0	0
3. Addition to the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (-)		
- financial year		
- previous financial years		
4. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (+)		
- financial year		
- previous financial years		
5. Addition to the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (-)		
- financial year		
- previous financial years		
6. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (+)	127	-5 469
- financial year	127	-5 469
- previous financial years		
7. Addition to/withdrawals from the reserves for the balance of exchange rate differences on monetary assets and liabilities (-/+)		
8. Addition to/withdrawals from de reserves for tax latencies with regard to property located abroad (-/+)		
9. Addition to/withdrawals from de reserves for dividends received, intended for the reimbursement of financial debts (-/+)		
10. Addition to/withdrawals from other reserves (-/+)	-10 328	9 707
11. Addition to/withdrawals from results carried forward from previous financial years (-/+)	0	0
<b>C. Remuneration of the capital according to article 13, ¶ 1, subparagraph 1</b>	<b>13 323</b>	<b>0</b>
<b>D. Remuneration of the capital – other than C</b>	<b>13 169</b>	<b>24 694</b>
<b>Dividend for distribution</b>	<b>26 492</b>	<b>24 694</b>

## MANDATORY DIVIDEND DISTRIBUTION ACCORDING TO RD OF 13 JULY 2014 ON REIT (SIR/ GVV) (ART. 13 §1, 1ST SUBPARAGRAPH)

(in € 1 000)	31/12/2018	31/12/2017
<b>A. Corrected result</b>		
Net result according to the statutory accounts	38 200	40 006
+ Amortization	0	1
+ Depreciation	207	0
+/- Write-back of depreciation		
+/- Write-back of lease payments sold and discounted		
+/- Other non-monetary elements	-5 428	-5 469
+/- Result sale of property	120	-1 420
+/- Result participations booked according to the equity method	-16 430	-24 487
+/- Changes in fair value of property	105	6 281
<b>Corrected result (A)</b>	<b>16 774</b>	<b>2 350</b>
<b>B. Net capital gains on the sale of property non-exempt from mandatory distribution</b>		
+/- Realized capital gains and losses on investment property (capital gains and losses versus acquisition cost augmented by capitalized investment costs) during the financial year	-120	-9 407
- Realized capital gains on investment property in the course of the financial year, exempt from mandatory distribution subject to their reinvestment within 4 years (capital gains and losses versus acquisition cost augmented by capitalized investment costs)	0	0
+ Realized capital gains on investment property previously exempt from mandatory distribution that were not reinvested within 4 years (+)		
<b>B. Net capital gains on the sale of property not exempt from mandatory distribution</b>	<b>-120</b>	<b>-9 407</b>
<b>TOTAL (A) + (B)</b>	<b>16 654</b>	<b>-7 057</b>
<b>Mandatory distributable result 80%</b>	<b>13 323</b>	<b>0</b>

## NON-DISTRIBUTABLE SHAREHOLDERS' EQUITY ACCORDING TO ART. 617 OF THE COMPANY CODE

(in € 1 000)	31/12/2018	31/12/2017
- Paid up capital or should this be higher, the called-up capital	65 178	54 315
- Share premium account non-distributable according to the articles of association	194 189	121 091
- Reserves for the positive balance of the changes in fair value of property (+)	56 269	54 642
- Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)		
- Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS (+/-)	-34 099	-31 887
- Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-7 780	-7 653
- Reserve for the balance of exchange rate differences on monetary assets and liabilities (+)	0	0
- Reserve from translation differences resulting from the conversion of a foreign activity (+/-)	0	0
- Reserve for the balance of changes in fair value of financial assets held for sale (+/-)	25 934	20 379
- Reserve for the actuarial gains and losses on defined benefit pension plans (+)	0	0
- Reserve for tax latencies with regard to property located abroad (+)	0	0
- Reserve for dividends received aimed at reimbursing financial debts (+)	0	0
- Other reserves declared unavailable by the general meeting (+)	11	11
- Legal reserve (+)	5 431	5 431
<b>Total un-distributable</b>	<b>305 132</b>	<b>216 328</b>
<b>Net assets of the company</b>	<b>475 886</b>	<b>382 222</b>
<b>Proposed dividend</b>	<b>26 492</b>	<b>24 694</b>
<b>Net assets after distribution</b>	<b>449 394</b>	<b>357 528</b>
<b>Balance of the margin after distribution</b>	<b>144 262</b>	<b>141 199</b>

## STATEMENT OF CHANGES IN CAPITAL AND RESERVES

(in € 1 000)	Capital	Share premium account	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
<b>Balance sheet under IFRS on 31/12/16</b>	<b>54 315</b>	<b>121 091</b>	<b>5 431</b>	<b>43 158</b>	<b>-43 253</b>
Adjustment reserves on 31/12/2016				7 136	
Distribution closing dividend of the previous financial year					
Transfer net result 2016 to reserves				2 122	
Transfer historic revaluation buildings sold				-17 270	
Comprehensive income of the financial year 2017 (12 months)					11 367
Various				0	
<b>Balance sheet under IFRS on 31/12/17</b>	<b>54 315</b>	<b>121 091</b>	<b>5 431</b>	<b>35 146</b>	<b>-31 886</b>
Adjustment reserves on 31/12/2017					
Distribution closing dividend of the previous financial year					
Transfer net result 2017 to reserves				22 348	
Transfer historic revaluation buildings sold				-5 782	
Comprehensive income of the financial year 2018 (12 months)					-2 213
Capital increase	10 863	73 098			
<b>Balance sheet under IFRS on 31/12/18</b>	<b>65 178</b>	<b>194 189</b>	<b>5 431</b>	<b>51 712</b>	<b>-34 100</b>

## FINANCIAL COVENANTS

Financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. Not respecting these covenants can entail the premature termination of these credits. The concluded credits hold classic covenants mainly related to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were also concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Besides that, and in accordance with the RD of 13/07/2014, Leasinvest Real Estate establishes, internally, a financial plan with an execution calendar, whenever the consolidated debt ratio as defined in that same RD, exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

The statutory debt ratio of Leasinvest Real Estate is under control and amounted to 42.01% (2017: 48.03%) on 31 December 2018, which is lower than the legally maximum authorized debt ratio of 65% as defined by the RD of 13/07/2014.

Reserve from the balance of changes in fair value of authorized hedges 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/Other reserves	Net result of the financial year	Total shareholders' equity
-7 136	-293	29 184	124 095	29 884	356 476
		-7 136			0
			-24 184		-24 184
-571	0		28 334	-29 884	0
			17 270		0
	281	-1 670		40 006	49 983
		0			0
<b>-7 708</b>	<b>-11</b>	<b>20 379</b>	<b>145 514</b>	<b>40 006</b>	<b>382 275</b>
					0
			-24 694		-24 694
5 469			12 189	-40 006	0
			5782		0
				38 200	35 987
			-1 644		82 317
<b>-2 239</b>	<b>-11</b>	<b>20 379</b>	<b>137 147</b>	<b>38 200</b>	<b>475 886</b>

in € 1 000)	31/12/2018	31/12/2017
<b>Total of the items 'Liabilities' of the balance sheet</b>	<b>414 756</b>	<b>424 014</b>
<b>I. NON-CURRENT LIABILITIES</b>		
A. Provisions	11	10
C. Other non-current financial liabilities – Authorized hedges	35 625	33 696
F. Deferred taxes		
<b>II. CURRENT LIABILITIES</b>		
A. Provisions		
C. Other current financial liabilities – Authorized hedges	0	160
F. Deferred charges and accrued income	5 222	3 430
<b>Total liabilities taken into account for the calculation of the debt ratio (numerator):</b>	<b>373 898</b>	<b>386 718</b>
<b>Total 'Assets' of the balance sheet</b>	<b>890 642</b>	<b>806 236</b>
Authorized hedges recorded in the assets	696	1 066
<b>Total assets taken into account for the calculation of the debt ratio (denominator):</b>	<b>889 946</b>	<b>805 170</b>
<b>Debt ratio</b>	<b>42.01%</b>	<b>48.03%</b>

**PERMANENT DOCUMENT**



## IDENTIFICATION LEASINVEST REAL ESTATE

### Name

Leasinvest Real Estate SCA, public Regulated Real Estate Company under Belgian law.

### Legal entity

Partnership limited by shares (SCA) under Belgian law.

### Registered office

Route de Lennik 451, in 1070 Brussels.

### Administrative office

Schermerstraat 42 in 2000 Antwerp.

### Constitution and term

Leasinvest Real Estate was founded as an "Aktiengesellschaft" under Swiss Law on 21/11/1973, after which the registered office has been moved (17/11/1988) to Belgium where it was established that the company assumed the legal status of a public limited company (SA) and is a legal person under Belgian law, subject to the Belgian law.

On 8/06/1999 the company name was modified into Leasinvest Real Estate and the company was transformed into a public real estate investment trust (sicafi/bevak) under Belgian law with the legal form of a partnership limited by shares (SCA), for an unspecified term, under a deed recorded by notary public Frank Celis in Antwerp, and announced in the appendices to the Official Belgian Gazette on 26/06/99, under number 990626-330.

On 06/11/2014 the status of the company was changed into a public regulated real estate company under Belgian law, recorded by a deed by notary public Frank Liesse in Antwerp, and published in the Appendices to the Official Belgian Gazette on 03/12/2014 under number 20141203-14216372.

The articles of association were modified several times, and the last time on 04/10/2018. The most recent version of the coordinated articles of association is available on the website ([www.leasinvest.be](http://www.leasinvest.be)).

### Register of legal entities (RPR) and company number

Leasinvest Real Estate is registered in the register of legal entities in Brussels and has been allocated the company number 0436.323.915.

### Listing

The shares of Leasinvest Real Estate are listed on Euronext Brussels (Bel Mid).

**Purpose of the company** (art. 4 of the articles of association reproduced hereafter)

### Financial year

The financial year of Leasinvest Real Estate starts on 1 January and ends on 31 December.

### Places where documents are accessible for the public

The articles of association of Leasinvest Real Estate may be consulted at the Registry of the Commercial Court in Brussels and at the registered office. The articles of association can also be consulted on the company website.

The financial statements are filed with the National Bank of Belgium. Each year the financial statements together with the reports thereto are sent to the registered shareholders and to anyone who requests it. The annual financial reports on the financial years 2016-2018 - which comprise the consolidated financial statements, the annual report and the report of the auditor - the conclusion of the valuation report and the half-yearly financial reports on the financial years 2016-2018 (including the report of the auditor) can be consulted on [www.leasinvest.be](http://www.leasinvest.be) and may be consulted at the administrative office of the company.

The historical financial information of all subsidiaries<sup>1</sup> of Leasinvest Real Estate can be consulted at the administrative office of Leasinvest Real Estate.

Financial communication and convening notices to the shareholders for general meetings of shareholders are published, as far as mandatory, in the financial press and can be consulted on [www.leasinvest.be](http://www.leasinvest.be).

The decisions about the nomination or resignation of members of the board of directors of the statutory manager are published in the appendices to the Belgian Official Gazette.

The last update of the Corporate Governance Charter can be found on [www.leasinvest.be](http://www.leasinvest.be).

Anyone interested can freely subscribe at [www.leasinvest.be](http://www.leasinvest.be) to receive all press releases and mandatory financial information per e-mail.

## IDENTIFICATION LEASINVEST IMMO LUX

Since the extraordinary general meeting of Leasinvest Immo Lux of 18/12/2008 Leasinvest Immo Lux is a SICAV-specialized investment fund ('SICAV-FIS'), subject to the Luxembourg law of 13 February 2007 regarding specialized investment funds.

Leasinvest Real Estate is, directly and indirectly, the 100% shareholder of Leasinvest Immo Lux.

On 31 December 2018 the investment properties of Leasinvest Immo Lux represent 65% of the consolidated real estate portfolio of Leasinvest Real Estate.

On 31 December 2018 Leasinvest Immo Lux owned 16 sites in ownership or co-ownership, with a surface area of 188,459 m<sup>2</sup> located in the Grand Duchy of Luxembourg and 3 buildings in Austria (43,404 m<sup>2</sup>). The buildings in Luxembourg and Austria are mostly multi-tenant. The portfolio consists of retail (60%), offices (37%) and logistics (3%). Represent each more than 5% of the consolidated portfolio of Leasinvest Real Estate: the EBBC Business Park (10%), the shopping center Knauf in Pommerloch (9.8%) and the shopping center Knauf in Schmiede (7.7%).

<sup>1</sup> For more information we refer to the consolidation scope on page 163.

On 31 December 2018 Leasinvest Immo Lux has the following subsidiaries in Luxembourg:

- S. Invest I SA, in its turn 100% owner of Porte des Ardennes Schmiede SA, the legal owner of the shopping center Schmiede;
- P Invest SA, in its turn 100% owner of Porte des Ardennes Pommerlach SA, the legal owner of the shopping center Pommerloch;
- Mercator Sàrl, owner of the building Mercator;
- EBBC A Sàrl, owner of building A of the EBBC site and
- EBBC C Sàrl, owner of building C of the EBBC site.

Besides these, Leasinvest Immo Lux has a subsidiary in Austria, i.e. Leasinvest Immo Austria GmbH, owner of the companies AE Starvilla Sieben GmbH & Co OG, Frun Park Asten GmbH, Kadmos Immobilien Leasing GmbH and Leasinvest Gewerbestrasse 2 Stadlau GmbH.

### Name

Leasinvest Immo Lux SA, "Société d'Investissement à Capital Variable (SICAV immobilière) - Fonds d'Investissement Spécialisé (FIS) de droit luxembourgeois".

Real estate investment trust with variable capital-specialised investment fund under Luxembourg Law.

### Legal entity

'Société anonyme' (SA) under Luxembourg Law.

### Registered office

6D route de Trèves, LU- 2633 Senningerberg.

### Constitution and term

Leasinvest Immo Lux has been established on 14/01/1991 under the form of a public limited company (SA). It is subject to the Luxembourg Law of 10 August 1915 on commercial companies ("loi du 10 août 1915 relative aux sociétés commerciales"), as amended, and the Luxembourg Law of 13 February 2007 on specialized investment funds ("loi du 13 février 2007 concernant les fonds d'investissement spécialisés"), as amended.

The articles of association have been modified different times and for the last time on 28/09/2012 (published in the Mémorial C, *Reueil des Sociétés et Associations du Grand-Duché de Luxembourg*" on 23/11/2012).

### 'Registre de commerce et des sociétés'

Leasinvest Immo Lux is listed in the "Registre de Commerce et des Sociétés du Luxembourg" under the number B 35.768.

### Listing

The listing of the shares on the Luxembourg stock exchange has been deleted at the beginning of 2009 and on Euronext Brussels as of 16 September 2006.

**Purpose of the company** (Article 3 of the articles of association – free translation from French)

'The main purpose of the company is the direct or indirect investment in buildings in the Grand Duchy of Luxembourg, in Belgium and abroad, aiming at the diversification of its investment risks and to let its shareholders benefit from the results of its assets management. The company can furthermore take on participations, subscribe to real estate certificates, own all moveable assets that can be traded on a stock exchange or on a regulated market, invest its cash and execute all actions, necessary to fulfil or develop its purpose within the limits imposed by the law of 13 February 2007 on specialised investment funds.'

### Board of directors

The board of directors of Leasinvest Immo Lux, the 100% subsidiary of the company currently holding the Luxembourg portfolio and the Austrian buildings (directly or indirectly), is at present composed of the following:

- Mr. Jan Suykens, chairman of the board of directors of Leasinvest Immo Lux and non-executive director;
- Mr. Michel Van Geyte, executive director and managing director since 15/05/2018;
- Mr. Jean-Louis Appelmans, non-executive director since 15/05/2018 and previously executive and managing director;
- Mr. Piet Dejonghe, non-executive director;
- Mr. Tim Rens, executive director.

### Depository

Since 01/01/2015 SGG S.A. (company number B 65.906), with its registered office at L-2086 Luxembourg, 412F, route d'Esch, subject to the supervision of the 'Commission de Surveillance du Secteur Financier', was appointed as depository of Leasinvest Immo Lux SA in accordance with the applicable Luxembourg legislation (RCS Luxembourg B47192). In its capacity of depository, SGG is bound to comply with the provisions imposed, including the Luxembourg law of 13 February 2007 on specialized investment funds. In that capacity the depository is put in possession of, among other things, all official documents and deeds relating to changes in the assets of the company and of a number of documents in virtue of corporate law.

For the past financial year total remunerations of circa € 147,780 (excl. VAT) were paid to SGG by Leasinvest Immo Lux.

### Investment advice Luxembourg

Between Leasinvest Immo Lux SICAV-FIS and Leasinvest Real Estate, after approval by the CSSF, an investment advice agreement was concluded. The agreement has been concluded for an unspecified term and can be terminated by each party provided that a notice of six months is given.

Based on this agreement, Leasinvest Real Estate has to submit an investment plan for real estate and other values, to Leasinvest Immo Lux, in accordance with the investment policy defined by the board of directors of Leasinvest Immo Lux. The mission includes proposing real estate that

fits within the defined investment policy, as well as making divestment proposals for buildings. Furthermore, Leasinvest Immo Lux has to be kept informed of the developments on the financial markets and the company is assisted by means of advice and recommendations with regard to managing its investment properties, including the definition of its investment policy.

For these services Leasinvest Immo Lux pays an annual remuneration of:

- 0.75%, payable in four parts, at the end of each quarter, and calculated on the gross value of the real estate assets of Leasinvest Immo Lux, as estimated, at the end of each year, by the independent real estate experts;
- a maximum of 0.50%, payable in four parts, at the end of each quarter, calculated on the average net value of the other assets of Leasinvest Immo Lux at the end of each year;
- besides that, a premium is due, equal to 5% of the net gain on buildings sold by Leasinvest Immo Lux.

The past year, Leasinvest Real Estate received a remuneration of € 2,695,311 from Leasinvest Immo Lux.

In case of termination of the investment advice agreement, Leasinvest Immo Lux needs to pay a cancellation fee of 3% of the sales price of the buildings at market value.

#### **Financial year**

The financial year of Leasinvest Immo Lux starts on 1 January and ends on 31 December.

#### **Registered capital**

The capital of Leasinvest Immo Lux is at any moment equal to the value of the net assets, as calculated in accordance with article 18 of the articles of association of the company. The minimum capital of Leasinvest Immo Lux amounts to € 1,250,000.

## **AUDIT OF THE FINANCIAL STATEMENTS – AUDITOR**

The auditor, appointed by the general meeting of shareholders, audits the financial statements and the half-year reports.

The mandate of Ernst & Young Bedrijfsrevisoren, member of the 'Instituut van de Bedrijfsrevisoren', De Kleetlaan 2, 1831 Diegem, has been renewed for a period of three years till after the annual meeting in 2021. Ernst & Young Bedrijfsrevisoren is hereto represented by Joeri Klaykens, auditor.

The remuneration of the auditor for auditing the financial statements of the company and its Belgian subsidiaries for the past financial year was estimated at € 65,171 (excl. VAT), or € 52,000 for the company and € 13,171 for auditing its subsidiaries Leasinvest Services SA, RAB Invest SA, Haven Invest SA and Neif Montoyer SPRL. The remuneration of the auditor for auditing the financial statements of the statutory manager, Leasinvest Real Estate Management SA, amounted to € 3,079.

Next to that, remunerations of € 60,674 (excluding VAT) were paid to the auditor for extraordinary missions relating to the company Leasinvest Real Estate (namely within the framework of the capital increase that took place in 2018, besides other auditor's reports for FSMA, reporting on the financial plan/ evolution of the debt ratio, report within the framework of the internal control, EMIR questionnaire) that were approved by the audit committee in accordance with the procedure intended in article 133/2 of the Company Code.

To the annual general meeting of shareholders of Leasinvest Immo Lux SA which will be held in April 2019, a request is made to renew the mandate of the auditor Ernst & Young (Luxembourg), with its registered office at 35 E, avenue J.F. Kennedy 2, L-1855- Luxembourg, represented by René Esch for a period of one year (which is usual practice for Leasinvest Immo Lux SA).

The remuneration of the auditor for auditing the financial statements of Leasinvest Immo Lux and its subsidiaries for the past financial year was estimated at € 141,500 (excl. VAT), or € 55,000 for Leasinvest Immo Lux and € 86,500 for Porte des Ardennes Schmiede SA, Porte des Ardennes Pommerloch SA, P Invest SA, S Invest SA, Leasinvest Immo Austria GmbH, AE Starvilla Sieben GmbH & Co GO, Frun Park Asten GmbH, Kadmos Immobilien Leasing GmbH and Leasinvest Gewerbeparkstrasse 2 Stadlau GmbH. Next to that, a remuneration was paid for Leasinvest Immo Lux for an amount of € 14,775 within the framework of the financial & tax due diligence.

Agreements relating to the (fixed) remuneration of the auditor of the company are contractually defined with the auditor and are, for the remuneration relating to the audit mission, approved by the general meeting of shareholders.

## VALUATION OF THE PORTFOLIO

In the past financial year, the quarterly valuations of the real estate portfolio were conducted by 4 independent valuers, Cushman & Wakefield VOF, Stadim, de Crombrugge & Partners and Oerag.

In the event of a conflict of interest arising between the real estate agent's activity and that of property surveyor, another expert shall make the valuation.

The valuation of the Luxembourg portfolio is made by Cushman & Wakefield (except for the underlying buildings of the real estate certificate Lux Airport, valued by de Crombrugge & Partners), that of Belgium by respectively Cushman & Wakefield and Stadim and that of Austria by Oerag.

For the past financial year, a total remuneration of € 163,404 (excl. VAT) was foreseen, of which

- € 79,754 for the valuation of the Belgian portfolio, of which € 62,456 to Cushman & Wakefield and € 17,298 to Stadim for Leasinvest Real Estate;
- € 63,650 to Cushman & Wakefield for the valuation of the Luxembourg portfolio and € 5,600 to de Crombrugge & Partners for the real estate certificate Lux Airport, and
- € 14,400 to Oerag for the valuation of the real estate in Austria for Leasinvest Immo Austria.

An expert can be charged with the valuation of a certain property for a maximum of three years. After this term of three years, the same expert can only value the aforementioned property, till after the end of a term of three years after the previous term. Should the expert be a legal person, these rules are exclusively applicable to the physical persons representing the legal person, providing that the expert proves that an adequate functional independence exists between these physical persons.

In accordance with article 24 § 1 of the RREC law the remuneration of the surveyor shall not be linked, either directly or indirectly, to the value of the real estate subject to his valuation. The remuneration mentioned above has been defined based on a fixed amount per m<sup>2</sup>. The remuneration is contractually defined with the real estate expert.

The physical persons representing the real estate expert as experts in the sense of article 24 § 1 of the RREC law, have to define their valuation in complete independence. This is also valid when these physical persons follow each other up within or after the maximum term of three years defined in article 24 § 1 of the RREC law, in which an expert can value a defined real estate.

### Valuation of the real estate in Belgium/Luxembourg

Cushman & Wakefield VOF is a subsidiary of the offices in The Netherlands ('General partnership existing under the laws of The Netherlands'), with its registered office at Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands. The administrative and registered offices of Cushman & Wakefield VOF are established at Avenue des Arts 58 box 7, 1000 Brussels (company number 418 915 383). Since the foundation on 04/12/1978 of the office in Belgium, there has always been a valuation department. In Luxembourg the registered office of Cushman & Wakefield S.a.r.l. is situated in the 'Serenity Building', Route d'Arlon 19-21, L-8008 Strassen.

The company values offices, retail and industrial properties in Belgium and Luxembourg.

Cushman & Wakefield is not supervised by any official body, yet is regulated by the RICS (Royal Institute of Chartered Surveyors).

Both Cushman & Wakefield Belgium and Cushman & Wakefield Luxembourg are represented by Koen Nevens, MRICS. The valuation is carried out by Gregory Lamarche, Account Manager - Surveyor.

De Crombrugge & Partners (company number 0462.107.802) has its registered office in 1160 Brussels, boulevard du Triomphe 172.

The office has an extensive experience in valuation reporting for nearly all types of real estate, spread across Belgium and also in Luxembourg. De Crombrugge & Partners is an independent real estate services provider and is subject to Belgian law, but is not supervised by any official body. The valuation of the real estate of the Lux Airport certificates is carried out by Patrizia Tortolani, MRICS.

Stadim CVBA (company number 0458.797.033), with registered office in 2600 Berchem-Antwerp, Uitbreidingstraat 10-16. Stadim is represented by Philippe Janssens. The company values both residential and professional real estate (offices, retail, logistics and nursing homes) all over Belgium and Luxembourg. Stadim is not supervised by any official body, but is regulated by the RICS (Royal Institute of Chartered Surveyors). The valuation of the logistics real estate in Belgium is done by Yannick Stolk.

### Valuation of the real estate in Austria

Since 30 June 2017 the valuations of the Austrian portfolio are carried out by Oerag (company number FN 89590), with registered office in A-1010 Vienna, Herrengasse 17. The company renders independent real estate services and is subject to Austrian law but is not supervised by any official body. The surveyor remains Michael Buchmeier, MRICS.

## FINANCIAL SERVICE PROVIDERS

The financial service during the past financial year was entrusted to Bank Delen SA as the main paying agent in the context of the introduction of ESES (Euroclear Settlement for Euronext-zone Securities). A remuneration of approximately € 25,000 (excl. VAT) was foreseen for this.

## TAX REGIMES

### Regulated real estate company (RREC) – main characteristics

In accordance with the law of 12/05/2014 – as modified by the law of 22/10/2017 – and the RD of 13/07/2014 – as modified by the RD of 23/04/2018:

- stock exchange listing
- company with fixed capital and a fixed number of participation rights
- activities mainly consist of making real estate available to users, additionally, RREC can invest their assets in securities
- risk diversification: no more than 20% of the consolidated assets may be invested in a single property. In certain cases a derogation can be obtained by the FSMA; such a derogation has until present not been granted to Leasinvest Real Estate.
- the consolidated debt ratio of the regulated real estate company and its subsidiaries, and the statutory debt ratio of the regulated real estate company is limited to 65% of the consolidated or statutory assets, after deduction of the authorized hedges
- quarterly valuation of the real estate portfolio by an independent real estate expert (fair value)
- properties carried at fair value - no depreciation
- distribution, in the case of profit, of at least the positive difference between
  - Minimum 80% of the sum of the corrected result and the net capital gains on the sale of properties, not exempt from mandatory distribution and
  - the net decrease of the debts of the company during the financial year
- taxable basis for corporate taxes consists of the sum of the disallowed expenses and abnormal and benevolent advantages; otherwise, there are no company taxes on results and capital gains
- withholding tax of 30% on dividend
- a regulated real estate company cannot grant loans unless to subsidiaries
- supervision by the FSMA ([www.fsma.be](http://www.fsma.be))

### SICAV-Specialized investment fund (Leasinvest Immo Lux, Grand Duchy of Luxembourg) – main characteristics

- real estate investment fund with variable capital
- only well-informed investors ('investisseurs avertis'), in the sense of article 2 of the law of 13/02/07 regarding specialized investment funds are admitted as shareholders
- no mandatory stock exchange listing
- mainly real estate investments
- Risk diversification: maximum 30% of the consolidated assets can be invested in one building/complex, or in securities issued by one same company. In certain cases derogation can be granted by the CSSF
- debt ratio of maximum 50% except for derogations granted by the CSSF in certain cases; Leasinvest Immo Lux has been granted a derogation by the CSSF for a debt ratio up to 65%
- annual valuation by an independent real estate expert
- real estate assets carried at fair value – no amortizations
- no minimum distribution of the operating result
- no corporate taxes on result nor gains
- no withholding tax on dividends (in case the dividends are paid in favour of the RREC)
- supervision by the "Commission de Surveillance du Secteur Financier" [www.cssf.lu](http://www.cssf.lu)

## STATEMENTS

### Persons responsible for the content

The statutory manager of the company, Leasinvest Real Estate Management SA – represented by its permanent representative, Mr. Michel Van Geyte - is responsible for the information reproduced in this annual financial report and declares that, to his knowledge:

- (i) the financial statements, established in accordance with the applicable accounting standards, present a fair view of the assets, financial situation and the results of Leasinvest Real Estate and the companies included in the consolidation;
- (ii) the annual financial report presents a fair overview of the development and the results of Leasinvest Real Estate and of the position of the company and the companies included in the consolidation, and also comprises a description of the main risks and uncertainties which the company is confronted with.
- (iii) the data in this annual financial report, to his best knowledge, correspond to reality, and that no data have been omitted that should they be mentioned, would change the tenor of this annual financial report, subject to the press releases that have been published since editing this annual report.

### Statements with regard to the directors and the management

The statutory manager of the company declares that, to the best of his knowledge:

- nor himself, nor one of the directors, nor the effective officers, at least during the past five years,
  - (a) have ever been convicted for a fraud-related offence,
  - (b) have ever been subject to official and public accusations and/or sanctions by legal or supervisory authorities or that they have never been declared incapable to act as a member of a decision-making entity of a listed company and
  - (c) have ever been involved in a bankruptcy or judicial annulment;
- that until now no (employment) contracts have been concluded with the directors, nor with the company or its subsidiaries, nor with the statutory manager, which provide for the payment of indemnities upon the termination of the employment, that exceed 12 months, except for the compensation for leaving of respectively 24 months for Jean-Louis Appelmans, or his management company, and of 16 months to Michel Van Geyte, executive director, approved by the general meeting of shareholders of Leasinvest Real Estate on respectively 16/05/2011 and 22/05/2018, in derogation of article 554 of the Company Code;
- that the (employment) contracts concluded between the statutory manager, the company or its subsidiaries, and the effective officers do not provide in special payment of indemnities upon the termination of the employment, except for the usual cancellation clauses with the members of the effective direction, in which case an indemnity is due in case the usual term for notice is not respected;
- that the directors Jan Suykens, Michel Van Geyte, Piet Dejonghe,

- Jean-Louis Appelmans, Dirk Adriaenssen, Eric Van Dyck, Nicolas Renders and Sonja Rottiers do not own shares in Leasinvest Real Estate;
- that the effective officers do not own Leasinvest Real Estate shares;
- that until now no options on the company shares have been granted, nor to the directors, nor to the effective officers;
- that there are no mutual family ties between the directors and the effective officers.

### Third-party information

The statutory manager confirms that the information obtained from third parties has been precisely reproduced, and that to his knowledge, and based on the information published by those third parties, no facts have been omitted which could result in the reproduced information being inaccurate or misleading.

The statutory manager confirms that the real estate experts and the auditor of the company granted their permission to reproduce their reports in this report.

### Forward-looking statements

This annual financial report contains forward-looking statements. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial conditions, performance or achievements of the company to be different from any future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. Given these uncertain factors forward-looking statements do not include guarantees.

### Statements with regard to legal procedures or arbitrages

The statutory manager of the company declares that no government interventions, proceedings or other arbitration procedures exist, which could (or) have influence(d), in a recent past, the financial position or the profitability of the company or its subsidiaries and that, to the best of his knowledge, there are no situations or facts which could give rise to such government interventions, proceedings or arbitration procedures.

## COORDINATED ARTICLES OF ASSOCIATION DATED 04/10/2018 - EXTRACTS (FREE TRANSLATION)

### CHAPTER I – NAME – LEGAL FORM– OFFICE – PURPOSE OF THE COMPANY – TERM

#### ARTICLE 1. NAME - LEGAL FORM

1.1 The company has the legal form of a partnership limited by shares (hereafter "the Company").

It has the name "LEASINVEST REAL ESTATE".

1.2. The Company is a public regulated real estate company under Belgian law (abbreviated "public RREC under Belgian law" or "PRREC under Belgian law") as intended by article 2, 2° of the law of 12 May 2014 with regard to regulated real estate companies (hereafter the "RREC law") of which the shares are admitted to trading on a regulated market and that attracts financial resources in Belgium or abroad via a public offer of shares.

The name of the Company is always immediately followed by the words "public regulated real estate company under Belgian law" or "public RREC under Belgian law" or "PRREC under Belgian law"; those same words are mentioned in all documents issued by the Company.

The Company is subject to the RREC law and to the Royal Decree of 13 July 2014 on regulated real estate companies (hereafter the "RREC RD") as well as to all other potential executory decrees and regulations of the RREC law, at any given time, (this law and its executory decrees and regulations together with any other regulation, at any given time, applicable to PRRECs under Belgian law are referred to hereafter as the "RREC legislation").

The Company is moreover subject to the provisions of these articles of association (hereafter the "Articles of association"). Each project to modify the Articles of association has to be preliminary submitted to the "Financial Services and Markets Authority", abbreviated "FSMA", hereafter always referred to by its abbreviation "FSMA").

1.3. The Company attracts its financial resources in Belgium or abroad via a public offer of shares, and appeals to public savings in the sense of article 438 of the Company Code (abbreviated "C.Code").

#### ARTICLE 2. MANAGING AND LIMITED PARTNERS

2.1. By reason of its legal form, the Company always has, mandatorily, one or more jointly responsible partners, called managing partners, and one or more limited partners, having the capacity of shareholder.

2.2. The Company has namely one (1) managing partner, severally and unlimitedly liable for all agreements of the Company and that also acts as the manager of the Company; this manager/managing partner is indicated in article 13 of the Articles of association.

2.3. The limited partners (also referred to as "shareholders") are responsible for the debts and losses of the Company, only proportionally to their contribution, providing that they do not exercise any management activity. They can however act in the capacity of mandatory of the Company, following a special proxy.

#### ARTICLE 3. OFFICE

3.1. The registered office of the Company is situated in Brussels (Anderlecht), Route de Lennik 451.

The registered office and the general board always have to be established in Belgium. They can be moved by a simple decision by the manager, as far as this decision has no influence on the applicable language regime in accordance with the legislation on the use of languages. The manager has full authority, following that kind of move, to have every modification of the Articles of association certified, as well as to have every move of the registered office, and consequently amended text of the Articles of association, filed for publication.

3.2. By a simple decision of the manager, the Company can establish branches or agencies, both in Belgium and abroad.

#### ARTICLE 4. PURPOSE

4.1. The exclusive purpose of the Company is:

(a) to make real estate available to users, directly or via a company in which it holds a participation, in accordance with the provisions of the RREC legislation; and

(b) to, within the limits of the RREC legislation, possess real estate as mentioned in article 2, 5°, i till x of the RREC law.

"Real estate" is defined as follows:

i. real estate as defined in article 517 et seq of the Civil Code, and the rights in rem on real estate, excluding real estate of forestry, agricultural or mining nature;

ii. the shares with voting rights issued by real estate companies, die exclusively or jointly controlled by the Company;

iii. pre-emptive rights to real estate;

iv. the shares of public or institutional regulated real estate companies, providing that, in the latter case, a joint or exclusive control is exercised by the Company;

v. rights arising from contracts giving the company leasehold of one or several real estate assets or other similar rights of use;

vi. the shares of public real estate investment trusts;

vii. the participation rights in foreign undertakings for collective investment in real estate registered in the list intended by article 260 of the law of 19 April 2014 with regard to alternative undertakings for collective investment and their managers;

viii. the participation rights in undertakings for collective investment in real estate established in another member state of the European Economic Area and that are not registered in the list intended by article 260 of the aforementioned law of 19 April 2014, as far as they are subject to an equivalent supervision as public sicafi;

ix. the shares issued by companies (i) that are legal entities; (ii) governed by the law of another member state of the European Economic Area; (iii) of which the shares are admitted to trading on a regulated market and/ or are subject to a regime of prudential supervision; (iv) of which the main activity is acquiring or constructing real estate in view of making it available to users, or the direct or indirect possession of participations in companies with a similar activity; and (v) that are exempt from tax on income from the profits resulting from the activity referred to in clause (iv) above, subject to compliance with certain legal obligations, and that

are at least required to distribute part of their income to their shareholders (the "Real Estate Investment Trusts" (abbreviated "REIT's"));

x. real estate certificates, as intended by article 5, § 4, of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.

xi. and all other assets, shares or rights defined as real estate by the RREC legislation.

4.2. Within the framework of making real estate available, the Company can exercise all activities related to the foundation, the construction (without prejudice to the prohibition of acting as a property developer, except for occasional operations), the alteration, the design, the renovation, the development, the alienation, the lease, the sub-lease, the exchange, the contribution, the transfer, the allotment, the bringing of real estate assets into a system of co-ownership or joint ownership, granting or receiving the right of superficies, usufruct, long-term lease or other real or personal rights on real estate, management and running of real estate assets.

4.3. Providing conformity with the RREC legislation, the Company can also invest additionally or temporarily in securities that are not real estate in the sense of the RREC legislation. These investments will be made in accordance with the risk management policy adopted by the Company and will be diversified, so that they ensure an adequate risk diversification. The Company can also possess unallocated cash in all currencies in the form of deposits on demand, term deposits, or any money-market instrument that can be easily traded.

4.4. Providing conformity with the RREC legislation, the Company is authorized to subscribe authorized hedges, except for speculative operations. The acquisitions and disposals have to fit within the financial risk hedging policy of the Company.

4.5. Providing conformity with the RREC legislation, the Company is authorized to grant mortgages or other sureties or grant guarantees within the framework of funding the real estate activities of the Company or its group, within the limits defined by the RREC legislation to that effect.

4.6. Providing conformity with the RREC legislation, the Company is authorized to take or give in lease one or more properties. The activity of giving in lease with purchase option of real estate assets can only be exercised as an accessory activity, unless these real estate assets are destined for a purpose of general interest, including social housing and education (in this case, the activity can be exercised as main activity).

4.7. Providing conformity with the RREC legislation, the Company is authorized to grant credits within the limits defined by the RREC legislation to that effect.

4.8 Providing conformity with the RREC legislation, the Company can, through a contribution in cash or in kind, a merger, splitting-up or any other restructuring, subscription, participation, financial or other intervention, according to Company Law, acquire a share and any possible form of participation or membership in all existing or to be founded companies, associations or enterprises, in Belgium or abroad, of which the purpose is similar to its own, or that fits within the realization of, or facilitates, its purpose. Providing conformity with the RREC legislation, the Company can, in general, acquire, rent, lease, transfer or exchange all moveable or real estate assets, all materials and necessities, and in

general, take all civil, commercial or financial actions that are, directly or indirectly, related to its purpose and exercising all related intellectual rights and commercial properties. Next to that, the Company may, providing conformity with the RREC legislation, do anything relevant or necessary to realize its purpose, also including all activities relating to, directly or indirectly the development and daily management of its real estate assets and all other activities with an added value to its real estate assets and to its users, such as offering services that are complementary to making the related real estate available.

#### ARTICLE 5. TERM

5.1. The term of the Company is unspecified. It can be dissolved by a resolution of the general meeting deliberating in accordance with the conditions and forms required for amending the articles of association, without prejudice to the application of other more stringent legal provisions.

5.2. The Company shall not be dissolved as a result of the dismissal, expulsion, revocation, withdrawal, purchase, declaration of incompetence, prevention, dissolution or declaration of bankruptcy of the managing partner.

### CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES

#### ARTICLE 6. CAPITAL

6.1 The company's registered capital amounts to sixty-five million one hundred seventy-seven thousand six hundred ninety-three euros and fifty-seven cents (€ 65.177.693,57). It is paid up in full.

6.2 It is divided into five million nine hundred twenty-six thousand six hundred forty-four (5.926.644) shares, of no-par value, each one representing 1 / 5.926.644 of the capital.

#### ARTICLE 7. AUTHORISED CAPITAL

The manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by a maximum amount of fifty-four million three hundred fourteen thousand seven hundred forty-four euro sixty-four cent (€ 54,314,744.64) in the cases foreseen in the relevant report of the manager and, if the manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the manager-legal person.

This authorization is valid for a term of (5) five years as from the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable.

These capital increases can be carried out by a contribution in cash, by a contribution in kind, or by the conversion of reserves including profits carried forward and issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Company Law, the RREC legislation, and the Articles of Association.

If the case arises, in the event of a capital increase decided by the manager, possibly after deduction of charges, the issue premiums shall be transferred by the manager to an unavailable account that will be treated in the same way as the capital as a guarantee for third parties, and



may not, under any circumstances, be reduced or disposed of unless otherwise decided by the general meeting, voting under the conditions required by article 612 in conjunction with article 657 of the Company Law, except for the conversion into capital as foreseen above.

Without prejudice to the application of the articles 592 to 598 and 606 in conjunction with article 657 of the Company Law, the manager is authorized to limit or abolish the preferential right of shareholders, also when this occurs in favour of one or more persons that are not members of personnel of the Company or its subsidiaries, as far as an irreducible right of attribution is granted to the current shareholders in the case of attribution of new securities. This irreducible right of attribution will at least have to meet the requirements of the RREC legislation and of article 8.2 of the articles of association. Without prejudice to the articles 595 to 599 in conjunction with article 657 of the Company Law, the aforementioned limits in the context of the abolition or limits to the preferential right will not be applicable in the case of a contribution in cash within the framework of the distribution of an optional dividend, in the cases foreseen by article 8.2 of the articles of association.

Capital increases by a contribution in kind are realized in accordance with the RREC legislation and in accordance with the conditions recorded in article 8.3 of the articles of association. Such contributions in kind can also relate to the dividend rights in the context of the distribution of an optional dividend.

Without prejudice to the authorization granted to the manager as exposed in the sub-paragraphs above, the extraordinary general meeting of 17 May 2016 has explicitly authorized the manager to proceed to one or more capital increases in the case of a public take-over bid, under the conditions foreseen by article 607 in conjunction with article 657 of the Company Law, and with respect, should the case arise, of the irreducible right of attribution foreseen by the RREC legislation. The capital increases executed by the manager following the latter authorization, are deducted from the capital that can still be used in conformity with this article. This authorization does not limit the manager's competences to proceed to other operations using the authorized capital than those foreseen by article 607 in conjunction with article 657 of the Company Law.

The manager already used the aforementioned authorization for a total amount of ten million eight hundred sixty-two thousand nine hundred forty-eight euros and ninety-three cents (€ 10,862,948.93).

#### **ARTICLE 8. CHANGE OF THE REGISTERED CAPITAL**

8.1 Except for the possibility to increase the capital using the authorized capital by a decision of the statutory manager, an increase or decrease in the registered capital can only be decided at an extraordinary general meeting of the shareholders in the presence of a notary public and with the approval of the manager. Furthermore the company will always have to take the RREC legislation into account in this context.

Should the general meeting decide to ask for the payment of an issue premium within the framework of a capital increase, this has to be booked on an unavailable account which constitutes a third-party guarantee at the same level as the capital and which can in no possible way be reduced or lifted than by a decision of the general meeting deli-

berating in accordance with the provisions required for an amendment to the articles of association.

8.2. In the case of a capital increase by a contribution in cash following a decision of the general meeting or within the framework of the authorized capital as defined in article 7 of the articles of association, and without prejudice to the articles 592 to 598 of the Company Law, the preferential right of the shareholder can only be limited or lifted as far as the current shareholder is granted an irreducible right of attribution when granting new securities. That irreducible right of attribution at least meets the following conditions of the RREC legislation:

1° it is related to all newly issued securities;

2° it is granted to the shareholders in correspondence with the share of the capital represented by their shares at the moment of the operation;

3° at latest the eve of the opening of the public subscription period a maximum price per share is announced; and

4° the public subscription period has to last at least three (3) listing days.

That irreducible right of attribution is applicable to the issue of shares, convertible bonds and warrants.

Without prejudice to the articles 595 to 599 of the Company Law, the irreducible right of attribution does not have to be granted in the case of a contribution in cash where the preferential right is limited or lifted, complementary to a contribution in kind within the framework of the distribution of an optional dividend, as far as the distribution of that optional dividend is effectively made payable to all shareholders.

8.3. The capital increases by a contribution in kind are subject to the provisions of articles 601 and 602 of the Company Law. Furthermore, in accordance with the RREC legislation, the following conditions have to be met in the case of a contribution in kind:

1° the identity of the contributor has to be mentioned in the report as defined by article 602 of the Company Law and, if necessary, in the invitation to the general meeting convened for the capital increase;

2° the issue price cannot be less than the lowest value of (a) a net value per share dated no more than four (4) months prior to the date of the contribution agreement or, up to the choice of the company, prior to the date of the capital increase deed, and (b) the average closing price during thirty (30) calendar days prior to that same date.

For the application of what is mentioned above sub point 2°, it is allowed to deduct an amount that corresponds to the part of the non-distributed gross dividend to which the new shares would eventually not entitle, from the amount defined sub point (b) of point 2°, provided that the manager specifically motivates the amount to be deducted from the cumulated dividend in his special report and explains the financial conditions of the operation in his annual financial report;

3° except if the issue price, or, in the case defined in article 8.4 hereafter, the exchange rate, and the related modalities are defined and communicated to the public at latest the working day following the conclusion of the contribution agreement, mentioning the term in which the capital increase will effectively take place, the capital increase deed is recorded within a maximum term of four (4) months; and

4° the report mentioned in point 1° must also explain the impact of the proposed contribution on the situation of the former shareholders, more specifically with regard to their share in the profit, in the net value

per share and in the capital, including the impact at the level of the voting rights.

The special conditions described above, in accordance with the RREC legislation, are not applicable in the case of a contribution of the right to dividends within the framework of the distribution of an optional dividend, as far as the distribution of that dividend if effectively made payable to all shareholders.

8.4. The special rules with regard to capital increases by contribution kind recorded in article 8.3 above are *mutatis mutandis* applicable to mergers, split-ups and similar operations as defined in the articles 671 to 677, 681 to 758 and 772/1 of the Company Law. In that case, the "date of the contribution agreement" refers to the date the merger or split-up proposal is filed.

8.5. In accordance with the RREC legislation the manager of the company, in the case of a capital increase by a contribution in cash to a subsidiary that has the status of an institutional regulated real estate company (or abbreviated "institutional RREC") for an issue price that is ten per cent (10%) or more lower than the lowest value of (a) a net value per share dated no more than four (4) months prior to the start of the issue, and (b) the average closing price during thirty (30) calendar days prior to the start of the issue, draws up a report in which he explains the economic justification of the applied discount, the financial consequences of the operation for the shareholders of the company and the interest of that capital increase for the company. This report and the applied valuation criteria and methods are commented by the auditor of the company in a separate report. The reports of the manager and the auditor are published according to article 35 *et seq* of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, at latest the day the issue starts and in any case as soon as the price is proposed, should this be earlier.

For the application of what is mentioned above in the first paragraph of this article 8.5, it is allowed to deduct from the amount defined in point (b) of the first paragraph an amount that corresponds to part of the non-distributed gross dividend to which the new shares would eventually not entitle, provided that the manager of the company specifically motivates the amount to be deducted from the cumulated dividend and explains the financial conditions of the operation in the annual financial report of the company.

In case the subsidiary mentioned in the first paragraph of this article 8.5 is not listed, the discount defined in the first paragraph of this article 8.5 is only calculated based on the net value per share that is dated no more than four (4) months.

This article 8.5 is not applicable to capital increases fully subscribed by the company or its subsidiaries of which the capital is entirely held by the company, either directly or indirectly.

#### ARTICLE 9. NATURE OF THE SHARES

9.1. The Company has only one type of shares, that all have the same rights.

9.2. The shares of the Company are nominative or dematerialized, and this according to the choice of their owner or holder (hereafter the

"Holder") and in accordance with legal limitations. Each Holder of shares can at any given time, and at his own expenses, ask for the conversion of his nominative shares into dematerialized shares, or vice versa.

9.3. For nominative shares, ownership is exclusively proven by inscription in the register of shares of the Company held at its office; the register of shares may potentially be held in an electronic form.

9.4. Dematerialized shares are represented by booking into an account, at the name of the owner or holder, with a clearing institution.

#### ARTICLE 10. OTHER SECURITIES

With the exception of profit-sharing certificates and similar securities and subject to the specific provisions of the RREC legislation, the Company may issue the securities intended by article 460 of the Company Code in accordance with the rules prescribed by the Company Code, the RREC legislation and these Articles of association.

#### ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire treasury shares, hold them and alienate them in accordance with the formalities and conditions prescribed by the articles 620 to 625 of the Company Code.

11.2. The manager is authorized to proceed to the purchase or alienation of treasury shares without a preliminary decision of the general meeting, whenever this purchase is necessary to safeguard the Company against serious and threatening disadvantage. These authorizations in conformity with article 620, §1, third subparagraph and fourth subparagraph, respectively article 622, §2, second subparagraph, 2°, of the Company Code, are valid for three (3) years as of the publication of the amendments to the articles of association of 15 May 2017 and are renewable for an equal period.

11.3. The manager is authorized, in virtue of a decision taken by the general meeting of 15 May 2017 according to article 620, §1, of the Company Code, to (a) acquire a maximum number of treasury shares that equals at highest the number of shares by the acquisition of which the threshold of twenty percent (20%) of the subscribed capital would be reached, cumulatively taking into account all already purchased shares and potentially still detained shares by the company and its subsidiaries, (b) at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the acquisition date, decreased by fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the last twenty (20) closing prices of the share of the Company at the regulated market on which they are listed, before the acquisition date, augmented by fifteen percent (15%), (c) taking into account that the remuneration for the purchase of these treasury shares does not exceed the resources of the company that are according to article 617 of the Company Code distributable, and (d) taking into account the immediate constitution of an unavailable reserve 'acquisition of treasury shares' for the amount of the global acquisition value of the purchased shares, and this by withdrawal on the available reserve (profit) if and as long as the shares are held in portfolio.

This authorization is valid for a term of five (5) years as of the date men-

tioned above on which this decision was approved. This authorization is also valid for the acquisition of shares by the Company on a regulated market by its directly controlled subsidiaries in accordance with article 627 of the Company Code.

11.4. The manager is also authorized, according to article 622, §2, first subparagraph, of the Company Code, to proceed to, in respect of the conditions and terms defined by law, the alienation of treasury shares that the Company holds in portfolio, subject to the following conditions: (a) this authorization is valid for a number of treasury shares that is at highest equal to the number of shares by which the limits for legally holding crossed participations by the indirect subsidiaries of the Company according to article 631, §1 of the Company Code would be reached; (b) the alienation of a share in virtue of this authorization has to occur at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the alienation date, minus fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the twenty (20) last closing prices of the share before the alienation date, augmented by fifteen percent (15%); (c) the booking of the unavailable reserve 'acquisition of treasury shares' created by the Company for detention of treasury shares in the portfolio is after the alienation corrected by the acquisition value of the alienated shares, and this by the increase of the available reserve.

The manager is finally authorized to, without prior consent by the general meeting, in accordance with article 622, §2, second subparagraph, 1° of the Company Code, and at a price he defines, proceed to the alienation of treasury shares, as far as these shares are alienated on a regulated market the shares are listed on.

These authorizations are valid without any end term. These authorizations are also valid for the alienation of shares of the Company on a regulate market by its directly controlled subsidiaries according to article 627 of the Company Code.

#### **ARTICLE 12. LISTING ON THE STOCK EXCHANGE AND NOTIFICATION OF IMPORTANT PARTICIPATIONS**

12.1 The shares of the company must be admitted to trading on a Belgian regulated market, in accordance with the RREC legislation.

12.2 Each holder of shares must notify the company and the FSMA of the number of securities with voting rights, voting rights or similar financial instruments of the company he owns, in accordance with the legislation on the disclosure of important participations in issuers of which the shares are admitted for trading on a regulated market.

The thresholds of which exceeding results in a mandatory notification following the special aforementioned legislation of the disclosure of important participations are fixed at three per cent (3%), five per cent (5%) and multiples of five per cent (5%) of the total number of voting rights.

12.3 Except for exceptions foreseen by the Company Law, nobody can participate to a voting at a general meeting of shareholders of the company with a number of votes that is higher than the number of votes related to the securities he has reported holding, at least twenty (20) days prior to the date of that general meeting.

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

#### **ARTICLE 13. NOMINATIONS – DISMISSALS – VACANCIES**

14.1 The company is directed by a statutory manager, who must have the capacity of a limited (managing) partner and who must permanently comply with the articles 14 and 15 of the RREC legislation.

14.2 The public limited company "LEASINVEST REAL ESTATE MANAGEMENT", (register of legal persons Antwerp, section Antwerp 0466.164.776), with registered office in 2000 Antwerp, Schermersstraat 42, is the (only) managing partner intended by article 2.2 of the Articles of association and is in virtue of this article appointed as the first and sole statutory manager of the Company (hereafter the "Manager-Legal person"). It is appointed for an indefinite period, in the understanding that the minimal duration of its mandate has been fixed at twenty-seven (27) years, which makes that its mandate is irrevocable until the date of the annual meeting, which will be held in 2026. After this date the mandate of the Manager-Legal person is revocable under the attendance and majority conditions required for a change of the Articles of Association, without any right of veto for the manager on this point. The board of directors of the Manager-Legal person has to be composed as prescribed by the RREC legislation and as settled in article 14 of the Articles of association below.

13.3 Despite the aforementioned (article 13.2) concerning the first manager, the manager is appointed for a definite or indefinite period at the general meeting of shareholders, which decides under the attendance and majority conditions required for a change of the Articles of Association.

13.4 The statutory manager's tasks can only be revoked by a judicial decision after a claim submitted by the general meeting on lawful grounds. The general meeting of shareholders must make this decision with a majority equal to the majority for the amendment of the Articles of Association and the statutory manager cannot participate in the vote. The statutory manager will continue to carry out his tasks until his removal is passed by a peremptory decree.

13.5 The statutory manager can resign at any time.

The statutory manager is obliged, after his resignation, to further fulfill his task until a replacement can reasonably be provided for him. In view of that a general meeting has to be convened within one (1) months after his resignation with the nomination of a new manager on the agenda; that general meeting has to take place in any case within two (2) months after the resignation.

13.6 The decease, the declaration of incompetence, the dissolution, the bankruptcy or any similar procedure, the dismissal, the deposition of the manager by judicial decision for whatever reason, will not have the consequence of the company being dissolved, but he will be succeeded by the newly appointed manager, by a decision of the extraordinary shareholders general meeting, that also accepts to become a limited (managing) partner of the company. If a manager is a legal person, the merger, the split up, the conversion or any other form of company reorganization whereby the legal personality of the manager is continued according to the applicable law, does not lead to the dismissal or the replacement of the manager.

#### **ARTICLE 14. SPECIAL PROVISIONS WITH REGARD TO THE MANAGER-LEGAL PERSON AND THE EFFECTIVE OFFICERS OF THE COMPANY**

14.1. The provisions of this article 14 below are valid for the Manager-Legal person as long as it manages the Company as a public RREC.

The Manager-Legal person acts to that effect via its board of directors, its permanent representative and the persons it appointed for the effective leadership of the Company. The directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company cannot personally be manager nor managing partner of the Company. Moreover, they have to comply, on a permanent basis, with the articles 14 and 15 of the RREC law.

14.2. The board of directors of the Manager-Legal person is always composed in that way, that the Company can be managed in accordance with article 4 of the RREC law.

14.3. The board of directors of the Manager-Legal person consists at least of three (3) independent members in the sense of article 526ter of the Company Code, for which the respect of the criteria intended by the aforementioned article is also evaluated as if the concerned independent member of the board of directors of the Manager-Legal person would be a director in the Company.

14.4. The members of the board of directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company are exclusively physical persons and have to dispose, on a permanent basis, of the required professional reliability and adequate competences, required for exercising their function. They cannot find themselves in one of the cases foreseen by article 20 of the law of 25 April 2014 on the status of supervision on credit institutions.

14.5. The effective leadership of the Company has to be entrusted to at least two (2) physical persons, of which at least one (1) has to be a member of the board of directors of the Manager-Legal person.

14.6. One of the persons intended by article 14.5 above that is also a member of the board of directors of the Manager-Legal person, is appointed as permanent representative of the Manager-Legal person in the sense of article 61, §2, of the Company Code, that is entrusted with exercising the mandate of manager in the Company in the name of and for the account of the Manager-Legal person and that is more specifically authorized to, acting alone, represent and commit the Company versus third parties, but without prejudice to the applicable provisions of the RREC legislation. The Manager-Legal person cannot dismiss its permanent representative without appointing a successor at the same time.

14.7. Within the framework of and specifically in view of the internal management of the Company intended by article 16 of the Articles of association, the board of directors of the Manager-Legal person can, among his members and under his responsibility, in accordance with the articles 522, 526bis en 526quater of the Company Law, establish one or more consultative committees, such as e.g. a remuneration committee and an audit committee. These committees, established within the board of directors of the Manager-Legal person, also function if the case arises, as a remuneration committee, if any, audit committee for the Company with *mutatis mutandis* the same powers that those committees respectively have within the Manager-Legal person. The

conditions for the appointment of the members of the consultative committees, their dismissal, their remuneration, the term of their mandate and the procedure of these committees as well as the description of their tasks, are defined by the board of directors of the Manager-Legal person at the moment of their creation and they can also be modified afterwards by that same board of directors of the Manager-Legal person in compliance with the applicable regulations.

#### **ARTICLE 15. SALARY**

15.1. The manager will carry out his mandate with remuneration.

15.2. The remuneration is equal to zero point four hundred fifteen per cent (0.415%) of the consolidated assets of the Company. The remuneration is due during the financial year, but only payable after the approval of the financial statements.

15.3. The manager is entitled to the repayment of the costs that are directly related to his assignment.

#### **ARTICLE 16. COMPETENCES OF THE MANAGER – INTERNAL MANAGEMENT**

16.1. The manager has the most extended powers to perform all acts of internal management necessary or useful for realizing the purpose of the Company, except for those acts for which only the general meeting is competent, in virtue of the law or the Articles of association.

The manager takes all decisions it deems appropriate.

16.2. The manager draws up the half-year reports, as well as the annual report project in accordance with the RREC legislation. The manager appoints the real estate experts in accordance with the RREC legislation.

16.3. The deliberations and decisions of the manager – should the case arise, taken at the level of the board of directors of the Manager-Legal person in accordance with the rules for deliberation and decision-making as defined in the articles of association of the Manager-Legal person – are reproduced in the minutes that are signed by the manager or the acting directors of the Manager-Legal person. These minutes are recorded in a special register.

The copies of or the extracts of those minutes, that have to be presented lawfully or elsewhere, are signed by the manager in accordance with its external representation power, except for copies and extracts of the minutes that were registered in an authentic deed and that are signed by the notary public.

#### **ARTICLE 17. EXTERNAL REPRESENTATIVE POWER**

17.1 The manager represents the company in all judicial and extra-judicial affairs.

17.2 The Manager-Legal person acts externally towards third parties via its permanent representative, all this, in accordance with the RREC legislation.

17.3 In all deeds committing the Company, the capacity in which the person representing the Company acts has to be stated, immediately before of after his signature.

**ARTICLE 18. EXCEPTIONAL AUTHORITIES**

The statutory manager can appoint proxies for the company. Only special and limited powers for specific or for a series of specific legal acts are permitted. The proxies legally bind the company within the bounds of their conferred mandate, without diminishing the responsibility of the statutory manager in the case of an excessive power. The manager defines the remuneration of each representative who was granted special powers, all of this in conformity with the RREC legislation.

**ARTICLE 19. RESPONSIBILITY OF THE STATUTORY MANAGER**

19.1 The statutory manager is personally, severally and unlimitedly bound to the obligations of the company.  
19.2 The permanent representative of the Manager-Legal person is however not personally liable for the undertakings made by the Company.

**ARTICLE 20. CONTROL**

20.1. The audit of the Company is entrusted to a company auditor or auditor's company certified by the FSMA, that exercises the mission of auditor as defined in the Company Code and in the RREC legislation. In the case of the appointment of a certified auditor's company as auditor, this company will appeal to a certified company auditor that it appoints, for the exercise of its mission as auditor; it can eventually also appoint a substitute among its members that comply with the appointment conditions.  
20.2. Moreover, the Company is subject to supervision by the FSMA in accordance with the RREC legislation.

**CHAPTER IV – GENERAL MEETING****ARTICLE 21. POWER OF THE GENERAL MEETING**

21.1 The lawfully composed general meeting of the shareholders of the Company represents the entirety of the shareholders. The decisions of the general meeting that were validly taken are binding upon all shareholders, even for those who were absent or for those who voted against a proposal.  
21.2 The general meeting has the power a/o to deliberate and to decide on the following matters, namely:  
- the conclusion of the annual accounts;  
- the appropriation of the result;  
- the nomination and the dismissal of the auditor;  
- the determination of the auditor's salary;  
- the filing of the company action or the giving discharge to the manager and to the auditor.  
The general meeting is also authorized to make changes to the Articles of Association, namely to decide to the nomination of a manager, to the increase or decrease of the capital, to powers with regard to the authorized capital by decision of the manager, to conversion of the company into a company with a different legal status, to decide to an early dissolution of the company, to the distribution of interim dividends of optional dividends, to the issue of convertible (or not) bonds or warrants, to the merger or an equal operation with one or more companies.

**ARTICLE 22. ORDINARY GENERAL MEETING**

22.1. The general meeting is held at the registered office or at the address indicated in the convening notice.  
22.2. The ordinary general meeting, also called annual meeting, is held each year the third Monday of the month of May at sixteen hours or, should this day be a legal holiday, the next working day at the same hour.

**ARTICLE 23. CONVENING**

23.1 The manager and every auditor can convene both an ordinary general meeting (annual meeting) and an exceptional or extraordinary general meeting. They have to convene the annual meeting on the day as determined by the articles of association.  
The manager and every auditor are obliged to convene an exceptional or extraordinary meeting when one or more shareholders who represent, individually or collectively, a fifth (1/5th) of the registered capital request for it.  
23.2 The convocations to the general meeting take place in accordance with the formalities and other provisions of the Company Law. The convocations mention the agenda, listing the subjects to be treated and the proposals for decision, and all other data that are mandatory to be included in virtue of the law.  
23.3 One or more shareholders representing together at least three per cent (3%) of the registered capital of the company, in accordance with the provisions of the Company Law, can have subjects to treat added to the agenda of the general meeting and introduce proposals for decision with regard to items on the agenda or those that were added. The company should receive these requests at latest the twenty-second (22nd) day prior to the date of the general meeting. The subjects to be treated and the related proposals for decision that could be added to the agenda, should the case arise, will be published according to the modalities prescribed by the Company Law. The subjects to be treated and proposals for decision that were added to the agenda in application of the previous paragraph are only discussed if all related provisions of the Company Law were respected.

**ARTICLE 24. CONDITIONS FOR ADMITTANCE TO THE GENERAL MEETINGS**

24.1 A shareholder can only participate to the general meeting and exercise his voting right based on the recording of his shares in book-entry form in his name, at the registration date, or by inscription in the register of nominative shares of the company, or by inscription in the accounts of an authorized account holder or clearing organisation, or upon presentation of the bearer shares to a financial intermediary, regardless of the number of shares the shareholder owns at the general meeting. The fourteenth (14th) day prior to the general meeting, at twenty-four hours (24h00 CET) applies as the registration date.  
24.2 Holders of dematerialized shares who want to participate to the general meeting, must present a certificate issued by an authorized account holder or the settlement body, stating how many dematerialized shares are registered in their accounts at the registration date, in the name of the shareholders, and for which the shareholder has

indicated wanting to participate to the general meeting. This filing has to take place at latest the sixth (6th) day prior to the date of the general meeting at the registered office or at the institutions mentioned in the convocation.

Holders of registered shares who wish to participate to the meeting, must inform the company by ordinary mail, fax or e-mail at latest the sixth (6th) day prior to the meeting date of their intention to participate to the meeting.

24.3 The manager will keep a register for each shareholder having communicated his wish to participate to the general meeting, stating his name and address or registered office, the number of shares he owned at the registration date and for which he has indicated wishing to participate to the general meeting, and a description of the documents that prove that he was holder of the shares at that registration date.

#### **ARTICLE 25. PARTICIPATION IN THE MEETING – REPRESENTATION**

25.1 A shareholder of the company may only appoint (1) one proxy for a specific general meeting. Derogation to this principle is only possible in accordance with the related rules of the Company Law.

A person acting as an authorized representative can have proxies of more than one shareholder. In the case an authorized representative has proxies from several shareholders, he can vote differently in the name of one shareholder than in the name of another shareholder.

The appointment of a proxy by a shareholder is done in writing or via an electronic form and has to be signed by the shareholder, should the case arise, with an advanced electronic signature in the sense of article 4, §4, of the Law of 9 July 2001 with respect to certain rules regarding the legal framework for electronic signatures and certification services, or with an electronic signature that meets the conditions of article 1322 of the Civil Law.

25.2 The notification of the proxy has to be done in writing to the company. This notification can also take place electronically, at the address mentioned in the convocation.

The company has to receive the proxy at latest the sixth (6th) day prior to the meeting date.

25.3 Without prejudice to the possibility, in accordance with article 549, second paragraph, of the Company Law to derogate from the instructions under certain circumstances, the authorized representative expresses his vote in accordance with the potential instructions of the shareholder. The authorized representative has to hold a register for at least (1) year of the voting instructions and confirm, at the request of the shareholder, that he respected the voting instructions.

In the case of a potential conflict of interest as defined in article 547bis, §4, of the Company Law between the shareholder and the authorized representative he has appointed, the authorized representative has to disclose the precise facts that are of interest to the shareholder to judge if the danger exists that the authorized representative promotes any other interest than that of the shareholder. Moreover, the authorized representative can only vote in the name of the shareholder provided that he has specific voting instructions for each agenda item.

25.4 In the case of an addition to the agenda, in accordance with article 23.3 of the articles of association, and if a proxy has already been

communicated to the company before the publication of the amended agenda, the authorized representative has to respect the related provisions of the Company Law.

#### **ARTICLE 26. CHAIRMANSHIP – BUREAU**

26.1 Every general meeting is in general presided by manager of the Company. For as long as the Manager-Legal person manages the Company, the chairman of its Board of Directors or, in case the chairman is unable to attend, another director of the Manager-Legal person presides the general meeting.

26.2 The chairman of the meeting appoints a secretary and one or more vote counters, who do not need to be (a) shareholder(s). The chairman, the secretary and the vote counters altogether form the bureau.

#### **ARTICLE 27. MEETING PROCEDURE**

27.1 The deliberation and voting at the general meeting are directed by the chairman of the meeting and take place in accordance with the habitual rules of proper meeting techniques.

27.2 The manager answers the questions of the shareholders asked during the meeting or in writing, with regard to his report or the agenda items, as far as the communication of data or facts is not detrimental to the company's business interests or to confidentiality rules the company or the manager have committed to.

The auditors answer the questions of the shareholders that are asked during the meeting or in writing, with regard to their report, as far as the communication of data or facts is not detrimental to the company's business interests or to confidentiality rules the company, the manager or the auditors have committed to. They have the right to speak at the general meeting with regard to the fulfillment of their mission. If different questions are related to the same subject, the manager and the auditors are allowed to respond to these with one answer. As soon as the convocation is published, the shareholders can ask the aforementioned questions in writing, in accordance with the related provisions of the Company Law.

27.3 The manager is entitled to adjourn each ordinary, exceptional or extraordinary general meeting one single time for five (5) weeks, unless the meeting has been convened at the request of one or more shareholders, representing at least one fifth (1/5th) of the capital, or by the auditor. Such adjournment does not prejudice the other decisions that were taken, except if the general meeting decides otherwise on this matter.

27.4 The general meeting can only validly deliberate or decide on the items recorded or implicitly stated in the agenda. There can only be a deliberation on items that were not included in the agenda if all persons that are to be invited according to the Company Law are present or represented by their body or permanent representative and nobody objects to extending the agenda. The required agreement is definite if no protest has been recorded in the minutes of the meeting.

**ARTICLE 28. VOTING RIGHT**

28.1. Every share gives the right to one vote.

28.2. When one or more shares belong to several people in joint ownership or to a legal person with a collegial body of representation, the connected rights to it can only be exercised towards the company by one single person who has been appointed in writing by all entitled persons, respectively those who can represent the legal persons externally. As long as such an appointment has not been delivered, all the rights connected to the shares remain suspended.

28.3. If a share is encumbered with a usufruct, the exercise of the connected voting rights is reserved for the usufructuary, unless the nude owner has previously opposed to it in writing. The execution of the pre-emptive right in the case of a capital increase belongs to the nude owner.

**ARTICLE 29. DECISION-MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER**

29.1 The normal and the exceptional general meeting's deliberations and decisions are valid irrespective of the number of present or represented shares, yet in the presence of the statutory manager. If he is not at present, then a second meeting can be convened to deliberate and decide, even if the statutory manager is absent. The decisions are taken by a simple majority of votes, but with the approval of the present or represented statutory manager regarding proceedings, which deal with the interests of the company towards third parties, such as the payment of dividends as well as each decision whereby the company assets are affected. Abstention or blank votes and invalid votes are neglected in the calculation of the majority. In the case of equality of votes, the proposal is rejected.

29.2 At each general meeting minutes are taken during the meeting.

29.3 The extraordinary general meeting must be held in the presence of a notary public who draws up an authentic official report. The general meeting can only then lawfully deliberate and decide on a change in the Articles of Association, when those who participate in the meeting represent at least half (1/2) of the companies' capital and when the statutory manager is at present, notwithstanding more stringent legal stipulations. If the aforementioned quorum is not reached or if the statutory manager is not at present, then a new summons in virtue of Article 558 of the Company Law is required; the second meeting deliberates and decides validly, irrespective of the present or represented part of the capital and irrespective of the potential absence of the statutory manager.

29.4 An amendment to the Articles of Association is only then accepted if it has previously been approved by the FSMA and if it they have got three quarters (3/4) of the votes bound to the shareholders that are present or represented and with approval of the present or represented statutory manager notwithstanding more stringent legal stipulations. The votes of those who abstain, or the blank or invalid votes, are considered to be votes against the proposal in the calculation of the required majority.

**CHAPTER V – FINANCIAL YEAR – APPROPRIATION OF THE RESULT****ARTICLE 30. FINANCIAL YEAR – ANNUAL ACCOUNTS – ANNUAL REPORT**

30.1 The financial year of the company always commences on the first of January and ends on the thirty first of December. At the end of each financial year the accounts and records are closed and the statutory manager draws up the inventory, including the annual accounts, and is further proceeded as specified in Article 92 and following of the Company Law and of the applicable provisions of the RREC legislation. Furthermore, the statutory manager draws up an annual report in which he renders account for his policy, as prescribed by the Company code and the RREC legislation.

The annual report also comprises a corporate governance statement that is a specific part of it and which comprises a remuneration report.

30. After the approval of the balance sheet the general meeting decides on the discharge to be given, by separate vote, to the manager and to the auditor(s).

30. 3The annual and half-year financial reports of the company, comprising the statutory and consolidated annual and half-year accounts of the company and the report of the auditor(s), are made available to the shareholders according to the provisions that are applicable to issuers of financial instruments admitted to trading on a regulated market and the RREC legislation.

The annual and half-year reports of the company, the report of the auditor(s) and the articles of association of the company are published on the website of the company. The shareholders can obtain a copy of the aforementioned documents for free at the registered office of the manager.

**ARTICLE 31. APPROPRIATION OF THE PROFIT**

It is mandatory for the company, within the limits of the Company Law and the RREC legislation, to distribute a dividend as a remuneration of the capital to its shareholders, of which the minimum amount is defined in accordance with article 13 of the RREC RD.

**ARTICLE 32. INTERIM DIVIDENDS**

The statutory manager has the power to pay out interim dividends on the results of the financial year. This payment can only be taken from the profit of the current financial year, as when the occasion arises decreased by the transferred loss or increased by the transferred profit, without any withdrawal from the reserves which are or must be build up by means of a legal or statutory decree. Further action is made by reference to the requirements of Article 618 of the Company Law and the relevant provisions of the RREC legislation.

**CHAPTER VI – DISSOLUTION – LIQUIDATION****ARTICLE 33. NOMINATION AND CAPACITY OF LIQUIDATORS**

33.1 In case of dissolution of the company for whatever reason and at whatever time, the liquidation is being carried out by a liquidator or a board of liquidators appointed by the general meeting in accordance with the legal provisions on the matter. The liquidators only take up their mission after the confirmation of their appointment by a competent commercial court.

If no liquidator is appointed, the manager in function is considered to be the liquidator towards third parties.

33.2 The liquidators have the most extended powers in accordance with the Articles 186, 187 and 188 of the Company Law, unless the general meeting decides otherwise by a normal majority of votes.

33.3 The liquidation of the company is settled in accordance with the provisions of the Company Law.

**ARTICLE 34. LIQUIDATION BALANCE**

The balance after liquidation is distributed to the shareholders in proportion to their rights in the Company.

**CHAPTER VII – MISCELLANEA - CHOICE OF LOCATION****ARTICLE 35. CHOICE OF LOCATION**

35.1 The manager and the liquidators, whose place of residence is unknown, are supposed to have chosen their address at the registered office of the company, where all subpoenas, services and notifications concerning the companies' affairs can be delivered.

35.2. The regulation in article 35.1 above is mutatis mutandis also valid for the directors of the Manager-Legal person and the persons in charge of effective direction of the Company and the persons responsible for the internal control functions of the Company.

**ARTICLE 36. JURISDICTION**

36.1 Exclusive jurisdiction is given to the courts of the company seat for all disputes between the company on the one hand, and its manager, its holders of securities and/or its liquidators on the other hand, regarding the company matters and the implementation of the current Articles of Association, unless the company expressly renounces to it.

36.2 The regulation in article 36.1 above is mutatis mutandis also valid for all disputes between the Company, on the one hand, and the directors of the Manager-Legal person, the persons in charge of effective direction of the Company and the people responsible for the internal control functions of the Company.

**ARTICLE 37. APPLICABLE LAW**

For everything that is not explicitly defined in these articles of association, or with regard to the legal provisions that were not validly derogated from in these articles of association, the provisions of (a) the Company Law and its executory decrees and regulations, (b) the RREC legislation and (c) the other legal provisions, decrees and regulations under Belgian law are applicable, as far as they apply to the Company due to its status as a public RREC.

Moreover, the provisions of these articles of association that would unlawfully have derogated from the provisions of the laws, decrees and regulations mentioned in the previous paragraph, are considered not to be recorded in the current articles of association and the clauses that would be opposed to the mandatory provisions of these laws, decrees and regulations shall be deemed as not written.





## LEXICON

### ALTERNATIVE PERFORMANCE MEASURES

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this annual financial report are indicated by (◀). For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 70 et seq of this report.

### BADWILL

Badwill or negative goodwill equals the amount by which the stake of the party acquiring, in the fair value of the acquired identifiable assets, liabilities and contingent liabilities, exceeds the price of the business combination on the date of the transaction.

### BULLET LOAN

A loan which is reimbursed in one time at the end of the duration.

### CAP

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short-term interest rate. As a buyer, Leasinvest Real Estate has acquired the right, within a predefined period, to exercise its option. At that moment Leasinvest Real Estate pays the capped interest rate (= CAP) instead of the (higher) short term interest rate. For the acquisition of this right, the buyer pays a premium to the seller. Via this interest rate hedging, Leasinvest Real Estate hedges against unfavourable interest rate increases.

### CONTRACTUAL ANNUAL RENTS

The indexed basis rents as contractually defined in the leases in force per 31/12/2018.

### CORPORATE GOVERNANCE

Sustainable management of the company. These principles, such as transparency, integrity and balance between the responsible parties, are based on the recommendations of the Belgian Corporate Governance Code as published by the Corporate Governance Committee on 12/03/09 ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)).

### DEBT RATIO

All items of the "Liabilities" in the balance sheet, except for the items: "I. Non-current liabilities – A. Provisions", "I. Non-current liabilities – C. Other non-current financial liabilities – Derivative financial instruments", "I. Non-current liabilities – F. Deferred taxes – Liabilities", "II. Short term liabilities – A. Provisions", "II. Current liabilities – C. Other current financial liabilities – Derivative financial instruments" and "II. Current liabilities – F. Accrued charges and deferred income", divided by the balance sheet total.

### DIVIDEND YIELD

Gross dividend / closing price of the financial year concerned.

### DURATION

Weighted average duration of the leases, for which the weight is equal to the relation of the rental income to the total rental income of the portfolio.

### EPRA COST RATIO ◀

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](http://www.epra.com).

### EPRA EARNINGS ◀

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.

### EPRA Net Asset Value ◀ (NAV) & EPRA NNNAV ◀ (triple Net Asset Value ◀ )

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](http://www.epra.com). 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](http://www.epra.com).

### EPRA NET INITIAL YIELD ◀ & EPRA TOPPED UP NET INITIAL YIELD ◀

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](http://www.epra.com). 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](http://www.epra.com).

### EPRA VACANCY ◀

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](http://www.epra.com).

### EXIT TAX

Companies applying for approved Regulated real estate company status, or which merge with a Regulated real estate company are subject to what is known as an exit tax. This tax is equivalent to a liquidation tax on net unrealized gains and on tax-exempt reserves, and amounts to 12.75% for the financial year 2018 (increased by an additional crisis tax uplift of 2%, amounting to a total of 14.75%).

### FAIR VALUE

The fair value is the investment value as defined by an independent real estate expert, from which, the transfer rights have been deducted; the fair value is the accounting value under IFRS.

## **FLOOR**

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short-term interest rate. As a seller, Leasinvest Real Estate has the obligation to, within a predefined period, deliver the floor (minimum interest rate). In exchange for this, Leasinvest Real Estate, as the seller, receives a premium from the buyer. The received premium on the floor limits in this way the premium paid on the CAP.

## **FREE FLOAT**

The free float is the number of shares freely tradable on the stock exchange.

## **GOODWILL**

Goodwill equals the amount by which the cost of the business combination exceeds, at the transaction date, the interest in the fair value of the identifiable assets, liabilities and conditional liabilities taken over from the acquiring party.

## **IAS-STANDARDS**

The international accounting standards (IAS, International Accounting Standards/IFRS, International Financial Reporting Standards) have been drawn up by the International Accounting Standards Board (IASB), which develops the international standards for preparing the annual accounts. The listed companies in Europe must apply these rules to their consolidated accounts for the financial years starting as from 01/01/05. In accordance with the RD of 21/06/2006, substituted by the RD of 13/07/2014, Leasinvest Real Estate applies these rules to its statutory annual accounts, already as from the financial year beginning on 01/07/2006.

## **INTEREST RATE SWAP**

Financial instrument by which parties agree contractually to swap interest payments over a defined term. This allows parties to swap fixed interest rates for floating interest rates and vice versa.

## **INVESTMENT VALUE**

The investment value is the value as defined by an independent real estate expert, and of which, the transfer rights have not yet been deducted.

## **LIQUIDITY PROVIDER**

Liquidity providers are members of Euronext who signed an agreement with Euronext in which they, amongst other things, agree to, continually, make a bilateral market, composed of buy and sell rates, to guarantee a minimum turnover and furthermore to make the market within a maximum 'spread'.

## **NET ASSET VALUE PER SHARE**

NAV (Net Asset Value): shareholder's equity attributable to the shareholders of the parent company, divided by the number of shares (excluding the consolidated number of treasury shares).

## **NET CASH FLOW**

Net cash flow = net result plus additions to amortizations, depreciations on trade debtors and the additions to and withdrawals on provisions minus negative and positive changes in the fair value of investment properties minus the other non-cash elements.

## **OCCUPANCY RATE**

The occupancy rate takes into account all buildings, except those carried under 'assets held for sale' and 'development projects' and is calculated in function of the estimated rent as follows: (estimated rent – estimated rent on vacancy) / estimated rent.

## **REGULATED REAL ESTATE COMPANY**

Is an ordinary operational company that has to act according to its purpose (which includes taking into account other interests than the exclusive interest of the shareholders, such as the interests of its clients, users of the buildings). It has a general commercial purpose: offering real estate to users.

This company pursues a company strategy and not an investment policy; it can make a public appeal to savings, but to use those funds for its company purpose in general, in function of the needs arising from its strategy, and not to invest them in accordance with a statutory investment policy with regard to managing those funds in view of generating a "pooled return" for investors.

## **SWAPTION**

A swaption is an option on an interest rate swap. There are 2 types: a payer swaption and a receiver swaption. A payer swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the fixed interest rate and receives the variable interest rate. A receiver swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the variable interest rate and receives the fixed interest rate.

## **TAKE-UP**

The total number of square meters which are rented in the real estate market.

## **VELOCITY**

Represents how many shares are traded on an annual basis, or in other words, the annual traded volume of shares divided by the total number of listed shares.

## IDENTITY CARD LEASINVEST REAL ESTATE

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

This Annual financial report, originally established in Dutch, has been translated in English and French under the responsibility of Leasinvest Real Estate. However, only the Dutch version constitutes legal evidence.

This annual financial report is available on [www.leasinvest.be](http://www.leasinvest.be).

You can request a printed copy through registration on [www.leasinvest.be](http://www.leasinvest.be).



## INVESTOR RELATIONS CONTACT

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