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ANNUAL
FINANCIAL
REPORT



This annual financial report is a registration document within the meaning of Article 28 of the Belgian Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market.

The Belgian Financial Services and Markets Authority (FSMA) approved the Dutch version, in accordance with Article 23 of the aforementioned Act, on 10 April 2017. Such approval does not include an evaluation of the Company situation.

This annual financial report is also available in Dutch.

The annual financial report was translated into English under the responsibility of Xior Student Housing NV. Only the Dutch version of the annual financial report has evidential value. Both versions are available on the Company website (www.xior.be) or from the registered office on request (Xior Student Housing NV, Mechelsesteenweg 34, Box 108, 2018 Antwerp, Belgium).

Alternative Performance Measures and the term “EPRA earnings”

Alternative performance measures (APMs) are measures used by Xior Student Housing NV to measure and monitor its operational performance. The *European Securities and Markets Authority* (ESMA) has issued guidelines applying as from 3 July 2016 for the use and explanation of alternative performance measures. The concepts considered by Xior as APMs are contained in Chapter 10.8 of this Annual Report. The APMs are marked with a 🏠 and are accompanied by a definition, an objective and reconciliation as required under the ESMA guidelines.

Following these guidelines, the previously used term “operating income” can no longer be used. This is now called “EPRA earnings”. There is no essential difference from the previously used term “operating income”.

EPRA (*European Public Real Estate Association*) is an organisation which promotes, helps to develop and represents the European publicly listed real estate sector in order to boost confidence in the sector and increase investment in publicly listed real estate in Europe. For more information about EPRA, visit the website www.epra.com.

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Minderbroederstraat
LEUVEN



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Risk management

A summary of the main risks that confront the company during the performance of its activities follows below. In principle, the risk factors may refer to both Belgium and the Netherlands (or any other countries in which the Company were to operate in the future), although for certain risk factors a specific distinction is made between Belgium and the Netherlands below. The Board of Directors and management of Xior are aware of the specific risks associated with the provision and management of a property portfolio, and try to optimally manage these risks by mitigating or neutralising them as far as possible.

1.1

MARKET RISKS

1.1.1 RISKS ASSOCIATED WITH THE ECONOMIC SITUATION AND POLITICAL CLIMATE

The value of property and the amount of rental income are generally influenced by the economic situation. An economic downturn gives rise to lower economic activity. Although it may be assumed that young people will study longer in case of an economic downturn, firstly to bridge the economic crisis and secondly to boost their chances in the job market, a general deterioration in the economy may lead to decreased demand for the type of properties that the Company has in its portfolio (for example, because of the tenant's poorer financial situation) and/or lead to one or more tenants being in default with rent payments. This may result, in turn, in higher rental voids and lower rents on tenancy renewal and when new tenancy agreements are concluded. National or international political instability, the break-up of or exit of countries from the European Union and the threat of terrorism can also have a negative effect on this climate.

Control:

- Before investing in a property, the market potential is thoroughly assessed in order to establish whether there is still sufficient demand for student properties in that location, what type of property is most sought after (room vs. studio), etc.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities. For more information on the diversification of the property portfolio, please refer to *Chapter 8.2.2 of this Annual Report*.
- Tenant diversification.

1.1.2 RISKS ASSOCIATED WITH THE PROPERTY MARKET AS A WHOLE

The level of rents and valuation of property are strongly influenced by supply and demand within the purchase and rental markets in the property sector. Any oversupply in the type of properties that the Company holds in its portfolio could thus have a significantly unfavourable impact on the Company's activities, operating income, financial position and/or prospects.

Control:

- Before investing in a property, the market potential is thoroughly assessed in order to establish whether there is sufficient demand for student properties in that location, what type of property is most sought after (room vs. studio), etc.
- Continuous follow-up of trends and evolutions in the market.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.
- Tenant diversification.
- The properties are valued quarterly by an independent valuation expert. This makes sure that any changes in the market situation quickly become apparent so that the necessary measures can be taken.
- The management's knowledge of and experience with the student property market.

1.1.3 RISKS RELATED TO STUDENT POPULATIONS, AVAILABLE STUDY PROGRAMMES AND SUPPORT MEASURES

The Company's results can be affected by any decline in student populations, which could be due to the available study programmes and/or the continued presence and quality of educational institutions, or by the increase in online courses, such as Massive Open Online Courses (MOOCs), for which the study material is distributed via the internet, so the participants do not need to relocate and are not bound by a particular location. The demand for student rooms can also be adversely affected if any government financial aid to students (such as loans, subsidies, (housing) allowances or student grants) is scaled back or if educational institutions decide to raise their registration fees.

Control:

- Diversification of different types of student housing in the portfolio to ensure suitable rooms for several tenant segments.
- Provision of quality accommodation and the associated services that are still in high demand and are expected to continue to be in high demand.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.

1.2 PROPERTY-RELATED RISKS

1.2.1 RISKS ASSOCIATED WITH THE PERFORMANCE OF WORKS, MAINTENANCE AND REPAIRS

The Company may be obliged to carry out major renovation and investment programmes to bring the property up to the desired level of maintenance and keep it in a proper qualitative condition, or because of government requirements regarding the technical condition of the property (with regard to living comfort or fire safety, for example). Besides major maintenance works, smaller works may be needed because of the age or wear and tear on the buildings and their contents (since rooms are normally always rented furnished) or because of damage to the buildings or contents. These works can lead to substantial costs and may temporarily prevent the rental of (part of) the property in question.

Control:

- The Company ensures that new buildings are built in compliance with the statutory and technical requirements, and that these requirements are also met for renovations or acquisitions of existing properties.
- Certain repairs are charged to the tenant where possible, as provided for by the general terms and conditions of the lease contracts.
- Proactive management: the necessary repairs are executed periodically to keep the properties in a good condition.
- Constant property screening by operational and technical teams.

1.2.2 CONSTRUCTION AND DEVELOPMENT RISKS

In addition to acquiring existing properties, the Company may invest in development projects in order to expand its property portfolio. Development projects involve various risks, including the risk that the necessary permits will not be granted or will be contested, that the project may be delayed or be unable to be carried out (resulting in the reduction or loss of expected rental income), or that the budget may be exceeded due to unforeseen costs.

Control:

- During the implementation of development projects, the Company strictly supervises budget control (for example by concluding a fixed-price building contract).
- Upon the purchase of the projects to be developed by third parties, the property is only transferred and the corresponding price is only paid when the project is already at an advanced stage or completed.
- Cooperation with reputable, solvent contractors.
- Close follow-up by a project manager to ensure that the construction work is executed according to the agreements that were made and the current rules and regulations.

1.2.3 RISKS RELATED TO PERMITS AND OTHER AUTHORISATIONS AND THE REQUIREMENTS THE PROPERTY NEEDS TO MEET

The value of property is partly determined by whether all legally required urban planning and other permits and authorisations have been issued. Obtaining permits is often time-consuming and lacks transparency, which may impact on rental income, the value of the properties concerned, and the opportunities for the Company to perform its operational activities in such buildings. The regulatory requirements for the property (in terms of living comfort or (fire) safety, for example) may be different depending on the location and their interpretation and/or application may also depend on the authorities involved, which may cause an element of uncertainty with regard to the compliance with such regulatory requirements. The absence of the required permits or the failure to comply with permit or other regulatory conditions could result in the Company being temporarily or permanently unable to let the property concerned for the purpose of performing certain activities, as a result of which the property cannot be let or can only be let at lower rents. In this case, the Company's property may be the subject of regularisation procedures, which may be accompanied by adjustment works, may involve additional conversion costs and may also restrict a building's letting potential (and the resulting revenues). An urban construction offence may also result in penalties for as long as the offence is not barred by limitation, even if a regularisation permit has been obtained and after the rules have been fulfilled by demolishing the unlawful structures.

Control:

- Developments for which the Company bears the permit risk are the exception. On 31 December 2016, there have been no developments for which the Company bears the permit risk.
- The monitoring of existing, potentially changing or future new legislation and regulations and their compliance with the support of external specialist advisors.
- Interaction and dialogue with the authorities involved.
- Verification of the permit status for the acquisition of existing properties with the support of external specialised advisors.

1.2.4 RISKS ASSOCIATED WITH ENVIRONMENTAL REGULATIONS

The environmental risks to which the Company, as property owner, is exposed relate mainly to risks of historical soil contamination, the (previous) presence of high-risk facilities and/or activities, risks related to the possible presence of any materials containing asbestos, the presence of prohibited products, such as transformers that contain PCBs or refrigeration units that contain HCFCs, the presence of fuel oil tanks, etc. Depending on the presence of such environmental risks, this may have major financial consequences for the Company (additional research duties, such as a pilot study and/or descriptive soil analyses, soil clean-ups, asbestos removal, installation works or replacements, etc.) and may also affect or compromise a property's letting potential. Such consequences may also arise in the future due to changes of a purely formal nature for certain sites, with regard to land registry plots for example.

Complex procedures during a property transfer can be time-consuming and give rise to survey and/or other costs. Despite the completed studies, the Company is exposed to environmental risks as a property owner and landlord and therefore cannot fully rule out any liability risks in terms of existing properties or properties still to be acquired.

Control:

- The monitoring of existing, potentially changing or future new legislation and regulations and their compliance with the support of external specialist advisors.
- Verification of the soil and environmental conditions for the acquisition of existing properties.

1.2.5 RISKS ASSOCIATED WITH THE EVOLUTION OF THE FAIR VALUE OF THE PROPERTY PORTFOLIO

The Company is exposed to fluctuations in the Fair Value of its property portfolio. A decline in the Fair Value will lead to a decline in the Company's equity, which will have a negative impact on the debt ratio. The Company is also exposed to the risk of depreciation of the property in its portfolio due to wear and tear arising from normal, structural and technical ageing and/or damage caused by tenants, increasing rental voids, unpaid rent, and a decrease in rents when entering into new tenancy agreements or extending existing ones. There is also the risk that the buildings will not, or will no longer, comply with increasing statutory or commercial requirements, including in the area of sustainable development (energy performance, etc.).

If the Company proceeds with a transaction, i.e. invests in or disposes of property, it also runs the risk of not identifying certain risks on the basis of its due diligence or, even with a prior due diligence and independent property appraisal, that it purchases property at too high a price in relation to the underlying value, or sells property at too low a price in relation to underlying value, for example by investing or disinvesting at an unfavourable moment in an economic cycle.

Control:

- The investment property is valued quarterly by an independent valuation expert. This makes sure that any changes in the market situation quickly become apparent so that the necessary measures can be taken.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.
- A clearly defined and carefully managed capital structure. A proposed debt ratio of about 55%, clearly under the legal maximum of 65%.

1.2.6 RISKS ASSOCIATED WITH PROPERTY APPRAISAL

The property expert values property on the basis of standard criteria. Even so, there is a certain degree of subjectivity involved in the property expert's appraisal of property. Each valuation therefore involves some uncertainty. Property appraisal reports may be based on hypotheses that subsequently prove to be incorrect, unadjusted or outdated. In such a case, including when a new property expert is appointed, there is a risk that the Company's property portfolio will be valued on a different basis, which can be significantly different from its appraisal by the current property expert.

Control:

- The Company gives mandates to professional, reputable parties with experience in the sector.
- A thorough analysis of the valuation reports and parameters used.

1.2.7 RISKS ASSOCIATED WITH RETAIL PROPERTY AND HOSTEL ACTIVITIES

The Company owns a limited number of retail properties (or commercial premises within the buildings designated for student housing), which are not intended for student housing. The Company also owns one property designated for hostel activities. This type of property may be exposed to several risk factors, including specific risks inherent to this type of retail property (such as the erratic evolution of consumer confidence and/or unemployment per region or town, a fall in consumer spending, tenants leaving on interim maturity dates, the reconstruction of roads, competition from e-commerce) and these hostel activities (including a higher vacancy risk of short-term stays inherent to this type of activity, competition from other industries such as the hotel business, enhanced operational follow-up, specific regulations).

Control:

- The relative importance of this property type remains limited in the portfolio, and it is included in disinvestments of non-strategic properties where possible (cf. example of sold retail property in Hasselt in December 2016).
- Tenant diversification within this segment, preferably with reputable, solvent tenants. The biggest tenant in the non-student segment is Donum Originals, which represents approximately 4.5% of the Company's total rent.
- Good location of the property within this segment.
- Active follow-up of these tenants and tenant collections; obtaining of rental deposits (these rental deposits usually amount to two months' rent).

1.3

OPERATIONAL RISKS

1.3.1 RISKS ASSOCIATED WITH RENTAL VOIDS

Due to its activities, the Company is exposed to the risk of loss of rent associated with the departure of tenants before or on the expiry of current tenancy agreements, including the additional risk of non-rental or re-rental. The short-term nature of the tenancy agreements that are concluded with students is generally inherent to the student housing sector. When tenants leave, new rental contracts may result in a lower rental income than the current rental income and it may not be possible to reduce the rental expenses in proportion to the lower rental income. Under Belgian law, the municipalities involved may charge vacancy levies for buildings that have been vacant for a long time. For the occupation rate, please refer to *Chapter 5.2.2 of this Annual Report*.

Control:

- The Company's property portfolio strives towards an optimal mix of different room types taking into account the (expected) market requirements in terms of type and rent.
- It offers quality accommodation and the associated services that are still in high demand and are expected to continue to be in high demand.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.
- Cooperation with colleges and universities.

1.3.2 RISKS ASSOCIATED WITH RENTAL INCOME

The risk that the level of rental income cannot be maintained is mainly influenced by rental void rates. Maintaining the level of rental income is also influenced by the nature and location of the property, the extent to which it must compete with nearby buildings, the intended target group and users of the property, the quality of the property, the quality of tenants, and the rental-friendly nature, term and competitive nature of the tenancy agreement. There is a particular risk of the Company being faced with an oversupply in the student housing market in which it operates. Educational institutions are also trying to influence the supply of and rent charged for student rooms.

The Netherlands has imposed a national points system for property valuation ("woningwaarderingstelsel" or "WWS") based on a number of factors, such as square footage, quality, location, energy performance, etc. A change in this points system or the inaccurate implementation of the underlying components may have a negative impact on the rental income (to be) collected by the Company.

Control:

- Regional diversification of investments.
 - Assessment of market potential before buying a new property.
 - Benchmarking the rental asking prices against the market prices to assess whether they are in line with the market.
 - Concluding long-term lease contracts with colleges or universities for some of the rooms in the portfolio. For more details of these long-term lease contracts, please refer to *Chapter 10.9.1 of this Annual Report*.
 - Inclusion of safeguard clauses (deposit payment, notice period, guarantee) in the lease contracts.
-

1.3.3 RISK OF DEFAULTING TENANTS

The Company cannot rule out the possibility that its tenants may fail to fulfil their financial obligations towards the Company. In the student housing segment in which the Company operates, this risk is higher in case of direct rental to students and lower in case of indirect rental to students through a housing association connected with a university or college.

If tenants remain in default of their obligations towards the Company, there is a risk that the guarantee will not suffice, that the Company will be unable to have recourse against the tenant and consequently be unable to recover anything or only a small amount from the defaulting tenant.

Control:

- Rental deposit, which generally corresponds to two months' rent.
- Advance payment of rent.
- Concluding long-term lease contracts with colleges or universities for some of the rooms in the portfolio. For more details of these long-term lease contracts, please refer to *Chapter 10.9.1 of this Annual Report*.
- Under Belgian law, the Company, as the landlord, has a preferential right to the contents of the let building.

1.3.4 RISKS ASSOCIATED WITH DAMAGE CLAIMS AND INSURANCE COVER

The Company is exposed to the risk of serious damage occurring in the buildings of its property portfolio. Although the Company's property portfolio is covered by various forms of insurance, the possibility remains that conditions for activating the insurance cover may not be fulfilled or that uninsured losses or losses exceeding the insurance policy ceiling will result in costs. If a large number of damage claims occur in the Company's buildings, this would moreover have significant financial consequences for the Company because of a rise in insurance premiums. This could also lead to the Company being unable or no longer able to insure certain risks because the insurer would be unwilling to cover them, or because the premiums would be unreasonably high.

Control:

- Provided in suitable insurance cover for the property portfolio (for more information, see *Chapter 8.2.2 of this Annual Report*), including loss of rent in case of a loss in the building.
- The Company will always use reputable insurance companies for its insurance contracts and will always take into account the quality of the service provider and its claims management expertise when selecting insurance companies.
- During the acquisition of existing properties, a run-off period for the property's current insurance is preferably provided.

1.3.5 RISKS ASSOCIATED WITH NUISANCE CAUSED BY TENANTS

Because the Company's activity is letting property directly or indirectly to mostly students, there is an increased risk that it may be faced with complaints due to nuisance or disturbance of neighbours, or that administrative or other measures may be imposed in relation to the buildings in its property portfolio.

Control:

- Instructions and accountability to avoid any inconvenience to fellow building residents and neighbours, including clauses on this subject in the lease contract's general terms and conditions.
- Having student coaches present permanently (in larger building complexes) or on a regular basis (in smaller buildings).
- Encouragement of social control by having section and/or building managers present where appropriate.
- Follow-up of waste collection.

1.3.6 RISKS ASSOCIATED WITH HISTORICAL SALES

The Company or the entities it has acquired have previously sold property on various occasions in the past. As the seller, the Company or these entities are bound by the seller's common obligations to indemnify. There is a risk that the Company (as the legal successor) could be held to account for the obligations to indemnify under such a transaction.

Control:

- In case of external acquisitions in which the Company acts as the legal successor, the necessary safeguard clauses are ensured.
- This is a historical given, which means that any future impact is phased out.

1.3.7 RISKS ASSOCIATED WITH MERGERS, DIVISIONS OR TAKEOVERS

The Company is – and may in the future become – a party to mergers, divisions or other takeovers. Although the Company takes precautions with these types of transactions, including conducting due diligence investigations in respect of the acquired assets and by stipulating warranties in the takeover agreements, the possibility that these transactions could transfer latent liabilities to the Company cannot be ruled out. This may be partly due to the transferors' non-compliance with certain obligations or their inability to present certain documents (such as provisional or final acceptance documents, insurance documents, electricity records, post-intervention files, fire safety inspection reports, etc.). The stipulated warranties are moreover limited in time and sellers normally place a cap on their liability under them. Lastly, the Company continues to be faced with the risk of insolvency of its counterparty.

Control:

- Economic, strategic and property analysis prior to any acquisition.
 - Implementation of legal, tax, financial and technical due diligence by the Company and/or by the external reputable parties.
 - Obtaining the necessary market-based declarations and guarantees that take into account the transaction's own characteristics.
 - Advance property expert estimate of the property units to be acquired.
-

1.3.8 RISKS ASSOCIATED WITH DIVERSIFICATION AND THE CONCENTRATION OF PROPERTY

In order to limit and spread certain risks, the Company, in accordance with the Legislation on Regulated Real Estate Companies that applies to regulated real estate companies, must diversify its property, in terms of geography, types of properties and tenant categories. Article 30 of the Law on Regulated Real Estate Companies stipulates that *"no transaction performed by the public RREC may result in (1) more than 20% of its consolidated assets being invested in property that constitutes one property unit; or (2) this percentage increasing further if it already exceeds 20%, regardless of what caused the original percentage to be exceeded in this latter case. This restriction applies at the time of the transaction concerned."* If the Company exceeds the 20% diversification rule, it may not perform any investment, disinvestment or other acts that would cause this percentage to increase further. In other words, it limits the Company's options with regard to additional investments or disinvestments.

Control:

- Calculation of the 20% property risk limit to ensure the Company's compliance with Article 30 of the Belgian Law on Regulated Real Estate Companies (GVV-Wet).
- Geographical diversification across various countries and cities.
- Diversification depending on market potential based on economic market analyses.
- Striving for optimal mix of unit types.
- Tenant diversification.

1.3.9 RISKS ASSOCIATED WITH EXECUTIVE MANAGEMENT, STAFF AND EXTERNAL SERVICE PROVIDERS

One or several members of the executive management leaving the Company or the termination of their mandate may expose the organisation to the risk of disruption. The Company's relatively small team of employees also exposes it to a risk of disorganisation if certain key employees were to leave. The Company also works with external service providers. Where this applies, it is also logical that the Company relies on the services concerned being performed well.

Control:

- The creation of a pleasant, motivating working environment at the Company.
- Market-based pay for the management and staff.
- Teamwork avoids one individual being solely responsible for or involved in important strategic and/or operational tasks.
- Cooperation with reliable service providers.

1.3.10 RISKS ASSOCIATED WITH LEGAL PROCEEDINGS

The Company may be involved in future legal proceedings, as either a claimant or defendant. A legal ruling against the Company may have a significant impact on its activities, operating income, financial position and/or prospects. The Company runs the further risk that certain tenants will claim the termination of their tenancy agreement, demand a rent reduction, or institute another claim against the Company. Such proceedings may be lengthy and expensive.

Control:

- Striving towards good, balanced commercial and legal agreements with all the Company's counterparties.
- An amicable solution is pursued where possible and is preferred to costly, lengthy legal proceedings.
- Legal and/or collection procedures are handled and followed up in the most (cost-)efficient way where possible. For more information on legal procedures the Company is or has been involved in, please refer to *Chapter 10.10.9 of this Annual Report*

1.3.11 RISKS ASSOCIATED WITH BEING UNABLE TO PAY DIVIDENDS

No guarantee can be given that the Company will be able to make dividend payments in future. Even if the Company's properties are yielding the expected rental income and operational profit, it may become technically impossible for the Company to pay a dividend to its shareholders in accordance with Article 617 of the Belgian Companies Code and Legislation on Regulated Real Estate Companies. Given that the Company had limited or no reserves on start-up, a decrease in the Fair Value of the real estate property or a decrease in the fair value of hedging instruments may result in the Company being unable to pay a dividend despite posting a positive operating income.

Control:

- Regular comparison and analysis of achieved income in comparison with the budget and the implementation of adjustments where necessary.
- Periodic monitoring of the payment capacity.

1.4

FINANCIAL RISKS

1.4.1 RISKS ASSOCIATED WITH RISING INTEREST RATES AND FLUCTUATING FAIR VALUES OF HEDGING INSTRUMENTS

Because the Company is financed with loan capital, its performance depends on interest rate developments. An increase in the interest rate makes loan capital financing more expensive for the Company.

In order to hedge the long-term interest rate risk, the Company may use interest rate swaps for variable-rate loans. For example, if the Euribor rate falls, there will be a negative adjustment of the market value of these instruments. It is moreover not certain that the Company will find hedging instruments that it wishes to take out in future, or that the conditions associated with these hedging instruments will be acceptable.

Control:

- The Company ensures that at least 70% of its loans are hedged. For a detailed description of the Company's hedging policy, please refer to *Chapter 5.3.2 of the Annual Report*.
- Financing contracts with different durations are concluded in order to spread the interest rate revisions. For further details on the maturity of the financing contracts, please refer to *Chapter 5.3.1 of the Annual Report*.
- Follow-up of interest rate evolutions on the market.

1.4.2 COUNTERPARTY RISK

The Company may be faced with the insolvency of a financial counterparty. This could result in the termination of existing lines of credit, both for loans and hedging, and thus to a reduction in the Company's financial resources. In accordance with market practices, credit agreements usually include market disturbance clauses and clauses relating to a significant change of circumstances. In some circumstances, such material adverse change clauses or MAC clauses may generate additional Company costs and in more extreme cases, they may lead to the termination of the credit agreements and/or the entire or partial early repayment of the lines of credit.

Control:

- The Company uses different leading banks on the market to raise funds and hedging in order to spread counterparty risk.
- The relationships with the banks are evaluated at regular intervals.
- Tight cash position in which any surplus cash not used for new investments is applied to reduce financial debt.

1.4.3 RISKS ASSOCIATED WITH FINANCING

The Company's borrowing capacity is restricted by the statutory maximum debt ratio of 65% that is permitted under the Legislation on Regulated Real Estate Companies. The financing contracts with financial institutions also include certain thresholds. The maximum debt ratio enforced by the financial institutions is 60%. The Company is moreover exposed to a liquidity risk if its financing agreements, including existing lines of credit, are not renewed, not renewed on time, or are terminated. Generally speaking, it is possible that the Company would no longer be able to obtain the external financing that is necessary for its growth strategy under favourable conditions, or that market conditions would be of such a nature that external financing that is necessary for the Company's activities could no longer be found. The Company runs the risk that financial agreements are terminated, renegotiated, cancelled or given an early repayment obligation if certain obligations such as compliance with financial ratios are not met.

Control:

- For information on spreading the financing sources between equity and loan capital, see *Chapter 5.4 of the Annual Report*.
- Monitoring compliance with the covenants and obligations included in the financing agreements.
- Constant follow-up and simulation of the investments' impact on the debt ratio (for information on the Company's actual debt ratio, see *Chapter 10.9.34*).
- Spreading the maturities of financing contracts. The average maturity of a financing contract is 3.13 years.
- Preparation of a financial plan, cf. Article 24 of the Belgian Royal Decree on Regulated Real Estate Companies (GVV-KB).
- Securing access to the capital market by providing transparent information, by staying in regular contact with financiers and (potential) investors, and by increasing stock liquidity.

1.4.4 RISKS ASSOCIATED WITH BUDGETING AND FINANCIAL PLANNING

The annual budgets and financial forecasts may be exposed to estimate, calculation, programming and/or handling errors. Earlier financial forecasts may no longer be relevant and/or be based on assumptions that could be beyond the Company's control.

Control:

- Regular comparison and analysis of achieved income in comparison with the budget and the implementation of adjustments where necessary.
- Periodic evaluation of the assumptions used to draw up the annual budget.
- Quarterly budget update.

1.4.5 RISKS ASSOCIATED WITH INFLATION AND THE DISCONNECTION OF THE INDEXED RENTS AND MARKET RENTS

Inflation may result in an increase in financing costs (following an increase in interest rates) and/or a rise in capitalisation rates and may lead to a fall in the Fair Value of the property portfolio and a reduction in Company equity. The indexation of the rent does not necessarily prevent the rent paid under the rental agreement from rising less quickly than the rent that could be achieved on the market with new tenants.

Control:

- Provided in indexation clauses in rental agreements concluded for more than a year (these are the rental agreements concluded for retail properties), so that these annual rents evolve with inflation.

1.5

REGULATORY AND OTHER RISKS

1.5.1 RISKS ASSOCIATED WITH THE STATUS OF A PUBLIC RREC

As a public RREC, the Company is subject to the Legislation on Regulated Real Estate Companies that restricts aspects such as its activities, debt ratio, appropriation of profits, conflicts of interest and corporate governance. Continued compliance with these specific requirements depends, inter alia, on the Company's ability to successfully manage its assets and debt positions, and to observe strict, internal audit procedures. The Company might find itself incapable of complying with these requirements if there is a significant change in its financial situation or for other reasons. If the Company were to lose its licence as a public RREC, it would no longer benefit from the different tax system for RRECs. The loss of the RREC licence is moreover regarded in the Company's credit agreements as an event that could lead to its loans being called up early.

Control:

- The Board of Directors and the management always pay attention to the regulations for Regulated Real Estate Companies and the preservation of the status of public Regulated Real Estate Company.
- Follow-up of legislative changes with the support of external specialist advisors where necessary.
- Representation of the Regulated Real Estate Company in the BE-REIT Association, where the legislative and fiscal changes are discussed with other Regulated Real Estate Company at regular intervals.

1.5.2 RISKS ASSOCIATED WITH REGULATIONS

The Company is subject to the regulations that apply to a public regulated real estate company under Belgian law, including the provisions of the Law on Regulated Real Estate Companies of 12 May 2014, the Royal Decree on Regulated Real Estate Companies of 13 July 2014 and the Belgian Companies Code. The student housing sector is also characterised by a fragmented regulatory framework, with variations of a national (e.g. Belgium compared to the Netherlands), regional (depending on region to region), and local (depending on municipality to municipality) nature. Moreover, this legislation is not always locally available in a coherent and structured manner, which complicates the analysis of the applicable provisions.

Amendments to other (European, federal, regional or local) regulations may be implemented or new obligations may arise with respect to tax, accounting (IFRS), the environment, urban planning, tenancy law and new provisions on letting property and extending the permits with which the Company or users of the Company's property must comply. The regionalisation of rent legislation in the context of the sixth Belgian state reform may also eventually lead to different rent legislation in all three regions (as well as local regulations at the level of municipalities) with regard to (student) housing (a process for which certain regional initiatives are already ongoing) instead of the current single federal legislation. Changes in the

application and/or interpretation of such regulations by the authorities (including the tax authorities), or by the district courts and courts of appeal, may have a significantly adverse effect on the return and Fair Value of the Company's property. Exit tax, payable by companies whose assets are acquired by an RREC through merger, for instance, is calculated in accordance with Circular Ci.RH.423/567.729 of the Belgian tax authorities dated 23 December 2004, the interpretation or practical application of which may change at any time. The "actual value for tax purposes", as referred to in this circular, is calculated less the registration duties or VAT (that would be applicable if the asset is sold) and may differ – including being lower than – the Fair Value of the property as reflected in the Company's balance sheet in accordance with IAS 40.

Control:

- The Board of Directors and the management always pay attention to the regulations for Regulated Real Estate Companies and the preservation of the status of public Regulated Real Estate Company.
- Follow-up of legislative changes and their compliance with the support of external specialist advisors where necessary.
- Representation of the Regulated Real Estate Company in the BE-REIT Association, where the legislative and fiscal changes are discussed with other Regulated Real Estate Company at regular intervals.



Frankrijklei
ANTWERP



Klapdorp
ANTWERP



02

Message to the shareholder

Xior has just finished its first year as a listed RREC and the Company has been building a quality portfolio and corresponding service for its domestic and international students for 10 years now.

The Company put into practice the investment story presented at the IPO in 2015 with a pace of investment actually exceeding its ambitions for growth. The planned dividend goal of EUR 1.13 per share was also exceeded: the actual gross dividend was EUR 1.15 per share. This has all been possible thanks to the efforts of all the Xior staff, management and partners.

The portfolio will increase to about EUR 340 million and 3,178 units by the end of 2017, once the entire announced pipeline has been completed. This means double the amount of lettable units since the IPO. Xior also strengthened the portfolio's multi-city/multi-country concept with operations in 12 student cities in Belgium and the Netherlands.

The portfolio's growth is accompanied by an expansion of the operational and commercial teams. The 97.4% occupancy rate in 2016 proves that these teams' efforts in terms of rent and required services throughout the year have paid off.

Xior intends to continue to pursue its growth strategy with conviction in 2017 by adding high-quality student properties to its property portfolio. During the implementation of that strategy, Xior will strive towards a balanced growth of both equity and loan capital with a healthy combination of various financing sources, whilst keeping the debt ratio under control and increasing the earnings per share. In the past year, Xior achieved several contribution transactions (merger transactions in March and August 2016 and contribution transactions in October 2016) and in January 2017 it successfully achieved a takeover that strengthened its equity.

After the successful completion of the IPO in 2015, shares rose significantly in 2016, which again confirmed investors' confidence in this segment and in the Company as a pure player in a market characterised by increasing professionalisation and consolidation and a need for additional quality student accommodation.

Xior is ready to roll out its plan for growth further and take its pioneering role as a listed student housing company in continental Europe to the next level in 2017.

On behalf of the Xior Student Housing Board of Directors

Leen Van den Neste

Chairperson







03

Key figures

on 31 december 2016

Consolidated income statement (in thousand EUR.)	31/12/16	31/12/15
Net rental income	10,912	563
Property result	11,349	627
Operating result before portfolio income	7,580	132
Financial result (excl. variations in the fair value of financial assets and liabilities)	-1,597	-54
EPRA earnings *	5,774	14
Result on the portfolio (IAS 40) *	1,108	-529
Variations in the fair value of assets and liabilities (ineffective interest rate hedges)	-1,866	0
Net result (IFRS)	5,016	-514

	31/12/16	31/12/15
Number of lettable student units	2,531	1,462


Gross yields¹	31/12/16	31/12/15
Belgium	5.17%	5.31%
The Netherlands	6.54%	7.95%
Entire portfolio	5.58%	5.67%

Consolidated balance sheet
 (in thousand EUR.)

	31/12/16	31/12/15²
Equity	131,630	108,382
Fair value of the investment property ³	265,873	194,753
Debt ratio (Law on Regulated Real Estate Companies) ⁴	50.69%	45.01%

Key figures per share
 (in EUR.)

	31/12/16	31/12/15
Number of shares	5,270,501	4,626,780
Weighted average number of shares ⁵	4,926,405	4,626,780
EPRA earnings per share (based on the weighted average number of shares)*	1.17	N/A
Result on the portfolio (IAS 40, based on the weighted average number of shares)*	0.22	-0.11
Revaluation of financial assets and liabilities (based on the weighted average number of shares)	-0.38	0
Net result per share (IFRS) (based on the weighted average number of shares)*	1.02	-0.11
Closing price of the share	35.67	26.70
Net asset value per share (IFRS) (based on the number of outstanding shares)*	24.97	23.42
Dividend payout ratio (versus EPRA earnings) ⁶	98.3%	NA
Proposed gross dividend per share	1.15	NA

In accordance with the guidelines issued by the European Securities and Market Authority (ESMA) on 3 July 2016, the Alternative Performance Measures (APMs) used by Xior will be included from now on. The definitions of the APMs, the reconciliation tables and the goal are included in Chapter 10.8 of this Annual Report. The website will include a separate Glossary of these APMs for future reference. The APMs are marked with .

² Xior's first financial year ended on 31 December 2015. The income from Xior's first financial year as a public regulated real estate company (RREC) listed on the stock market concerns the period from 11 December 2015 to 31 December 2015, and covers a total of only 21 days.

³ The Fair Value of the investment property is the investment value as determined by an independent property expert minus the transaction fees (cf. BE-REIT Association press release dated 10 November 2016). The Fair Value corresponds to the carrying amount under IFRS.

⁴ Calculated in accordance with the Royal Decree of 13 July 2014 pursuant to the Law of 12 May 2014 on Regulated Real Estate Companies.

⁵ Shares are counted from the time of issue.

⁶ The dividend pay out ratio is calculated based on the consolidated result. The actual dividend distribution is based on the standalone result of Xior Student Housing NV.



Bogaardenstraat
LEUVEN



04

Strategy and operating activities

4.1

COMMERCIAL ACTIVITIES AND STRATEGY

4.1.1 IDENTITY AND ACTIVITIES OF THE COMPANY: FIRST BE-REIT IN STUDENT PROPERTY

Xior is the first and only Belgian public regulated real estate company (RREC), also referred to as a real estate investment trust (REIT), in the student housing sector operating in Belgium and the Netherlands.

Within this property sector, Xior offers a variety of properties, ranging from rooms with shared facilities to en-suite rooms and fully equipped studios. Xior's student houses offer a comfortable environment, fully geared to the requirements of today's students. They are centrally located in triple-A locations, near the educational establishment and no more than 10 minutes' walk from the city centre. Quality and safety are key factors for the Company, which is why all student houses are renovated regularly and equipped with fire safety equipment. These quality standards are complemented by other basic needs, such as bicycle stands and a good internet connection. Xior also offers additional facilities (sometimes differing from building to building), including access to certain buildings via a badge system (which Xior will begin implementing as standard in future), extra comfort, communal living facilities such as lounges and TV rooms, 24/7 emergency services, vending machines, washing machines, automated key system, etc.

The Company's target market includes Belgian and international students, research assistants, young post-grads and PhD students.

Since 2007, as an owner and operator, Xior has been building high-quality, reliable student housing for students who are looking for somewhere to study, live and enjoy life under ideal conditions. A place with that little bit extra, where every student immediately feels at home.

4.1.2 BUSINESS STRATEGY OF THE COMPANY

4.1.2.1 Commercial strategy

In order to achieve the above objectives, the Company pursues a commercial strategy that is built around four core ideas, which can be summarised as follows:

- All you need to do is study*
- The right people in the right place
- Let's keep in touch
- Always keep raising the bar

*(and have some fun)

4.1.2.1.1 All you need to do is study*

*(and have some fun)

Xior wants to go further than just building shells, and aims to minimise the stress that goes hand-in-hand with life at university (especially looking for and living in suitable accommodation) for students (and their parents), so that they can focus on the essentials, namely their studies on the one hand, and the fun side of student life on the other. Xior wants to get students into (and keep them in) their own place, with as few worries as possible, and excellent additional services.

According to Xior, allowing students to focus on the essentials can make all the difference. This is not only the case for local students (and their parents), who will find Xior a reliable partner, but especially for overseas students, where Xior offers a central point of contact, providing them with the introductions they need at the right authorities to make their stay in the relevant student city as productive and pleasant as possible.

4.1.2.1.2 The right people in the right place

In performing its activities as owner and operator of student housing, Xior places the emphasis on active management, which specifically implies that it assumes direct responsibility for the development and day-to-day management of its student rooms. This also assumes attracting the right employees with the necessary skills, attitude and drive.

Besides specific skills, Xior aims for its employees to be able to promote the spirit of the Company and thus possess the right motivation, business ethic and discipline. This is

the only way in which the Company can meet the needs of the various stakeholders, such as the students, their parents, educational institutions, local and other authorities, investors and suppliers.

4.1.2.1.3 Let's keep in touch

Xior wants to keep its finger on the pulse of what is happening in the sector, with regard to both the property itself and the student public. Monitoring developments in needs and trends is crucial in order to be able to respond, and preferably anticipate, changing circumstances and needs within the Company's target public. A proper flow of information and communication in relation to all stakeholders is essential for that purpose.

Permanent and "close" communication options are moreover of great importance for Xior in a sector that is characterised by rapidly increasing professionalisation and consolidation, yet where it can still lend authenticity to living in a student room and keep short lines of communication open between student and landlord.

4.1.2.1.4 Always keep raising the bar

In order to achieve profitable, long-term growth, the Company's thinking must always be one step ahead of everyone else. The Company believes it can achieve its objectives and prolong sustainable and profitable growth only by continually revisiting and adjusting its activities (in a controlled way).

4.1.2.2 Investment and growth strategy

Rooted in its ambition to be the benchmark in student housing, Xior aims for the controlled, profitable and sustainable growth of its portfolio with a strong focus on this property segment. If other assets are held (e.g. retail property), this is in a subordinate order.

An extensive portfolio undoubtedly offers important economies of scale and other benefits, including better risk diversification, more efficient management (both as regards letting and managing the rooms, and the general management and operation of the Company), a stronger negotiating position and credibility (towards suppliers, partners, credit institutions, investors, etc.) with possible enhanced access to alternative sources of financing, etc.

Xior's property portfolio will be expanded in Belgium and the Netherlands at first. This does not preclude looking at any future investment opportunities in student housing located in other countries.

As a public RREC, the Company is firstly bound in the expansion of its property portfolio by the diversification obligations arising from the Legislation on Regulated Real Estate Companies (see *Chapter 12.1.4.2 of this Annual Report*). The Company also applies a set of parameters against which future acquisitions or developments will be assessed and that can be deviated from only if this benefits the stability of growth and rental income.

- **Established student cities:** buildings will be considered only if they are located in student cities with an adequately "stable history" as a student city, where there are one or more educational institutions and surrounding student facilities with a proven track record.
- **Triple-A locations:** the residences must be well-located within a student city, particularly in relation to the educational institutions, but if possible also taking account of public transport and the proximity of the city centre.
- **Size of the building:** the buildings must be of a reasonable minimum size as regards the number of units in order to facilitate efficient management of the various buildings. The required size of a certain building depends on the total potential demand in the local market (for example, there is scope for a greater supply in student cities such as Ghent than Mechelen) and the local market characteristics (for example, Leuven is characterised today by a larger fragmentation of relatively small buildings (10-20 units) while Ghent and Brussels have a greater tendency towards consolidated complexes, often with 100-200 units or more). As a rule, the Company will target buildings with at least 50 units.
- **No undersupply or oversupply:** if it enters a certain city, the Company will try to acquire enough local units to create an adequate economy of scale within that student city, while obviously avoiding an oversupply (both with regard to the overall tenancy potential and Xior's relative share in the market concerned).
- **Qualitative and sustainable buildings:** in its own developments, Xior is always able to take its own predetermined quality standards pertaining to comfort, safety and sustainability into account. When existing buildings are acquired, these buildings must also comply with these standards or be capable of being converted to meet these standards in an efficient and cost-effective manner. Enhancing quality sometimes also has the advantage that significant added value can be created in these buildings with relatively limited efforts.
- **Optimal mix:** an optimal mix of different room types is aimed at within the Company's property portfolio, taking into consideration current and anticipated market requirements, any specific local and other regulations, and an optimal layout and occupation of the building concerned.

More generally, potential investments by which new buildings (or, where applicable, future developments) are acquired are subject to a risk analysis from a technical, financial, commercial and legal perspective, among others, and increasing attention will be paid towards achieving the combination of a direct return on rental income and an indirect return on the potential value appreciation of the property portfolio. Such acquisitions (or, where applicable, developments) must be capable of making a sustainable contribution to the earnings per share, while avoiding any dilution of the dividend yield.

4.1.2.3 Financial and financing strategy

The lasting growth of the Company assumes adequate financing of that growth in a sector that, by its nature, is capital intensive. The Company must also take account of the regulatory framework created in this regard by the Legislation on Regulated Real Estate Companies, including rules on the maximum debt ratio (legally capped at 65%), interest cover ratio

(at least 125%) and payout ratio (at least 80% of the profit in simple terms). Consequently, the Company, like any other public RREC, is limited in its self-financing options. The Company will therefore strive in future for balanced growth of both its equity and loan capital, in parallel with the further expansion of the property portfolio.

The Company also pursues a financing strategy that is based on the following principles:

- The Company strives towards a responsible debt structure with a planned debt ratio of about 55% and equity of 45%. The debt ratio may temporarily exceed 55% during the implementation of the growth strategy.
- The average maturity will fluctuate between three and five years.
- The debt ratio must leave room for adequate growth, while taking the intended return for shareholders into consideration.
- The Company's bank financing will use an appropriate interest rate hedging structure (see also *Chapter 5.3.2 of this Annual Report*).
- Subject to the availability of distributable reserves and the approval of the general meeting, the Company intends to increase the dividend year on year from the financial year of 2017 (see also *Chapter 7.1.4 of this Annual Report*).

The Company's financial position is obviously partly driven by its rental income, on the one hand, for which a high occupancy rate is crucial, and by adequate cost management on the other hand, which is facilitated by the further expansion of the portfolio and creation of additional economies of scale.

4.1.3 OPERATIONAL ORGANISATION

In performing its activities as owner and operator of student housing, Xior places the emphasis on active management, which specifically implies that it assumes direct responsibility for the development and day-to-day management of its student rooms, with the cooperation of external service providers where necessary. Xior has its own operational teams that can undertake all critical property functions and, in other words, is active throughout practically the full value chain of student property, from acquisitions, development, permits, financing, project management, marketing, letting, property management and maintenance to any renovations and/or sale, where applicable. Xior therefore offers total A-Z solutions.

Xior has its own personnel for maintenance (odd jobs and cleaning) who can perform these tasks directly. Around 80% of repairs are performed by its own personnel.

Xior keeps a close eye on the various buildings by having student coaches present permanently (in larger building complexes) or on a regular basis (in smaller buildings). There are also building managers and floor managers in some of the larger buildings.

Xior also has its own letting offices, where students and others who are interested can simply walk in and discuss their queries or problems with the local company employees, who can then address them directly.

As a rule of thumb, a student city needs at least 200 rooms, for which three people have to be employed (office manager as contact person, a commercial person who understands students' needs and wishes, and a handyman).

The offices are an important communication channel for the Company. A proper flow of information and communication is therefore essential for Xior, and runs via three streams, namely incoming information, outgoing information and internal communication.

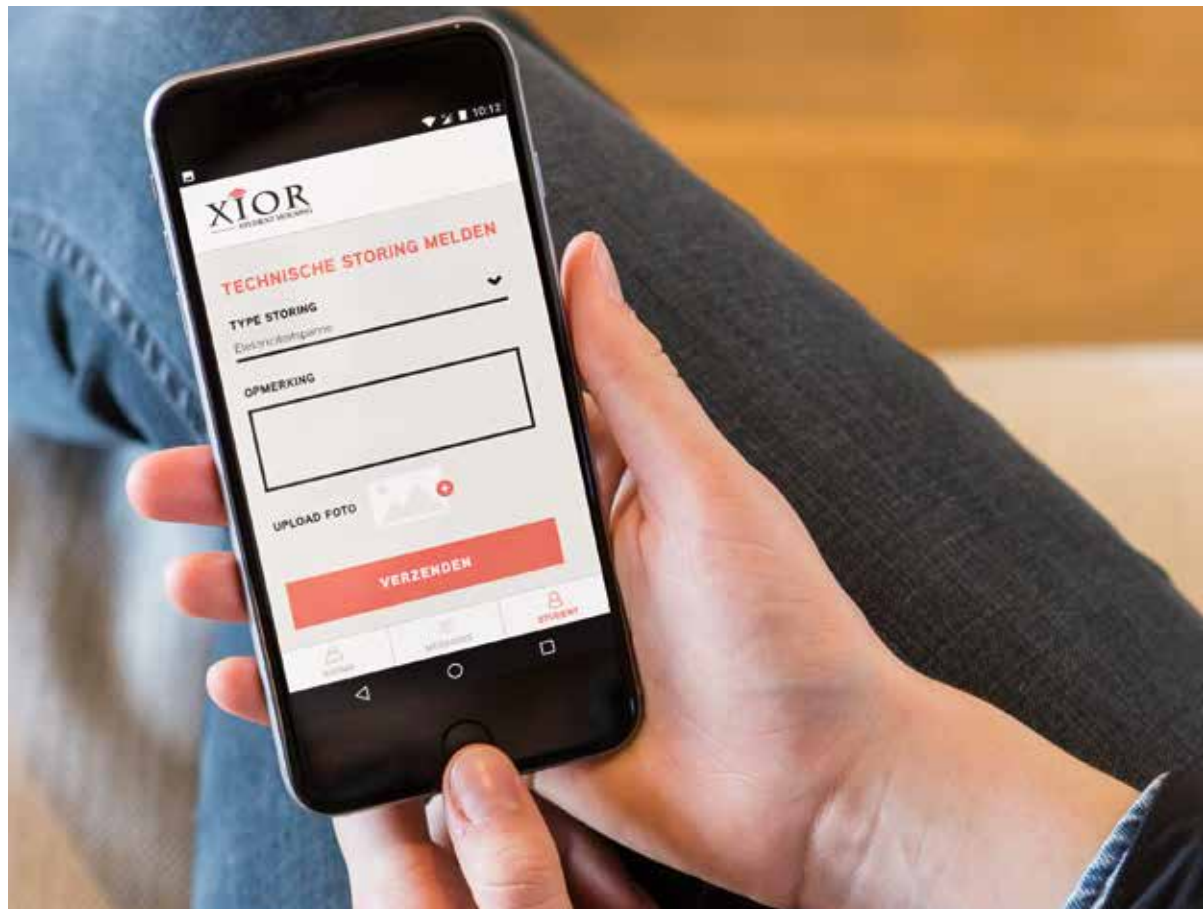
The inflow of external communication may consist of gathering market survey results and monitoring trends and new developing needs in the market. Monitoring such trends and developments is crucial in order to be able to respond, and preferably anticipate, changing circumstances and needs within the Company's target public.

As a listed Company, outgoing communication is obviously an important pillar in the Company's activities. In addition to its statutory obligations, the Company also wishes to communicate transparently with the various stakeholders. This covers various areas, such as "classic" contact with investors, inter alia through an adequate investor relations section on the website, as well as through communication and interaction with the students. Besides access to the letting offices, this is made possible, for instance, with "Open Room Days", when students have the opportunity to visit the buildings. Xior is also trying to organise regular events to increase contact with the student public. In this way, Xior tries to build a solid and long-term relationship with its tenants, which by way of example also translates into the recruitment of students who have rented a room from Xior and then continue their professional career with the Company. Xior also communicates via social media. An app for student rooms is a handy tool for students searching for a suitable room and can offer many opportunities for facilitating and improving the interaction between students and Xior.



Constant and interactive communication with educational institutions and local and other authorities is also an important priority for Xior. For example, Xior will try to link 15% of the property portfolio to a cooperative arrangement with an educational institution. Xior also maintains good relations with various accommodation services (including for the purpose of mediation in case of disputes or for attracting foreign students).

Xior is constantly striving to improve communication and interaction with students and potential tenants. Xior launched the very first app specifically developed for the purpose of finding student housing in 2016. This app, which includes a geolocator, intends to make finding suitable accommodation easier for students and to facilitate interaction with the students themselves. Xior also organised a competition "Download the app and win a rent-free room for one year" in 2016.





Janseniusstraat
LEUVEN



05

Management report

5.1

PUBLIC RREC STATUS

On 24 November 2015, the FSMA accredited Xior as a public Regulated Real Estate Company (public RREC) in accordance with the Law on Regulated Real Estate Companies. The FSMA has included the Company in the official list of public RRECs with effect from 24 November 2015.

Xior was successfully floated on the Euronext Brussels stock market on 11 December 2015. This makes Xior the first Belgian public RREC to specifically focus on the student housing sector.

This status as a Public Regulated Real Estate Company or BE-REIT will reflect Xior's role as an operational and commercial real estate company and will allow it to grow further in the future. It allows Xior to position itself as a real estate investment trust (BE-REIT) in the best possible way and optimise its visibility to national and international stakeholders.

5.2

COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR OF 2016

5.2.1 CONSOLIDATED BALANCE SHEET

On 31 December 2016, the portfolio consisted of 2,531 lettable student units. This resulted in a valuation of the property portfolio of EUR 265,873,318 on 31 December 2016, which meant a 36.5% increase of KEUR 71,120 since 31 December 2015 (KEUR 194,753). This increase is primarily the result of mergers with Devimmo and CPG, the acquisition of the "Carré" property in Maastricht, the acquisition of "The Spot" in Eindhoven, the acquisition of "Tramsingel Breda", the acquisition of the two buildings at Nieuwbrug and Kruitmolenstraat in Brussels, and the further completion of projects still being developed in late 2015 (+ KEUR 11,767).

On 30 June 2016, a number of units of the entire portfolio were still under construction. These represented a Fair Value of EUR 47,523,836 (573 units) on 30 June 2016. They have been operational since September 2016 and are making a full contribution to rental income⁷.

During the fourth quarter, the growth strategy was further rolled out, resulting in the acquisition of the following student complexes:

- Tramsingel Breda with a Fair Value of EUR 12,372,562 (122 student units).
- Two buildings located at Nieuwbrug and Kruitmolenstraat in Brussels with a Fair Value of EUR 2,145,239 (34 student units).

If all acquisitions currently in the pipeline are implemented, this figure will rise to approximately EUR 340 million, with more than 3,178 student units by the end of 2017. This means the lettable units will have doubled in two years.

Current assets are KEUR 7,231. They fell by KEUR 708 since 31 December 2015. They primarily include:

- Trade receivables to be collected (KEUR 542): this primarily includes rent to be received.
- Other receivables: this primarily includes a receivable from Aloxe NV (KEUR 1,659 payable at market interest rate), which arose as a result of the merger with Devimmo and CPG and additionally as a consequence of the rental/return guarantees provided in 2016 (see *Chapter 10.9.1 of this Annual Report*).

Accruals and deferred payments (KEUR 540) are mainly property costs to be transferred (KEUR 430) and overheads to be transferred (KEUR 77).

The equity stands at KEUR 131,630. On 31 December 2016, the issued capital was KEUR 94,869, which is KEUR 18,548 more than on 31 December 2015. The share premiums were KEUR 32,261 on 31 December 2016, which is KEUR 6,646 more than on 31 December 2015. This increase in the issued capital and share premiums is the result of the capital increases following the merger with Devimmo and CPG and the acquisition through contribution in kind of Woonfront-Tramsingel BV. In addition, costs associated with the IPO capital increase through 2015 profit appropriation were absorbed by the reserve for foreseeable losses (+ KEUR 6,961).

The reserves are negative and are KEUR 515. This is the result of the first financial year that closed on 31 December 2015. These reserves mainly consist of a negative reserve for the impact on the fair value of estimated transaction costs and costs resulting from hypothetical disposal of investment properties and a positive reserve for the balance of the variations in the property's Fair Value.

The annual net result of the year stands at KEUR 5,016.

During the financial year of 2016, 643,721 new shares were created.

The long-term obligations increased by KEUR 58,368 since 31 December 2015. This increase is mainly due to the increased credit that was drawn down at financial institutions. KEUR 131,315 had been drawn down in credit on 31 December 2016, compared to KEUR 72,447 on 31 December 2015. This increase is due to the implementation of Xior's growth strategy in 2016, which was partially financed using loans. Interest Rate Swap contracts were also taken out in the course of 2016. They have a negative market value of KEUR 1,866 on 31 December 2016. The average maturity of the loans is 3.13 years.

On 31 December 2016, the debt ratio was 50.69% compared to 45.01% on 31 December 2015. The debt ratio rose in 2016 due to the acquisitions in September 2016, which were financed using borrowed capital. The acquisition of Tramsingel Breda on 11 October 2016 was financed via a capital increase through contribution in kind of the shares in the real estate company in question, with new shares also issued, which resulted in an increase in equity. This method of acquisition (contribution in kind) allows the portfolio to be expanded with a healthy combination of different financing sources, while keeping the debt ratio under control.

The current liabilities are KEUR 8,412. They fell by KEUR 11,437 since 31 December 2015. On 31 December 2015, there were still some costs related to the IPO and current project development that were only paid in early 2016. The Company also follows up outstanding debts very closely in order to keep the Company's debt ratio under control.

Current liabilities consist of exit tax debt (KEUR 3,469), which include the taxes payable following the mergers with Devimmo, CPG, Karibu Invest, Kwartma and Retail Design. This exit tax must be paid by the end of this year. They also include outstanding debts to suppliers (KEUR 1,244), VAT, tax and social security debts (KEUR 1,016), deposits received from tenants (KEUR 1,583) and accruals and deferred payments (KEUR 1,100). The accruals and deferred payments are mainly rental income to be transferred (KEUR 512), attributable real estate costs (KEUR 226) and attributable overheads (KEUR 362).

5.2.2 CONSOLIDATED INCOME STATEMENT⁸

The net rental income is KEUR 10,912, including KEUR 1,035 in received rental/return guarantee. The Company's promoter Aloxe NV provided rental/return guarantees for a number of properties that were being (re)constructed as part of the IPO process. These properties were completed in September 2016 and have generated rental income since then.

The net rental income will continue to increase in 2017, as certain buildings were finalised or acquired in 2016 and therefore did not have the opportunity to contribute to the net rental income for a full year.

This mainly relates to the following properties:

- 137 Parkstraat, Leuven: rental income since 1 March 2016 (following the merger with Devimmo NV)
- 42-44 Overwale, Ghent (Schoonmeersche Campus): rental income since 1 May 2016
- 11 Parkstraat/91 Vlamingenstraat, Leuven: rental income since 1 August 2016 (following a merger with CPG CVBA)
- 55-57 Tongerseweg, Maastricht (Carré): rental income since 1 September 2016
- 1-11F Kronehoefstraat, Eindhoven (The Spot): rental income since 30 September 2016
- 27 Tramsingel, Breda: rental income since 11 October 2016
- 43 Kruitmolenstraat/16 Nieuwbrug, Brussels: rental income since 21 October 2016

The average occupancy rate for the property portfolio stood at 97.4% in 2016.

The property result is KEUR 11,349 and the property operating income is KEUR 9,368. The property charges (KEUR 1,981) mainly include costs related to maintenance and repair, insurance, property management, valuation expert expenses and other property charges, i.e. property tax that cannot be passed on to the tenants. The Company's overheads for 2016 are KEUR 1,859 and the fee received for management of investment property owned by third parties is KEUR 71.

The result on portfolio is KEUR 1,108. New properties were acquired in 2016 through property acquisitions (sale-purchase) as well as share acquisitions and takeover mergers.

The property was partly acquired at the Fair Value and partly acquired at the fiduciary value (the purchase price agreed between the parties), which was different from the Fair Value.

- The difference between the Fair Value of properties acquired through property acquisitions (sale-purchase) and the fiduciary value of such property is processed as "variations in the fair value of investment properties" on the income statement.
- The difference between the Fair Value of properties acquired through share acquisitions and takeover mergers and the fiduciary value of such properties as well as other sources of differences between the Fair Value and fiduciary value of the shares are processed as "other portfolio income" on the income statement. This "other portfolio income" concerns amounts resulting from application of the consolidation principles and merger transactions, and consists of the differences between the price paid for real estate companies and the Fair Value of the acquired net assets. This "other portfolio result" also covers directly attributable transaction costs.

⁸ Xior's first financial year ended on 31 December 2015. The income from Xior's first financial year as a public regulated real estate company (RREC) listed on the stock market concerns the period from 11 December 2015 to 31 December 2015, and covers a total of only 21 days.

The variation in Fair Value between 1 January 2016 and 31 December 2016 was entered under negative or positive property investment changes. There was a positive net property investment change (KEUR 1,112).

The sale of a non-strategic property in December 2016 achieved KEUR 106 in capital gains compared with the Fair Value. The financial result stands at KEUR 3,463. This result mainly contains interests on loans (KEUR 957), IRS costs (KEUR 373), bank charges and other commissions (KEUR 212). The Company concluded IRS contracts in 2016 totalling KEUR 100,000. The market value of these hedging instruments is recognised directly in the income statement (KEUR 1,866).

The result before taxes is KEUR 5,225. The taxes are KEUR 209. These are mainly taxes on the income of the permanent establishment in the Netherlands.

The net result amounts to KEUR 5,016 and the EPRA earnings*⁹ amount to KEUR 5,774. The EPRA earnings* per share are EUR 1.17.

Based on this, the Board of Directors intends to propose to the Annual General Meeting a gross dividend of EUR 1.15, or EUR 0.805 net¹⁰ per share for 2016 (taking account of the dividend entitlements of the coupons detached from the shares) represented by coupon number 1 (totalling EUR 0.892) and coupon number 2 (totalling EUR 0.258), which were already detached from the Xior share¹¹.

⁹ EPRA earnings = net result +/- variations in the fair value of investment property +/- other portfolio result +/- income from the sale of investment property +/- variations in the fair value of financial assets and liabilities.

¹⁰ Taking account of a withholding tax of 30%.

¹¹ Based on the weighted average number of shares and therefore taking account of dividend entitlements for the shares issued due to various capital increases such as (i) the merger with Devimmo NV, (ii) the merger with CPG CVBA, (iii) the contribution in kind of the real estate company Woonfront-Tramsingel Breda BV and the contribution in kind of 69 units under construction in Brussels. It should be recalled that a coupon detachment occurred in connection with the capital increase on 11 October 2016 (Tramsingel Breda) and the capital increase on 17 January 2017 (69 units under construction in Brussels). All Xior shares are currently listed with coupon numbers 3 and higher attached. See the relevant Press Releases dated 11 October 2016 and 17 January 2017.

5.2.3 RESULT ALLOCATION

The Board of Directors proposes to allocate the financial year's profit shown in the separate financial statements as follows:

Figures are in thousand EUR.

Result allocation		
A	Net income	5,130
B	Addition to/withdrawal from reserves (-/=)	
1	Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's Fair Value (-/+)	
	- financial year	3,187
2	Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties (-/+)	-2,077
5	Addition to the reserve for the balance of the changes in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS (+)	
	- financial year	-1,866
10	Addition to/withdrawal from other reserves (-/+)	221
11	Addition to/withdrawal from income carried over from previous financial years (-/+)	
C	Return on capital pursuant to Article 13, section 1, first paragraph	4,273
D	Return on capital, other than C	1,392

At the general meeting of shareholders to be held on 18 May 2017, the Board of Directors of Xior Student Housing NV will propose to distribute a gross dividend of EUR 1.15 (or EUR 0.805 net dividend per share after the deduction of the 30% withholding tax) per share that is part of the result of the 2016 financial year.

5.2.4 RESEARCH AND DEVELOPMENT

The Company did not develop any activities or incur any expenses with regard to research and development.

5.2.5 BRANCHES

The Company does not have any branches.

5.3

MANAGEMENT AND USE OF FINANCIAL RESOURCES

5.3.1 FINANCING AGREEMENTS

At the end of 2015, the Company concluded two financing agreements with ING Belgium NV and Belfius Bank NV with the aim of raising the necessary funds (totalling a maximum of EUR 110 million) to acquire property from the property portfolio during the IPO and to finance the Company's growth. In the course of 2016, additional financing agreements were concluded with ING Belgium NV, Belfius Bank NV and KBC Bank NV. ING Belgium NV provided a total of EUR 78 million, Belfius Bank NV EUR 52 million and KBC Bank NV EUR 20 million. The Company has concluded financing agreements totalling a maximum of EUR 150 million on 31 December 2016. A total of EUR 131.5 million of this financing was drawn down on 31 December 2016. The main covenants the Company must meet with respect to these financing agreements are about compliance with a loan to value (LTV) ratio (the outstanding amount of credit in relation to the value of the property portfolio calculated according to the Royal Decree on Regulated Real Estate Companies) that must always be less than 60%, an interest coverage ratio that must be greater than 2.5 and hedging of at least 70% of financing debt.

The debt ratio was 50.69% on 31 December 2016. The debt ratio is calculated as follows: liabilities (excluding provisions, accruals and deferred payments, interest rate hedging instruments and deferred taxes) divided by total assets (excluding interest rate hedging instruments). The debt ratio is higher than the debt ratio at the end of 2015. This resulted from the implementation of the growth strategy, which financed new acquisitions with loans (see also *Chapter 10.9.34 of this Annual Report*).

On 31 December 2016, the average maturity of the outstanding loans was 3.13 years. The Company has always concluded financing contracts with a minimum maturity of three years. For a breakdown of debts according to maturity, please refer to *Chapter 10.9.23 of this Annual Report*.

5.3.2 INTEREST RATE RISK HEDGING

The Company wants to hedge a substantial part of the interest rate risk with regard to its long-term financing up to at least 70%, either with a fixed interest rate for the entire period of the agreement, or with *interest rate swap* and *forward rate agreements* as hedging instruments of the interest rate swap and forward rate agreement type.

The Company's hedging policy is regularly evaluated and adjusted when necessary (for example with regard to the instrument types, hedging period, etc.).

We hereby refer to *Chapter 10.9.23 of this Annual Report* regarding the interest rate hedging in place.

5.3.3 CAPITALISATION

For a summary of the capital, please refer to *Chapter 10.9.18 of this Annual Report*.

Figures are in thousand EUR.

	31/12/16	31/12/15
Capital	94,869	76,321
Issued capital	94,869	83,282
Capital increase costs		-6,961
Reserves	-515	6,961
Non-distributable reserve: reserve for expected losses		6,961
Other	-515	
Net result for the financial year	5,016	-515
Total equity	131,630	108,382

5.4 TRANSACTIONS AND ACHIEVEMENTS

Xior was successfully floated on the Euronext Brussels stock market on 11 December 2015. Following the implementation of the growth strategy in 2016, the property portfolio went up from 48 properties at the end of 2015 to 54 properties at the end of 2016. One non-strategic property was also sold by the end of 2016.

Besides what is mentioned in Chapter 5.5, no significant changes have occurred in the Company's financial or trading position after 31 December 2016. The price for the acquisitions between the parties was in line with the valuation of the property experts.

- Sale of the retail property in Hasselt**
 On 20 December 2016, the retail property located at 31-33 Havermarkt in Hasselt was sold. The agreed sale price of this property was EUR 2.98 million and the capital gains against the Fair Value achieved on this sale were KEUR 106. The divestment of this non-strategic retail property is fully in line with the pure player strategy of Xior, which is focused on student housing in its geographic core markets.
- Optimisation of the internal group structure**
 In December 2016, the Company further optimised its internal group structure through intra-group mergers of five subsidiaries. These mergers have led to operational and administrative simplifications and will help to achieve synergies within Xior. As the activities of the subsidiaries in question fell within the sphere of Xior's activities, and given that these companies did not have their own staff, retaining these separate legal entities did not generate any economic advantages.

- **Acquisition of 34 student units in Brussels**
On 20 October 2016, Xior successfully completed its acquisition of two student properties at Nieuwbrug/Kruitmolenstraat in Brussels. The acquisition involved 34 student units with an investment value of approximately EUR 2.3 million.
- **Acquisition of 122 student units in Breda**
On 11 October 2016, Xior successfully completed its acquisition of the Tramsingel property in Breda.¹² This acquisition was achieved by the contribution in kind of 100% of the shares in the real estate company "Woonfront-Tramsingel Breda BV" to Xior's capital. The price of the shares in the real estate company was based on the global investment value of the property held by this company, i.e. approximately EUR 12.4 million. The transaction strengthened the equity position, which stood at EUR 10,631,947 (capital including issue premium). The issue price of the new shares was EUR 31.30 per new share (rounded).
- **Acquisition of 95 student units in Eindhoven¹³**
On 30 September 2016, Xior acquired 95 self-contained units located at Kronehoefstraat in Eindhoven. This is a leased site that was delivered at the end of December 2015. The student housing complex is known as "The Spot". This property was acquired through the purchase of 100% of the shares in the real estate company involved. The price of the shares in the real estate company was based on an agreed value for the property of EUR 10.4 million.
- **Schoonmeersche Campus (Overwale 42-44) – HoGent**
The final delivery of this project developed by Xior was on 14 September 2016. This brand-new Xior student complex is situated at Overwale 42-44, 9000 Ghent, right next to Hogeschool Gent (HoGent) and has 490 rooms. This makes it the largest student complex in Belgium. Xior and Hogeschool Gent (HoGent) concluded a partnership agreement on the use of 318 student rooms on Schoonmeersche Campus for a 20-year term.
- **Acquisition of 143 student units in Maastricht**
On 1 September 2016, Xior successfully completed its acquisition of the Carré property in Maastricht.¹⁴ This meant acquiring a student property in the centre of Maastricht consisting of 143 units and retail space on the ground floor. This acquisition has a total investment value of approximately EUR 24 million.
- **Change in promotership**
On 3 August 2016, the Company announced it would be changing its promotership as well as intensifying the engagement of the CEO and CFO. Christian Teunissen (CEO) and Frederik Snauwaert (CFO) have acquired the full shareholding of Ben Van Loo in Aloxe NV, the Company's main shareholder and promoter. In doing so, the CEO and CFO increased their investment in Aloxe NV (in which they now hold shares of 82% and 18% respectively), which is also in the best interest of the further development of the Company. Following this transaction, Christian Teunissen became the Company's promoter together with Aloxe NV.¹⁵
- **Merger with CPG CVBA**
On 1 August 2016, the merger by acquisition of CPG CVBA was completed.¹⁶ Through this merger, Xior acquired a real estate property located at 91 Vlamingenstraat/11 Parkstraat in Leuven, with a total of 29 units intended for student housing. The Fair Value of the property was estimated (and contributed) at EUR 2.7 million. Following this merger, 73,386 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 1,834,650. The issue price of the new shares was EUR 25.00 per share, as mentioned in the IPO prospectus of 24 November 2015 published as part of the IPO of 11 December 2015.
- **Merger with Devimmo NV**
The merger by acquisition of Devimmo NV was completed on 1 March 2016.¹⁷ Through this merger, Xior acquired a property located at 137 Parkstraat in Leuven consisting of 73 units intended for student housing and 30 underground parking spaces. The Fair Value of the property was estimated (and entered) at EUR 6.9 million. Following this merger, 230,657 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 5,766,425. The issue price of the new shares was EUR 25.00 per share, as mentioned in the IPO prospectus of 24 November 2015 published as part of the IPO of 11 December 2015.

¹² See Press Releases dated 2 June 2016 and 11 October 2016.

¹³ See Press Release dated 30 September 2016.

¹⁴ See Press Releases dated 23 May 2016 and 1 September 2016.

¹⁵ See Press Release dated 3 August 2016.

¹⁶ At the time of the merger, CPG CVBA was a subsidiary of Aloxe NV, the Company's promoter.

¹⁷ At the time of the merger, Devimmo NV was a subsidiary of Aloxe NV, the Company's promoter.

5.5 POST BALANCE SHEET EVENTS

5.5.1 ACQUISITION OF 108 INDEPENDENT UNITS IN DELFT

On 5 January 2017, Xior acquired a student property¹⁸ consisting of 108 brand-new, independent, furnished units in one of the fastest-growing student cities in the Netherlands. This acquisition has a total investment value of approximately EUR 13.5 million, based on the current rental value.

5.5.2 ACQUISITION OF 69 STUDENT ROOMS IN BRUSSELS VIA CONTRIBUTION IN KIND

Xior acquired a student property (under construction) in Brussels on 17 January 2017¹⁹. The land and structures already erected were acquired via a contribution in kind to Xior's capital. The value of the contribution was determined based on the value of the land and the structures (already completed) and has resulted in a capital increase of EUR 5,064,067 (incl. issue premium). This acquisition has a total investment value of approximately EUR 8.4 million. The issue price of the new shares was EUR 34.14 per share (rounded). The completion of the structures will be paid for in cash that is financed by loans.

5.5.3 ACQUISITION OF DEVELOPMENT PROJECT IN AMSTELVEEN (AMSTERDAM)

On 6 April 2017, Xior acquired a development project consisting of an office complex, which the Company plans to convert into student units after obtaining the necessary permits. These buildings were acquired through the purchase of 100% of the shares in the real estate company involved. This transaction will, after the planned redevelopment, have approximately 300 student units and a total investment value of approximately 30 MEUR. For the other terms of the deal, please refer to the press release dated 7 April 2017. Since this deal is very recent, and was being finalised at the time this Annual Report went to press, this Annual Report should be read in conjunction with the aforementioned Press Release about this deal where relevant (e.g. regarding the Company's pipeline, the financing of this acquisition, etc.).

5.6 PROSPECTS FOR 2017

5.6.1 GROWTH PROSPECTS FOR THE 2017 FINANCIAL YEAR

Xior intends to continue to pursue its growth strategy with conviction in 2017 by adding high-quality student properties to its property portfolio.

¹⁸ See Press Releases dated 5 August 2016 and 5 January 2017.

¹⁹ See Press Releases dated 9 June 2016 and 17 January 2017

During the implementation of that strategy, Xior will strive towards a balanced growth of both equity and loan capital with a healthy combination of various financing sources, whilst keeping the debt ratio under control and increasing the earnings per share.

5.6.2 ACQUISITIONS

5.6.2.1 Student complexes in Delft and The Hague²⁰

On 20 April 2016, Xior signed an agreement for the acquisition of two strategic student complexes with a total of 190 units located in Delft and The Hague. The investment value will be approximately EUR 26.3 million according to the current estimated rental values. The complexes will be purchased by acquiring 100% of the shares of both property companies. The transaction is subject to a number of conditions precedent. The transfer of this property is planned for mid-2017.

5.6.2.2 Student complex in Rotterdam²¹

On 11 May 2016, Xior signed an agreement to acquire a student complex to be developed in Rotterdam. The student complex will include 280 independent student units and will have an investment value of EUR 30,260,000. The transaction is subject to a number of conditions. If all conditions are met, Xior will acquire this property in the autumn of 2017. The seller is providing Xior with a one-year rental guarantee starting from the transfer date.

5.7

DATA ACCORDING TO THE EPRA REFERENCE SYSTEM²²

5.7.1 EPRA KEY PERFORMANCE INDICATORS

These details are not required by the legislation on Regulated Real Estate Companies. The statutory auditor verified whether the EPRA earnings, EPRA net asset value (NAV) and EPRA triple net asset value (NNNAV) ratios were calculated according to the definitions quoted in the EPRA Best Practice Recommendations and whether the financial data used in the calculation of these ratios correspond with the accounting information included in the consolidated financial statements.

²⁰ See the press release dated 20 April 2016.

²¹ See Press Release dated 11 May 2016.

²² Financial performance indicator calculated in accordance with the EPRA (European Public Real Estate Association) Best Practice Recommendations. See also www.epra.com.

	Definition	in thousand EUR	EUR per share
EPRA earnings	Underlying result derived from the strategic operating activities.	5,774	1.17
EPRA NAV	Net asset value (NAV) adjusted to take into account the fair value of the real estate property and excluding certain elements that are not part of a financial model of long-term investment property.	133,496	25.33
EPRA triple net asset value (NNAV)	EPRA net asset value (NAV) adjusted to take into account (i) the fair value of the financial instruments, (ii) the fair value of debts and (iii) the deferred tax.	131,630	24.97
			%
EPRA cost ratio (incl. vacancy costs)	EPRA costs (including vacancy costs) divided by the gross rental income.		35.53%
EPRA cost ratio (excl. vacancy-costs)	EPRA costs (excluding vacancy costs) divided by the gross rental income.		35.53%

	31/12/2016
EPRA earnings	
Net result	5,016
Variations in the fair value of investment property	-1,112
Other portfolio result	110
Result from the sale of investment property	-106
Variations in the Fair Value of financial assets and liabilities	1,866
EPRA earnings	5,774
EPRA earnings per share	
Net result	5,016
Variations in the fair value of investment property	-1,112
Other portfolio result	110
Result from the sale of investment property	-106
Variations in the Fair Value of financial assets and liabilities	1,866
Weighted average number of shares	4,926,405
EPRA earnings per share	1.17

	31/12/2016
EPRA NAV	
Equity	131,630
Effect of exercising options, convertible debt and the other equity instruments	
Diluted intrinsic value after exercising options, convertible debt and other equity instruments	131,630
To be excluded : Fair Value of the permitted hedging transactions	1,866
EPRA NAV	133,496
Number of shares	5,270,501
EPRA NAV (EUR/share)	25.33

	31/12/2016
EPRA triple net asset value (NNNAV)	
EPRA NAV	133,496
To be added: Fair Value of the permitted hedging transactions	-1,866
Adjustment to fair value of debts	0
Deferred taxes	-284
EPRA triple net asset value (NNNAV)	131,346
Number of shares	5,270,501
EPRA triple net asset value (NNNAV) (EUR per share)	24.92

	31/12/2016
EPRA cost ratio	
General expenses	1,859
Impairment of trade receivables	57
Property charges	1,981
EPRA costs (incl. vacancy costs)	3,897
Vacancy costs	0
EPRA costs (excl. vacancy costs)	3,897
Gross rental income	10,969
EPRA cost ratio (incl. vacancy costs)	35.5%
EPRA cost ratio (excl. vacancy costs)	35.5%

5.8

REQUIRED ELEMENTS OF THE ANNUAL REPORT

In accordance with Articles 96 and 119 of the Belgian Companies Code, the required elements of Xior's annual report are contained in the following chapters:

1. Risk Management, 5.2. Management Report – Comments on the consolidated financial statements for the financial year of 2016, 5.3. Management Report – Management and use of financial resources, 5.4. Management Report – Transactions and achievements, 5.5. Management Report – Facts after the balance date, 5.6. Management Report – Prospects for 2017, 6 Corporate Governance, 9 Corporate Social Responsibility and 10 Financial Report.



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06

Corporate governance

6.1

CORPORATE GOVERNANCE STATEMENT

6.1.1 CODE OF REFERENCE AND CORPORATE GOVERNANCE CHARTER

This Chapter outlines the rules and principles that form the basis for the organisation of the Company's corporate governance. This statement contains the main rules that Xior has adopted pursuant to legislation and recommendations on corporate governance and forms part of the Annual Report, in accordance with Article 96, Sections 2 and 3 of the Belgian Companies Code.

The Company applies the Belgian Corporate Governance Code that was published by the Corporate Governance Committee on 12 March 2009 (the **2009 Governance Code**, available on the following website: <http://www.corporategovernancecommittee.be>) as a code of reference.

The Company's Corporate Governance Charter (including the Trading Regulations) were approved on 25 November 2015 and were last reviewed on 31 March 2017. This can be consulted on the Company's website ([www.http://www.xior.be/nl/investor/corporate-governance](http://www.xior.be/nl/investor/corporate-governance)), and obtained free of charge from the Company's registered office.

The Company does its utmost to comply at all times with the principles on corporate governance as set out in the 2009 Governance Code, but without compromising the applicable statutory provisions (particularly those of the Belgian Companies Code and Legislation on Regulated Real Estate Companies) and the Company's Articles of Association. If the Company deviates from one or more principles or provisions of the 2009 Governance Code, it must set out the reasons for this in the corporate governance statement, in accordance with the "comply or explain" principle.

Xior's Board of Directors fully endorses the principles of the 2009 Governance Code, but believes that certain, limited deviations from its provisions are justified in light of the nature, size and complexity of the Company and its activities. More specifically, Xior has deviated from the following recommendations of the 2009 Governance Code:

- Provision 2.9 of the 2009 Governance Code – Secretary: In view of the limited number of directors and the absence of separate committees, no official secretary has been appointed. Each director may directly approach the CEO or CIO (who also fulfils the role of Compliance Officer) of the Company.
- Principle 5 of the 2009 Governance Code – Special committees: The Company has not established any special committees (audit committee, remuneration committee, and appointment committee) to date, firstly because it is not obliged to do so under the applicable statutory thresholds and, secondly, because this is not currently deemed necessary in view of the complexity, nature and size of the Company and its activities. The Board of Directors will appoint an audit committee and remuneration committee, respectively, from among its ranks as soon as the Company no longer complies with the criteria included in Article 526*bis*, Section 3 or Article 526*quater*, Section 4 of the Belgian Companies Code. The following is also specified in this regard:
 - The Corporate Governance Code recommends that the audit committee should consist of non-executive directors only (also see Article 526*bis* of the Belgian Companies Code) and that the majority should be independent directors. However, Xior's audit committee is comprised of the entire Board of Directors. The audit committee thus comprises six members, two of whom are executive directors and four are independent, non-executive directors. Since the law permits the Company to deviate from the obligation to establish an audit committee, the Company wishes to make use of this option. After all, the Company is convinced that the composition of its Board of Directors is such that it can fulfil the role of audit committee with due independence and objectivity.

- The Corporate Governance Code recommends that the remuneration committee should consist of non-executive directors only and that the majority should be independent directors (also see Article 526^{quater} of the Belgian Companies Code). However, Xior's remuneration committee is comprised of the entire Board of Directors. The remuneration committee thus comprises six members, two of whom are executive directors and four are independent, non-executive directors. Since the law permits the Company to deviate from the obligation to establish a remuneration committee, the Company wishes to make use of this option. After all, the Company is convinced that the composition of its Board of Directors is such that it can fulfil the role of remuneration committee with due independence and objectivity. An executive director will not participate in deliberations and decision-making relating to their own remuneration.

6.1.2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

6.1.2.1 General

Internal control is a process that aims to provide reasonable certainty about the effectiveness and improvement of the Company's operations, the reliability and integrity of information, and conformity with policy lines, procedures, legislation and regulations.

Internal control can be broken down into three specific pillars: internal audit (internal audit procedures and internal audit function), risk management (risk management policy and risk management function) and compliance (integrity policy and compliance function), for which purpose "internal audit" should not only be implemented as a separate third pillar but also play a "transversal" role in relation to the other two pillars. The performance of each of these functions, in conjunction with the responsibilities of the operational services, forms a "line of defence" against the risks faced by the Company. The organisation of the above functions is approached in an appropriate and proportional manner, depending also on the nature, size and complexity of the Company's activities in terms of its balance sheet, income and number of staff. For a more detailed description of the Company's internal control, please refer to Chapter 7 of the Company's Corporate Governance Charter, which is available on its website (<http://www.xior.be/nl/investor/corporate-governance>).

From their respective roles as CEO and CFO of the Company and executive director, the actual managers, Christian Teunissen and Frederik Snauwaert, assume responsibility for the organisation of internal control under the supervision of the Company's Board of Directors.

6.1.2.2 Organisation of internal control

In its capacity as the Company's audit committee, the Board of Directors' tasks include: (i) monitoring the financial reporting process; (ii) monitoring the statutory audit of the separate and consolidated annual financial statements, including following up questions and recommendations formulated by the statutory auditor; and (iii) assessing and monitoring the independence of the statutory auditor, particularly as regards the provision of additional services to the Company. The Board of Directors performs its tasks as an audit committee on a number of occasions, including when the Board of Directors draws up the annual financial statements, the consolidated financial statements and the abridged financial statements intended for publication. Prior to every half-yearly meeting of the Board of Directors, a half-yearly report is drawn up and submitted by the statutory auditor to the Board of Directors, also acting as an audit committee.

6.1.2.3 Risk analysis and audit procedures

The Board of Directors, also acting as an audit committee, regularly evaluates the risks to which the Company is exposed and takes the necessary decisions on the basis of this evaluation, for example, in relation to market developments (both property-related and as regards letting potential), determining the financing and interest-rate hedging strategy, the evaluation of tenancy risks, etc.

6.1.2.4 Financial information and communication

The process for drawing up financial information is structured on the basis of pre-determined tasks and timetables that must be observed. The audit environment for the purpose of financial reporting, consists of the following components:

- The finance and accounting team is responsible for the preparation and reporting of the financial information.
- Xior uses a checklist with a summary of all tasks that must be performed in relation to the annual, half-yearly and quarterly closing of its accounts (at separate and consolidated level). A manager within the financial department and the timetable to be observed are linked to each task. Based on this checklist, everyone within the financial department knows what tasks have to be performed and by what deadline.
- The controller (i.e. Finance Manager) is responsible for the verification of the separate financial information and the follow-up of the accountants.
- The Finance & Reporting Director is responsible for the preparation of the consolidated figures (in conjunction with the CFO) and the feedback on the financial information to Xior's operational activities. The Finance & Reporting Director is also responsible for preparing all financial reporting for the public, the Management and the Board of Directors.
- The Finance & Reporting Director analyses the quarterly figures and compares them with the budget or forecast and with the figures of the previous quarter or previous year. This analysis is discussed afterwards with the CFO and CEO.
- The CFO is responsible for the final check of the consolidated financial statements, and warrants the correct application of the valuation rules.
- The CFO regularly discusses the financial information with the CEO as the person responsible for the day-to-day policy.
- The CEO, CFO and Finance & Reporting Director regularly hold extensive meetings to discuss the main financial priorities.
- The Board of Directors questions and discusses the financial reporting and forecasts in depth with the CEO and CFO each quarter and ensures the correct application of the valuation rules.

6.1.2.5 Persons involved in evaluating internal control

The quality of internal control is also assessed during the course of the financial year by the:

- Statutory auditor: firstly as part of the audit of the annual figures and the limited audit of the half-yearly figures and, secondly, as part of the annual assessment of the underlying processes and procedures. The processes are adjusted, where necessary, based on the statutory auditor's recommendations.
- Board of Directors: in its capacity as an audit committee (see also above).
- Internal audit.
- Property experts: the Company's property experts obviously play an important indirect role for the purposes of internal control, in relation to the appraisal of the Company's property.
- FSMA: as a listed company and a public RREC, the Company is supervised by the Belgian Financial Services and Markets Authority (FSMA). This involves a specific inspection of the financial information.
- Compliance Officer.

6.1.2.6 Pillars of internal control

6.1.2.6.1 Appropriate risk management function and appropriate risk management policy

The person responsible for the risk management function prepares, develops, monitors, updates and implements the risk management policy and risk management procedures. The role of Risk Manager in the Company is filled by the CFO, Frederik Snauwaert, who was appointed for an indefinite period in this respect.

The Risk Manager fulfils this role based on his job responsibilities and operational experience by analysing the risks facing the Company both on a regular basis and on an ad hoc basis. This may result in practical advice to the Company's other departments. The Risk Manager frequently reports to the Company's other actual leader, and the Risk Manager discusses the main risk developments at least once a year with the Board of Directors, which acts as an audit committee and bears final responsibility for the Company's risk management.

It is underlined that risk management is an integral part of the way the business is run on an operational, technical, financial and legal level. This covers the daily financial and operational management, continuous consultation internally and with external advisors where necessary, the optimal application of the four-eyes principle, the analysis of new investment cases, due diligence procedures, the definition of the strategy and objectives and the embedding of strict decision-making procedures. Risk management is therefore the responsibility of the entire team across all layers of the organisation, each at their own level with different responsibilities.

6.1.2.6.2 Appropriate independent internal audit function

The "internal audit" can be understood as an independent appraisal function that is embedded in the organisation and focuses on the investigation and evaluation of the operation, effectiveness and efficiency of the Company's (control) processes/procedures, including the compliance and risk management functions. Internal audit includes the operation, effectiveness and efficiency of processes, procedures and activities regarding: (i) operational issues (the quality and adequacy of systems and procedures, organisation structures, policies and the methods and resources used to achieve objectives); (ii) financial issues (accounting reliability, the financial statements and financial reporting process and compliance with the applicable (accounting) regulations); (iii) management issues (quality of the management function and staff services in the context of the Company's objectives); and (iv) risk management and compliance.

The Company has entrusted the internal audit function to an external party by appointing independent consultancy firm Mazars, which is permanently represented by one and the same individual, Anton Nuttens. His mandate will last three years and can be extended. Sofie Robberechts (Finance & Reporting Director) was permanently appointed as the person ultimately responsible for overseeing the external auditor's internal audit function.

6.1.2.6.3 Appropriate independent compliance function and appropriate integrity policy

The "independent compliance function" is kept as an independent function within the organisation and focuses on investigating and promoting the Company's compliance with the laws, regulations and rules of conduct applicable to the Company, particularly the rules relating to the integrity of the Company's operations. These include the rules resulting from the Company's policy, the Company's status and the other statutory and regulatory provisions. In other words, they are part of the corporate culture with an emphasis on honesty and integrity, adherence to high ethical standards in business and compliance with the regulations applicable to the Company. The Company (this RREC) and its employees must behave with integrity: they must be honest, reliable and trustworthy.

The person responsible for the compliance function (Arne Hermans, CIO) prepares and tests recommendations. The compliance officer has been appointed for an indefinite period. The compliance function's work domain specifically includes, but is not limited to the monitoring of compliance with the applicable rules on (i) conflicts of interest, (ii) market abuse (insider dealing and market manipulation) and (iii) the incompatibility of mandates (e.g. with respect to the assessment of directors' independence), possibly laid down in the Company's code of ethics. These rules have been developed further in the Company's Corporate Governance Code, including the Trading Regulations.

Senior management (regularly) investigates which other domains and activities should be included in the work domains of the compliance function. It does so based on a risk analysis and in consultation with the Board of Directors, taking into account the Company's specific characteristics.

6.1.3 SHARE OWNERSHIP

6.1.3.1 Company founders

The Company's historic founders are:

- Aloxe NV, a public limited company under Belgian law, with registered office at Mechelsesteenweg 34, Box 101, 2018 Antwerp, entered in the Crossroads Bank for Enterprises under company number BE 0849.479.874 (Antwerp Register of Legal Entities, Antwerp section); and
- Bimmoc BVBA, a private limited company under Belgian law, with registered office at Mechelsesteenweg 34, Box 101, 2018 Antwerp, entered in the Crossroads Bank for Enterprises under company number BE 0899.916.906 (Antwerp Register of Legal Entities, Antwerp section).

6.1.3.2 Shareholder structure

On 31 December 2016, the authorised capital of Xior Student Housing NV was EUR 94,869,018, represented by 5,270,501 fully paid-up shares.

The following table illustrates Xior's shareholder structure, based on the information received from the shareholders (cf. the transparency notifications). This summary also takes into account the capital increase and the number of shares resulting from the contribution in kind in the context of the authorised capital on 17 January 2017 (see *Chapter 5.5.2 of this Annual Report*)²³.

²³ On 17 December 2017, the authorised capital of Xior Student Housing NV was EUR 97,538,994, represented by 5,418,833 fully paid-up shares.

Shareholder	# shares (31/12/2016)	% shares (rounded) (31/12/2016)	# shares (incl. capital increase of 17.01.2017)	% shares (rounded) (incl. capital increase of 17.01.2017) ³
Aloxe NV - C. Teunissen & Frederik Snauwaert ¹	1,255,332	23.82%	1,255,332	23.17%
AXA Investment Managers S.A. ²	273,348	5.19%	273,348	5.04%
Public (free float)	3,741,821	71.00%	3,890,153	71.79%
Total (denominator)	5,270,501	100.00%	5,418,833	100%

¹ Transparency notification of 17 October 2016.

² Transparency notification of 23 December 2016.

³ The "denominator" and the resulting participation rates were adjusted to the new capital on 17 January 2017, based on an unchanged number of shares owned by the respective shareholders since the last transparency notification.

Notwithstanding the following paragraph, no special rights of inspection are granted to certain categories of shareholders.

The promoter is entitled to propose candidates for three directorships, until the last of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter within the meaning of the Legislation on Regulated Real Estate Companies.

6.1.3.3 Members of the Board of Directors or the executive management

The following table shows an overview of the number of shares owned by members of the Board of Directors and the executive management.

Member of the Board of Directors or the executive management	Number of shares on 31 december 2016
Aloxe NV - C. Teunissen & Frederik Snauwaert	1,255,332
Christian Teunissen ¹	0
Aloxe NV	1,250,885
Frederik Snauwaert	4,447
Joost Uwents	400
Arne Hermans	1,000

¹ Aloxe NV has a direct stake of 1,250,885 shares in Xior Student Housing NV. Aloxe NV is controlled by Christian Teunissen (directly and via Nevi BVBA, a company which is likewise controlled by Christian Teunissen).

6.1.4 BOARD OF DIRECTORS OF THE COMPANY

6.1.4.1 General

The Board of Directors consists of six directors. It includes four non-executive independent directors (including the Chairperson) and two executive directors, one of which is the CEO.

The composition of the Board of Directors must be characterised by a proportional representation between executive, independent and other non-executive directors. At least half of the Board of Directors consists of non-executive directors, and at least three of them are independent within the meaning of Article 526ter of the Belgian Companies Code and Appendix A of the 2009 Governance Code.

The composition of the Board of Directors must guarantee that decisions are taken in the Company's interest. This composition will be determined on the basis of complementarity in terms of competences, experience and knowledge. The aim is to achieve a composition of the Board of Directors that guarantees the presence of directors who are familiar with property in general, student housing in particular and/or other contiguous areas of expertise that are deemed important for the Company's activities. The further aim is to achieve a representation of directors who are experienced in operational, financial and other aspects of real estate company management, and of a regulated real estate company in particular, and/or in policy in listed companies.

The necessary attention will also be paid to the requirements of gender diversity and diversity in general. Article 518bis, Section 1 of the Belgian Companies Code stipulates that in companies whose securities are admitted for trading on a regulated market, at least one third of the members of the Board of Directors must be of the opposite sex to that of the other members. For the application of this provision, the required minimum number of members of the opposite sex is rounded off to the closest whole number. For companies whose securities are admitted to a regulated market for the first time, this obligation must be complied with from the first day of the sixth financial year that commences after this admission (i.e.

from 1 January 2021). After the end of a directorship, the Company will make a selection based on clear, gender-neutral and unambiguous criteria, taking into account the realisation that preference needs to be given, where applicable, to the under-represented sex. The Board of Directors currently has one member of the opposite sex to the other five members.

Under RREC Legislation, the directors, actual managers and those responsible for the independent control functions may only be natural persons. In accordance with the relevant provisions of the Legislation on Regulated Real Estate Companies, members of the Board of Directors must always have the required professional reliability and appropriate expertise for the performance of their duties. They may not fall within the scope of the prohibitory provisions of the Legislation on Regulated Real Estate Companies. Their appointment must be submitted to the FSMA for approval in advance.

6.1.5 COMPOSITION

The Company's Board of Directors consists of six members. The directors were appointed by the Company's general meeting on 23 November 2015. The mandate of the Company's current directors ends on the closure of the ordinary general meeting that will decide on the annual financial statements drawn up for the financial year ending 31 December 2018.

- i. Two executive directors, Christian Teunissen and Frederik Snauwaert, as nominated by the promoter (see *Chapter 6.1.9.2 of this Annual Report*); and
- ii. four non-executive directors, namely Leen Van den Neste, Joost Uwents, Wilfried Neven and Wouter De Maeseneire.

6.1.6 BRIEF DESCRIPTION OF THE DIRECTORS' PROFESSIONAL CAREERS

The mandates and a brief description of the directors' professional careers are provided below. For an outline of the professional careers of Christian Teunissen and Frederik Snauwaert, please refer to *Chapter 6.1.18 of this Annual Report*.

- i. **Leen Van den Neste (°1966 – office address: VDK Spaarbank, Sint-Michielsplein 16, 9000 Ghent)**
Leen Van den Neste chairs the Executive Committee of VDK Spaarbank, which she joined in 2011. She worked for Groep Arco from 1995 to 2011 and was a member of the Executive Committee there as well. Leen Van den Neste obtained a law degree and a secondary education teaching qualification at the University of Ghent. She also obtained a special Accountancy degree at Vlerick Business School.



Current mandates: VDK Spaarbank NV (Board member), Retail Estates NV, OGVV (listed) (member of the Board, audit committee and remuneration committee), Familiehulp VZW (Board member), Artevelde Hogeschool VZW (Board member), NFTE VZW (Board member), Centrale voor Huisvesting Arrondissement Gent CVBA (director), CPP-Incofin CVBASO (director) and Gentco CVBA (director).

Past mandates in the previous five years: Elia Asset (director) (to 2013) and Elia NV (listed) (Board member) (until 2012).

ii. **Joost Uwents (°1969 – office address: Blakebergen 15, 1861 Wolvertem)**

Joost Uwents is CEO of RREC Warehouses De Pauw (WDP) Comm. VA, an exchange-listed public GVV, where he has been a Board member since 2002. He obtained a degree in commercial engineering in 1991 and has an MBA from Vlerick Business School. Joost started his career as an Account Manager at Generale Bank in 1994.



In 1999, he became the CFO of the then listed real estate investment trust WDP. He has been the company's CEO since 2010. He contributed to WDP's development as the market leader in the rental of logistics and semi-industrial property in the Benelux with a property portfolio of more than EUR 2 billion in Belgium and the Netherlands.

Current mandates: Board member of De Pauw NV (Company Director of WDP Comm. VA) (listed).

iii. **Wilfried Neven (°1966 – office address: Lakensestraat 35, 1000 Brussels).**

Wilfried Neven is CEO of Allianz Benelux NV. He has worked for Allianz since 2011 and previously held positions with P&V Group and ING Insurance Belgium. He obtained a degree in commercial engineering in 1989 and also completed a course in Risk Management at the Antwerp Management School. He also obtained additional qualifications at the ING Business School, Heemskerk (Netherlands) and the Guberna Institute.



Current mandates: Allianz Benelux NV (CEO and Board member), Allianz Nederland Groep NV (management and Board member), Assuralia (Executive Committee and Board member), EDB Investments SCA (Supervisory Board member), Portima CBVA (chairman of the Board), Viaxis CVBA (director).

Past mandates in the previous five years: Brocom CVBA – Chairman of the Board (to 2012)

iv. **Wouter De Maeseneire (°1977 – office address: Reep 1, 9000 Ghent)**

Wouter De Maeseneire is an associate professor in corporate finance at the Vlerick Business School and a visiting professor at Erasmus/Ghent University. In August 2015 he was appointed academic dean of the Vlerick Master degrees and he is also the programme director for the Master in Financial Management there. He studied Applied Economics at Ghent University and completed a doctorate at Erasmus Universiteit Rotterdam.



His research was presented at several international conferences, including the Financial Management Association and Academy of Management Meeting, Babson Entrepreneurship Conference, Strategic Management Society, Real Options Conference and Midwest Finance Association. Wouter De Maeseneire published articles in scientific journals such as Research Policy and the Journal of Business, Finance and Accounting. He also contributed to many management books. After completing his thesis, he wrote a book about real options, a new technique used for the valuation of companies and projects that estimates the value of flexibility often available in high-risk investment projects. Wouter received several Best Teacher Awards and won the 2012 EFMD Banking & Finance Case Writing Competition with his analysis of the ABInbev deal. His current research interests lie in IPOs, valuations, real options, venture capital, private equity, acquisitions and financing constraints.

Current mandates: Vlerick Partner CVBA.

Past mandates in the previous five years: Single Switch NV (liquidated in 2012).

6.1.7 BOARD OF DIRECTORS CHAIRMANSHIP

The Company's Board of Directors appointed Leen Van den Neste as its Chairperson for an indefinite period on 25 November 2015. Leen Van den Neste's mandate as the Board's chairperson will end when her current mandate as director comes to an end, unless it is renewed by the Board following her reappointment as director at the general meeting.

6.1.8 RELIABILITY, EXPERTISE AND EXPERIENCE

Article 14 of the Law on Regulated Real Estate Companies impose specific regulations regarding professional reliability and the appropriate expertise on directors of public RRECs.

In the context of these obligations, the Company's directors and senior managers have stated that they have not been convicted for any fraudulent crimes in the past five years. All Company directors have also stated that as members of an administrative, management or supervisory body, they have not been involved in any bankruptcy, receivership or liquidation other than what is mentioned in this Annual Report. There can be no family ties between the members of the administrative, management or supervisory bodies.

All directors and senior managers have also stated that they have not been the subject of any official or publicly expressed accusations and/or sanctions imposed by a regulatory or supervisory authority and that they have not been prevented by a court of law (i) to act as members of the administrative, management or supervisory body of an issuer of financial instruments, or (ii) to handle the management or operations of an issuer of financial instruments.

Finally, each Company director meets the selection and competency criteria included in the Company's Corporate Governance Charter (see *Chapter 6.1.10.1 of this Annual Report*), as follows:

- Christian Teunissen knows the property and construction sector and the student housing sector in particular.
- Frederik Snauwaert knows the property and construction sector and the student housing sector in particular and also has financial knowledge.
- Leen Van den Neste has financial knowledge.
- Wilfried Neven has extensive knowledge of the insurance sector and risk management.
- Joost Uwents knows the property and construction sector in Belgium and the Netherlands and public RRECs.
- Wouter De Maeseneire knows corporate finance and capital markets and the Company's target audience in particular.

6.1.9 FUNCTIONING AND DUTIES OF THE BOARD OF DIRECTORS

The Board of Directors meets at least four times a year, and in any event often enough for the directors to actually be able to discharge their responsibilities. The Chairperson may convene other or additional meetings whenever this is required in the Company's interests or at the request of at least two directors or the CEO.

The Board of Directors meets at least four times a year, when it also acts as the Audit Committee. It also acts as the Remuneration Committee at least twice a year.

In 2016, the Board of Directors²⁵ met nine times. At four meetings it also acted as the Audit Committee and at two meetings it also acted as the Remuneration Committee.

²⁵ Two additional formal meetings of the Board of Directors took place before the notary: (i) one for a capital increase by means of a contribution in kind on 11 October 2016 and (ii) one for the adoption of domestic intra-group mergers on 16 December 2016. If we include these board meetings, there have been 11 board meetings in 2016.

All board members attended all meetings, except Wouter de Maeseneire, who was unable to attend one board meeting and was represented. This meeting was also a remuneration committee meeting.

The Chairperson determines the agenda items for each meeting of the Board of Directors in consultation with the CEO. During the meeting, the Board of Directors may decide to place a further item on the agenda insofar as all members are present and agree to this change to the agenda.

Each director may give a proxy to another member of the Board of Directors to represent them at a certain meeting.

The Board of Directors may validly deliberate on and adopt resolutions only if at least the majority of the directors are present or represented. If this quorum is not reached, a new meeting may be convened with the same agenda, which will validly deliberate and adopt resolutions if at least two directors are present or represented.

If a director has a direct or indirect interest under property law that is in conflict with a resolution or transaction that falls under the Board of Directors' authority, they must act in accordance with the provisions of Article 523 of the Belgian Companies Code. The members of the Board of Directors must also comply with Articles 37-38 of the Law on Regulated Real Estate Companies.

Resolutions of the Board of Directors are adopted by a majority of the votes cast. Abstentions or invalid votes are not counted as votes cast. If the votes are tied within the Board of Directors, the motion is rejected.

The Board of Directors strives to guarantee the long-term success of the Company through enterprising leadership, while simultaneously assessing and managing the Company's risks within a framework of efficient and effective controls.

From its policy function, the Board of Directors decides on the values and strategy of the Company, its main policy lines and its risk appetite. It ensures that the Company's obligations are clear to all its shareholders and that these obligations are met, taking account of the other stakeholders' interests.

From its supervisory function, the Board of Directors assesses the implementation and achievement of the Company's strategy and objectives, as well as the performance of its executive management.

The Board of Directors also performs the duties as set out in Article 526*bis*, Sections 4 and 526*quater*, Section 5 of the Belgian Companies Code when its acts in the capacity of audit committee and remuneration committee respectively (see *Chapter 6.1.19 of this Annual Report*).

In order to consistently improve its own effectiveness, the Board of Directors evaluates its size, composition, achievements and interaction with the executive management at the appropriate times. The actual contribution and presence of each director is periodically evaluated in order to be able to adjust the composition of the Board of Directors, taking account of changing circumstances.

For a detailed description of the Board of Directors' duties and functioning, please refer to *Chapter 2.6 of the Company's Corporate Governance Charter*.

6.1.10 SUMMARY REGARDING THE BOARD OF DIRECTORS' OPERATION IN 2016

Name	Capacity	Mandate	Mandate start	Mandate end	Attendance
Leen Van den Neste	Non-executive chairperson, independent director	First mandate	November 2015	May 2019	Board of Directors: 9/9 Audit committee: 4/4 Remuneration committee: 2/2
Joost Uwents	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 9/9 Audit committee: 4/4 Remuneration committee: 2/2
Wilfried Neven	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 9/9 Audit committee: 4/4 Remuneration committee: 2/2
Wouter De Maeseineire	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 8/9 Audit committee: 4/4 Remuneration committee: 1/2
Christian Teunissen	Executive director	First mandate	November 2015	May 2019	Board of Directors: 9/9 Audit committee: 4/4 Remuneration committee: 2/2
Frederik Snauwaert	Executive director	First mandate	November 2015	May 2019	Board of Directors: 9/9 Audit committee: 4/4 Remuneration committee: 2/2

6.1.11 CHIEF EXECUTIVE OFFICER AND EFFECTIVE MANAGEMENT

The Company's Board of Directors has entrusted the day-to-day management to one CEO, Christian Teunissen (CEO). The CEO was appointed for an indefinite period at the board meeting of 25 November 2015, provided that his mandate of CEO will end when his mandate as Company Director ends.

CFO Frederik Snauwaert and the CEO were together appointed as the Company's actual managers for an indefinite period in the sense of Article 14 of the Law on Regulated Real Estate Companies.

6.1.12 EXECUTIVE MANAGEMENT

The Company's executive management consists of three members, namely two executive directors (CEO and CFO) and the Chief Investment Officer, Arne Hermans. They are appointed by the Board of Directors. Depending on its future size, activities and requirements, the Company may expand its executive management over time.

The Company's Board of Directors appointed the current members of the executive management for an indefinite period on 23 November 2015.

CEO Christian Teunissen is the leader of the executive management. The CEO is responsible for areas such as the Company's daily management and the prospecting and identification of new property projects. The CEO also leads the Company's operational management and leasing activities. The CFO leads the financial, accounting and administrative department. The CIO coordinates and implements the Company's investments and transactions and oversees the activities relating to the legal aspects, in particular the corporate and regulatory aspects the Company faces as a listed public RREC. Article 4.2 of the Company's Corporate Governance Charter describes the role and responsibilities of the members of the executive management.

The executive management's professional address is that of the Company's registered office: Mechelsesteenweg 34, Box 108, 2018 Antwerp, Belgium.

The professional careers of the members of the executive management are described briefly below.

i. Christian Teunissen (°1973)

Christian Teunissen obtained his degree in commercial engineering (accountancy option) at EHSAL in Brussels in 1996. He started his career in the insurance sector at Fortis AG. In 2000, he started his own insurance business by buying up AdB Business Partners, which he later sold in 2005 to Van Dessel Verzekeringen. This allowed Christian Teunissen to spend nine years in the insurance industry gaining knowledge and experience. Since 2005, Christian has focused on building up a real estate portfolio as a developer, investor and manager. In 2007, Christian Teunissen delivered his first student accommodation project, consisting of 45 student rooms. He has been at the helm of the Xior Group for a decade.



His professional property activities have focused especially on the student property sector, which is at the core of the development of the Company's current portfolio. He is the (co-)founder and director of several real estate companies, including Xior Student Housing NV.

Current mandates: His mandate as a Company Board member is complemented by other mandates in the following companies (the vast majority of which do not require actual participation in the daily management): Aloxe NV, Student House Building BVBA, Limimmo BVBA, Proinvest BVBA, Eland Group NV, Mopro Antigoon NV, Mopro Zurenborg BVBA, Jugho BVBA, M-Building BVBA, Moose Real Estate BVBA, Studiosus BVBA, X-Building BVBA, Den Hill Diar BVBA, Anthonis Verzekeringen NV, Off Site Europe BV, Nevi BVBA, Livec NV, Landwin BVBA, Gropius BVBA, Lotta BVBA, Coral BVBA, Coral Build BVBA, B&C Enterprises Ltd., Teuvan NV and Immo DDL NV

Past mandates in the previous five years: Bonsult VOF, K-Building NV, V-Building BVBA, Poort van Berlaar BVBA, Auto's Bleys NV, Bimmoc BVBA, Beltis BVBA, F-Building NV, BC Retail BVBA, Gulden Arent BVBA, G-Building BVBA, H-Building BVBA, Xigent BVBA, Xiber BVBA, Devimmo NV, CPG CVBA, MNL-Building BV, DHNL-Building BV, Xior Group NL BV and Retail Design BVBA.

ii. Frederik Snauwaert (°1980)

Frederik Snauwaert holds a Master's in Business Studies with a focus on financial policy and investments, having graduated from EHSAL in Brussels in 2003. In 2009, he completed the Postgraduate Real Estate Studies programme at the University of Leuven.



Frederik has been CFO of the Company since 2012. He started his career in 2003 at PwC, where he worked as a Senior Auditor until 2006. He then worked as a Group Credit/Asset Risk Officer for Fortis Lease Group Services. From 2008 to 2012, he held the position of Relationship Manager Midcorporates & Institutionals (Real Estate) at ING Belgium, after which he moved to the Company.

Current mandates: His mandate as a Company Board member is complemented by other mandates in the following companies (the vast majority of which do not require actual participation in the daily management): Aloxe NV, CaliXto BVBA, Anthonis Verzekeringen NV, Off Site Europe BV, Eland Group NV, Leuven Tréfonds BVBA,

M-Building BVBA, Mopro Antigoon NV, Mopro Zurenborg BVBA, Jugho BVBA, Studium Invest GCV, Ramberghof BVBA, Leuven Building BVBA, Lovania Properties BVBA, Den Hill Diar BVBA, PDH Invest BVBA and Immo DDL NV.
Past mandates in the previous five years: Premier Transportation BVBA, Devimmo NV, CPG CVBA Xior Group NL BV and Retail Design BVBA.

iii. **Arne Hermans (*1984)**

Arne Hermans studied law at Vrije Universiteit Brussel and then obtained a Master's degree in Marketing Management at Vlerick Business School in 2008. He took the Financial and Managerial Accounting course at Boston University Brussels in 2009 and completed the Real Estate Executive Programme at Solvay Brussels School of Economics & Management in 2012.



Arne has been with the Company since mid-2015. He started his career in 2008 as a solicitor at Eubelius, where he focused specifically on real estate corporate and financial law, including equity capital markets, debt capital markets, mergers, acquisitions, real estate transactions and all aspects related to Belgian REITs (former real estate investment companies with fixed capital (BEVAKs) and regulated real estate companies). Arne was closely involved in the development and implementation of the legal framework for real estate investment companies with fixed capital (BEVAKs) in 2010 and RRECs in 2014.

Arne is the co-lecturer of a three-part training course in real estate transactions ("Corporate Real Estate Transactions: *legal and taxation aspects*") at the University of Leuven Kulak campus and has taught several seminars on real estate investment companies with fixed capital and regulated real estate companies. He is also a guest speaker for several real estate courses at the University of Leuven Kulak campus. He has also published several legal articles on REITs and corporate law. In 2015, Arne won an Expertise Real Estate Young Potential Award with his project "*Housing the future@ - Towards a further consolidation of student housing*".

Summary of the Board of Directors and executive management

Executive directors	Christian Teunissen (CEO) Frederik Snauwaert (CFO)
Non-executive, independent directors	Leen Van den Neste Joost Uwents Wilfried Neven Wouter De Maeseneire
Chairperson of the Board of Directors	Leen Van den Neste
Chief Executive Officer	Christian Teunissen (CEO)
Executive management	Christian Teunissen (CEO) Frederik Snauwaert (CFO) Arne Hermans (CIO)
Actual managers	Christian Teunissen (CEO) Frederik Snauwaert (CFO)

6.1.13 COMMITTEES OF THE BOARD OF DIRECTORS

In accordance with Article 526*bis*, Section 3 and Article 526*quater*, Section 4 of the Belgian Companies Code, the Board of Directors performs all of the duties entrusted to the audit committee and remuneration committee, respectively, on the understanding that the Board of Directors will establish an audit committee or remuneration committee from among its ranks as soon as the Company no longer complies with the criteria included in Article 526*bis*, Section 3 or Article 526*quater*, Section 4 of the Belgian Companies Code.

The Board of Directors may establish an executive committee (under the provisions of Article 524*bis* of the Belgian Companies Code) or a management committee, consisting of several people who may but do not need to be directors. Under Article 522 of the Belgian Companies Code, the Board of Directors may establish one or more advisory committees, from among its ranks and under its responsibility, such as a strategic committee or an appointments committee. The Board of Directors determines the composition and powers of these committees, with due observance of the applicable regulations.

The Company has not established any of the above committees to date, firstly because it is not obliged to under the applicable statutory thresholds and, secondly, because this is not currently deemed necessary in view of the complexity, nature and size of the Company and its activities (also see *Chapter 6.1.1 of this Annual Report*).

6.1.14 CONFLICTS OF INTEREST

6.1.14.1 General

The Company has implemented a number of procedures with a view to limiting the risk of any conflicts of interest having an adverse impact on the Company.

The statutory arrangement on conflicts of interest for directors (Article 523 of the Belgian Companies Code) applies, in principle, to resolutions or transactions that fall under the Board of Directors' authority if a director has a direct or indirect interest under property law that is in conflict with such a resolution or transaction.

The Company must also comply with the procedure of Article 524 of the Belgian Companies Code if it adopts a resolution or performs a transaction that relates to: (i) relationships of the Company with an affiliated company, with the exception of its subsidiaries and (ii) relationships between one of the Company's subsidiaries and an affiliated company, with the exception of subsidiaries of that subsidiary.

The provisions of Article 37 and 38 of the Law on Regulated Real Estate Companies also apply to the Company. Article 37 of the Law on Regulated Real Estate Companies contains an arrangement on functional conflicts of interest which entails that a public RREC must contact the FSMA whenever certain persons affiliated with the public RREC (listed in the same article, including the directors, the persons who control, are affiliated with or hold a participating interest in the RREC, the promoter and other shareholders of all subsidiaries of the public RREC) act directly or indirectly as a counterparty in, or derive any pecuniary gain from, a transaction with the public RREC or one of its subsidiaries. Transactions involving a functional conflict of interest must be notified to the FSMA and must be disclosed immediately (without prejudice to the rules on inside information). They are explained in the annual financial report and the statutory auditor's report. These transactions must be completed in line with the market and must follow the normal course set by the Company's business strategy. If such a transaction involves property, the appraisal by the property expert is binding as a minimum price (if

the RREC is the seller) or as a maximum price (if the RREC is the purchaser). Article 38 of the Law on Regulated Real Estate Companies provides a number of exceptions where the provisions of Article 37 of the Law on Regulated Real Estate Companies do not apply.

The Company further imposes the obligation on each member of the Board of Directors and executive management that he or she must avoid the creation of any conflicts of interest as far as possible. The Company also voluntarily applies a stricter policy on conflicts of interest that relate to matters that fall within the authority of the Board of Directors or executive management.

Since the Company's directors are appointed on the basis of their competences and experience in relation to property and other contiguous areas of expertise, they may hold directorships in other real estate companies or companies that control real estate companies, or they may perform property-related activities as a natural person. It is possible that a transaction which is submitted to the Board of Directors (such as the purchase of a building at an auction) may attract the attention of another company in which a director holds a directorship. The Company has also decided to apply a special procedure to such corporate opportunities that can sometimes lead to conflicts of interest, which is modelled to some extent on the conflicts-of-interest procedure laid down in Article 523 of the Belgian Companies Code.

For a detailed description of the Board of Directors' duties and functioning, please refer to *Chapter 7.1.3 of the Company's Corporate Governance Charter*.

6.1.15 SPECIFIC CONFLICTS OF INTEREST

Please find below the specific conflicts of interest that occurred in 2016 and need to be explained in the Annual Report in accordance with the Belgian Company Code and/or the legislation on Regulated Real Estate Companies.

6.1.15.1 Company acquisitions in the context of the composition of the property portfolio of the Company – Devimmo NV merger and CPG CVBA merger

On 23 November 2015, Aloxe NV signed agreements with Xior Student Housing NV to acquire various assets and liabilities held by subsidiaries of Aloxe NV, as explained in detail by the IPO Prospectus.

Two mergers were executed following these agreements in 2016.

- The merger by acquisition of Devimmo NV was completed on 1 March 2016. At the time of the merger, Devimmo NV was a subsidiary of Aloxe NV, the Company's promoter. Through this merger, Xior acquired a property located at 137 Parkstraat in Leuven consisting of 73 units intended for student housing and 30 underground parking spaces. The fair value of the real estate property was estimated at EUR 6.9 million. Following this merger, 230,657 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 5,766,425.
- On 1 August 2016, the merger by acquisition of CPG CVBA was completed. At the time of the merger, CPG CVBA was a subsidiary of Aloxe NV, the Company's promoter. Through this merger, Xior acquired a real estate property located at 91 Vlamingenstraat/11 Parkstraat in Leuven, with a total of 29 units intended for student housing. The Fair Value of the real estate property was estimated at EUR 2.7 million. Following this merger, 73,386 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 1,834,650.

As Aloxe NV is the Company's promoter, these transactions qualified as a conflict of interest in the sense of Article 37 of the Law on Regulated Real Estate Companies. In the context of these transactions, it was specified that these mergers (i) were executed in line with the market, (ii) were supported by a valuation done by a property expert in accordance with Article 49 of the Law on Regulated Real Estate Companies, and (iii) were implemented at a price not exceeding the fixed Fair Value as determined by the property expert. The transactions were also in line with the normal course followed by the Company's business strategy.

6.1.15.2 Other real estate activities of the executive directors and the companies to which they are associated

In addition to their Company real estate activities, Christian Teunissen (CEO) and Frederik Snauwaert (CFO) are indirectly involved in other real estate activities (with stakes in other real estate companies and/or as members of administrative bodies). However, these activities do not require daily or active follow-up or involvement, and do therefore not prevent the CEO's and CFO's operational activities at the Company.

Except for the project at Tiensestraat 274/Windmolenveldstraat 2, 3000 Leuven, which is described below, these activities do not cause any significant competition for the Company's student housing activities. For the sake of completeness, it is mentioned that CEO Christian Teunissen has a stake in a company holding a limited number of student housing units he has no control over, and CFO Frederik Snauwaert has a stake in another company holding a limited number of student housing units he has no control over. Both are exit scenarios and neither person has any intention of expanding these student housing activities in the future. Because of the limited scope of these activities, they could never cause any significant competition with the Company's student housing activities.

Christian Teunissen is currently working on a student housing project at Tiensestraat 274/Windmolenveldstraat 2, 3000 Leuven. This project is Christian Teunissen's private property. It is yet to be built and has not yet obtained planning permission. Because of the project's planning permission and construction risks, it was not advisable to add the project to the property portfolio at the IPO. The project is not in competition with the Company's activities, as Christian Teunissen has undertaken to put the project up for sale immediately after its provisional acceptance for a price equal to its Fair Value at the time

6.1.16 STATEMENTS

The Company has no arrangements or agreements with any major shareholders, clients, suppliers or other persons electing these parties as members of administrative, management or supervisory bodies or as members of the senior management.

For the sake of completeness, it is repeated here that Aloxe NV is entitled (or its Successors are jointly entitled) to nominate candidates for three directorships until the last of the following events occurs: (i) Aloxe NV holds (or its Successors jointly hold) less than 25% of the Company capital, and (ii) Aloxe NV is (or its Successors are) no longer the Company's promoter in the sense of the Legislation on Regulated Real Estate Companies.

6.1.17 REMUNERATION REPORT

6.1.17.1 General

In compliance with Article 96, Section 3 of the Belgian Companies Code, Xior draws up a remuneration report on the remuneration policy and individual remuneration of its directors and executive management.

The report was drawn up and approved by Xior's Board of Directors, also acting as the remuneration committee, on 31 March 2017.

6.1.17.2 Remuneration of the members of the Board of Directors

The Company's Board of Directors (acting as an appointment and remuneration committee) submits the amount to be paid to each of its members to the general meeting. For the purpose of determining the remuneration of the directors, there was also some limited benchmarking with the remuneration of directors in similar listed real estate companies.

All members of the Board of Directors are covered by a D&O Insurance policy, the premium of which (EUR 27,203) is paid by Xior. The directors do not receive any other benefits (company car, pension, mobile telephone, etc.).

The Company's remuneration policy distinguishes between two types of directors: the executive director and the non-executive director (independent or otherwise). The directors are not awarded a variable fee (in their capacity as directors), nor any fee for specific operations or transactions of the public RREC or its subsidiaries. For the variable fee of the executive directors in their capacity as executive management members, see *Chapter 6.1.24*. This fee is therefore in accordance with Article 35 of the Law on Regulated Real Estate Companies.

6.1.17.3 Executive directors

The Company's directors who are also members of the executive management receive a fixed fee of EUR 7,500 per year. They do not receive any attendance fee. As a member of the executive management, they also receive a management fee (see *Chapter 6.1.24 of this Annual Report* below).

6.1.17.4 Non-executive directors

The remuneration of non-executive, independent directors takes into consideration (i) their role as a member of the Board of Directors (also acting, where applicable as an appointment, remuneration and audit committee) and the ensuing responsibilities and time spent.

Non-executive directors receive a fixed fee of EUR 7,500 per year and an attendance fee of EUR 750 for each meeting of the Board of Directors. The amount of the attendance fee for the non-executive directors is approved by the general meeting on the recommendation of the Board of Directors (also acting as an appointment and remuneration committee). The non-executive directors also receive a fixed expense allowance of EUR 2,500 per year.

No additional payments in kind are made to the non-executive directors (independent or otherwise) during the term of their mandate. There are no conditional, variable or deferred payments.

6.1.18 REMUNERATION OF THE MEMBERS OF THE EXECUTIVE MANAGEMENT

As stated above, members of the executive management who are also members of the Board of Directors receive a fixed fee of EUR 7,500 per year. As a member of the executive management, they also receive a management fee.

The payment to the members of the executive management consists of a fixed monthly or annual amount that is documented in a special agreement approved by the Company's Board of Directors (also acting as an appointment and remuneration committee).

The members of the executive management each entered into a management agreement with the Company on 23 November 2015.

The fixed annual fee of the CEO is EUR 252,000 (subject to annual indexation) and the variable annual fee is capped at EUR 40,000 (subject to annual indexation).

The fixed annual fee granted to the other two members of the executive management amounts to EUR 348,000 in total (subject to annual indexation) and the variable annual fee is capped at EUR 80,000 in total (subject to annual indexation).

Each year, the Company's Board of Directors (also acting as an appointment and remuneration committee) decides on the variable fee to which the members of the executive management could actually be entitled in relation to their activities during the previous financial year. The Board of Directors also determines the future amounts of the variable fee, and the performance criteria to which they are subject. The variable fee is linked, inter alia, to the performance of the Company and individual performances, for which purpose the occupancy rate and growth of the portfolio, in particular, will be taken into account. If a proposal is made to create a system by which the members of the executive management are paid in the form of shares, share options or any other right to acquire shares, this system must be pre-approved by the Company's shareholders. The criteria for allocating the income-based variable fee to the executive directors only relate to the public RREC's consolidated net income and exclude all fluctuations in the fair value of the assets and hedging instruments. No remuneration is paid based on a specific operation or transaction of the public RREC or its subsidiaries. This fee is therefore in accordance with Article 35 of the Law on Regulated Real Estate Companies.

In view of the Company's start-up phase as an RREC, no variable fee is owed to the executive management for the financial year of 2016.

No additional fees are granted to the members of the executive management. There are no conditional, other variable or deferred payments.

In the context of early termination of the above management agreements with a current member of the executive management, it was stipulated that the severance payment may not exceed the fees applicable for three months on the date of termination (fixed fee and the pro-rata amount of the variable fee, based on the variable fee that was actually granted for the previous financial year), plus one month for each commenced year, subject to a maximum of 12 months.

No provision has been made for any right of the Company to recover a variable fee that is granted on the basis of incorrect financial data.

The agreements with the executive management have been concluded in line with market conditions. For the purpose of determining the remuneration of the executive management, there was also some limited benchmarking with similar listed real estate companies.

The Company has not concluded any other agreements with the remaining members of its management, executive and supervisory bodies.

6.1.19 SUMMARY OF THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT FOR 2016

Board of Directors	Fixed fee	Attendance fee	Expense allowance	Total
Leen Van den Neste	EUR 7,500	EUR 6,750	EUR 2,500	EUR 16,750
Joost Uwents	EUR 7,500	EUR 6,750	EUR 2,500	EUR 16,750
Wilfried Neven	EUR 7,500	EUR 6,750	EUR 2,500	EUR 16,750
Wouter De Maeseneire	EUR 7,500	EUR 6,000	EUR 2,500	EUR 16,000
Christian Teunissen	EUR 7,500	-	-	EUR 7,500
Frederik Snauwaert	EUR 7,500	-	-	EUR 7,500
Total	EUR 45,000	EUR 26,250	EUR 10,000	EUR 81,250

Executive management	Fixed fee	Variable fee¹	Total
CEO	EUR 252,000	-	EUR 252,000
CFO & CIO	EUR 348,000	-	EUR 348,000
Totaal	EUR 600,000	-	EUR 600,000

¹ In view of the Company's start-up phase as an RREC, no variable fee is payable to the executive management for the financial year of 2016.

The remuneration of the executive management is subject to annual indexation.

6.2

SHARE OPTIONS

The Company has not entered into any share options plans, share purchase plans or employee participation agreements under which members of the management, executive or supervisory bodies and the senior management could acquire shares in the Company.

6.3

INFORMATION PURSUANT TO ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007

6.3.1 CAPITAL STRUCTURE

On 31 December 2016, the Company capital was EUR 94,869,018 divided into 5,270,501 non-par-value shares, each representing one 5,270,501st share of the capital. On 17 January 2017, the Company capital was EUR 97,538,994 divided into 5,418,833 non-par-value shares, each representing one 5,418,833rd share of the capital (following the capital increase through a contribution in kind of 17 January 2017 – see *Chapter 5.5.2 of this Annual Report*).

There are no preference shares. Each of these shares confers the right to one vote in the General Meeting. The existing shareholders have a pre-emptive right in case of a capital increase in the Company (also see *Chapter 10.9.18 of this Annual Report*).

Notwithstanding the following, no special rights of inspection are granted to certain categories of shareholders. The Company's promoter is entitled to propose candidates for three directorships, until the last of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter within the meaning of the Legislation on Regulated Real Estate Companies.

There is no restriction on voting rights by law or under the Articles of Association. Xior's Articles of Association contain no provisions that restrict the free transferability of the shares. For the purpose of the IPO, the Company's promoter Aloxe NV has entered into lock-up obligations, by which it has undertaken not to sell the shares in the Company it held on the date of completion of the offer for a period of 365 calendar days after that date. Moreover, certain people entered into specific lock-up obligations on 11 December 2015 for the purpose of the Company's IPO, for a period of 365 calendar days after the completion of the offer. A number of normal exceptions were provided in relation to the above lock-up arrangements. The above lock-up exceptions have now ended.

The Company is not aware of the existence of any shareholders' agreement between the existing shareholders in relation to the Company.

6.3.2 DECISION-MAKING BODIES

The rules that apply to the appointment or replacement of members of the Board of Directors and to the amendment of Xior's Articles of Association, are those included in the applicable legislation – specifically the Belgian Companies Code and Legislation on Regulated Real Estate Companies – and in the Company's Articles of Association (see also *Chapter 6.1.10 of this Annual Report*, as well as the Articles of Association that are included under *Chapter 12.5 of this Annual Report*).

6.3.3 AUTHORISED CAPITAL

In the extraordinary general meeting of 23 November 2015, the Board of Directors was authorised to increase the authorised capital on one or more occasions, subject to a maximum amount of EUR 83,282,040 (see also *Chapter 10.9.18 of this Annual Report* and Article 7 of the Articles of Association, which are included under *Chapter 12.5 of this Annual Report*).

On 31 December 2016, the Board Of Directors had already used its granted mandate to increase the capital once by EUR 6,114,204. If we take into account the capital increase of 17 January 2017, the available balance of the authorised capital is still EUR 74,497,860.

6.3.4 PURCHASE OF SHARES

The Company may acquire its own shares or accept them in pledge in accordance with the conditions laid down in the Belgian Companies Code (cf. Article 620, Section 1, 1-5 of the Belgian Companies Code). Pursuant to the resolution adopted in the general meeting of shareholders on 23 November 2015, the Board of Directors is permitted to acquire shares under the conditions set out in the Articles of Association (see Article 10 of the Articles of Association that are included under *Chapter 12.5 of this Annual Report*). This authorisation is granted for a five-year period, as from 23 November 2015.

Article 10 of the Company's Articles of Association also permit the Board of Directors to acquire and dispose of its own shares if the acquisition or disposal is necessary to avoid impending serious harm to the Company, subject to the conditions included in Articles 620 et seq. of the Belgian Companies Code. The general meeting of the Company granted this authorisation on 23 November 2015 for a three-year period, as from the date of publication of this authorisation in the Schedules to the Belgian Official Journal.

The Company does not hold any of its own shares.

6.3.5 CONTRACTUAL PROVISIONS

The conditions under which financial institutions have granted financing to Xior require that it must retain its status as a public regulated real estate company. The general terms and conditions under which this financing is granted contain an early repayment clause to be implemented at the banking institutions' discretion if there is a change of control.



Klapdorp
ANTWERPEN





Frederik Lintsstraat
LEUVEN



07

The Xior share

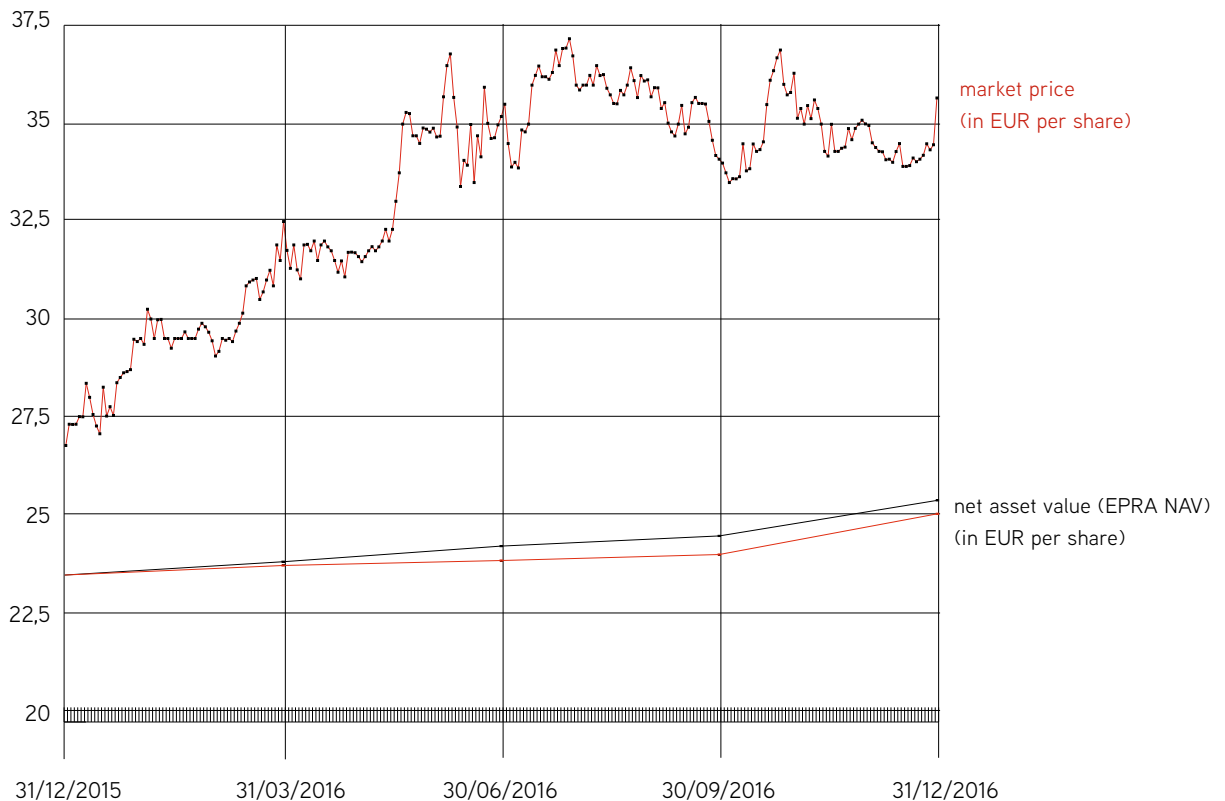
7.1

THE SHARE ON EURONEXT BRUSSELS

7.1.1 THE SHARE ON EURONEXT BRUSSELS

The Xior share (ISIN code BE0974288202) has been listed on the regulated Euronext Brussels market since 11 December 2015. Xior is included in the Bell Small index.

The closing price on the last trading day of 2016 (30 December 2016) was EUR 35.67, which represents a premium of 42.9% compared with the net asset value per share on 31 December 2016 (cf. Royal Decree on Regulated Real Estate Companies), which was EUR 24.97²⁶ per share. Xior's market capitalisation on Euronext Brussels rose to approximately EUR 190 million in 2016.



Price evolution of Xior share vs. net asset value

During Xior's first year as a listed company, its share price rose from EUR 26.70 on 31 December 2015 to EUR 35.67 at the end of 2016. The share price benefited from rising investor confidence in the stock markets prompted by signs of economic recovery and persisting low interest rates as well as confidence in the niche market of student properties. The average daily volume was 4,849 shares. The share turnover – the number of shares traded per year divided by the total number of shares available at the end of the year – was 23.65%.

Data per share	31/12/2016	30/06/2016	31/12/2015
Number of issued shares ¹	5,270,501	4,857,437	4,626,780
Weighted average number of shares	4,926,405	4,781,396	4,626,780
Market capitalisation (in EUR)	187,998,771	168,310,192	123,535,026
Free float	71.00%	71.76%	75.33%
Share price (closing price) for relevant period (in EUR)			
Highest	37.19	36.80	26.81
Lowest	26.76	26.76	25.75
Average	33.22	31.22	26.50
At year-end closing	35.67	34.65	26.70
Volume (in number of shares)			
Number of shares traded	1,246,297	702,070	313,862
Average daily volume	4,849	5,528	22,419
Share turnover	23.65%	14.45%	6.78%
NAV (IFRS) (in EUR)	24.97	23.71	23.42
EPRA NAV* (in EUR) ²	25.33	24.16	23.42
Dividend payout ratio	98.3%	N/A	N/A
EPRA earnings* per share ³ (in EUR)	1.17	0.27	N/A
Gross dividend per share (in EUR) ³	1.15	N/A	N/A
Net dividend ⁴ per share (in EUR) ³	0.805	N/A	N/A
Gross dividend yield ⁵	3.33%	N/A	N/A
Net dividend yield ⁶	2.33%	N/A	N/A

¹ Following the contribution in kind for the authorised capital on 17 January 2017, the authorised capital of Xior Student Housing NV was EUR 97,538,994, represented by 5,418,833 fully paid-up shares.

² Based on total amount of outstanding shares. For APM definitions, use and reconciliation tables, please refer to Chapter 10.8 of this Annual Report. All APMs are marked with *.

³ Based on the weighted average number of shares, i.e. 4,926,405 shares.

⁴ Taking into account 30% withholding tax.

⁵ Calculated as gross dividend divided by (closing price – gross dividend).

⁶ Calculated as (gross dividend – 30% withholding tax) divided by (closing price – gross dividend).



Market: Euronext Brussels
 Symbol: XIOR
 ISIN code: BE0974288202
 Listing: continuous
 Liquidity provider: Degroof Petercam

Xior will continue to regularly try to participate in roadshows and events for both institutional and private investors, so as to consistently provide transparent information to investors and broaden its investor base.

7.1.2 SHARE OWNERSHIP

For a summary of Xior's shareholding structure, please refer to *Chapter 6.1.9 of this Annual Report*.

7.1.3 FINANCIAL CALENDAR

Date	Item
12 October 2016	Ex date coupon No 1
13 October 2016	Record date coupon No 1
18 January 2016	Ex date coupon No 2
19 January 2016	Record date coupon No 2
4 May 2017	Shares registration deadline for participation in the Annual Meeting
12 May 2017	Deadline for confirming participation in the Annual Meeting (bank certificate/mandate)
5 May 2017	Announcement of the income statement for the first quarter of 2017
18 May 2017	Annual meeting of shareholders
19 May 2017	Payment date dividend 2016
4 May 2017	Shares registration deadline for participation in the Annual Meeting
24 August 2017	Announcement of half-yearly income statement for 2017 and publication of the 2017 Half-Yearly Financial Report
10 November 2017	Announcement of the income statement for the third quarter of 2017

For possible changes, please refer to the financial agenda on the website www.xior.be.

7.1.4 DIVIDEND POLICY

Under the Legislation on Regulated Real Estate Companies, in its capacity as a public RREC, the Company must pay out a minimum amount as remuneration of capital each year. At least 80% of the corrected net result (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) less the net reduction in the Company's debt in the course of the financial year must be paid as remuneration of capital.

This payment obligation is subject to two restrictions. Firstly, it must not lead to the payment of an amount that may not be distributed in accordance pursuant to Article 617 of the Belgian Companies Code and secondly, such payment is not possible if, following the payment, the debt ratio (separate and consolidated) would exceed the limit of 65% of the separate or consolidated assets.

The Company proposes a gross dividend of EUR 1.15 per share for the financial year of 2016, subject to approval at the Company's general meeting. Pursuant to Articles 171(3) to 269 of the Income Tax Code, the withholding tax on dividends paid by a public RREC like Xior has generally been 30% since 1 January 2017 (cf. Articles 171(3) to 269, Section 1(1) of the Income Tax Code).

Subject to the availability of distributable reserves, the Company intends to increase the dividend year on year starting from the financial year of 2017.

7.1.5 OUTLOOK – PROFIT FORECAST

7.1.5.1 General

The outlook below includes the forecast for the 2017 financial year with regard to the consolidated EPRA earnings* and consolidated balance sheet of Xior Student Housing NV.

This forecast was based on the information available on 31 December 2016 and takes into account post-balance-sheet events²⁷.

The actual development of the forecast of the consolidated EPRA earnings* depends on the evolution of the economy, financial markets and property markets. Xior's prospective information, projections, convictions, opinions and estimates regarding the expected future performance of Xior and the market in which it operates are not a Company commitment. By nature, prospective statements involve inherent risks, uncertainties and assumptions, both general and specific, and there is a risk that the prospective statements will not be achieved.

The main economic trends that can affect the Company's forecast are:

- the evolution of the Belgian property market, particularly the student housing market.
- future demand for student rooms, which is affected by factors such as the number of 18-to-25-year-olds, the number of higher education enrolments, even better access to higher education for all, the quality of education, the number of foreign students, the enrolment fee and students' decisions to live at home or in student accommodation. This evolution may have an impact on the rental income or the valuation of the portfolio as determined by the property expert.
- the regional legislation imposing a number of health, safety and living standards.
- the evolution of the interest rates and bank margins.

²⁷ See also Chapter 5.5 of this Annual Report.

7.1.5.2 Hypotheses

Used accounting methods

The used accounting basis for this forecast is consistent with the accounting methods used by Xior in preparation of its consolidated accounts on 31 December 2016 in accordance with the IFRS as implemented by the European Union and the Royal Decree on Regulated Real Estate Companies.

Hypotheses with regard to elements that cannot be impacted by Xior directly

- The calculation of the evolution of rental income did not take into account inflation.
- It was assumed that the payable interest rates for external financing (including the bank margin) would remain unchanged at an average interest rate of 1.75% per year.
- The property tax was based on historic figures (if available) or management estimates using similar buildings. The property tax may be affected by changes in the law. Property tax on retail spaces is fully charged to the tenant, unlike property tax on student housing, which cannot be charged to the tenants and is fully charged to the RREC.
- The listing expenses (such as the "subscription tax", the fee for Euronext Brussels NV, FSMA expenses, etc.) are estimated based on the going market rates, which the RREC does not control.
- Although the profit forecast already includes a certain amount covering expected building maintenance and renovation expenses, there is a chance that unexpected maintenance and renovation expenses are required.
- The net rental income may be affected if a significant number of tenants fail to pay their rent or if the planned occupancy level is not achieved.
- Financial hedging instruments (IRSs) are valued at market value in accordance with IFRS (IAS 39). Given the volatility of the international financial markets, changes in these market values were not taken into account. These changes are also irrelevant to the forecast in terms of the EPRA earnings*, on which dividend payments are based.
- The investment property is valued at the fair value in accordance with IFRS (IAS 40). However, no predictions are made in terms of any changes in the fair value of the investment property, as these would be unreliable and subject to a number of external factors beyond the Company's control. These changes are also irrelevant to the forecast in terms of the EPRA earnings*, on which dividend payments are based. and
- The forecast can also be affected by market, operational, financial and regulatory risks as described in *Chapter 1 of this Annual Report*.

Hypotheses with regard to elements that can be impacted by Xior directly

Net rental income:

- This income was estimated based on the current contracts.
- If the Company received a rental guarantee upon acquisition of the property, it was included in the calculation of the rental income.

Other operating income and costs:

- This entry contains income from property management for third parties.

Property charges:

- These expenses mainly include the costs of maintenance and repairs, insurance, taxes, publicity, property management, property experts and property tax that cannot be charged to students. For 2017, they were estimated based on the current portfolio and the expected investments.

Overheads:

- Overheads include the Company's internal operating expenses, i.e. management fees, director fees, costs of the administrative personnel, liability insurance expenses, office expenses, depreciation and installation costs. They also include contractual rent owed to the registered office in Antwerp.
- They also include the estimated expenses for external consultants, solicitors, tax experts, accounting and IT and the statutory auditor's fee.
- For a listed company, the overheads also include the annual taxes for the RREC, fees owed to the financial agent and liquidity provider, Euronext listing fees, expenses with regard to the prudential monitoring of RRECs and the budget for financial communication.

Interest charges:

- The estimate of the interest charges is based on the evolution of the financial debt starting from the current situation on 31 December 2016 and an estimate of the additional debt to finance the investment programme implemented in 2017.

Taxes:

- The taxes include the annual company tax. The tax base in Belgium is almost zero thanks to the fiscal transparency enjoyed by the Company. The payable company tax mainly involves tax on income from the Dutch permanent establishment.

7.1.5.3 Forecast of the consolidated financial results and dividend expectations

Based on the current forecast and the above hypotheses, the Company proposes EPRA earnings* of EUR 1.40 per share with a gross dividend of EUR 1.20 per share for the 2017 financial year, always subject to approval at the general meeting.

7.1.5.4 Statutory auditor's report on the profit forecast

STATUTORY AUDITOR'S ASSURANCE REPORT ON THE ANALYSIS OF PROSPECTIVE FINANCIAL INFORMATION IN VIEW OF THE INCLUSION OF SUCH INFORMATION IN THE REGISTRATION DOCUMENT

Upon your request and in accordance with EC Regulation nr. 809/2004 Annex I, article 13.2 we prepared this report on the prospective financial information for Xior Student Housing NV ("the Company"), included in chapter 7, section 7.1.5 of 2016 annual financial consolidated report ("the annual financial report") (hereafter "the Registration Document").

Responsibilities of the Board of Directors

In accordance with EC Regulation nr. 809/2004, the Board of Directors is responsible for the preparation of the prospective financial information and the determination of estimates and relevant assumptions on which this prospective financial information is based. Aforementioned prospective financial information as well as hypotheses and assumptions were included in chapter 7, paragraph 7.1.5 of the Registration Document (the "criteria").

Responsibilities of the statutory auditor

The statutory auditor is responsible for the expression of an opinion on whether the prospective financial information prepared by the Board of Directors, has been prepared in all material respects, on the basis of appropriate criteria identified.

For the projection on the financial year ending 31 December, 2017, we investigated the prospective financial information of the Company, as well as estimates and relevant underlying assumptions, as included in the Registration Document, on which this prospective financial information is based.

We conducted our engagement in accordance with the "International Standard on Assurance Engagements, as applicable in the analysis of prospective financial information" (ISAE 3400). The purpose of such engagement is to obtain a limited degree of certainty that the assurance risk is reduced to an acceptable level to serve as a basis for a conclusion, expressed in the negative form, on the prospective financial information, and more specifically on whether anything has come to our attention which leads us to believe that the prospective financial information is not been compiled in accordance with the appropriate criteria as set out in sections 7.1.5 of the Registration Document.

As for the forward-looking information, we have performed our work in order to obtain sufficient appropriate

evidence to determine whether the assumptions are not unreasonable, using appropriate accounting principles.

Conclusion

On the basis of our investigation, nothing has come to our attention that would lead us to believe that the estimates and underlying assumptions are no reasonable basis for the preparation of the prospective financial information.

Furthermore, we believe that the prospective financial information is prepared adequately, on the basis of relevant estimates and underlying assumptions, in accordance with EC Regulation no. 809/2004 and using appropriate accounting principles.

The reality will most likely differ from the prospective financial information, since anticipated events usually do not take place as expected and the deviations could be of material importance.

Due to the fact that the activities described above are not an audit nor a review in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not provide any assurance on the prospective financial information. If we would have performed additional work, other matters might have come to our attention, which we would have brought to your attention.

This report was prepared and added to the Registration Document pursuant to and in accordance with Article 13.2. Annex I of the EC Regulation no. 809/2004 and may not be used for any other purpose. The report should necessarily be read in conjunction with the Registration Document.

Sint-Stevens-Woluwe, 31 March 2017

PwC Bedrijfsrevisoren bcvba
The Statutory Auditor of Xior Student Housing NV
Represented by

Damien Walgrave
Bedrijfsrevisor



Minderbroedersstraat
LEUVEN



08

Property report

8.1

PROPERTY MARKET

The Company mainly holds properties intended for student housing in Belgium and the Netherlands. The following paragraphs describe the general state of affairs in the underlying Belgian and Dutch student housing property markets based on information the Company obtained from CBRE Belgium (Avenue Lloyd George 7, 1000 Brussels). CBRE has agreed to the inclusion of this information in the Annual Report. Prospective investors wishing to have more information on the current situation and evolution of the Belgian and Dutch property markets should seek advice from real estate consultants and other specialists.

STUDENT HOUSING IN BELGIUM AND THE NETHERLANDS

Student housing is high on the agenda of cities and universities. Professional real estate companies are becoming increasingly involved in this market segment, often primarily as developers in public-private partnerships. The number of professional investors is also increasing steadily.

This study dated 6 March 2017 was conducted by the CBRE Belgium research department. It focuses on the very fragmented and opaque student housing market in Belgium. The regionalisation of the Belgian education system makes it difficult to find detailed information in both country regions. CBRE's study attempts to clarify the current situation of the student housing market by consulting and bringing together many different sources and studies. CBRE Belgium confirms that the information in this study was obtained from sources that are considered reliable. This also applies to the parameters used for projections. We have no reason to doubt the accuracy of these sources, but we do not wish to offer any assurances on accuracy on their behalf. It is the reader's own responsibility to determine the accuracy and completeness of these sources. CBRE does not wish to be held responsible in any way for possible investments or investment decisions based on this purely informative study on the Belgian student housing property market.

BELGIUM

Current situation

Student housing is highly fragmented, with many private landlords renting out student rooms. Students also often live in studios, apartments or houses in the regular housing market. Student accommodation is often expensive or outdated and there is a shortage of affordable quality student accommodation in most cities. Housing is an important factor in a student city's popularity.

Figures per city

City	Number of students (2014-2015)	Estimated number of student rooms	Average rent for student room
Brussels	86,000*	13,000	EUR 297.30 per month
Ghent	66,419	30,000	EUR 354 per month
Leuven	41,946	36,707	EUR 355.25 per month
Antwerp	40,809	9,000	EUR 335 per month
Mechelen	6,328	500	-
Liège	38,168*	8,391	-
Mons	14,312*	1,667	-
Namur	13,023*	2,777	-
Louvain-la-Neuve	22,308*	7,754	-

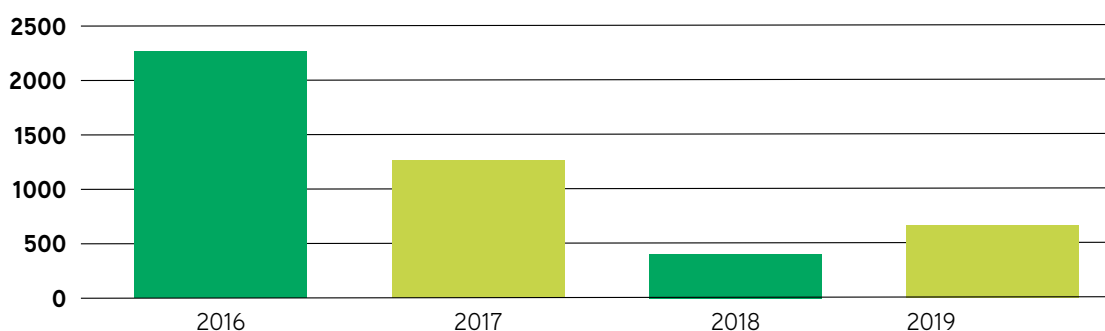
Source: various sources, see documentation

Many new developments

A strong wave of development of new large student complexes has helped alleviate this shortage. In the period of 2014-2016, an estimated 5,351 new student rooms were completed, with a record number of 2,267 new rooms in 2016. Brussels, Ghent and Leuven have experienced the biggest wave of development.

The increase in new rooms seems set to fall significantly in the coming years. In the period 2017-2019, 2,337 student rooms are still expected with remarkably fewer projects in Leuven, Ghent and Antwerp. Construction mainly continues in Brussels, on and around the grounds of VUB and ULB for example.

Development of student rooms in Belgium



Source: CBRE

City and university

The recent influx of large new student complexes is a deliberate strategy on the part of the cities and educational institutions, in partnership with major developers and institutional investors.

Students must have good, quality student rooms and student complexes available, and cities are increasingly taking the necessary steps to ensure this. In most cities, steps are also being taken to exclude students from the regular housing market in order to keep city homes affordable for young families. Cities are enforcing stricter planning requirements for student rooms and are discouraging rented accommodation not registered as the tenant's main address by levying extra taxes on second homes. The priorities are the quality and safety of the student rooms. These are inspected more and more (in terms of fire safety, for example). Several cities are considering the introduction of a certificate of conformity for student rooms. This is already the case in Brussels and Wallonia, and Ghent will introduce this in 2019.

The universities also require a quality supply of student accommodation, better management and maintenance and affordable rents. They tend to enter into public-private partnerships with the professional property sector to increase the supply of student accommodation in their city.

Vacancy and building freeze

The wave of development of new student rooms has not missed its target, and led to an oversupply here and there. As students mainly look for newly built, quality rooms, the older, poorly maintained student rooms are expected to disappear eventually. At least that is the intention and is supported in many cities by strict quality controls (on fire safety, for example) and the introduction of certificates of conformity.

In Antwerp, there has been a great deal of investment in new student rooms in recent years, which has now led to a local oversupply. It is reported that the vacancy rate is 25% to 30% and that mainly older student rooms are affected. The vacancy rate for new student rooms is significantly lower. Nevertheless, it was decided to freeze all construction of student rooms in the university area in the centre of Antwerp. Outside this zone, developers are encouraged to include any new student rooms in mixed-use projects with several other functions as well, such as homes and commercial properties.

In Kortrijk there is also a building freeze as far as student rooms are concerned. With about 1,000 vacant student rooms, Leuven now also has enough student accommodation. There is still a lack of student rooms in Ghent and Brussels.

Rents

The sharp increase in student rooms in Antwerp, Leuven and Kortrijk has stabilised their rents in Antwerp, Leuven and Kortrijk. Slight price increases have been reported in Ghent, Hasselt and Brussels.

The average student room in Antwerp costs about EUR 335. A studio costs about EUR 410 and an apartment costs about EUR 525. A student room with a shared bathroom, kitchen and lounge on the VUB campus can be rented for EUR 297.30 in the 2016-2017 academic year. Hasselt students pay an average EUR 257 for a room this year and EUR 373 for a studio.

Student evolution

The number of students in the Belgian region of Flanders rose until the academic year of 2015-2016. The number of students rose by 1.1% during the 2014-2015 academic year and the 2015-2016 academic year. Flanders was reported to have 234,971 students in the 2015-2016 academic year. No recent figures are available for the other two regions, Brussels and Wallonia, but the number of students in March 2015 was estimated at about 160,000. This means that Belgium's total number of students is around 395,000.

The official figures for the new 2016-2017 academic year have not yet been announced either. The press articles about the start of the 2016-2017 academic year that were published in September report a slight fall in university enrolments. Most colleges do better in comparison, as their enrolments are rising.

The number of students of Belgian origin has been stagnant for a few years now. This is a temporary demographic evolution. The figures from the Federal Planning Agency show that the number of 18 to 22-year-olds has been falling since 2013. At the end of 2016, there were 651,624 of 18 to 22-year-olds, which is 30,000 less than in 2012. This age group is expected to decline further to 646,636 in 2022. This will also mean a fall in the number of students. Another significant increase in this age group is expected after 2023.

The number of foreign students has increased sharply in the past few years. There are two main groups: Erasmus students (mainly French and Spanish) and other international students from countries such as China, India and the Netherlands.

Traditional student rooms

There will always be room for private investors and typical "student digs", as long as they keep up with rising standards and the increasing professionalisation of the market as a whole. Expensive or shabby student rooms will be priced out of the market. The future lies with well-equipped and affordable student accommodation under good, central management. There is an increasing demand for self-contained rooms and more privacy in Belgium. The demand for such rooms seems to come from both Belgian and international students.

Foreign students spend an average four to six months in Belgium, often as part of coordinated European or international exchange programmes. Nearly all these students rent student rooms and spend their weeks and weekends in the city. Foreign students therefore need excellent facilities, and are increasingly requesting self-contained rooms. It is mostly major student cities and the most popular universities that attract international students. So it is here that demand for well-equipped accommodation will be highest in the next few years.

Investment and returns

Due to the trend for large, centrally managed student complexes, it is becoming more difficult for smaller investors to develop student accommodation for themselves. The reconversion of family homes into student accommodation is often rendered impossible.

However, it is still possible to invest in major projects that are often sold on a room-by-room basis, or by buying shares in the few professional investors with student complexes in their portfolio.

The return on direct investments (the purchase of one or several student rooms in a large student complex) is currently 2.5 to 3.5% in Belgium, which is comparable with other residential property. The investment has a relatively limited risk of vacancy and default of payment, but is rather expensive in terms of management and maintenance.

THE NETHERLANDS

Counting students

Amsterdam has the most students: more than 100,000. Rotterdam and Utrecht are next in line with 60,000 students each.

The number of students is rising in the Netherlands. Like in Belgium, there is a demographic trend with little potential for growth in the number of domestic students. Still the number of students is expected to grow by more than 10% in three of the ten biggest student cities (Amsterdam, Leiden and Delft) in the next 7 years. The universities (WO) in particular are attracting more students, while the colleges (HBO) have been stagnant for some years.

Figures per city

City	Number of students (2015-2016)	Estimated number of students (2023-2024)	Average room rent (2016)
Amsterdam	106,040	116,805	EUR 455 per month
Rotterdam	60,360	63,740	EUR 411 per month
Utrecht	60,220	63,480	EUR 369 per month
Groningen	52,390	52,410	EUR 352 per month
Nijmegen	38,970	40,035	EUR 357 per month
Leiden	30,750	33,975	EUR 376 per month
Eindhoven	29,800	31,225	EUR 343 per month
The Hague	28,570	30,255	EUR 430 per month
Tilburg	25,320	25,920	EUR 341 per month
Delft	24,920	28,440	EUR 382 per month

Source: Landelijke Monitor Studentenhuisvesting 2016, studie-kosten.nl 2016

The Netherlands has more than 65,000 full-time international students and 14,900 half-time students. About 28% of full-time students come from Germany. China is in second place: 8% of the foreign student population is Chinese. The top five also includes British, Bulgarian and Italian students, who each account for about 4% of all foreign students. Belgium is only in 7th place and represents only 3%.

Accommodation

The Netherlands have about 700,000 students. 56% of the 649,000 full-time students in the Netherlands do not live with their parents on weekdays. Rooms with shared facilities are used by 56% of students not living at home (230,000). 95,000 students use self-contained accommodation (26%) and 18% of students use one-bedroom units.

Breakdown of full-time students in the Netherlands (2015-2016)

	Number of students living at home	Number of students not living at home	Rooms with shared facilities	One-bedroom units	Self-contained accommodation
Totaal	285,000	364,000	203,000	66,000	95,000
College (HBO)	218,000	178,000	90,000	33,000	57,000
University (WO)	67,000	186,000	114,000	33,000	38,000
In city of study	14%	68%	79%	72%	43%
Housing expenses			EUR 360 per month	EUR 490 per month	EUR 710 per month
Space			17 m ²	25 m ²	68 m ²

Source: Landelijke Monitor Studentenhuisvesting 2016

Forecast

The number of students at Dutch universities is expected to rise, but the impact of this on student rooms will be more complex. In 2023, the number of Dutch students with student rooms will probably be lower than it is today. The number of first-year students who decided to live away from home in 2016 fell by almost half to 13%. The main cause of this decline is the cancellation of the basic grant and the introduction of the study advance in September 2015.

Despite the new policy, demand for additional student housing remains high. According to the report by Landelijke Monitor Studentenhuisvesting, there is a significant shortage of an estimated 52,600 student rooms. One-bedroom units and self-contained accommodation are required, particularly in the higher segment. A recent survey has shown that more than 70,000 students living in student rooms with shared facilities would prefer self-contained accommodation. So-called student hotels – a combination of student rooms and a conventional hotel – have been established in various student cities in the Netherlands.

Documentation

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 2. 20160420_Het-Nieuwsblad-Regionaal-Antwerpen_p-2_Gloednieuwe-luxeflats-om-studenten-langer-in-Antwerp
 3. 20160617_Gazet-van-Antwerpen_p-2_Antwerpen-zet-stop-op-nieuwe-koten
 4. 20160711_Gazet-van-Antwerpen_p-9_Prijs-studentenkoten-stabiel-in-Antwerpen
 5. 20160903_De-Tijd-Netto_p-40_Opgepast-voor-de-valkuilen-van-een-studentenkamer-Marktverwachting-I-Voo
 6. 20160903_De-Tijd-Netto_p-46_Extra-inkomen-dankzij-lege-kamers-in-uw-huis-Marktverwachting-I-Voorbere
 7. 20160914_Het-Laatste-Nieuws-Gent-Wetteren-Lochristi_p-17_Nog-strengere-regels-voor-verhuur-koten
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 9. ErasmusStats 2013-2014
 10. Fédération Wallonie Bruxelles, Databank ETNIC (2013)
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 13. Bevolkings- en huishoudensvooruitzichten (2016-2061), Algemene Directie Statistiek en Federaal Planbureau
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 16. Education at a Glance 2014: Belgium (OECD)
 17. Landelijke Monitor Studentenhuisvesting 2016
 18. Studie-kosten.nl, 2016
 19. Trop d'étudiants à l'université, Moustique, 31/3/2015
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8.2 PROPERTY PORTFOLIO

A summary and description of the Company's property portfolio, including its composition and diversification, follows below.

8.2.1 VALUATION OF THE REAL ESTATE PORTFOLIO ON 31 DECEMBER 2016

Country	City	Street	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
BE	Antwerp		€ 2,365,457	€ 2,167,200	€ 2,249,597
		1 Frankrijklei 62 - retail	€ 90,000	€ 104,580	
		2 Frankrijklei 70 - retail (1)	€ 36,737	€ 29,250	€ 36,737
		3 Italiëlei 80-82	€ 129,180	€ 131,135	€ 124,500
		4 Kipdorpvest 40-42 - parkings	€ 49,200	€ 49,200	€ 49,200
		5 Kipdorpvest 49	€ 1,742,520	€ 1,525,425	€ 1,742,520
		6 Klapdorp 4-6	€ 122,760	€ 126,803	€ 120,660
		7 Viaductdam 104	€ 195,060	€ 200,807	€ 175,980
BE	Brussels		€ 122,640	€ 129,893	€ 122,640
		8 Kruitmolenstraat 43	€ 57 360	€ 60,540	€ 57,360
		9 Nieuwbrug 16	€ 65 280	€ 69,353	€ 65,280
BE	Ghent		€ 3,555,452	€ 3,447,722	€ 2,955,452
		10 Brusselsepoortstraat 89	€ 398,580	€ 380,490	€ 398,580
		11 Hoogstraat 33-37	€ 145,200	€ 144,428	€ 145,200
		12 Oude Beestenmarkt 11 / Zilverenberg 16	€ 61,440	€ 64,983	€ 61,440
		13 Overwale 42-44 (Voskenslaan)	€ 2,115,812	€ 2,210,520	€ 2,115,812
		14 Sint-Pietersnieuwstraat 186 / G. Magelstraat 13a	€ 234,420	€ 233,534	€ 234,420
		15 Universiteitstraat 13	€ 600,00	€ 413,767	
BE	Leuven		€ 3,146,921	€ 3,800,905	€ 2,723,682
		16 Arendstraat 11 (2)	€ 0	€ 51,313	in verbouwing
		17 Bogaardenstraat 11 (3)	€ 52,260	€ 52,299	€ 52,260
		18 Bondgenotenlaan 74 - retail/kamers (2)	€ 0	€ 166,014	in verbouwing

Occupancy rate (iv)	Fair Value	Year of construction or refurbishment	Units – rooms	Units – other	m ²
	€ 47,553,665		289	43	10,648
	€ 2,374,915	2013		1	437
100%	€ 576,568	2015		1	90
96%	€ 2,531,693	2012	20		695
100%	€ 1,049,802	n.a.		40	1,200
100%	€ 34,998,569	2013	207	1	6,886
98%	€ 2,131,971	2011	22		528
90%	€ 3,890,148	2015	40		812
	€2,145,240		34	0	427
100%	€ 976,993	2006	16		188
100%	€ 1,168,247	2006	18		239
	€ 65,273,084		658	51	13,302
100%	€ 7,317,250	2015	83		1,369
100%	€ 2,709,325	2015	30		468
100%	€ 1,029,275	2014	17		341
100%	€ 42,037,238	2016	490	1	8,046
100%	€ 4,509,237	2013	38		1,320
	€ 7,670,759	2013		50	1,759
	€ 69,761,291		706	3	21,142
	€ 740,111	2016	11		179
100%	€ 897,861	2014	8		203
	€ 4,843,509	2016	4	1	498

(i) Total Rent represents the rent which would be invoiced by the Company based on its asking price on 31 December 2016, if 100% of the property portfolio were to be let, including the estimated annual rental income for hostel activities.

(ii) Estimated Rental Value as estimated by Stadim and DTZ.

(iii) Annual contract rent based on the tenancy schedule on 31 December 2016.

(iv) Ratio between Rental Income and Total Rent.

(v) No contract Rental Income is available for some properties on 31 December 2016. These include (a) Bondgenotenlaan 74; (b) Arendstraat 11; and (c) Universiteitstraat (a hostel without advance contract rent). The property at Parkstraat 137 is being partially renovated, so the Total Rent only includes the rooms available for rental.

For some properties the occupancy rate is fairly low. That is because these are smaller buildings, where the occupancy rate is more affected if one or two units are not rented out.

(1) Until 15 December 2016, this property was held by Retail Design BVBA, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(2) Until 15 December 2016, this property was held by Karibu Invest NV, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(3) Until 15 December 2016, this property was held by Kwartma BVBA, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(4) Until 15 December 2016, this property was held by Woonfront-Tramsingel B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(5) Until 15 December 2016, this property was held by Eindhoven De Kroon B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

Country	City	Street	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
		19 Brusselsestraat 182 - 184 (2)	€ 142,740	€ 196,697	€ 135,780
		20 Brusselsestraat 242 (2)	€ 97,740	€ 97,515	€ 91,740
		21 Brusselsestraat 244	€ 21,120	€ 40,539	€ 21,120
		22 Diestsestraat 143 - retail (2)	€ 70,000	€ 60,00	€ 70,000
		23 Diestsevest 85	€ 50,820	€ 64,200	€ 34,860
		24 Frederik Lintsstraat 148-150	€ 173,040	€ 170,917	€ 132,360
		25 Frederik Lintsstraat 9 (2)	€ 58,020	€ 65,489	€ 52,260
		26 Ierse Predikherenstraat 17-19	€ 72,360	€ 70,665	€ 67,260
		27 Jansenusstraat 38	€ 538,945	€ 580,440	€ 466,730
		28 Justus Lipsiusstraat 9 (3)	€ 51,240	€ 51,412	€ 51,240
		29 Kapucijnenvoer 34	€ 43,800	€ 45,368	€ 43,800
		30 Mechelsestraat 77 (2)	€ 123,300	€ 122,255	€ 88,260
		31 Minderbroedersstraat 19	€ 207,120	€ 194,403	€ 182,532
		32 Minderbroedersstraat 21	€ 660,288	€ 749,340	€ 578,280
		33 Parkstraat 137	€ 188,040	€ 389,280	€ 188,040
		34 Ravenstraat 40	€ 65,400	€ 70,610	€ 46,560
		35 St-Annastraat 13	€ 64,080	€ 61,270	€ 64,080
		36 Strijdersstraat 66	€ 63,540	€ 64,904	€ 30,480
		37 Tiensestraat 184 - 186 / Windmolenveldstraat 86 - 88 (2)	€ 203,508	€ 205,891	€ 163,320
		38 Tiensestraat 251 (2)	€ 65,520	€ 65,196	€ 46,800
		39 Vlamingenstraat 91/ Parkstraat 11	€ 134,040	€ 164,888	€ 115,920
BE	Mechelen		€ 75,780	€ 110,142	€ 75,780
		40 Ontvoeringsplein 6	€ 75,780	€ 110,142	€ 75,780
NL	Breda		€ 992,085	€ 1,078,390	€ 992,085
		41 Tramsingel	€ 720,136	€ 774,840	€ 720,136
		42 Vismarkt - Kraanstraat 1 en 5 (4)	€ 271,949	€ 303,550	€ 271,949
NL	Tilburg		€ 381,787	€ 367,620	€ 378,326
		43 Enschootsestraat 78-84	€ 103,018	€ 108,00	€ 103,018
		44 Kapelhof 31 / Heuvelstraat 126	€ 74,851	€ 74,000	€ 74,851
		45 Korenbloemstraat 42-44a	€ 53,242	€ 55,000	€ 49,781
		46 Mariastraat 27 a/b/c / Nieuwlandstraat 14	€ 64,172	€ 60,500	€ 64,172
		47 Nieuwlandstraat 1/1a	€ 86,505	€ 70,120	€ 86,505
NL	The Hague		€ 1,021,560	€ 1,060,000	€ 1,021,560
		48 Eisenhowerlaan 146	€ 352,920	€ 366,000	€ 352,920
		49 Eisenhowerlaan 148	€ 352,920	€ 366,000	€ 352,920
		50 Eisenhowerlaan 150	€ 315,720	€ 328,000	€ 315,720

	Fair Value	Year of construction or refurbishment	Units – rooms	Units – other	m ²
95%	€ 3,639,432	2015	24	1	951
94%	€ 1,893,117	2014	17		350
100%	€ 694,006	2014	10		153
100%	€ 1,318,255	2015	0	1	152
69%	€ 1,155,425	2011	14		233
76%	€ 3,125,967	2009	37		516
90%	€ 1,191,657	2009	14		243
93%	€ 1,242,618	2015	15		207
87%	€ 10,909,757	2013-2015	158		3,568
100%	€ 925,026	2014	10		150
100%	€ 794,252	2015	8		179
72%	€ 2,178,483	2015	21		425
88%	€ 3,813,641	2014-2015	33		628
88%	€ 12,320,849	2013	127		8,554
100%	€ 6,952,312	2015	73		1,502
71%	€ 1,206,328	2010	17		242
100%	€ 1,085,011	2014	13		227
48%	€ 1,043,051	2010	14		222
80%	€ 3,978,134	2011	39		689
71%	€ 1,112,874	2012	10		289
86%	€ 2,699,615	2015	29		782
	€ 1,894,240		15		390
100%	€ 1,894,240	2013	15		390
	€ 16,972,562		166	1	7,462
100%	€ 12,372,562	2016	122		5,754
100%	€ 4,600,000	2015	44	1	1,708
	€ 5,425,000		72	4	2,139
100%	€ 1,320,000	2005	17		467
100%	€ 1,560,000	2006	21		431
93%	€ 695,000	2004	14	2	395
100%	€ 910,000	2014	9	1	465
100%	€ 940,000	2014	11	1	381
	€ 16,630,000		196	0	4,112
100%	€ 5,960,000	2014	64		1,364
100%	€ 5,960,000	2015	64		1,364
100%	€ 4,710,000	2015	68		1,684

(i) Total Rent represents the rent which would be invoiced by the Company based on its asking price on 31 December 2016, if 100% of the property portfolio were to be let, including the estimated annual rental income for hostel activities.

(ii) Estimated Rental Value as estimated by Stadim and DTZ.

(iii) Annual contract rent based on the tenancy schedule on 31 December 2016.

(iv) Ratio between Rental Income and Total Rent.

(v) No contract Rental Income is available for some properties on 31 December 2016. These include (a) Bondgenotenlaan 74; (b) Arendstraat 11; and (c) Universiteitstraat (a hostel without advance contract rent). The property at Parkstraat 137 is being partially renovated, so the Total Rent only includes the rooms available for rental.

For some properties the occupancy rate is fairly low. That is because these are smaller buildings, where the occupancy rate is more affected if one or two units are not rented out.

(1) Until 15 December 2016, this property was held by Retail Design BVBA, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(2) Until 15 December 2016, this property was held by Karibu Invest NV, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(3) Until 15 December 2016, this property was held by Kwartma BVBA, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(4) Until 15 December 2016, this property was held by Woonfront-Tramsingel B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

(5) Until 15 December 2016, this property was held by Eindhoven De Kroon B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

Country	City	Street	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
NL	Maastricht		€ 1,988,730	€ 2,028,257	€ 1,988,730
		51 Tongerseweg 55-57	€ 1,477,490	€ 1,510,970	€ 1,477,490
		52 Vijverdalseweg 2	€ 397,300	€ 395,00	€ 397,300
		53 Wycker Grachtstraat 2-2a	€ 113,940	€ 122,287	€ 113,940
NL	Eindhoven		€ 652,256	€ 650,160	€ 652,256
		54 Kronehoefstraat 1-11F (5)	€ 652,256	€ 650,160	€ 652,256
Total			€ 14,302,668	€ 14,840,289	€ 13,160,108

	Total Rent (i)	Estimated Rental Value (ii)	Contract Rental Income (iii)
Belgium	€ 8,666,250	€ 9,242,095	€ 7,527,151
The Netherlands	€ 5,036,418	€ 5,184,427	€ 5,032,957
Currently being renovated/refurbished - Belgium			
Hostel - Belgium	€ 600,000	€ 413,767	€ 600,000
Total	€ 14,302,668	€ 14,840,289	€ 13,160,108

Two properties are currently not rented out, because they will be renovated to meet the quality standards of Xior rooms. They are the properties at Bondgenotenlaan 74 and Arendstraat 10 in Leuven. The thorough renovation of the property in Bondgenotenlaan has a EUR 1.5 million budget. The more limited renovation of the property in Arendstraat has a EUR 0.1 million budget. A number of other rooms at various properties are also being renovated as part of Xior's renovation programme. No specific budgets are provided for this. The annual budget for maintenance and repair is used for this.

	Fair Value	Year of construction or refurbishment	Units – rooms	Units – other	m ²
	€ 29,809,144		300	3	11,830
100%	€ 23,153,134	2016	143	2	9,110
100%	€ 4,840,000	2013-2015	134	1	2,214
100%	€ 1,816,010	2016	23		506
	€ 10,409,093		95	1	3,643
100%	€ 10,409,093	2015	95	1	3,643
96.3%	€ 265,873,318		2,531	106	75,095

(i) Total Rent represents the rent which would be invoiced by the Company based on its asking price on 31 December 2016, if 100% of the property portfolio were to be let, including the estimated annual rental income for hostel activities.

(ii) Estimated Rental Value as estimated by Stadim and DTZ.

(iii) Annual contract rent based on the tenancy schedule on 31 December 2016.

(iv) Ratio between Rental Income and Total Rent.

(v) No contract Rental Income is available for some properties on 31 December 2016. These include (a) Bondgenotenlaan 74; (b) Arendstraat 11; and (c) Universiteitstraat (a hostel without advance contract rent). The property at Parkstraat 137 is being partially renovated, so the Total Rent only includes the rooms available for rental.

For some properties the occupancy rate is fairly low. That is because these are smaller buildings, where the occupancy rate is more affected if one or two units are not rented out.

(1) Until 15 December 2016, this property was held by Retail Design BVBA, a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

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(5) Until 15 December 2016, this property was held by Eindhoven De Kroon B.V., a full subsidiary of Xior Student Housing NV that merged with the Company on 16 December 2016.

	Fair Value	Occupancy rate	Units – rooms	Units – other
	€ 173,893,616	94.2%	1,687	46
	€ 79,245,798	99.9%	829	9
	€ 5,063,145	n.a.	15	1
	€ 7,670,759	n.a.	-	50
	€ 265,873,318	n.a.	2,531	106

8.2.2 DESCRIPTION AND DIVERSIFICATION OF THE PROPERTY PORTFOLIO

8.2.2.1 General description of the property portfolio

On 31 December 2016, the Company's real estate portfolio consists of 54 properties. Of these, 40 properties are located in Belgium and 14 in the Netherlands. These properties offer a total of 2,531 student rooms and there is retail activity on the ground floor of nine of these buildings. The property portfolio also includes three properties used only for retail activity, a hostel in Ghent with 50 units and a car park in Antwerp. Not including the properties that are being renovated (Bondgenotenlaan 74 and Arendstraat 11), the property portfolio has a total occupancy rate of 96.30% on the date of 31 December 2016.

The total Fair Value of the property portfolio on 31 December 2016 was EUR 265,873,318. The Company is a pure player in student housing and has student property as its core activity. The property portfolio is strategically diversified: its student accommodation is a well-balanced mix in terms of geographical diversification and student property types (see different types of student rooms). The large number of different tenants and various room types attract a wide range of different types of student tenants, ensuring a good diversification in terms of tenant types.

8.2.2.2 Breakdown in subportfolios

The following summary lists the property portfolio by subportfolio, country and city. Every subportfolio shows the purchase value, Fair Value, Rental Income and insured value.

The Rental Income is the annual rent based on the tenancy schedule on 31 December 2016.

		Fair Value	Contract Rental Income on 31 December 2016	Insured value	Acquisition value
Belgium	Antwerp	€ 47,553,665	€ 2,249,597	€ 21,432,855	€ 45,845,500
	Brussels	€ 2,145,240	€ 122,640	€ 1,092,791	€ 2,040,000
	Ghent	€ 65,273,084	€ 2,955,452	€ 37,689,704	€ 54,094,700
	Leuven	€ 69,761,291	€ 2,723,682	€ 30,404,638	€ 67,428,400
	Mechelen	€ 1,894,240	€ 75,780	€ 1,408,700	€ 1,894,000
The Netherlands	Breda	€ 16,972,562	€ 992,085	€ 10,560,509	€ 17,385,443
	The Hague	€ 16,630,000	€ 1,021,560	€ 6,921,801	€ 15,010,000
	Eindhoven	€ 10,409,093	€ 652,256	€ 5,206,621	€ 10,400,000
	Maastricht	€ 29,809,144	€ 1,988,730	€ 20,553,243	€ 28,296,957
	Tilburg	€ 5,425,000	€ 378,326	€ 3,927,083	€ 5,441,826
Total		€ 265,873,318	€ 13,160,108	€ 139,197,945	€ 247,836,826

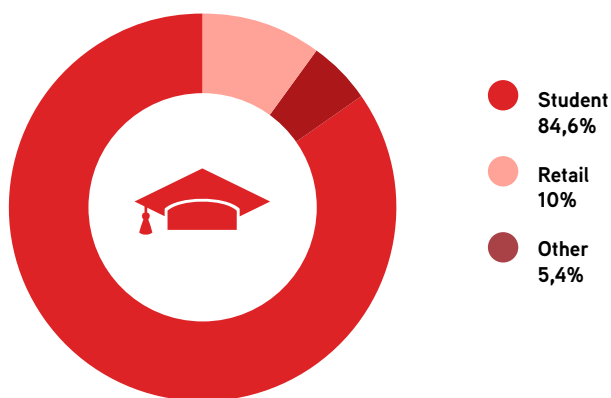
Xior Student Housing's property portfolio is insured for a total reconstruction value of EUR 139 million, which does not include the land on which the property was built, compared with a Fair Value of EUR 266 million (including the land) on 31 December 2016, i.e. 52.35% of the Fair Value. KEUR 79 in insurance premiums were paid in 2016.

The insurance policies also include additional cover of lost rent if the properties can no longer be used. The lost rent will be paid out for as long as the building has not been reconstructed. Xior Student Housing also has civil liability insurance.

8.2.2.3 Property portfolio type

The following graph shows the diversification of Rental Income for every type of property based on the Total Rent of the respective properties in the property portfolio.

Total rent - Diversification by type



The above summary shows the strong focus on student property, which accounts for 84.6% of Rental Income. The portfolio also includes a limited number of retail spaces (10% of the total rent), which are mostly situated on the ground floor of properties primarily serving as student accommodation. Three properties are used exclusively for a retail purpose. As the properties typically have an excellent central location in the city, the retail spaces tend to be city shops, pubs and restaurants in a central, concentrated shopping district. The "Other" segment (5.4% of the portfolio) includes the total rent resulting from other activities, such as the hostel in Ghent, the car park in Antwerp and the limited office space at the property in Voskenslaan, Ghent.

8.2.2.4 Description of student room types

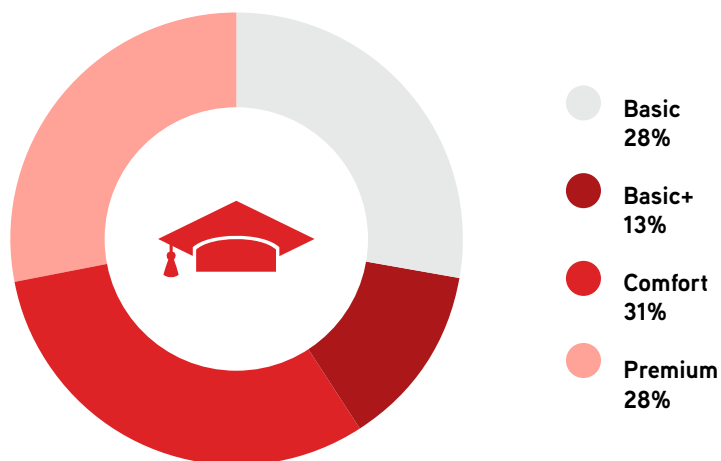
The Company provides various types of student rooms in the student housing segment. The majority of the building complexes has various types of rooms in order to attract a wide range of tenant types. The number of rooms per property can vary greatly, and often depends on the property's location. The smallest property (not used for retail) in the property portfolio contains eight student units (Bogaardenstraat 11, Leuven) and the largest complex contains 490 units (Overwale 42-44). On average, the true individual leasable surface area (excluding common areas) is generally 60% of the total surface area.

The various Xior room types are categorised as follows:

- **Basic:** A student room with a washbasin in the room, and a shared toilet and shower on the corridor.
- **Basic +:** A student room with a washbasin and its own shower. There is a shared toilet that is on the corridor.
- **Comfort:** A student room with its own fridge and bathroom (washbasin, shower and toilet).
- **Premium:** A student studio with its own fully-equipped bathroom (washbasin, shower and toilet) and its own kitchenette (a fridge and a hob).

The following graph shows the mix of all the available rooms in the property portfolio by room type. The Comfort room type accounts for 31%, which is the biggest share. The high amount of Comfort rooms, Premium rooms (28%) and Basic + (13%) room types illustrates the high demand for privacy and own comfort. Basic rooms account for (28%).

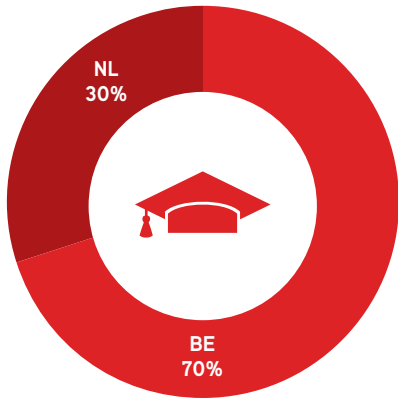
Number of rooms – Diversification by room type



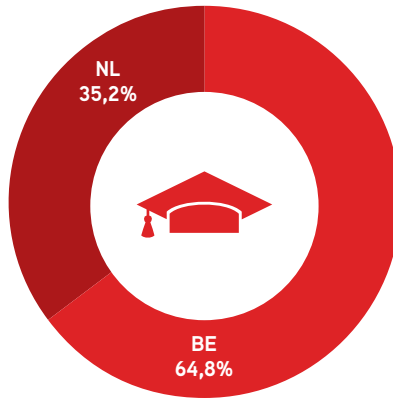
8.2.2.5 Geographical diversification of the property portfolio

The following graphs show the diversification of the property portfolio by country based on the Fair Value. The centre of activity lies in Belgium (particularly in Flanders and Brussels), where there are 40 properties at a total Fair Value of EUR 186.6 million or 70% of the total property portfolio. The other 30% is located in the Netherlands, where there are 14 properties at a Fair Value of EUR 79.2 million. Based on Total Rent, Belgium accounts for 64.8% of the property portfolio with EUR 9.3 million. The other EUR 5 million, which is 35.2% of the Total Rent, is generated in the Netherlands.

Fair Value - Diversification by country

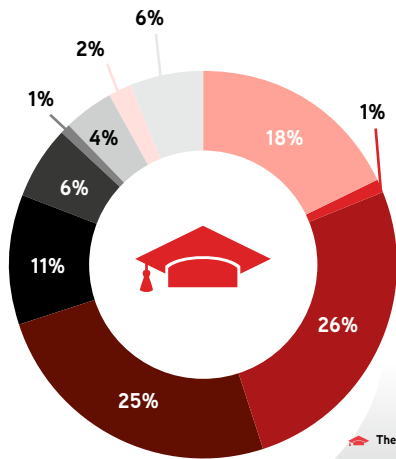


Total Rent - Diversification by country

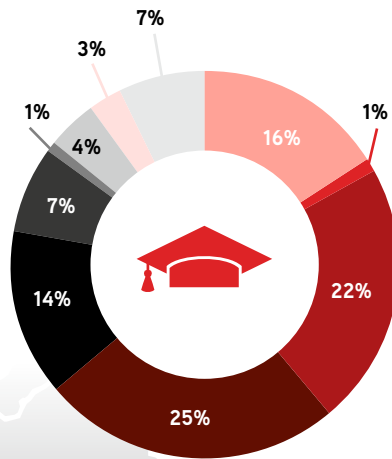


The RREC's property portfolio includes 54 properties spread across five cities in Belgium and five cities in the Netherlands. The properties are located in the main student cities of Flanders, such as Leuven, Ghent, Antwerp and Brussels, and the main student cities of the southern half of the Netherlands, such as Breda, The Hague, Tilburg, Maastricht and Eindhoven. The locations of the various properties in Belgium and the Netherlands and their representation in the property portfolio in terms of Fair Value and Total Rent are provided below:

Fair Value - Diversification by city



Total Rent - Diversification by city



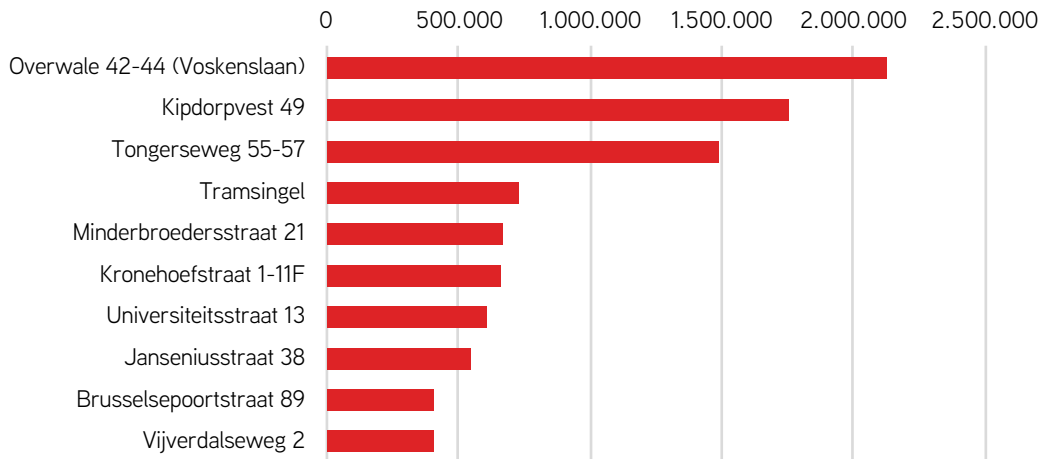
- Antwerp
- Brussels
- Leuven
- Ghent
- Maastricht
- The Hague
- Mechelen
- Eindhoven
- Tilburg
- Breda



8.2.2.6 Diversification in terms of Rental Income and Fair Value

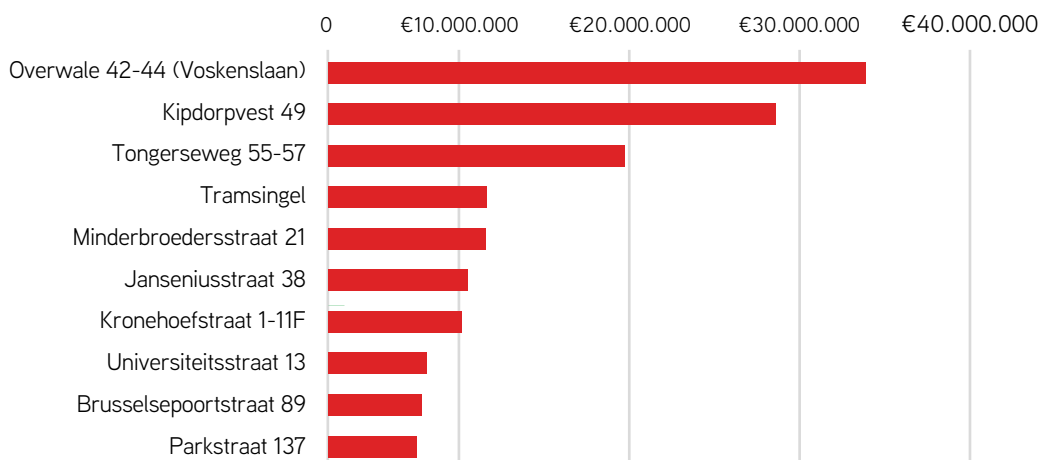
The following tables show the property portfolio top 10 in terms of Total Rent and Fair Value.

Table: Top 10 Total Rent



The property at Overwale 42-44 (Voskenslaan, Ghent) shows a total amount of EUR 2,115,812 (of which EUR 72,500 is related to office space) and is therefore the property representing the biggest Total Rent share (14.79%) of the entire property portfolio. The top three biggest portfolio properties in terms of Total Rent also include Kipdorpvest 49 in Antwerp and Tongerseweg 55-57 in Maastricht. They represent 12.18% and 10.33% of the property portfolio's Total Rent, respectively. However, please note that the EUR 1,742,520 in Total Rent from the property in Kipdorpvest includes EUR 666,420 resulting from the retail property. The other 51 properties cover 62.69% of the property portfolio's Total Rent.

Table: Top 10 Fair Value



Overwale 42-44 has the highest Fair Value in the property portfolio: EUR 42,037,238. It accounts for 15.81% of the property portfolio's total Fair Value. This property has 490 units and office space. The top three biggest portfolio properties in terms of Fair Value also include Kipdorpvest 49 and Tongerseweg 55-57. They represent 13.16% and 8.71% of the property portfolio's total Fair Value, respectively.

8.2.2.7 Diversification of average contract maturity

The following table provides a breakdown of the rental income maturities. As Xior rents out student rooms, most contracts are concluded for a one-year period. These leases must be renewed with the students every year.

Term of the leases ²⁸	Rental Income (iii)
1 year	10,154,101.16
Between 1 and 5 years	550,446.36
More than 5 years	2,455,090.84

The average term of the contracts is not recorded, since, as a rule, this is of little or no informative value, in view of the short-term nature of contracts for student housing.

For a description of the other contracts, please refer to *Chapter 10.9.1 of this Annual Report*.

8.2.2.8 Diversification of average room price

The rent of the different rooms depends on several factors, including geographic location (Ghent and Leuven are more expensive than Mechelen, for example), the building's specific location (in terms of distance to the college or university, for example), the location of units within the property itself (for example street view, first floor or eighth floor, etc.), the surface area and level of comfort. Although all buildings meet the minimum quality standards, each building may still show differences in relative age, quality, finish, facilities in common areas, etc., which may be reflected in the price of a particular room.

The average room price is approximately EUR 330 for a standard room (without private facilities), EUR 395 for a room with a private bathroom, and EUR 475 for a studio. However, these average prices are not very meaningful as the room prices tend to be affected by the above parameters (geographical differences in particular).

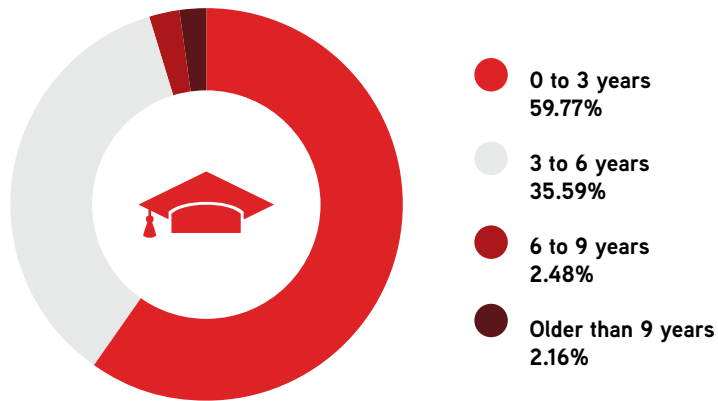
8.2.2.9 Diversification in terms of building age

To calculate the age of the properties in the portfolio, we use the year of construction or the date the building was last renovated. The following intervals are used for age category diversification:

- 0 to 3 years
- 3 to 6 years
- 6 to 9 years
- Older than 9 years

²⁸ This table is different from the table contained in Chapter 10.9.1. The table in 10.9.1 is based on the rent realised in the 2016 financial year, whereas this table is based on the tenancy schedule on 31 December 2016 (i.e. the Total Rent).

Based on Fair Value, the following property portfolio ratios apply per category:



In other words, the portfolio is relatively young.

8.2.3 DESCRIPTION OF THE BUILDINGS OF THE PROPERTY PORTFOLIO

8.2.3.1 Description of the buildings of the property portfolio excl. pipeline

The various properties in the portfolio are shown below, including the property acquired on 5 January 2017 (Delft) and 17 January 2017 (Brussels) (see *Chapter 5.5 of this Annual Report*).



1
RETAIL SPACE

FRANKRIJKLEI 62 ANTWERP

Lettable floor area 335 m²

Year of construction or refurbishment Renovated in 2013

Ownership structure Co-ownership

The ground floor belongs to Xior. It makes up 11.41% of the co-ownership.

This retail space is located on the Leien thoroughfare in Antwerp in the immediate vicinity of Meir and Hopland, which are main shopping streets.



1
RETAIL SPACE

FRANKRIJKLEI 70 ANTWERP

Lettable floor area 65 m²

Year of construction or refurbishment Renovated in 2013

Ownership structure Co-ownership

The ground floor belongs to Xior. This makes up 5.2% of the co-ownership.

This retail space is located on the Leien thoroughfare in Antwerp in the immediate vicinity of Meir and Hopland, which are main shopping streets. The Antwerp rental agency is located in this property.



20
KAMERS

ITALIËLEI 80-82 ANTWERP

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

This student residence is located on the Leien thoroughfare in Antwerp in the immediate vicinity of the City Campus and Park Spoor Noord Campus.



40
PARKING BAYS

KIPDORPVEST 40-42 ANTWERP

Year of construction or refurbishment Renovated in 2013

Ownership structure Co-ownership

The parking bays constitute 14.8% of the co-ownership.

The property is located in the centre of Antwerp between the Meir and Hopland shopping streets. It consists of 40 parking bays in a parking garage.



KIPDORPVEST 49

ANTWERP



207
ROOMS



1
RETAIL SPACE

Lettable retail area	1.932 m ²
Year of construction or refurbishment	Renovated in 2013
Ownership structure	Long-term lease

Subsoil is held by Stubis BVBA.

This student residence with its ground-floor retail area is located in the centre of Antwerp within walking distance of the central station and Meir, the main shopping street. It consists of 207 student units on the upper floors and a retail space on the ground/basement floors. The students have access to various facilities, such as a pool table, inner courtyard, multimedia room, study areas, etc. under the supervision of a live-in student coach.

KLAPDORP 4-6

ANTWERP



22
ROOMS

Year of construction
or refurbishment

2012

Ownership structure

Full ownership

This student residence is located in the centre of Antwerp close to the City Campus of the University of Antwerp and the Royal Academy of Fine Arts Antwerp. The "Gulden Arent" residence is a partial renovation with a new section.



40
ROOMS

VIADUCTDAM 104

ANTWERP

Year of construction
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

This student residence is located in the immediate vicinity of the new campus (Park Spoor Noord) of the Artesis Plantin University College in Antwerp. This is a renovation with a new section and has a total of 40 units.



16
ROOMS

KRUITMOLENSTRAAT 43

BRUSSELS

Year of construction
or refurbishment

Renovated in 2006

Ownership structure

Full ownership

This student property is situated along the Brussels inner ring road and within walking distance of Brussels-Midi train station.



 **18**
ROOMS

NIEUWBRUG 16

BRUSSELS

Year of construction or refurbishment Renovated in 2006

Ownership structure Full ownership

This student property is situated in the centre of Brussels not far from the KVS buildings (see below, Lakensestraat Brussels).



LAKENSESTRAAT

BRUSSELS

 **69**
ROOMS

Year of construction or refurbishment 2017

Ownership structure Co-ownership

(KVS I for 23.5%; KVS II is fully owned by Xior despite the formal co-ownership structure in place)

They are two buildings of 30 units with their own bathroom (KVS I) and 39 individual student units with their own bathroom (shower, toilet and washbasin) and kitchenette (KVS II). The buildings are located in the heart of the capital, surrounded by various public transport facilities within walking distance (Brussels-North railway station, tram/bus/metro stops) and close to several education institutions (e.g. Vlerick Business School, Odisee Campus and Université Saint-Louis). The buildings are currently under construction and are expected to be completed by the 2017-2018 academic year.

HOOGSTRAAT 33/37

GHENT



30
ROOMS

Bezettingsgraad	82%
Year of construction or refurbishment	2015
Ownership structure	Full ownership

This student residence is located in the centre of Ghent and was re-designated as student housing in 2015. This stately residence with its beautiful and authentic facade has 30 units and dates back to the second half of the 16th century.



17
ROOMS

OUDE BEESTENMARKT 11/ ZILVERENBERG 16

GHENT

Year of construction or refurbishment	Renovated in 2014
Ownership structure	Full ownership

This student residence is located in the centre of Ghent at the recently refurbished Oude Beestenmarkt and the Vlerick Business School.

CAMPUS BXL BRUSSELEPOORTSTR. 89 GHENT

 83
ROOMS

Bezettingsgraad	N/A
Year of construction or refurbishment	2016
Ownership structure	Full ownership

This student residence is located in the centre of Ghent adjacent to the Artevelde University College. "Campus BXL" consists of two separate buildings with a large communal living area and kitchen that opens onto an atrium and pleasant garden. This new complex was completed in the spring of 2016 and will offer accommodation to 83 students.



CAMPUS SCHOONMEERSCHE - VOSKENSLAAN 58 OVERWALE 42-44 GHENT



490
ROOMS

Year of construction
or refurbishment

2016

Ownership structure

Full ownership

This student residence is close to Ghent station with direct access to the Schoonmeersen campus of the HoGent University College. 'Campus Schoonmeersche' was completed in September 2016 and comprises 490 units consisting of five connected buildings with all the modern facilities that students need nowadays.

In 2016, a long-term rental contract was entered into with HoGent for 20 years for 318 of the 490 units.





 **38**
ROOMS

SINT-PIETERSNIEUWSTR. 186 / GUSTAAF MAGNELSTRAAT 13A

GHENT

Year of construction or refurbishment	1995
Ownership structure	Full ownership

This student residence is located in the centre of Ghent, close to the Vooruit arts centre and Overpoort cafe district, in the very heart of the student district. The residence has 38 units and consists of two buildings with a courtyard.



 **50**
ROOMS

UNIVERSITEITSSTRAAT 13 13 O'CLOCK HOSTEL

GHENT

Year of construction or refurbishment	Renovated in 2013
Ownership structure	Co-ownership

The hostel makes up 28.76% of the co-ownership.

The residence is sited directly opposite the law school campus of the University of Ghent and close to the Kouter square.



 **11**
ROOMS

ARENDSTRAAT 11

LEUVEN

Year of construction or refurbishment	Renovated in 2017
Ownership structure	Full ownership

The student property is located on a side street off Ladeuzeplein in the centre of Leuven and is currently being renovated.



 **8**
ROOMS

BOGAARDENSTRAAT 11

LEUVEN

Year of construction or refurbishment	Renovated in 2014
Ownership structure	Full ownership

This student residence is located in the centre of Leuven, just a stone's throw from the Ladeuzeplein. This residence was completely renovated in 2014 and has a small garden with a covered terrace. Thanks to its central location, this residence is the perfect environment for any student.



 4
ROOMS

 1
RETAIL SPACE

BONDGENOTENLAAN 74 LEUVEN

Lettable retail floor area 566 m²

Year of construction or refurbishment Planned for 2017

Ownership structure Full ownership

This student residence with a commercial ground floor (currently consisting of a retail space and 4 rooms) is located in Leuven's main shopping street, which links the station to the city centre. The property will have a commercial space of 566 m² on the ground floor and in the basement and 18 student units on the floors above it.



 24
ROOMS

 1
RETAIL SPACE

BRUSSELESTRAAT 182/184 LEUVEN

Lettable retail floor area 470 m²

Year of construction or refurbishment Renovated in 2015

Ownership structure Co-ownership

Co-ownership, with 70% owned by Xior.

The residence is located in the centre of Leuven near the Gasthuisberg University Hospital. "Residentie Verbrande Poort" is a renovation project that was completed in September 2015. All the rooms are finished in a minimalist style with an eye for detail. There is a retail space on the ground floor.



 17
ROOMS

BRUSSELESTRAAT 242 LEUVEN

Year of construction or refurbishment Renovated in 2011

Ownership structure Full ownership

This student residence is located in the centre of Leuven. "Residentie 'T Kolenhuis" was fully renovated in 2012 and is perfectly situated for students who need to go to Gasthuisberg University Hospital every day.



 10
ROOMS

BRUSSELESTRAAT 244 LEUVEN

Year of construction or refurbishment Renovated in 2004

Ownership structure Full ownership

This student residence with 10 rooms is located in the centre of Leuven, close to the Gasthuisberg University Hospital.



1
RETAIL SPACE

DIESTSESTRAAT 143 LEUVEN

Lettable floor area	84 m ²
Year of construction or refurbishment	Renovated in 2015
Ownership structure	Full ownership

This retail space is located in the centre of Leuven on one of the city's main shopping streets.



14
ROOMS

DIESTSEVEST 85 LEUVEN

Year of construction or refurbishment	Renovated in 2011
Ownership structure	Full ownership

This student residence is located on the Leuven ring road, within walking distance of the station. The residence has 14 units and was renovated in 2011. Students have the use of a large city garden.



37
ROOMS

FREDERIK LINTSSTRAAT 148-150 LEUVEN

Year of construction or refurbishment	Renovated in 2009
Ownership structure	Full ownership

This student residence is located in the centre of Leuven, close to Groep T and the Faculty of Economics and Business Studies. The former monastery of the White Fathers was fully renovated and extended with a new building in 2009. The site was converted into a modern student complex consisting of 37 units with a courtyard meeting place and a large terrace.



14
ROOMS

FREDERIK LINTSSTRAAT 9 LEUVEN

Year of construction or refurbishment	Renovated in 2009
Ownership structure	Full ownership

This student residence is located in the centre of Leuven, in the vicinity of the Faculty of Economics and Business Studies and Groep T. The residence has 14 rooms.



 **14**
ROOMS

IERSE PREDIKHEREN- STRAAT 17-19

LEUVEN

Year of construction or refurbishment Renovated in 2015

Ownership structure Full ownership

This student residence is located in the centre of Leuven, close to the Gasthuisberg University Hospital. It was recently renovated and has 15 units.



 **10**
ROOMS

JUSTUS LIPSIUSSTRAAT 9 LEUVEN

Year of construction or refurbishment Renovated in 2014

Ownership structure Full ownership

This student residence is located in the centre of Leuven, in a side street off the Bondgenotenlaan. "Residentie Justius" with 10 units, was completely renovated in 2014 and is only five minutes' walk from the station.

JANSENIUSSTRAAT 38 LEUVEN

 **159**
ROOMS

Year of construction or refurbishment Renovated in 2013-2015

Ownership structure Full ownership

This student residence is located in the centre of Leuven. The former "Regina Mundi" convent was renovated in 1962 and then converted into a girls' school. The conversion and change of use to a student residence took place in 1995, and it was totally renovated again between 2013 and 2015. The property consists of a square building with two side wings opening onto a large courtyard, with 159 student units and an in-house breakfast service.





 **8**
ROOMS

KAPUCIJNENVOER 34 LEUVEN

Year of construction or refurbishment Renovated in 2006

Ownership structure Full ownership

This student residence is located in the centre of Leuven near the Botanical Gardens, and consists of 8 studio apartments.



 **21**
ROOMS

MECHELSESTRAAT 77 LEUVEN

Year of construction or refurbishment Renovated in 2015

Ownership structure Full ownership

This student residence is located in the centre of Leuven near the picturesque Vismarkt. The "Malines" residence was renovated and opened for the start of the 2015-2016 academic year. With its central yet peaceful location, this residence is a real find for any student.



MINDERBROEDERSSTRAAT 19 LEUVEN

 **33**
ROOMS

Year of construction or refurbishment 2013

Ownership structure Full ownership

This is a building adjacent to the building located at Minderbroedersstraat 21. The student residence, consisting of 33 units, is located in the centre of Leuven and was built in 2013. The residents have the use of a covered terrace and a courtyard.



 **127**
ROOMS

MINDERBROEDERS- STRAAT 21

LEUVEN

Year of construction or refurbishment Renovated in 2013-2015

Specific details This is a building adjacent to the building located at Minderbroedersstraat 19.

Ownership structure Full ownership

This student residence is located in the centre of Leuven. This former monastery of "The Good Shepherd" was built in 1782 and completely remodelled in 1995 into a quality student residence with 127 units. Behind the building is a garden with parking spaces.



 **73**
ROOMS

PARKSTRAAT 137

LEUVEN

Year of construction or refurbishment Renovated in 2015

Ownership structure Full ownership (due to the merger on 1 March 2016)

This student residence with 73 units is in the centre of Leuven, close to the various campuses of the University of Leuven. "Residence Vinckebosch" was built in the early 1990s and completely updated in 2015. The communal areas were recently redecorated by a number of well-known graffiti artists. The students can also make use of the garden.



 **16**
ROOMS

 **1**
APARTMENT

RAVENSTRAAT 40

LEUVEN

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

The residence is located in the centre of Leuven, in the immediate vicinity of Ladeuzeplein and its world-famous library where students can study in peace and quiet. This renovated residence has 16 rooms and 1 apartment.



 **13**
ROOMS

SINT-ANNASTRAAT 13

LEUVEN

Year of construction or refurbishment Renovated in 2002

Ownership structure Full ownership

This student residence is in the heart of Leuven, close to the Oude Markt, and consists of 13 units.



 **14**
ROOMS

STRIJDEERSSTRAAT 66 LEUVEN

Year of construction or refurbishment Renovated in 2012

Ownership structure Co-ownership. The 14 rooms that belong to Xior make up 6.9% of the co-ownership.

This student residence is located in the centre of Leuven, close to the new Tweewaters district of the city. These 14 units are situated on the ground floor of the "Cambridge" residence.



 **39**
ROOMS

TIENSESTRAAT 184/186 WINDMOLENVELDSTRAAT 86/88 LEUVEN

Year of construction or refurbishment Renovated in 2011

Ownership structure Full ownership

This student residence is located in the centre of Leuven, close to Groep T. The renovated site includes a new building, 39 units, a cosy little garden and BBQ.



 **10**
ROOMS

TIENSESTRAAT 251 LEUVEN

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

This student residence is located in the centre of Leuven, within walking distance of Groep T and other faculties. The residence is known as the "Residentie Timidus" and has 10 fully renovated units. The students have the use of a small inner courtyard.



 **29**
ROOMS

VLAMINGENSTRAAT 91 PARKSTRAAT 11 LEUVEN

Year of construction or refurbishment Renovated in 2015

Ownership structure Full ownership

This student residence in the centre of Leuven was recently redecorated. This residence is located next to the Vlerick Business School and looks out over the City Park.



15
KAMERS



47
PARKING BAYS

ONTVOERINGSPLEIN 6

MECHELEN

Year of construction or refurbishment Renovated in 2014

Ownership structure Co-ownership. The ground floor and parking bays that belong to Xior make up 24.50% of the co-ownership.

This student residence is situated on Nekkerspoelstation in Mechelen, close to the Thomas More University College. It has 15 units on the ground floor, 27 underground parking bays and 20 above-ground parking pays.

TRAMSINGEL 27

BREDA



122
ROOMS

Year of construction or refurbishment 2016

Ownership structure Full ownership

This fully renovated student complex consists of 122 independent student units. The property is within walking distance of the central station and city centre and various educational institutions.





VISMARKT KRAANSTRAAT 1 EN 5 BREDA

 44
ROOMS

 1
CATERING
FACILITY

Lettable retail floor area	628 m ² catering facility
Bezettingsgraad	100%
Year of construction or refurbishment	Renovated in 2015
Ownership structure	Full ownership

This impressive residence is located in the vibrant city centre, a stone's throw from Breda castle. The residence has 44 units and a large basement with a bar and table football. There is a catering facility on the ground floor and in the basement.



 17
ROOMS

ENSCHOTSESTRAAT 78-84 TILBURG

Year of construction or refurbishment Renovated in 2005

Ownership structure Full ownership

This student residence is in the centre of Tilburg and includes 17 units.



 21
ROOMS

KAPELHOF 31 HEULVELSTRAAT 126 TILBURG

Year of construction or refurbishment Renovated in 2006

Ownership structure Co-ownership. The rooms that belong to Xior make up 50% of the co-ownership.

This historic student residence is located in the heart of central Tilburg. It is a historic site with 21 student units on three floors, and an opportunity to expand on the roof. The ground floor is not owned by Xior.



 **14**
ROOMS

 **2**
OFFICE SPACES

KORENBLOEMSTRAAT 42– 44A TILBURG

Lettable retail floor area 140 m²

Year of construction or refurbishment Renovated in 2004

Specific details There is a retail space on the ground floor of this building.

Ownership structure Full ownership

These two residences with 14 rooms are located in a residential district of Tilburg. The office spaces are intended for independent professional activities.



 **9**
ROOMS

 **1**
RETAIL SPACE

MARIASTRAAT 27A/B/C NIEUWLANDSTRAAT 14 TILBURG

Lettable retail floor area 140 m²

Year of construction or refurbishment Renovated in 2014

Specific details There is a retail space on the ground floor of this building.

Ownership structure Full ownership

This residence is located on one of Tilburg's main shopping streets and has three units, each with three rooms on the upper floors. The ground floor is let as a shop.



 **11**
ROOMS

 **1**
CATERING FACILITY

NIEUWLANDSTRAAT 1/1A TILBURG

Lettable retail floor area 146 m² catering facility

Year of construction or refurbishment Renovated in 2014

Specific details There is a catering facility on the ground floor of this building.

Ownership structure Full ownership

This residence is located in the centre of Tilburg and includes a ground-floor catering facility with student units above it, which are rented through a local student association.



 **108**
ROOMS

BARBARASTEEG 2 DELFT

Year of construction or refurbishment 2016

Ownership structure Full ownership

Dit pand betreft een herontwikkeld vastgoedproject bestaande uit 108 gloednieuwe zelfstandige gemeubelde units. Het is gelegen op een toplocatie, in het centrum van Delft, vlakbij het NS station en in de nabijheid van de Technische Universiteit Delft, die meer dan 20.000 studenten telt.



EISENHOWERLAAN 146

THE HAGUE

 **64**
ROOMS

Year of construction or refurbishment	Renovated in 2014
Ownership structure	Full ownership

This student residence is located in The Hague's popular Statenkwartier, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. The 64 self-contained units are equipped with all modern-day comforts and were completed in October 2014. Students have the use of various recreational spaces and TV rooms.



 **64**
ROOMS

EISENHOWERLAAN 148

DEN HAAG

Year of construction or refurbishment	Renovated in 2014
Ownership structure	Full ownership

This student residence is located in The Hague's popular Statenkwartier, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. The 64 self-contained units are equipped with all modern-day comforts and were completed at the end of 2014. Students have the use of various recreational spaces and TV rooms.



 **68**
ROOMS

EISENHOWERLAAN 150

DEN HAAG

Year of construction or refurbishment	Renovated in 2015
Ownership structure	Full ownership

This student residence is located in The Hague's popular Statenkwartier, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. Several trams with direct links to various university colleges, the city centre and the beach operate on Eisenhowerlaan. The 68 units with shared facilities are equipped with all modern-day comforts and were completed in March 2015.

CARRÉ - TONGERSEWEG 55-57 MAASTRICHT



143
ROOMS



2
RETAIL SPACES

**Year of construction
or refurbishment**

2016

Ownership structure

Co-ownership, with 80%
owned by Xior.

This listed building is located in the centre of Maastricht close to various institutions of education. It accommodates 143 students and also has shared facilities. There are two retail spaces with long-term leases on the ground floor.





 **134**
ROOMS

VIJVERDALSEWEG 2 MAASTRICHT

Year of construction or refurbishment Renovated in 2013-2015

Ownership structure Full ownership

This student residence is located in the neighbourhood of the academic hospital and is let mainly to international students. Medium-term contracts were concluded with various educational institutions for more than half of the available units.



 **23**
ROOMS

WYCKER GRACHTSTRAAT 2 – 2A MAASTRICHT

Year of construction or refurbishment 2016

Ownership structure Full ownership

The student residence is close to the centre of Maastricht and a stone's throw from the river Maas. This women's refuge was recently converted into student housing. The 23 units have been operational since June 2016.



THE SPOT - KRONEHOEFSTRAAT 1-11F EINDHOVEN

 **95**
ROOMS

Year of construction or refurbishment 2016

Ownership structure Full ownership

This student complex is known as "The Spot" and has 95 independent units. The property was completed in late December 2015. The student complex comes equipped with a range of features, including a digital key system, high-speed internet connection and digital television signal, camera system, etc. The students are free to use the common areas, such as a bike shed, shared indoor spaces and a laundry room. The property is close to Eindhoven University of Technology and the train stations in Eindhoven.

8.2.3.2 Description of buildings in the pipeline

The various properties in the pipeline are described below (see *Chapter 5.6 of this Annual Report*).



 **72**
STUDIO'S

WALPDORPSTRAAT THE HAGUE

Completion expected

2017

This property looks like a single structure, but actually consists of two completely separate buildings. The property has 72 independent studio apartments.



 **118**
ROOMS

ANTONIA VEERSTRAAT 1-15 DELFT

Completion expected

2017

The property consists of 118 units. It is part new construction and part redevelopment.



 **280**
ROOMS

BURGEMEESTER OUDLAAN ROTTERDAM

Completion expected

2017

The building consists of 280 independent student units between 20 m² and 39 m² on eight floors as well as common areas such as a bicycle area and roof terrace. The property will be in a prime location near Erasmus University Rotterdam in this bustling city.

8.2.4 APPRAISAL OF THE PROPERTY PORTFOLIO BY THE PROPERTY EXPERT

8.2.4.1 General

The appraisal of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and DTZ (Netherlands). The reference date of this appraisal is 31 December 2016.

The valuation process within Xior is based on a structured approach by which the policy on property estimates is determined by the executive management, with approval from the Board of Directors. The executive management will evaluate this policy each year, and check whether independent property experts are being appointed for the respective sections of the property portfolio. Contracts will typically be concluded for a renewable three-year period, for which a double rotation obligation applies under the Law on Regulated Real Estate Companies (see *Chapter 12.4.1 of this Annual Report*). The selection criteria include local market knowledge, reputation, independence and insurance of the highest professional standards. The fees of the property experts are fixed for the term of their mandate and are not related to the value of the appraised properties.

The independent property experts perform an external appraisal of the property portfolio each quarter.

The valuation methods are determined by the external experts. The valuation method that is used is the Discounted Cash Flow method, by which the yield is assessed, together with the breakdown of the value into land, buildings and financials. This is based on detailed discounting of the financial flows based on explicit assumptions concerning the future evolution of this income and the end value. In this case, the discount rate takes account of financial interest rates on the capital markets, plus a specific risk premium for investment property. Fluctuating interest rates and inflation projections are taken into account conservatively in the appraisals. These appraisals are also tested against the unit prices listed for the sale of similar buildings, after which an adjustment is made taking into account any differences between these references and the properties concerned. The development projects (building, renovation or expansion works) are valued by deducting the costs of the project on completion from their expected value that was determined by applying the above approaches. The costs of the study phase of the building, renovation or expansion works are valued at their actual cost. The independent expert determines the fair market value on the basis of a discounted cash flow model. The appraisals thus reached are also compared to the initial yield and available comparison points from recent market transactions for similar properties (including properties purchased by Xior itself during that year). The valuation cycle within a financial year consists of a visit to the site, followed by a detailed appraisal report that is drawn up for each individual building and three desktop reviews in which new data supplied by Xior in relation to the tenancy situation is considered and the main assumptions relating to the significant non-observable inputs are rationalised.

8.2.4.2 Conclusions by property experts Stadim and DTZ on 31 December 2016

Dear Sir/Madam,

We are pleased to present our appraisal of the value of the property portfolio of Xior Student Housing NV (Stadim: 40 buildings in Belgium and 4 buildings in the Netherlands DTZ: 10 buildings in the Netherlands) on 31 December 2016.

Xior has appointed us, as independent property experts, to determine the investment value and Fair Value of its property portfolio. The appraisals were made taking into account the comments and definitions stated in the reports and the guidelines of the International Valuation Standards issued by the International Valuation Standards Council (IVSC).

IAS 40 defines Fair Value as the amount for which assets would be transferred between two well-informed parties, on a voluntary basis, and without any special interests, mutual or otherwise. IVSC considers these conditions fulfilled if the parties observe the aforementioned definition of market value. The market value must therefore be a reflection of

the current tenancy agreements, the current gross margin of self-financing (or cash flow), the reasonable assumptions concerning the potential rental income and of the expected costs.

The notarial charges must be adapted in this context to the factual market situation. After the analysis of a large number of transactions, the property experts who act on the request of listed real estate companies, came to the conclusion in a working group that since property can be transferred in various ways, the impact of the transaction costs on large investment properties in the Belgian market, whose value exceeds EUR 2.5 million, is limited to 2.5%. The value including the transaction costs payable by the purchaser is therefore the fair value plus 2.5% in notarial charges. The fair value is therefore calculated by dividing the value including the transaction costs by 1.025. Properties valued at less than the EUR 2.5 million threshold and foreign companies fall under the normal registration duty and their fair value thus corresponds with the value that includes the transaction costs payable by the purchaser.

We have acted as independent experts. As property experts, we hold a relevant and accredited qualification and have up-to-date experience with properties of a similar type and location to those in Xior's property portfolio.

The appraisal of the properties took both the current tenancy agreements and all rights and obligations arising from these agreements into consideration. Each property was appraised separately. The appraisal does not take account of potential added value that could be achieved by offering the entire portfolio for sale. Our appraisals do not take marketing costs inherent to a transaction, such as estate agent fees or advertising costs, into account. In addition to an annual inspection of the properties concerned, our appraisals are also based on the information supplied by Xior in relation to the tenancy situation, floor areas, drawings or plans, rental charges and taxes in relation to the specific property, conformity and any environmental pollution. The information provided was considered to be accurate and complete. Our appraisals assume that any non-disclosed information is not of such a nature as to influence the value of the property.

Based on the comments above, we can confirm that the Fair Value of the part of Xior's property portfolio appraised by Stadim (40 properties in Belgium and 4 in the Netherlands) on 31 December 2016 is EUR 234,378,318 (two hundred and thirty-four million, three hundred and seventy-eight thousand and three hundred and eighteen euros).

Based on the comments above, we can confirm that the rounded Fair Value of the part of Xior's property portfolio appraised by DTZ (10 buildings in the Netherlands) on 31 December 2016 is EUR 31,495,000 (thirty-one million, four hundred and ninety-five thousand euros).

Yours faithfully,

Philippe Janssens, FRICS
Chief Executive Officer
STADIM cvba

J.N. Brantsma RT
Associate Director
DTZ ZADELHOFF v.o.f.



Nieuwlandstraat
TILBURG



09

Corporate social responsibility

9.1

CORPORATE SOCIAL RESPONSIBILITY

Given the socially relevant industry of (student) housing Xior operates in, and in view of Xior's pioneering role as a listed real estate company in this real estate segment, Xior takes a conscious approach to corporate social responsibility. The appropriate balance between economy and ecology leads to the portfolio's sustainability and the Xior business model by extension, and therefore contributes to its long-term value in the interest of students, employees, investors and all other stakeholders.

A socially responsible company should pay attention to several key subdomains, such as the environment, local community, safety and social and ethical standards.

Xior seeks to achieve these objectives by promoting a socially responsible attitude in the entire Company and all employees, in close association with various external parties, such as (local) governments, housing services and educational institutions.

THE ENVIRONMENT, LOCAL COMMUNITY AND SAFETY

For real estate companies, the (reduction of the) carbon footprint primarily involves the management of the environmental aspects associated with the buildings. This mainly includes soil aspects, construction materials, energy consumption and waste management.

The Company and assisting legal and/or environmental experts always pay sufficient attention to the environmental and soil aspects of an acquisition.

These environmental aspects also play a part in the renovation of buildings. The use of appropriate construction materials is monitored and attention is paid to a wide range of ecological and energy aspects, such as insulation and energy efficiency. Some buildings in the portfolio have solar panels, solar collectors and/or a green roof, such as Brusselsepoortstraat 89, Campus Schoonmeersche in Ghent and Tramsingel 27 in Breda. Some buildings also have rainwater utilisation (e.g. Hoogstraat Ghent, Campus Schoonmeersche).

The energy consumption is of great importance in terms of the building's operations from an ecological point of view, but also to control the energy costs. Waste management is also a crucial element deserving of our attention, especially on larger sites. For example, the Campus Schoonmeersche site has a recycling area for practical, eco-friendly waste management. Students are also encouraged to recycle and are given further information in collection calendars, mailings on paper and cardboard collections, the location of bottle banks near the student accommodation, etc.).

Finally, student safety is also an important issue for the renovation and construction of student rooms and for their use (e.g. presence and/or removal of asbestos and any other hazardous materials, use of safe materials and structures, fire safety systems, security of the building, etc.).

SOCIAL FACTORS

Xior very much guarantees a social mix, both in terms of its employees and in terms of its tenants, who come from all the corners of the world and all levels in society and show a high level of gender diversity. Xior also offers a mix of student rooms, for which quality is always paramount, but also offers a wide range of smaller budget rooms to ensure that student accommodation is not always a luxury product and to guarantee its accessibility to the widest possible audience. Xior collaborates with colleges and universities to ensure an additional "social" range (see also *Chapter 5.4 of this Annual Report* on the collaboration with HoGent at Campus Schoonmeersche in Ghent). The Netherlands uses a points system to determine the rent up to a maximum limit of EUR 710.68. This means that students renting independent rooms can generally apply for a rent allowance. Almost all of Xior's independent rooms are below this limit, which eases the financial burden on the students (and their parents).

Xior is also committed to the welfare of its students. The operational teams are available to assist the students by resolving any technical problems, but also to ensure their overall comfort whilst living in student accommodation. The students get extra support in the weeks leading up to the exams, and during quiet periods, various types of leisure activities are encouraged, often with leisure facilities made available by Xior (e.g. a pool table). In this context, Xior also offers refreshments, sponsors student events and associations, etc.

Xior also aims to reduce any inconvenience caused to the other residents of the buildings and the local area to an absolute minimum by making students more aware of this issue and by having student coaches permanently present in larger complexes and regularly present in smaller complexes to actively and closely monitor what is happening in and around the student properties. Social control is exercised by having section and/or building managers present where appropriate. Xior also pays attention to facilities for disabled people. Most buildings in Ghent and Antwerp have the appropriate facilities, such as wider doors for wheelchair users and more spacious rooms and bathrooms for disabled people. The building at Brusselsepoortstraat 89 in Ghent, for example, has a lower sink installed specially for wheelchair users in the kitchen.



Of course, Xior is also committed to the professional and personal welfare of its employees. They are responsible for the Company's daily operations and continuity, so it is important that they get to work in an appropriate, pleasant environment. Employees are also regularly given the opportunity to get further training by participating in relevant courses and seminars.

ETHICS

As far as ethics are concerned, Xior strives towards high standards and values arising from the Company's policy, its status as a RREC and the environment in which it is active. Xior and its employees must behave with integrity in this respect: they must be honest, reliable and trustworthy. The Corporate Governance Charter (including the Trading Regulations) is the written foundation for ethical behaviour, but even more than that, it is part of the corporate culture that puts the emphasis on honesty, integrity and compliance with high ethical standards in the conduct of its business activities.



Campus Schoonmeersche
GENT



Wycker Grachtstraat
MAASTRICHT



10

Financial report

10.1

CONSOLIDATED INCOME STATEMENT

Figures in thousands of EUR.

Consolidated income statement		Note	31/12/2016	31/12/2015
I.	(+) Rental income		10,969	563
	(+) Rental income		9,949	552
	(+) Rental guarantee		1,035	11
	(+/-) Rent reductions		-15	
III.	(+/-) Rent-related expenses		-57	
	Impairment of trade receivables		-57	
	Net rental income	10.9.1	10,912	563
V	(+) Recovery of rental charges and taxes normally payable by the tenants for let properties		1,460	32
	Transmission of rental charges borne by the owner		1,334	32
	Charges for withholding tax and taxes on let properties		126	
VII	(-) Rental charges and taxes normally payable by the tenants for let properties		-1,457	-58
	Rental charges borne by the proprietor		-1,326	-40
	Advance levies and taxes on let properties		-131	-18
VIII	(+/-) Other rent-related income and expenditure		434	90
	Property result	10.9.1	11,349	627
IX	(-) Technical costs		-688	-121
	Recurring technical costs		-687	-111
	(-) Maintenance		-608	-98
	(-) Insurance premiums		-79	-13
	Non-recurring technical costs		-1	-10
	(-) Damages		-1	-10
X	(-) Commercial costs		-216	-18
	(-) Publicity		-216	-18
XII	(-) Property management costs		-607	-7
	(-) Management costs (external)		-235	-7
	(-) Management costs (internal)		-373	
XIII	(-) Other property costs		-470	-13
	(-) Architects' fees			-1
	(-) Surveyors' fees		-112	-12
	(-) Other property expenses		-358	
	Property charges	10.9.2	-1,981	-159

Property operating result			9,368	468
XIV (-)	General company expenses	10.9.3	-1,859	-291
XV (+/-)	Other operating income and costs	10.9.4	71	-45
Operating result before the result on the portfolio			7,580	132
XVI (+/-)	Result on the sale of investment property	10.9.5	106	
(+)	Net property sales (sales price - transaction costs)		2,870	
(-)	Book value of the sold property	10.9.5	-2,763	
XVIII (+/-)	Variations in the fair value of investment property	10.9.5	1,112	-149
(+)	Positive variations in the fair value of investment property		3,319	1,293
(-)	Negative variations in the fair value of investment property		-2,207	-1,442
XIX (+/-)	Other portfolio result	10.9.5	-110	-379
Operating income			8,688	-396
XX (+)	Financial income		23	9
(+)	Interest and dividends collected		23	9
XXI (-)	Net interest costs		-1,389	-43
(-)	Nominal interest paid on loans		-957	-43
(-)	Reconstitution of the nominal amount of financial debt		-58	
(-)	Costs of permitted hedging instruments		-373	
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		-373	
XXII (-)	Other financial costs		-232	-20
(-)	Bank costs and other commissions		-212	-16
(-)	Other		-20	-3
XXIII (+/-)	Variations in the fair value of financial assets and liabilities		-1,866	
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		-1,866	
	Other			
Financial result		10.9.6	-3,464	-54
Result before taxes			5,225	-451
XXV (+/-)	Corporate tax		-220	-44
XXVI (+/-)	Exit tax		11	-20
Taxes		10.9.7	-209	-64
Net result			5,016	-515

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Earnings per share – share group	1.02	-0.11
Diluted earnings per share	1.02	-0.11
Number of shares at the start of the financial year	4,626,780	0
Number of shares at the end of the financial year	5,270,501	4,626,780
Weighted average number of shares	4,926,405	4,626,780

The earnings per share were based on the weighted average number of shares in circulation during the financial year of 2016.

10.2 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

Consolidated state of the global result	31/12/2016	31/12/2015
Net result	5,016	-514
Other components of the comprehensive income		
(+/-) Impact on the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties	0	0
(+/-) Variations in the effective part of the fair value of permitted cash flow hedging instruments	0	0
Comprehensive income	5,016	-514
Attributable to:		
Minority interests	0	0
Group shareholders	5,016	-514

10.3

CONSOLIDATED BALANCE SHEET

Figures in thousands of EUR.

Assets	Note	31/12/2016	31/12/2015
Fixed assets		266,276	195,392
A Goodwill			
B Intangible fixed assets			
C Investment property	10.9.8	265,873	194,753
Property available to let		265,873	157,879
Property developments			36,874
D Other tangible fixed assets	10.9.9	248	240
Tangible fixed assets for own use		248	240
Other			
E Financial fixed assets	10.9.10	21	19
Assets held until maturity			
Other		21	19
F Financial leasing receivables			
G Trade receivables and other fixed assets	10.9.12	135	
H Deferred taxes – assets	10.9.11		380
Current assets		7,231	7,939
A Assets intended for sale	10.9.13		186
Investment property			
Real estate certificates			
Other assets			186
D Trade receivables	10.9.14	542	635
E Tax receivables and other current assets	10.9.15	2,051	2,577
Taxes		172	666
Wages and social security contributions			
Other		1,879	1,911
F Cash and cash equivalents	10.9.16	4,098	4,384
G Accruals and deferred payments	10.9.17	540	157
Prepaid property expenses		430	8
Accrued rental income not due			50
Other		110	99
Total assets		273,507	203,331

Liabilities	Note	31/12/2016	31/12/2015
Equity	10.4	131,630	108,382
I Equity attributable to parent company shareholders		131,630	108,382
A Capital	10.9.18	94,869	76,321
Issued capital		94,869	83,282
Capital increase costs			-6,961
B Issue premiums	10.9.18	32,261	25,615
C Reserves		-515	6,961
Statutory reserves. Reserve for the balance of the variations in the fair value of property		4,044	
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties		-4,565	
Non-distributable reserve: reserve for expected losses			
Other reserves			6,961
Retained earnings from previous financial years		6	
D Net result for the financial year		5,016	-514
II Minority interests		0	0
Liabilities		141,877	94,949
I Non-current liabilities		133,465	75,100
A Provisions			
Pensions			
Other			
B Non-current financial debts	10.9.23	131,315	72,447
a Credit institutions		131,315	72,447
b Financial leasing			
C Other non-current financial liabilities	10.9.21	1,866	
Permitted hedging instruments		1,866	
Other			
F Deferred taxes – liabilities	10.9.22	284	2,653
a Exit tax			2,110
b Other		284	543
II Current liabilities		8,412	19,849
D Trade and other current payables	10.9.24	5,729	18,088
a Exit tax		3,469	5,869
b Other		2,260	12,219
Suppliers		1,244	6,025
Tenants			
Taxes, wages and social security contributions		1,016	6,194
E Other current liabilities	10.9.25	1,583	981
Other		1,583	981

	Note	31/12/2016	31/12/2015
F Accruals and deferred payments	10.9.26	1,100	780
a Property income received in advance		512	357
c Other		588	423
Total equity and liabilities		273.507	203.331

10.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in thousands of EUR.

Balance on 10 March 2014

Net appropriation of income 2015

Transfer of result on the portfolio income to reserves

Transfer of operating income to reserves

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Capital reduction to create an available reserve to cover future losses

Partial allocation of capital to issue premiums

Balance on 31 December 2015

Net appropriation of income 2015

Transfer of result on the portfolio income to reserves

Transfer of operating income to reserves

Income for the period

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Use of the available reserve to cover future losses

Partial allocation of capital to issue premiums

Balance on 31 December 2016

At the time of the IPO, it was determined that a reserve would be created to cover for future losses for an amount of KEUR 6,961. This reserve would be used to settle the costs related to the capital increase at IPO. Immediately after the closing of the 2015 accounts (and after approval of the result allocation by the General Meeting) this reserve was used to settle these costs. As a consequence the capital rises.

	Capital	Issue premiums	Reserves	Net income of the financial year	Equity
				-515	-515
				-529	-529
				14	14
	85,575				85,575
	30,282				30,282
	-6,961				-6,961
	-6,961		6,961		0
	-25,615	25,615			0
	76,321	25,615	6,961	-515	108,382
	6,961		-515	515	0
					0
					0
				5,016	5,016
	18,233				18,233
					0
	6,961		-6,961		0
	-6,646	6,646			0
	94,869	32,261	-515	5,016	131,630

Figures in thousands of EUR.

Detail of reserves

Balance on 10 March 2014

Net appropriation of income

Transfer of result on the portfolio income to reserves

Transfer of operating income to reserves

Other elements recognised in the comprehensive income

Impact on the fair value of the estimated transaction fees and costs

Resulting from hypothetical disposal of investment properties

Variations in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Capital reduction to create an available reserve to cover future losses

Dividends

Other

Balance on 31 December 2015

Net appropriation of income

Transfer of result on the portfolio income to reserves

Transfer of operating income to reserves

Other elements recognised in the comprehensive income

Impact on the fair value of the estimated transaction fees and costs

Resulting from hypothetical disposal of investment properties

Variations in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Capital reduction to create an available reserve to cover future losses

Dividends

Other

Balance on 31 December 2016

10.5

CONSOLIDATED CASH FLOW STATEMENT

Figures in thousands of EUR.

Cash and cash equivalents at the start of the financial year	31/12/2016	31/12/2015
Cash en cash equivalents at the start of the financial year	4,384	0
1 Cash flow from operating activities	-15,251	-10,722
Cash flow from operations	7,091	-395
Operating income	8,688	-397
Interest paid	-1,620	-7
Interest received	22	9
Other	-570	0
Non-cash elements added to/subtracted from the result	-1,036	589
Amortisations and depreciations	44	60
Amortisations/depreciations (or writebacks) on tangible and intangible assets	44	60
Other non-cash elements	-1,080	529
Variations in the fair value of investment property	-890	529
Other non-cash elements	-190	0
Variation in working capital requirements	-21,306	-10,916
Movement of assets	2,408	4,459
Movement of liabilities	-23,714	-15,375
2 Cash flow from investment activities	-42,736	-34,013
Acquisition of investment property and property developments	-40,340	-21,095
Sale of investment property	2,870	0
Purchase of shares in real estate companies	-5,398 ⁽¹⁾	-12,501
Sale of shares in real estate companies		0
Acquisition of other tangible assets	-51	-240
Acquisition of non-current financial fixed assets	-2	-5
Receivables on trade and other non-current assets	0	0
Assets held for sale	185	-173

⁽¹⁾ This relates to the price paid for shares in De Kroon BV. This price does not correspond to the price of the property (EUR 10.4 million) as the Company was partially financed with loans.

3 Cash flow from financing activities	56,913	49,054
Change in financial liabilities and financial debts		
Increase in financial debts	57,037	72,447
Decrease in financial debts		-96,730
Repayment of shareholder loans		-5,278
Change in other liabilities		0
Increase (+) / decrease (-) in other liabilities	-18	0
Increase (+) / decrease (-) in other debts	-106	0
Increase in minority interests		0
Change in equity		
Increase (+) / decrease (-) in capital/issue premiums		85,575
Other		0
Costs for the issue of shares		-6,961
Increase in cash following merger	788	66
Cash and cash equivalents at the end of the financial year	4,098	4,384

10.6

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

10.6.1 GENERAL CORPORATE INFORMATION

Xior Student Housing NV is a public RREC (Regulated Real Estate Company) that is subject to the application of Belgian law and has its registered office in Antwerp.

The Company's consolidated annual financial statements for the financial year closing on 31 December 2016 include Xior Student Housing NV and its subsidiaries (the "**Group**"). The Board of Directors approved the annual financial statements for publication on 31 March 2017. They will be submitted to the annual general meeting on 18 May 2017.

10.6.2 IMPORTANT FINANCIAL REPORTING PRINCIPLES

Statement of conformity

The Company's financial reporting has been drawn up in accordance with the IFRS, as approved within the European Union, and the provisions of the Royal Decree on Regulated Real Estate Companies.

These standards include all new and revised standards and interpretations published by the International Accounting Standards Board (**IASB**) and the International Financial Reporting Interpretations Committee (**IFRIC**), insofar as these apply to the Company's activity and effectively to the current financial year.

New or amended standards and interpretations effective in 2016:

- Improvements to the IFRS (2010-2012) (applicable to financial years after 1 February 2015)
- Improvements to the IFRS (2012-2014) (applicable to financial years from 1 January 2016)
- Amendment to IFRS 10, IFRS 12 and IAS 28 on investment entities: implementation of consolidation exemption (applicable to financial years from 1 January 2016)
- Amendment to IFRS 11 Joint arrangements – Processing of acquisitions of interests in joint ventures (applicable to financial years from 1 January 2016)
- Amendment to IAS 1 Presentation of financial statements – Disclosure initiative (applicable to financial years from 1 January 2016)
- Amendment to IAS 16 and IAS 38 Property, plant and equipment and intangible assets – Clarification of acceptable methods of depreciation and amortisation (applicable to financial years from 1 January 2016)
- Amendment to IAS 16 and IAS 41 Property, plant and equipment and biological assets – Bearer plants (applicable for financial years from 1 January 2016)
- Amendment to IAS 27 Separate financial statements – Equity method (applicable to financial years from 1 January 2016)

New or amended standards and interpretations that are not yet effective:

A number of new standards, amendments to standards and interpretations are not yet in force in 2016, but are allowed to be applied earlier. Unless stated otherwise, the Company has not made any use of these. Insofar as these new standards, amendments to standards and interpretations are relevant to the Company, their potential impact on the consolidated annual financial statements for 2016 and subsequent years is set out below:

- IFRS 9 Financial instruments and subsequent amendments (applicable to financial years from 1 January 2018)
- IFRS 15 Revenue from contracts with customers (applicable to financial years from 1 January 2018)
- Improvements to the IFRS (2014-2016) (applicable to financial years from 1 January 2017 or 2018, but not yet approved within the European Union)
- Amendment to IAS 7 Statement of cash flows – Disclosure initiative (applicable to financial years from 1 January 2017, but not yet approved within the European Union)
- Amendment to IAS 40 Transfers of investment property (applicable to financial years from 1 January 2018, but not yet approved within in the European Union)

The Company does not expect that the first application of these standards and interpretations will have a material impact on the financial position and performances.

10.6.3 ACCOUNTING PRINCIPLES

The financial information is drawn up in thousands of euros, rounded off to the closest thousand. The Company also keeps its books in euros. Investment property (including projects) and hedging instruments are recognised at fair value. The other items in the consolidated financial statements are recorded based on historical cost. A summary of the main financial reporting principles follows below.

10.6.4 SIGNIFICANT ACCOUNTING ESTIMATES AND KEY UNCERTAINTIES

Significant estimates in drawing up of the financial statements

- When control is taken over an entity holding investment property, it is determined whether such an acquisition is considered a business combination. In all cases the respective transactions were processed as direct purchases of assets (also when shares in real estate companies are acquired) and IFRS 3 Business Combinations was not applied (see *note 10.6.6*).
- It is determined whether derivative financial instruments qualify for hedge accounting. The Company has no hedging instruments qualifying as hedge accounting and the evolutions in the hedging instruments' fair value is therefore processed in the income statement.

Determining the Fair Value of investment property

The Fair Value of the investment property is determined by independent property experts in accordance with the Legislation on Regulated Real Estate Companies. The fair value is calculated by the property experts using the discounted cash flow method (for more information, see *Chapter 8.2.2.1 of this Annual Report*).

10.6.5 PRINCIPLE FOR CONSOLIDATION

The acquired companies were not processed as business combinations during the last financial year, as defined under IFRS 3, but as the purchase of assets, since we only acquired the asset and the tenancy agreement and then fully integrated that into our organisation.

i. Subsidiaries

Subsidiaries are entities over which the undertaking exercises control. An undertaking therefore exercises control over a subsidiary if, and only if, the parent undertaking:

- has power over the holding;
- is exposed to, and has rights to variable returns, by reason of its involvement in the holding; and
- is able to use its power over the holding to influence the size of the investor's return.

Minority interests are the interests in subsidiaries that are not held directly or indirectly by the Group.

Changes to the Company's interest in a subsidiary that do not lead to a loss of control are dealt with as equity transactions. The carrying amount of the Group's interest and the minority interests are therefore adapted to reflect the new proportional interests in the subsidiary.

If the Company loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the sum of the fair value of the payment received and the fair value of the interest held, and (ii) the previously recognised carrying amount of the assets (including goodwill), the liabilities of the subsidiary and any minority interests. Amounts that would previously be recognised in the other elements of the total income relating to the subsidiary are recognised in the same manner (i.e. reclassification to profit or loss or directly to the income carried over) as when the disposal of the relevant assets or liabilities occurred. The fair value of every interest held in the former subsidiary on the date of loss of control is regarded as the fair value on initial recognition for the purpose of valuation according to the IAS 39 Financial Instruments: recognition and valuation or, if applicable, as the cost on initial recognition of an associated holding or entity over which joint control is exercised.

ii. **Transactions eliminated from the consolidation**

All transactions between group undertakings, balances and unrealised gains and losses on their transactions are eliminated when the consolidated annual financial statements are prepared.

10.6.6 BUSINESS COMBINATIONS AND GOODWILL

If the Group acquires control over an integrated set of activities and assets, as defined in IFRS 3 Business Combinations, the identifiable assets, liabilities and conditional liabilities of the acquired undertaking are recognised at their fair value on the acquisition date. The goodwill represents the positive difference between the total of the transferred payment, the amount of the minority interests and, if applicable, the fair value of the previously held interest in the acquired party and the Group's share in the fair value of the net identifiable assets. If this difference is negative (negative goodwill), it is immediately posted to the income after a reassessment of the assets.

After its initial recognition, goodwill is not amortised, but subject to an impairment test that is performed each year with the cash-generating units to which the goodwill was allocated. If the carrying amount of the cash-generating unit exceeds the present value of the Company, the ensuing loss in value will be posted to the income and initially recognised to reduce any goodwill and then to the other assets of the unit, in proportion to their carrying amount.

A goodwill impairment is not resumed during a subsequent financial year.

10.6.7 INVESTMENT PROPERTY

i. **General**

Properties that are held for long-term rental income, for their appreciation in value or for both reasons, and that do not serve for the Company's own use, are recorded as a property investment.

Property that is built or developed for future use as a property investment (project development) is also recognised under the item Investment property (see also below).

ii. **Valuation on initial recognition**

Investment property include all property that is ready for letting and that fully or partially generates rental income. Investment property is valued at the time of purchase at their acquisition value, including additional transaction costs such as professional fees, statutory services, registration duties, other transfer taxes and non-deductible VAT. If the property is acquired via a share transaction, the acquisition price also includes an adjustment for exit tax, which is due by the companies over which the Company acquires direct or indirect control (this is deducted, in principle, from the value of the underlying property since it is a tax on the latent added value that existed in the acquired company before the acquisition of control), unless these companies are not eligible for a merger with the Company (based on a resolution by the Company's Board of Directors). Commissions relating to the purchase of properties are regarded as additional costs of those purchases and are added to the acquisition value.

If the property is obtained by acquiring the shares of a real estate company, through the contribution in kind of property for the issue of new shares, or through a merger by acquisition of a real estate company, the notarial charges, audit and consulting, merger and other costs are also capitalised.

The property also includes the permanent furnishings and fittings of the student rooms if these are let on a furnished basis.

iii. Valuation after initial recognition

After their initial recognition, the investment properties are appraised by the property expert.

The property expert precisely appraises the following components at the end of each quarter:

- The properties, the properties by designated use and the real rights to properties that are held by the Company or, where applicable, by a real estate company over which it has control;

The property expert firstly determines the value of the property, namely its value including the transfer costs and from which the registration duties are not deducted. This valuation is obtained by discounting the actual rental income and/or market rentals (DCF method – for more information *see Chapter 8.2.2.1 of this Annual Report*), where applicable after deducting the associated costs. The discounting is done on the basis of the yield factor that depends on the inherent risk of the specific property. The property expert makes its appraisal in accordance with national and international valuation standards and their application procedures, including in relation to the valuation of a regulated real estate company.

The investment properties are then recognised in the balance sheet at the fair value, in accordance with IAS 40. The fair value of the investment property is the investment value, as determined by an independent property expert, less the transaction fees. The fair value corresponds to the carrying amount under IFRS. From the seller's perspective this must be understood as subject to the deduction of transfer taxes or registration duties. The estimated amount of transfer taxes for properties located in Belgium was fixed at 2.5% for investment property with a value in excess of EUR 2.5 million.²⁸ Transfer taxes of 10% (Flanders) to 12.5% (Brussels and Wallonia), depending on the region in which the buildings are located, must be taken into account for transactions with a global value of less than EUR 2.5 million.

This specifically means that the fair value of the property is equal to the investment value divided by 1.025, 1.10 or 1.125, depending on the value of the property. The difference between the fair value of the property and its investment value is recognised in the income statement under *Variations in the fair value of investment property* and allocated in the appropriation of the income to the item "*Reserve for the impact on the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties*" in the equity.

The independent property experts take the theoretical local registration duties into account for buildings located outside Belgium.

Profits or losses arising from variations in the fair value of a property investment are recognised in the income statement in the period in which they arise and are allocated in the profit appropriation to the "*Reserve for the balance of the variations in the fair value of property*".

10.6.8 PROPERTY DEVELOPMENTS

Property developments include land and buildings in progress as a result of which these only require investments and do not generate any rental income for a certain period.

Properties that are built or developed for future use as a property investment are recognised in the subitem "*Project developments*" of the item "*Investment Property*" and, in accordance with IAS 40, are appraised at their Fair Value until the development is completed. The assets are then transferred to the subitem "*Property available for letting*" of the item "*Investment Property*", still at their Fair Value.

After their initial recognition, the projects are appraised at their Fair Value if all the following criteria are met: (i) the project costs to be incurred can be reliably estimated and (ii) all necessary permits for the project development have been

²⁸ Belgian Assets Managers Association (BEAMA) press release of 8 February 2006 "Closed-end property investment companies and the first application of the IFRS accounting rules". This percentage was confirmed in a press release of the BE-REIT Association on 10 November 2016.

obtained. This Fair Value measurement is based on the valuation by the property expert (according to the normal methods and assumptions) and takes the costs still to be incurred for the completion of the project into consideration.

All costs directly related to the purchase or development and all subsequent investments that are recognised as transaction costs (costs of new buildings and/or renovations, including the purchase price of the site and site preparation) are recognised in the balance sheet.

If the duration of the project exceeds one year, the interest costs that can be directly attributed to the project are also capitalised as part of the cost price of the project development.

The capitalisation of financing costs, in accordance with IAS 23, as part of the cost price of an eligible asset only happens if:

- expenses are incurred for the asset;
- financing costs are incurred; and
- activities are in progress to prepare the asset for its intended use.

The capitalisation of the financing costs will be suspended for long periods during which the development of the asset is interrupted and stopped in any case when the asset is ready for letting.

The item "*Project developments*" is a subitem of the item "*Investment property*" and is included in the calculation of the Fair Value of the property portfolio in operation.

10.6.9 EXPENSES FOR WORKS TO INVESTMENT PROPERTY

Expenses for works to investment property is deducted from the real estate operating income if the expenses do not have any positive effect on the expected future economic benefits, and are capitalised if the expected economic benefits that accrue to the entity increase as a result. There are three types of expenses:

- Costs of structural and occasional maintenance, repairs and refurbishments to existing furnishings and fittings, including the internal staffing costs of the employees who perform these repairs: these costs are deducted from the real estate operating income and included under the item "technical costs"; and
- New investments and replacement investments in furnishings and fittings: these costs are capitalised and added to the Fair Value of the real estate property to the extent that the student rooms are let on a furnished basis and the new investments and replacement investments lead to an increase in rental levels. To the extent that the new furnishings and fittings lead to the maintenance of the rental income, the costs of new investments and replacement investments are deducted from the real estate operating income. The costs relate to materials and internal staffing costs, where applicable.
- Costs for major renovations and improvements: renovations are occasional works that add a function to the building or significantly increase the existing comfort level and thus imply an increase in the rent and/or rental value. These costs are capitalised and thus added to the Fair Value of the real estate property. These costs relate to materials, fees, construction work and internal staffing costs. The property expert deducts the value of work still to be completed from the appraisal. On completion, these costs are capitalised and added to the Fair Value of the real estate property.

10.6.10 DISPOSAL OF A INVESTMENT PROPERTY

Profits or losses made on the sale of a property investment (compared with the Fair Value) are recorded in the income statement of the reporting period under the item "*Income from the sale of investment property*". As the property is sold, both

the "Reserve for the balance of the variations in the fair value of property" and the "Reserve for the impact of the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties" in relation to the sold property are transferred to available reserves.

Commissions paid on the sale of buildings, transaction costs and liabilities entered into as a result of transactions are deducted from the selling price obtained in order to determine the eventual profit or loss.

10.6.11 OTHER TANGIBLE FIXED ASSETS

The tangible fixed assets, other than the investment property is classified as "other material fixed assets" and are appraised at their acquisition value, less the accumulated depreciation and impairments. The straight-line depreciation method is applied on the basis of the expected useful life.

In the financial year in which the investment is made, depreciation is recorded on a time-apportioned basis according to the number of months that the asset was in use.

The following depreciation rates apply on an annual basis:

- Plant, machinery and equipment: 20%
- Furniture: 10%
- Vehicles: 20%
- IT equipment: 33%

Assets held under a financial lease are depreciated over the term of the lease.

If there are indications that an asset has possibly undergone a special impairment loss, the carrying amount will be compared with the realisable value. If the carrying amount is higher than the realisable value, a special impairment loss will be recorded.

When tangible fixed assets, other than investment property, is sold or taken out of service, the acquisition value and the related depreciation is removed from the balance sheet and the realised gains or losses are recorded in the income statement.

10.6.12 TRADE RECEIVABLES AND OTHER FIXED ASSETS

i. Non-current loans and receivables

Non-current receivables are valued at their amortised cost based on the effective interest method. An impairment is recorded as soon as there is uncertainty regarding the collectability of the debt.

The effective interest method is a method for calculating the amortised cost of a debt instrument and for allocating interest income to the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts (including paid or received commissions and payments that form an integral part of the effective interest rate, as well as transaction costs and all other premiums and discounts) during the expected life of the debt instrument or, if relevant, a shorter period, to the net carrying amount on initial recognition.

ii. **Special impairment of financial assets**

Financial assets are tested for special impairment when objective indications exist for this purpose. A special impairment loss is deducted directly from the income. The uncollectable trade receivables are written off against the relevant provision account on each balance sheet date.

10.6.13 FIXED ASSETS OR GROUPS OF ASSETS HELD FOR SALE

Fixed assets whose carrying amount will mainly be realised through the sale of the assets and not through further letting, are considered to be held for the purpose of sale. A investment property classified as held for sale is included at Fair Value. Investment property held for sale is valued in the same way as other investment property (at Fair Value) in accordance with IAS 40.

Other fixed assets held for sale are valued at the lower value of their carrying amount and their Fair Value less selling costs (in accordance with IFRS 5.15).

Fixed assets and disposal groups are classified as assets intended for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is only fulfilled when the sale is highly probable and the asset (or disposal group) is immediately available for sale in its current state. The management must have committed to a plan for the sale of the asset (or disposal group) which is expected to qualify for inclusion as a completed sale within one year of the classification date.

10.6.14 FINANCIAL INSTRUMENTS

The Company may use financial derivatives (interest rate swaps) to hedge against interest rate risks originating from operational, financial and investment activities. Financial derivatives are initially recognised at cost and then revalued at their fair value on the next reporting date.

After their initial recognition, financial derivatives are valued at fair value in the annual financial statements. Profits or losses arising from changes in the fair value of financial derivatives are immediately recognised in the income statement, unless a derivative complies with the conditions for hedge accounting. The fair value of financial interest rate derivatives is the amount that the Company expects to receive or pay if that derivative ends on the balance sheet date, for which purpose the applicable interest rate, the credit risk of the counterparty concerned, and the credit risk of the undertaking are taken into account.

If a hedging instrument expires or is sold, or no longer complies with the criteria of hedge accounting, the accumulated profits and losses are retained in the equity at first. They are recognised in the income statement only once the liability or the hedged cash flow are recognised in the income statement.

10.6.15 CURRENT ASSETS

Current receivables (due in one year or less) are valued at their nominal value, after the deduction of impairments for doubtful or uncollectable receivables.

Cash and cash equivalents include cash, demand deposits and other short-term, very liquid investments that can be converted into cash immediately, whose amount is known, and which bear no material risk of impairment.

Current account or term deposits are valued at amortised cost. The additional costs are recognised immediately in the income statement. Listed securities are valued at their stock exchange quotation.

10.6.16 EQUITY

The capital includes the cash resources obtained at the time of incorporation, merger or because of a capital increase. The external costs (fees of notaries, placement partners, etc.) that can be immediately allocated to the issue of new shares are deducted from the equity. Due diligence costs are capitalised on the asset.

Dividends form part of the income carried over until the general meeting of shareholders that awards them. The dividends are then recorded as a debt.

10.6.17 PROVISIONS

A provision is made if:

- the Company has an existing – legally enforceable or factual – liability due to a past event;
- it is likely that an outflow of resources will be needed to settle the liability; and
- the amount of the liability can be reliably estimated.

The amount that is recognised as a provision is the best estimate of the expenses that are required to settle the existing liability on the balance sheet date, taking into account the risks and uncertainties associated with that liability.

For the sake of completeness, we also refer to *Chapter 10.9.35 of this Annual Report* on legal and arbitration procedures with regard to these provisions.

10.6.18 LIABILITIES

Trade liabilities are expressed at their nominal value on the balance sheet date.

Interest-bearing loans are initially recognised at their fair value, after the deduction of the transaction costs. Interest-bearing loans are subsequently valued at their amortised cost on the basis of the effective interest method, with interest costs recognised according to the effective interest rate.

The effective interest method is a method for calculating the amortised cost of a financial liability and for allocating interest costs to the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts (including paid or received commissions and payments that form an integral part of the effective interest rate, as well as transaction costs and all other premiums and discounts) during the expected life of the financial liability or, if relevant, a shorter period, to the net carrying amount on initial recognition.

10.6.19 REAL ESTATE INCOME

The *net rental income* includes the rent, operational lease payments and other associated income less the costs associated with letting, such as the rent payable on hired assets and impairments on trade receivables.

Rental discounts are distributed across the minimum contract term on the income statement.

The *recuperation of rental charges and taxes normally borne by the tenant in let buildings* mainly includes the recuperation of the costs of heating, water, electricity and the internet by means of a lump-sum, fixed amount for costs that the tenant pays at the start of the tenancy agreement and that is recognised in the income distributed over the term of the tenancy agreement. Property tax is not passed on and remains payable by the Company in case of student housing.

The *rental charges and taxes normally borne by the tenant in let buildings* include the communal charges as well as the cost of the property tax. In accordance with IFRIC 21, the debt and cost of the property tax is fully recognised when it becomes due by the Company (in this case, on 1 January of the financial year).

Income is valued at the fair value of the payment that is received and is recognised on a straight-line basis in the income statement in the period to which it relates.

10.6.20 PROPERTY EXPENSES

Property expenses are valued at the fair value of the payment that is paid or due and are recognised in the income statement in the period to which they relate.

The technical costs include structural and occasional maintenance and losses from claims covered by insurance companies. The commercial costs include estate agents' fees. The property management costs mainly include: (i) the costs of the personnel responsible for this activity, (ii) the operational costs of the rental agencies and (iii) the fees paid to third parties.

10.6.21 GENERAL EXPENSES OF THE COMPANY AND OTHER OPERATING INCOME AND COSTS

General expenses of the Company are costs relating to the management and general operations of the Company. These include general administrative costs, staffing costs for general management, and depreciation on assets that are used for general management.

10.6.22 FINANCIAL RESULT

The financial result consists of interest costs on loans, bank charges and additional financing costs such as the variations of hedging instruments insofar as these are not effective within the meaning of IAS 39, less the returns on investments.

10.6.23 INCOME TAX

This item includes the current tax expense on the income of the financial year and the deferred taxes. Income tax is recorded directly in the income, unless the tax relates to elements that are recognised directly in the equity. In that case, the tax is also recognised directly in the equity. The current tax expense consists of the expected tax on the taxable income for the year and adjustments for previous financial years.

Deferred tax claims and liabilities are recognised on the basis of the balance sheet method for all temporary differences between the taxable basis and the carrying amount for both assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax claims are recognised to the extent it is likely that sufficient taxable profit will be realised against which temporary differences can be set off.

Deferred tax liabilities are accounted for at the rate of 6%. This rate is based on market practice.

10.6.24 EXIT TAX

Deferred taxes for subsidiaries are recorded as the difference between the carrying amount of the investment property after depreciation in the annual financial statements of these subsidiaries, under the Articles of Association, and the fair value.

These deferred taxes are recorded at a rate of 16.995% if the Board of Directors of the Company and the subsidiary respectively intend to merge the subsidiary with the Company.

i. General

Exit tax is the corporate tax on the capital gain that is established in a taxed merger of an RREC with a Belgian undertaking that is not an RREC. If this undertaking is included in the Group's scope of consolidation at first, the exit tax will be deducted from the equity of the Company that is to be merged. If the undertaking is not immediately merged with the RREC, adjustments to the exit tax, which prove necessary in relation to the provision amount at the time of the merger, will be recorded via the income statement.

ii. Exit tax rate

The exit tax rate is 16.5%. The additional crisis tax of 0.495% (i.e. 3% on the applied rate of 16.5%) must be added to this rate. The exit tax payable is thus calculated at 16.995%.

iii. Principle for calculating the exit tax

The exit tax applies to mergers, divisions and transactions that are equated with mergers or divisions, in which the Company participates as an RREC. Such transactions are expressly excluded from tax neutrality. Both the RREC licence and the above transactions in which the Company would participate as an RREC are equated, from a tax perspective, with a dissolution and liquidation of the real estate company or companies involved.

To calculate the exit tax, the actual value of the assets of the Company or of the real estate company or companies involved on the date of the licence or of the relevant transaction is equated with an "amount paid on the division of the corporate assets". The positive difference between the amount paid in case of this legal fiction and the enhanced value of the paid-up capital is regarded as a dividend. If the Company participates in a transaction that is equated with a division, the rules on dissolution and liquidation apply only to the separated assets of the real estate company or companies involved.

If the Company is recognised as an RREC, the exit tax is applied to its latent capital gains and exempt reserves at the time it is granted the RREC licence (insofar as this exists at that time). If the Company participates as an RREC in a merger, division or a transaction equated with a merger or division, the exit tax is calculated on the latent capital

gains and exempt reserves of the real estate company that makes the contribution by merger, division or an equated transaction. The latent capital gains are calculated as the positive difference between the actual value for tax purposes of the separated assets of the real estate company concerned, on the one hand, and the acquisition value of those corporate assets less the depreciation and impairments accepted for tax purposes on the other hand.

Exit tax, payable by companies whose assets are acquired by an RREC through merger, for instance, is calculated in accordance with Circular Ci.RH.423/567.729 of the Belgian tax authorities dated 23 December 2004, the interpretation or practical application of which may change at any time. The Company calculates the "actual value for tax purposes" as referred to in this circular less the registration duties or VAT (that would be applicable if the asset is sold) (the "Costs payable by the Purchaser") and may differ from – including being lower than – the fair value of the property as recognised in the Company's balance sheet in accordance with IAS 40.

iv. Payment of exit tax

If the Company participates in a merger, division or transaction equated with a merger or division as an RREC, the exit tax is payable by the real estate company that makes the contribution to the RREC. If a contribution is made to the Company by way of a merger, the exit tax will be payable by the Company as the acquiring company.

v. Purpose of the exit tax

As an RREC, the Company benefits from a special tax regime. Although it is subject to corporation tax, its taxable base is limited to (i) the extraordinary or gratuitous advantages that it receives and (ii) the expenses and costs that cannot be deducted as business costs (other than impairments and capital losses on shares (Article 185bis of the Belgian Income Tax Code 1992)). After becoming licensed as an RREC, the Company is thus not taxed on its accounting income, which also implies that its capital gains are not included in its taxable base. The exit tax was introduced to prevent the Company from being definitively exempt from paying tax on the latent, unrealised capital gains and exempt reserves it possesses on the licensing date. With the levying of exit tax, the Company is deemed, as it were, to have settled its past obligations on the date it becomes a licensed RREC. The same reasoning applies to the real estate company or companies involved in a merger, division or a transaction equated with a merger or division in which the Company participates as an RREC.

The reduction of the exit tax rate to 16.995% relates to the fact that (i) the exit tax is an exception to the general rule that unrealised capital gains are not taxed and (ii) that companies which are subject to the normal corporation tax regime have the option of having their realised capital gains tax staggered.

vi. Accounting treatment

Exit tax is the corporate tax on capital gains that are established in the taxed merger of an RREC with a non-RREC undertaking. The exit tax due on this capital gain is recognised when the non-RREC undertaking is included in the Group's scope of consolidation for the first time. In principle, the provision for exit tax is revised in the interim only if it needs to be increased because of the appreciation of this undertaking's property. Any over-estimate because of depreciation will be determined only once the merger is actually concluded. These adjustments to the exit tax liability are recorded via the income statement.

10.6.25 FINANCIAL RISK MANAGEMENT

i. Changes in interest rates

Higher interest rates lead to an increase in financial expenses and a fall in EBIT. In the current context of negative interest rates, the method by which some banks set a minimum percentage of 0% for the Euribor rate used as a reference in financing contracts has a negative impact on the financial expenses. Xior Student Housing uses IRS-type financial instruments to hedge the interest rate risk on long-term loans with variable interest rates. An interest rate swap is an agreement between two parties in which the variable interest rate is exchanged for a fixed interest

rate. The pursued interest rate policy has hedged 76.05% of loans drawn down to a fixed interest rate. The average interest rate of the public RREC is 1.78%. Please refer to *Chapter 10.9.23 for the potential impact of interest changes*.

ii. **Financing risk**

The long-term financing was concluded in the form of bullet loans. These are loans where the entire principal is paid in full after three to five years. The diversification of the financing across various banks limits Xior Student Housing's liquidity risk. The loans were all taken out at a fixed interest rate. Xior Student Housing has completed the necessary hedging transactions and converted 76.05% of its loans drawn down to a fixed interest rate. The effect of interest rate changes on the profit after tax is therefore limited.

iii. **Credit risk**

Xior Student Housing NV monitors rent arrears closely. In case of non-payment, the Company usually uses a rent deposit. For further details, please refer to *Chapter 10.9.14 of this Annual report*.

10.7

SEGMENT INFORMATION

The segmentation basis for reporting by segment is by geographic region. The rental income is broken down by geographic location: Belgium and the Netherlands. Every location is broken down further into students and other. Commercial decisions are taken at this level and rental income and occupancy rate are followed up at this level.

The unallocated amounts category includes all expenses that cannot be allocated to a segment.

In the income statement, only the net rental income is broken down by segment. However, for the purpose of the calculations of the table, a total is worked out for each segment.

Figures in thousands of EUR.

	Belgium		The Netherlands		Non-allocated amounts	Total
	Students	Other	Students	Other		
Net rental income	6.365	1.648	2.469	430		10.912
Property result						11.349
Property expenses					-1.981	-1.981
Property operating result						9.368
General expenses					-1.859	-1.859
Other operating income and costs					71	71
Operating income before the result on the portfolio						7.580
Result on the sale of investment property		106				106
Variations in the fair value of investment property	-177	-3	1.524	-232		1.112
Other portfolio result	354		-464			-110
Operating income						8.688
Financial result					-3.464	-3.464
Result before taxes						5.224
Taxes					-209	-209
Net income						5.015
EPRA earnings						5.774
Result of the portfolio	177	103	1.060	-232	0	1.108
Total assets	158,349	28,278	76,611	2,635	7,634	273,507
Investment property	158,349	28,278	76,611	2,635		265,873
Other assets					7,634	7,634
Total liabilities and equity					273,507	273,507
Equity					131,630	131,630
Liabilities					141,877	141,877

31/12/2015

Figures in thousands of EUR.

	Belgium		The Netherlands		Non-allocated amounts	Total
	Students	Other	Students	Other		
Net rental income	319	99	122	23		563
Property result						627
Property expenses					-159	-159
Property operating result						468
General expenses					-291	-291
Other operating income and costs					-45	-45
Operating income before the result on the portfolio						132
Variations in the fair value of investment property	358	229	-736			-149
Other portfolio result	-239	518	151		-809	-379
Operating result						-396
Financial result					-54	-54
Result before taxes						-450
Taxes					-64	-64
Net income						-514
EPRA earnings						14
Result of the portfolio	119	747	-585	0	-809	-528
Total assets	142,429	21,905	28,869	1,550	8,578	203,331
Investment property	142,429	21,905	28,869	1,550		194,753
Other assets					8,578	8,578
Total liabilities and equity					203,331	203,331
Equity					108,382	108,382
Liabilities					94,949	94,949

10.8

ALTERNATIVE PERFORMANCE MEASURES (APMs)

APM terms	Definition	Use
EPRA earnings	Net income +/- variations in the fair value of investment property +/- other portfolio result +/- result from the sale of investment property +/- variations in the fair value of financial assets and liabilities	Measuring the result from the strategic operating activities, excluding variations in the fair value of investment property, other portfolio income, the result from the sale of investment property and variations in the fair value of financial assets and liabilities. This indicates the extent to which dividend payments are supported by the earnings.
Result on the portfolio	Result on the sale of investment property +/- variations in the fair value of investment property +/- other portfolio income	Measuring the realised and unrealised gain/loss on investment property
Average interest rate	Interest charges including IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
Average interest rate excl. IRS interest charges	Interest charges excluding IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
Average financing costs	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time
Average financing cost excl. IRS interest charges	Interest charges including IRS interest charges + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time

APM terms	Definition	Use
EPRA earnings per share	Net result +/- result from the sale of investment property +/- variations in the fair value of property investments +/- other portfolio income +/- variations in the fair value of financial assets and liabilities, divided by the average number of shares	Comparability with other RRECs and international property players
EPRA NAV	This is the net asset value (NAV) that has been adjusted to also include property and other investments at their fair value, which exclude certain elements that are not expected to actually take shape in a business model with long-term investment property	Comparability with other RRECs and international property players
EPRA triple net asset value (NNNAV)	EPRA net asset value (NAV) adjusted to take into account (i) the fair value of the financial instruments, (ii) the fair value of debts and (iii) the deferred tax	Comparability with other RRECs and international property players
EPRA cost ratio (excl. vacancy costs)	EPRA costs (excluding vacancy costs) divided by the gross rental income, less the rent still to be paid on rented land	Comparability with other RRECs and international property players

Alternative Performance Measures (APMs): reconciliation tables

EPRA earnings	31/12/2016	31/12/2015
Net result	5,016	-514
Variations in the fair value of investment property	-1,112	149
Other portfolio result	110	379
Result from the sale of investment property	-106	0
Variations in the fair value of financial assets and liabilities	1,866	0
EPRA earnings	5,774	14

Result on the portfolio	31/12/2016	31/12/2015
Result from the sale of investment property	106	0
Variation in the fair of investment property	1,112	-149
Other portfolio result	-110	-379
Result on the portfolio	1,108	-528

Net assets per share (IFRS)	31/12/2016	31/12/2015
Equity	131,630	108,382
Number of shares	5,270,501	4,626,780
Net assets per share (IFRS)	24.97	23.42

Average interest rate	31/12/2016	31/12/2015
Nominal interest paid on loans	957	43
Costs of permitted hedging instruments	373	0
Capitalised interest	389	21
Average outstanding debt for the period	96,798	72,657
Average interest rate ⁽¹⁾	1.78%	1.53%
Average interest rate excl. costs of permitted hedging instruments	1.39%	1.53%

Average financing costs	31/12/2016	31/12/2015
Nominal interest paid on loans	957	43
Costs of permitted hedging instruments	373	0
Capitalised interest	389	21
Reconstitution of the nominal amount of financial debt	58	0
Bank costs and other commissions	212	16
Average outstanding debt for the period	96,798	72,657
Average financing costs	2.05%	1.91%
Average financing costs excl. costs of permitted hedging instruments	1.67%	1.91%

EPRA earnings per share	31/12/2016	31/12/2015
Net result	5,016	-514
Variations in the fair value of investment property	-1,112	149
Other portfolio result	110	379
Result from the sale of investment property	-106	0
Variations in the fair value of financial assets and liabilities	1.866	0
Weighted average number of shares	4,926,405	NA
EPRA earnings per share	1.17	NA

EPRA NAV	31/12/2016	31/12/2015
Equity	131,630	108,382
Effect of exercising options, convertible debt and the other equity instruments		
Diluted intrinsic value after exercising options, convertible debt and other equity instruments	131,630	108,382
To be excluded:		
Fair value of permitted hedging transactions	1,866	0
EPRA NAV	133,496	108,382
Number of outstanding shares as at 31 December 2016	5,270,501	4,626,780
EPRA NAV (EUR/share)	25.33	23.42

EPRA triple net asset value (NNNAV)	31/12/2016	31/12/2015
EPRA NAV	133,496	108,382
To be added:		
Fair value of permitted hedging transactions	-1,866	0
Adjustment to fair value of loans	0	0
Deferred taxes	-284	-2,653
EPRA NAV	131,346	105,729
Number of outstanding shares as at 31 December 2016	5,270,501	4,626,780
EPRA NAV (EUR/share)	24.92	22.85

EPRA cost ratio	31/12/2016	31/12/2015
General expenses	1,859	NA
Impairment of trade receivables	57	NA
Property charges	1,981	NA
		NA
EPRA costs (incl. vacancy costs)	3,897	NA
Vacancy costs	0	NA
EPRA costs (excl. vacancy costs)	3,897	NA
Gross rental income	10,969	NA
EPRA cost ratio (incl. vacancy costs)	35.5%	NA
EPRA cost ratio (excl. vacancy costs)	35.5%	NA

10.9

OTHER NOTES

Due to the rounding off to thousands, rounding differences may arise between the balance sheet, income statement and enclosed details.

10.9.1 PROPERTY RESULT

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(+) Rental income	10,969	563
Rent	9,949	552
Rental guarantees	1,035	11
Rent reductions	-15	0
(+) Writeback of rental carried over and discounted		
(+/-) Rent-related expenses	-57	0
Net rental income	10,912	563
(+) Recovery of property expenses	0	0
(+) Recovery of rental charges and taxes normally payable by the tenant on let properties	1,460	32
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at the end of the lease	0	0
(-) Rental charges and taxes normally payable by the tenants on let properties	-1,457	-58
(+/-) Other rent-related income and expenditure	434	90
Property result	11,349	627

For the year ending on 31 December 2015, the rental income contains the rental income from 11 December 2015 to 31 December 2015.

Rent-related expenses contain impairments on rent receivables.

Guaranteed income: The initial property portfolio formed at the IPO included some properties under construction with anticipated vacancy. Aloxe gave a rental or return guarantee for these properties. This guarantee is based on the rent that would be generated by these properties until the start of the academic year (14 September 2016). After this, these properties generated third-party rental income.

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(+/-) Summary of rental income that could cease to exist in future		
Within one year	9,370	482
Between one and five years	350	45
More than five years	1,249	36
Total	10,969	563

The above table shows how much of the rental income that was earned between 1 January 2016 and 31 December 2016 could theoretically cease to exist in future if the current tenants give notice of termination on the next contractually permitted date and no new tenant is found.

Most of Xior Student Housing NV's tenancy agreements are short-term contracts for letting student units. These contracts are typically concluded for a one-year period, after which they can be extended. Xior also tries to conclude long-term contracts with colleges or universities for some of the rooms in its portfolio. In the course of 2016, the Company signed a contract with Hogeschool Gent for a 20-year term for the rental of 318 of the 490 student rooms in the complex located at Overwale 42-44 in Ghent. The Company also signed a contract with Stichting Zuyd Hogeschool for the rental of 60 of 134 student rooms and with Maastricht University for the rental of 20 of 134 student rooms at the student complex located at Vijverdalseweg in Maastricht. These contracts were originally signed for a three-year term in August 2014 and can be extended. On 31 December 2016, 15% of the total number of lettable student units were let with the help of colleges or universities. These contracts with colleges and universities account for 11% of the rental income.

Xior Student Housing NV also has several other types of tenancy agreements that are also long-term. These are mainly the tenancy agreements for the commercial properties, which typically have terms that exceed one year. The term of these contracts generally varies from three to ten years.

Rents are paid monthly and in advance. Certain property-related costs, such as running costs, taxes and levies and the communal costs are also charged to the tenant. Tenants pay a fixed monthly advance payment for this purpose with an annual settlement, or a fixed annual amount is charged to cover these costs. In order to guarantee tenants comply with their obligations, a rental guarantee of at least one month's rent, and in most cases two months' rent, is charged. This is paid mostly in cash and reflected on the balance sheet under other short-term liabilities.

10.9.2 PROPERTY CHARGES

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(-) Technical costs	-688	-121
Recurring technical costs	-687	-111
Maintenance	-608	-98

Insurance premiums	-79	-13
Non-recurring technical costs	-1	-10
(-) Commercial costs	-216	-18
Lawyers' fees and legal costs		0
Estate agent commissions		0
Publicity	-216	-18
Other		0
(-) Costs and taxes for non-let properties	0	0
(-) Property management costs	-607	-7
Management costs (external)	-235	-7
Management costs (internal)	-373	0
(-) Other property expenses	-470	-14
Surveyors' fees	-112	-12
Architects' fees	0	-1
Immovable property tax and other taxes	-358	0
Property charges	-1,981	-160

The figures for 31 December 2015 only covered 21 days of operations as a public regulated real estate company (RREC) and are therefore not comparable with the financial year of 2016, which did cover a full financial year of 12 months.

10.9.3 GENERAL EXPENSES

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(+/-) General company expenses	-1,859	-291
- Lawyers' fees, notarial charges and legal costs	-157	-3
- Audit (external and internal)	-85	-39
- Tax and financial advice	-181	-3
- Directors and executive management	-457	-50
- Staffing costs	-356	0

- Housing costs	-100	
- Office costs	-104	
- Publicity, communication and annual report	-107	
- Taxes and statutory expenses	-227	
- Insurance	-45	-1
- Other general expenses	-40	-195
General company expenses	-1,859	-291

The general expenses of the Company cover the fixed operating expenses of the undertaking that operates as a legally listed entity and enjoys RREC status. These costs are incurred to provide transparent financial information.

10.9.4 OTHER OPERATING INCOME AND COSTS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(+/-) Other operating income and costs	71	-45
Management for third parties	71	0
Miscellaneous operating income	0	24
Rental of office equipment	0	-5
Business taxes	0	-4
Other	0	-60
Other operating income and costs	71	-45

Pursuant to Article 6 of the Law on Regulated Real Estate Companies, Stubis, a wholly owned subsidiary of Xior Student Housing NV, provides limited real estate services to third parties (which were previously provided by Retail Design BVBA prior to the merger by acquisition of the latter by Xior Student Housing NV). The returns from this are accounted for as other operational income and costs. The result before taxes for these services to third parties in 2016 represents a non-significant percentage of the consolidated income before taxes.

The assets managed for third parties represent approximately 8.6% (and therefore less than 10%) of the consolidated assets of Xior Student Housing NV.

On 31 December 2015, this also included income and expenses of Xior Student Housing NV for the period prior to Xior's accreditation as a RREC.

10.9.5 RESULT OF THE PORTFOLIO

Figures in thousands of EUR.

	31/12/16	31/12/15
(+/-) Result from the sale of investment property	106	0
(+/-) Result from the sale of other non-financial assets		
(+/-) Variations in the fair value of investment property	1,112	-149
Positive variations in the fair value of investment property	3,319	1,293
Negative variations in the fair value of investment property	-2,207	-1,442
(+/-) Other portfolio income	-110	-380
Portfolio income	1,108	-529

New properties were acquired in 2016 through property acquisitions (sale-purchase) as well as share acquisitions and takeover mergers.

The property was partly acquired at the Fair Value and partly acquired at the fiduciary value (the purchase price agreed between the parties), which was different from the Fair Value.

- The difference between the Fair Value of properties acquired through property acquisitions (sale-purchase) and the fiduciary value of such property is processed as "variations in the fair value of investment properties" on the income statement.
- The difference between the Fair Value of properties acquired through share acquisitions and takeover mergers and the fiduciary value of such properties as well as other sources of differences between the Fair Value and fiduciary value of the shares are processed as "other portfolio income" on the income statement. This "other portfolio income" concerns amounts resulting from application of the consolidation principles and merger transactions, and consists of the differences between the price paid for real estate companies and the Fair Value of the acquired net assets. This "other portfolio income" also covers directly attributable transaction costs.
- The variation in Fair Value between 1 January 2016 and 31 December 2016 was entered under negative or positive property investment changes.

The positive change in the valuation of the investment property can be explained by the tighter yields of the Dutch portfolio. The negative change in the valuation of the investment property can primarily be explained by a decrease in the Estimated Rental Value established by the property expert for several commercial properties and by the exceeding of the budget for the project situated at Overwale 42-44 (Schoonmeersche Campus).

Figures in thousands of EUR.

	31/12/2016
Book value of the sold property	2,763
Net sales price of investment property (sales price - transaction costs)	2,870
Total profit and loss on property investment sales	106

The capital gains realised against the Fair Value are related to the sale of a non-strategic commercial property in Hasselt.

10.9.6 FINANCIAL RESULT

Figures in thousands of EUR.

	31/12/2016	31/12/2015
(+) Financial income	23	9
(-) Net interest expense	-1,388	-43
Nominal interest paid on loans	-957	-43
Reconstitution of the nominal amount of financial debt	-58	
Costs of permitted hedging instruments	-373	
(-) Other financial costs	-232	-20
Bankkosten en andere commissies	-212	-16
Andere	-20	-3
(+/-) Variations in the fair value of financial assets and liabilities	-1,866	0
Market value of Interest Rate Swaps	-1,866	0
Financial result	-3,464	-54

The weighted average interest rate*²⁹ was 1.78% (1.39% without hedging instruments) on 31 December 2016 and was 1.53% on 31 December 2015. The average financing cost* is 2.05% on 31 December 2016 and was 1.91% on 31 December 2015.

The Company is subject to fluctuations in interest rates, because all long-term liabilities were entered into on the basis of variable interest rates. An increase in the interest rate can therefore cause an increase in the interest charges. In the course of January 2016 and December 2016, the necessary IRS contracts were concluded to obtain a fixed interest rate for some of the loans (see *Chapter 5.3.2 of this Annual Report*).

The derivatives used by Xior Student Housing NV do not qualify as hedging transactions. As a result, the changes in Fair Value are included in the income statement immediately.

10.9.7 CORPORATE TAX

Figures in thousands of EUR.

	31/12/16	31/12/15
Parent company		
33.99% corporate tax	7	0
Subsidiaries		
Belgian tax, due and deductible	102	16
Foreign tax, due and deductible	412	29
Foreign deferred taxes	-300	22
Total	220	66
Exit Tax	-11	-2
Total	209	64

An RREC is only subject to corporation tax as regards disallowed expenses and extraordinary and gratuitous advantages. Deferred taxes (exit taxes) for subsidiaries are recorded as the difference between the carrying amount after depreciation in the annual financial statements of these subsidiaries and the Fair Value. These are recorded at a rate of 16.995%, as it is the intention to merge these subsidiaries with the public RREC.

The Company also has a number of buildings that are located in the Netherlands. These collectively form a permanent establishment in the Netherlands. The tax on profits, due by the permanent establishment in the Netherlands, is estimated at 25% of its taxable income.

In addition to the income tax provision, a deferred tax liability is accounted for at a rate of 6%. This deferred tax liability is calculated on the latent capital gain of the Dutch investment property, held by the permanent establishment. This deferred tax liability is adjusted when the Fair Value of the book value of the investment property changes, a.o. due to changes in valuation or fiscal depreciation.

Please also refer to *Chapter 10.9.22 of this Annual Report*.

10.9.8 INVESTMENT PROPERTY

Figures in thousands of EUR.

Investment table	Investment property in operation	Property developments	Total
Balance at the start of the previous financial year	0	0	0
Acquisition through purchase or contributions of property companies	137,870	36,548	174,418
Further CAPEX investments	0	390	390
Purchase and contribution of investment property	20,074	0	20,074
Sale of investment property	0	0	
Capitalised interest charges	0	21	21
Variation in the fair value	-65	-84	-149
Balance on 31 December 2015	157,879	36,875	194,753
Acquisition through purchase or contributions of property companies	33,048	0	33,048
Further CAPEX investments	2,270	11,767	14,037
Purchase and contribution of investment property	25,298	0	25,298
Sale of investment property	-2,763	0	-2,763
Capitalised interest charges	0	389	389
Variation in the fair value	603	509	1,112
Transfer from/to	49,539	-49,539	0
Balance on 31 December 2016	265,873	0	265,873

Capitalised interest charges with regard to properties that are the object of project developments were capitalised at an interest rate of 1.75% during 2016.

Further investment in CAPEX is related to the investments made in connection of new purchases, own project development and investments in the existing portfolio. For a detailed description of all achievements of 2016, please refer to *Chapter 10.9.30 of the Annual Report*.

The Overwale 42-44 project in Ghent was developed further, completed and put into use in the course of September 2016. This project was mainly responsible for the 2016 project development CAPEX of EUR 11.7 million.

IFRS 13 disclosure

Valuation of investment property

Investment property is included at their Fair Value in accordance with IAS 40. The Fair Value is measured based on unobservable inputs, so the assets within the investment property belong to level 3 of the fair value hierarchy as determined by the IFRS. There were no shifts within the fair value hierarchy in 2016.

Investment property is recognised in the accounts on the basis of appraisal reports that are drawn up by independent and expert property appraisers.

The appraisal of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and DTZ (the Netherlands).

The independent property experts perform an external appraisal of the property portfolio each quarter.

For a further explanation of the valuation methods, please refer to *Chapter 8.2.2.1 of this Annual Report*.

The fair value is determined on the basis of one of the following levels of the IFRS 13 hierarchy:

- Level 1: valuation based on listed market prices in active markets.
- Level 2: valuation based on direct or indirect data that can be observed externally.
- Level 3: valuation based fully or partially on data that cannot be observed externally.

The property portfolio is assessed at the Fair Value. The Fair Value is measured based on unobservable inputs, so the assets within the investment property belong to level three of the fair value hierarchy as determined by the IFRS.

Unobservable inputs in the measurement of the Fair Value

Asset types	Fair value on 31/12/2016	Assessment method	Country	Unobservable data	Min.	Max.	Weighted average
Student flats	158,349	DCF	Belgium	Rent per student room	210	1,060	360
				Discount rate	4.33%	4.65%	4.45%
				Vacancy	0.00%	52.00%	3%
	76,611	DCF	The Netherlands	Rent per student room	250	696	385
				Discount rate	5.60%	7.75%	6.50%
				Vacancy	0.00%	0.00%	0%
Other	28,278	DCF	Belgium	Gross rental income/m ²	212	395	230
				Discount rate	4.00%	5.45%	4,50%
				Vacancy	0.00%	13.00%	3%
	2,635	DCF	The Netherlands	Gross rental income/m ²	100	225	198
				Financial return	6.60%	8.15%	7%
				Vacancy	4.00%	6.00%	4%
Total	265,873						

31/12/2015

Asset types	Fair value on 31/12/2015	Assessment method	Country	Unobservable data	Min.	Max.	Weighted average
Student flats	142,429	DCF	Belgium	Rent per student room	210	1,060	360
				Discount rate	4.08%	4.65%	4.50%
				Vacancy			
	28,869	DCF	The Netherlands	Rent per student room	250	565	380
				Discount rate	6.65%	8.15%	7%
				Vacancy	0.00%	9.00%	2%
Other	21,905	DCF	Belgium	Gross rental income/m ²	212	395	230
				Discount rate	3.75%	5.20%	4.50%
				Vacancy	0.00%	5.00%	2%
	1,550	DCF	The Netherlands	Gross rental income/m ²	100	275	224
				Discount rate	7.25%	8.15%	7.5%
				Vacancy	4.00%	6.00%	4%
Total	194,753						

There is a significant gap between the minimum and maximum rents for student rooms. This is because the rent for the different rooms depends on various factors (size of the room, en-suite or not, with or without own kitchenette, location in the building, etc.). For more information on the average room price and influencing factors, please refer to *Chapter 8.2.2.4 of this Annual Report*.

The valuation expert also takes into account the end value of the property. On average, this end value amounts to 50% of the Fair Value. This is due to the fact that Xior's properties are in good locations, so that the land value included in the Fair Value of the property involves a high end value.

In the valuation, the valuation expert also allows for the ageing of the buildings. To this end, an annual rate of depreciation is applied to the value of the building when calculating the Fair Value. This corresponds to approximately 2% per annum on the value of the building. The valuation expert assumes that thorough renovation will be required after a period of time in order to ensure that rental streams are maintained.

The sensitivity of the Fair Value to a variation in the aforementioned non-observable data is generally presented as follows (if all parameters remain unchanged):

Unobservable data	Effect on the Fair Value	
	In case the value of the non-perceptible data falls	In case the value of the non-perceptible data rises
Rent per student room	Negative	Positive
Discount rate	Positive	Negative
Gross rental income/m ²	Negative	Positive
Vacancy	Positive	Negative

These unobservable data may also be interconnected as they are partly determined by the market conditions.

If the discount rate or rents were to rise or fall, the impact on the Fair Value would be as follows:

Impact on the Fair Value	In KEUR
Rent +10%	26,223
Rent +5%	13,288
Rent -5%	13,056-
Rent -10%	26,311-
Discount rate +0.5%	24,126-
Discount rate +0.3%	14,890-
Discount rate +0.1%	5,092-
Discount rate -0.1%	5,325
Discount rate -0.3%	17,031
Discount rate -0.5%	33,507

Valuation process for investment property

Investment property is recognised in the financial statements on the basis of appraisal reports that are drawn up by the independent property experts. These reports are based on information provided by the Company and on the assumptions and valuation models adopted by the property expert.

Information provided by the Company includes current tenancy agreements, periods and conditions, along with renovation carried out on investments for project developments.

The assumptions and valuation models applied by the property experts mainly relate to the market situation, such as returns and discount rates. They are based on their professional assessment and knowledge of the market.

For a detailed description of the method of valuation applied by the property experts, please refer to Chapter 8.2.2 of this Annual Report ('Appraisal of the property portfolio by the property expert').

The information provided by the property experts, together with the assumptions and valuation models, is reviewed internally. This includes reviewing variations in the Fair Value during the period in question.

10.9.9 TANGIBLE FIXED ASSETS

Figures in thousands of EUR.

Tangible fixed assets	31/12/2016 Other tangible fixed assets	31/12/2015 Other tangible fixed assets
Acquisition value		
Balance at the start of the previous financial year	256	
Acquisitions	52	256
At the financial year-end	308	256
Depreciation		
Balance at the start of the previous financial year	-16	
Depreciation	-44	-16
At the financial year-end	-60	-16
Net carrying value	248	240

10.9.10 FINANCIAL FIXED ASSETS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Financial fixed assets		
Financial derivatives (IRS)		
Other	21	19
Total	21	19

10.9.11 DEFERRED TAXES – ASSETS

The deferred taxes were 0 on 31 December 2016, compared with KEUR 380 on 31 December 2015. This relates to deferred tax assets on the tax losses of the Dutch permanent establishment. These losses were deducted from the profits of the Dutch permanent establishment in 2016. Please also refer to *Chapter 10.9.7*.

10.9.12 TRADE RECEIVABLES AND OTHER FIXED ASSETS

The long-term receivables (KEUR 135) relate to a reduction in rental property tax in the Netherlands³⁰, which can be deducted from future property tax expenses.

10.9.13 ASSETS HELD FOR SALE

The assets intended for sale are 0 on 31 December 2016. On 31 December 2015, the assets intended for sale showed the amount still to be invoiced in relation to a development project sold by a company acquired by Xior Student Housing NV during the IPO.

10.9.14 TRADE RECEIVABLES

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Trade receivables		
Trade receivables	562	516
Invoices to issue	0	11
Income to be collected	0	2
Credit notes to be received	0	40
Doubtful debts	0	0
Recorded impairments	-20	0
Other	0	67
Total	542	635

Trade receivables still to be collected (KEUR 562) include the rents still to be received.

³⁰ This rental property tax is in force in the Netherlands, where landlords owning more than 10 rental properties have to pay a tax on the property tax value of rented accommodation. This applies to rental properties for which the rent does not exceed EUR 710.68 per month (2017 price level). The rental property tax rate for 2016 is 0.491%. If the applicable conditions are met, this tax can be reduced in case of investments.

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Impairments on doubtful debts – movement table		
At the financial year-end	0	0
From acquired companies		
Additions	20	
Reversals		
Written off as no longer collectible		
At the financial year-end	20	0

Provisions for doubtful debts are generally made on an individual basis, when needed. There is a risk that a loss will be suffered on a receivable. This risk is limited because a rental guarantee of at least one month's rent, and in most cases two months' rent, is requested at the start of the tenancy agreement.

The provision for doubtful debts is established as follows: the list of overdue rent is monitored closely internally. Based on an assessment by the management or when there are clear indications that the receivables can no longer be collected, a provision is established. A provision of KEUR 20 was established on 31 December 2016.

10.9.15 TAX RECEIVABLES AND OTHER CURRENT ASSETS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Tax receivables and other current assets		
Tax to be reclaimed	3	2
VAT to be reclaimed	169	665
Other	1,879	1,911
Total	2,051	2,577

On 31 December 2015, the other current assets related to guarantees provided by the Company for KEUR 466 in order to obtain the release of bank guarantees. The guarantees provided by the Company were released in the course of 2016.

On 31 December 2016, the other current assets include an running account position with the promoter (KEUR 1,659). These receivables resulted mainly from the provided rent/return guarantees for certain projects during the IPO. This also

includes receivables for rental guarantees provided by the sellers of projects acquired in the course of 2016. The sellers provided rental guarantees for the acquisition of Carré Maastricht, The Spot Eindhoven and Tramsingel Breda. These rental guarantees extend for 12 months (or 24 months in the case of The Spot Eindhoven). In simple terms, the rental guarantee means that the seller pays the difference between the theoretical rent in case of 100% occupancy and the actual rent.

10.9.16 CASH AND CASH EQUIVALENTS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Cash and cash equivalents		
Banks	4,075	4,333
Cash resources	23	51
Total	4,098	4,384

There are no restrictions on the use or application of cash and cash equivalents.

10.9.17 ACCRUALS AND DEFERRED PAYMENTS – ASSETS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Accruals and deferred payments – Assets		
Accrued rental income not due		50
Prepaid property expenses	430	8
Other	110	99
Total	540	157

Other relates mainly to overheads to be deferred.

10.9.18 CAPITAL

Figures in thousands of EUR.

Evolution of capital

Date	Transaction
10/03/2014	Incorporation of company
23/09/2015	Capital increase
23/11/2015	Share split
11/12/2015	Sister mergers
11/12/2015	Capital increase by way of non-cash contribution as a result of the Share Contribution
11/12/2015	Mergers by acquisition
11/12/2015	Capital increase below accounting par value through cash contributions for the issue of new shares
11/12/2015	Capital reduction to create a reserve to cover foreseeable losses
1/03/2016	Merger with Devimmo NV
1/08/2016	Merger with CPG CVBA
11/10/2016	Contribution in kind Woonfront Tramsingel Breda B.V.

	Previous capital (EUR)	Capital increase (EUR)	New capital (EUR)	Previous number of shares	New number of shares	Accounting par value (EUR)
		20,000.00	20,000.00		200.00	100.00
	20,000.00	1,230,000.00	1,250,000.00	200.00	12,500.00	100.00
	1,250,000.00		1,250,000.00	12,500.00	42,500.00	29.41
	1,250,000.00	23,328,937.02	24,578,937.02	42,500.00	975,653.00	25.19
	24,578,937.02	3,256,783.01	27,835,720.03	975,653.00	1,105,923.00	25.17
	27,835,720.03	3,696,060.08	31,531,780.11	1,105,923.00	1,253,764.00	25.15
	31,531,780.11	58,710,898.28	90,242,678.39	1,253,764.00	4,626,780.00	19.50
	90,242,678.39	-6,960,638.39	83,282,040.00	4,626,780.00	4,626,780.00	18.00
	83,282,040.00	4,151,826.00	87,433,866.00	4,626,780.00	4,857,437.00	18.00
	87,433,866.00	1,320,948.00	88,754,814.00	4,857,437.00	4,930,823.00	18.00
	88,754,814.00	6,114,204.00	94,869,018.00	4,930,823.00	5,270,501.00	18.00

Evolution of issue premiums

in thousand EUR

Date	Transaction	Issue premiums
31/12/2015		25,615
1/03/2016	Merger with Devimmo NV	1,615
1/08/2016	Merger with CPG CVBA	514
11/10/2016	Contribution in kind	4,517
Total issue premiums on 31 December 2016		32,261

Authorised capital

At the extraordinary general meeting of 23 November 2015, the Board of Directors was authorised to increase the authorised capital on one or more occasions, subject to a maximum amount of EUR 83,282,040. For this purpose, see Article 7 of the Articles of Association included under *Chapter 12.5 of this Annual Report*.

This authorisation was granted to the Board of Directors for a five-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 23 November 2015. This authorisation can be renewed. The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase.

These capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the separate IFRS annual financial statements (drawn up under the Legislation on Regulated Real Estate Companies) that are subject to conversion into capital, whether or not with the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, Legislation on Regulated Real Estate Companies and Articles of Association.

The Board of Directors may also issue new shares with the same or different rights (such as voting rights, dividend rights, including whether or not any preferential dividend is transferable, and/or rights relating to the liquidation balance and any preference with regard to the repayment of capital) as the existing shares and amend the Articles of Association in that regard to give effect to such different rights. Where applicable, and if the Board of Directors has adopted a resolution for a capital increase, the Board of Directors must place the issue premiums in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

Notwithstanding the application of Articles 592-598 and 606 of the Belgian Companies Code, the Board of Directors may limit or cancel the pre-emptive right, even if it operates in favour of one or more persons other than employees of the Company or its subsidiaries, insofar as an irreducible allocation right is granted to the existing Shareholders on the award of new securities (insofar as permitted by law). This irreducible allocation right must at least comply with the conditions as set out in Article 11.1 of the Articles of Association. Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, such restrictions with regard to the restriction or cancellation of the pre-emptive right do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution

as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

If securities are issued in return for a non-cash contribution, the conditions as stated in Article 11.2 of the Articles of Association must be fulfilled (including the possibility of deducting an amount that corresponds to the portion of the unpaid gross dividend). However, the special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

Under the same conditions as set out above and subject to the applicable statutory provisions, the Company may, with the exception of profit-sharing certificates and similar securities, issue the securities referred to in Article 460 of the Belgian Companies Code and any other securities permitted by company law in accordance with the rules prescribed for that purpose and the Legislation on Regulated Real Estate Companies.

The right in relation to the authorised capital may never be used for the following transactions:

- i. Capital increases that are mainly brought about by a non-cash contribution exclusively reserved for a shareholder of the Company who holds securities of the Company to which more than 10% of the voting rights are attached. Securities held by the following persons are added to those held by this shareholder (Article 606(1)(1) of the Belgian Companies Code):
 - A third party acting in their own name but on behalf of the aforementioned shareholder.
 - A natural person or legal entity affiliated with the aforementioned shareholder.
 - A third party acting in their own name but on behalf of a natural person or legal entity affiliated with the aforementioned shareholder.
 - Persons acting in joint consultation, which refers to (a) the natural persons or legal entities who act in joint consultation within the meaning of Article 3, Section 1(5)(a) of the Belgian Act of 1 April 2007, (b) the natural persons or legal entities that have entered into an agreement for the coordinated exercise of their voting rights in order to pursue a sustainable, common policy in relation to the Company, and (c) the natural persons or legal entities that have entered into an agreement with regard to acquiring, holding or transferring voting securities.
- ii. The issue of no-par-value Shares below the accounting par value of the same type of old Shares (Article 606(1)(2) of the Belgian Companies Code).
- iii. The issue of warrants that are mainly intended for one or more specific persons, other than employees of the Company or of one or more of its subsidiaries (Article 606(1)(3) of the Belgian Companies Code).

The capital was increased by means of the authorised capital in the course of 2016. The authorised capital balance is EUR 77,167,836 on 31 December 2016.

10.9.19 SHAREHOLDER STRUCTURE

Taking into account the received transparency notifications and the information in Xior Student Housing NV's possession, the main shareholders on 31 December 2016 are:

Shareholder	%
Aloxe NV - Christian Teunissen & Frederik Snauwaert	23.82%
AXA Investment Managers SA	5.19%

Please also refer to *Chapter 6.19 of this Annual Report*.

The transparency notifications can be consulted on the Company's website (www.xior.be under the heading Investor Relations – Shareholder Structure).

10.9.20 EARNINGS PER SHARE

	31/12/2016	31/12/2015
Number of ordinary shares in circulation	5,270,501	4,626,780
Weighted average number of shares ³¹	4,926,405	NA
Net earnings per ordinary share (in EUR) ³²	1.02	-0.11
Diluted net earnings per ordinary share (in EUR) ³³	1.02	-0.11
EPRA earnings per share (in EUR)*³⁴	1.17	0.0031

³¹ The earnings per share are calculated based on the weighted average number of shares. This means that the shares are included from the moment they are issued.

³² The net earnings per ordinary share are calculated as follows: net income divided by the weighted average number of shares.

³³ The diluted net earnings per ordinary share are calculated as follows: net income divided by the weighted average number of shares.

³⁴ EPRA earnings per share* are calculated as follows: net income – income from sales of investment property – variations in the fair value of investment property – other portfolio income – variations in the fair value of financial assets and liabilities divided by the weighted average number of shares. For the reconciliation table of this APM, please refer to Chapter 10.8.

10.9.21 OTHER NON-CURRENT FINANCIAL LIABILITIES

The other non-current financial liabilities on 31 December 2016 are KEUR 1,866. They relate to the market value of the outstanding interest rate swap (IRS) agreements on 31 December 2016.

IFRS classification	Level (IFRS)	Level (IFRS)	Variable interest rate (in %)	Fixed interest rate (in %)	Expires on	Fair value liabilities
Interest rate swap	2	52,000,000	Euribor 3M	0.465%	29/12/2023	1,095,151.00
Interest rate swap	2	48,000,000	Euribor 3M	0.31%	31/12/2022	771,257.32
Total		100,000,000				1,866,408.32

The market value of the outstanding Interest Rate Swap contracts is received from the various financial institutions.

10.9.22 DEFERRED TAXES

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Deferred taxes – liabilities		
Exit tax	0	2,110
Deferred taxes on capital gains on immovable property	284	543
Total	284	2,653

The deferred taxes relate to spread capital gains estimates and to deferred taxes on the Dutch investment property. The exit tax entered for long-term debt on 31 December 2015 concerned the exit tax with regard to the subsidiaries. They merged on 16 December 2016, so the exit tax debt is now shown under the short-term exit tax debts. The exit tax will be payable in the course of 2017.

10.9.23 FINANCIAL DEBTS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Non-current financial debts		
Bilateral loans – variable interest rate	131,500	72,658
Loan drawdown costs	-185	-210
Total	131,315	72,448

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Non-current financial debts (excl. interest) - Breakdown according to maturity³⁵		
Between one and two years	29,971	0
Between two and five years	101,345	72,448
More than five years	0	0
Total	131,315	72,448

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Unused loans		
Due within one year		3,993
Due after one year	18,500	33,349
Total	18,500	37,342

All financial debts have no underlying collateral.

All financial debts have a variable interest rate. In January 2016, IRS contracts were signed with a start date of 2 February 2016 in order to hedge part of the loans and swap the variable interest rates with fixed interest rates. One of the IRS contracts were renegotiated in December 2016 and a new IRS contract was signed. A total of KEUR 100,000 in financing is hedged with IRS contracts. This means 76.05% of drawn down financing is hedged.

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Estimated future interest charges		
Within one year	1,985	1,397
Between one and five years	4,207	4,270
More than five years		
Total	6,192	5,655

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Liquidity liability at maturity dates associated with the hedging instruments		
Within one year	543	
Between one and five years	1,126	
More than five years		
Total	1,669	

The estimate of future interest charges takes into account the debt position as at 31 December 2016.

On 11 December 2015, Xior Student Housing NV concluded two financing agreements to obtain the funds necessary to acquire the initial property portfolio and to finance future growth. All the terms of these financing agreements were already documented and agreed before 11 December 2015, but the actual financing was provided on 11 December 2015. In the course of 2016, new financing agreements were signed in order to finance Xior Student Housing NV's acquisitions. For Xior Student Housing's debt ratio, please refer to *Chapter 10.9.34*. This concerns bullet loans taken out with various banks, with terms varying from three to five years. The average term is 3.13 years.

The following table gives an overview of the impact on the fair value and IRSs if the interest rate were to rise or fall by up to 0.20%:

Change in interest rate	Impact on change in fair value of IRSs on 31/12/2016
-0.20%	KEUR -1,301
+0.20%	KEUR +1,301

The Company must comply with the necessary covenants in the context of its financing agreements. Xior met all the relevant covenants on 31 December 2016.

A 60% maximum debt ratio (cf. calculation provided in the Belgian Royal Decree on Regulated Real Estate Companies), an interest cover ratio of at least 2.5 and minimal hedging of 70%. For a more detailed description of the financing agreements signed by the Company, please also refer to *Chapter 5.3.1 of this Annual Report*.

Interest rate sensitivity

2016

If the Euribor were to rise or fall by 20 basis points, approximately KEUR 96 would be due in interest. The sensitivity calculation took into account the impact of the IRS contract.

2015

If the Euribor were to fall by 20 basis points, KEUR 140 more would be due in interest. If the Euribor were to rise by 20 basis points, KEUR 123 less would be due in interest.

10.9.24 TRADE DEBTS

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Trade debts		
Trade debts	1,125	2,182
Invoices to be received	120	3,843
Taxes and social security contributions	1,015	5,316
Liquidation bonus to be paid	0	878
Exit tax	3,469	5,869
Total	5,729	18,088

Taxes and social security are mainly income taxes still payable for the merged subsidiaries and payable VAT.

The short-term exit tax debt are the exit taxes payable for the merged companies.

10.9.25 OTHER CURRENT LIABILITIES

Other current liabilities (KEUR 1,583) are mainly rental guarantees received from tenants.

10.9.26 ACCRUED LIABILITIES AND DEFERRED INCOME

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Accrued liabilities and deferred income		
Property income received in advance	512	357
Real estate expenses to be allocated	226	
Other	362	423
Total	1,100	780

The income to be carried over relates mainly to rent paid in advance. Accrued expenses are mainly property tax assessments still to be received.

Other accruals are mainly costs still due in the context of the Company's RREC status, so an attributable expense was set up for this.

10.9.27 FINANCIAL ASSETS AND LIABILITIES

Figures in thousands of EUR.

Summary of financial assets and liabilities	31/12/2016	31/12/2016	31/12/2015	31/12/2015	Level
	Carrying amount	Fair value	Carrying amount	Fair value	
Assets					
Financial fixed assets	156	156	399	399	
Financial fixed assets	21	21	19	19	Level 2
Trade receivables and other fixed assets	135	135			Level 2
Deferred taxes – assets	0	0	380	380	Level 2
Financial current assets	6,691	6,691	7,597	7,597	
Trade receivables	542	542	635	635	Level 2
Tax receivables and other current assets	2,051	2,051	2,577	2,577	Level 2
Cash and cash equivalents	4,098	4,098	4,384	4,384	Level 1
Total financial assets	6,847	6,847	8,015	8,015	
Liabilities					
Non-current financial liabilities	133,181	133,181	72,447	72,447	
Non-current financial liabilities	131,315	131,315	72,447	72,447	Level 2
Financial derivatives	1,866	1,866	0	0	Level 2
Current financial liabilities	7,312	7,312	19,069	19,069	
Trade and other current payables	5,729	5,729	18,088	18,088	Level 2
Other current liabilities	1,583	1,583	981	981	Level 2
Total financial liabilities	140,493	140,493	91,516	91,516	

Trade receivables and payables are recorded at amortised cost. The change in fair value of financial derivatives is entered under the income.

Fair value

Since the trade receivables and payables are current, the fair value almost approximates the nominal value of the financial assets and liabilities in question. On 31 December 2016, Xior Student Housing NV had KEUR 131,315 of financial debt at

variable interest rates. As the loans were taken out at variable interest rates, the fair value of these liabilities is the same as their book value. These loans are effectively partially hedged by IRS contracts from 2 February 2016 and 8 December 2016.

For the definitions of the levels, please refer to *Chapter 10.9.8 of this Annual Report*.

10.9.28 TRANSACTIONS WITH RELATED PARTIES

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Transactions with related parties		
Management fee	600	50
Fee of independent directors	81	0
Total	681	50

The related parties the Company associates with are its subsidiaries and its directors and executives. Transactions with the subsidiaries are eliminated in the consolidation.

The fee for directors and executives is recognised under the item "General expenses of the Company" (*see Chapter 10.9.3*). Directors and executives do not receive any further benefits at the expense of the Company. We refer for this purpose to the remuneration report in *Chapter 6.1.17 of this Annual Report*.

On 31 December 2016, Xior Student Housing NV has KEUR 1,659 in receivables from Aloxe, the Company's promoter. These receivables resulted mainly from the provided rental guarantees for certain projects during the IPO.

Please also refer to the merger with Devimmo on 1 March 2016 and the merger with CPG on 1 August 2016 (*see Chapter 5.4 of this Annual Report*).

10.9.29 FEE OF STATUTORY AUDITOR

Pursuant to Article 133, Section 6 of the Belgian Companies Code, the one-to-one rule must be assessed in relation to Xior Student Housing NV and may not be exceeded.

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Mandate of the statutory auditor (Xior Student Housing NV)	25	30
Mandate of the Statutory Auditor (subsidiaries)	8	9
Audit engagements under the Belgian Companies Code	11	
Other audit engagements (comfort letter, etc.)		
Tax consultancy assignments		
Other assignments outside the audit engagements		
Total	44	39

10.9.30 ACQUIRED REAL ESTATE COMPANIES AND INVESTMENT PROPERTY

The Company is achieving its growth strategy and its portfolio contained 54 properties on 31 December 2016. The acquisitions achieved in the course of 2016 are explained briefly below.

10.9.30.1 Mergers by acquisition

The Company acquired some properties in mergers by acquisition. These allowed Xior Student Housing NV to absorb Devimmo NV and CPG CVBA.

Merger with CPG CVBA³⁶

On 1 August 2016, the merger by acquisition of CPG CVBA was completed. Through this merger, Xior acquired a real estate property located at 91 Vlamingenstraat/11 Parkstraat in Leuven, with a total of 29 units intended for student housing. The Fair Value of the real estate property was estimated at EUR 2.7 million. Following this merger, 73,386 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 1,834,650.

CPG Overview acquired assets and liabilities	In KEUR
Investment property	2,701
Other assets	507
Cash and cash equivalents	314
Equity	1,835
Other debts	1,687
Value of the shares contributed	1,835

³⁶ At the time of the merger, CPG CVBA was a subsidiary of Aloxe NV, the Company's promoter.

³⁷ At the time of the merger, Devimmo NV was a subsidiary of Aloxe NV, the Company's promoter

Merger with Devimmo NV³⁷

The merger by acquisition of Devimmo NV was completed on 1 March 2016. Through this merger, Xior acquired a property located at 137 Parkstraat in Leuven consisting of 73 units intended for student housing and 30 underground parking spaces. The Fair Value of the real estate property was estimated at EUR 6.9 million. Following this merger, 230,657 new shares were issued. This merger resulted in a capital increase (including issue premium) of EUR 5,766,425.

Devimmo Overview acquired assets and liabilities	In KEUR
Investment property	6,965
Other assets	796
Cash and cash equivalents	65
Equity	5,766
Other debts	2,059
Value of the shares contributed	5,766

10.9.30.2 Property acquisitions

The Company also acquired a number of properties through a sale-purchase against payment in cash (property acquisitions).

Acquisition of 34 student units in Brussels

On 20 October 2016, Xior successfully completed its acquisition of two student properties at Nieuwbrug/Kruitmolenstraat in Brussels. The acquisition involved 34 student units with an investment value of approximately EUR 2.3 million and a Fair Value of EUR 2.15 million.

Acquisition of 143 student units in Maastricht

On 1 September 2016, Xior successfully completed its acquisition of the Carré property in Maastricht. This meant acquiring a student property in the centre of Maastricht consisting of 143 units and retail space on the ground floor. This acquisition has a total investment value of approximately EUR 24 million and a Fair Value of EUR 23.1 million.

10.9.30.3 Share acquisitions

The Company also acquired 100% of the shares in two real estate companies through a sale-purchase against payment in cash.

Acquisition of 122 student units in Breda

On 11 October 2016, Xior successfully completed its acquisition of the Tramsingel property in Breda.

This acquisition was achieved by the contribution in kind of 100% of the shares in the real estate company "Woonfront-Tramsingel Breda BV" to Xior's capital. The price of the shares in the real estate company is based on the global investment value of the property held by this company, i.e. approximately EUR 12.4 million (Fair Value of EUR 12.3 million). The transaction strengthened the equity position, which stood at EUR 10,631,947 (capital including issue premium).

Woonfront-Tramsingel Overview acquired assets and liabilities	In KEUR
Investment property	12,427
Other assets	176
Cash and cash equivalents	171
Equity	10,839
Other debts	1,936
Transfer tax	249
Other price elements	42
Corrected equity	10,632
Value of the shares contributed	10,632

Acquisition of 95 student units in Eindhoven

On 30 September 2016, Xior acquired 95 self-contained units located at Kronehoefstraat in Eindhoven. This is a leased site that was delivered at the end of December 2015. The student housing complex is known as "The Spot". This property was acquired through the purchase of 100% of the shares in the real estate company involved. The price of the shares in the real estate company is based on an agreed value for the property of approximately EUR 10.4 million, which is in line with the Fair Value.

Eindhoven De Kroon Overview acquired assets and liabilities	In KEUR
Investment property	10,400
Other assets	433
Cash and cash equivalents	24
Equity	5,398
Long term debts	4,552
Other debts	907
Corrected equity	5,398
Share price	5,398

For the accounting treatment of these acquisitions, please refer to the principle for consolidation.

- Intra-group mergers

On 16 December 2016, Karibu NV, Kwartma NV, Retail Design NV, Eindhoven De Kroon BV and Woonfront-Tramsingel BV merged with Xior Student Housing NV.

10.9.31 AVERAGE HEADCOUNT AND BREAKDOWN OF STAFFING COSTS

	31/12/2016	31/12/2015
Average headcount (in FTE)	17.8	6.8
Blue collars	7	8
White collars	14	9
Administrative staff	3	2
Commercial staff	12	9
Technical staff	6	6
Staffing costs (in thousands of EUR)	855	435
Remuneration and direct social benefits	645	344
Company social security contributions	198	85
Company contributions for non-compulsory insurance policies		
Other staffing costs	12	6

10.9.32 EVENTS AFTER THE BALANCE SHEET DATE

Reference is made to *Chapter 5.5 of this Annual Report* for events after the balance sheet date.

There have been no other significant events since the closing of the financial year that have affected the annual financial statements.

10.9.33 SCOPE OF CONSOLIDATION

The following subsidiaries form part of Xior Student Housing NV's scope of consolidation on 31 December 2016:

Name	Country	Share in the capital
Stubis BVBA	Belgium	100%

On 31 December 2015:

Name	Country	Share in the capital
Karibu Invest BVBA	Belgium	100%
Kwartma BVBA	Belgium	100%
Retail Design BVBA	Belgium	100%

The above companies all merged with Xior Student Housing NV on 16 December 2016.

10.9.34 DEBT RATIO

Figures in thousands of EUR.

Consolidated debt ratio (max. 65%)	31/12/2016	31/12/2015
Total liabilities	141,877	94,949
Adjustments	-3,250	-3,433
Total debts according to the Royal Decree of 13 July 2014	138,627	91,516
Total assets	273,507	203,331
Adjustments	0	0
Total assets according to the Royal Decree of 13 July 2014	273,507	203,331
Debt ratio (in %)	50.69%	45.01%

Further explanation of the evolution of the debt ratio

The legislation on Regulated Real Estate Companies, more specifically Article 24 of the Royal Decree on Regulated Real Estate Companies, states that if the RREC's consolidated debt ratio exceeds 50%, it must prepare a financial plan with an implementation schedule describing the steps that will be taken to prevent the debt ratio rising above 65% of the consolidated assets. The statutory auditor will prepare a special report on this financial plan. This report will confirm that the auditor has verified that the plan's preparation method uses the correct economic foundations and the plan's figures correspond with the RREC's accounting figures.

The half-yearly and annual financial reports must specify how the financial plan was implemented in the relevant period and how the RREC will implement the plan in the future.

Evolution of the debt ratio

During the last quarter of 2016, Xior Student Housing NV's consolidated debt ratio went up to 50.69%, compared with 45.01% on 31 December 2015. As a result of the implementation of Xior Student Housing NV's well-known, committed growth strategy and with the planned implementation of the acquisition pipeline that will increase the portfolio to approximately EUR 340 million in the short term (mid-2017), the debt ratio has exceeded 50%. In 2016, KEUR 58,346 was invested, but the equity was also strengthened by KEUR 18,233 through a contribution in kind.

Based on the debt ratio of 50.69% on 31 December 2016 and taking into account the acquisition of the property located in Barbarasteeg in Delft through debt financing and the acquisition of the properties in Ladderstraat in Brussels by equity financing with a contribution in kind, Xior Student Housing NV still has an additional investment potential of approximately EUR 100 million, without exceeding the maximum debt ratio of 65%. With a current committed pipeline worth approximately EUR 54 million, this is therefore significantly below the legal limit of 65%. There is still room for EUR 60 million of new investments before the 60% threshold is crossed.

The valuation of the property portfolio also has an impact on the debt ratio. Taking into account the capital base on 31 December 2016, the maximum debt ratio of 65% would only be exceeded if the value of the property portfolio were to fall by approximately EUR 58 million, which is about 20% of the property portfolio of EUR 284 million³⁸ on 17 January 2017.

In Xior Student Housing NV's opinion, the current debt ratio is at an acceptable level and there is still a sufficient margin to absorb any decreases in property value.

Expected evolution of the debt ratio

Based on the current financial plan and taking into account the acquisitions that will be completed during 2017, Xior Student Housing NV is expecting a debt ratio of around 55% compared with 50.69% on 31 December 2016, barring any unforeseen circumstances.

This estimate takes into account the following elements:

- The implementation of the acquisition pipeline
- The retained earnings taking into account the expected profit forecast for 2016 and 2017 and the dividend payment for the financial year of 2016;
- A stable valuation of the RREC's property portfolio.

However, these expectations may be affected by unforeseen circumstances. Please refer to *Chapter 1 ("Risk Management") of this Annual Report* in this regard.

Conclusion

The Board of Directors of Xior Student Housing NV believes that the debt ratio will not exceed 65% and that based on the current economic and real estate trends, planned investments and expected evolution of the public RREC's equity, no additional steps are required.

The goal is to maintain the debt ratio at a level around 55%, and to continue to strive towards a balanced growth of both equity and debt.

Xior Student Housing NV will monitor the evolution of the debt ratio closely. If certain events were to require an adjustment of the public RREC's policy, the Company will not fail to make the adequate adjustments, which will result in mandatory reporting where applicable, as required by the statutory disclosure regulations the Company must comply with.

³⁸ The value of the property portfolio already takes into account the acquisition of Barbarasteeg in Delft on 5 January 2017 and the acquisition of Ladderstraat in Brussels on 17 January 2017.

10.9.35 OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

A number of properties were acquired from third parties in the course of 2016. The sellers provided rental guarantees for a number of these properties. The term of these rental guarantees varies from 12 to 24 months starting from the transfer date. More specifically, the Company received rental guarantees for the properties on Tongerseweg in Maastricht, Kronehoefstraat in Eindhoven and Tramsingel in Breda.

Please refer to the press releases of 20 April 2016 and 11 May 2016 announcing that the Company signed agreements to acquire property in Delft, The Hague and Rotterdam. Please also refer to *Chapter 5.6.2 of the Annual Report*.

10.9.36 LEGAL AND ARBITRATION PROCEEDINGS

On 28 October 2015, a company that was acquired by the Company as part of the IPO following a merger was sued by non-voluntary third-party intervention before the Commercial Court of Leuven in the context of a dispute regarding a real estate project implementation contract. The dispute does not relate to the property belonging to the Company's portfolio.

The plaintiff who sued by non-voluntary third-party intervention and indemnification has now waived the claim. During the procedure, the original defendant had also filed an indemnification claim. The case was heard before the Commercial Court of Leuven on 2 February 2017. The verdict is still pending. Although the Company is unable to pre-empt the court's decision, it believes that the defence of the remaining indemnification claim is likely to be successful. All available legal remedies will be pursued if necessary.

The possible negative impact of this case will always be limited to the claimed amount (KEUR 371 plus interest). As it is understood that the Company is contractually protected against this anyway, a possible negative outcome (in an unexpected worst-case scenario) can actually be considered immaterial.

The Board of Directors declares that there are no further government interventions, lawsuits or arbitration cases that could have – or have recently had – a significant effect on Xior's financial position or profitability. It also declares that as far as it is aware, there are no circumstances or facts that could trigger such government interventions, lawsuits or arbitration cases.

10.9.37 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with legal requirements, we report to you on the performance of our mandate of statutory Auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2016 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of Xior Student Housing NV (“the Company”) and its subsidiaries (“the Group”) for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to ‘000’ EUR 273.507 and the consolidated income statement shows a profit for the year of ‘000’ EUR 5.016.

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Consolidated Financial Statements which are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these

Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA) as endorsed in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including his assessment of the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements, in order 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union

and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements, prepared in accordance

with article 119 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 6 April 2017

The Statutory Auditor
PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren bcvba
Represented by

Damien Walgrave
Reviseur d'Entreprises / Bedrijfsrevisor

STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with legal requirements, we report to you on the performance of our mandate of statutory Auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2015 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the Consolidated Financial Statements – Unqualified opinion

We have audited the Consolidated Financial Statements of Xior Student Housing NV ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to '000' EUR 203.331 and the consolidated

income statement shows a loss for the year of '000' EUR 514.

Board of directors' responsibility for the preparation of the Consolidated Financial Statements

The board of directors is responsible for the preparation and fair presentation of Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and with legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Consolidated Financial Statements which are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including his assessment of the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements, in order 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Unqualified Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2015 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements includes the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate;
- In accordance with Article 37 §2 of the Law of 12 May 2014 "regarding Regulated Real Estate Companies" and in accordance with Article 8 of the royal decree of 13 July 2014 "regarding Regulated Real Estate Companies", the transactions between the Company and the parties in accordance with Article 37 §1 of the above Law have been adequately disclosed in the 'conflict of interest' section of the annual report.

Sint-Stevens-Woluwe, 18 April 2016

The Statutory Auditor
PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren bcva
Represented by

Damien Walgrave
Reviseur d'Entreprises / Bedrijfsrevisor

10.10

CONDENSED VERSION OF XIOR STUDENT HOUSING NV'S STATUTORY ANNUAL FINANCIAL STATEMENTS

Xior Student Housing NV's statutory annual financial statements are based on the IFRS standards and in accordance with the Royal Decree on Regulated Real Estate Companies of 13 July 2014. The full version of Xior Student Housing NV's separate annual financial statements will be deposited together with the Annual Report and the Statutory Auditor's report with the National Bank of Belgium within the statutory term and is available free of charge on the Company website (www.xior.be) and from the registered office on request.

The Statutory Auditor has issued an unqualified opinion without reservations for the separate financial statements of Xior Student Housing NV.

10.10.1 STATUTORY INCOME STATEMENT

Figures in thousands of EUR.

Income statement		31/12/2016	31/12/2015
I	(+) Rental income	9,644	467
	(+) Rental income	8,623	456
	(+) Rental guarantee	1,035	11
	(+/-) Rent reductions	-14	
III	(+/-) Rent-related expenses	-57	
	- Impairment of trade receivables	-57	
	Net rental income	9,586	467
V	(+) Recovery of rental charges and taxes normally payable by the tenants for let properties	1,300	28
	Transmission of rental charges borne by the owner	1,202	28
	Charges for withholding tax and taxes on let properties	98	
VII	(-) Rental charges and taxes normally payable by the tenants for let properties	-1,345	-50
	Rental charges borne by the proprietor	-1,247	-33
	Advance levies and taxes on let properties	-98	-17
VIII	(+/-) Other rent-related income and expenditure	622	90
	Property result	10,163	536
IX	(-) Technical costs	-628	-119
	Recurring technical costs	-627	-109
	(-) Maintenance	-560	-96
	(-) Insurance premiums	-67	-13
	Non-recurring technical costs	-1	-10
	(-) Damages	-1	-10
X	(-) Commercial costs	-216	-18
	(-) Publicity	-216	-18
XII	(-) Property management costs	-577	-7
	(-) Management costs (external)	-204	-7
	(-) Management costs (external)	-373	
XIII	(-) Other property expenses	-438	-13
	(-) Architects' fees		-1
	(-) Surveyors' fees	-112	-12
	(-) Other	-327	
	Property expenses	-1,859	-157
	Property operating result	8,304	379

XIV. (-)	General company expenses	-1,782	-288
XV. (+/-)	Other operating income and costs	-8	-45
	Operating result before the result on the portfolio	6,514	47
XVI (+/-)	Result from the sale of investment property	106	
(+)	Net property sales (sales price - transaction costs)	2,870	
(-)	Book value of the sold property	-2,763	
XVIII (+/-)	Variations in the fair value of investment property	1,111	-141
(+)	Positive variations in the fair value of investment property	3,261	1,292
(-)	Negative variations in the fair value of investment property	-2,150	-1,433
XIX (+/-)	Other portfolio result	560	-380
	Operating result	8,292	-475
XX (+)	Financial income	429	34
(+)	Interest and dividends collected	429	34
XXI (-)	Net interest costs	-1,453	-46
(-)	Nominal interest paid on loans	-1,022	-46
(-)	Reconstitution of the nominal amount of financial debt	-58	
(-)	Costs of permitted hedging instruments	-373	
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	-373	
XXII (-)	Other financial costs	-213	-20
(-)	Bank costs and other commissions	-193	-16
(-)	Other	-20	-3
XXIII (+/-)	Variations in the fair value of financial assets and liabilities	-1,866	41
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	-1,866	
	Other		41
(+/-)	Financial result	-3,104	9
	Result before taxes	5,188	-465
XXIV (+/-)	Corporate tax	-71	-29
XXV (+/-)	Exit tax	13	-22
(+/-)	Taxes	-58	-50
	Net result	5,130	-515

10.10.2 COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

	31/12/2016	31/12/2015
Net result	5,130	-514
Other components of the comprehensive income		
(+/-) Impact on the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties	0	0
(+/-) Variations in the effective part of the fair value of permitted cash flow hedging instruments	0	0
Comprehensive income	5,130	-514

10.10.3 STATUTORY BALANCE SHEET

Figures in thousands of EUR.

Assets	31/12/2016	31/12/2015
Fixed assets	265,761	184,601
B Intangible fixed assets		
C Investment property	265,358	168,721
Property available to let	265,358	131,846
Property developments		36,874
D Other tangible fixed assets	248	240
Tangible fixed assets for own use	248	240
Other		
E Financial fixed assets	21	15,260
Assets at fair value via income		15,242
Other	21	17
G Trade receivables and other fixed assets	135	
H Deferred taxes – assets		380
Current assets	7,802	16,237
A Assets intended for sale		186
Other assets		186
D Trade receivables	538	606
E Tax receivables and other current assets	2,627	13,947
Taxes	172	666
Wages and social security contributions		
Other	2,455	13,281
F Cash and cash equivalents	4,097	1,393
G Accruals and deferred payments	540	105
Prepaid property expenses	430	8
Accrued rental income not due		41
Other	110	56
Total assets	273,563	200,837

Liabilities	31/12/2016	31/12/2015
Equity	131,744	108,381
A Capital	94,869	76,321
Issued capital	94,869	83,282
Capital increase costs		-6,961
B Issue premiums	32,261	25,615
C Reserves	-515	6,961
Statutory reserves		
Reserve for the balance of the variations in the fair value of property	4,044	
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties	-4,565	
Non-distributable reserve: reserve for expected losses		6,961
Other reserves		
Retained earnings from previous financial years	6	
D Net income for the financial year	5,130	-515
Liabilities	141,819	92,456
I Non-current liabilities	133,465	72,748
B Non-current financial debts	131,315	72,447
a Credit institutions	131,315	72,447
C Other non-current financial liabilities	1,866	
Permitted hedging instruments	1,866	
F Deferred taxes – liabilities	284	300
a Exit tax		
b Other	284	300
II Current liabilities	8,353	19,708
D Trade and other current payables	5,726	16,675
Exit tax	3,469	5,869
Other	2,257	10,806
Suppliers	1,242	5,482
Taxes, wages and social security contributions	1,015	5,324
E Other current liabilities	1,527	2,313
Other	1,527	2,313
F Accruals and deferred payments	1,100	720
a Property income received in advance	512	302
c Other	588	418
Total equity and liabilities	273,563	200,837

10.10.4 STATEMENT OF CHANGES IN EQUITY

Figures in thousands of EUR.

	Capital	Issue premiums	Reserves	Net income of the financial year	Equity
Balance on 10 March 2014					
Net appropriation of income 2015				-515	-515
Transfer of result on the portfolio income to reserves				-521	-521
Transfer of operating income to reserves				6	6
Other elements recognised in the comprehensive income					0
Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment properties					0
Variations in the fair value of financial assets and liabilities					0
Issue of new shares	85,575				85,575
Capital increase through non-cash contribution	30,282				30,282
Costs of issuing new shares and of capital increase	-6,961				-6,961
Capital reduction to create an available reserve to cover future losses	-6,961		-6,961		0
Partial allocation of capital to issue premiums	-25,615	25,615			0
Dividends					0

	Capital	Issue premiums	Reserves	Net income of the financial year	Equity
Balance on 31 December 2015	76,320	25,615	6,961	-515	108,381
Net appropriation of income 2015			-515	515	0
Transfer of result on the portfolio income to reserves					0
Transfer of operating income to reserves					0
Income for the period				5,130	5,130
Other elements recognised in the comprehensive income					0
Impact on the fair value of the estimated transaction fees and costs					0
Resulting from hypothetical disposal of investment properties					0
Variations in the fair value of financial assets and liabilities					0
Issue of new shares					0
Capital increase through non-cash contribution	18,233				18,233
Costs of issuing new shares and of capital increase					0
Capital reduction to create an available reserve to cover future losses					
Use of the available reserve to cover future losses	6,961		-6,961		0
Partial allocation of capital to issue premiums	-6,646	6,646			0
Dividends					0
Balance on 31 December 2016	94,868	32,261	-515	5,130	131,744

10.10.5 DETAIL OF THE RESERVES

Figures in thousands of EUR.

	Statutory reserves	Reserve for the balance of the variations in the fair value of property	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties
Balance on 10 March 2014			
Net appropriation of income	0	0	0
Transfer of result on the portfolio income to reserves			
Transfer of operating income to reserves			
Other elements recognised in the comprehensive income	0	0	0
Impact on the fair value of the estimated transaction fees and costs			
Resulting from hypothetical disposal of investment properties			
Variations in the fair value of financial assets and liabilities			
Issue of new shares			
Capital increase through non-cash contribution			
Costs of issuing new shares and of capital increase			
Capital reduction to create an available reserve to cover future losses			
Dividends			
Other			
Balance on 31 December 2015	0	0	0

	Reserve for the balance of the variations in the fair value of permitted hedging instruments that are subject to hedging accounting as defined in the IFRS	Available reserve: reserve for expected losses	Other reserves	Income carried over from previous financial years	Total of the reserves
					0
	0	0	0	0	0
					0
					0
	0	0	0	0	0
					0
					0
					0
					0
					0
					0
		6,961			6,961
					0
	0	6,961	0	0	6,961

Figures in thousands of EUR.

	Statutory reserves	Reserve for the balance of the variations in the fair value of property	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties
Balance on 31 December 2015	0	0	0
Net appropriation of income			
Transfer of result on the portfolio income to reserves		4,044	-4,565
Transfer of operating income to reserves			
Other elements recognised in the comprehensive income	0	0	0
Impact on the fair value of the estimated transaction fees and costs			
Resulting from hypothetical disposal of investment properties			
Variations in the fair value of financial assets and liabilities			
Issue of new shares			
Capital increase through non-cash contribution			
Costs of issuing new shares and of capital increase			
Capital reduction to create an available reserve to cover future losses			
Dividends			
Other			
Balance on 31 December 2016	0	4,044	-4,565

10.10.6 APPROPRIATION OF INCOME UNDER THE ARTICLES OF ASSOCIATION

Figures in thousands of EUR.

		31/12/2016	31/12/2015
A	Net income	5,130	-515
B	(-/+) Addition to/withdrawal from reserves		
1	(-/+) Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's fair value		
	Financial year	3,187	4,044
2	(-/+) Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties	-2,077	-4,565
5	(+) Addition to the reserve for the balance of the variations in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS		
	Financial year	-1,866	
10	(-/+) Addition to/withdrawal from other reserves	221	6
11	(-/+) Addition to/withdrawal from income carried over from previous financial years		
C	Return on capital pursuant to Article 13, section 1, first paragraph	4,273	
D	Return on capital – other than C	1,392	

10.10.7 PAYMENT OBLIGATION IN ACCORDANCE WITH THE ROYAL DECREE OF 13 JULY 2014 CONCERNING RRECS ARTICLE 13, §1, FIRST SECTION

in thousand EUR

	31/12/2016	31/12/2015
Net income	5,130	-515
(+) + depreciation	44	
(+) + impairments	20	
(-) - writebacks		
(+/-) +/- other non-monetary items	1,924	
(+/-) +/- income from the sale of investment property	-106	
(+/-) +/- variations in the fair value of property	-1,671	521
Corrected result (A)	5,341	6
(+/-) Gains and losses on property realised during the financial year	0	
(-) Gains realised on property during the financial year exempt from the payment obligation subject to their reinvestment within a period of four years	0	
(+) Gains realised on property previously exempt from the payment obligation and not reinvested within a period of four years	0	
Net gains on the realisation of property not exempt from the payment obligation (B)	0	0
Total (A+B) x 80%	4,273	5
(-) Debt reduction	0	
Payment obligation	4,273	5

10.10.8 NON-DISTRIBUTABLE INCOME IN ACCORDANCE WITH ARTICLE 617 OF THE COMPANY CODE

The amount as referred to in Article 617 of the Belgian Companies Code of the paid-up capital or – if the amount is higher – called-up capital, plus the reserves that must not be distributed by law or under the Articles of Association, is determined in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.

This calculation is based on Xior Student Housing NV's separate annual financial statements.

Figures in EUR

	31/12/2016	31/12/2015
Non-distributable equity in accordance with Article 617 of the Belgian Companies Code	125,971,057	108,381,105
Paid-up capital	94,869,018	83,282,040
Issue premiums are unavailable according to the articles of association	32,260,546	25,614,502
Reserve for the positive balance of the variations in the investment value of property	7,230,785	4,043,786
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties	-6,642,183	-4,565,183
Reserve for the balance of the variations in the fair value of permitted hedging instruments that are subject to hedging accounting	0	0
Reserve for the balance of the variations in the fair value of permitted hedging instruments that are not subject to hedging accounting	-1,866,408	0
Other reserves	119,299	5,960
Statutory equity	131,744,295	108,381,105
Planned dividend payments	5,665,366	0
Weighted average number of shares	4,926,405	
Operational distributable income per share (EUR)	1.15	
Statutory equity after dividend payments	126,078,929	108,381,105
Remaining reserve after payment	107,873	

Xior Student Housing received the income of the subsidiaries it fully owned and then merged with from the date the Company acquired them until they merged with the Company on 16 December 2016. This income was then absorbed into the Company's equity:

- The operational distributable income of subsidiaries was attributed to the various items for the Company's income.
- The change in the Fair Value of investment property of subsidiaries was attributed to other portfolio income.

As such the subsidiaries' operational income for the entire year of 2016 can be used for distribution as dividend.



Campus Schoonmeersche
GENT



Kipdorpvest
ANTWERPEN



11

Statements

11.1

FUTURE-ORIENTED STATEMENTS

This Annual Report contains future-oriented information, prospective information, projections, convictions, opinions and estimates produced by Xior in relation to the expected future performance of Xior and the market in which it operates ("prospective statements"). By nature, future-oriented statements involve inherent risks, uncertainties and assumptions, both general and specific, that appear justified at the time at which they are made but which may or may not turn out to be accurate, and there is a risk that such statements will not materialise. Some events are difficult to predict, and may depend on factors outside of Xior's control. In addition, the future-oriented statements are only valid on the date of this Annual Report. Statements in this Annual Report relating to past trends or activities may not be interpreted as an indication that such trends or activities will persist in future. Actual profits, the financial situation and Xior's performance or income may therefore differ substantially from the information projected or implied in future-oriented statements. Xior expressly rejects any obligation or guarantee to publicly update or review prospective statements unless it is required to do so by law.

11.2

PARTY RESPONSIBLE FOR THE CONTENT OF THE REGISTRATION DOCUMENT

Xior Student Housing NV, with its registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp, is responsible for the content of this registration document.

Xior Student Housing NV declares it has taken all reasonable measures to ensure the data in this Annual Report is in accordance with the facts and that no data has been omitted that would affect the implications of this Registration Document. As far as it is aware, this is currently the case.

The Board of Directors, whose composition is set out in *Chapter 6.1.11 of this Annual Report*, declares to the best of its knowledge that:

- The annual financial statements, which are drawn up in accordance with the applicable standards for annual financial statements, provide a true and fair view of the equity, financial position and income of the Company and of the undertakings included in the consolidation.
- The annual financial report provides a true and fair overview of the business developments and income, and of the position of the Company and the undertakings included in the consolidation, as well as a description of the main risks and uncertainties that confront them.

11.3

INFORMATION PROVIDED BY THIRD PARTIES

This registration document contains information provided by third parties (see *Chapter 8.1 of this Annual Report* for a report by CBRE; *Chapter 8.2.2* for the Conclusions by property experts Stadim and DTZ; and *Chapters 7.1.5.4 and 10.9.36* for the reports of the Statutory Auditor).

Xior Student Housing NV declares that the information provided by third parties is accurately reproduced. As far as the Company is aware and was able to ascertain from the information published by the third party involved, no facts have been omitted that would make the shown information inaccurate or misleading.

The third-party information (reports and conclusions) included was included following the approval of its content, form and context.



Vlamingenstraat
LEUVEN



12

Permanent document:
General information
about the company and
the coordinated articles
of association

12.1

COMPANY DETAILS

12.1.1 NAME, LEGAL FORM, STATUS, DURATION AND REGISTRATION DATA

The Company is a public limited company (naamloze vennootschap) incorporated under Belgian law that has the status of a public regulated real estate company under Belgian law (a "public RREC" or "RREC"). Its name is "Xior Student Housing" or "Xior". As a public RREC, the Company falls under the scope of application of the Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies. The Company also falls under the scope of application of the Belgian Companies Code.

Since 24 November 2015, the Company has been licensed as a public RREC under Belgian law, registered at the FSMA. The Company has made a public offering within the meaning of Article 438 of the Belgian Companies Code. Xior Student Housing NV's shares have been listed on Euronext Brussels (XIOR) since 11 December 2015.

The Company is entered in the Crossroads Bank for Enterprises (Antwerp Register of Legal Entities, Antwerp section) under company number BE 0547.972.794.

The Company has been incorporated for an indefinite period.

12.1.2 REGISTERED OFFICE AND FURTHER CONTACT DETAILS

The Company's registered office is located at Mechelsesteenweg 34 (Box 108), 2018 Antwerp, Belgium. The Board of Directors may adopt a resolution to move the registered office elsewhere in Belgium.

The Company's further contact details are:

Tel.: +32 3 257 04 89 (Head Office)

E-mail: info@xior.be

www.xior.be

12.1.3 INCORPORATION

The Company was incorporated as a private limited company, Xior Student Housing NV, on 10 March 2014, by means of a deed executed before civil-law notary Peter Timmermans, notary in Antwerp, as published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 14069091.

The Company was incorporated with an authorised capital of EUR 20,000, which is represented by 200 shares allocated to the founders as follows:

- Aloxe NV: 199 shares (99.50%).
- Bimmoc BVBA: 1 share (0.50%).

12.1.4 HISTORY OF THE COMPANY

Below we provide an overview of the most important changes that have occurred within the Company since its establishment.

Date	Event
10 March 2014	The Company is established as a private limited company under the name Xior Student Housing with a registered capital of EUR 20,000, represented by 200 shares.
23 September 2015	The Company is converted into a limited company and the financial year is extended to 31 December 2015.
	The authorised capital is increased to EUR 1,250,000, represented by 12,500 shares.
23 November 2015	The existing 12,500 shares are split into 42,500 new shares at a ratio of 1 existing share to 3.4 new shares.
	The Articles of Association are amended after the Company's was licensed as a public RREC by the FSMA on 24 November 2015.
11 December 2015	The authorised capital increases to EUR 90,242,678.39, represented by 4,626,780 shares following various contributions in kind and a contribution in cash as part of the completion of the IPO.
	The capital is reduced by EUR 6,960,638.39 to create a reserve for foreseeable losses, resulting in a new capital of EUR 83,282,040.00 represented by 4,626,780 shares.
	The Board of Directors is authorised to increase the Company's issued authorised capital up to EUR 83,282,040 in one or more transactions.
	The Board of Directors is authorised to acquire own shares or to accept them as security.
	The Board of Directors is authorised to acquire own Company shares, accept them as security and sell them in the event of serious imminent damage.
1 March 2016	The authorised capital is increased to EUR 87,433,866, represented by 4,857,437 shares following the merger by acquisition of Devimmo NV.
1 August 2016	The authorised capital is increased to EUR 88,754,814, represented by 4,930,823 shares following the merger by acquisition of CPG CVBA.
11 October 2016	The authorised capital is increased to EUR 94,869,018, represented by 5,270,501 shares following a contribution in kind of all shares in the company Woonfront-Tramsingel Breda BV.

24 November 2016	Xior Student Housing NV acquires all shares in Stubis BVBA.
16 December 2016	Xior Student Housing NV enters into a silent merger by the acquisition of (i) Karibu Invest BVBA (following the silent merger of Karibu Invest BVBA by the acquisition of Kwartma BVBA), (ii) Retail Design BVBA, (iii) Eindhoven De Kroon BV and (iv) Woonfront-Tramsingel Breda BV.
17 January 2017	The authorised capital is increased to EUR 97,538,994, represented by 5,418,833 shares following the contribution in kind of a student accommodation property (under construction) in Brussels.

12.1.4.1 Company capital

A table showing the evolution of the Company's authorised capital is included in *Chapter 10.9.18 of this Annual Report*.

12.1.4.2 Status as a regulated public real estate company

Xior Student Housing NV has the status of a public RREC.

Regulated real estate companies are defined in the Legislation on Regulated Real Estate Companies in terms of their activities. This activity consists of making property available, either directly or via a company in which it holds a stake, to users, and within any limits defined for this, owning "other property" (shares in public closed-end property investment companies, rights to participate in certain foreign CIUs, issuing shares through certain other RRECs and real estate certificates). The RREC may perform all the activities in this regard related to the construction, conversion, renovation, development (for its own portfolio), acquisition, disposal, management and operation of property. The RREC follows a strategy that aims to retain possession of its property for the long term. In performing its activities, it focuses on active management, which specifically implies that it assumes direct responsibility for the development and the day-to-day management of the properties, and that all other activities that it carries out add value to these properties or for those who use them, such as providing ancillary services in relation to the provision of the properties.

A *public* RREC is a regulated real estate company whose shares are permitted for trading on a regulated market and that raises funds in Belgium or abroad through a public offering of shares.

RRECs are governed by strict legislation. The Belgian legislature has ensured that the RREC provides a great deal of transparency in relation to its activities by stipulating that at least 80% of the adjusted net income (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) less the net reduction in the RREC's debt in the course of the financial year must be distributed. RRECs also benefit from a special tax regime.

The RREC is subject to the supervision of the FSMA and specific regulations. The main characteristics of these regulations are the following:

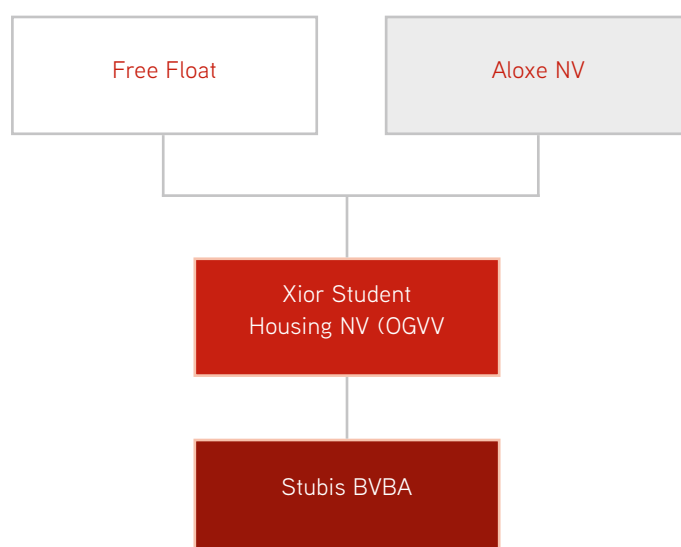
- The RREC must adopt the form of a public limited company or a limited partnership.
- The shares of a public RREC must be admitted to trading on a regulated Belgian market and at least 30% of its voting securities must be continuously and permanently held by the public.
- The composition of the RREC's Board of Directors must be such that the RREC can be managed in accordance with Article 4 of the Law on Regulated Real Estate Companies. The RREC's permitted activities must essentially remain limited to making properties available to users and the possession of "other property" (within the meaning of Article 4 of the Law on Regulated Real Estate Companies), as described above.

- Strict rules in relation to conflicts of interest and internal control structures must be observed.
- The RREC may not act as a property developer, unless this only happens occasionally.
- The portfolio must be entered at the fair value (under IFRS); the RREC may not depreciate its property.
- The RREC's property portfolio is appraised both periodically (each quarter) and on an ad hoc basis (for example if the RREC issues shares or merges) by an independent property expert. The expert may only be entrusted with the appraisal of a specific property for a maximum of three years. After the end of this period, the expert may only appraise this property again after a three-year period has passed since the previous period.
- Unless this results from a variation in the fair value of the assets, the RREC's consolidated and separate debt ratio may not exceed 65% of the consolidated or separate assets, as the case may be, less the permitted hedging instruments, in accordance with Article 23 of the Royal Decree on Regulated Real Estate Companies.
- The annual financial costs that form part of the RREC's debt may not at any time exceed 80% of the consolidated net operating income, in accordance with Article 25 of the Royal Decree on Regulated Real Estate Companies.
- Security may be provided only in relation to financing the property-related activities of the Company or Group, and is limited to 50% of the total fair value of the consolidated property and, for each encumbered property, to 75% of the value of that encumbered property.
- The RREC must diversify its investments so that the risks are appropriately spread. In principle, the RREC may not hold any "property unit" that represents more than 20% of the consolidated assets.
- At least 80% of the adjusted net income (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) less the net reduction in the RREC's debt in the course of the financial year must be distributed as repayment of capital.
- Pursuant to Articles 171(3) to 269 of the Income Tax Code, the withholding tax on dividends paid by a public RREC like Xior has generally been 30% since 1 January 2017 (cf. Articles 171(3) to 269, Section 1(1) of the Income Tax Code).
- The income (rental income and capital gains from sales, less the operating expenses and financial charges) of the RREC in Belgium is exempt from corporation tax. Although the RREC is subject to corporation tax at the normal rate, its taxable base is limited to (i) the extraordinary or gratuitous advantages that it receives and (ii) the expenses and costs that cannot be deducted as business costs, other than impairments and capital losses on shares. It may also be subject to a special assessment on secret commissions of 309% on commissions and remuneration that have been paid but not declared in individual records and a summary return. The income from the activities in the Netherlands is subject to Dutch income tax.

12.2 GROUP STRUCTURE

12.2.1 EXTERNAL GROUP STRUCTURE

On 31 December 2016, the Company's group structure was as follows:



For information on the distribution of share ownership, please refer to *Chapter 6.1.9 of this Annual Report*.

12.2.2 INTERNAL ORGANISATIONAL STRUCTURE

On 31 December 2016, the Company had 17.8 FTEs, excluding the management team, divided into an operational department (headed by the CEO) and a support administrative department (headed by the CFO).

12.2.3 SUBSIDIARIES

The Company has one wholly (directly) owned subsidiary: Stubis BVBA.

Stubis is responsible for providing "property services to third parties" in accordance with Article 6 of the Law on Regulated Real Estate Companies. These real estate services used to be provided by Retail Design BVBA before its merger by acquisition with Xior Student Housing NV. It is noted in this regard that the Company always aims to provide the best possible service both to its own buildings and the buildings that form part of these "property services to third parties", and thus strives in particular for an optimal occupancy rate of these buildings. The Company takes the view that very few to no conflicts of interest arise in this regard because letting out both types of buildings is in the Company's interest. In practice, the choice of a specific room is moreover made by the prospective tenant. Although the Company will assist prospective tenants in choosing a specific room based on their wishes and requirements (e.g. preferred locations), the full range of student rooms and obviously availability, the final choice lies with each prospective tenant. Conflicts of interest are therefore kept to a minimum or do not even exist.

12.2.4 PROMOTER

Christian Teunissen is the Company's promoter together with Aloxe NV. Please also see *Chapter 5.4 of this Annual Report* and the information on promotership changes in this regard.

12.3

AVAILABILITY OF COMPANY DOCUMENTS AND OTHER INFORMATION

The Company must file its consolidated Articles of Association, including whenever these are revised and amended, and other documents that must be published in the Annexes to the Belgian Official Journal with the registry of the Antwerp Commercial Court (Belgium), Antwerp section, where these will be available to the public. A copy of the most recent consolidated Articles of Association and the Corporate Governance Charter must also be made available on the Company's website. The Annual Financial Report 2015 is included by reference and is also available on the Company website.

In accordance with Belgian legislation, the Company must draw up separate and consolidated annual financial statements that are to be audited. The separate and consolidated annual financial statements and the related reports of the Board of Directors and the statutory auditor must be filed with the National Bank of Belgium, where these will be available to the public. As a listed company, the Company is moreover obliged to publish its abridged, half-yearly financial statements, as well as its audited annual financial statements, the statutory auditor's report and its Board of Directors' Annual Report.

The Company must disclose all information that qualifies as "foreknowledge" (inside information) under the applicable regulations to the public. The Company must also disclose information about its shareholder structure and certain other information to the public.

In accordance with the Royal Decree of 14 November 2007, such information and documents are made available through press releases, the financial press in Belgium, the Company's website (on condition that the conditions set out in Article 14 of the Royal Decree of 14 November 2007 are met), the communication channels of Euronext Brussels or a combination of these media, via which these documents can be consulted.

The Company's website is at www.xior.be. A copy of the above-mentioned documents can also be obtained from the Company's registered office.

12.4

SERVICE PROVIDERS OF THE COMPANY

12.4.1 PROPERTY EXPERTS

In accordance with Article 24 read together with Articles 47 *et seq.* of the Law on Regulated Real Estate Companies, the Company uses independent property experts who are responsible for the periodic and ad hoc valuations of its properties.

The property appraisal assignments for the properties located in Belgium and some properties located in the Netherlands are entrusted to Stadim CVBA, Uitbreidingstraat 10-16 (Antwerp Gate 2), 2600 Antwerp, Belgium, represented by Philippe Janssens. The property appraisal assignments for the other properties located in the Netherlands are entrusted to DTZ Zadelhoff VOF, Parnassusweg 803, 1082 LZ Amsterdam, represented by G.J.H. Boeve and F.G. van Hoeken (jointly referred to as "**the Property Experts**"). For this purpose, the Company and the respective Property Experts entered into a property appraisal agreement on 18 November 2015, under which the Property Experts act as appraisers (i) for the initial valuation of the Company's property after becoming licensed as an RREC, (ii) for the annual revaluation and quarterly adjustments, and (iii) any subsequent appraisals of property that the Company wishes to acquire or sell. The Property Experts also update the total valuation of the Company's property based on market developments and the individual characteristics of the properties concerned at the end of each quarter.

Based on the above agreements, the Property Experts are appointed for a fixed three-year period starting from 1 January 2016. In accordance with Article 24 of the Law on Regulated Real Estate Companies, a new agreement may be concluded with a Property Expert, where relevant, only after a period of three years has passed between the end of the current period and the new period (rotation principle). However, since the Property Experts are legal entities, the above rotation principle applies solely to the natural persons who represent the respective Property Experts, on condition that the respective Property Experts show that appropriate functional independence exists between these natural persons.

The Property Experts appraise all the properties (land and buildings) in the Company's portfolio.

The Property Experts are entitled to an annual fee based on the size of the Company's portfolio. The experts' fees are not directly or indirectly related to the value of the property they assess. For the financial year of 2016, the total appraisal fee of the Property Experts is EUR 122,425 (incl. VAT), of which EUR 80,196 for Stadim and EUR 42,229 for DTZ Zadelhoff.

12.4.2 STATUTORY AUDITOR

During the extraordinary general meeting held on 23 November 2015, the Company appointed PricewaterhouseCoopers Bedrijfsrevisoren BV (PwC), a professional partnership (BV) incorporated in the form of a cooperative society with limited liability (CVBA), represented by Damien Walgrave, company auditor and member of the Belgian Institute of Company Auditors, with registered office at Woluwedal 18, 1932 Diegem, listed at the Crossroads Bank for Enterprises under enterprise number VAT BE 0429.501.944 (Brussels Register of Legal Entities), whose designated representative is Damien Walgrave, as the statutory auditor of the Company (the "statutory auditor"), up to and including the general meeting that will decide on the annual financial statements drawn up for the year closing 31 December 2017.

The annual fee of the statutory auditor for examining and auditing the separate and consolidated accounts of the Company and its subsidiaries was fixed for the term of its mandate at EUR 25,000 (excluding VAT and expenses), subject to annual indexation.

For a summary of the statutory auditor's fee in the 2016 financial year, please refer to *Chapter 10.9.29 of this Annual Report*.

PwC, represented by company auditor Damien Walgrave, was appointed as the statutory auditor of company Stubis BVBA for a three-year period on 24 November 2016. The fixed fee of the statutory auditor for examining and auditing the separate accounts of Stubis BVBA is EUR 2,500 (excluding VAT and expenses), subject to annual indexation.

The statutory auditor has agreed that its reports are included in this Annual Report under *Chapters 7.1.5.4 and 10.9.37*.

12.4.3 FINANCIAL SERVICE

ING Belgium NV

Legal Financial Markets
Marc Sanders
Avenue Marnix/Marnixlaan 24
1000 Brussels
+ 32 2 547 31 40
marc.sanders@ing.be

A EUR 2,220.50 fee was paid for 2016.

12.4.4 LIQUIDITY PROVIDER

Bank Degroof Petercam NV

Nijverheidsstraat 44
1040 Brussels

A fee of EUR 15,000 excl. VAT was paid for 2016.

12.5

COORDINATED ARTICLES OF ASSOCIATION OF THE COMPANY AS PER 17 JANUARY 2017³⁹

HISTORY

(in accordance with Article 75(1)(2) of the Belgian Companies Code)

The Company was incorporated as a private limited liability company by means of a deed executed before the undersigned civil-law notary Peter Timmermans on 10 March 2014, and published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 2014-03-28/14069091.

The Articles of Association were amended by means of a deed before the same notary Peter Timmermans on:

- 23 September 2015, which included a conversion of the legal form into the current form, published in the Annexes to the Belgian Official Journal of 20 November 2015 under number 2015-11-20/0162805.
- 23 November 2015, which included a capital increase and an amendment to the Articles of Association to obtain the status of a regulated public real estate company, published in the Annexes to the Belgian Official Journal of 8 December 2015 under number 2015-12-08/0170864.
- 11 December 2015, which included various mergers by acquisition and a capital increase by means of a non-cash contribution, published in the Annexes to the Belgian Official Journal of 5 January 2016 under number 2016-01-05/0001184.
- 1 March 2016, which included a merger by acquisition published in the Annexes to the Belgian Official Journal of 6 April 2016 under number 2016-04-06/16047694.

The Articles of Association were amended by deed executed before notary Yves De Deken, replacing his colleague notary Peter Timmermans in his absence, both practising in Antwerp, on 1 August 2016, which included the merger by absorption published in the Annexes to the Belgian Official Journal of 5 September 2016 under number 2016-09-05/16123425.

The Articles of Association were last amended by means of a deed before the same notary Peter Timmermans on:

- 11 October 2016, which included a capital increase by a contribution in kind in the context of the authorised capital, published in the Annexes to the Belgian Official Journal of 31 October 2016 under number 2016-10-31/16150541.
- 17 January 2017, which included a capital increase by a contribution in kind in the context of the authorised capital, to be filed for publication in the Annexes to the Belgian Official Journal, as a result of this consolidation.

³⁹ These are the Company's Articles of Association on 31 December 2016, in which the capital and number of shares were amended following the capital increase by contribution in kind on 17 January 2017 (see *Chapter 5.5.1 of this Annual Report*).

ARTICLES OF ASSOCIATION

Reference made in these Articles of Association to "the regulations applicable to regulated real estate companies", means "the regulations that apply at any time to regulated real estate companies".

CHAPTER I – NAME – LEGAL FORM – DURATION – REGISTERED OFFICE – PURPOSE – PROHIBITORY STIPULATIONS**Article 1. Name and legal form**

The Company name is "Xior Student Housing" or "Xior" for short.

The Company has the legal form of a public limited liability company. The Company is subject to the statutory system of the regulated public real estate company under Belgian law, referred to below as a "public RREC" or "RREC".

The corporate name of the Company and all of the documents that it produces (including all deeds and invoices) must contain the wording "*openbare geregementeerde vastgoedvennootschap naar Belgisch recht*" (regulated public real estate company under Belgian law) or "*openbare GW naar Belgisch recht*" (public RREC under Belgian law) or "*OGW naar Belgisch recht*" (PRREC under Belgian law). The corporate name must also always be preceded or followed by the words "*naamloze vennootschap*" (public limited company) or the abbreviation "*NV*".

The Company raises funds in Belgium or abroad by offering shares to the public, and thus made a public call on savings within the meaning of Article 438(1) of the Belgian Companies Code. The shares of the Company are admitted for trading on a regulated market and the Company thus qualifies as a listed company within the meaning of Article 4 of the Belgian Companies Code.

The Company is subject to all regulations that apply at any time to regulated real estate companies and, in particular, to the provisions of the Belgian Law of 12 May 2014 on regulated real estate companies ("the Law on Regulated Real Estate Companies") and the Royal Decree of 13 July 2014 on regulated real estate companies ("the Royal Decree on Regulated Real Estate Companies").

Article 2. Duration

The Company has been incorporated for an indefinite period.

Article 3. Registered office

The registered office of the Company is at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium) and the Company is listed in the register for legal entities (RPR) at the Antwerp Commercial Court, Antwerp section.

The registered office may be moved elsewhere in Belgium without any amendment to the Articles of Association by means of a simple resolution of the Company's Board of Directors, subject to the observance of language legislation. The Board of Directors must ensure that any change to the Company's registered office is published in the Annexes to the Belgian Official Journal.

The Company may establish suboffices, branches, subsidiaries, permanent establishments or agencies, both in Belgium and abroad, by means of a simple resolution of the Board of Directors.

Article 4. Purpose

The Company's sole purpose is (a) to make properties, either directly or via a company in which it holds a stake in accordance with the provisions of the Law on Regulated Real Estate Companies and its implementing decrees and regulations, available to users, and (b) to own property as referred to in Article 2(5)(i)-(x) of the Law on Regulated Real Estate Companies, within the limits defined for this in the Law on Regulated Real Estate Companies.

Property means property within the meaning of the Law on Regulated Real Estate Companies, as well as other assets, shares or rights that are defined as property by the regulations applicable to regulated real estate companies.

For the purpose of making properties available, the Company may, in particular, perform all activities that relate to the erection, construction (without affecting the prohibition on acting as a property developer, except for occasional transactions), refurbishment, renovation, fitting out, development, acquisition, disposal, letting, subletting, exchange, contribution, transfer, parcelling out, placing under the system of co-ownership of or undivided interest in property, granting or acquiring rights of superficies, usufruct, long-term lease or other real or personal rights to property, and the management and operation of properties.

In accordance with the regulations applicable to regulated real estate companies, the Company may also:

- i. Be a lessee of properties, with or without an option to purchase.
- ii. Be a lessor of properties, with or without an option to purchase, on the understanding that acting as a lessor of properties with an option to purchase may be performed only

as an ancillary activity, unless those properties are intended for purposes of general interest, including social housing and education, in which case this activity may be performed as a principal activity.

- iii. Develop activities as part of a public-private partnership within the limits defined for this purpose by the regulations applicable to regulated real estate companies, whether or not placed within an institutional regulated real estate company.
- iv. Invest in securities that are not property within the meaning of the regulations applicable to regulated real estate companies, as either an ancillary or temporary activity. These investments must be made in accordance with the risk management policy adopted by the Company and be diversified in order to ensure appropriate risk diversification. The Company may also hold unallocated liquid assets. Liquid assets may be held in all currencies in the form of current account or term deposits or in the form of any other readily negotiable monetary instrument.
- v. Provide mortgages or other personal or real securities for the purpose of financing the property activities of the Company or its group, within the limits defined for this purpose by the regulations applicable to regulated real estate companies.
- vi. Take out or grant loans within the limits defined for this purpose by the regulations applicable to regulated real estate companies.
- vii. Enter into transactions involving permitted hedging instruments, insofar as these transactions form part of a policy determined by the Company for hedging financial risks, with the exception of speculative transactions.

The Company may, with due observance of the regulations applicable to regulated real estate companies, acquire, rent or let, transfer or exchange immovable or movable assets, materials and required supplies, and generally perform all commercial or financial acts (including "additional services" as referred to in the regulations applicable to regulated real estate companies) that relate directly or indirectly to its object, or that are simple in nature so as to pursue or facilitate the achievement of its object, both within Belgium and abroad.

With due observance of the regulations applicable to regulated real estate companies, the Company may, by means of a cash or non-cash contribution, merger, full or partial de-merger, or other restructuring under corporate law, subscription, participation, membership, financial intervention or otherwise, participate in (or be a member

of) all existing or yet to be incorporated companies, undertakings or associations, in Belgium or abroad, whose corporate purpose is similar or complementary to its own, or is of such a nature as to pursue or facilitate the achievement of its object, and to generally perform all acts that are directly or indirectly associated with its corporate purpose.

Article 5. Prohibitory stipulations

The Company may not act as a property developer within the meaning of the regulations applicable to regulated real estate companies, unless this involves occasional transactions.

The Company is prohibited from:

- viii. Participating in a guarantee or underwriting association.
- ix. Lending financial instruments, with the exception of loans that are made under the conditions and according to the provisions of the Royal Decree of 7 March 2006.
- x. Acquiring financial instruments that are issued by a company or association under private law that has been declared insolvent, has entered into a composition with its creditors, is the object of a judicial reorganisation procedure, has been granted a deferral of payment, or in respect of which a similar measure has been taken abroad.

CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES

Article 6. Capital

The Company's capital is EUR 97,538,994 (ninety-seven million, five hundred and thirty-eight thousand, nine hundred and ninety-four euros) divided into 5,418,833 (five million, four hundred and eighteen thousand, eight hundred and thirty-three) shares without nominal value, each representing one 5,418,833rd (five million, four hundred and eighteen thousand, eight hundred and thirty-third) share of the capital.

The capital is fully paid-up.

Article 7. Authorised capital

The Board of Directors is authorised to increase the company's capital, on one or more occasions, on the dates and under the conditions that it determines, subject to a maximum amount of EUR 83,282,040.00. This authorisation is valid for a five-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 23 November 2015.

This authorisation can be renewed.

The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase. These capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the separate IFRS annual financial statements (drawn up under the regulations applicable to registered real estate companies) that are subject to conversion into capital, whether or not with the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, the regulations applicable to registered real estate companies and these Articles of Association. The Board of Directors may at such occasion issue new shares with the same or different rights (such as voting rights, dividend rights, including whether or not any preferential dividend is transferable, and/or rights relating to the liquidation balance and any preference with regard to the repayment of capital) as the existing shares and amend the Articles of Association in that regard to give effect to such different rights. Where applicable, in case the Board of Directors has adopted a resolution for a capital increase, the Board of Directors must place the issue premiums in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

Under the conditions and within the limits set in this article, the Board of Directors may also issue warrants (whether or not attached to another security) and convertible bonds or bonds payable in shares, which could give rise to the creation of the same securities as referred to in paragraph 4, always subject to compliance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and these Articles of Association. Notwithstanding the application of Articles 592-598 and 606 of the Belgian Companies Code, the Board of Directors may also limit or cancel the pre-emptive right, even if it operates in favour of one or more persons other than employees of the Company or its subsidiaries, insofar as an irreducible allocation right is granted to the existing Shareholders on the award of new securities (insofar as permitted by law). This irreducible allocation right must at least comply with the conditions as set out in Article 11.1 of these Articles of Association. Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, the above restrictions with regard to the restriction or cancellation of the pre-emptive right do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the distribution of an optional dividend, insofar as this is actually made

payable in respect of all shareholders.

If securities are issued in return for a non-cash contribution, the conditions as stated in Article 11.2 of these Articles of Association must be fulfilled (including the possibility of deducting an amount that corresponds to the portion of the unpaid gross dividend). However, the special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders. The Board of Directors is authorised to have any ensuing amendments to the articles of associated recorded in a legally valid manner.

Article 8. Nature of the shares

The shares of the Company are registered or dematerialised, at the option of the shareholder. The shareholders may make a written request to convert registered shares into dematerialised shares, or vice versa, at any time.

A dematerialised share is represented by an entry in an account, in the name of the owner or holder, at a recognised account holder or settlement institution and is transferred by way of transfer from account to account. The number of the dematerialised shares in circulation at any given time is entered in the register of registered shares in the name of the settlement institution.

A register of the registered shares is held at the Company's registered office, in electronic form as the case may be. Ownership of the shares is evidenced by the entry in the share register.

There are no different types of shares.

Article 9. Securities

With the exception of profit-sharing certificates and similar securities, and subject to due observance of the regulations applicable to regulated real estate companies, the Company may issue the securities referred to in Article 460 of the Belgian Companies Code, and any other securities permitted under company law, in accordance with the rules prescribed therein and the regulations applicable to regulated real estate companies.

Article 10. Acquisition and disposal of own shares

The Company may acquire its own shares or accept them in pledge in accordance with the conditions laid down in the Belgian Companies Code, provided that prior notice of the transaction is given to the Financial Services and Markets Authority (FSMA).

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire own shares or accept them in pledge, subject to a maximum of 20% (twenty per cent) of the total issued shares, at a unit price that may not be lower than 10% (ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels, or higher than 110% (one hundred and ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels.

This renewable authorisation is granted for a five-year period, as from 23 November 2015.

The Company may acquire its own shares or accept them in pledge without having to make an offer of purchase to all shareholders on condition that it guarantees the equal treatment of the shareholders under equal circumstances by means of equivalence of the offered price in accordance with Article 620, Section 1(5) of the Belgian Companies Code.

The Board of Directors is permitted to dispose of own shares that are listed within the meaning of Article 4 in accordance with Article 622, Section 2, paragraph 2(1) of the Belgian Companies Code.

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire its own shares, at a unit price that may not be lower than 75% (seventy-five per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels.

This authorisation is granted for an indefinite period.

The Board of Directors is permitted to acquire, accept in pledge and dispose of the Company's own shares if the acquisition or disposal is necessary to avoid impending serious harm to the Company, subject to the conditions included in Article 620 et seq. of the Belgian Companies Code. The general meeting of the Company granted this authorisation on 23 November 2015 for a three-year period, as from the date of publication of this authorisation in the Annexes to the Belgian Official Journal.

The aforementioned authorisations also permit the acquisition, acceptance in pledge and disposal of the Company's own shares by one or more of its subsidiaries within the meaning of Article 627(1) of the Belgian Companies Code, including by people acting in their own name but on behalf of those subsidiaries.

Article 11. Alteration of the capital

Notwithstanding the possibility to use authorised capital by means of a resolution of the Board of Directors, subject to due observance of the regulations applicable to regulated real estate companies, a resolution

to increase or decrease capital may be adopted only by an extraordinary general meeting in the presence of a civil-law notary.

If the general meeting adopts a resolution to request an issue premium, this must be placed in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

11.1 Capital increase by cash contribution

In case of a capital increase by cash contribution, and notwithstanding the application of Articles 592-598 of the Belgian Companies Code, the pre-emptive right can be restricted or cancelled only insofar as the existing shareholders are granted an irreducible allocation right on the granting of new securities.

This irreducible allocation right must meet the following conditions imposed by the regulations applicable to regulated real estate companies:

- xi.** It must relate to all newly issued securities.
- xii.** It must be granted to the shareholders pro rata to the portion of the capital represented by their shares at the time of the transaction.
- xiii.** A maximum share price must be announced no later than the eve of the start of the public subscription period.
- xiv.** In that case, the public subscription period must be open for at least three stock exchange days.

Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, the aforementioned restrictions with regard to the capital increase by cash contribution do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

11.2 Capital increase by non-cash contribution

If securities are issued in return for a non-cash contribution, notwithstanding Articles 601 and 602 of the Belgian Companies Code, the following conditions must be met:

- i.** The identity of the contributor must be specified in the report to the Board of Directors as referred to in Article 602 of the Belgian Companies Code, as well as, where applicable, in the notices for the general meeting that is convened for the capital increase.

- ii. The issue price may not be less than the lowest value of (a) a net value per share that dates from no longer than four months before the date of the contribution agreement or, at the Company's discretion, before the date of the deed for the capital increase and (b) the average closing price for the thirty calendar days prior to the same date;
- iii. Except if the issue price, or in the case as referred to in Article 11.3, the exchange ratio, as well as the relevant conditions are determined on or before the working day after the contribution agreement is concluded and announced to the public, stating the period within which the capital increase will be implemented, the deed for the capital increase must be executed within a maximum of four months.
- iv. The report referred to under point (i) above must also explain the impact of the proposed contribution on the position of the former shareholders, in particular as regards their share in the profit, in the net value per share and in the capital, as well as on voting rights.

For the application of point (ii) above, an amount corresponding to the portion of the undistributed gross dividend to which new shares would possibly confer no right may be deducted from the amount referred to under point (b). Where applicable, the Board of Directors will specifically account for the deducted dividend amount in its special report and explain the financial conditions in its annual financial report.

The special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

11.3 Mergers, de-mergers and equated transactions

The special rules on capital increase by non-cash contribution, as set out under Article 11.2, apply by analogy to the mergers, de-mergers and equated transactions referred to in Articles 671-677, 681-758 and 772(1) of the Belgian Companies Code.

In this case, the "date of the contribution agreement" refers to the date on which the merger or division proposal is filed.

11.4 Capital reduction

The Company may reduce its capital subject to compliance with the relevant statutory provisions.

Article 12. Notice of significant holdings

In accordance with the terms, conditions and stipulations of Articles 6-13 of the Belgian Law of 2 May 2007 and the Royal Decree of 14 February 2008 on the disclosure of significant holdings (the "Transparency Legislation"), every natural person or legal entity must give notice to the Company and the FSMA of the number and percentage of the existing voting rights that they hold, directly or indirectly, if the number of those voting rights reach, exceed or remain below 5%, 10%, 15%, 20%, etc. (in increments of 5% each time) of the total existing voting rights, under the conditions laid down by the Transparency Legislation.

CHAPTER III – GOVERNANCE AND REPRESENTATION

Article 13. Appointment – Dismissal/resignation – Vacancy

The Company is governed by a Board of Directors. The Board of Directors consists of at least five directors, who may but need not be shareholders, appointed by the general meeting of shareholders for a maximum of six years and who may be dismissed by the general meeting of shareholders at any time.

Outgoing directors are eligible for reappointment.

Aloxe NV (or persons who, with the prior and written consent of Aloxe NV, assume the role of promoter as stipulated in Article 2(13) of the Law on Regulated Real Estate Companies from Aloxe NV ("the Successors")) is (are) entitled to propose (or jointly propose) candidates for three directorships, until the last of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter in the sense of the Legislation on Regulated Real Estate Companies.

The Board of Directors must have at least three independent members within the meaning of Article 526ter of the Belgian Companies Code. The directors must permanently possess the professional reliability and appropriate expertise required for the performance of their duties, as set out in the regulations applicable to regulated real estate companies, and may not fall within the scope of the prohibitory stipulations of those regulations.

If a vacancy arises on the Board of Directors, the remaining directors will be entitled to temporarily fill the vacancy until the next general meeting, which will make a definitive appointment. Any directors appointed in this manner by the general meeting finish the mandate of the director that they replace.

After resigning, each director is obliged to continue performing their

duties until a replacement can reasonably be arranged.

Article 14. Chair and meetings of the board directors

The Board of Directors may appoint a chairperson from among its members.

The Board of Directors is convened by the chairperson, two directors or the CEO whenever required in the interests of the Company.

Meeting notices state the time, date and place of the meeting and must be sent by letter, telegram, fax, e-mail or in another written manner (electronically or otherwise) on or before the third calendar day prior to that of the meeting. If the above notice period is not feasible, a shorter period is possible. If necessary, notice of the meeting can be given by telephone in addition to the above forms of notice.

Each director who attends or arranges to be represented at a board meeting, is deemed to have received due notice. A director may also waive the right to invoke the lack of or irregularity of the notice, either before or after a meeting that they have failed to attend. The regularity of the notice does not need to be justified in any event if all directors are present or duly represented and declare that they accept the agenda.

Board meetings may be held validly by video or telephone conference or similar means of communication by which all persons participating in the meeting are able to hear each other. In such a case, the meeting is deemed to be held at the Company's registered office if at least one director was physically in attendance there.

Each director may give a proxy to another board member, by letter, fax, e-mail or in another written manner, to represent them at a certain meeting.

The Board of Directors is chaired by the chairperson. If the chairperson is unable to attend or has not yet been appointed, the Board of Directors will be chaired by the oldest director in attendance.

Article 15. Deliberations

The Board of Directors may validly deliberate on and adopt resolutions only if at least the majority of the directors are present or represented. If this quorum is not reached, a new board meeting may be convened with the same agenda, which will validly deliberate and adopt resolutions if at least two directors are present or represented.

If justified by urgency and the interests of the Company, a resolution may be adopted by the unanimous, written consent of all directors. However, this procedure may not be used for the approval of the annual

financial statements and for the authorised capital.

If a director has a direct or indirect interest of a proprietary nature that is in conflict with a resolution or transaction that falls under the Board of Directors' authority, he must act in accordance with the provisions of Article 523 of the Belgian Companies Code. The members of the Board of Directors must also comply with Articles 37-38 of the Law on Regulated Real Estate Companies.

Subject to the following provisions, resolutions of the Board of Directors are adopted by a majority of the votes cast.

Abstentions or invalid votes are not counted as votes cast. If the votes are tied within the Board of Directors, the motion is rejected.

Article 16. Powers of the board of directors

The Board of Directors has the most extensive powers to perform all acts that are necessary or useful for achieving the Company's objectives. It is authorised to perform all acts that are not expressly reserved for the general meeting by law or in these Articles of Association.

Article 17. Minutes

Resolutions of the Board of Directors are recorded in minutes that are signed by the chairperson of the meeting, the secretary if one has been appointed, and the board members who wish to sign them. The minutes are kept in a special register. Proxies are attached to the minutes. Copies or extracts that need to be produced in court or elsewhere are signed by the chairperson of the Board of Directors, two directors or one director who is entrusted with the day-to-day management. This power may be assigned to an authorised representative.

Article 18. Remuneration

The mandate of a director is paid. Directors' fees are determined by the general meeting. Members of the Board of Directors are entitled to the reimbursement of normal and justified expenses and costs which they can demonstrate have been incurred in the performance of their mandate.

Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code is declared inapplicable. By way of derogation from Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their authorised representative(s). Furthermore, by way of derogation from Article 520ter, paragraph 2 of the Belgian

Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

Article 19. Effective management and day-to-day management

The effective management of the company must be entrusted to at least two persons, who must possess the professional reliability and appropriate expertise required for the performance of their duties, and must comply with the requirements set by the regulations applicable to regulated real estate companies. They may not fall within the scope of the prohibitory provisions of the Legislation on Regulated Real Estate Companies.

The Board of Directors may entrust the day-to-day management of the Company and the representation in this regard to one or more directors who will use the title of managing director.

If the day-to-day management is delegated, the Board of Directors will determine the remuneration attached to this mandate.

Article 525 in conjunction with Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code are declared inapplicable. By way of derogation from Article 525 in conjunction with Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their authorised representative(s). Furthermore, by way of derogation from Article 525 in conjunction with Article 520ter, paragraph 2 of the Belgian Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

Article 20. External representative authority

The Company is duly represented in all its dealings, including in court, by two directors.

The Company is duly represented in relation to its day-to-day management by one managing director.

Article 21. Special powers of attorney

The Board of Directors may delegate its powers for special and certain matters to an authorised representative, even if this person is not a shareholder or director.

The authorised representatives bind the Company within the limits of their power of attorney, notwithstanding the responsibility of the Board of Directors if a power of attorney is exceeded.

A managing director may delegate their powers for special and certain matters to an authorised representative, even if this person is not a shareholder or director.

Article 22. Committees

22.1 Audit committee and remuneration committee

In accordance with Article 526bis, Section 3 and Article 526quater, Section 4 of the Belgian Companies Code, the Board of Directors performs all of the duties entrusted to the audit committee and remuneration committee, respectively, on the understanding that the Board of Directors will establish an audit committee or remuneration committee from among its ranks as soon as the Company no longer complies with the criteria included in Article 526bis, Section 3 or Article 526quater, Section 4 of the Belgian Companies Code.

22.2 Executive committee or management committee

The Board of Directors may establish an executive committee (under the provisions of Article 524bis of the Belgian Companies Code) or a management committee, consisting of several people who may but do not need to be directors. The Board of Director determines the working procedures of the committee, the conditions for the appointment of its members, their dismissal, their remuneration and the term of their mandates.

Article 524bis in conjunction with Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code are declared inapplicable. By way of derogation from Article 524bis in conjunction with Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their authorised representative(s). Furthermore, by way of derogation from Article 524bis in conjunction with Article 520ter, paragraph 2 of the Belgian Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

22.3 Other committees

Notwithstanding Article 22.1 and 22.2, the Board of Directors, in accordance with Article 522 of the Belgian Companies Code, may establish one or more advisory committees, from among its ranks and under its responsibility, such as a strategic committee or an appointments committee. The Board of Directors determines the composition and powers of these committees, with due observance of the applicable regulations.

CHAPTER IV – AUDITS**Article 23. Audits**

The audit of the Company is entrusted to one or more statutory auditors who perform the duties assigned to them under the Belgian Companies Code (and accompanying implementation decrees) and the regulations applicable to regulated real estate companies.

A statutory auditor must be an auditor or company audit firm accredited by the FSMA.

The general meeting notice must specify at least the time, date and place, the agenda and the motions for adoption.

The general meeting notice must comply with the provisions of the Belgian Companies Code. Any shareholder, director or statutory auditor who participates in or arranges to be represented in the meeting is deemed to have received due notice. A shareholder, director or statutory auditor may also waive the right to invoke the lack of or irregularity of the meeting notice, either before or after a general meeting that they have failed to attend or at which they were not represented.

CHAPTER V – GENERAL MEETING**Article 24. General meeting**

The general meeting represents the general body of shareholders. General meeting resolutions are binding on all shareholders, even those who were absent or voted against them.

The general meeting is held at the registered office or at a venue in the municipality where the registered office is located, as indicated in the meeting notice.

The ordinary general meeting is held each year at 10am on the third Thursday of May or, if this day is a public holiday, at the same time on the next working day.

Article 25. Convening meetings

The Board of Directors and the statutory auditor may convene a general meeting (ordinary general meeting) as a special or extraordinary general meeting whenever this is required in the Company's interest. They must convene the ordinary general meeting on the day stipulated in the Articles of Association.

The Board of Directors and the statutory auditor are obliged to convene a special or extraordinary general meeting whenever one or more shareholders who individually or jointly represent one fifth of the issued capital request such a meeting. This request must be sent by registered letter to the Company's registered office and precisely describe the items over which the general meeting must deliberate and adopt resolutions. The request must be addressed to the Board of Directors and the statutory auditor, who are obliged to convene a meeting within three weeks of receipt of the request. Other items may be added to the agenda items provided for by the shareholders in the meeting notice.

Article 26. Admission

Notwithstanding the obligations in the Belgian Companies Code, a shareholder may participate and exercise a voting right in the general meeting only if the following requirements are met:

(1) A shareholder may only participate in the general meeting and exercise the right to vote there based on the account registration of the shares in the name of the shareholder, on the registration date, either by entry in the share register in the Company's name or by entry in the accounts of a recognised account holder or a settlement institution, regardless of the number of shares that the shareholder holds on the date of the general meeting. Midnight on the fourteenth day before the general meeting serves as the registration date.

(2) The owners of dematerialised shares wishing to participate in the meeting must submit a certificate that has been issued by a recognised account holder or a settlement institution, showing how many dematerialised shares are registered in their accounts in the name of the shareholder on the registration date, in respect of which the shareholder has indicated the willingness to participate in the general meeting. This certificate must be submitted by no later than the sixth day before the date of the general meeting to the registered office or the institutions specified in the meeting notice.

The owners of registered shares wishing to participate in the meeting must notify the Company of their intention to do so by ordinary letter, fax or e-mail, no later than the sixth day before the date of the meeting.

(3) The Board of Directors will keep a record for each shareholder that has given notice of their intention to participate in the general meeting, including the shareholder's name and address or registered office, the number of shares that the shareholder held on the registration date and with which the shareholder has indicated they wish to participate in the general meeting, as well as a description of the documents that show the shareholder held the shares on that registration date.

Article 27. Representation

Any shareholder may give a proxy in order to be represented at the general meeting, in accordance with the relevant provisions of the Belgian Companies Code. The proxy holder may not be a shareholder. A shareholder of the Company may designate only one person as a proxy holder for a specific general meeting. Exceptions may be made in this regard only in accordance with the relevant rules of the Belgian Companies Code.

A person who acts as proxy holder may hold a proxy from more than one shareholder. If a proxy holder holds proxies from several shareholders, they may vote differently on behalf of different shareholders.

The designation of a proxy holder by a shareholder must be done in writing or via an electronic form and must be signed by the shareholder, where applicable with an advanced electronic signature within the meaning of Article 4, Section 4 of the Belgian Law of 9 July 2001 establishing certain rules for electronic signatures and certification services, or with an electronic signature that complies with the conditions of Article 1322 of the Belgian Civil Code.

Notice of the proxy must be given in writing to the Company. This notice can also be given electronically, to the address specified in the meeting notice.

The Company must receive the proxy by no later than the sixth day before the date of the meeting.

Notwithstanding the possibility to deviate from the instructions under certain circumstances, in accordance with Article 549(2) of the Belgian Companies Code, the proxy holder must cast their vote in accordance with any instructions of the shareholder who designated them. The proxy holder must keep record of the voting instructions for at least one year and confirm that they have complied with these instructions on request of the shareholder.

If there is a potential conflict of interests between the shareholder and the designated proxy holder, as referred to in Article 547bis, Section 4 of the Belgian Companies Code, the proxy holder must disclose the precise facts that are relevant for the shareholder to assess whether there is any risk that the proxy holder will pursue an interest other than that of the shareholder. The proxy holder may moreover vote on behalf of the shareholder only if they have specific voting instructions for every item on the agenda.

Minors, persons who are declared incompetent and legal entities must be represented by their legal representatives or representatives under their Articles of Association.

Article 28. Chair and meeting committee

Each general meeting is chaired by the chairperson of the Board of Directors or, in their absence, by the oldest director in attendance. The chairperson may designate a secretary and vote teller, who does not have to be a shareholder. One person may perform these two functions. The chairperson, secretary and vote teller jointly constitute the meeting committee.

Article 29. Verloop Course of the meeting - Placing items on the agenda - Postponements

29.1 Deliberations and voting are led by the chairperson in accordance with the normal rules of proper meeting skills. Directors must answer questions posed by shareholders, during the meeting or in writing, in relation to their report or the agenda items, insofar as disclosing details or facts would not be of such a nature as to adversely affect the commercial interests of the Company and or to breach the confidentiality that the Company or its directors have undertaken to uphold.

The statutory auditor(s) must answer questions posed by shareholders, during the meeting or in writing, in relation to their report, insofar as disclosing details or facts would not be of such a nature as to adversely affect the commercial interests of the Company and or breach the confidentiality that the Company, its directors or the statutory auditor(s) have undertaken to uphold. They are entitled to address the general meeting in connection with the performance of their duties.

If different questions are asked about the same topic, the Board of Directors and the statutory auditors may give one answer. As soon as the meeting notice is published, the shareholders may ask the above questions in writing, in accordance with the relevant provisions of the Belgian Companies Code.

29.2 The Board of Directors is entitled, during the session of an ordinary general meeting, to postpone the decision on the approval of the annual financial statements for five weeks. This postponement does not affect other resolutions that have been adopted, except a different general meeting resolution in this regard. The next meeting is then entitled to definitively adopt the annual financial statements.

The Board of Directors is also entitled to postpone any other general meeting, or any other agenda item of the ordinary general meeting, during the session for a period of five weeks, unless this meeting was convened at the request of one or more shareholders who represent at least one fifth of the capital or by the statutory auditor(s).

29.3 The general meeting may validly deliberate or adopt resolutions only in respect of items that are specified or implicitly included in the

announced agenda. Deliberating on items that are not included in the agenda is possible only in a meeting in which all shares are present and provided that any resolutions in this regard are adopted unanimously. The required consent is established if no objection is noted in the minutes of the meeting. In addition to the items for discussion, the agenda must include the motions for adoption.

Notwithstanding the above, one or more shareholders who jointly hold at least 3% of the authorised capital, and provided the relevant provisions of the Belgian Companies Code are complied with, may have items placed on the agenda of the general meeting for discussion and submit motions for adoption in relation to the items already on or to be included for discussion in the agenda, by no later than the twenty-second day before the date of the general meeting. This does not apply if a general meeting is convened for a second time because the required quorum was not achieved the first time, provided that the first meeting notice complied with the statutory provisions, the date of the second meeting was specified in the first meeting notice, and no new items have been placed on the agenda. The Company must receive these requests by no later than the twenty-second day before the date of the general meeting.

Notice of the items for discussion and accompanying motions for adoption that are appended to the agenda, where applicable, will be given in accordance with the provisions of the Belgian Companies Code. If a proxy was already communicated to the Company before this notice of a supplemented agenda, the proxy holder must observe the relevant provisions of the Belgian Companies Code.

The items for discussion and motions for adoption that are placed on the agenda in accordance with the previous paragraph will be discussed only if all the relevant provisions of the Belgian Companies Code have been observed.

Article 30. Voting rights

Each share confers the right to one vote. Shareholders without the right to vote, warrant holders and bond holders are entitled to attend the general meeting in an advisory capacity. In the cases listed in Article 481 of the Belgian Companies Code, shareholders without the right to vote have a normal right to vote.

Shares are indivisible in relation to the Company. If one share belongs to different people, or if the rights attached to a share are divided among several people, the Board of Directors may suspend the attached rights from being exercised until one person has been designated as the shareholder in relation to the Company. If a share is encumbered by an usufruct, the voting right attached to that share will be exercised by the usufructuary, unless joint notice to the contrary is given by the bare owner and the usufructuary to the Company.

Article 31. Decision-making

Unless there are statutory provisions or provisions of the Articles of Association to the contrary, resolutions are adopted by an ordinary majority of the votes cast. Abstentions, void and invalid votes are not counted as votes cast. If the votes are tied, the motion is rejected.

Voting will be by a show of hands or roll call, unless the general meeting decides otherwise by an ordinary majority of the votes cast. The extraordinary general meeting must be held in the presence of a civil-law notary who draws up a legally valid record of the proceedings. The general meeting may deliberate and adopt a resolution for an amendment to the Articles of Association in a legally valid manner only if those who participate in the meeting represent at least half of the company's capital. If the above quorum is not reached, a new meeting must be convened in accordance with Article 558 of the Belgian Companies Code; the second meeting will deliberate and adopt valid resolutions, regardless of the present or represented portion of the capital. An amendment to the Articles of Association is moreover accepted only if it has been pre-approved by the FSMA and has been voted for by three quarters of the votes attached to the present or represented shares (or any other special majority prescribed by the Belgian Companies Code had been achieved).

Article 32. Minutes

Minutes must be drawn up of every general meeting. The minutes of the general meeting are signed by the members of the meeting committee and the shareholders who request to sign them.

These minutes are kept in a special register. Proxies must be attached to the minutes of the meeting for which they have been given.

Copies that need to be produced in court or elsewhere are signed by two directors or a managing director.

Article 33. Financial year – Annual financial statements – Annual report

The financial year of the Company starts on the first of January and ends on the thirty-first of December of each year.

At the end of each financial year, the books and records are closed and the Board of Directors must draw up the inventory and the annual financial statements, and act further in accordance with the rules of Article 92, Section 1, paragraph 1 of the Belgian Companies Code and the regulations applicable to regulated real estate companies.

The Board of Directors must also draw up an Annual Report in which it accounts for its policy. This Annual Report also contains a corporate governance declaration, which forms a specific part of the report.

This corporate governance declaration also contains the remuneration report, which forms a specific part of the declaration.

As soon as a meeting notice is published, shareholders may examine the annual financial statements and the other documents referred to in the Belgian Companies Code.

The general meeting listens to the Annual Report and the report of the statutory auditor(s) and decides by an ordinary majority on the approval of the annual financial statements. After the approval of the annual financial statements, the general meeting decides, by a separate vote, on the discharge of the directors and statutory auditor(s) from liability.

The separate and consolidated annual financial statements of the Company must be filed with the National Bank of Belgium in accordance with the relevant statutory provisions.

The annual and half-yearly financial reports, the annual and half-yearly financial statements, the report of the statutory auditor(s) and the Articles of Association of the Company can also be obtained from the registered office and consulted, by way of information, on the Company's website.

Article 34. Profit appropriation

On a motion by the Board of Directors, the general meeting adopts a resolution by an ordinary majority of votes on the appropriation of the net profit, in accordance with Article 13 of the Royal Decree on Regulated Real Estate Companies.

Article 35. Dividends

Dividends are paid on the date and at the place determined by the Board of Directors.

The Board of Directors is authorised to pay an interim dividend on the income for the financial year. This payment may only be made in relation to the profit of the current financial year, where applicable less the loss carried over or plus the profit carried over, without any withdrawal from the reserves that are or must be created by law or under the Articles of Association.

It must act further in accordance with the provisions of Article 618 of the Belgian Companies Code.

Article 36. General meeting of bond holders

The Board of Directors and the statutory auditor(s) of the Company

may give any bond holders notice to attend a general meeting of bond holders, which will have the powers as set out in Article 568 of the Belgian Companies Code.

They must convene the general meeting whenever bond holders who represent one fifth of the securities in circulation request such a meeting.

The meeting notice must contain the agenda and be drawn up in accordance with Article 570 of the Belgian Companies Code. In order to be admitted to the general meeting of bond holders, bond holders must comply with the formalities set out in Article 571 of the Belgian Companies Code, as well as any formalities provided for in the issue rules of the bond or in the meeting notice.

The general meeting of bond holders will proceed in accordance with the provisions of Articles 572-580 of the Belgian Companies Code.

CHAPTER VI – DISSOLUTION – LIQUIDATION

Article 37. Appointment and powers of liquidators

If the Company is dissolved, for whatever reason and at whatever time, the liquidation will be attended to by liquidators who are appointed by the general meeting, in accordance with the provisions of the Belgian Companies Code. In the absence of such an appointment, the Board of Directors, acting in the capacity of a liquidation committee, will attend to the liquidation.

Insofar as required by law, the liquidators will take office only after the competent Commercial Court has confirmed their appointment under the general meeting resolution.

Unless decided otherwise, the liquidators act jointly. To this end, the liquidators have the most extensive powers in accordance with Articles 186 et seq. of the Belgian Companies Code, subject to any restrictions imposed by the general meeting. The general meeting determines the liquidators' fee.

Article 38. Dissolution - Distribution

After the payment of all debts, expenses and liquidation costs, the net assets will be used firstly to refund the paid-up value of the shares, in cash or in kind. Any surplus will be distributed among the shareholders in proportion to their rights.

CHAPTER VII – GENERAL PROVISIONS

Article 39. Choice of domicile

Directors and liquidators, whose domicile is unknown, are deemed to have chosen their domicile at the Company's registered office, where all summonses, services and notices can be effected with regard to the Company's affairs.

Article 40. Jurisdiction

Unless the Company expressly waives their jurisdiction, the courts of the district where the Company has its registered office will have sole jurisdiction to hear all disputes between the Company, its directors, its security holders and liquidators concerning the affairs of the Company and the implementation of these Articles of Association.

Article 41. General law

The parties declare that they will act fully in accordance with the Belgian Companies Code and the regulations applicable to regulated real estate companies (as amended from time to time).

Accordingly, any provisions of these Articles of Association that would unlawfully deviate from the provisions of the above legislation are deemed not to be included in this deed, and any clauses that would be contrary to the mandatory provisions of this legislation are deemed to be unwritten.

It is specifically mentioned that Articles 111, 439, 448, 477 and 616 of the Belgian Companies Code are not applicable.



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Glossary



A

Aloxe NV	Aloxe NV, a public limited company under Belgian law, with registered office at Mechelsesteenweg 34, Box 101, 2018 Antwerp, entered in the Crossroads Bank for Enterprises under enterprise number 0849.479.874 (Antwerp Register of Legal Entities, Antwerp section).
APM	<i>Alternative Performance Measures.</i> In accordance with the guidelines issued by the <i>European Securities and Market Authority</i> (ESMA) on 3 July 2016, the Alternative Performance Measures (APMs) used by Xior will be included from now on. The definitions of the APMs and the use and reconciliation tables are included in <i>Chapter 10.8 of this Annual Report</i> . A separate Glossary will be posted on the Company website on these APMs for future reference. The APMs are marked with *.
Average interest rate (APM)	Interest charges including IRS interest expense divided by the average outstanding debt during the period.
Average financing costs (APM)	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period.

B

Belfius	Belfius Bank NV, a public limited company under Belgian law, with registered office at Pachecolaan 44, 1000 Brussels, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0403.201.185 (Brussels Register of Legal Entities).
Belgian Act of 1 April 2007	The Belgian Act of 1 April 2007 on public takeover bids, as published in the Belgian Official Journal of 26 April 2007, and amended from time to time.
Belgian Act of 2 May 2007	The Belgian Act of 2 May 2007 on the disclosure of significant holdings in issuers whose shares are admitted to trading on a regulated market and which contains various provisions, as published in the Belgian Official Journal of 12 June 2007, and amended from time to time.
Belgian Companies Code	Xior Student Housing NV, a public limited company under Belgian law, licensed as a public regulated real estate company (RREC) under Belgian law, with registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium), entered in the Crossroads Bank for Enterprises under enterprise number 0547.972.794 (Antwerp Register of Legal Entities, Antwerp section).

C

CEO	<i>Chief Executive Officer.</i>
CFO	<i>Chief Financial Officer.</i>
CIO	<i>Chief Investment Officer.</i>

D

Debt ratio	The debt ratio as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.
Distributable earnings per share	The profit as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.

E

EPRA Cost Ratio (excl. vacancy costs) (APM)	EPRA costs (excluding vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
EPRA Cost Ratio (incl. vacancy costs) (APM)	EPRA costs (including vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
EPRA earnings (APM)	Net result +/- variations in the fair value of investment property +/- other portfolio result +/- income from the sale of investment property +/- variations in the fair value of financial assets and liabilities.
EPRA earnings per share (APM)	Net result +/- income from the sale of investment property +/- variations in the fair value of investment property +/- other portfolio result +/- variations in the fair value of financial assets and liabilities, divided by the average number of shares.
EPRA triple net asset value (NNNAV) (APM)	EPRA net asset value (NAV) adjusted to take into account the fair value of (i) the financial instruments, (ii) the debts and (iii) the deferred tax.
Euronext Brussels	The regulated market of Euronext Brussels where the Company shares are traded.
Estimated Rental Value ("ERV")	This is the total rental value of the portfolio on an annual basis applied by the Property Expert in the appraisal reports.

F

FSMA	Belgian Financial Services and Markets Authority.
Fair value	This value is the investment value as determined by an independent property expert, less the transaction fees. The Fair Value corresponds to the carrying amount under IFRS. From the seller's perspective this must be understood as subject to the deduction of transfer taxes or registration duties. The estimated amount of transfer taxes for real estate located in Belgium was fixed at 2.5% for investment property with a value in excess of EUR 2.5 million ⁴⁰ . This Fair Value is therefore calculated by dividing the value including the transaction costs by 1.025. Properties valued at less than the EUR 2.5 million threshold and foreign properties are subject to normal registration duty and their fair value therefore corresponds to the value that excludes the transaction costs payable by the purchaser.

⁴⁰ See the Belgian Assets Managers Association (BEAMA) press release of 8 February 2006 on closed-end property investment companies and the first application of the IFRS accounting rules and the BE-REIT press release of 10 November 2016.

G

2009 Governance Code	The Belgian corporate governance code for listed companies of 2009, drawn up by the Corporate Governance Committee, and available on the following website: http://www.corporategovernancecommittee.be/library/documents/final%20code/CorporateGovNLCode2009.pdf .
Group	Xior and its subsidiaries, from time to time.

I

IFRS	<i>International Financial Reporting Standards</i> , the accounting standard by which regulated real estate companies are obliged to report, on the basis of Article 11 of the Royal Decree on Regulated Real Estate Companies.
ING Belgium	ING Belgium, a public limited company under Belgian law, with registered office at Avenue Marnix/Marnixlaan 24, 1000 Brussels, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0403.200.393 (Brussels Register of Legal Entities).
Investment value or value including the transaction costs	This value equals the amount at which a building could be exchanged between well-informed parties, consenting and acting under normal competitive conditions, including any registration duties (10% in the Flemish Region and 12.5% in the Walloon Region and Brussels Capital Region), notarial charges and VAT (when a purchase is subject to VAT).
IASB	<i>International Accounting Standards Board</i> .
IFRIC	<i>International Financial Reporting Interpretations Committee</i> .
IPO	The capital increase of the Company by cash contribution through a public offering of new shares, and the admission to listing of the Xior shares on the regulated Euronext Brussels market, completed on 11 December 2015.

L

Law on Regulated Real Estate Companies	The Belgian Act of 12 May 2014 on regulated real estate companies, as published in the Belgian Official Journal of 30 June 2014 and as amended from time to time.
Legislation on Regulated Real Estate Companies	The Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies.

N

Net assets per share (EPRA) (APM)	Equity excluding the fair value of the permitted hedging instruments divided by the number of shares.
Net assets per share (IFRS) (APM)	Equity divided by the number of shares.

Net result excluding IFRIC 21 impact (APM)	Net result proportionally adjusted for property tax and taxes on second homes.
Net result per ordinary share	Net result divided by the average number of shares.
O	
Occupancy rate	This is the ratio of the Rental Income to the Total Rent.
P	
Public RREC or PRREC	Public regulated real estate companies (also referred to as a Belgian Real Estate Investment Trust or BE-REIT).
Promoter	The person(s) who exclusively or jointly control(s) a public RREC within the meaning of the Law on Regulated Real Estate Companies. On the date of this Annual Report, the promoters are Aloxe NV and Christian Teunissen.
Prospectus	The prospectus that was drawn up and published for the purpose of the IPO, as approved by the FSMA on 24 November 2015, in accordance with Article 23 of the Belgian Prospectus Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market.
PwC	The professional partnership incorporated in the form of a cooperative society with limited liability, PriceWaterhouseCoopers Bedrijfsrevisoren BCVBA, with registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0429.501.944 (Brussels Register of Legal Entities).
Portfolio income (APM)	Result from the sale of investment property +/- variations in the fair value of investment property +/- other portfolio result.
Property experts	Stadim and DTZ, as replaced or reappointed from time to time in accordance with Article 24 of the Law on Regulated Real Estate Companies.
R	
Regulated real estate company	A company that the FSMA has entered on the list of regulated real estate companies under Belgian law and which is accordingly recognised as a regulated real estate company and is governed by the Law on Regulated Real Estate Companies of 12 May 2014 and the Royal Decree on Regulated Real Estate Companies of 13 July 2014.
Rental income	The arithmetical sum of the rental income invoiced by the Company based on the concluded tenancy agreement over the period of a financial year, or part thereof.
Royal Decree on Regulated Real Estate Companies	The Royal Decree of 13 July 2014 on regulated real estate companies, as published in the Belgian Official Journal of 16 July 2014 and as amended from time to time.

Royal Decree of 14 November 2007	The Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market, as published in the Belgian Official Journal of 3 December 2007, and amended from time to time.
RREC	Regulated real estate company.
S	
Successors	The persons who, with the prior and written agreement of Aloxe NV, take over the promotorship as referred to in Articles 22 et seq. of the Law on Regulated Real Estate Companies, from Aloxe NV.
T	
Total Rent	The total rent the Company would bill under its tenancy agreements, if 100% of the property portfolio were to be let, based on its asking price at year end, including assets under construction if applicable and estimated annual rental income for hostel activities.
Trading regulations	The trading regulations of the Company, as included as a schedule to the Corporate Governance Charter.
V	
Value with costs payable by the purchaser or Net market value	The investment value less the registration duties and notarial charges or VAT.
X	
Xior Student Housing or Xior or the Company	Xior Student Housing NV, a public limited company under Belgian law, licensed as a public regulated real estate company (RREC) under Belgian law, with registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium), entered in the Crossroads Bank for Enterprises under enterprise number 0547.972.794 (Antwerp Register of Legal Entities, Antwerp section).




Campus Schoonmeersche
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Identity card

Name	Xior Student Housing NV
	
Status	Public regulated real estate company (RREC) under Belgian law
Registered office	Mechelsesteenweg 34, Box 108, 2018 Antwerp
Tel.	+32 3 257 04 89
E-mail	info@xior.be
Website	www.xior.be
Register of Legal Entities	Antwerp, Antwerp section
VAT	BE 0547.972.794
Enterprise number	0547.972.794
Date of incorporation	10 March 2014
Licence as RREC	24 November 2015
Financial year-end	31 December
General meeting	Third Thursday in May (10am)
Listing	Euronext Brussels – continuous market
ISIN code	BE0974288202 (XIOR)
Statutory auditor	PwC Bedrijfsrevisoren BCVBA, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Damien Walgrave
Financial services	ING Belgium
Property experts	Stadim CVBA & DTZ Zadelhoff v.o.f.

Xior Student Housing NV
Public limited liability company
Belgian public regulated real estate company
Mechelsesteenweg 34 box 108, 2018 Antwerp (Belgium)

Enterprise number 0547.972.794
RLE Antwerp, Antwerp department

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