



ANNUAL
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REPORT

2016

Leasinvest
REAL ESTATE

This annual financial report is a registration document in the sense of art. 28 of the Law of 16/06/06 on the public offering of investment instruments and the admission to trading of investment instruments on a regulated market. The Dutch version has been approved by the FSMA, in accordance with art. 23 of the aforementioned law, on 28/03/2017. Leasinvest Real Estate has chosen Dutch as its official language, and only the Dutch version of the annual financial report forms legal evidence.

Approval by FSMA does not entail any opinion on the situation of the company.

The French and English versions are translations of the Dutch version of the annual financial report, the registration document approved by the FSMA. The annual financial report was translated under the responsibility of the statutory manager of Leasinvest Real Estate, Leasinvest Real Estate Management SA, responsible for the contents of the Dutch version of the registration document.

A French and English translation, that are faithful reproductions of the contents of the Dutch version of the registration document, are available for investors.

The registration document approved by the FSMA, i.e. the Dutch version of the annual financial report, can be obtained, upon simple request, at the administrative office of Leasinvest Real Estate, Schermersstraat 42, BE-2000 Antwerp and is available on the website www.leasinvest.be under the item 'investor relations' – reports.

Le rapport financier annuel en français peut être obtenu au siège de la société et peut être téléchargé du site internet www.leasinvest.be.

De Nederlandstalige versie van het jaarlijks financieel verslag is beschikbaar op de zetel van de vennootschap, op eenvoudige aanvraag en kan gedownload worden van de website www.leasinvest.be.

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this registration document are indicated by an asterisk (*). For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 80 et seq of this registration document.

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RISK FACTORS



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

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

MARKET RISK

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

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

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Deterioration of the economic situation compared to the current situation	<ol style="list-style-type: none"> 1. Negative influence on the demand for space to rent 2. Higher vacancy and/or lower rents in the case of re-letting 3. Downwards adjustment of the value of the real estate portfolio and consequently a lower shareholders' equity (net asset value or "NAV") 	<ul style="list-style-type: none"> ■ Diversification of the real estate portfolio, both geographically and as to asset class (1,2,3); The weight of retail in the directly held consolidated real estate portfolio stands at 48% and the offices part at 37%. The logistics and semi-industrial part amounts to 15%. The share in the portfolio of the Grand Duchy amounts to 49%, that of Belgium to 42%, that of Switzerland to 5% and Austria to 4%. ■ Sectorial diversification of the tenants (1,2,3). The main sectors are: retail & wholesale (50% compared to 47% on 31/12/15 and 50% on 31/12/14), the services sector (19% compared to 22.5% on 31/12/15 and 17% on 31/12/14), followed by non-profit organisations and international professional associations (8% compared to 8% on 31/12/15 and 10% on 31/12/14) and financial institutions (7% compared to 8% on 31/12/15 and 31/12/14). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage). Besides, these are mainly part of the shopping centres, where the 'experience' aspect complements the retail aspect as to attracting customers.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
		<ul style="list-style-type: none"> ■ Weighted average duration of the rental contracts is comparable to that of the previous year and amounts to 4.37 years compared to 4.84 years end 2015 (1,2). ■ Accurate follow-up of tenants and an annual limited provision for doubtful receivables (1). ■ Active investment management (1,2,3).
Decreased demand of investors for real estate	<ol style="list-style-type: none"> 1. Decrease of fair value of the real estate portfolio and lower shareholders' equity ("NAV") 2. Increase of debt ratio 	<ul style="list-style-type: none"> ■ Active portfolio management illustrated by the acquisition and divestment transactions realized in the past (1,2). ■ Diversification of the real estate portfolio, both geographically and as to asset class (1,2).
A decline in economic activity resulting in a general price reduction, deflation	<ol style="list-style-type: none"> 1. Possible decrease of the rental income 2. Decrease of the rents for current contracts 3. Relatively high opportunity funding cost* following a decrease of the interest rates, taking into account the hedging policy, which leads to a lower shareholders' equity "NAV"; 4. Decrease of the capitalisation rates which could make the available offer for the acquisition of real estate relatively more expensive 	<ul style="list-style-type: none"> ■ Clause in rental contracts stipulating a minimum level for the basic rent (1,2). ■ Decrease of the capitalisation rates and consequently an increase of the fair value of the real estate and a higher shareholders' equity ("NAV") (3). ■ Active investment management (3,4).
Splitting-up or disappearing of the monetary union or political instability, Brexit, Grexit,...	<ol style="list-style-type: none"> 1. Increase of the funding cost* following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV") 3. Erosion of the creditworthiness of tenants following their direct exposure to countries leaving the union 	<ul style="list-style-type: none"> ■ Increase of the fair value of the hedges concluded to cover the interest rate risk ensures a stable funding cost* (1) and will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2). ■ It is expected that Belgium and Luxembourg remain among the founding members of the monetary union (1,2,3). ■ The diversification to Switzerland and Austria contributes to potentially mitigating the effect of a (partial) break-up of the monetary union (1,2,3). ■ Luxembourg, Belgium, Switzerland and Austria are politically stable countries (1,2,3). ■ Diversification of the tenant portfolio and screening of debtors should mitigate the risk of an impact of the break-up of the monetary union on the tenant portfolio (3).
Extreme volatility and insecurity on the international capital markets	<ol style="list-style-type: none"> 1. Difficult access to the stock markets to proceed to a capital increase and consequently limiting the reduction of the debt ratio and limiting the growth of activities 2. Increased volatility of the share price 	<ul style="list-style-type: none"> ■ Permanent dialogue with different players on the capital markets and financial counterparties (1,2). ■ Strong long-term relationships existing with current shareholders (1,2).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
In relation to real estate unfavourable financial markets within the scope of a/o but not exclusively new regulations	<ol style="list-style-type: none"> 1. More difficult and more expensive access to credits 2. Limited availability of investment capacity with banks 	<ul style="list-style-type: none"> ■ Strict funding policy and follow-up (1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding resources wherever necessary. ■ Complete back-up of the commercial paper program with existing credit lines (1,2). ■ Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2).
Volatility of the interest rates	<ol style="list-style-type: none"> 1. Increase of the funding cost* following a rise of the interest rates 2. Increase of the capitalisation rates and consequently a decrease of the fair value of the real estate portfolio and a lower shareholders' equity ("NAV" or Net Asset Value) at higher interest rates 	<ul style="list-style-type: none"> ■ Increase of the fair value of the hedges will partially mitigate the decrease of the NAV following a lower fair value of the real estate portfolio (2). ■ Active hedging strategy that aims at hedging approximately 75% of the forecasted debt within the first five years, through concluding credits at fixed interest rates or financial instruments, "interest rate swaps" and "interest caps". For the consequent 5-year period and till a period of ten years a ratio of 50% is aimed at. However, in executing this strategy, the evolution of the interest rates and the durations granted by the financial markets, taking into account the conditions for credits and financial instruments, are always considered (1).
Erosion of consumer confidence	<ol style="list-style-type: none"> 1. A decrease in consumer confidence can lead to lower turnovers of tenants and pressure on the rents in the retail portfolio, and consequently a decrease of the fair value of the buildings and an impact on shareholders' equity "NAV"(1) 2. A decrease in value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV"(2) 	<ul style="list-style-type: none"> ■ Diversification of the real estate portfolio, both geographically and as to asset classes (1,2). ■ Diversification of the tenants portfolio (1,2). ■ Intense contact with the tenants in order to closely follow up the evolution of their turnover (1,2). ■ Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2).
Volatility of the exchange rate EUR/CHF	<ol style="list-style-type: none"> 1. Decrease of the value of the acquired Swiss assets 2. Variability in net cash flows 	<ul style="list-style-type: none"> ■ Hedging of the fair value volatility risk through a cross currency swap neutralizing fluctuations from the assets by fluctuations in the fair value of the de swap (1). ■ Variability in net cash flows is to a large extent compensated by natural hedging, which means that as many expenses as possible in Swiss Franc are geared to income in Swiss Franc (2).

OPERATIONAL RISK

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

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

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

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Decrease in value in the real estate portfolio	<ol style="list-style-type: none"> 1. The company is exposed to the risk of changes in fair value of its real estate portfolio. The quarterly valuations by independent real estate experts have an accounting impact on the net result, the net asset value per share and the company's debt ratio 	<ul style="list-style-type: none"> ■ The value of the real estate portfolio is defined quarterly by independent surveyors, which allows implementing corrective measures (1), a/o by anticipating expiry dates of rental contracts or arbitrage on the portfolio. ■ Portfolio with different types of assets to which different compensating valuation trends apply (1). ■ Most important asset represents 12.6% of the balance sheet total and relates to the building Tour & Taxis Royal Depot, a diversified retail and office building with a diversified tenant file at a top location. ■ Based on the balance sheet of end December 2016 an increase of the average yield by 0.10% would have had an impact of - € 12.9 million on the net asset value*, group share and of - € 2.60 on the net asset value* per share, and result in an increase of the debt ratio by 0.78% (namely from 58.05% to 58.83%).
Rental vacancy of the buildings	<ol style="list-style-type: none"> 1. Loss of rental income 2. Downward adjustment of the rents 3. Higher commercial costs to attract new customers, which impacts the results 4. Value decrease of the buildings 5. Refurbishment costs 	<ul style="list-style-type: none"> ■ Proactive commercial and property management (1,2,3,4,5). ■ Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to obtain a rental risk and income with an improved diversification therefore limiting the dependency of the regulated real estate company to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy (1,2,3,4,5). ■ Relatively high average duration of the rental contracts (4.37 years) following a proactive management of the break dates (1,2,3,4,5). ■ Better follow-up of tenants (1,2,3,4,5).
Unforeseen non-extension or anticipated termination of the rental contract	<ol style="list-style-type: none"> 1. Rental vacancy 2. The REIT (SIR/GVV) accounting for costs that are normally billable to tenants and commercial costs related to re-letting. 3. Decrease of income and cash flow 4. Refurbishment costs 5. Granting of higher rental incentives 	<ul style="list-style-type: none"> ■ Internal and external specialized teams responsible for commercial and facility management (1,2,3,4,5). ■ Contractual mandatory compensation for rental damage for early termination of the contract and the fact that rental and bank guarantees are present (1,2,3). ■ The impact on the net result is usually spread and accounted for over 3 years. The impact on the consolidated portfolio of the granted rental rebates amounted to respectively € 317 thousand in 2016 and € 313 thousand in 2015 (1,3,5).
Underestimated volatility in maintenance costs of buildings	<ol style="list-style-type: none"> 1. Decrease of the results due to higher technical costs 2. Architectural or technical obsolescence and consequently reduced commercial appeal 	<ul style="list-style-type: none"> ■ Periodical maintenance policy for the assets carried out by specialized firms (1,2). ■ Permanent portfolio adjustment policy taking into account the lifecycle cost of the buildings of the real estate portfolio (1,2).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Destruction of buildings by damage, terrorism, fire, natural disasters,...	1. Discontinuous activity and consequently loss of the tenant and reduced rental income	<ul style="list-style-type: none"> ■ Portfolio insured for a total reconstruction value of € 693.06 million (yearly indexed according to the ABEX index), excluding a loss of rent of maximum 36 months and other accessory guarantees. For buildings that are part of the global insurance policy of the regulated real estate company, the insured value is based on the 'new construction value', i.e. the cost for reconstruction of the building, including architects' fees and value-added tax (excluding the buildings that are subject to the VAT regime). With regard to buildings that are not subject to the global insurance policy (based on specific contractual provisions with the tenant and or buildings in co-ownership), similar conditions are usually negotiated. For more details on the insured value of the buildings we refer to the Real estate report on page 121. Moreover, negotiations were started with different insurers to specifically insure the economic risk for damage caused by terrorism (1). ■ For a number of buildings in the portfolio, adjusted security measures and procedures are foreseen when threat levels increase in order to limit the terror threat by prevention (1).
Break-in into the IT-network, cybercrime, phishing,...	<ol style="list-style-type: none"> 1. Financial and reputational damage by external manipulation and/or unavailability of the IT-network. 2. Financial and reputational damage by the loss of important files containing company information 	<ul style="list-style-type: none"> ■ Preventive training on cybercrime for employees within the group (1,2). ■ Appropriate investments in an improved protection and storage capacity of the IT-network (1,2). ■ Negotiations started with different insurers to insure the economic damage risk caused by cybercrime adequately (1,2).
Decreased solvency / bankruptcy of the customer	<ol style="list-style-type: none"> 1. Higher vacancy 2. Bearing costs that are normally recoverable and commercial costs for re-letting 3. Decrease of income and cash flow 4. Refurbishment costs 	<ul style="list-style-type: none"> ■ Screening of the tenant's solvency with the assistance of an external rating agency (1,2,3,4). ■ The rent has to be prepaid (3). ■ Customary rental guarantee of minimum three months (3,4).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Concentration of the activities of the tenants	1. Loss of income if a specific sector is hit by an economic downturn	<ul style="list-style-type: none"> ■ Strong sector diversification with limited correlation of the tenants (1). ■ The breakdown of our tenants' portfolio according to sector remains good. The main sectors are: retail & wholesale (50% compared to 47% on 31/12/15 and 50% on 31/12/14), the services sector (19% compared to 22.5% on 31/12/15 and 17% on 31/12/14), followed by non-profit organisations and international professional associations (8% compared to 8% on 31/12/15 and 10% on 31/12/14) and the financial institutions (7% compared to 8% on 31/12/15 and 31/12/14). The largest sector retail & wholesale is diversified as it is based on the type of products offered (clothes, DIY, food & beverage).
Predominance of the most important tenants	1. Important negative impact on the rental income in case of departure	<ul style="list-style-type: none"> ■ Limited concentration of the most important tenants (1). The top 10 of the main tenants amounts to 21.35% of total rental income.
Risks related to the success of e-commerce	<ol style="list-style-type: none"> 1. The growing market of e-commerce can lead to a decrease of the demand for the retail asset class held in portfolio by the regulated real estate company. In its turn, this can result in higher vacancy and lower rents 2. A decrease in demand for this type of property can lead to a diminution of fair value of the real estate portfolio of the regulated real estate company 3. A decrease of the value of the financial participation in Retail Estates and an impact on shareholders' equity "NAV" 	<ul style="list-style-type: none"> ■ Diversification of the real estate portfolio, both geographically and as to asset classes (1,2,3). ■ Permanent market analysis and due diligences of market data and location characteristics of the buildings in the retail portfolio (1,2,3). ■ The retail asset class held by the regulated real estate company mainly relates to shopping centres with a broader perception and that also offer other services than merely shopping (1,2).
Concentration of investments in one or more buildings	<ol style="list-style-type: none"> 1. Important negative impact on the rental income in case of departure of single tenants 2. Risk on larger negative impact on the NAV (net asset value) given the lower spread 	<ul style="list-style-type: none"> ■ Limited concentration in one or more buildings (1,2). ■ 33% (calculated on the basis of the fair value) of the real estate portfolio is invested in buildings that represent individually more than 5% of total, of which more than half are retail buildings with different tenants (1,2).

FINANCIAL MANAGEMENT

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

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

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Insolvency of financial or bank counterparties (counterparty risk)	<ol style="list-style-type: none"> 1. Termination of current credit lines (credits and hedges) and reduction of financial resources 2. Costs of restructuring and higher costs of new credits and facilities 	<ul style="list-style-type: none"> ■ Strictly balanced funding policy and follow-up by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings and diversification of funding resources wherever necessary. The credit lines (incl. the € 95 million bond loans) amount to € 608 million end 2016 compared to € 568.7 million end 2015 (1,2). ■ Complete back-up of the commercial paper program through confirmed additional credit lines that are available. The available margin on credit lines of financial counterparties exceeds at any given moment the amount of the issued commercial paper (1, 2). ■ Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). The margin end 2016 amounts to € 90.5 million compared to € 39.1 million end 2015 after deduction of the credit lines held available as back-up for the issued commercial paper. ■ Strong shareholders (1,2).
The non availability of financing or the intended duration of the financing (liquidity risk) and drying up of the commercial paper market	<ol style="list-style-type: none"> 1. Impossibility to finance acquisitions, or only through increased costs and at a lower profitability 2. Impulse for selling assets at a value inferior to the fair value 	<ul style="list-style-type: none"> ■ Strictly balanced funding policy and follow-up(1,2) by a continuous search for a balanced spread of the maturity dates, stable and extensive pool of banks with good financial ratings, possible diversification of funding resources wherever necessary. The average duration of the total of credits, including the bond loans, amounts to 3.94 years (2015: 2.96 years, 2014: 3.2 years) (1,2). ■ Complete back-up of the commercial paper program through available confirmed credit lines (1,2). ■ Aiming at maintaining an adequate availability margin on confirmed credit lines (1,2). ■ Strong and stable shareholders (1,2).
Insufficient cash flow to respect its financial obligations (cash flow risk)	<ol style="list-style-type: none"> 1. No longer being able to satisfy the reimbursement of interests and capital 	<ul style="list-style-type: none"> ■ Strict follow-up of the net cash flow and limiting the operational risks⁽¹⁾ (1). ■ Financing is of the bullet type with a clear view on the maturity dates (1). ■ Aiming at maintaining an adequate availability margin on confirmed credit lines (1).

(1) The rental income received during the financial year 2016 amply suffices to cover the potential increase of the interest charges. For the last two financial years the financial result compared to the rental income, amounts to respectively 18.0% (2016) and 33.8% (2015), and, and the net interest charges excluding the impact of fair value adjustments on financial instruments not qualified as cash flow hedges, compared to the rental income, amount to 19.2% (2016) and 24.2%(2015).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Combination of unfavourable interest rate changes, increased risk premium on the stock exchanges and increase of the banking margin (cost of the capital)	<ol style="list-style-type: none"> 1. Increase of the weighted average cost of the capital of the company 2. Impact on the profitability of the company and of new investments 	<ul style="list-style-type: none"> ■ Protection against the rise of the interest rates by using hedges. The policy is intended to hedge the interest rate risk for approximately 75% of the financial debt for a 5-year period and for circa 50% for the consequent 5-year period. At the end of 2016 the regulated real estate company has 41% of current net payer interest rate swaps (IRS) (hedging at a fixed interest rate) (end 2015: 31%); the current interest rate caps were terminated (with a limit on the 'out of the money' interest rates) (end 2015: 8%), 29% of credits at fixed rates (2015: 30%) and 7% of cross currency swaps (idem 2015) (1,2). For more details we refer to note 33 of the financial statements on page 178. ■ The policy further consists of reaching an optimum average funding cost*, taking the hedges into account. This cost amounts to 2.90% (end 2015: 3.38%) excluding the effect of fair value adjustments on financial assets and liabilities (1,2). ■ Permanent dialogue with shareholders and bank partners for establishing solid long-term relationships (1,2).
The financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. The risk of a potential loss of confidence and of not respecting the covenants exists	<ol style="list-style-type: none"> 1. Possible termination of credits and an eroded confidence with investors and bankers 2. Sanctions and increased supervision from the regulator in the case of noncompliance with certain legal parameters 	<ul style="list-style-type: none"> ■ The financial policy closely corresponds to the company's needs with a permanent vigilance as to respecting the financial and other covenants concluded. ■ The evolution of the debt ratio is regularly followed up and the influence of each investment project on the debt ratio is always analysed beforehand (1,2). ■ In accordance with art 24 of the RD of 13/07/2014 the RREC has to draw up a financial plan with an execution calendar when the consolidated debt ratio, as defined by the same RD, would amount to more than 50%. Herein are described the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets. On 31/12/2016 the consolidated debt ratio amounted to 58.05% in comparison with 58.03% end 2015. The statutory debt ratio amounted to 49.77% on 31/12/2016 compared to 53.37 end 2015⁽¹⁾. A financial plan was consequently drawn up according to the provisions of art. 24 of the RD of 13/07/2014. This has further been commented in the financial report (note 33) at page 178 (1,2).

(1) Following the application of the equity method to the statutory participations of Leasinvest Real Estate SCA, the statutory debt ratio 2015 was retroactively recalculated to 53.37%. For more information on this, we refer to the notes to the statutory financial statements further in this annual financial report.

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Risk of non-compliance with the legal financial parameters to which the company is held	<ol style="list-style-type: none"> 1. Loss of the REIT (SIR/GVV) status if the debt ratio should exceed 65% 2. Potential termination of credits and eroded confidence from banks and investors 	<ul style="list-style-type: none"> ■ The evolution of the debt ratio is followed up regularly and the influence of each potential investment operation on the debt ratio is always analysed beforehand (1,2). ■ Cautious financial policy with constant monitoring of the figures to comply with the financial parameters (1,2). ■ In accordance with art. 24 of the RD of 13/07/2014 a RREC has to draw up a financial plan with an execution schedule if the consolidated debt ratio, as defined by the same RD, reaches more than 50%. In this document a description of the measures that will be taken to prevent the debt ratio from amounting to over 65% of the consolidated assets is reproduced. On 31/12/2016 the consolidated debt ratio amounted to 58.05% in comparison with 58.03% end 2015. The statutory debt ratio amounted to 49.77% on 31/12/2016 in comparison with 53.37% end 2015. A financial plan was consequently drawn up according to the provisions of art. 24 of the RD of 13/07/2014. This has further been commented in the financial report (note 33) at page 178 (1,2).
Risk of divergence of the financial results from the predefined budget and legal demands	<ol style="list-style-type: none"> 1. Untimely detection of potentially not meeting certain obligations 	<ul style="list-style-type: none"> ■ Minimum quarterly updates of the financial model with checking of assumptions and the way they were set up, and continuous follow-up of parameters that could influence the result and the budget (1).
Risk of currency fluctuation relating to activities outside of the Euro zone	<ol style="list-style-type: none"> 1. Decrease of income and cash flow 	<ul style="list-style-type: none"> ■ Leasinvest Real Estate is mainly active in EURO countries and in Switzerland. With regard to the investment in Switzerland the fair value risk has been hedged. The variability of the net cash flows is to a large extent compensated by natural hedging whereby the income from Swiss francs is used to a maximum to cover local expenses in Swiss francs (1).
Risk of fair value changes of financial derivatives or a relatively higher funding cost* following the selected hedges when the interest rates decrease	<ol style="list-style-type: none"> 1. Decrease of the group's shareholders' equity 2. Lower net result and net current result 	<ul style="list-style-type: none"> ■ Leasinvest Real Estate aims at an optimum funding cost* taking into account the selected hedging strategy. The latter is adjusted in function of the market evolution and based on the needs assessed, the conclusion or termination of IRS is considered; this is also the case for the conclusion or reimbursement of CAPS or fixed rate credits (1,2).

Description of the risk	Potential impact on the activities	Mitigating factors and measures
<p>Within the framework of art 617 of the Company Code, the distribution of dividends can be limited, also by the fact that Leasinvest Real Estate has an important subsidiary in the Grand Duchy of Luxembourg (Leasinvest Immo Lux) that only contributes dividends to the statutory results of Leasinvest Real Estate</p>	<p>1. Limited dividend yield for the shareholder</p>	<ul style="list-style-type: none"> ■ Watch over sufficient income and compliance with art 617 with regard to the distribution level of dividends at the statutory level of Leasinvest Real Estate. Within this framework, the statutory participations in Leasinvest Immo Lux SA, T&T Koninklijk Pakhuis SA, Leasinvest Services SA, RAB Invest SA and Haven Invest SA were for the first time booked according to the equity method instead of their valuation at historical cost. For more detailed comments and comparative figures, we refer to the financial statements note 31 at page 175 (1).

LEGISLATION AND OTHER RISKS

Leasinvest Real Estate is a regulated real estate company and has to maintain its regulated real estate company status in order to benefit from the related favourable tax regime. Should the company lose its regulated real estate company status, it would break covenants with its banks and would have to reimburse its credits. Maintaining the regulated real estate company status is consequently primordial for the company. The company therefore takes into account all different provisions and rules of the legislation, i.e. the RREC law (the law of 12 May 2014 with regard to regulated real estate companies and the Royal Decree of 7 December 2010 with regard to regulated real estate companies.

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

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

Description of the risk	Potential impact on the activities	Mitigating factors and measures
Changes in regulations relating to urban development and to the environment	<ol style="list-style-type: none"> 1. Higher costs to maintain the real estate in good condition 2. Decrease of the fair value of a building 3. Decrease of the occupancy 	<ul style="list-style-type: none"> ■ Active energy performance and environmental policy for office buildings that anticipates the legislation as much as possible (1,2,3). We refer to the Annual report on page 77.
Change in tax legislation	<ol style="list-style-type: none"> 1. Potential influence on acquisition and sales prices 2. As a consequence, potential impact on the valuation and consequently on the NAV (net asset value or shareholders' equity of the group) 3. Besides this, new national legislations and regulations, or possible amendments to current legislation and regulations can enter into force 	<ul style="list-style-type: none"> ■ On-going evaluation of the changes in legal demands and their compliance, assisted by specialized external consultants (1,2,3).
Changes in the fiscal tax climate in Luxembourg	<ol style="list-style-type: none"> 1. 1. Erosion of tax incentives for cross-border shopping can lead to decreased turnovers and pressure on the rents of the retail tenants of the Luxembourg shopping centres with potential vacancy and a decrease in fair value of the retail buildings as a consequence, and an impact on the NAV 	<ul style="list-style-type: none"> ■ Extensive analysis and due diligence of the aspects relating to the market and to the location of retail buildings when considering investments (1). ■ Close contact with tenants in order to closely follow-up the evolution of their turnover (1). ■ An investment policy focused on developing a high-quality diversified portfolio (1).
Complexity of acquisition or divestment files	<ol style="list-style-type: none"> 1. Wrongly assessed risks of which the probability level and the impact have an influence on the profitability 	<ul style="list-style-type: none"> ■ Extensive due diligence at different levels: property-technical, market, economic, tax, legal, accounting and administrative within the framework of each acquisition, together with specialized consultants (1).
Turnover of key personnel	<ol style="list-style-type: none"> 1. Negative influence on current professional relationships 2. Loss of decisiveness and efficiency in the management decision-making process 	<ul style="list-style-type: none"> ■ Remuneration package in line with market standards (1,2). ■ Working in teams, whereby individual responsibility for important and strategic tasks is avoided (1,2). ■ Clear and consistent procedures and internal communication (1,2).

STATEMENTS



PERSONS RESPONSIBLE

The statutory manager of the company is responsible for the information provided in this annual financial report and has made all reasonable efforts to check all information presented in this annual financial report and states accordingly that, to his knowledge, all data in this annual financial report correspond to the reality and that no data have been omitted which could affect the tenor of this annual financial report.

Statement according to article 12, § 2, 3° of the RD of 14 November 2007

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

- (i) the financial statements, established in accordance with the applicable accounting standards, present a fair view of the assets, financial situation and the results of Leasinvest Real Estate and the companies included in the consolidation;
- (ii) the annual financial report presents a fair overview of the development and the results of Leasinvest Real Estate and of the position of the company and the companies included in the consolidation, and also comprises a description of the main risks and uncertainties which the company is confronted with.

JEAN-LOUIS APPELMANS

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

THIRD-PARTY INFORMATION

The statutory manager confirms that the information obtained from third parties has been precisely reproduced, and that to his knowledge, and based on the information published by those third parties, no facts have been omitted which could result in the reproduced information being inaccurate or misleading.

The statutory manager confirms that the real estate expert of the company granted his permission to reproduce the conclusions of his report on the financial year 2016 in this report.

The statutory manager confirms that the auditor of the company granted his permission to reproduce the auditor's report on the consolidated financial statements for the financial year closed on 31 December 2016 in this report.

FORWARD-LOOKING STATEMENTS

This annual financial report contains forward-looking statements. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial conditions, performance or achievements of the company to be different from any future results, financial conditions, performance or achievements expressed or implied by such forward-looking statements. Given these uncertain factors forward-looking statements do not include guarantees.

RESPONSIBILITY FOR AUDITING THE STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS

Ernst & Young Bedrijfsrevisoren, "burgerlijke vennootschap onder de vorm van een coöperatieve vennootschap met beperkte aansprakelijkheid" (bcvba, with registered office in 1831 Diegem, De Kleetlaan 2, with company number "RPR Brussel 446.334.711", registered at the "Instituut der Bedrijfsrevisoren" under number B00160, reappointed as auditor on 21 May 2012 for a 3-year period (financial years 2012, 2013 and 2014), the auditor being represented for one more year by Mrs Christel Weymeersch, namely till after the annual meeting of May 2013 and consequently by Mr Pierre Vanderbeek. Ernst & Young Bedrijfsrevisoren bcvba, represented by Mr Pierre Vanderbeek, was reappointed on 18 May 2015 for a new 3-year period (financial years 2015, 2016 and 2017) to exercise the function of auditor of the company till the annual meeting that will be held in May 2018.

To the general meeting of shareholders of the company that will be held on 15 May 2017, will be presented to replace, as of that date, Mr Pierre Vanderbeek by Mr Joeri Klaykens as representative of Ernst & Young Bedrijfsrevisoren bcvba.

STATEMENTS WITH REGARD TO LEGAL PROCEDURES OR ARBITRAGES

The statutory manager of the company declares that no government interventions, proceedings or other arbitration procedures exist, which could (or) have influence(d), in a recent past, the financial position or the profitability of the company or its subsidiaries and that, to the best of his knowledge, there are no situations or facts which could give rise to such government interventions, proceedings or arbitration procedures.

PROFILE



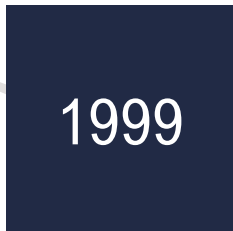


“Leasinvest Real Estate’s strategy remains focused on well located and high-quality retail and office buildings. Geographically our buildings are located in the Grand Duchy of Luxembourg, Belgium, Switzerland and, since 2016, also in Austria”.

MISSION STATEMENT

Public Regulated Real Estate Company Leasinvest Real Estate SCA invests in high-quality and well located shops and offices in the Grand Duchy of Luxembourg, in Belgium, in Switzerland and in Austria. Through diversification of its portfolio, the company wants to achieve a rental yield* in line with market performance, an acceptable dividend level and potential capital gains.

Real estate investment trust (bevak/sicafi) status granted
Listing on NYSE Euronext Brussels (previously the Brussels' Stock Exchange)



1999

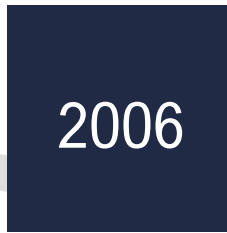
€ mio

Different acquisitions of mainly office buildings in Belgium
Own management and personnel



>2005

Geographical diversification towards the Grand Duchy of Luxembourg by the acquisition of the Luxembourg sicav Dexia Immo Lux (currently Leasinvest Immo Lux) for € 150 M (13 buildings)



2006

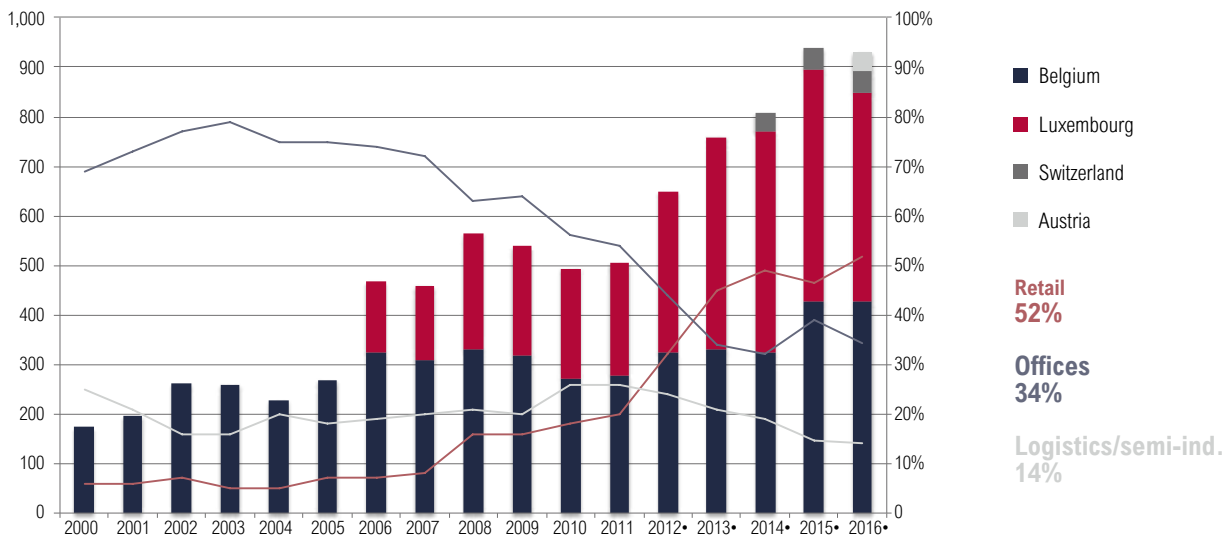
Divestment of office buildings and further diversification towards logistics in Belgium
Redevelopments of offices and storage in the Grand Duchy of Luxembourg
Focus on diversification towards retail with acquisition of top retail portfolio in Luxembourg



2007
-
2011

For more information, consult www.leasinvest.be – Leasinvest – history.

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



• Fair value including participation in Retail Estates at 31/12/2016. For more information we refer to the key figures of the real estate portfolio at page 28 and note 23 in the financial statements.

After the successful investment in 2006 in the Grand Duchy of Luxembourg with the take-over of the Leasinvest Immo Lux portfolio (ex-Dexia Immo Lux), a first step was taken in 2014 towards diversification to a 3rd country with the take-over of an important retail portfolio in Switzerland. In 2016 this geographical diversification was continued with the acquisition of a very successful retail park in Austria.

Our focus has evolved from mainly offices to mainly retail (retail parks and medium-sized shopping centers) and offices. Both asset classes should benefit from outstanding locations in the Grand Duchy of Luxembourg, Belgium, Switzerland and Austria. At present, the retail part of the consolidated real estate portfolio (excluding the participation in the REIT (SIR/GVV) Retail Estates) amounts to 48% (2015: 42.2%), offices to 37% (2015: 42.1%) and logistics to 15% (2015: 15.7%).

REAL ESTATE PORTFOLIO

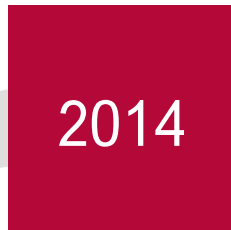
We manage our portfolio in a proactive way and keep on pursuing intelligent investments, such as redevelopments that can generate capital gains, or buildings with excellent locations, to optimize the quality of our real estate portfolio.

Our commercial policy focuses on maximizing the average duration of the rental contracts that currently stands at 4.37 years (31/12/2015: 4.84 years), and on maintaining a high occupancy rate, that increased from 95.80% on 31/12/2015 to 96.77%.

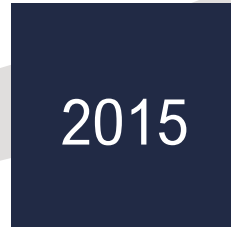
Investment in two shopping centers and acquisition of an important retail building in the Grand Duchy of Luxembourg
 Completion & acquisition State Archives Bruges
 Divestment of office buildings
 Public capital increase and public and private bond issue



Acquisition of important retail portfolio in Switzerland
 Change of the status of sicafi into a public regulated real estate company (RREC)
 Further divestment of smaller non-strategic buildings
 Pre-letting of office project Royal20 in the Grand Duchy of Luxembourg



Conclusion of a sales agreement for the (entirely pre-let) prestigious office project Royal20 in Luxembourg as of its reception in 2016
 Acquisition of iconic multi-tenant building Royal Depot at the Tour & Taxis site in Brussels
 Start redevelopment Square de Meeûs in the CBD of Brussels (reception foreseen: 2017)
 Further divestment of non-strategic buildings



Sale of completed office building Royal20 in Luxembourg
 Acquisition of very successful Frun® retail park Asten, Austria

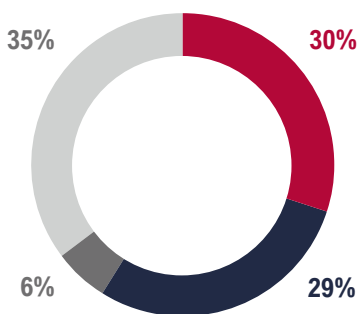


“In less than ten years Leasinvest Real Estate succeeded in reorienting its real estate portfolio from mainly offices to retail.”

INVESTOR PROFILE

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

SHAREHOLDER STRUCTURE - MAJOR SHAREHOLDERS¹



■ Ackermans & van Haaren Group ■ AXA Belgium ■ AG Insurance ■ Unknown

FINANCIAL CALENDAR

31/03/2017	Annual financial report 2016
15/05/2017	Annual meeting of shareholders
15/05/2017	Interim statement Q1 (31/03/17) (incl. results OGM)
18/05/2017	Ex-date
19/05/2017	Record date
22/05/2017	Dividend payment
24/08/2017	Half-year financial report 2017
17/11/2017	Interim statement Q3 (30/09/17)
22/02/2018	Year results 2017 (31/12/17)

¹ For more information we refer to the Corporate governance statement on page 60. To the company’s knowledge, based on the transparency notifications Leasinvest Real Estate received, the important known shareholders besides Ackermans & van Haaren Group are: AXA Belgium SA: 29% & AG Insurance (previously Fortis Real Estate): 5,98 %.



LETTER TO THE SHAREHOLDERS





Jean-Louis Appelmans



Jan Suykens

“It is with pride that we announce that 2016 was one of the best years ever since the creation of Leasinvest Real Estate in 1999.”

Rental income

€ 56.6
million

Net result

€ 31.1
million

THE MARKETS

The Grand Duchy of Luxembourg maintained its strong financial profile. The proactive policy of the government to keep the economy and the growth of the Grand Duchy of Luxembourg at its level has been continued and translated into a strong GDP growth of 3% (Euro zone 1.3%). The Belgian registered a moderate growth of the GDP of 1.2%, which is lower than in 2015. Switzerland scrapped its Swiss franc euro peg in January 2015, resulting in a much stronger Swiss franc, which still has an impact on the economy with a decrease of export, diminishing interior consumption and lower income from tourism as a consequence. In Austria, a new market for Leasinvest Real Estate, an important economic revival was registered by the end of 2016, which is expected to continue in 2017.

The evolution of the real estate markets knew a different evolution according to the asset class and the country. In the Grand Duchy of Luxembourg, where Leasinvest Real Estate is the second most important foreign investor, the take-up volume in offices was 35% lower in 2016 compared to the record year 2015, with a slightly higher vacancy rate of 4.9%. The take-up volume in retail was slightly lower (33,000 m²) than in 2015 (37,000 m²), the important demand suffering from a lack of high-quality offer. In Belgium the office market knew a remarkable improvement of the take-up volumes of 454,000 m², or 50% more than in 2015, and the highest level since 2010, but the rents remained stable and the vacancy rate decreased (9.2%). The retail rental market again registered a healthy demand. The retail rental market in Switzerland was stable.



Frun® Retail park Asten, Austria

SUCCESSFUL FURTHER GROWTH

The strategy of Leasinvest Real Estate remains focused on more retail in the real estate portfolio, confirmed by the acquisition of a recently built retail park in Austria. Together with the planned sales at the end of June 2016 of the office building Royal 20 in Luxembourg, the retail part of our portfolio was further on the rise.

On 31/12/2016 the Grand Duchy of Luxembourg, based on the fair value of the buildings, represented 49% of our global portfolio, following the important sale of Royal20 (2015: 54%), Belgium 42% (2015: 41%), Switzerland 5% and Austria (4%).

The retail part in our portfolio remains the main asset class in our global real estate portfolio with 48% (2015: 42%), the offices part decreased to 37% (2015: 42%). The logistics part (15%) is no longer considered to be strategic. Our real estate portfolio will continue to consist of retail and offices in the future. In the Grand Duchy of Luxembourg it will be more focused on retail and offices and in Switzerland and Austria on retail. Offices remain an interesting asset class when the situation is good, the building is, or can be made, sustainable, and a capital gain can be realized in the long term.

THE REALIZATIONS IN 2016 AND THE OBJECTIVES FOR 2017

End 2016 the direct real estate portfolio amounted to € 860 million, or a decrease of 1.1% (2015: +14.9%), including indirect investments (with the participation in REIT (SIR/GVV) Retail Estates SA) the consolidated real estate portfolio stood at € 930 million. The investments amounted to € 47 million, which is lower than in 2015 (€ 134 million) and mainly consisted of the acquisition in the retail park in Austria (€ 37.1 million) and the further investments (€ 9.9 million) in the redeveloped buildings from the portfolio. In Luxembourg an important divestment of the office building Royal20 (€ 62 million) was realized in 2016.

The leases in 2016 evolved well, with as a main realization, the lease of Montoyer 63 to the European Parliament as from the reconstruction of the office building, and the re-letting for half of the space of the office building situated in Malines. The global occupancy rate¹ increased to 96.77% (2015: 95.80%).

In 2016 most of our objectives within the scope of further growth and improvement of the quality of our portfolio, were reached.

The rental income in 2016 rose by 12% to € 56.6 million, with a like-for-like increase of the rental income by 1%. The net result and the EPRA Earnings* compared to 2015, increased by respectively 2% and 9%, or € 31.1 million (2015: € 30.6 million) and € 27.9 million (2015: € 25.6 million). This evolution is mainly the consequence of the important acquisition of € 108 million of the Royal Depot at the Tour & Taxis site in Brussels at the end of 2015.

¹ The occupancy rate takes into account all buildings, except for those recorded in the assets held for sale and the development projects, and is calculated in function of the estimated rent as follows: (estimated rent - estimated rent on vacancy) / estimated rent.

Should different divestments of logistics buildings concretize in 2017, without any compensating reinvestments, and given the temporary lack of rental income due to the entire renovation of the buildings Treesquare and Montoyer 63 in Brussels, and except for extraordinary circumstances, the company expects to realize a lower net result and lower EPRA Earnings* in 2017 than in 2016. Notwithstanding this evolution, the company expects to maintain the dividend over 2017 at minimum the same level as that of 2016.

MODIFICATION OF THE COMPOSITION OF THE BOARD OF DIRECTORS

On 18 August 2016 Mr Luc Bertrand was succeeded, as chairman of the board of directors, after more than 17 years of chairmanship of the board of directors of the statutory manager of Leasinvest Real Estate, by Mr Jan Suykens, who is part of the board of directors of Leasinvest Real Estate Management SA since 1999.

The success of Leasinvest Real Estate is partially owed to the strategic insights and the constant dedication of Mr Luc Bertrand, for which we would like to warmly thank him.

EPRA Earnings*
€ 27.9
million

Gross dividend per share
€ 4.90

Retail
48%

Grand Duchy of Luxembourg
49%

THE DIVIDEND AND THE PRICE OF THE SHARE

It is proposed to distribute for the financial year 2016 a gross dividend of € 4.90 that is 4.26% higher than the gross dividend of € 4.70 over 2015. The net dividend 2016 amounts to € 3.43 (30% withholding tax) in comparison with € 3.431 (27% withholding tax) end 2015. Given the closing price at 31/12/2016 of € 105.50 this results in a dividend yield of 4.64% gross or net 3.25% (based on 30% withholding tax).

The price of the Leasinvest Real Estate share fluctuated during the financial year between € 87.70 and € 114. End 2016 the share was listed at € 105.50, which generated a premium of 46% compared to the net asset value of € 72.20 on 31/12/2016 (based on the fair value of the real estate).

SUSTAINABLE BUILDINGS

Leasinvest Real Estate is aware of the fact that its ecological footprint can be reduced, by further focusing on sustainability and treating its energy, water, electricity and waste management in a conscious way. Wherever possible we invest to make our buildings more sustainable and obtaining a 'BREAAAM¹ in-use' for a/o the redevelopment of the office buildings The Crescent (Brussels) and Motstraat (Malines). For a potentially new construction, such as the office project Royal20 in the City of Luxembourg, we aim at obtaining a Breeam 'excellent'. In 2017/2018 the office buildings Treesquare and Montoyer 63, both located in the City of Brussels, will be entirely reconstructed in order to better position these buildings in the market and make them more sustainable (Breeam certified).

The final purpose is to own a high-quality real estate portfolio that is well located, offering agreeable working spaces that perform well at a technical level, are sustainable and require less maintenance costs.

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

JEAN-LOUIS APPELMANS

Managing director

JAN SUYKENS

Chairman of the board of directors

¹ For more information we refer to www.breeam.org.

KEY FIGURES



THE KEY FIGURES ON 31 DECEMBER 2016

At the end of 2016 Leasinvest Real Estate (LRE) fully consolidates the following participations: the Luxembourg SICAV-SIF Leasinvest Immo Lux SA, Leasinvest Services SA, Orli Lux sàrl, RAB Invest SA, S. Invest I SA, Porte des Ardennes Schmiede SA, T&T Koninklijk Pakhuis SA¹ and Haven Invest SA.

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this registration document are indicated by an asterisk (*). For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 80 et seq of this registration document.

¹ The SA T&T Koninklijk Pakhuis was merged with Leasinvest Real Estate following the extraordinary general meeting that was held on 19/12/2016, and this with accounting and fiscal effect as of 01/01/2017.

KEY FIGURES REAL ESTATE PORTFOLIO (1)	31/12/2016	31/12/2015
Fair value real estate portfolio (€ 1,000) (2)	859 931	869 361
Fair value investment properties incl. participation Retail Estates (€ 1,000) (2)	930 689	939 786
Investment value investment properties (€ 1,000) (3)	876 747	886 390
Rental yield based on fair value (4) (5)	6.78%	6.88%
Rental yield based on investment value (4) (5)	6.65%	6.75%
Occupancy rate (5) (6)	96.77%	95.80%
Average duration of leases (years)	4.37	4.84

(1) The real estate portfolio comprises the buildings in operation, the development projects, the assets held for sale, as well as the buildings presented as financial leasing under IFRS.

(2) Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS. The fair value of Retail Estates has been defined based on the share price on 31/12/2016.

(3) The investment value is the value as defined by an independent real estate expert and of which the transfer rights have not yet been deducted.

(4) Fair value and investment value estimated by real estate experts Cushman & Wakefield and Stadim (Belux), SPG Intercity (Switzerland) and BAR bareal (Austria).

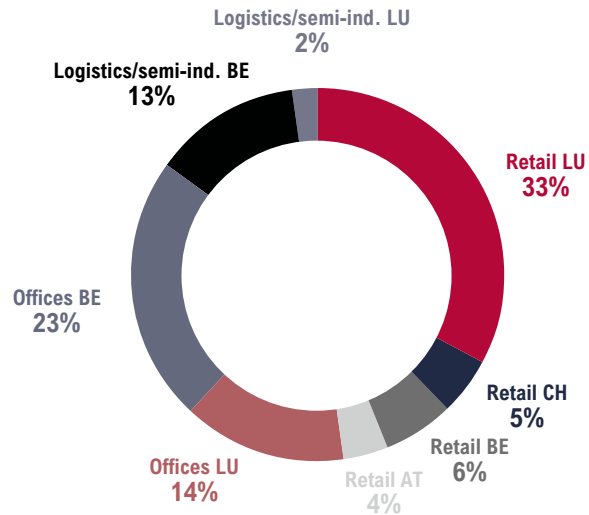
(5) For the calculation of the rental yield* and the occupancy rate only the buildings in operation are taken into account, excluding the projects and the assets held for sale.

(6) The occupancy rate has been calculated based on the estimated rental value.

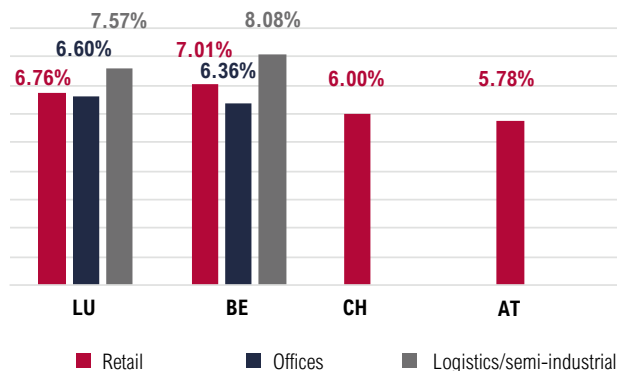
At the end of 2016 the **consolidated direct real estate portfolio** of Leasinvest Real Estate comprises 33 sites (including assets held for sale & development projects) with a total lettable surface of 449,885 m². The real estate portfolio is geographically spread across: the Grand Duchy of Luxembourg (49% of the portfolio), Belgium (42%), Switzerland (5%) and Austria (4%).

The fair value of the real estate portfolio amounts to € 859.93 million end 2016 compared to € 869.36 million end December 2015. This decrease is explained by the sale of the completed project Royal 20 in Luxembourg (book value 31/12/2015 € 50.75 million) and of the building Malines Zeutestraat (book value 31/12/2015 € 4.39 million) on the one hand, and by the acquisition of the Austrian retail park Frun[®] Asten for € 37.1 million, on the other hand.

After these realized transactions, the retail part of the real estate portfolio amounts to 48% (2015: 42.2%), offices to 37% (2015: 42.1%) and logistics to 15% (2015: 15.7%).



Details on yield per asset class and location (fair value) (1)



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

The global direct and indirect real estate portfolio (including the participation in REIT (SIR/GVV) Retail Estates SA) amounts to a fair value of € 930.7 million per end 2016.

At the end of 2016 three logistics buildings (Heesterveldweg in Tongres, Nijverheidsstraat in Wommelgem and Canal Logistics phase 1 near Brussels) were transferred from investment properties to assets held for sale in accordance with the current reporting standard IFRS 5.

The **rental yield*** of the real estate in operation, based on the fair value, amounts to 6.78% (compared to 6.88% end 2015), and based on the investment value to 6.65% (compared to 6.75% end 2015).

The date per share are calculated based on 4,935,478 shares entitled to dividends, or the number of registered shares at the reporting date, namely 4,938,870, minus 3,392 treasury shares, acquired within the framework of the legal procedure on the dematerialization of bearer securities in conformity with article 11 of the law of 14 December 2005. At the beginning of the financial year 2017 these shares were sold again by the company based on the current authorization to purchase and sell own securities.

For the comments on the balance sheet and the income statement, we refer to the Annual report on page 138.

KEY FIGURES BALANCE SHEET	31/12/2016	31/12/2015
Net asset value group share (€ 1,000)	356 407	362 405
Net asset value group share per share*	72.2	73.4
Net asset value group share per share based on investment value*	75.6	76.9
Net asset value group share per share EPRA*	82.0	81.3
Total assets (€ 1,000)	988 441	976 302
Financial debt	541 064	532 249
Financial debt ratio (in accordance with legal RREC regulation)	58.05%	58.03%
Average duration credit lines (years)	3.94	2.96
Average funding cost*	2.90%	3.38%
Average duration hedges (years)	6.30	6.58

KEY FIGURES RESULTS	31/12/2016	31/12/2015
Rental income (€ 1,000)	56 647	50 455
Net rental result per share*	11.44	10.21
EPRA Earnings* (€ 1,000) (1)	27 875	25 564
EPRA Earnings per share*	5.65	5.18
Net result group share (€ 1,000)	31 118	30 618
Net result group share per share	6.30	6.20
Comprehensive income group share* (€ 1,000)	17 192	48 901
Comprehensive income group share per share*	3.48	9.90

- (1) EPRA Earnings, previously the net current results, consists of the net result excluding the portfolio result* and the changes in fair value of the ineffective hedges.
(2) The comprehensive income group share per 31 December 2016 amounts to € 17.2 million or € 3.48 per share and differs from the comprehensive income previously communicated in the press release of 16 February 2017 for respectively € 18.1 million or € 3.67 per share after reclassification of the transfer rights following the acquisition of Frunpark Asten. This reclassification has otherwise no single influence on the calculation of the net result and the EPRA Earnings*.

EPRA PERFORMANCE MEASURES*	31/12/2016	31/12/2015
EPRA Earnings* (in € per share) (1)	5.65	5.18
EPRA NAV* (in € per share) (2)	82.0	81.3
EPRA NNNAV* (in € per share) (3)	70.9	71.4
EPRA Net Initial Yield* (in %) (4)	5.82%	6.06%
EPRA Topped up Net Initial Yield* (in %) (5)	5.86%	6.10%
EPRA Vacancy* (in %) (6)	2.87%	4.05%
EPRA Cost ratio* (incl. direct vacancy costs) (in %) (7)	26.85%	24.26%
EPRA Cost ratio* (excl. direct vacancy costs) (in %) (7)	24.95%	22.51%

- (1) The EPRA Earnings*, previously net current result, consists of the net result excluding the portfolio result* and the changes in fair value of the ineffective hedges.
(2) EPRA Net Asset Value* (NAV) consists of the adjusted Net Asset Value*, excluding certain elements that do not fit within a financial model of long-term real estate investments; see also www.epra.com.
(3) EPRA NNNAV* (triple Net Asset Value*): consists of the EPRA NAV*, adjusted to take into account the fair value of the financial instruments, the debts and the deferred taxes; see also www.epra.com.
(4) EPRA Net Initial Yield* comprises the annualized gross rental income based on the current rents at the closing date of the financial statements, excluding the property charges, divided by the market value of the portfolio, increased by the estimated transfer rights and costs for hypothetical disposal of investment properties; see also www.epra.com.
(5) EPRA Topped up Net Initial Yield* corrects the EPRA Net Initial Yield* with regard to the ending of gratuities and other rental incentives granted; see also www.epra.com.
(6) EPRA Vacancy* is calculated on the basis of the Estimated Rental Value (ERV) of vacant surfaces divided by the ERV of the total portfolio; see also www.epra.com.
(7) EPRA Cost ratio* consists of the relation of the operating and general charges versus the gross rental income (including and excluding direct vacancy costs); see also www.epra.com.

ANNUAL REPORT





JEAN-LOUIS APPELMANS
CHIEF EXECUTIVE OFFICER

“The acquisition of a successful retail park in Austria represents a unique opportunity for Leasinvest, within its strategy of focussing on retail and geographical diversification, to enter a new stable European market. The additional rental income, spread across nearly 30 different tenants, will consequently positively contribute to the results over 2017.”

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1 STRATEGIC FOCUS

Creation of shareholder value resulting in a high dividend yield

by creating capital gains through

- ▶ active portfolio management
- ▶ dynamic investment and development policy
- ▶ divestment of non-strategic buildings

Generation of recurrent cash flow

through a dynamic commercial policy

- ▶ that responds to tenant's needs
- ▶ that is market-driven on a permanent basis
- ▶ striving for a high occupancy rate

Development of a high-quality real estate portfolio

by optimizing the portfolio

- ▶ redevelopment, enhancing sustainability and renovating of existing buildings
- ▶ strategic acquisitions

Limiting the risk profile

through diversification

- ▶ geographically: Grand Duchy of Luxembourg, Belgium, Switzerland and Austria
- ▶ asset classes: focus on retail and offices

1.1 INVESTMENT STRATEGY

After its successful diversification in 2006 to the Grand Duchy of Luxembourg Leasinvest Real Estate has concretized its further geographical diversification with the take-over, in 2014, of an important retail portfolio in the Vaud canton in the west French-speaking part of Switzerland, and in 2016 of a very successful retail park in Asten, Austria. The focus in both these newly entered markets will also in the future be retail.

The consolidated real estate portfolio consists for 48% of retail and 37% of offices. The 15% logistics/semi-industrial are no longer considered to be strategic.

INVESTMENT CRITERIA

- ▶ Diversification geographically & per asset class

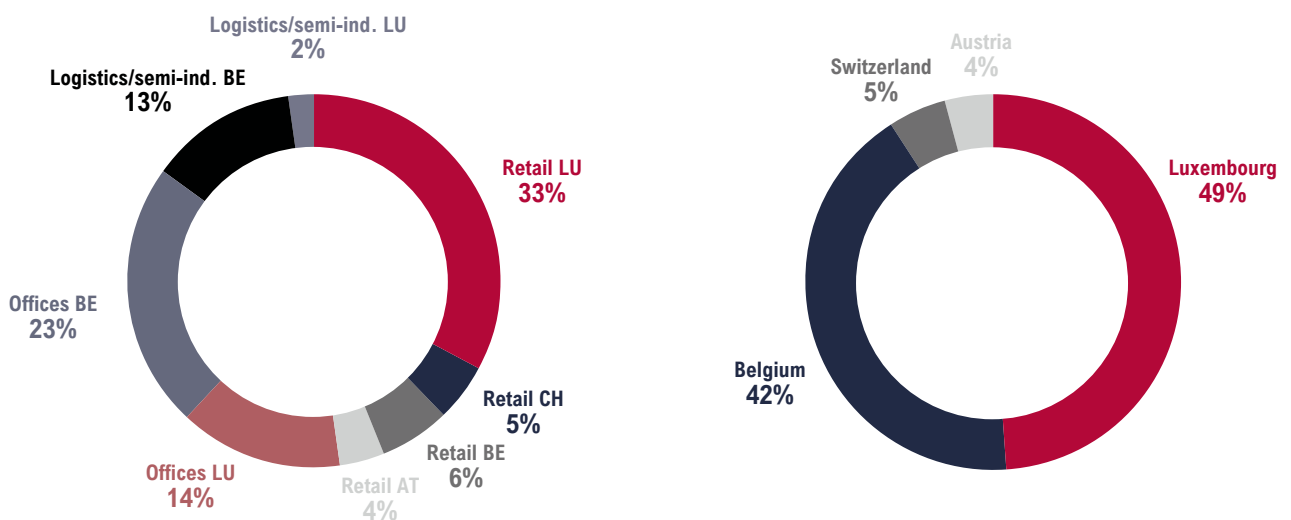
- ▶ Countries: Luxembourg, Belgium, Switzerland & Austria

- ▶ Focus on retail sector (retail parks/ medium-sized shopping centers)

- ▶ Continue to look for redevelopment opportunities of office buildings in well-located CBD

- ▶ Divestment of mainly non-strategic buildings

The graphs below show the breakdown of the consolidated real estate portfolio based on fair value per asset class and location.



WHY LUXEMBOURG?

Since 2006 Leasinvest Real Estate applies a clear geographical diversification strategy, with the acquisitions in the Grand Duchy of Luxembourg, in 2014 in Switzerland and in 2016 in Austria. Since 2008, the focus as to asset class shifted from a preponderance of offices towards a majority of retail. The portfolio of the RREC on 31/12/2016 consists of: 48% retail, 37% offices, 15% logistics (incl. the State Archives in Bruges) and is located for 49% in the Grand Duchy of Luxembourg, for 42% in Belgium, for 5% in Switzerland and for 4% in Austria.

The choice to invest in the Grand Duchy of Luxembourg is mainly inspired by the healthy and stable economic and political situation (AAA-rating) of the country that recorded also in 2016 an important GDP growth of 3%. The country disposes of a strong financial center and is the European no 1 in private banking and worldwide no 2 in fund management. In the Grand Duchy of Luxembourg that has a population of over 500,000 inhabitants, a daily flow of over 150,000 people from the neighbouring countries Belgium, France and Germany come over there to work. All these factors contribute to the Grand Duchy of Luxembourg being a very interesting country for all types of real estate investments, which is also demonstrated by the vacancy rate of our Luxembourg portfolio that amounts to only 1.7%.

WHY SWITZERLAND?

Switzerland, just as is the case for the Grand Duchy of Luxembourg, has been granted an AAA-rating and recorded over the entire year 2016 a growth of the gross domestic product of 1.5%, in comparison with 3% for the Grand Duchy of Luxembourg and 1.3% for the entire Eurozone (cf. information on the real estate market Cushman & Wakefield – see real estate report).

The unemployment rate in 2016 only amounts to 3.3%, which is certainly better than both the levels in the Grand Duchy of Luxembourg and Belgium.

Switzerland also knows a very stable macro-economic environment. The decision of the Swiss central bank in 2015 to let go of the fixed rate compared to the euro has led to a situation of +/- parity of both currencies. The strong Swiss Franc had a temporary negative impact on the Swiss economy and its export. According to analysts, this impact will continue to have consequences over the next years (market information SPG Intercity).

According to the Global Competitiveness Report 2016 – 2017 of the World Economic Forum Switzerland remains no 1 for the eighth consecutive year.

WHY AUSTRIA?

Austria is part of the Eurozone and benefits from an AA+-rating, a healthy economy with a low level of unemployment, a high GDP per capita and a growth of the economy, that perked up at the end of 2016 and is expected to continue in 2017.

According to the Winter 2017 Economic Forecast of the European Commission, the gross domestic product of Austria recorded a growth of 1.5% in 2016, a level that is also expected for the near future. The investments and private consumption (together with a low inflation rate), the main drivers of this growth, could benefit from the effects of the income tax reform. Public finances are impacted by the decrease in income taxes, but could benefit from the economic growth and the lower funding costs. For 2017 and 2018 the outlook is that the Austrian economy will continue to grow by +/- 1.6% as investments and private consumption will slightly slow down, however remain strong.

In the course of the past financial years Leasinvest Real Estate has further concretized its “turnaround” strategy to invest more in retail and less in offices, and more in the Grand Duchy of Luxembourg (and Switzerland and Austria).

In certain regions in Belgium the office market has lost a lot of its appeal, due to the following different factors, namely (1) the office market is under pressure due to the poor economic situation of the last years, the take-up having decreased year after year since the beginning of the financial and economic crisis end 2008; however, the take-up on the Brussels office market has risen by 50% in 2016 in comparison with 2015, but approximately 35% of this take-up relates to one-off take-up figures by public bodies, while corporate take-up keeps on dropping; there is however an important potential for new or fully renovated buildings in the central business districts of Brussels that meet the strictest criteria with regard to energy efficiency and sustainability, (2) this lower take-up trend led to lower rents that have barely evolved over the last 20 years, (3) completions of new office developments over the last couple of years have unnecessarily increased the offer and the total vacancy rate of the Brussels office market still amounts to 9.2%, (4) the high vacancy rate of mainly older and/or technically unadjusted buildings has risen each year and many of these buildings are converted into residential buildings, nursing homes or schools.

In the Grand Duchy of Luxembourg the take-up volume in offices in 2016 recorded a decrease by 35% after the atypical record year 2015, which is still the second highest average level recorded since 2010. The vacancy rate has strongly decreased over the last years and remains currently quasi stable, and the rents increase (see real estate market report, real estate market information on page 102).

WHY RETAIL?

The choice for retail property is inspired by the necessity for consumers to keep on shopping in an agreeable and pleasant atmosphere, as well as by the fact that the European population keeps growing, by the interesting rental yields*, the low renovation and maintenance investments (opposed to e.g. investments for renovating offices into sustainable buildings) for Leasinvest Real Estate as the landlord, and the constancy of retail tenants (mainly national and international chains) with regard to good locations. With regard to sub-segments, Leasinvest Real Estate focuses on retail parks and medium-sized shopping centres, such as the Knauf shopping centers in Schmiede and Pommerloch that are market leaders in the North of the Grand Duchy of Luxembourg and the Frun® retail park in Asten, Austria, acquired in November 2016.

WHY OFFICES?

Offices remain an interesting asset class, provided that they are well located, of high-quality and sustainable, reason why Leasinvest Real Estate keeps this asset class in portfolio.

In the Grand Duchy of Luxembourg our office buildings are situated at excellent locations, such as the city-centre of Luxembourg, or Kirchberg-Airport, where the demand exceeds the offer (see Real estate report).

In Belgium we currently have 2 buildings under redevelopment, namely Treesquare and Montoyer 63, both located in the Leopold district in Brussels (CBD), the top office location in Belgium. For the building Montoyer 63 a usufruct agreement was concluded in 2016 for the newly constructed building, for a fixed term of 21 years. For Treesquare we expect that the building will be entirely let as of its reception end 2017, taken into account the scarcity of new high-quality office buildings in the CBD of Brussels.

All buildings of the portfolio are subject to a regular evaluation, renovations being carried out to keep them up-to-date and ensure that they keep on responding to tenant's and market needs. In 2015 e.g. the building Monnet in Luxembourg was profoundly renovated, with an immediate 100% re-letting as of its reception.

SUCCESSFUL REDEVELOPMENTS

The geographical diversification towards the Grand Duchy of Luxembourg remains a very successful move because of the good economic indicators, the relatively stable market situation, the reduced impact of the financial and economic crisis on the country, lower vacancy figures and a still attractive office rental market mainly in the Central Business District and at Kirchberg-Airport, where the rents still rise due to the lack of new quality developments. Leasinvest Immo Lux has become the second most important foreign real estate investor in the country (source: Expertise/JLL Luxembourg).

Important capital gains can also be realized on the redevelopment of office buildings, as it was the case in 2016 for Royal20, boulevard Royal in the city of Luxembourg, that was directly sold to a private investor after its reception. Actually, the building was already 100% pre-let since end 2014 (see also Annual report – activity report).

Besides direct investments in newly acquired real estate, redevelopments have consequently also proven to be very successful these last few years. The redevelopment projects realized over the past years, CFM, Bian, Montimmo and Royal20 in Luxembourg accounted for a total of € 55 million of realized and unrealized capital gains.

In 2012 the redevelopment of the building The Crescent in Anderlecht (Brussels) into a 'green intelligent building', with extension to a business centre, was completed. This same concept will be rolled out in the office building Motstraat Malines, that was re-let for half of the space to the current tenant (see Annual report – activity report). Less strategic buildings are preferably sold if an opportunity presents itself. A total of € 67 million was divested in 2016, among which the logistics building Malines Zeutestraat. 3 logistics buildings were also reclassified from Investment properties to Assets held for sale, as logistics is no longer considered as a strategic asset class.

1.2 COMMERCIAL STRATEGY

By a sustained dynamic & proactive commercial management, Leasinvest Real Estate endeavours to keep the occupancy rate (2016: 96.77% versus 2015: 95.80%) at a high level and to maintain/increase, as much as possible, the average duration of the leases, that stands at 4.37 years (2015: 4.84 years).

To this effect, Leasinvest Real Estate has its own property and/or project management team wherever necessary, responsible for the commercial, technical and/or project management of the buildings, or appeals to specialized external parties that remain under the final responsibility and control of Leasinvest Real Estate (for more information we refer to the operational management of the buildings in the Real estate report on page 124).

1.3 FUNDING & HEDGING STRATEGY

The board of directors of the statutory manager of Leasinvest Real Estate opts for a conservative funding policy, limiting the internal debt ratio within a spread of 50 to 55%, while the maximum allowed debt ratio according to the RD of 13/07/2014 on regulated real estate companies (RRECs), amounts to 65%.

The debt ratio on 31/12/2016 temporarily amounts to 58.05% (compared to 58.03% per 31/12/2015) and thus outside of the predefined spread of 50% to 55%. Given the foreseen sale of a number of non-strategic logistics buildings in the course of the first semester of 2017, if no new investments are made, the debt ratio will again decrease in the direction of the predefined spread of 50% to 55%.

Following article 24 of the RD of 13 July 2014, a public RREC has to draw up a financial plan with an execution calendar, as soon as the consolidated debt ratio amounts to more than 50%, in which it gives a description of the measures that will be taken to prevent the consolidated debt ratio from amounting to more than 65% of the consolidated assets. Over this financial plan a special report is drawn up by the auditor, in which is confirmed by the latter that he has verified the development procedure of the plan, namely with regard to its economic fundamentals, and that the figures recorded in this plan, correspond to those of the accounts of the public RREC.

The general guidelines of the financial plan are recorded in the financial statements in note 33.

In 2016 Leasinvest Real Estate has renewed € 126.2 million of expired credit lines with different banks and concluded € 39.3 million of additional credit lines. Consequently, the credit lines at the end of 2016 amount to € 608 million compared to € 568.7 million end 2015, (each amount incl. the € 95 million of current bond loans). Moreover, € 47.5 million or 53% of the maturities in 2017 were already anticipatively renewed.

The decrease of the average funding cost* in 2016 from 3.38% to 2.90% is explained, on the one hand, by refinancing expired credits at lower margins, and on the other hand, by restructuring the hedging portfolio.

The hedging policy remains aimed at covering the interest rate risk for approximately 75% of the financial debts for a period of 5 years and for approximately 50% for the subsequent 5-year period. Due to the current hedging level of 78% (current hedges and fixed rate-credits versus total credits drawn down) at the end of 2016, the impact of the current negative variable interest rate on the total portfolio is relatively limited. In the longer term, the REIT's strategy is to cover itself adequately against future interest rate fluctuations and volatility of the funding cost* as a consequence of fluctuations of the market interest rate.

Debt ratio

58%

Duration hedges

4.37 years

Average funding cost*

2.90%

Duration credit lines

3.94 years

Total credit lines

€ 608
million

2 ACTIVITY REPORT

► 2.1 DURING THE FINANCIAL YEAR 2016

HIGHLIGHTS

Outlook for 2016 confirmed by the 31/12 figures resulting in one of the best results since the creation of the company

Addition of Austria as a 4th country

Higher rental income from € 50.5 million to € 56.6 million (+12%)

Increase of EPRA Earnings* (excluding changes in value on financial instruments and capital gains on real estate portfolio) to € 27.9 million or € 5.65 per share (+ 9%)

Increase of the net result from € 30.6 million to € 31.1 million or € 6.30 per share* (+ 2%)

High occupancy rate of the real estate portfolio at 96.8%

Debt ratio amounts to 58% (also 58% at 31/12/2015) after capital recycling during the past year

Average funding cost* has decreased from 3.38% to 2.90%

Increase of the gross dividend from € 4.70 to € 4.90 (+ 4.26%)

ACQUISITIONS AND DISPOSALS

ACQUISITIONS

Austria

Acquisition important retail park in Austria and strengthening of geographical diversification

On 8/11/2016 Leasinvest Real Estate has acquired the Frun® retail park in Asten, Austria. The U-shaped park was launched end October 2013 and concerns an efficient concept that consists of a large, central, free parking area, surrounded by a mix of national and international brands, an approach that strengthens the commercial efficiency and sustainable development of the park.

The roof of the Frun® retail park in Asten was also equipped with solar panels in order to optimize the sustainability of the park, resulting in an annual on-site production of over 500.000 KWh of green energy and a reduction in CO² emission of 400 tons.

The Frun® retail park in Asten is located at 200 km of Vienna and nearby Linz and comprises 18,300 m² with 26 shops and 600 parking spaces, and it is very successful with a significant annual increase of the footfall. All shops are let to both international and local retailers such as C&A, Intersport, Spar, Action and Zeeman.

This acquisition represents a fair value of € 38 million with an annual rental income of € 2.3 million. The funding of this acquisition was entirely secured by using undrawn available credit lines.

Based on among other things the stable economy, the AAA rating, high GDP per capita and sound real estate sector Austria has become the 4th country in which Leasinvest Real Estate operates in.



Frun® Retail park Asten, Austria

DISPOSALS

Grand Duchy of Luxembourg

Finalising sale of completed office building Royal20 in City of Luxembourg

As planned on 30/06/2016 the 2nd notarial deed was passed with a private investor with regard to the future sale¹ of the delivered office building Royal20, located boulevard Royal in the center of the City of Luxembourg in the Grand Duchy of Luxembourg, for an amount of € 62.5 million (ex-VAT), which exceeds the fair value. The building was entirely prelet since end-2014.

This successful realisation is a perfect example of the Company's daring and calculated entrepreneurship to turn the old Hotel Rix into a new office and landmark building on the Boulevard Royal. The magnetism of this diamond-shaped new office building designed by the renowned French architectural firm Agences Elizabeth et Christian de Portzamparc will become a strong architectural reference for the City of Luxembourg.

Belgium

Sale to an end user of the building Zeutestraat Malines

On 17/06/2016 the notarial deed for the sale of the building Zeutestraat in Malines was passed and sold to an end user for € 4.5 million, which corresponds to the fair value. This relates to a non-strategic storage building with office space with a total surface of 7,363 m².

¹ For more information on the future sale, see press releases of 20/04/2015, 18/02/2016 and 17/05/2016.



Royal20, Luxembourg

Occupancy rate

96.77%

Net asset value per share EPRA*

€ 82.0

Dividend (gross) per share

€ 4.90

Recurrent rental income

€ 56.6
million

PROJECTS UNDER REDEVELOPMENT

Grand Duchy of Luxembourg

Redevelopment retail park Strassen

The successful retail site located Route d'Arlon in Strassen, comprising 22,721 m², is being partially redeveloped into a retail park concept that will, besides the shops, also include a restaurant (see below). This site will be the largest retail park in the Luxembourg periphery at the entrance of the city of Luxembourg.

The redevelopment takes place in 2 phases in order to take into account the current tenants Adler Mode, Bätself and Roller, with regard to road works and redevelopment of the parking. The refurbishment works of the 1st phase will be completed in Q2 2017. For the 2nd phase the reception is foreseen in 2020.



Retail park Strassen, Luxembourg



Montoyer 63 Brussels, Belgium

Belgium

Redevelopment office building Montoyer 63 in Brussels CBD

This building, leased to the European Parliament until December 2016, after entire demolition and reconstruction, will comprise 6,052 m² state-of-the-art office space. Montoyer 63 is located in the Brussels Leopold district (CBD), amidst the European institutions, where there is still a lack of new high-quality office buildings. The urban planning permit has been granted at the beginning of 2016 and the objective is to obtain a BREEAM 'excellent' certificate for this building. The demolition works will start in Q1 2017 and its reception is foreseen in the second quarter of 2018.

As from its reception, the European Parliament will occupy the building within the framework of a signed usufruct agreement for a fixed period of 21 years.

Redevelopment Treesquare (Square de Meeûs) in Brussels CBD

The urban planning permit was delivered in January 2016 and the demolition works of the office building that became vacant since the second quarter of 2015, have in the meanwhile been finalized. The construction works have started in September 2016 and in the meantime the construction project was named Treesquare referring to the green oasis located on the square. Treesquare benefits from a unique situation amidst the Brussels Leopold district (CBD), still considered to be the best office location of Belgium.

This building of 6,565 m² will be entirely rebuilt as an AAA building that will meet the highest technological and sustainable quality standards (BREEAM 'excellent' certificate expected). The reception of the new sustainable office building is foreseen in Q4 2017. Due to the scarcity in new quality buildings in the Leopold district we expect the building to be entirely let by its reception.



Treesquare Brussels, Belgium



OCCUPANCY RATE AND LEASES

Evolution occupancy rate and rental renewals

The total occupancy rate remained continuously high the past years and currently stands at 96.80% versus 95.80% end 2015 thanks to our commercial policy aimed at proactive rental extensions or renewals.

For a couple of logistics buildings and the retail part of the Brixton Business Park (Belgium) rental extensions were signed, resulting in respective occupancy rates of 97.48% and 100%.

The main rental expiries in 2016 (10.7% of the total rental income of the portfolio) were successfully extended and renewed. The global occupancy of the portfolio has consequently increased from 95.8% to 96.8% end 2016.

Grand Duchy of Luxembourg

Extension of rental contract Strassen

On 17/03/2016 the current rental contract with sitting tenant Roller was extended for a fixed term of 15 years in our redeveloped retail site of 22,721 m² at the route d'Arlon in Strassen (see above).

In the meantime, all current tenants have extended their rental contract.

Extension and expansion of rental contract Route d'Esch

With one of the current tenants a rental contract was renewed and expanded by an extra floor till 09/2023 (previously 09/2020).

Extension rental contract CFM site

With a current tenant a rental contract was renewed for a period from 01/01/2017 – 31/12/2025, with a first break option by 31/12/2022).

Belgium

Usufruct agreement concluded with European Parliament for to be redeveloped Montoyer 63 building in Brussels CBD

On 27/04/2016 a usufruct agreement, for a fixed and irrevocable term of 21 years, was concluded with the European Parliament for this building, which will enter into force as of the reception of the building, foreseen in the second quarter of 2018 (see above).

Partial extension of rental contract office building Malines

In the third quarter of 2016 an agreement for the extension for half of the office space for the office building located Ragheno Park in Malines was signed with the current tenant. A part of the remaining office space will be converted into a business center according to the concept of The Crescent in Anderlecht and Ghent. For the other part, new tenants will be looked for.



Motstraat Mechelen, Belgium

INCLUSION IN BEL MID AND EPRA GOLD AWARD FOR ANNUAL FINANCIAL REPORT 2015

Since 21/03/2016 the Leasinvest Real Estate share is part of the BEL Mid index on Euronext Brussels¹.

In October 2016 Leasinvest Real Estate was granted, for the 4th consecutive year, an EPRA Gold Award for its Annual financial report 2015².

▶ 2.2 AFTER THE CLOSING OF THE FINANCIAL YEAR 2016

No important events took place since the closing of the financial year 2016.

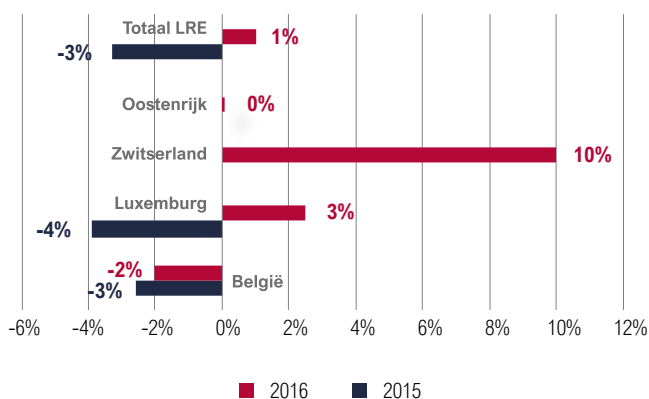
¹ In order to be part of this selection, the free float market capitalization of the company that is considered should be higher than the BEL 20 index level at the closing date of the review period, multiplied by 55,000 (cf. www.euronext.com - INDEX RULE BOOK BEL® Family).

² This award is granted to listed real estate companies that comply with the EPRA Best Practices Recommendations, in view of transparency and comparability of data.

3 NOTES TO THE CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET OF THE FINANCIAL YEAR 2016

INCOME STATEMENT

The **rental income**, thanks to the the full year rental impact of the end 2015 acquired T&T Royal Depot and of the fully re-let office building Monnet (Luxembourg) and acquired Frun® retail park Asten (Austria) in November 2016, has risen to its highest level ever and amounts to € 56.65 million end 2016 in comparison with € 50.5 million end December 2015 (rise of 12%). At constant portfolio, 'like-for-like*', the rental income remained stable (increase by 1% or € 0.49 million in comparison with the same period last year, excl. rental guarantees and received incentives).



The **gross rental yields*** have slightly decreased in comparison with end 2015 and amount to 6.78% (6.88% end 2015) based on the fair value and to 6.65% (6.75% end 2015) based on the investment value.

The **occupancy rate**¹ stands at 96.8% (end 2015: 95.8%). The increase over the current financial year is explained by the lettings realized in different buildings (a/o the building Monnet that was progressively entirely re-let after is renovation in 2015).

The **fair value**² of the direct real estate portfolio has slightly decreased and amounts to € 859.93 million end 2016 compared to € 869.36 million end December 2015; which is mainly explained by the realized sale of the completed building Royal20 (book value 31/12/2015 € 50.75 million) and of the logistics building Malines Zeutestraat (book value € 4.39 million on 31/12/2015), and the recycling of these resources in the acquisition

of the Frun® retail park in Asten, Austria (valued at a fair value of € 37.36 million on 31/12/2016).

The **property charges** have slightly increased in line with the portfolio growth from - € 8.18 million end December 2015 to - € 9.44 million, mainly by higher technical and commercial costs and increased management fees in comparison with the same period of last year (relative increase 15.4%).

The **result on the sale of investment properties** end December 2016 amounts to € 3.09 million (in comparison with € 0.33 million end 2015) thanks to a capital gain of € 3.8 million realized on the sale of the buildings Royal20 and Zeutestraat Malines.

The **changes in fair value of the investment properties** end 2016 amount to - € 0.53 million in comparison with a positive change in value of € 9.55 million end 2015. It has to be clarified that this portfolio result in 2015 was substantially influenced by the interim unrealized capital gain on the Luxembourg projects Royal20 and Monnet in function of the evolution of the works carried out (€ 12.21 million per 31/12/2015) on the one hand, and the positive impact of the appreciation of the Swiss Franc on the valuation of the Swiss buildings in portfolio (€ 4.3 million) on the other hand. Compared to the increase in value of the Swiss buildings there was an equal rise last year (- € 4.09 million) of the fair value of the financial instruments for hedging the exchange rate risk, resulting in a nearly fully offsetting of this value increase in the results on 31/12/2015.

The **financial result** amounts to - € 10.2 million end 2016 in comparison with - € 17.01 million for the previous financial year.

The financial income stands at € 4.0 million and is to a large extent influenced by the recovery of the withholding tax deducted in 2015 on the dividend of the Retail Estates shares held by Leasinvest Real Estate.

The interest charges have increased over the financial year 2016 by € 318 thousand from - € 13.1 million to - € 13.4 million. The average funding cost* decreased from 3.38% end 2015 to 2.90% (including commitment fees on undrawn credit lines of 0.25%) per end 2016.

The changes in fair value of the financial assets and liabilities have evolved from - € 4.82 million end December 2015 to + € 0.68 million mainly as a consequence of the stabilized exchange rate Euro – Swiss Franc.

The **EPRA Earnings*** (previously net current result) end 2016 amount to € 27.87 million (or € 5.65 per share), in comparison with € 25.56 million (or € 5.18 per share) end 2015. This increase is mainly the consequence

¹ In the calculation of the occupancy rate, the development projects are not recorded.

² Fair value: the investment value as defined by an independent real estate expert and of which the transfer rights have been deducted. The fair value is the accounting value under IFRS.

of a higher net result and limited changes in fair value of the real estate portfolio (IAS 40) and the fair value of the ineffective hedges and consequently recorded in the P&L.

The **corporate taxes** have increased from -€ 0.47 million to -€ 2.59 million as a consequence of maintaining the taken over company Tour & Taxis Royal Depot SA, which has been merged with Leasinvest Real Estate in the meantime, and an additional provision for the exit tax due in 2017 following this merger, for an amount of € 0.61 million.

The **net result** over the financial year amounts to € 31.12 million compared to € 30.62 million end 2015. In terms of net result per share, this results in € 6.30 per share end 2016, compared to € 6.20 end 2015.

BALANCE SHEET

At the end of the financial year 2016 **shareholders' equity**, group share (based on the fair value of the investment properties) amounts to € 356.40 million (end 2015 € 362.41 million). The net asset value per share excl. the influence of fair value adjustments to financial instruments (EPRA)* stands at € 82.0 end 2016 in comparison with € 81.3 end 2015.

The **changes in fair value of the financial assets and liabilities** (IAS 39) accounted for in shareholders' equity amount to - € 10.3 million as a consequence of the decreased swap curve in the course of the past financial year. The negative market value of the hedges accounted for in shareholders' equity amounts to - € 44.5 million end 2016 compared to - € 34.2 million at the end of the previous financial year. End 2016 the net asset value per share amounts to € 72.2 (31/12/15: € 73.4). The EPRA NAV then amounts to € 82.0 (2015: € 81.3) and the price of the Leasinvest Real Estate share at 31 December 2016 closed at € 105.5, resulting in a premium of 29%.

End 2016, after the realized sales of the building Royal 20 and Zeutestraat Malines and after the acquisition of the Frun® retail park in Asten, Austria, the debt ratio stands at 58.0% (idem end 2015), and this after the distribution of € 23.2 million of dividends over the past financial year. € 20.7 million of cash still available on the balance sheet per 31 December 2016 because of the entry into force of an extra bank loan at closing date; these resources allow for a further intrinsic reduction of the debt ratio to 57.0%.

This means that the nominal **financial debts** recorded in the balance sheet per 31/12/2016 have slightly increased to € 541.1 million compared to € 532.2 million at the end of the previous financial year.

4 DIVIDEND

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 4.90 (2015: € 4.70), and net, free of withholding tax of 30%, € 3.43 (2015: € 3.431) to the 4,935,478 shares entitled to dividends¹.

Subject to the approval of the ordinary general shareholders' meeting of 15 May 2017 dividends will be paid out on presentation of coupon no 20 as of 22 May 2017 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof Petercam.

The Ex-date is 18/05/2017 and the Record date is 19/05/2017.

5 OUTLOOK FINANCIAL YEAR 2017

Should different divestments of logistics buildings concretize in 2017, without any compensating reinvestments, and given the temporary lack of rental income due to the entire renovation of the buildings Treesquare and Montoyer 63 in Brussels, and except for extraordinary circumstances, the company expects to realize a lower net result and lower EPRA Earnings* in 2017 than in 2016. Notwithstanding this evolution, the company expects to maintain the dividend over 2017 at minimum the same level as that of 2016.

¹ Excluding the 3,392 shares at the reporting date, purchased by LRE within the framework of the procedure on dematerialization of bearer securities. These 3,392 shares have in the meanwhile been sold on 17 February 2017 at a price of € 104 per share.

6 MANAGEMENT OF FINANCIAL RESOURCES

During the past financial year, management of financial resources was mainly approached from a point of view of capital recycling, with on the one hand, the completion and sale of the prestigious project Royal20 in Luxembourg, and on the other hand, the acquisition of the Frun® retail park in Asten Austria and the current capital expenditure in the projects Montoyer 63, Treesquare and Retail park Strassen. Consequently, the consolidated debt ratio stagnated at 58% over the past year.

In 2016, as was the case in the previous years, Leasinvest Real Estate further worked on diversifying and spreading its funding sources. In the course of the past financial year, this diversification has mainly been achieved by refinancing € 126.2 million of expired credits with different banks, and moreover, more than half of the credits due to expire in 2017 were successfully anticipated (bilateral refinancing was concluded for 53% of the maturity dates 2017). This refinancing was negotiated at lower margins than those of the initial expired credit lines.

Consequently, the company disposes of € 608 million available credit lines at the end of 2016, with a margin of € 69 million of undrawn available credit lines for additional investments (after deduction of the credit lines for back-up of the issued commercial paper) compared to € 39.2 million end 2015. Besides, there is a balanced spread across the classic bank debt and public funding via public bonds and commercial paper, in order to achieve an optimal balance between the RREC's different funding sources.

By the acquisition of the Swiss buildings in 2014, Leasinvest Real Estate runs the risk that both the value of the real estate and the net cash flows fluctuate due to the fluctuation of the Swiss Franc versus the Euro. As the transaction was funded in Euro (variable) there was no compensation between the fluctuations of the exchange rates of the assets and the liabilities.

The policy is intended to hedge the interest rate risk for approximately 75% of the financial debt for a 5-year period and for circa 50% for the subsequent 5-year period; end 2016 78% of the nominal risk was hedged by funding and hedging at a fixed interest rate.

At the end of 2016 Leasinvest Real Estate has 41% of current net payer interest rate swaps (IRS) (hedging at a fixed interest rate) (end 2015: 31%); the current interest rate caps with strike rates 'out of the money' were settled (end 2015: 8%), 29% of credits at fixed rates (2015: 30%) and 7% of currency swaps.

The policy further consists of reaching an optimum average funding cost*, taking the hedges into account. This cost amounts to 2.90% for 2016 (end 2015: 3.38%) excluding the effect of fair value adjustments on financial assets and liabilities.

7 RISK FACTORS

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

8 CORPORATE GOVERNANCE STATEMENT

8.1 CORPORATE GOVERNANCE CHARTER AND CORPORATE GOVERNANCE PRINCIPLES

The Belgian Corporate Governance Code (the "Code"), is applied as the reference code by Leasinvest Real Estate (hereafter the "Company"). This Code is available on the website of the Corporate Governance committee.

The Corporate Governance Charter of the company, established according to the recommendations of this Code, aims to lay down the rules for efficient internal functioning and organization of the management structure of the company, without infringing the legal provisions regarding the functioning and powers of the board of directors of the statutory manager (including the legal oversight and management powers of each member of the board of directors) and the provisions of the legislation on regulated real estate companies (the "RREC"), (the "RREC legislation" among which the "RREC law" and the "RREC RD²").

The Charter is updated to reflect changes in corporate governance policies so that a correct view on the management structure of the company is provided at any given time. The most recent version of the Charter can be found on the website (www.leasinvest.be).

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

COMPLY OR EXPLAIN - DEROGATIONS OF THE BELGIAN CORPORATE GOVERNANCE CODE

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

The company complies with the Code, but is persuaded that certain derogations of its provisions are justified taken into account the specific situation of the company. As is demonstrated by the enumeration hereafter, derogations of the recommendations of the Code only exist for a limited number of items, the reasons for such derogations being commented hereafter.

Composition of the audit committee

In accordance with article 526bis of the Company Law, the audit committee has to be composed of non-executive members of the board of directors, of which at least one member is an independent director in the sense of article 526ter of the Company Law and should dispose of the necessary competences in matters of accounting and audit.

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

The board of directors has chosen not to follow this recommendation by the Code, in that sense, that the audit committee is composed of 4 persons of which (only) half are independent directors, which is in accordance with the provisions of the Company Code, but not with the Code.

This is justified by the small structure of the board of directors, which does not impede an efficient deliberation and decision-making ensuring that all important matters discussed at the audit committee can also be discussed during the deliberation by the board of directors.

The board of directors is moreover convinced that it is in the interest of the company that, besides the two independent directors, not one, but two experts in matters of accounting and audit are part of the audit committee that are not independent directors in the sense of article 526ter C. Code, even if this entails that the Code is not followed at this point. The board of directors is convinced that this composition strengthens the efficiency of functioning of the audit committee.

Composition of the board of directors – gender diversity

In accordance with provision 2.1. of the Code the board of directors has to be composed based on gender diversity and diversity in general.

Based on article 518bis of the Company Code, and taking into account the exception with regard to free float which is lower than 50% for the company, the board of directors will ultimately on 1 January 2019 have to be composed of at least one third of female directors.

Since 18 May 2015 the board of directors is composed of 8 men and 1 woman with various though complementary knowledge and experience.

The board of directors is aware of the recommendation of the Commission Corporate Governance with regard to the representation of women in boards of directors of listed companies and is also aware of article 518bis of the Company Code.

The board of directors will take all necessary efforts to present female candidate-directors for nomination, in order to comply with the provisions of article 518bis of the Company Code at latest on 1 January 2019. In the past financial year potential female candidate-directors were actively searched via diverse networks and in function of the most efficiently possible composition of the board of directors. A number of exploratory interviews were conducted with a female candidate-director.

¹ The law of 12 May 2014 with regard to regulated real estate companies.

² The Royal Decree of 13 July 2014 with regard to regulated real estate companies.

Qualified majority

The qualified majority required for certain important decisions (and discussed on page 55) makes that the agreement of the directors nominated on the proposal of Ackermans & van Haaren SA is demanded. Broadly interpreted, this could be seen as derogation from the principle of section 2.2. of the Code, which prescribes that the decision-making process within the board of directors may not be dominated by an individual, nor by a group of directors.

Remuneration report

There is a derogation from principle 9.3/2 of the Code in the sense that a compensation for leaving of 24 months was granted to Jean-Louis Appelmans, which has been approved by the general meeting of shareholders of the company on 16/05/11, on the advice of the nomination and remuneration committee.

8.2 GOVERNANCE STRUCTURE AND DECISION-MAKING BODIES

The company is managed by a statutory manager, having the capacity of a limited (managing) partner and who moreover permanently complies with the articles 14 and 15 of the RREC law.

Extensa Group SA is the founder and promoter of the company. Extensa Group SA¹ is active in real estate investment and development for the corporate and residential market and is a 100% subsidiary of the listed investment group Ackermans & van Haaren SA².

STATUTORY MANAGER

The company is being managed by its limited (managing) partner and sole statutory manager, Leasinvest Real Estate Management SA, with its registered office at 2000 Antwerp, Schermersstraat 42 (register of legal persons 0466.164.776), a 100% subsidiary of Extensa Group SA, in its turn a 100% subsidiary of Ackermans & van Haaren SA.

The main activity of the statutory manager is (and always has been) the management of the company.

On 31/12/16 Leasinvest Real Estate Management NV had a shareholder's equity of € 5,369,952.

Term of the mandate

Leasinvest Real Estate Management SA was appointed in 1999 as the sole statutory manager for an indefinite term, knowing that the minimum term of its mandate is defined at twenty-seven (27) years, which makes that its mandate is irrevocable until the annual general meeting of the company that will be held in 2026.

After that date, the mandate of the statutory manager-legal person may be revoked provided that the attendance and majority conditions necessary to amend the articles of association are fulfilled, without the statutory manager-legal person having a right of veto on this point.

The manager may resign at any time.

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

Authority

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

The statutory manager manages the company through its collegial board of directors, which has appointed a managing director and a representative for the daily management.

As of 15 May 2017 a second managing director is appointed (see further 'daily management-effective officers').

Remuneration of the manager

Besides entitlement to reimbursement of expenses directly associated with its mission of running the company, the statutory manager is entitled to receive a fixed-rate remuneration pursuant to the articles of association of 0.415% of the consolidated assets of the company. For the past financial year, this remuneration was € 3,834,233.

No other remuneration is granted to the statutory manager.

¹ Extensa Group SA (previously Leasinvest SA), with registered office in 1000 Brussels, Avenue du Port 86C Box 316 and company number (Register of legal persons Brussels) 0425.459.618.

² Ackermans & van Haaren SA, with registered office in 2000 Antwerp, Begijnenvest 113 and company number (Register of legal persons Antwerp) 0404.616.494.

BOARD OF DIRECTORS OF THE STATUTORY MANAGER¹

Composition of the board of directors²

At present, the board of directors of the statutory manager-legal person, Leasinvest Real Estate Management SA, is exclusively composed of physical persons and in that way, that the public RREC can be managed in accordance with article 4 of the RREC law. The composition of the board of directors also guarantees that the company is managed in the interest of the company.

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

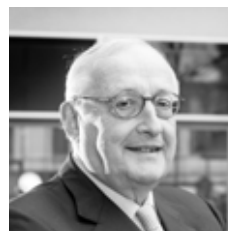
The statutory manager is managed since 19/05/14 by a board of directors of nine directors, of which three independent directors, and four directors nominated on the proposal of Ackermans & van Haaren SA.

The articles of association of the statutory manager also comprise specific provisions regarding the special majorities within the board of directors of the statutory manager, which relate, inter alia, to decisions regarding the strategy (see below) and in that way, confirm the exclusive control of Ackermans & van Haaren SA over the company.

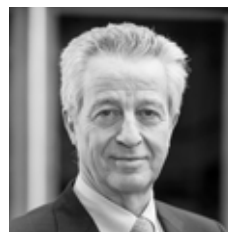
The board of directors of the statutory manager consists of at least three independent directors, as foreseen by article 526ter of the Company Code. Based on the Corporate Governance Charter of the Leasinvest Real Estate, the independent directors have the special mission to watch over the interests of all shareholders of and ensure them an equal treatment.

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

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



MICHEL EECKHOUT



MARK LEYSEN



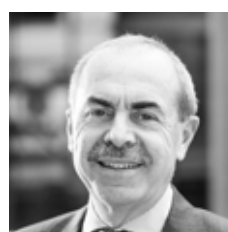
ERIC VAN DYCK



JAN SUYKENS



PIET DEJONGHE



JEAN-LOUIS APPELMANS



MICHEL VAN GEYTE



GUY VAN WYMERSCHMOONS



SONJA ROTTIERS

¹ For statements by the directors, the effective leadership and the executive committee, please refer to page 59.

² For the mandates in other companies terminated mandates are indicated with a '*'; listed companies are indicated in bold.

The independent directors are:

MICHEL EECKHOUT

Director of companies, Zikkelstraat 44, 1970 Wezembeek-Oppem.

Mandates in other companies, currently and during the 5 previous financial years: Aniserco SA•, Comeos VZW•, Delhome SA•, GS1 Global VZW•, Points Plus Punten - PPP SA•, Union Wallonne des Entreprises SA•, VOKA NV•, Internationale Muziekwedstrijd Koningin Elisabeth van België VZW, Michel Eeckhout Management BVBA, Middelheim Promotors VZW, Syndicat d'Initiative de Bruxelles ASBL•, Goods to Give VZW, Guberna VZW, Woman on Board VZW.

MARK LEYSEN

Executive Chairman of VanBreda Risk & Benefits SA, Plantin en Moretuslei 297, 2140 Antwerp.

Mandates in other companies, currently and during the 5 previous financial years: Bank Delen & De Schaetzen NV, Vanbreda Services NV, Econopolis NV, EOS RISQ NV, Justitia NV, Unibreda NV, Vanbreda Ausloos NV•, Vanbreda Credinco NV•, Vanbreda Fryns NV•, Vanbreda Informatica NV•, Vanbreda International NV•, Vanbreda & Lang SA•, Vanbreda Risk & Benefits Nederland BV, Zinner NV, De Warande vzw.

ERIC VAN DYCK

Chief Investment Officer of Redevco B.V., Wibautstraat 224, 1097 DN Amsterdam (The Netherlands).

Mandates in other companies, currently and during the 5 previous financial years: Redevco B.V., Arioso Investments Belgium N.V., Arlimmo N.V., Bengali N.V., Redevco France Développement Eurl, Redevco France Sasu, Starboard BVBA, Portside Property Investment BVBA.

Mandates that ended: V Prime Properties Korlátolt Felelősségű Társaság•, Immoca Wirtschaftsgütervermietungsgesellschaft m.b.H.•, Jotta Wirtschaftsgütervermietungsgesellschaft m.b.H.•, MITI Wirtschaftsgüter Vermietungsgesellschaft m.b.H.•, Redevco France Services•, Redevco Holding France B.V.•, Redevco Holding France II B.V.•, Redevco Iroda Ingatlanhasznosító Korlátolt Felelősségű Társaság (Redevco Kft.)•, Redevco Liegenschaftsverwaltungs-GmbH•, Redevco MH77 Liegenschaftsverwaltungs-GmbH•, ARIOSO MH77 Liegenschaftsverwaltungs-GmbH•, Redevco Polska Delta Spółka z Ograniczoną Odpowiedzialnością•, Redevco Polska Spółka z ograniczoną odpowiedzialnością•, Redevco Prime SPPICAV•, Redevco Retail Belgium Comm. V•.

Messrs Eeckhout, Leysen and Van Dyck satisfy the criteria of independent directors in the sense of article 526ter of the Company Code.

They also satisfy the criteria of independence as defined in the Corporate Governance Charter of the company.

The directors proposed by Ackermans & van Haaren SA are:

JAN SUYKENS

CEO and chairman of the executive committee of Ackermans & van Haaren SA, chairman of the board of directors of Leasinvest Real Estate Management SA (since 18/08/16), Begijnenvest 113, 2000 Antwerp (non-executive director).

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: Ackermans & van Haaren Coordination Center NV, **Ackermans & van Haaren NV**, Algemene Aannemingen Van Laere NV, Anfima NV, Anima Care NV, ABK Bank CVBA, Baloise Belgium•, Delen Private Bank, Bank J.Van Breda & C° NV, Delen Private Bank Luxembourg NV, Batipont Immobilier (BPI), **CFE Aannemingsmaatschappij**, Corelio NV, Dredging, Environmental & Marine Engineering NV, Extensa Group NV, Extensa NV, Finaxis NV, Gemini Natural Resources NV•, Green Offshore, Grossfeld PAP, Groupe Financière Duval SA•, Holding Groupe Duval•, HPA, JM Finn & C°, Leasinvest Immo Lux SICAV-FIS SA, Mabeco NV•, Media Core NV, Nateus Life NV•, Nateus NV•, Oyens & Van Eeghen NV, Profimolux NV, Project T&T NV, Residalya•, Sofinim NV, T&T Koninklijk Pakhuis NV•, T&T Openbaar pakhuis NV, T&T Parking NV.

Charity mandates: Antwerp Management School, De Vrienden van het Rubenshuis

PIET DEJONGHE

Member of the executive committee of Ackermans & van Haaren SA, Begijnenvest 113, 2000 Antwerp (non-executive director).

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: **Ackermans & van Haaren NV**, Baloise Belgium, Bank J. Van Breda & C°, Banque Delen Lux, BPI, Brinvest, **CFE Aannemingsmaatschappij**, CFE Batiment Brabant Wallonie, CFE Bouw Vlaanderen, CFE Contracting, CFE Infra, CLE, Delen Private Bank, Delen Private Bank Luxembourg, 'Dredging, Environmental & Marine Engineering', Distriplus, Financière Flo, Finaxis, GB-INNO-BM, GIB Corporate Services, Groupe Financière Duval, **Groupe Flo (Paris)**, Holding Groupe Duval, LignoPower•, Ogeda•, Profimolux, Sofinim, Spano Invest•, Spanolux•, Trinterio•, Trasy Group•, Voltis.

Charity mandates: SOS Kinderdorpen België

JEAN-LOUIS APPELMANS

CEO and managing director of Leasinvest Real Estate Management SA, effective officer, Schermersstraat 42, 2000 Antwerp.

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: Canal Logistics Brussels NV•, Extensa Group NV, Granvelle Consultants & Co BVBA, Leasinvest Immo Lux SICAV-FIS SA, RAB Invest NV, **Retail Estates NV openbare GVV**, Orli Lux S.à.r.l., Frun Park Asten GmbH, Merula Beteiligungs GmbH.

And as permanent representative of Granvelle Consultants & C° SPRL, registered office in Antwerp, Van Schoonbekestraat 36 box 401: Haven Invest NV, Leasinvest Services NV, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., S.Invest I SA, P. Invest SA, T&T Koninklijk Pakhuis NV•.

MICHEL VAN GEYTE

CIO and (as of 15/05/17) co-managing director of Leasinvest Real Estate Management SA, effective officer, Schermersstraat 42, 2000 Antwerp.

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: Canal Logistics Brussels NV•, IFMA VZW•, Leasinvest Immo Lux SICAV-FIS SA, Midhan BVBA, RAB Invest NV, KUL Alumni, Belgian Luxembourg Council of Shopping Centers (BLSC), Orli Lux S.à.r.l., AE Starvilla Dreizehn GmbH, AE Starvilla Sieben GmbH & Co OG, Frun Park Asten GmbH, Merula Beteiligungs GmbH. And as permanent representative of Midhan SPRL, registered office in 8670 Koksijde, Duinenkranslaan 62: Haven Invest NV, Leasinvest Services NV, S. Invest I SA, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., T&T Koninklijk Pakhuis NV•.

The other directors are:**GUY VAN WYMERSCH-MOONS**

Head of Benelux of AXA Real Estate Investment Managers Belgium SA, boulevard du Souverain 25, 1170 Brussels (non-executive director).

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: Aisela 10 Sprl, Alterimmo Belgium SA, AXA Real Estate Investment Managers Nederland BV, AXA REIM Belgium NV, **Befimmo NV openbare GVV**, Beran SA, Bishop's Tower, Blauwe Toreen NV, Brustar One NV, Bull's Eye Property Lux II SA (Luxembourg), Cabesa NV, Calar Cabesa Partners SCI, Cordelière NV, Cornaline House NV, ESI Arts 52, European Selectivimmo, Europese wijk Fonds, Evere Square NV, EVERS Freehold NV, Froissart Léopold NV, Galaxy Properties NV, **Home Invest Belgium NV openbare GVV**, Immo du Parc Hotel NV•, Immo Foire, Immo Jean Jacobs NV, Immo RAC HASSELT NV, Immo Instruction NV, Immo Zelik, Instruction NV•, Jouron BVBA, L-Park NV, La Tourmaline NV, , Leasinvest Immo Lux SICAV-FIS SA, LEG II MEER 15 NV•, LEG II MEER 22-23 NV•, LEG II MEER 42-48 NV•, Lex 65 NV, Ligne Invest NV, Maison de l'assurance NV, Marina Building NV•, Messancy Réalisation NV•, MUCC NV, Parc de

l'Alliance NV, Parc Léopold NV•, Parc Louise NV•, Poppy Caesar SA, QB19 NV, Quartier des arts vzw, Royaner NV, Royawyn NV, SHW NV (Société Hotelière du Wiltchers), Sodimco NV, The Bridge Logistics NV, Transga NV, Treves Freehold NV•, Trèves Leasehold NV, UPSI-BVS, Vepar NV•, Water Leau NV, Wetinvest III NV, Wijnegem Ontwikkelingsmaatschappij, Zaventem Properties NV•.

SONJA ROTTIERS

Manager of companies, CFO van AXA Belgium (till 31/08/16), Nieuwpoortstraat 9 box 1/2, 8300 Knokke (non-executive director).

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: AXA Holdings Belgium•, AXA Belgium• (tot 31/08/2016), Belgian Finance Club, Servis•, Touring Verzekeringen (tot 31/12/16)•, Women on Board.

Mandate ended on 18/08/2016:**LUC BERTRAND**

Chairman of the board of directors of Ackermans & van Haaren SA, chairman of the board of directors of Leasinvest Real Estate Management SA till 18/08/16, Begijnenvest 113, 2000 Antwerp (non-executive director).

Mandates in other companies on 31/12/2016 and during the 5 previous financial years: Ackermans & van Haaren Coordination Center NV•, **Ackermans & van Haaren NV**, Algemene Aannemingen Van Laere NV•, Anfima NV, **Atenor Group NV**, Axe Investments NV•, Baarbeek BV, Delen Private Bank NV, Bank J.Van Breda & Co NV, Belfimas NV, Bos NV, Brinvest NV•, **CFE Aannemingsmaatschappij nv**, Delen Investments CVA, Deme Coordination Center NV, Dredging, Environmental & Marine Engineering NV, Dredging International NV, Agidens International NV•, Extensa Group NV•, Finaxis NV, Gemini Natural Resources NV•, Groupe Financière Duval SA, **Groupe Flo (Paris)**, Holding Group Duval, ING België NV, JM Finn & Co, Leasinvest Immo Lux SICAV-FIS SA• (tot 18/08/16), Manuchar NV•, NMC NV•, Profimolux NV•, Project T&T NV•, Rent-A-Port Energy NV•, Rent-a-port NV•, IBF NV•, Scaldis Invest NV, **Schroders Ltd. (London)•**, **Sipef NV**, Sofinim NV•, T&T Koninklijk Pakhuis NV•, T&T Openbaar Pakhuis NV•, T&T Parking NV•, Thornton & C° NV•.

Charity mandates: VOKA, Tropical institute Antwerp , I.C.P. (Instituut Christian De Duve), Middelheim Promotors vzw, Mayer v. den Berghe, Vlerick Leuven Gent School, Katholieke Universiteit Leuven, VKW Synergia, VOKA VEV

Term of the director's mandates

All directors' mandates are limited to a maximum duration of four years, as foreseen by the Belgian Corporate Governance Code.

Michel Eeckhout, Mark Leysen and Eric Van Dyck were appointed directors as of 16/05/11; as of 20/12/12 Michel Eeckhout Management SPRL, with permanent representative of the legal person-independent director Michel Eeckhout, was appointed director till 19/05/14; on 19/05/14 Michel Eeckhout, Eric Van Dyck and Mark Leysen were (re)appointed independent directors for a term of 4 years, i.e. till the annual meeting that will be held in May 2018.

Jean-Louis Appelmans and Jan Suykens were appointed directors as of 03/06/99; Luc Bertrand was appointed director as of 18/06/99; Michel Van Geyte was appointed director as of 19/03/13; on 19/05/14 their mandates were renewed for 4 years, i.e. till the annual meeting that will be held in 2018. The director's mandate of Luc Bertrand ended on 18/08/16.

Guy Van Wymersch-Moons was appointed director as of 21/01/06 and his mandate was renewed in 2014 till the annual meeting that will be held in 2017.

Mrs Sonja Rottiers was appointed on 18/05/15 for a period of two years, i.e. till the date of the annual meeting that will be held in 2017. The annual meeting to be held on 15 May 2017 will be asked to extend the mandates of Guy van Wymersch-Moons and of Sonja Rottiers till the annual meeting that will be held in May 2018.

Meetings of the board of directors

The articles of association provide that the board of directors should meet, at least four times a year. Major transactions can require several meetings of the board of directors.

Since 18/08/16 the board of directors is chaired by Jan Suykens, CEO of Ackermans & van Haaren SA; until that date, the board of directors was chaired by Luc Bertrand, chairman of the board of directors of Ackermans & van Haaren SA.

The board of directors met four times during the financial year 2016. The attendance quotient was 77.77%. The attendance quotient of individual members is mentioned in the table below on page 58.

Competences of the board of directors and minutes of the meetings of the board of directors

In accordance with the articles of association, the board of directors has the power to perform all acts which are useful or necessary to fulfill the objective of the statutory manager, in particular, the management of the

company, and to perform all acts which are not subject to the authority of the general meeting, according to the law or the articles of association.

It is a general rule that the board of directors is responsible for the general policy of the company and for controlling day-to-day management.

Without prejudice to the competences that are granted to the board of directors in virtue of the Company Code and the SIR/GVV legislation, the essential tasks of the board of directors can be summarized as follows:

- approval of the goals of the company in the long term and of its strategy and evaluation of the realization of that strategy;
- approval of the most important investments/divestments;
- approval and dismissal of the members of the consultative committees, as well as defining their remuneration and defining the responsibilities of each committee;
- exercising supervision on the policy and functioning of the effective officers, granting sufficient autonomy to the effective officers to be able to fulfill their tasks adequately;
- defining the respective responsibilities of the chairman and of the chairman of each committee;
- approval of the composition, remuneration, responsibilities, functioning, deliberation and decision-making of the consultative committees;
- taking the necessary measures so that a faithful image and the timely publication of the financial statements, half-year results and other material financial and non-financial information of the company to the shareholders and potential shareholders can be ensured;
- approval of a framework for internal control and risk management, established by the effective officers;
- description and publication of the main characteristics of the internal control and risk management systems of the company;
- evaluation of the implementation of this framework, taking into account the evaluation of the audit committee;
- supervising the existence and good functioning of the internal control systems, on an operational, financial and legal level;
- supervising the activities of the auditor and the internal audit function, taking into account the evaluation of the audit committee;
- supervising the consultative committees established within the board of directors.

In 2016 the following specific agenda items were treated by the board of directors:

- further development of the strategy of the company with focus on retail and offices and a further geographic extension in Belgium, the Grand Duchy of Luxembourg, Switzerland and Austria, the redevelopment of a number of office projects in Belgium and of a retail park in Luxembourg, the divestment of a number of non-strategic buildings (offices and logistics, mainly located in Belgium);
- the renewal and renegotiation of the current bank credits in the scope of the financial strategy.

Prior to the meeting, the directors receive an agenda with the items to be discussed and a documentation bundle, in order to prepare the meetings of the board of directors.

The subjects dealt with by the board of directors are also explained comprehensively by the members of the executive committee before the deliberation by the Board.

In the process of preparing certain decisions, the board of directors is advised by the audit committee, the nomination and remuneration committee or the committee of independent directors. The directors can request prior advice from an (or more) independent expert(s), at the company's expenses.

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

Simple majority

The board can validly decide if the majority of its members are present or represented.

The board always endeavors to take decisions unanimously. If for a certain decision, no consensus can be reached, the decision of the board of directors is taken by a simple majority of votes of the directors present and represented, and in the case of abstention by one or more directors, by a simple majority of votes of the other directors present or represented, except in those cases that require a special or qualified majority.

Special or qualified majorities

- a) Decisions with regard to defining the strategy of the company and decisions with regard to proposals to amend the articles of association can only be taken with a simple majority, always including a positive vote from
 - (i) at least the majority of the independent directors and
 - (ii) at least the majority of the directors nominated on the proposal of the limited company Ackermans & van Haaren SA or one of its associated companies, providing that those directors have no conflict of interest with the company in the sense of article 523 of the Company Code.

This qualified majority is also due to the exclusive control by Ackermans & van Haaren SA over the company as a consequence of the exclusive control over the statutory manager-legal person.
- b) decisions with regard to each proposal for appropriation of the result of the company can only be taken by a special majority of 80% of the votes of the directors present or represented.

The directors have to treat all non-public information with regard to the company in a confidential way and cannot use this information for any other purpose than within the scope of exercising their mandate.

Evaluation

On the initiative of the chairman, the directors are regularly evaluated within the scope of the requirement that directors of a public RREC have to dispose of the professional reliability and adequate competence for the exercise of their function. Their education, their experience based on prior and current functions and directors' mandates in other companies are therefore taken into account.

A periodical assessment is made of whether the directors keep on meeting the requirements and contribute to the further development of the company based on their presence and input during the deliberation and decision-making process within the committees they may be part of, and within the board of directors.

Preliminary to the possible re-nomination of a director, his individual contribution is assessed in function of the (new) composition of the board of directors.

The formal evaluation of the composition and functioning of the board of directors and its consultative committees takes place every two to three years, as foreseen by the Code.

For this evaluation or actualization of the evaluation external advice can be asked. In the past, the Guberna institute was always appealed to; at the end of 2017 this institute will again be asked to assist the board of directors in the evaluation of the composition and functioning of the board of directors, a/o in view of the (re-)nomination of directors in 2018.

The size of the board of directors, with the composition and efficient functioning of the board of directors and its consultative committees, and the interaction with the effective officers, are also taken into account in the case of an evaluation, to check if all important matters have been sufficiently prepared and can be openly discussed, and if each director can contribute in a constructive way to the deliberation and decision-making processes.

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

If the aforementioned evaluation procedures reveal specific weaknesses, the board of directors shall adopt the appropriate solutions. This may lead to amendments to the composition of the board of directors, or proposals to nominate new directors or not to re-nominate current directors.

CONSULTATIVE COMMITTEES

In accordance with the articles 522, 526bis and 526quater of the Company Code, the board of directors has currently three consultative committees as defined in the Code and further explained in the Corporate Governance Charter¹.

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

The board oversees the consultative committees and grants them all means and powers necessary to carry out their task effectively.

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

A meeting of a consultative committee can only be held validly, if the majority of its members is present or represented, and if at least half of the members are physically present.

A member of a consultative committee that is prevented from assisting to a meeting can give a special mandate to another member of this committee. A member of a consultative committee can only represent one other member of the committee.

The committees endeavor to take decisions unanimously. If for a certain decision, no consensus can be reached, the decision on the advice is taken by a simple majority of votes.

Audit Committee

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

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

Furthermore, the audit committee evaluates, at least once a year, the systems of internal control and risk management established by the effective officers, to ensure itself that the main risks (including risks related to respecting the current legislation and regulation) have been properly identified, notified and managed in conformity with the framework approved by the board of directors.

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

The audit committee is also empowered, with regard to the statutory manager, as well as to the company, to decide that the auditor can perform activities, other than those assigned to it by law and of which the remunerations exceed that for the audit mission (i.e. it may grant derogations from the prohibition of article 133, §5 of the Company Code.

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

Half of the audit committee consists of independent directors. The composition of the audit committee has been adapted to the requirements of the Company Code, and exclusively comprises non-executive directors of which at least one independent director in the sense of article 526ter of the Company Code.

As explained above (Comply or explain) the recommendations of the Code, which are more stringent than the Company Code, and require that at least the majority of the members of the audit committee are independent (point 5.2./4 of Annex C of the Code), have not been followed, which is justified, as commented above.

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

1. SONJA ROTTIERS, manager of companies, chairman of the audit committee since 18/08/16 (non-executive director)
2. JAN SUYKENS, (Ackermans & van Haaren SA), chairman of the audit committee till 18/08/16 (non-executive director)
3. MARK LEYSEN, independent director
4. MICHEL EECKHOUT, independent director

Messrs Suykens, Leysen, Eeckhout, and Mrs Rottiers have the necessary experience in the field of audit and accounting as defined in article 526bis §2 of the Company Code and in appendix C, point 5.2.4. of the Code, taking into account their education, their prior and current functions and director's mandates in other companies.

The audit committee met four times during the past financial year. For Mrs Rottiers, Messrs Suykens, Leysen and Eeckhout the attendance quotient was 75%. The attendance quotient of the members of the committee was consequently also 75% globally.

¹ The integral text of the last version of the Corporate Governance Charter can be found on the website www.leasinvest.be.

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

- quarterly financial reporting;
- possible amendment to the valuation rules;
- functioning of the internal control system and the results of the internal audit (executed by BDO); see also below on internal control page 66);
- adjustment and bringing up-to-date of risk factors;
- adjustment of the IT-system in order to cover risks of IT- and internal security to a maximum.

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

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

Nomination and remuneration committee

The nomination and remuneration committee ensures objective and professional development of the nomination procedure and assists the board regarding the remuneration of the members of the board of directors and of the executive committee and makes recommendations regarding the remuneration policy.

The nomination and remuneration committee consists exclusively of non-executive directors and the majority of its members are independent directors.

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

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

1. JAN SUYKENS (Ackermans & van Haaren SA), non-executive director, chairman of the nomination and remuneration committee as of 18/08/16
2. LUC BERTRAND (Ackermans & van Haaren SA), non-executive director till 18/08/16 and chairman of the nomination and remuneration committee till that date
3. GUY VAN WYMERSCH-MOONS, non-executive director
4. MARK LEYSEN, independent director
5. ERIC VAN DYCK, independent director
6. MICHEL EECKHOUT, independent director

The nomination and remuneration committee met twice during the past financial year. The attendance quotient of the members individually amounted to 100% except for Mr Leysen. The frequency of the meetings of the remuneration committee has been adapted to the requirements of

article 526quater of the Company Code. The attendance quotient of the members of the committee globally, amounted to 90%

Unless the nomination and remuneration committee decides otherwise, the chairman of the board of directors and the effective officers are entitled to attend the meetings of the nomination and remuneration committee.

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

- the proposals for the remuneration of the members of the executive committee, of the effective officers, the CEO, and the personnel, and development of the remuneration report;
- the amendments to the Corporate Governance Charter;
- the positive advice on the modification of the composition of the nomination and remuneration committee, the change in chairman of the audit committee and the board of directors;
- the preparation of the amendments to the internal organisation in function of the end of the mandate of the CEO and the nomination of a co-managing director.

Committee of independent directors

The committee of independent directors is composed of all independent directors on the board of directors. The committee is chaired by one of its members, in principle, the member having most seniority in his function.

The committee of independent directors disposes of the competences defined in article 524 §2 of the Company Code. This mission has been defined in article 9.5 of the articles of association of the statutory manager.

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

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

Director	Start of mandate	End of mandate	attendance quotient board of directors	attendance quotient audit committee	attendance quotient nomination and remuneration committee	attendance quotient committee of independent directors
MICHEL EECKHOUT	16/05/11	22/05/18	75%	75%	50%	100%
ERIC VAN DYCK	16/05/11	22/05/18	100%		100%	100%
MARK LEYSEN	16/05/11	22/05/18	50%	75%	100%	100%
LUC BERTRAND ⁽¹⁾	18/06/99	22/05/18	100%		100%	
JEAN-LOUIS APPELMANS	03/06/99	22/05/18	100%			
JAN SUYKENS ⁽²⁾	03/06/99	22/05/18	100%	75%	100%	
MICHEL VAN GEYTE	19/03/13	22/05/18	100%			
PIET DE JONGHE	18/08/16	22/05/18	100%			
GUY VAN WYMERSCH-MOONS	21/01/06	15/05/17	75%		100%	
SONJA ROTTIERS	18/05/15	15/05/17	100%	75%		

(1) member of the nomination and remuneration committee till 18/08/16

(2) member of the nomination and remuneration committee as of 18/08/16

DAILY MANAGEMENT – EFFECTIVE OFFICERS¹

Effective officers

The daily management during the past financial year was entrusted to two members of the executive committee, who have exercised the effective leadership since 13/02/07, namely the managing director Mr Jean-Louis Appelmans, CEO and managing director of Leasinvest Real Estate Management SA, and Mr Michel Van Geyte, CIO, both executive directors. As of 15 May 2017 Michel Van Geyte becomes co-CEO and managing director of Leasinvest Real Estate Management SA.

Jean-Louis Appelmans (Chief Executive Officer), effective officer

Since it was established in 1999, Jean-Louis Appelmans (64), has been managing director of Leasinvest Real Estate Management SA and, since the end of 2002, also its permanent representative. He is also managing director of Leasinvest Immo Lux. He was CEO of Extensa Group SA (ex-Leasinvest SA) from 1989 until 2005. He fulfills a number of other director's mandates, including at the listed public real estate investment trust Retail Estates. Previously he worked in corporate banking at Chase Manhattan Bank (now JPMorgan Chase) from 1979 until 1986 and Crédit Lyonnais Belgium (1986-1989).

For the other mandates of Mr Appelmans we refer to the composition of the board of directors above.

Michel Van Geyte (Chief Investment Officer), effective officer

Michel Van Geyte (51) was appointed as commercial manager of Leasinvest Real Estate Management SA in August 2004. He is currently an executive director of Leasinvest Real Estate Management SA and also a director of a/o Leasinvest Immo Lux SA.

As of 15 May 2017 he becomes co-CEO and managing director of Leasinvest Real Estate Management SA. Previously he worked at Knight Frank SA as a managing partner and has more than 21 years of experience in real estate.

For the other mandates of Michel Van Geyte we refer to the composition of the board of directors above.

Both persons have been appointed as effective directors in accordance with the legal provisions in force and are responsible as effective directors towards the board of directors and third parties, with regard to leading the daily management of the company.

Jean-Louis Appelmans and Michel Van Geyte, effective officers, are assisted in their daily management by Piet Vervinck, CFO, and by OKIMONO SPRL, represented by its permanent representative, Sven Janssens, COO, who are not part of the effective leadership of the statutory manager, but with whom they jointly constitute the executive committee.

¹ For the mandates in other companies terminated mandates are indicated with an '*'.

Executive committee

The executive committee consists of 4 people, namely:

Jean-Louis Appelmans, Chief Executive Officer, effective officer

Michel Van Geyte, Chief Investment Officer, effective officer

Piet Vervinckt, Chief Financial Officer (44), who started with Leasinvest Real Estate Management SA since 1 November 2015. He has more than 20 years of experience in financial management and previously worked for 18 years for BNP Paribas Fortis of which almost 10 years with BNP Paribas Real Estate Finance where he gained an extensive experience in bank financing of real estate investors and developers.

Mandates in other companies, currently and during the 5 previous financial years: Care Property Invest openbare GVV•, Hexaten NV en Prestibel Left Village NV.

OKIMONO BVBA, represented by its permanent representative, **Sven Janssens**, Chief Operating Officer (44), who started with Leasinvest Real Estate Management SA over 10 years ago and who has more than 20 years of experience in property management and previously worked at Immobil.

Mandates in other companies, currently and during the 5 previous financial years: Haven Invest NV, Leasinvest Services NV, P. Invest SA, Porte des Ardennes Pommerlach SA, Porte des Ardennes Schmiede S.à.r.l., S.Invest I SA, T&T Koninklijk Pakhuis NV.

The executive committee is chaired by Jean-Louis Appelmans.

The Permanent Committee

The permanent committee meets regularly to discuss the current affairs of the company, to ensure appropriate communication and to monitor the implementation of the decisions of the board of directors. The permanent committee consists of the COO, a commercial manager, a legal counsel, a senior accountant and the property manager or one or more representatives of the technical management of the buildings.

For the current affairs of Leasinvest Immo Lux a separate meeting of the permanent committee is held, specifically aiming at the activities in the Grand Duchy of Luxembourg, Switzerland and Austria.

The investment committee

The investment committee meets as the schedule requires, in function of the preparation of specific investment and divestment decisions, mandatorily taken by the board of directors. The investment committee is composed ad hoc in function of the agenda items and consists of one

or more directors, the effective officers and the CFO, possibly assisted by external consultants for specific matters.

External representation – permanent representative

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

The statutory manager can appoint authorized representatives of the company. Only special and limited proxies for a certain or a number of well-defined legal acts are authorized. These authorized representatives commit the company within the boundaries of their proxy, without prejudice to the responsibility of the statutory manager in the case of excessive proxies.

Pursuant to the provisions of article 61, §2, of the Company Code and article 14.6 of the articles of association of the company, the statutory manager has appointed a permanent representative among its directors, charged with the mandate of statutory manager of the public RREC, in the name and on behalf of Leasinvest Real Estate Management SA, and who is authorized to represent and legally bind the public RREC in relation to third parties, acting solely, but without infringing the RREC legislation.

Since the end of 2002, Jean-Louis Appelmans has been appointed as permanent representative of Leasinvest Real Estate Management SA within the framework of its mandate as statutory manager of the company.

Statements concerning the directors and the management

The statutory manager of the company declares that, to the best of his knowledge:

- nor himself, nor one of the directors, not the effective leaders, nor members of the executive committee have ever been convicted for a fraud-related offence during, at least, the five previous years, that they have never been subject to official and public accusations and/or sanctions by legal or supervisory authorities or that they have never been declared incapable to act as a member of a decision-making entity of a listed company during at least the five previous years, and that he himself, the directors mentioned above, the effective leaders and the members of the executive committee, in their capacity as a director, founder since less than 5 years or members of the executive management have never been associated with any bankruptcy or judicial annulment during at least the five previous years;
- that until now no (employment) contracts have been concluded with the directors, nor with the company or its subsidiaries, nor with the statutory manager, which provide for the payment of indemnities upon the termination of the employment, that exceed 12 months as intended by article 554 of the Company Code (adopted by the law of 6 April 2010 on Corporate Governance), except for the compensation for leaving of 24 months approved by the general meeting of shareholders of Leasinvest

Real Estate on 16/05/11, in derogation of article 554 of the Company Code, granted to the executive director, Jean-Louis Appelmans, or his management company;

- that the (employment) contracts concluded between the statutory manager, the company or its subsidiaries, and the members of the executive committee do not provide in special payment of indemnities upon the termination of the employment, except for the usual cancellation clauses with the members of the effective direction, in which case an indemnity is due in case the usual term for notice is not respected;
- that the directors Jan Suykens, Jean-Louis Appelmans, Michel Van Geyte, Piet Dejonghe, Guy Van Wymersch-Moons, Michel Eeckhout, Mark Leysen, Eric Van Dyck and Sonja Rottiers do not own shares in Leasinvest Real Estate;
- that the members of the executive committee do not own Leasinvest Real Estate shares;
- that until now no options on the company shares have been granted, nor to the directors, nor to the members of the executive committee;
- that there are no mutual family ties between the directors and the members of the executive committee.

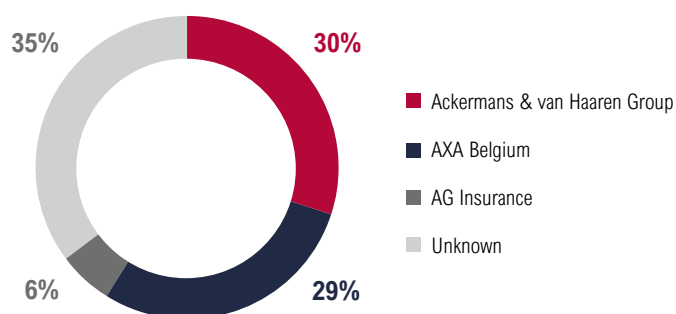
8.3 RELEVANT INFORMATION IN ACCORDANCE WITH ARTICLE 34 OF THE RD OF 14 NOVEMBER 2007 REGARDING THE OBLIGATIONS OF ISSUERS OF FINANCIAL INSTRUMENTS ADMITTED TO TRADING ON A REGULATED MARKET

STRUCTURE OF THE CAPITAL

The company is a partnership limited by shares (SCA) with one statutory manager, Leasinvest Real Estate Management SA. Its registered capital is divided in 4,938,870 shares, with no-par value, which represent each 1/4,938,870 of the capital.

In the course of the financial year 2015, the company purchased 3,392 shares resulting in the number of shares entitled to dividends amounting to 4,935,478.

SHAREHOLDER STRUCTURE



Number of listed shares (4,938,870).

The company's main shareholders are on the one hand, Ackermans & van Haaren SA (i.e. the reference shareholder that exclusively controls, via Extensa Group SA, the company via the statutory manager) that holds a stake of 30.0% in the company and AXA Belgium SA (29.0). AG Insurance holds a stake of 5.98%.

For more information on the transparency notices a/o by Ackermans & van Haaren Group and AXA Belgium SA, including the relevant chains of control (see also page 63), we refer to the transparency notices and related press releases on the website www.leasinvest.be.

The thresholds that result in a mandatory notification if exceeded, following the legislation on disclosing important participations and/or the

articles of association, are fixed at (cf. articles of association) 3%, (cf. legal provisions) 5% and multiples of 5% of the total number of existing voting rights.

The total number of issued shares amounts to 4,938,870. Leasinvest Real Estate Management SA has 6 Leasinvest Real Estate shares.

The shares in Leasinvest Real Estate Management NV are held by Extensa Group SA for 100%, a 100% subsidiary of Ackermans & van Haaren SA, that has the exclusive control over Leasinvest Real Estate.

LEGAL OR STATUTORY LIMITATIONS AS TO THE TRANSFER OF SECURITIES

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

The statutory manager has a statutory right of veto according to article 29.1 of the articles of association (according to article 659 of the Company Code) for decisions of the general meeting relating to actions regarding the interests of the company versus third parties, such as dividend distribution and each decision affecting the assets of the company (for amendments to the articles of association: see below on page 65).

LEGAL OR STATUTORY LIMITATIONS AS TO EXERCISING THE VOTING RIGHT

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

STOCK OPTION PLAN FOR EMPLOYEES

There is no stock option plan for employees.

SHAREHOLDER'S AGREEMENTS

No shareholder's agreements were concluded.

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

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

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

The extraordinary general meeting of shareholders of the company that will be held on 15 May 2017 will be asked to withdraw the existing authorizations with regard to purchase and alienation of own securities and to approve new authorizations for purchase and alienation of own securities (see the Permanent Document on page 209).

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

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

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

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

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

The conditions of the **bonds** that were issued on **9 October 2013** by the company, define that, in the case of a change in control of the company, each bondholder has the right to oblige the company to refund all of a part of his bonds.

For the objective of this provision, a change in control is defined as follows: (A) in the hypothesis that the company has the legal form of an SCA and that Leasinvest Real Estate Management SA is the sole statutory manager (i.e. the current situation):

- a person or a group of persons acting in mutual consent acquire the control of the statutory manager; or
- Leasinvest Real Estate Management SA is replaced as the statutory manager of the company by one or more new managers (unless Ackermans & van Haaren SA or a person related to Ackermans & van Haaren exercises

the control over this (these) new manager (s);

(B) in the hypothesis that the company takes on the legal form of a limited company (SA) (or any other legal form besides its current legal form): a person or a group of persons acting in mutual consent acquires the control over the company;

for which "Control" is defined as follows:

- in the hypothesis (A) above:
 - the possession, directly or indirectly, of the majority of the voting rights linked to the total number of shares of the manager of the company;
 - the right in virtue of the articles of association of the manager of the company or based on agreements known by the manager to nominate or dismiss the majority of the directors; and
- in the hypothesis (B) above:
 - the possession, directly or indirectly, of the majority of the voting rights linked to the total number of shares of the company;
 - the right in virtue of the articles of association of the company or based on agreements known by the company to nominate or dismiss the majority of the directors; or
 - the acquisition or possession of voting rights in the company, even if this amounts to less than 50% of the voting rights linked to the total number of shares following the acquisition that has led to a mandatory public take over bid on the shares with voting rights.

Issue condition 6.3. of the **bond** loan issued by the company on **4 December 2013** and the rights of the bondholders, as recorded in the placement memorandum for the private placement of bonds of 19 November 2013, contains the possibility for the bond holders to demand the early refund of the bonds, in the case of a change of control.

For the application of this provision, a change of control is supposed to have take place if:

A) in the hypothesis that Leasinvest Real Estate has the legal form of an SCA and that Leasinvest Real Estate Management is the sole statutory manager (i.e. the current situation):

- (i) a person or a group of persons acting in mutual consent acquire the control of the manager; or;
- (ii) Leasinvest Real Estate Management SA is replaced as the manager of Leasinvest Real Estate by one or more new managers (unless Ackermans & van Haaren SA or a person related to Ackermans & van Haaren exercises the control over this (these) new manager (s);

B) in the hypothesis that Leasinvest Real Estate takes on the legal form of a limited company (SA) (or any other legal form besides its current legal form): a person or a group of persons acting in mutual consent acquires the control over Leasinvest Real Estate

for which "Control" is defined as follows:

- in the hypothesis (A) above:
 - the possession, directly or indirectly, of the majority of the voting rights linked to the total number of shares of the manager of Leasinvest Real Estate;
 - the right in virtue of the articles of association of the manager of Leasinvest Real Estate or based on agreements known by the manager to nominate or dismiss the majority of the directors; and

- in the hypothesis (B) above:

- the possession, directly or indirectly, of the majority of the voting rights linked to the total number of shares of Leasinvest Real Estate;
- the right in virtue of the articles of association of Leasinvest Real Estate or based on agreements known by Leasinvest Real Estate to nominate or dismiss the majority of the directors; or
- the acquisition or possession of voting rights in Leasinvest Real Estate, even if this amounts to less than 50% of the voting rights linked to the total number of shares following the acquisition that has led to a mandatory public take over bid on the shares with voting rights.

Besides the aforementioned clauses in the case of a change in control, there are no other important agreements concluded by the company that enter into force, change or end in case of a change in the control over the company after a public take over bid.

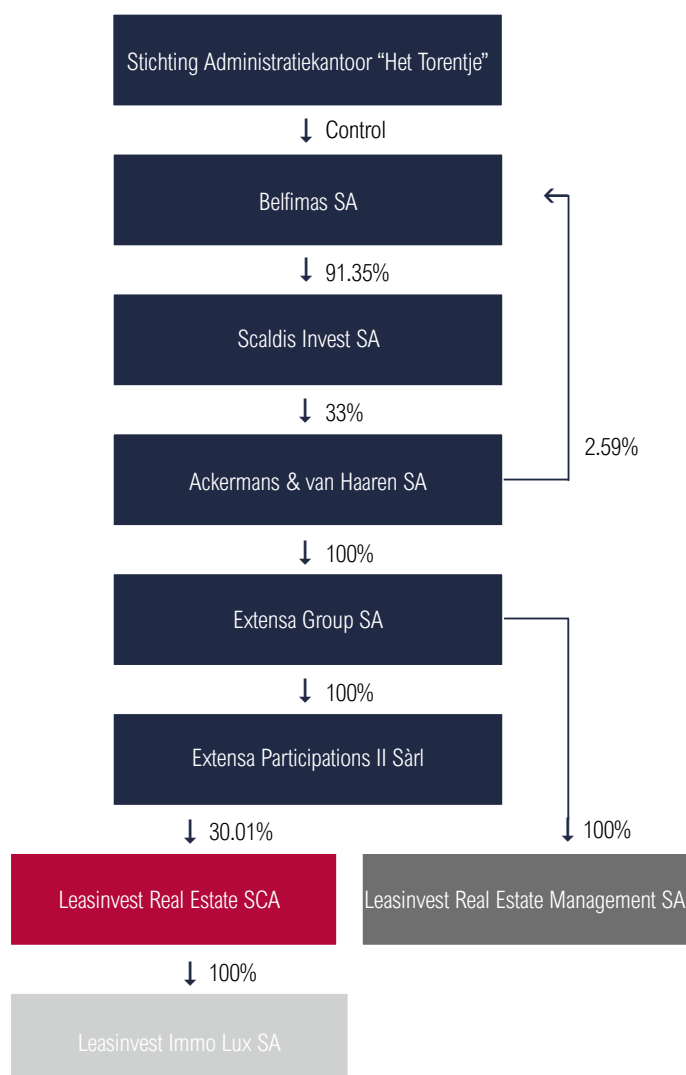
AGREEMENTS BETWEEN THE COMPANY AND ITS STATUTORY MANAGER, DIRECTORS OR EMPLOYEES THAT FORESEE COMPENSATIONS FOR LEAVING IN THE CASE OF A PUBLIC TAKE-OVER BID

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

8.4 RELEVANT INFORMATION IN ACCORDANCE WITH THE LEGISLATION ON PUBLIC TAKE-OVER BIDS

The company is controlled by Ackermans & van Haaren SA through its indirect subsidiary Extensa Participations II sàrl (Extensa Group SA)¹.

In application of article 74 §7 of the law of 1 April 2007 on public take-over bids, Ackermans & van Haaren SA has declared holding more than 30% of the shares with voting rights of the company.



8.5 DIVIDEND POLICY

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

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

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

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

The past financial years, and this without any future guarantees, it has always been the objective to distribute a dividend that exceeds the legal minima. For the concrete figures we refer to page 178 et seq of the Financial statements.

8.6 CODE OF CONDUCT FOR FINANCIAL TRANSACTIONS

The board of directors has published its policy regarding the prevention of market abuse in its Charter.

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

8.7 NOTIFICATION THRESHOLDS

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

¹ Ackermans & van Haaren SA, with registered office at Begijnenvest 113, 2000 Antwerp – Extensa Group NV, with registered office at avenue du Port 86c Box 316 • 1000 Brussels and Extensa Participations II Sàrl, with registered office at 6D route de Trèves L- 2633 Senningerberg-Luxembourg.

8.8 GENERAL MEETING – RIGHTS OF SHAREHOLDERS – EQUAL TREATMENT OF SHAREHOLDERS

The company guarantees equal treatment of all shareholders and respects their rights. The statutory manager encourages the shareholders to attend to the meeting in person and develops a publication and communication policy that improves an effective dialogue with shareholders and potential shareholders. To this effect, the shareholders can consult all information and all documents with regard to general meetings on the website of the company as soon as the convocation to the general meeting has been published.

The company facilitates assisting the meetings by making a model proxy document available to the shareholders that cannot assist to a certain meeting, made timely available by the company on the website that it also sends to shareholders requesting it. The shareholder can only appoint one person as a proxy for a certain general meeting. The company has to receive the proxy at latest on the sixth day preceding the date of the meeting.

At the general meeting the directors reply to shareholders' questions, asked during the meeting or in writing, in relation to their report or the agenda items, as far as the communication of data or facts is not harmful to the company's business interests or to the principle of confidentiality to which the company or its directors have committed. The auditor also replies to shareholders' questions, asked during the meeting or in writing, in relation to his report, as far as the communication of data or facts is not harmful to the company's business interests or to the principle of confidentiality to which the company, its directors or the auditor have committed. The shareholders can ask these questions in writing directly after the convocation and at latest on the sixth day preceding the meeting.

ANNUAL MEETING

The annual meeting is held, each year, the 3rd Monday of the month of May at 16.00h or, should this be a legal holiday, the following working day at the same hour.

When one or more shareholders representing individually or jointly 1/5 of the registered capital of the company ask, the statutory manager is held, cf. article 23.1 of the articles of association of the company, to convene a special or extraordinary general meeting.

The convocations to the general meeting mention the agenda and the proposals for decision and are made by an announcement in the Official Belgian Gazette and one national newspaper, as well as by a publication on the website of the company, at least 30 days prior to the meeting. The convocations comprise the data as prescribed by article 533bis of the Company Code. To the holders of nominative shares, the convocations

are also communicated 30 days prior to the meeting by ordinary letter, unless the recipient has explicitly and in writing agreed to receive the convocation through any other communication tool.

AMENDMENT

In accordance with article 23.3. of the articles of association, each shareholder representing at least three percent (3%) of the shares, has the possibility to add himself items to the agenda and proposals for decision with regard to the agenda items listed or to be added. Such a request has to be communicated at latest the twenty-second (22nd) day before the date of the general meeting.

The added items and related proposals for decision are published at latest on the fifteenth day before the date of the meeting.

At the same time, new proxy forms, adapted to the new agenda, are made available on the website of the company.

COMMUNICATION OF THE DECISIONS OF THE GENERAL MEETING

The minutes of the general meeting and the results of the votes are published as soon as possible after the meeting on the website of the company, and at latest, within fifteen days following the meeting.

PARTICIPATION

In order to participate validly to the general meeting and to vote, each holder of securities has to, at latest on the fourteenth (14th) day before the general meeting, at twenty-four hours, have his securities registered (registration date),

- or by the inscription in the register of nominative shares of the company;
- or by the inscription in the accounts of a recognized account holder or settlement institution.

Only the securities at the registration date are taken into account, no matter the number of securities the shareholder detains at the date of the general meeting.

The owners of dematerialized shares wishing to participate to the meeting, have to send, at latest on the sixth (6th) prior to the date of the general meeting, a certificate to the company, delivered by their financial intermediary or recognized account holder, stating the number of dematerialized shares inscribed in the name of the shareholder at the registration date and for which the shareholder has indicated wishing to participate to the general meeting.

AMENDMENTS TO THE RIGHTS OF SHAREHOLDERS

Amendments to the rights of shareholders have to be approved by an extraordinary general meeting of shareholders of the company according to the legal provisions, taking into account an attendance quorum of at least 50% of the registered capital, the presence of the manager and an approval by at least $\frac{3}{4}$ of the votes. Moreover, an amendment to the rights of the shareholders is an amendment to the articles of association that requires a preliminary approval by the FSMA.

8.9 COMPOSITION OF THE BOARD OF DIRECTORS OF LEASINVEST IMMO LUX SA

The board of directors of Leasinvest Immo Lux SA, a 100% subsidiary of the company currently holding the Luxembourg portfolio and the Swiss and Austrian buildings (directly or indirectly), is at present composed of six directors, five of whom are directors of Leasinvest Real Estate Management SA, and the Secretary-general of the company:

- JAN SUYKENS, CEO and chairman of the executive committee of Ackermans & van Haaren SA (non-executive director), since 18/08/16 chairman of the board of directors of Leasinvest Immo Lux
- JEAN-LOUIS APPELMANS, CEO and managing director of Leasinvest Real Estate Management SA and managing director of Leasinvest Immo Lux
- MICHEL VAN GEYTE, CIO and effective officer of Leasinvest Real Estate Management SA
- PIET DEJONGHE, member of the executive committee of Ackermans & van Haaren SA (non-executive director)
- GUY VAN WYMERSCH-MOONS, CEO of AXA REIM Belgium SA (non-executive director of Leasinvest Real Estate Management SA)
- MICHELINE PAREDIS, secretary-general of the company

Following the end of the mandate of Luc Bertrand as director and chairman of the board of directors of Leasinvest Immo Lux, Jan Suykens was appointed on 18/08/16 as chairman of the board of directors.

The annual meeting of shareholders of Leasinvest Immo Lux SA to be held in April 2017 will be asked to extend the mandate of Guy Van Wymersch-Moons as director of Leasinvest Immo Lux SA, till the annual meeting to be held in April 2018, date at which the mandates of the other directors of Leasinvest Immo Lux also end.

8.10 AUDIT OF THE ANNUAL ACCOUNTS – AUDITOR

The auditor, appointed by the general meeting of shareholders, audits the annual accounts and the half-year reports.

Ernst & Young Bedrijfsrevisoren, member of the 'Instituut der Bedrijfsrevisoren' (Institute of Company Auditors), De Kleetlaan 2, 1831 Diegem, were reappointed in May 2015 for a term of three years (financial years 2015, 2016 and 2017) to fulfill the function of auditor of the company, i.e. till at the annual meeting that will be held in May 2018.

Ernst & Young Bedrijfsrevisoren is represented to that effect by Pierre Vanderbeek, bank auditor.

To the annual meeting of shareholders of Leasinvest Real Estate that will be held on 15 May 2017, will be proposed that Ernst & Young Bedrijfsrevisoren, as of the financial year 2017, will be represented by Joeri Klaykens, partner at Ernst & Young.

The remuneration of the auditor for auditing the financial statements of the company and its Belgian subsidiaries for the past financial year was estimated at € 51,251 (excl. VAT), or € 33,401 for the company and € 17,850 for the audit of its subsidiaries Leasinvest Services SA, RAB Invest SA, Haven Invest SA and T&T Koninklijk Pakhuis SA. The remuneration of the auditor for auditing the financial statements of the statutory manager, Leasinvest Real Estate Management SA, amounted to € 2,788.

Next to that, remunerations of € 14,658 (excl. VAT) were paid to the auditor for extraordinary missions relating to the company Leasinvest Real Estate (namely auditor's reports for FSMA, reporting on the financial plan/evolution of the debt ratio, report within the framework of the internal control, EMIR questionnaire) that were approved by the audit committee in accordance with the procedure intended in article 133 § 6, 1 of the Company Code.

To the annual general meeting of shareholders of Leasinvest Immo Lux SA which will be held in April 2017, a request is made to renew the mandate of the auditor Ernst & Young (Luxembourg), with its registered office at 35 E, avenue J.F. Kennedy 2, L-1855- Luxembourg, represented by René Esch for a further period of one year (which is usual practice for Leasinvest Immo Lux SA).

The remuneration of the auditor for auditing the financial statements of Leasinvest Immo Lux SA and its subsidiaries for the past financial year was estimated € 121,500 (excl. VAT), or € 54,000 for Leasinvest Immo Lux and € 67,500 for Porte des Ardennes Schmiede SA, Porte des Ardennes Pommerloch SA, AE Starvilla Dreizehn GmbH, AE Starvilla Sieben GmbH & Co GO, Frun Park Asten GmbH and Merula Beteiligungs GmbH. Next to that, a remuneration was paid for Leasinvest Immo Lux of € 134,350 within the framework of the financial & tax due diligence (a/o executed by EY Austria in the scope of the take-over of the Austrian companies Frun Park Asten GmbH and Merula Beteiligungs GmbH) and

€ 18,000 for Orli Lux Sàrl within the framework of compliance & tax services.

Agreements relating to the (fixed) remuneration of the auditor of the company are contractually defined with the auditor and are, for the remuneration relating to the audit mission, approved by the general meeting of shareholders.

8.11 INTERNAL CONTROL, INDEPENDENT CONTROL FUNCTIONS AND RISK MANAGEMENT

INTERNAL CONTROL

In accordance with article of the RREC law the company pursues an active management for exercising its activities, which implies that the company itself ensures the development and the daily management of the real estate.

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

The company has, subject to the supervision of the effective officers, also arranged appropriate internal control, whose operation is checked at least annually. The internal control system ensures with a reasonable degree of certainty the realization of namely the following: management is well organized and cautious as to defined objectives; the resources are used economically and efficiently. These procedures must guarantee, among other things, that each of the company's transactions can be reconstructed with regard to the origin and the nature of the transaction, the parties involved and the time and place where it occurred, and that the assets of the company are invested in accordance with its articles of association and the prevailing legal and regulatory provisions, as well as the reliability of financial communication.

Administrative and accounting organization

As regards its administrative and accounting organization, the company has established a system of internal audit which creates a reasonable degree of certainty about the reliability of its financial reporting process, so that in particular, the yearly and half-yearly accounts, as well as the annual report and half-yearly report are in accordance with the prevailing accounting regulations.

Integrity policy

In addition, the company has established an appropriate integrity policy that is updated regularly, and takes the necessary measures to be able to have at its disposal an appropriate, independent compliance function, as described below, supervising the integrity policy.

The integrity policy comprises different aspects, among which preventing insider trading, conflicts of interest and the incompatibility of mandates, non-corruption and professional confidentiality. The effective officers examine regularly which other domains and activities should be part of the scope of the compliance function.

INDEPENDENT CONTROL FUNCTIONS

Independent internal audit function

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

The independent person responsible for the internal audit function is **Piet Vervinckt**, CFO of the company.

Independent risk management function

The company disposes of a risk management policy as described below.

The board of directors of the statutory manager of the company has decided to appoint **Jean-Louis Appelmans** as the person responsible for the risk management position (the risk manager) as a large number of risk are of a financial nature and are mainly situated in the acquisition activities of the company rather than in managing the real estate portfolio. Jean-Louis Appelmans is also an effective officer and director. The risk manager was appointed for a term of 3 years.

Independent compliance function

The company disposes of an adequate independent compliance function that can, with a reasonable certainty, ensure the compliance by the public RREC, its statutory managers, directors, effective officers, members of the executive committee, employees and mandatories of the legal provisions relative to the integrity of the company of the public RREC and, more specifically, of the rules related to the integrity of the activities of the company, by following up the different risks that the company runs from its status and activities. The compliance officer is more particularly responsible for respecting the rules with regard to the integrity policy.

The board of directors has appointed Mrs **Micheline Paredis**, Secretary-general of the company, as compliance officer, for an indefinite term. Micheline Paredis is secretary general and legal counsel of the company has over 20 years of experience in corporate and real estate law, of which more than 16 years at Leasinvest Real Estate Management SA. Previously she was a candidate-notary (public).

Mandates in other companies, on 31/12/16 and during the 5 previous financial years:

Canal Logistics Brussels NV*, Leasinvest Immo Lux SICAV-FIS, Leasinvest Services NV, RAB Invest NV, Autonom Gemeentebedrijf Boom Plus.

Charity mandate: Middelheim Promotors vzw.

RISK MANAGEMENT POLICY

The company disposes of an adequate risk management policy.

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

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

Each acquisition or alienation can perfectly be reconstructed as to the parties involved, the time, the acquisition mode (asset deal or share deal, notarial deed, contribution in kind) or divestment (split sale leasehold/ bare ownership, etc.).

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

A regular (and at least once per quarter) assessment of the main risks for the company is made (with regard to a detailed analysis of the risks the company could be exposed to, we refer to page 4 Risk factors). For each of the risk enumerated in this annual report, measures and procedures have been established to identify the risks and monitor them, and to avoid that the risks would materialize, and/or to limit the impact of these risk (should the case arise) and assess their consequences as far as possible, and control and follow them up.

This evaluation is carried out within the audit committee – at least four times a year (e.g. analysis of possible derogations to the outlook, related to the hedging policy) as well as by the board of directors of the statutory manager, and by the person responsible for the risk management function as described above.

Compliance with internal procedures relating to investments is regularly checked by an independent external party. During the previous financial years this was done by a/o BDO (part of the BDO international network that consists of auditors, accountants, tax and legal counsel and counsel to the public sector – www.bdo.be), drawing up a report on the matter, discussed in the audit committee.

Possible identified problems can result in amendments to the internal procedures or in other appropriate measures to prevent the repetition of such problems in the future.

8.12 VALUATION OF THE PORTFOLIO

In the past financial year, the quarterly valuations of the real estate portfolio were conducted by four independent valuers, Cushman & Wakefield VOF, Stadim, SPG Intercity (related to Cushman & Wakefield) and BAR bareal. In the event of a conflict arising between the real estate agent's activity and that of the property surveyor, the other expert shall make the valuation.

The valuation of the Luxembourg portfolio is made by Cushman & Wakefield, that of Belgium respectively by Cushman & Wakefield and Stadim and that of the buildings located in Switzerland by SPG Intercity, and that of the buildings in Austria by BAR bareal.

For the past financial year, the value of the property was defined by Cushman & Wakefield and Stadim, and for the valuation of the portfolio in Luxembourg, Belgium and Switzerland, a total remuneration of € 153,794 (excl. VAT) was provided for, of which

- € 76,794 for the valuation of the Belgian portfolio to Cushman & Wakefield (€ 55,960) and Stadim (€ 20,834) for Leasinvest Real Estate;
- € 59,000 to Cushman & Wakefield for the valuation of the Luxembourg portfolio, and
- € 16,560 to SPG Intercity (CBRE) for the valuation of the real estate in Switzerland for Leasinvest Immo Lux SA; and
- € 1,440 to BAR bareal for the valuation of the real estate in Austria for Leasinvest Immo Lux NV.

An expert can be charged with the valuation of a certain property for only a maximum of three years. After this term of three years, the same expert can only value the aforementioned property, till after the end of a term of three years after the previous term. Should the expert be a legal person, these rules are exclusively applicable to the natural persons representing the legal person, providing that the expert proves that an adequate functional independence exists between these natural persons.

In accordance with article 24 § 1 of the RREC law the remuneration of the surveyor shall not be linked, either directly or indirectly, to the value of the real estate subject to his valuation. The remuneration mentioned above has been defined based on a fixed amount per m². The remuneration is contractually defined with the real estate expert.

The physical persons representing the real estate expert as experts in the sense of article 24 §1 of the RREC law, have to define their valuation in complete independence. This is also valid when these physical persons follow each other up within or after the maximum term of three years defined in article 24 §1 of the RREC law, in which an expert can value a certain real estate.

VALUATION OF THE REAL ESTATE IN BELGIUM/ LUXEMBOURG

Cushman & Wakefield VOF is a subsidiary of the offices in The Netherlands ('General partnership existing under the laws of The Netherlands'), with its registered office at Amstelveenseweg 760, 1081 JK Amsterdam, The Netherlands. The administrative and registered offices of Cushman & Wakefield VOF are established at Avenue des Arts 58 boîte 7, 1000 Brussels (the company is registered in Brussels, under the number 416 303). Since the foundation on 04/12/1978 of the office in Belgium, there has always been a valuation department. In Luxembourg the registered office of Cushman & Wakefield S.a.r.l. is situated in the 'Serenity Building', Route d'Arlon 19-21, L-8008 Strassen.

The company values offices, retail and industrial properties in Belgium and Luxembourg.

Cushman & Wakefield is not supervised by any official authority but is

regulated by the RICS (Royal Institute of Chartered Surveyors). Both Cushman & Wakefield Belgium and Luxembourg are represented by Koen Nevens, MRICS. The valuation is carried out by Tom Velghe, Account Manager - Surveyor.

Stadim CVBA (company number 0458.797.033), with registered office in 2600 Berchem-Antwerp, Uitbreidingstraat 10-16. Stadim is represented by Philippe Janssens. The company values both residential and professional real estate (offices, retail, logistics and nursing homes) all over Belgium and Luxembourg. Stadim is not supervised by any official authority, but is regulated by the RICS (Royal Institute of Chartered Surveyors). The valuation of the logistics real estate in Belgium is done by Yannick Stolk.

VALUATION OF THE REAL ESTATE IN SWITZERLAND

SPG Intercity Geneva SA (company number CH-660.2.618.000-9), with registered office at CH-1207 Genève, 41A, route de Frontenex, is a joint venture of the "Société Privée de Gérance" (Geneva) and the Intercity Group (Zurich), two independent real estate services companies with offices in the main Swiss cities, under Swiss legislation. SPG is not supervised by any official authority. At the beginning of 2017 SPG was taken over by CBRE.

The valuation of the real estate in Switzerland is done by Martin Dunning and Bertrand Maag.

VALUATION OF THE REAL ESTATE IN AUSTRIA

BAR bareal (company number ATU62692688), with registered office at AT-1220 Vienna, Donau-City-Strasse 7, provides independent real estate services, with offices in the main Austrian cities, and is subject to Austrian legislation, but is not supervised by any official authority.

The valuation of the real estate in Austria is done by Michael Buchmeier, MRICS.

8.13 DEPOSITARY

The company has no depositary. Leasinvest Immo Lux SA does.

Since 01/01/2015 SGG S.A. (company number B 65.906, with its registered office at L-2086 Luxembourg, 412F, route d'Esch, subject to the supervision of the 'Commission de Surveillance du Secteur Financier', was appointed as depositary of Leasinvest Immo Lux SA in accordance with the applicable Luxembourg legislation (RCS Luxembourg B47192).

In its capacity of depositary, SGG is bound to comply with the provisions imposed, including the Luxembourg law of 13 February 2007 on specialized investment funds. In that capacity the depositary is put in possession of, among other things, all official documents and deeds relating to changes in the assets of the company and of a number of documents according to corporate law.

For the past financial year a remuneration of circa € 120,000 (excl. VAT) was paid to SGG by Leasinvest Immo Lux.

8.14 LIQUIDITY PROVIDER

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

8.15 FINANCIAL SERVICE PROVIDERS

The financial service during the past financial year was entrusted to Bank Delen SA as the main paying agent in the context of the introduction of ESES (Euroclear Settlement for Euronext-zone Securities). A remuneration of € 25,000 (excl. VAT) was foreseen for this.

9 REMUNERATION REPORT

PROCEDURE FOR THE DEVELOPMENT OF THE REMUNERATION POLICY AND GENERAL PRINCIPLES OF THE REMUNERATION POLICY

The remuneration policy for the directors, the effective officers, the other leaders and persons in charge of daily management of the company has been developed already a couple of years ago by the board of directors based on proposals and advice of the nomination and remuneration committee, and is based on the general principles:

- to the independent directors, no remuneration based on performance is granted, not in their capacity of director, nor in that of member of a committee, they only receive a fixed remuneration; no other financial advantages are granted;
- to the other non-executive directors, a fixed remuneration can be granted by the board of directors, based on the conditions defined on the proposal of the remuneration committee;
- to the executive directors, effective officers, a variable remuneration is granted besides their fixed remuneration, based on the conditions defined by the board of directors on the proposal of the remuneration committee; the other leaders can also be granted fixed and variable remunerations.

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

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

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

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

The remuneration of the individual directors, the other leaders and the persons in charge of daily management of the company is further defined as follows:

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

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

The level of the variable remuneration of the effective officers can also be defined by an exceptional performance that was requested in the course of the financial year.

The effective officers and other leaders do not receive any remuneration that is based on the overall financial results of the company, nor do they receive a variable remuneration in cash based on the long-term. An adjustment of the salaries is possible in view of specific events of the company that may occur.

The remuneration of the effective officers and other leaders is defined in order to attract executive managers, motivate and retain them, and is geared to their respective responsibilities, required relevant experience and competences, and taking into account the market standards for similar functions.

Since 2011 the annual objectives for the effective officers were based on four important criteria (adjusted over the years on the advice of the nomination and remuneration committee), weighted as follows:

- a) **financial criteria** (30%) a/o EPRA Earnings*, EPS, control of debt ratio, funding, hedging and funding of further growth;
- b) **portfolio criteria** (40%) a/o control of occupancy rate, duration of leases, re-lettings of vacant buildings and responding to important lease breaks, elaborating (re)development projects;

- c) **execution of the strategy** (15%) a/o divestment of less qualitative buildings, mainly (older) (office and logistics) buildings in Belgium and non-strategically located buildings in the Grand Duchy of Luxembourg, investments in new buildings, diversification to retail, etc.;
- d) **management capacities** (15%) a/o leadership, personnel management and investor relations.

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

- reaching financial key figures,
- realizing projects agreed upon (e.g. obtaining an urban permit, successfully finalizing a renovation project)

and, on the other hand, based on qualitative criteria, a/o

- collaboration with the rest of the personnel/team,
- integration within the team,
- feedback of personnel the manager is responsible for,
- timely reaching internal and external deadlines in dossiers, etc.

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

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

REMUNERATION REPORT

The remuneration proposed by the nomination and remuneration committee is first presented for approval to the board of directors, before it can actually be implemented. The remuneration report proposed by the nomination and remuneration committee and approved by the board of directors is subsequently presented for approval to the general meeting of shareholders of the company.

IMPORTANT CONTRACTUAL CLAUSES

A compensation for leaving of 24 months has been agreed on for Jean-Louis Appelmans. As this compensation exceeds the provisions of article 554 of the Company Code, namely a maximum of 12 months, or – providing a special motivation by the remuneration committee – of maximum 18 months, this provision in the management contract with Mr Appelmans, after the advice of the nomination and remuneration committee, has been approved separately by the general meeting of shareholders of the company held on 16/05/11.

The contracts with the other members of the executive committee contain the usual provisions with regard to remuneration (fixed and variable), non-competition and confidentiality. The contracts are valid for an unspecified term. No other contracts were concluded after 1 July 2009, except for the contracts with Piet Vervinck and OKIMONO SPRL represented by Mr Sven Janssens.

Except with regard to the CEO (see above), for the other members of the executive committee, no specific compensations for leaving were recorded in the management or employment contracts concluded, which makes that article 554 of the Company Code does not apply.

REMUNERATION POLICY FOR THE COMING YEARS

The remuneration policy for the financial years 2017 and 2018 is not expected to be substantially amended and the remuneration will largely be defined on the same basis as for 2016.

On the advice of the nomination and remuneration committee, the board of directors of the manager decided to adopt a limited number of amendments to the remuneration policy as of the financial year 2017, namely i) with regard to the fixed lump sum for the independent directors, ii) with regard to the remuneration of one of the non-executive directors and iii) with regard to the weighting of the different basis criteria for reaching the year objectives:

- i) The fixed annual remuneration granted to the independent directors is increased from € 15,000 to € 20,000.
- ii) A fixed remuneration is also granted to Mrs Sonja Rottiers, one of the other non-executive directors, defined by analogy with the fixed remuneration granted to the independent directors, namely a (general) annual fixed remuneration of € 20,000 and an additional fixed remuneration of € 4,000 as a member of the audit committee.
- iii) Since 2011 the annual objectives for the effective officers were based on four important criteria (adjusted over the years on the advice of the nomination and remuneration committee), weighted in a certain order; as of 2017 this weighting has been further adjusted as mentioned below:
 - a) **financial and portfolio criteria** (33.3%): EPRA Earnings* and EPS, control of debt ratio, funding, hedging and funding of further growth, control of occupancy rate, duration of leases, re-lettings of vacant buildings and responding to important lease breaks, elaborating (re)development projects.
 - b) **execution of the strategy** (33.3%): further divestment of less qualitative buildings within the scope of permanently improving the quality of the portfolio, (mainly older) (office and logistics) buildings in Belgium and non-strategically located buildings in the Grand Duchy of Luxembourg, further search for investment opportunities mainly in Luxembourg, Switzerland and Austria, elaborating redevelopment projects for Treesquare, Montoyer 63, Strassen and CFM).
 - c) **management capacities** (33.3%): organization in the 4 countries in which the company operates, preparation of the succession following the end of the mandate of Jean-Louis Appelmans as CEO mid-2018 and development of management team, leadership, personnel management and investor relations.

REMUNERATION FINANCIAL YEAR 2016

I. TOTAL AMOUNT REMUNERATION DIRECTORS

With regard to the financial year 2016 the executive and non-executive directors of the statutory manager of the company received remunerations, directly and/or indirectly, for all services rendered, for a total amount of € 1,082,607 (excluding VAT).

II. REMUNERATION INDIVIDUAL DIRECTORS

A. Non-executive directors

The remunerations paid for the financial year 2016 to the independent directors as a member of the consultative committees were fixed, irrespective of the number of meetings of each committee held during the financial year 2016. No benefits in kind were granted to the independent directors.

During the financial year 2016 the mandate of the other non-executive directors was unpaid.

The following remunerations were granted to the non-executive directors for the financial year 2016 on an individual basis:

	Fixed remuneration BoD	Fixed remuneration AC	Fixed remuneration NRC	Fixed remuneration committee of independent directors	Total
Michel Eeckhout	15,000	4,000	4,000	2,000	25,000
Mark Leysen	15,000	4,000	4,000	2,000	25,000
Eric Van Dyck	15,000	-	4,000	2,000	21,000
Luc Bertrand (till 18/08/16)	-	-	-	-	-
Jan Suykens	-	-	-	-	-
Piet Dejonghe (as of 18/08/16)	-	-	-	-	-
Guy van Wymersch-Moons	-	-	-	-	-
Sonja Rottiers	-	-	-	-	-
Total non-executive directors	45,000	8,000	12,000	6,000	71,000

To Messrs Michel Eeckhout and Mark Leysen, independent directors, for the 2016 financial year a total amount of € 25,000 was paid as follows:

- a fixed-rate remuneration of € 15,000;
- a fixed remuneration of € 4,000 as a member of the audit committee;
- a fixed-rate remuneration of € 4,000 as a member of the nomination and remuneration committee;
- an additional fixed remuneration of € 2,000 as a member of the committee of independent directors.

To Mr Van Dyck, independent director, for the 2016 financial year a total amount of € 21,000 was paid as follows:

- a fixed-rate remuneration of € 15,000;
- an additional fixed-rate remuneration of € 4,000 as a member of the nomination and remuneration committee;
- an additional fixed remuneration of € 2,000 as a member of the committee of independent directors.

Based on the advice of the nomination and remuneration committee, the board of directors of the statutory manager decided, as of the financial year 2017, to increase the general fixed annual remuneration and to consequently grant the following remunerations to the independent directors and to the other non-executive directors, on an individual basis:

	Fixed remuneration BoD	Fixed remuneration AC	Fixed remuneration NRC	Fixed remuneration committee of independent directors	Total
Michel Eeckhout	20,000	4,000	4,000	2,000	30,000
Mark Leysen	20,000	4,000	4,000	2,000	30,000
Eric Van Dyck	20,000	-	4,000	2,000	26,000
Jan Suykens	-	-	-	-	-
Piet Dejonghe	-	-	-	-	-
Guy van Wymersch-Moons	-	-	-	-	-
Sonja Rottiers	20,000	4,000	-	-	24,000
Total non-executive directors	80,000	12,000	12,000	6,000	110,000

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

With regard to the financial year 2016, the executive directors and 'other leaders' of the statutory manager of the company¹⁾ (in the sense of article 96 §3, 7° of the Company Code), i.e. the effective officers and the other members of the executive committee, i.e. the CFO (Piet Vervinck) and the COO, OKIMONO SPRL represented by its permanent representative, Sven Janssens, received, directly and/or indirectly, for all services rendered on behalf of the statutory manager, remunerations for a global amount of € 1,397,565, among which:

- fixed remuneration in cash²⁾: € 984,811;
- variable remuneration in the form of bonuses: € 248,000;
- group insurance (type defined contribution): € 146,782;
- benefits in kind: € 17,972 as other components of remuneration.

A reproduction of the remuneration on an individual basis of the CIO, COO and the CFO, all members of the executive committee, is not reproduced in the remuneration report, as this demand only applies to the 'main representative of the other leaders' (article 96 §3, 6° of the Company Code) or the CEO (principle 7.14 of the Corporate Governance Code). For that reason, only the remuneration of the CEO is presented on an individual basis in the remuneration report below, but not that of the other members of the executive committee.

¹ Also intending a/o the members of each committee in which general management of the company is discussed, and organized a part from the regulation of article 524bis of the Company Code, i.e. the executive committee.

² This amount comprises for € 242,000 of remunerations paid in the capacity of member of the board of directors to "certain other leaders or persons charged with daily management" as foreseen by article 96, §3, 4° of the Company Code.

C. Remuneration of the CEO

Mr. Appelmans has fixed and variable remunerations covering his functions as a member of the board of directors and CEO, as well as a Defined Contribution pension plan, providing in the build-up of a capital in function of the paid premiums.

The following remuneration mentioned in the table below was granted, for the financial year 2016, to the CEO on an individual basis, directly and indirectly³⁾. He does not receive any specific benefits in kind.

fixed	insurance	variable	total
€ 323,874	€ 139,733	€ 98,000	€ 561,607

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

The executive committee consists, as explained above, of:

1. MR JEAN-LOUIS APPELMANS, CEO, managing director and effective officer,
2. MR MICHEL VAN GEYTE, CIO and effective officer,
3. MR PIET VERVINCKT, CFO, and
4. OKIMONO SPRL represented by MR SVEN JANSSENS, COO.

³ A/o via Granvelle Consultants & Co SPRL, respectively Midhan SPRL respectively OKIMONO SPRL.

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

The fixed remuneration of the members of the executive committee, among which the effective officers, is based on their capabilities and experience in various fields such as commercial, real estate-technical, legal, tax, financial, accounting and general policy.

The variable remuneration of the members of the executive committee, among which the effective officers, relates to reaching the (annual) objectives or not and a potential exceptional performance based on the criteria mentioned above. The nomination and remuneration committee yearly defines the form of the variable remuneration granted to the effective officers and members of the executive committee, which were mainly bonuses ("tantièmes") in the financial year 2016.

The global gross amount of the remuneration and other benefits, directly or indirectly, granted by the company or its subsidiaries in 2016 to the other members of the executive committee and the other leaders, totals € 835,958 (excluding VAT) and can be broken down as follows:

fixed	group insurance	benefits in kind	variable	total
€ 660,937	€ 7,049	€ 17,972	€ 150,000	€ 835,958

10 RELATED-PARTY TRANSACTIONS - CONFLICTS OF INTEREST

ARTICLE 523 OF THE COMPANY CODE

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

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

ARTICLE 524 OF THE COMPANY CODE

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

For information purposes, we mention that at the beginning of 2016 the notary deed with regard to the take-over of the residual property rights ("tréfonds") of Beekbaarimo SA, a company related to Ackermans & van Haaren SA, was signed, within the framework of finalizing the take-over of T&T Koninklijk Pakhuis SA, that was already agreed upon and signed on 17 December 2015. To this transaction article 524 of the Company Code was applied in 2015. We refer to the written and motivated advice of the committee of independent directors of 7 December 2015 to the board of directors of the statutory manager, of which the conclusions were literally reproduced in the Annual financial report on the financial year on page 110, and to the conclusions of the report of the auditor Ernst & Young on this, reproduced in the Annual financial report on the financial year on page 111.

ARTICLES 37 AND 38 OF THE REIT (SIR/GVV) LAW

Article 37 of the SIR/GVV law foresees a preliminary notification to the FSMA when in the case of an operation with the public REIT (SIR/GVV) one of its subsidiaries, some people mentioned in the article, directly or indirectly are a counterparty or get a patrimonial benefit. In its notification to the FSMA the company has to demonstrate the interest of the planned operation for the company, and also that the planned operation fits within the normal course of the company strategy.

These notifications are not applicable to:

- a) operations relating to a sum lower than the lowest amount of 1% of the public RREC's consolidated assets and € 2,500,000;
- b) the acquisition of securities by the public RREC or one of its subsidiaries within the framework of a public issue by a third party, for which a promoter or intermediaries in the sense of article 37 of the RREC law act;
- c) the acquisition of or the subscription to, following a decision of the general meeting, shares issued by the public RREC by the persons intended by article 37 §1 of the RREC law.
- d) operations concerning cash of the public REIT (SIR/GVV) or one of its subsidiaries, provided that the person that acts as counterparty has the capacity of an intermediary as intended by the applicable legislation and that these operations have been carried out at market conditions.

During the past financial year no notifications had to be made to the FSMA within that framework. With regard to the finalization of the take-over operation of T&T Koninklijk Pakhuis SA concluded on 17 December 2015 and the signed notary deed for the take-over of the residual rights of Beekbaarimo SA at the beginning of the financial year 2016, to which the articles 37 and 49 §2 of the SIR/GVV Law were applied, we refer to the Annual financial report on the financial year 2015 on page 111.

CORPORATE GOVERNANCE CHARTER

In its Corporate Governance Charter, the company has subscribed to the policy that a director, the effective officers or members of the executive committee (or their closest relatives) who, directly or indirectly, (i) have an interest non-related to the patrimony, that is opposed to, or, has a parallel interest, related or not to the patrimony, to a decision or operation of the company or (ii) has an interest of a patrimonial nature that is opposed to a decision or operation of the company but that is in principle not subject to the competences of the board of directors, that person should immediately inform the chairman of the board of directors. The chairman shall assess whether to report the matter to the board of directors.

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

The last version of the Corporate Governance Charter can be consulted on the website www.leasinvest.be.

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

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

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

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

A potential conflict of interest could finally potentially arise by reason of the director's function exercised by the managing director, Jean-Louis Apelmans, in the public REIT (SIR/GVV) Retail Estates SA or on account of the function of director exercised by Guy Van Wymersch or Eric Van Dyck within the framework of potential investments in Luxembourg, Switzerland and/or Austria that could also be considered as investment objects for AXA respectively (a foreign subsidiary of) Redevco.

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

11 RESEARCH AND DEVELOPMENT

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

12 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral part of the daily management of Leasinvest Real Estate and is part of its on-going striving for quality.

Leasinvest Real Estate is aware of the fact that its ecological footprint can be reduced, by focusing on sustainability and treating its energy, water, electricity and waste management in a conscious way.

Where possible the following energy-saving measures have already been taken in the past in order to make the buildings more sustainable and energy-efficient:

In 2009 an agreement was concluded with Electrabel for the supply of green power for all tenants and solar panels were installed on the roof of the logistics centre in **Wommelgem**; in 2011 this generated 0.291 GWh. In 2013 Leasinvest Real Estate has also installed solar panels on the roof of **Canal Logistics** in collaboration with ORKA SA. With a surface of 49,775 m² and 14,220 solar panels, this installation has a production capacity of 3.15 GWh/year, which corresponds to the average energy consumption of 920 households and also reduces the annual CO₂ emission by no less than 640 tons. Currently, this production is still injected on the net.

The roof of the **Frun[®] retail park** in Asten was also equipped with solar panels to optimize the sustainability of the park, resulting in an annual on-site production of over 500.000 KWh of green energy and a reduction in CO₂ emission of 400 tons.

This reduces Leasinvest Real Estate's ecological footprint with regard to electricity to 0: 97% through purchasing green power, and 3% produced by solar panels.

AUDIT

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

Within this integral approach it has become clear that Leasinvest Real Estate's major impact on the environment comes from actions taken on the level of its portfolio of buildings. The concrete actions are reproduced below.

STRATEGIC APPROACH

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

STEP-BY-STEP PLAN

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

SELECTIVE ARBITRAGE ON THE PORTFOLIO

Because Leasinvest Real Estate's investments, as a listed company, first of all have to be justifiable from the viewpoint of shareholders' return, a number of buildings have been selected for (partial) redevelopment. It concerns buildings, vacant because of their lease ending, or those where improvements can be made, without hindering the tenant (e.g. installation of solar panels).

Older, less strategic buildings qualify for sale should an opportunity present itself. In 2016 a total of € 67 million was divested, among which the logistics building Malines Zeutestraat, that is no longer considered as being strategic.

REALIZED AND PLANNED ACTIONS

GENERAL

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

- Riverside Business Park, Anderlecht
- The Crescent, Anderlecht
- Nijverheidsstraat, Wommelgem
- Canal Logisticians, Neder-over Heembeek (also intelligent water and gas meters)

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

BELGIUM

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

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

Logistics building **Tongres**: energy study executed in 2012

Logistics building **Canal Logisticians** Neder-over-Heembeek: installation of solar panels (2013)

Redevelopment office building Square de Meeûs (currently **Treesquare**): objective is BREEAM Excellent (2017)

Redevelopment office building **Montoyer 63**: objective is BREEAM Excellent (2018)

LUXEMBOURG

Office building **Royal20** (sold in 2016): objective is BREEAM 'Excellent' (2016)

Office building **Monnet**: BREEAM Refurbishment Excellent expected based on file submitted in February 2016

CULTURAL AND SOCIAL INVOLVEMENT

Sponsoring of cultural organisations such as **Stichting Conservatorium Antwerpen** (www.stichtingconservatorium.be), the open-air museum for sculpture **Middelheim/Middelheim Promotors vzw** (www.middelheimmuseum.be; www.middelheimpromotors.be) and the **Royal Museum of Fine Arts in Antwerp** (www.kmska.be) reflect Leasinvest Real Estate's involvement in the social and cultural society.

Each year new opportunities are assessed and new initiatives are taken. In 2016 these were **Cliniclowns** (sponsoring end 2016), vzw **De Zwaluw**, managed by the King Baudouin Foundation, **Oscare** "kinderbrandwondenfonds" and **Doctors Without Borders** (support via Christmas cards).

13 DISCHARGE TO THE MANAGER AND TO THE AUDITOR

It is proposed to the general shareholders' meeting to discharge the statutory manager and the auditor for the exercise of their mandates during the financial year closed on 31/12/2016.

Drawn up in Antwerp on 15/02/2017

JEAN-LOUIS APPELMANS

Managing director

JAN SUYKENS

Chairman of the board of directors

ALTERNATIVE PERFORMANCE MEASURES (APM)



As is customary in the BE-REIT (SIR/GVV) sector Leasinvest Real Estate presents in its financial results a number of Alternative Performance Measures (APMs) in accordance with the directives of the European Securities and Markets Authority (ESMA) of 5 October 2015. A number of these APMs are recommended by the European Public Real Estate Association¹ (EPRA), other APMs are considered to be mainstream within the sector in order to provide better insight in the financial results and performances reported. The APMs in this annual financial report are indicated by an asterisk (*); performance measures defined by IFRS standards or physical or non-financial performance measures are not considered to be APMs. Moreover, the ESMA directives do not apply to APMs reported in the financial statements of reported in conformity with the current legislation.

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

¹ The detailed calculations of the EPRA performance indicators* can be found on page 85.

DETAIL OF THE CALCULATIONS OF THE ALTERNATIVE PERFORMANCE MEASURES² (APMS) USED BY LEASINVEST REAL ESTATE

NET RENTAL RESULT PER SHARE*

Net rental result (amount per share)*	31/12/2016	31/12/2015
Rental income (€ 1000)	56 647	50 455
Rental-related expenses (€ 1000)	-179	-42
Net rental result (€ 1000)	56 468	50 413
Number of shares entitled to dividends	4 935 478	4 935 478
Net rental result per share* (€)	11.4	10.21

² Excluding the EPRA performance indicators* that are also considered as APM and are reconciled below under Key performance indicators according to the EPRA reference system.

RESULT ON THE PORTFOLIO*

Result on the portfolio* (€ 1 000)	31/12/2016	31/12/2015
Result on sale of investment properties	3 093	329
Changes in fair value of investment properties	-528	9 549
Latent taxes on portfolio result	0	0
Result on the Portfolio*	2 565	9 878

NET RESULT – GROUP SHARE (AMOUNT PER SHARE)*

Net result – group share (amount per share)*	31/12/2016	31/12/2015
Net Result - group share (€ 1000)	31 118	30 618
Number of shares entitled to dividends	4 935 478	4 935 478
Net Result - group share per share*	6.30	6.20

NET ASSET VALUE (AMOUNT PER SHARE)*

Net Asset value (amount per share)*	31/12/2016	31/12/2015
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	356 407	362 405
Number of shares entitled to dividends	4 935 478	4 935 478
Net Asset Value group share per share*	72.2	73.4

NET ASSET VALUE BASED ON INVESTMENT VALUE (AMOUNT PER SHARE)*

Net Asset Value based on investment value (amount per share)*	31/12/2016	31/12/2015
Shareholders' equity attributable to the shareholders of the parent company (€ 1000)	356 407	362 405
Investment value of the investment properties per 31/12 (€ 1000)	876 747	886 390
Fair value of the investment properties per 31/12 (€ 1000)	859 931	869 361
Difference Investment value – Fair value per 31/12 (€ 1000)	16 816	17 029
TOTAL	373 223	379 434
Number of shares entitled to dividends	4 935 478	4 935 478
Net Asset Value group share per share*	75.6	76.9

RENTAL YIELD BASED ON FAIR VALUE AND INVESTMENT VALUE*

Rental yield based on fair value and investment value*		31/12/2016	31/12/2015
Estimated rental value of total real estate portfolio per 31/12 (€ 1000)		56 540	58 600
To be excluded from the calculation (€ 1000)			
Estimated rental value on projects per 31/12 (€ 1000)		0	2 990
Estimated rental value on assets held for sale per 31/12 (€1000)		4 060	370
Estimated rental value of portfolio in operation	A	52 480	55 240
Fair value of total real estate portfolio per 31/12 (€ 1000)		859 931	869 361
To be excluded from the calculation			
Fair value of projects per 31/12 (€ 1000)		30 660	62 020
Fair value of assets held for sale per 31/12 (€ 1000)		54 970	4 390
Fair value of portfolio in operation per 31/12 (€ 1000)	B	774 290	802 980
Rental yield based on fair value *	A/B	6.78%	6.88%
Investment value of total real estate portfolio per 31/12 (€ 1000)		876 747	886 390
To be excluded from the calculation			
Investment value of projects per 31/12 (€ 1000)		31 430	63 570
Investment value of assets held for sale per 31/12 (€ 1000)		56 340	4 500
Investment value of portfolio in operation per 31/12 (€ 1000)	C	788 980	818 320
Rental yield based on investment value*	A/C	6.65%	6.75%

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

Changes in gross rental income at constant portfolio (like-for-like)*	31/12/2016
Gross rental income on 31/12/2015 (€ 1000)	50 113
2015 – 2016 changes to be excluded	5 407
- Changes following acquisitions	6 048
- Changes following divestments	-641
Gross rental income on 31/12/2016 (€ 1000)	56 011
Change like-for-like* (€ 1000)	491
Change like-for-like* (%)	1.0%

AVERAGE FUNDING COST* IN %

Average funding cost* in %	31/12/2016	31/12/2015
Interest charges on an annual basis (€ 1000)	-13 654	-13 729
Commitment fees on an annual basis (€ 1000)	-1 309	-1 461
Interest paid incl. commitment fees on an annual basis (€ 1000)	-14 963	-15 190
Weighted average drawn debt (€ 1000)	515 417	449 000
Average funding cost* in %	2.90%	3.38%

COMPREHENSIVE RESULT – GROUP SHARE*

Comprehensive result – group share* (amount per share)	31/12/2016	31/12/2015
Net Result – group share (€ 1000)	31 118	30 618
Other elements of realized and unrealized results	-13 926	18 283
Impact on fair value of estimated transfer rights and costs for hypothetical disposal of investment properties	-444	332
Changes in the effective part of the fair value of authorized hedges in cash-flow hedging as defined IFRS	-10 304	3 002
Changes in the effective part of the fair value of financial assets available for sale	-3 178	14 949
Comprehensive result – group share*	17 192	48 901
Number of shares entitled to dividends	4 935 478	4 935 478
Comprehensive result – group share per share*	3.48	9.91

KEY PERFORMANCE INDICATORS ACCORDING TO THE EPRA REFERENCE SYSTEM



Leasinvest Real Estate received for its annual financial reports 2012, 2013, 2014 & 2015 an EPRA Gold Award.

These data are communicated for information purposes only and are not required by the regulation on REIT (SIR/GVV) and are also not subject to any review by public bodies. These figures were not audited by the auditor.

For the report of the real estate expert we refer to the real estate report on page 123 and for more information on the real estate experts and their remuneration, we refer to corporate governance on page 67.

EPRA EARNINGS*

EPRA Earnings* (€ 1 000)	31/12/2016	31/12/2015
Net Result – Group share as mentioned in the financial statements	31 118	30 618
Net Result per share - Group share as mentioned in the financial statements (in €)	6.30	6.20
Adjustments to calculate the EPRA Earnings*	-3 243	-5 054
To exclude:		
(i) Changes in fair value of investment properties and assets held for sale	528	-9 549
(ii) Result on the sale of investment properties	-3 093	-329
(vi) Changes in fair value of financial instruments	-678	4 824
EPRA Earnings*	27 875	25 564
Number of shares entitled to the result of the period	4 935 478	4 935 478
EPRA Earnings per share* (in €)	5.65	5.18

EPRA NAV*

EPRA NAV* (€ 1 000)	31/12/2016	31/12/2015
NAV according to the financial statements	356 407	362 405
NAV per share according to the financial statements (in €)	72.16	73.38
To exclude		
(i) Fair value of the financial instruments	48 152	38 621
EPRA NAV*	404 559	401 026
Number of shares entitled to the result of the period	4 935 478	4 935 478
EPRA NAV per share* (in €)	82.0	81.3

EPRA TRIPLE NET ASSET VALUE*

EPRA Triple Net Asset Value* (€ 1 000)	31/12/2016	31/12/2015
EPRA NAW	404 559	401 026
Corrections:		
(i) Fair value of the financial instruments	-48 152	-38 621
(ii) Revaluation of debt at Fair value	-6 349	- 10 005
EPRA NNAV*	350 058	352 400
Number of shares entitled to the result of the period	4 935 478	4 935 478
EPRA NNAV per share* (in €)	70.93	71.40

EPRA NIR* & EPRA TOPPED UP NIR*

EPRA Net Initial Yield* (NIY) and Topped up Net Initial Yield* (topped up NIY) (€ 1 000)		31/12/2016	31/12/2015
Investment properties and assets held for sale		859 931	869 361
To exclude:			
Assets held for sale		-54 967	-4 392
Development projects		-30 663	-62 020
Real estate available for lease		774 301	802 949
Impact FV of estimated transfer rights and costs resulting from hypothetical disposal of investment properties		444	-332
Estimated transfer rights and costs resulting from hypothetical disposal of investment properties		9 167	8 723
Value (costs payable by the vendor) of properties available for lease	B	783 468	811 672
Annualized gross rental income		56 540	58 710
Property charges		-10 933	-9 537
Annualized net rental income	A	45 607	49 173
Gratuities expiring within 12 months and other lease incentives		317	313
Annualized and adjusted net rental income	C	45 924	49 486
EPRA NIY*	A/B	5.82%	6.06%
EPRA Topped up NIY*	C/B	5.86%	6.10%

EPRA VACANCY* 2016

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

EPRA VACANCY* 2015

EPRA Vacancy* (€ 1 000)		31/12/2015			
		Offices	Logistics	Retail	Total
Rental surface (in m ²)		116 328	170 890	144 189	431 407
Estimated Rental Value of vacant spaces	A	1.46	0.55	0.21	2.24
Estimated Rental Value of total portfolio	B	21.19	9.35	24.81	55.35
EPRA Vacancy*	A/B	6.91%	5.88%	0.86%	4.05%

EPRA COST RATIO*

EPRA cost ratio* (€ 1 000)		31/12/2016	31/12/2015
Other rental-related income and expenses		-2 554	-2 131
Property charges		-9 438	-8 187
General corporate overhead		-3 220	-1 754
Other operating charges and income		1	-169
EPRA costs including rental vacancy costs*	A	-15 211	-12 241
Direct costs of rental vacancy		1 080	885
EPRA costs excluding rental vacancy costs*	B	-14 131	-11 356
Rental income	C	56 647	50 455
EPRA Cost ratio (including direct vacancy)*	A/C	-26.85%	-24.26%
EPRA Cost ratio (excluding direct vacancy)*	B/C	-24.95%	-22.51%



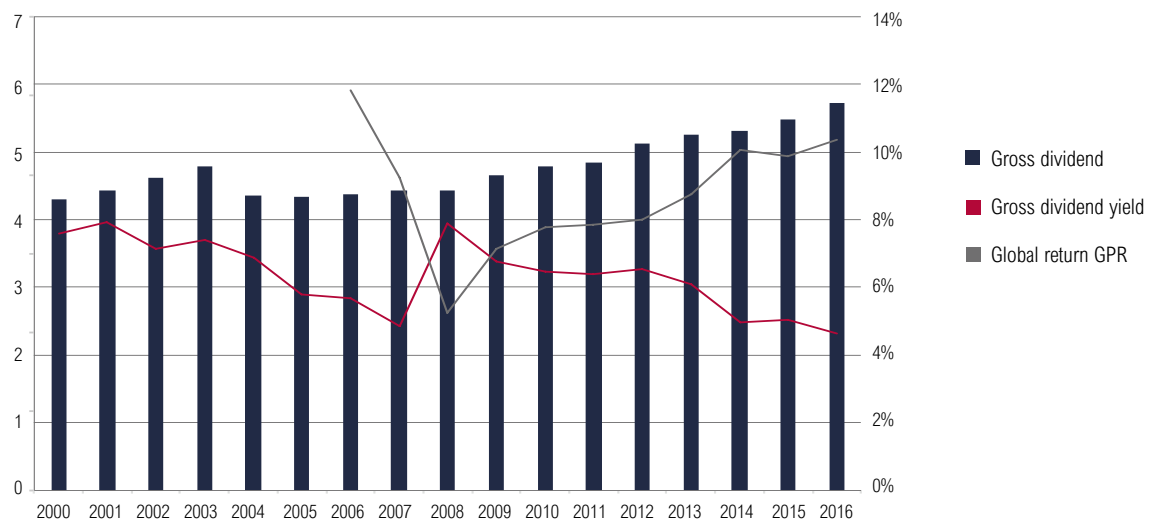
EASINVEST REAL ESTATE ON THE STOCK EXCHANGE





DIVIDEND YIELD AND SHAREHOLDERS' RETURN

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



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

Global return: source GPR: www.globalpropertyresearch.com

The return for the shareholders based on the global return GPR, is based on the nominal total returns, including reinvestment of the dividends. Returns are presented in the local currency and are based on the closing price of each month.

KEY FIGURES AND GRAPHS

	31/12/2016	31/12/2015
Number of listed shares (#)	4,938,870	4,938,870
Number of issued shares (#)	4,938,870	4,938,870
Number of shares entitled to dividends of the period (#)	4,935,478	4,935,478
Market capitalization based on closing price (€ million)	521	454
Free float (%)	35% (4)	41%
Closing price (€)	105.5	93.09
Highest price (€)	114	97.85
Lowest price (€)	87.75	79.40
Average monthly traded volume (#)	30,897	34,128
Velocity (%) (1)	7.51%	8.29%
Free float velocity (%) (2)	21.45%	20.22%
Premium based on closing price vs NAV (fair value)	46%	27%
Gross dividend (€)	4.90	4.70
Net dividend• (€)	3.43	3.431
Gross dividend yield (3)	4.64%	5.05%
Payout ratio (consolidated)	86.9%	90%
Payout ratio (statutory)	82.0%	87%

• Based on a withholding tax of 30% for the dividend over 2016 and 27% for the dividend over 2015.

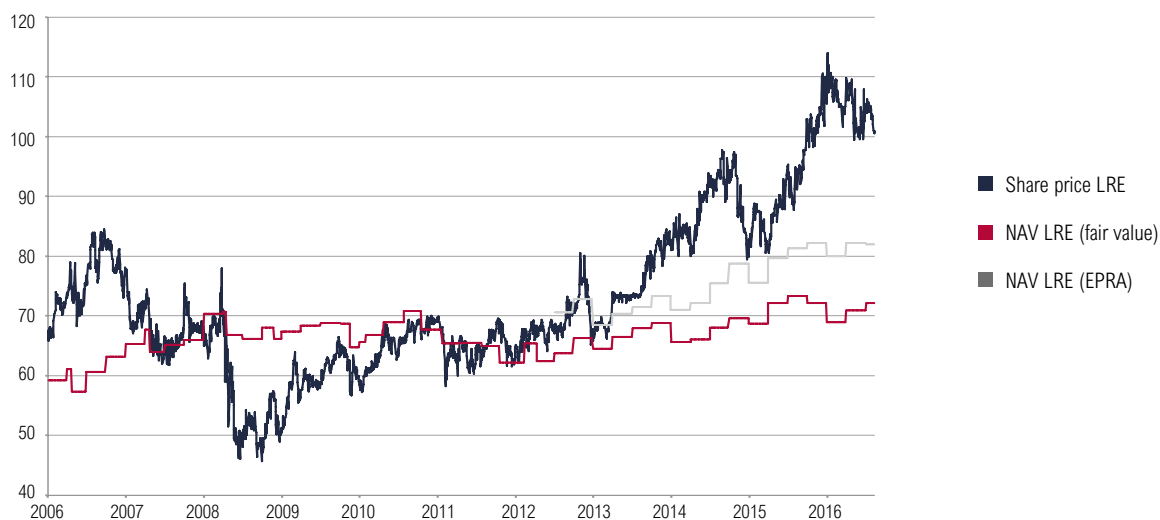
(1) Number of traded shares / total number of listed shares.

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

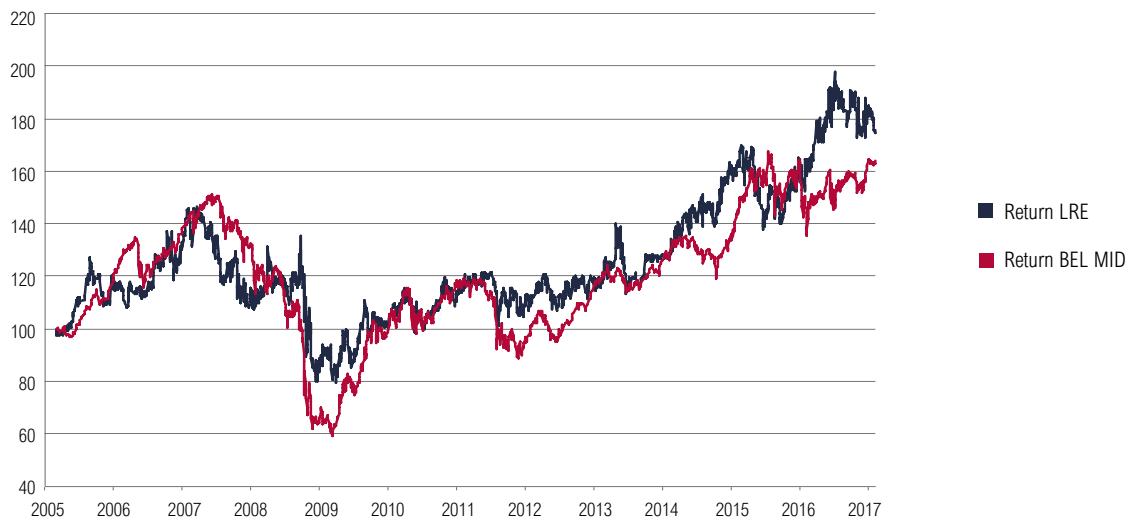
(3) Gross dividend / closing price.

(4) Excluding the participation of AG Insurance of 6%, previously recorded in the free float.

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



COMPARISON OF RETURN OF LEASINVEST REAL ESTATE WITH THE RETURN ON BEL MID INDEX¹



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



¹ Index to consult in the financial newspapers and on the internet.

² Information from EPRA, unverified by any authority.

The Leasinvest Real Estate share closed at a substantially higher price of € 105.50 (2015: € 93.09) and recorded this year an absolute record share price of € 114 on 4 July 2016. The premium compared to the net asset value based on the fair value increased to 46% in 2016.

The past financial year, the average monthly transaction volume of the Leasinvest Real Estate share has decreased to 30,897 shares in comparison with 34,128 in 2015.

As shown by the graph, the Leasinvest Real Estate share follows the trend of the BEL MID Index, the share being included since 21 March 2016. In 2016 however, the Leasinvest Real Estate share performed much better than the BEL MID index.

In comparison with the EPRA Belgium Index, the index of the main listed real estate companies in Belgium, the Leasinvest Real Estate share recorded a significant better evolution. The EPRA Eurozone Index, the index of the main listed real estate companies in Europe, of which the Leasinvest Real Estate share is part, performed better than the Leasinvest Real Estate share at the beginning of 2016, to close at a comparable trend end 2016.

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Villeneuve, Switzerland



REAL ESTATE REPORT





MICHEL VAN GEYTE
CHIEF INVESTMENT OFFICER

“With positions such as Treesquare and Montoyer 63, both located in the Leopold district in Brussels and amidst the European Institutions, still the best office location in Belgium, we develop new office buildings that meet the demand for quality at these locations, where there still is a scarcity of new high-quality offices.”

FRUN® RETAIL PARK ASTEN, AUSTRIA



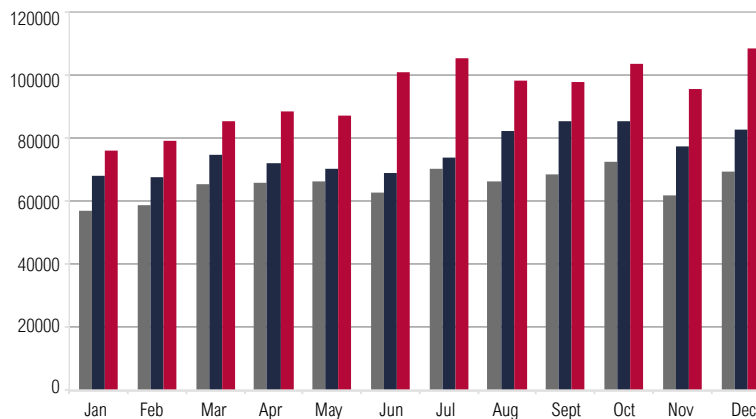
The Frun® retail park in Asten, Austria is an important retail park that was opened end October 2013. The Frun® shopping concept is based upon the construction of a harmonious architectural ensemble surrounding a large, central, free parking area, and uniting a mix of national and international brands. This approach strengthens the commercial efficiency and sustainable development of the park.

The roof of the Frun® retail park in Asten was also equipped with solar panels to optimize the sustainability of the park, resulting in an annual on-site production of over 500.000 KWh of green energy and a reduction in CO₂ emission of 400 tons.

The Frun® retail park in Asten is located at 200 km of Vienna and nearby Linz and comprises 18,300 m² with 26 shops and 600 parking spaces. It is a recent retail park that is very successful. All shops are let to both international and local retailers such as C&A, Intersport, Spar, Action and Zeeman.

Evolution of footfall

■ 2016 ■ 2015 ■ 2014



Year of construction: **2013**

18,300 m² shops - 600 parking spaces

Occupancy rate: **100%**

Total investment: **€ 38 million⁽¹⁾**

Rental yield* (average): **5.78%**

(1) For a detailed overview of the capex we refer to the financial statements on page 168.



BOOMERANG STRASSEN, LUXEMBOURG



The successful retail site located Route d'Arlon in Strassen, comprising 22,721 m², is being partially redeveloped into a retail park concept that will a/o include a restaurant besides the shops.

This site will be the largest retail park in the Luxembourg periphery at the entrance of the city of Luxembourg.

The redevelopment will take place in 2 phases, to take account of the current tenants Adler Fashion, Bâtiself and Roller, as to road works and redevelopment of the parking. The first phase will be completed end 2017. For phase 2 the reception is foreseen in 2020.



Year of construction: **1988**

22,721 m² shops

Occupancy rate (2016): **100%**

Total investment: **€ 13.4 million**

Rental yield* (average): **7.15%** after reception in 2020



KNAUF SHOPPINGCENTERS, LUXEMBURG

Shopping centre Knauf in Schmiede has been for over tens of years an important attraction pole for shopping in the North of Luxembourg, at the border connecting Luxembourg, Belgium and Germany.

This shopping centre consists of approximately 40 shops with over 30,000 m² of commercial space.

Shopping centre Knauf in Pommerloch, that is more recent and that is situated in the western direction, mainly attracts, besides the Luxembourg population, Belgian consumers (Bastogne region).

Here we find some 60 shops with a gross letting area of over 26,000 m². This shopping centre also houses nationally and internationally renowned brands.

Both shopping centres could also attract important new retailers in 2016 and remain nearly entirely let.

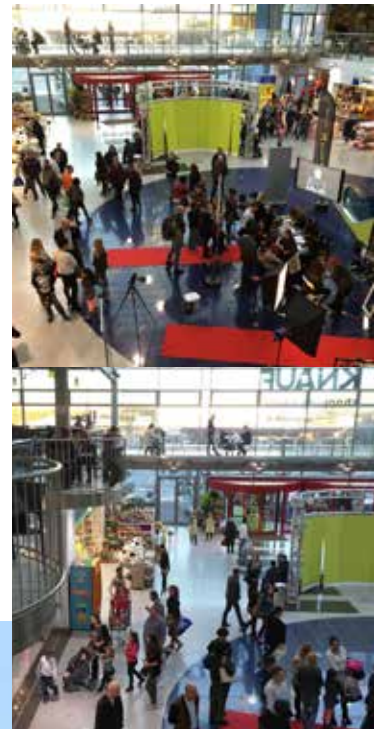
The marketing plan developed in 2014, is currently being implemented.

The footfall for both shopping centres shows a mainly increasing trend a/o because of the non-present terror level in the Grand Duchy of Luxembourg, in comparison with Belgium. Besides marketing actions, the favourable (or not) weather conditions and public holidays (the shopping centres are both open on Sunday and on public holidays) can affect the footfall.

Thanks to their diverse offer (shops, restaurants, etc.) both shopping centres can be considered as a daytrip by consumers.



KNAUF
shopping center
knaufshopping.lu



Schmiede



Schmiede

Year of construction: **1995**

32,908 m² shops - 2,776 m² offices - 1,200 parking spaces

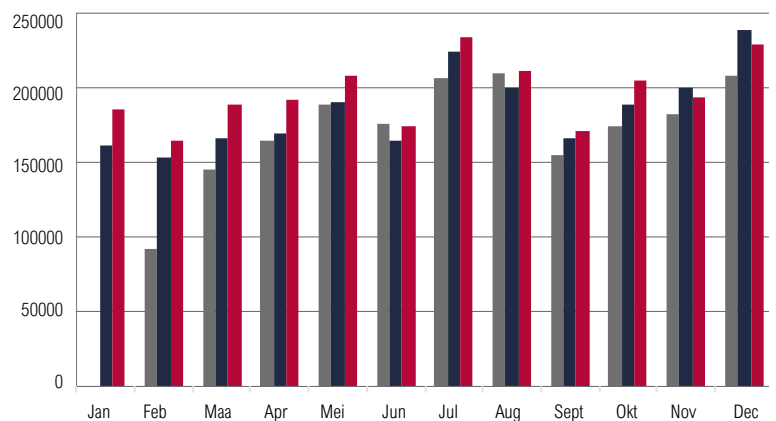
Occupancy rate: **96,23%**

Total investment: **€ 74.5 million**

Rental yield* (average): **7.29%**

Evolution of footfall **Schmiede**

■ 2016 ■ 2015 ■ 2014



Pommerloch

Year of construction: **2002-2011**

25,096 m² shops - 2,651 m² offices - 1,013 parking spaces

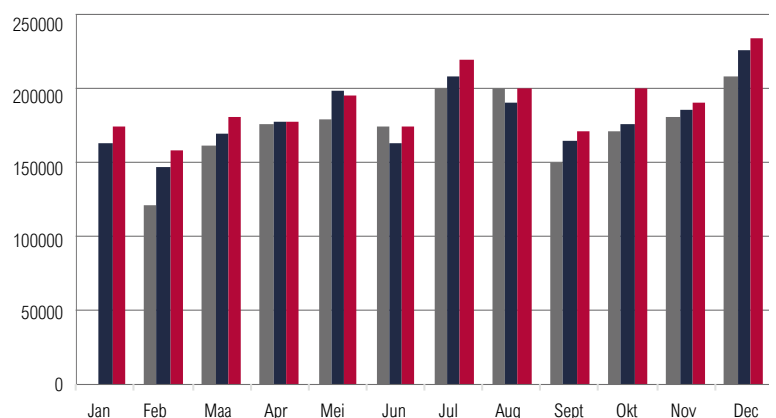
Occupancy rate: **100%**

Total investment: **€ 96.5 million**

Rental yield* (average): **6.81%**

Evolution of footfall **Pommerloch**

■ 2016 ■ 2015 ■ 2014



TREESQUARE BRUSSELS, BELGIUM

Office building Treesquare (previously Square de Meeûs) that became vacant as of Q2 2015 is situated in the heart of the Brussels’ Leopold district, which is still the best office location in Belgium. Treesquare benefits from a unique location amidst the European district and the outlook is that the demand for such performing buildings will be sustained (see real estate market report), due to the scarcity in new high-quality office buildings. Consequently, the newly constructed office building is expected to be fully let as of its reception the fourth quarter of 2017.

This building of 6,565 m² is entirely rebuilt as an AAA building that will meet the highest quality standards as to technology and sustainability (BREEAM ‘excellent’ certificate expected).

The urban permit has been delivered in January 2016, demolition of the old office building has been finalized in the meanwhile and the construction works started in September 2016.



A SERENE CORNER OF CENTRAL BRUSSELS

Luxurious and contemporary, this premium office project on the Square de Meeûs delivers the perfect combination of light, space and symmetry. An exceptional design offering modular spaces, Treesquare has been conceived and crafted to reflect the truly remarkable location it occupies. The quality throughout is reinforced while the finishes, inspired by nature, are testimony to the thought, detail and attention you'll experience wherever you are in the building.



Breem: excellent (objective for **2017**)

Year of construction: reconstruction by **2017**

6,565 m² offices

Total investment: **€ 17.9 million**

Rental yield* (2017): **5.50%**

MONTOYER BRUSSELS, BELGIUM

The office building Montoyer 63 that was let till December 2016 to the European Parliament, is being entirely demolished and reconstructed, and will comprise 6,570 m² state-of-the-art office space. Montoyer 63 is also located in the heart of the Brussels' Leopold district (CBD) amidst the European institutions, where there is still a scarcity in new high-quality office buildings and where lettings are concluded at top rents (see real estate market report).

In 2016 Leasinvest Real Estate concluded a usufruct agreement for a fixed period of 21 years (see Annual report) with the European Parliament that will enter the building as of its reception.

The urban permit has been granted at the beginning of January 2016 and the objective for this building is to obtain a BREEAM 'excellent' certificate. The demolition works start in Q1 2017 and the reception of the building is foreseen in the second quarter of 2018.



Breem: excellent (objective for **2018**)

Year of construction: reconstruction by **2018**

6.570 m² offices

Occupancy rate (2018): **100%**

Total investment: **€ 16.8 million**

Rental yield* (2018): **4.25%**



© SVR Architects

REAL ESTATE MARKET IN 2016

The information on the real estate market below comprises extracts from the real estate market reports of Cushman & Wakefield, for the Grand Duchy of Luxembourg and Belgium, of SPG Intercity for Switzerland and of CBRE for Austria, reproduced with their consent, and of which the contents have not been controlled.

GRAND DUCHY OF LUXEMBOURG

INVESTMENT MARKET

Invested volumes at a record high since 2010 with over € 1.2 billion

More than € 420 million have been invested in Q4, bringing the total for the whole year to € 1.2 billion, an increase of 7.7% compared to 2015.

The low interest rates environment and the importance of available equities contributed to boost investors' appetite for the Luxembourg market in 2016. As no changes are forecasted regarding the interest rates, activity should remain dynamic in 2017.

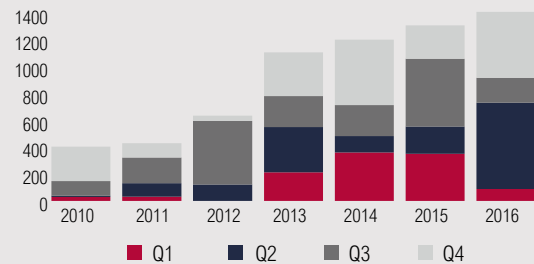
Investors' appetite remains mostly oriented towards office assets with 75% of total volume in 2016, among which the divestment of our office building Royal20 at boulevard Royal in the city centre of Luxembourg (see Management report – activity report). Only two transactions for a total of € 86 million were recorded in retail, counterbalancing the huge activity observed in 2015 with the sale of Royal Hamilius.

In 2016, the share of domestic investors in the total remained around 12%, as it was the case in 2015. Competition is increasing in Luxembourg as investors are not only coming from the neighbouring countries but also from Russia, the Middle-East and the United States. The most active investors in 2016 however came from France.

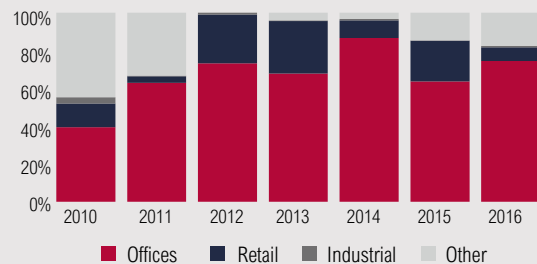
Office market: investment volumes at their highest, prime yield at its lowest

In 2016, the office investment volume stands at € 900 million, an increase by 26% compared to 2015. The increasing competition for prime assets and the historically low interest rates environment contributed to a strong compression of the prime yields in Europe and in Luxembourg. At the end of the year, prime office yields reached a historically low 4.5%, coming from 5.2% two years ago. Further slight compressions are not to exclude in the coming months as the environment remains favourable and the competition buoyant.

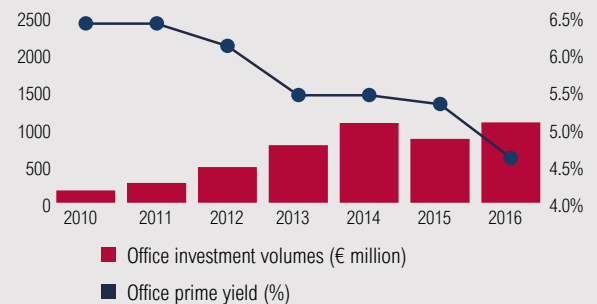
Quarterly invested volumes in € million



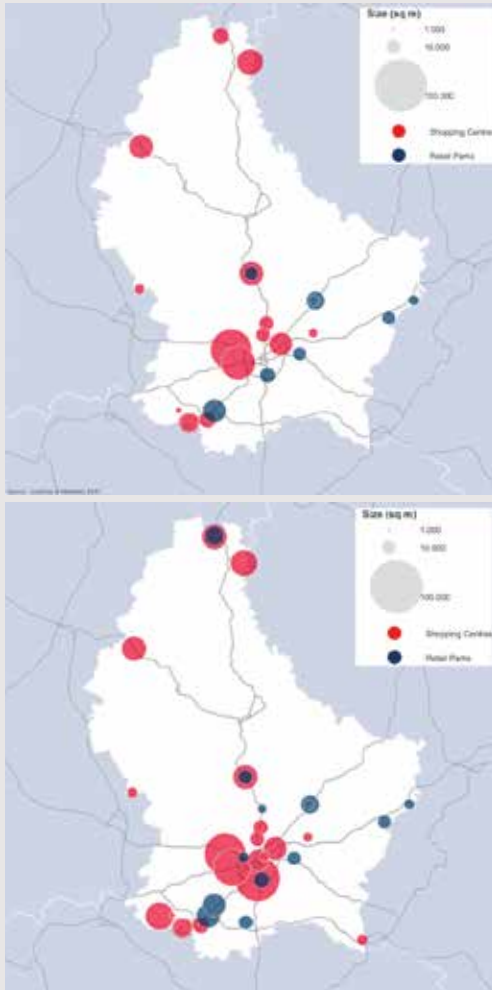
Breakdown of investments by sector



Office investment volumes (€ million) & office prime yield (%)



Shopping centre and retail park locations in 2016 (Left) and Retail locations in 2020 (Right) in Luxembourg



Retail market: limited investment activity due to lack of suitable stock

Investment activity has been limited in 2016, with only two retail investment transactions recorded for 2016. This is mainly due to a lack of suitable stock for investors, as there is still good demand for the right opportunities. Previously dominated by Luxembourg and Belgian actors, the retail investment market is becoming more and more international, following the trend observed in the office sector.

Prime retail yields are at historically low level in every retail segment. In the high streets, prime retail yields are currently standing at 4.0%, following a strong compression that started at the end of 2014. The compression is also important in the out-of-town segment where prime yields are currently standing at 6% coming from 7% in the beginning of 2012. In the shopping centre segment, prime yields are more stable, recorded at 5.25%. However, a further yield compression is forecasted in the coming months as new shopping centres will enter the market and should witness a huge appetite on the investment market. In the coming four years some 220,000 m² of retail developments will be delivered in Luxembourg (Royal Hamilius, Infinity (ex-Portes de l'Europe) & La Cloche d'Or).

RENTAL MARKET

Office market: take-up at a high, only secondary to the extraordinary 2015

Despite a 35% decrease compared to 2015, the take-up stands at a high 215,700 m² for the whole year. Apart from the atypical year 2015 (boosted by occupations of the University in Esch-Belval and the different occupations of the European institutions) this is the highest average size recorded since 2010. Conversely to 2015, the financial sector played a major role with a share of 47% of the take-up in 2016. The service firms are on the downside with 12% and the public bodies only accounted for 23,000 m² versus 190,000 m² in 2015.

The plateau du Kirchberg is increasingly sought after by occupiers with a take-up that evolved from 16% in 2010 to 40% end 2016. Globally, more than 75% of the activity is located in Luxembourg City in 2016, the highest level of these last years.

The office stock continues its slight and continuous increase. From 3,682,000 m² in 2015, the office stock is now standing at 3,770,000 m². The strong increase of the office stock observed in the Kirchberg these last years contributed to propel this district as the biggest one of the Luxembourg office market (28%), where our Monnet building is located, substantially renovated in 2015 and entirely re-let before the end of its renovation. The importance of this district is set to increase in the coming years as the tram should reinforce its accessibility and as important land plots remain available for future developments. The stock in the CBD, where Leasinvest Real Estate owns 2 office buildings, Montimmo and av. Monterey, is also on a slight and continuous increase, currently standing at 22% of the Luxembourg office stock.

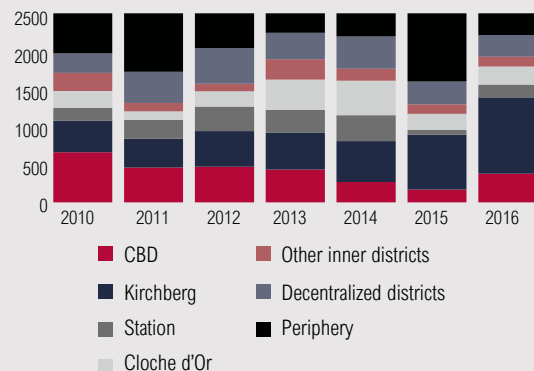
An impressive 212,000 m² is forecasted to enter the market in 2017, of which 172,000 m² committed and only 39,000 m² speculative. In the longer term, the speculative pipeline remains very low with only 33,000 m² awaited up to 2020.

The vacancy rate remained relatively stable in 2016 at 4.9% end 2016 compared to 4.4% end 2015. The CBD and Kirchberg recorded the best performances, helped by the high level of take-up recorded all over the year. The situation strongly improved in the Decentralized areas end 2016, with a vacancy rate of 10.7% coming from 14% in 2014 and over 20% in 2010. Conversely, the situation has worsened in the Periphery with a vacancy rate of 6.8% end 2016 compared to 5.6% end 2015, mostly due to the delivery of speculative projects at the end of the year.

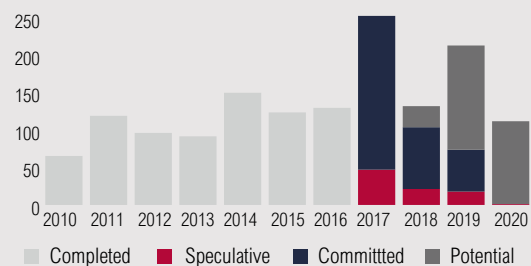
The prime rents witnessed slight increases at the end of 2016 in the CBD and other inner districts. In the CBD, the prime rents are now standing at € 46/m²/month and further increases are foreseen in the coming months, with prime rents expecting to reach € 48/m²/month by the end of 2017.

The prime rents remain stable in the rest of the Luxembourg office market with Station being the second most expensive district (€ 36/m²/month), followed by Kirchberg (€ 35/m²/month and expected to increase further).

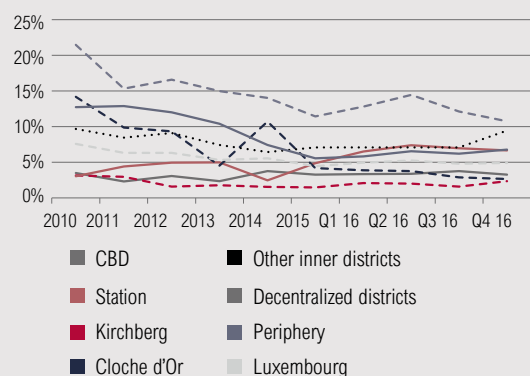
Take-up per district (%)



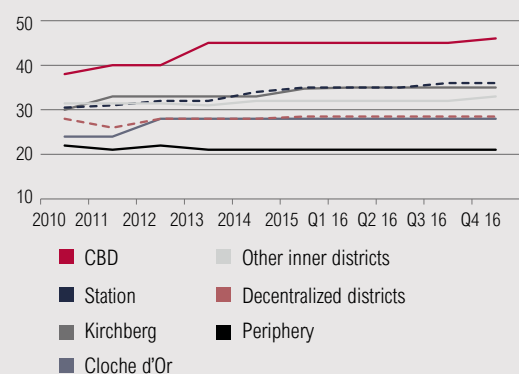
Deliveries and pipeline, in 000 m²



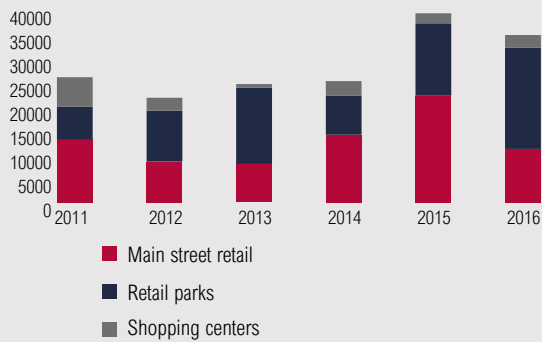
Vacancy rate by district in %



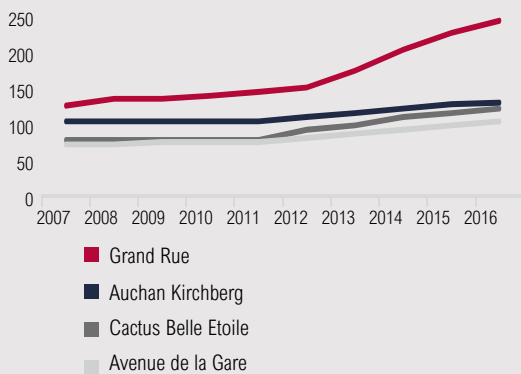
Prime rents by district, in €/m²/month



Retail take-up (m²)



Retail prime rents Luxembourg, €/m²/month



Retail market: healthy take-up level

After a very strong 2015 with more than 37,000 m² take up, 2016 is another year with a healthy take-up level of 33,000 m².

The average space per transaction has increased significantly over 2015 and 2016, especially for out of town shops. Several of the notable retail transactions consist of new or almost new brands for this market, reflecting the dynamics of the Luxembourg retail scene: FNAC, ba&sh, Chausséa, Action, etc., most of which are international players who, over recent years, accounted for 60% of retail take-up. Given the success of out-of-town retail, the most active sector, there is also upward pressure on rents in prime peripheral locations, such as our retail park Strassen that is currently being redeveloped in 2 phases, and where our tenant Roller also renewed its rental contract for a fixed period of 15 years in 2016 (see Annual report, activity report). In out of town sites like Foetz, where Leasinvest Real Estate owns 1 retail building (see further), rents currently stand at € 19 to € 22/m²/month. Given the actual demand for prime out-of-town locations in Luxembourg we expect these rents to grow to € 23-25/m²/month over the coming years.

As to shopping centres, in many countries prime shopping centre rents are only a fraction of top main street rents; in Luxembourg the top shopping centres like Auchan Kirchberg (€ 115/m²/month) or Belle Etoile (€ 105/m²/month) have prime rents that come relatively close to the high street rents.

It is expected that the upward pressure on rents will ease given the relatively large pipeline for shopping development over the coming years (some 220,000 m² with Royal Hamilius, Infinity (ex-Portes de l'Europe) & La Cloche d'Or).

BELGIUM

INVESTMENT MARKET

Strong performance and intense appetite

More than € 3.8 billion were invested globally in the commercial real estate markets in 2016, of which close to 50% in offices. Despite an 11% decrease compared to 2015, interest remains high and a new increase is expected in 2017. The retail sector recorded close to € 1.2 billion, the second best year ever in Belgium.

The low interest rates environment and the appetite of institutional investors push the yield downward in every sector, with a LT prime office yield as low as 3.65% and further yield compressions expected in 2017.

Office market: highest investment level since 2007

The office sector recorded a 20% increase of the invested volume in 2016. Activity was intense across 2016 and should remain important in 2017, despite the growing uncertainties (mainly linked to the implementation of the Brexit, the future decisions by President Trump, the growth of populism and the future elections in France, Italy, the Netherlands and Germany).

The importance of available equities and the appetite of institutional funds, combined with the yield compression, contributed to an increase of the average size of the deal which stands around € 40 million in 2016.

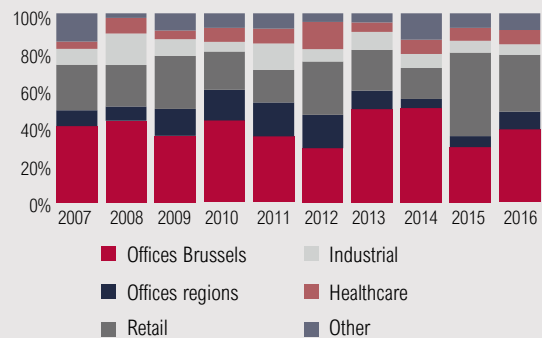
Despite being on the decrease compared to 2015, Belgian players remained the most important investors in 2016 representing 45% of the total office invested volume, followed by Asian investors who represented more than 20%.

Of the € 1.8 billion invested in the office sector, 80% was located in Brussels, which remains by far the most liquid market in Belgium. Investors are mainly seeking secured assets and the best locations and competition was intense for core products.

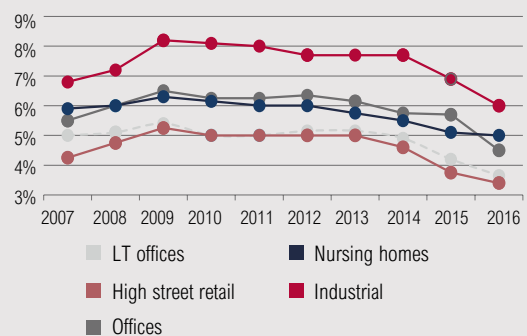
Following the historically low interest rates environment and the willingness of the ECB to continue to help the economic recovery (QE program and low interest levels) a strong yield compression has been observed in 2016, especially for long-term and core assets in the CBD.

Yields remain more stable in the Decentralised districts and in the Periphery though a future compression is not to be excluded. As interest rates should remain low in 2017, albeit limited, compressions are still forecasted in the coming months.

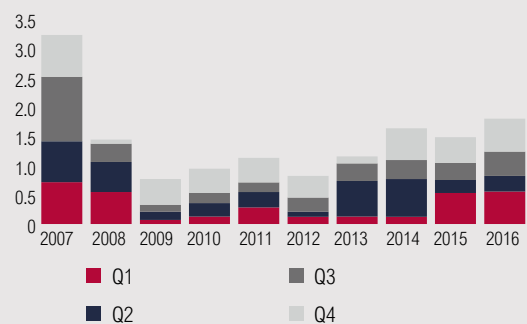
Breakdown of investment volumes by sector



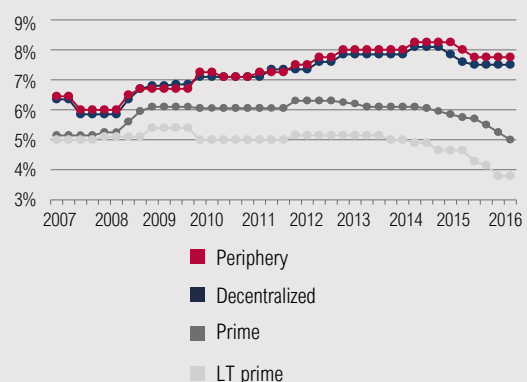
Prime yields for selected sectors



Office invested volumes in € billion



Prime office yields in Brussels (%)



Retail market: improved consumer confidence and growing activity

Consumer confidence levels improved significantly over the last quarter of 2016, underpinning the gradual economic recovery, after a turbulent first half of 2016 with terrorist attacks, political turmoil and corporate restructurings.

There is strong demand from local as well as international institutional investors. Belgian REITs like Retail Estates and Ascencio were active in the last quarter of the year. Private investors continue to show good appetite for small, medium and even large lot sizes across all retail segments.

Prime yields have hardened over the years in all retail segments, with the out-of-town segment standing at 5.35%.

RENTAL MARKET

Office market: best year since 2010, mostly thanks to public bodies

Thanks to significant transactions from the public sector activity reached a strong 454,000 m² (of which 300,000 m² in the central districts) in 2016, 50% more than in 2015 and the highest level observed since 2010. This strong increase is mainly due to the public sector, which contributed more than 160,000 m² and knowing that its restructuring process is mostly achieved, the future moves will only be for relocation purposes in the coming years. The private sector is globally on the downside since the crisis, with an average take-up over the last five years of 285,000 m² compared to 400,000 m² on average during the 2000-2010 period. The new way of working, co-working and disruptions in technology have a strong impact on the needs for infrastructure and should contribute to a further decrease of the take-up in the coming years.

In 2016, more than 185,000 m² of take-up (40% of total) is located in grade A buildings, such as our redevelopments Treesquare and Montoyer 63 in the Brussels CBD. This confirms the increasing willingness of occupiers to be located in recent and efficient office spaces.

The vacancy rate, currently standing at 9.2% has continuously, though slowly, decreased since the peak reached mid-2010, mainly thanks to the low level of speculative projects which entered the market in the last years and the office reconversions into nursing homes, schools or residential units.

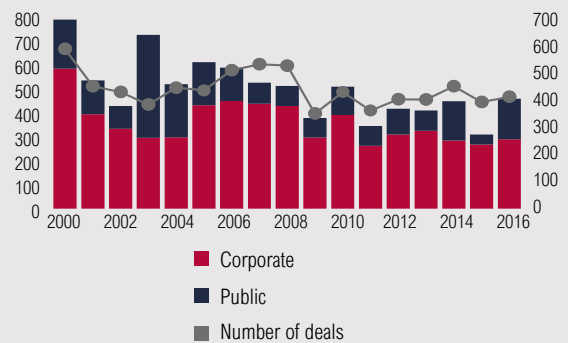
The vacancy rate in the central districts stands at 6% thanks to the low level of speculative developments and the increasing concentration of the occupiers (Centre and Leopold district with respectively 5.25% and 5.35%).

Of the 240,000 m² delivered in 2016, 86,000 m² were launched without a tenant and 15,000 m² remain currently empty. If the pipeline for 2017 is significant (> 250,000 m²), only 32,000 m² are launched on a speculative basis. In the longer term, the pipeline is huge with potentially over 450,000 m², though developers are mainly awaiting tenants to start the construction. Most of these projects are located in the North district, which is definitively the main issue for the Brussels office market in the coming years. Our building Tour & Taxis Royal Depot is also located in the North district, but due to its uniqueness and situation, the building is successfully let.

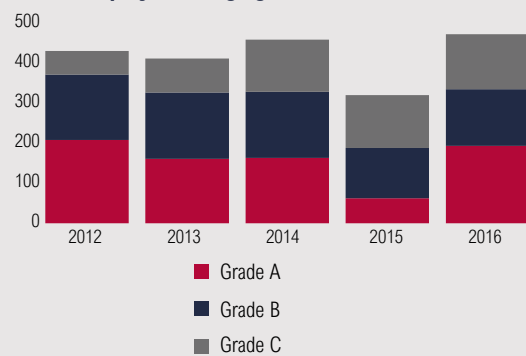
No changes of the prime rent were observed in 2016 in the Brussels office market, which still stands at € 275/m²/year in the Leopold district. A slight increase is forecasted in 2017. The average rents witnessed a slight rise and amount to € 160/m²/year. Here also slight increases could take place in 2017.

As to regional take-up, Mechelen recorded one of its better years. Leasinvest Real Estate renewed its rental contract with the current tenant for half of the space for the office building Motstraat, while the other half will a/o comprise a business center (see Annual report – activity report).

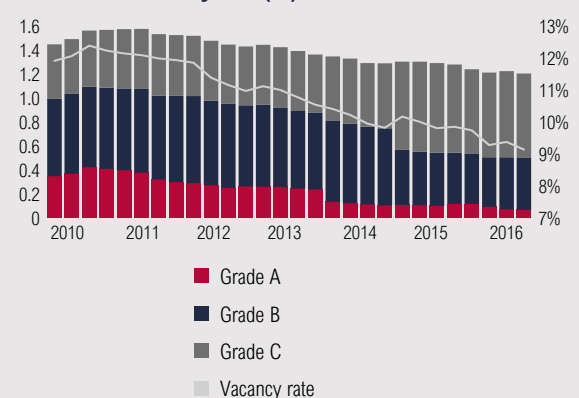
Public and private take-up (000 m²) and total number of deals



Take-up by buildings grade in 000 m²



Vacancy by building grade (million m²) and Brussels vacancy rate (%)



Retail market: healthy occupier demand

There is good activity from international mid- and mass-market retailers. Reduced margins and international bankruptcies have prompted some brands to leave the market, although there have been enough newcomers replacing them. Several international retailers are searching for opportunities to open anchor stores in core locations, but decisions take rather long.

The opening of the 45,000 m² Dockx Brussel shopping centre in October was a huge success, but it still has to confirm over a longer period.

SWITZERLAND

RETAIL INVESTMENT MARKET

Stable yields thanks to scarcity of available buildings and strong demand

Due to specific legal restrictions (prohibiting the acquisition of residential investment properties by foreign buyers) for real estate acquisitions, the Swiss real estate investment market is divided into two defined sub-markets: residential and commercial (i.e. office, retail, hotel, industrial and logistics).

On the commercial side, the market is still dominated by Swiss investment funds and Swiss pension funds, focusing on prime office and retail properties. For this type of real estate, net yields of 3 to 4% are recorded the last years, reflecting the lack of available properties and strong demand. The latest commercial transactions (offices and retail) in centres such as Geneva show very aggressive yields for let buildings. As an example, transactions for those types of buildings in the city centre of Geneva are realized at gross yield levels between 2.95% and 3.8%.

In the periphery, 2016 confirmed the more cautious attitude of investors, that are highly vigilant as to break dates of rental contracts and rent levels, even for new and entirely let buildings. Overall, yields remained relatively stable for buildings offering a highly secure rent level.

For the retail sector and because of the small size of the Swiss real estate market, the investment activity remains rather limited. The most important sites are mainly held and occupied by retailers, such as Coop and Migros, not inclined to sell their assets and preferring to remain the owners of their buildings. Historically, foreign investors have been important actors on the investment market, more specifically for well-located sites in the periphery and for retail parks. They have strongly contributed to the development of the retail market in Switzerland in specific zones.

The yield levels recorded in the retail sector have even more widened in 2016; this mainly indicates anticipating the rental risk for commercial buildings. For these top buildings, low yields of less than 4% are still recorded. In the periphery, the latest transactions indicate a more cautious approach of investors. The net yields amount to between 5.5% and 6.5%.

RETAIL RENTAL MARKET

Retail parks still benefit from a sustained demand

One of the most remarkable phenomena recorded in Switzerland over the past 10 years, is the development of retail parks. The major part of the retailers focus on specific zones in the periphery of the cities that are easily accessible by car. The majority concerns furniture (Ikea, Pfister, Top Tip, Conforama, Interio, Micasa) and D-I-Y (Hornbach, Coop Bau+Hobby, Jumbo, Migros Do It + Garden, Obi), followed by pet stores (Fressnapf, Qualipet), sports (Ochsner Sport, Decathlon, SportXX, Athleticum) and electronics (Media Markt, Interdiscount, M-Electronics).

In 2016, this sector kept on benefiting from a relatively sustained demand, more specifically in the most appealing locations such as Geneva and Vaud, where Leasinvest Real Estate became the owner of 3 excellently located retail buildings at the end of 2014 (see Real estate report at page 115).

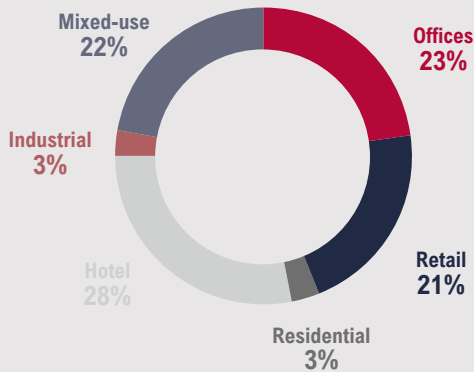
No raise of the rents is however recorded, showing the pressure on retailers' turnover.

The current developments are very limited and slowed down by the cantonal and communal limitations, related to traffic and nuisance from those types of activities. Consequently, there is only 1 current development of this type in Geneva in the airport sector with a pre-letting of the totality of the surfaces.

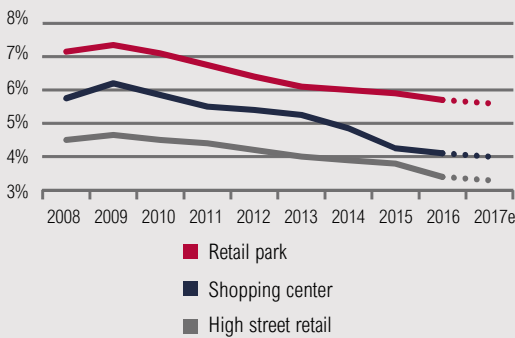
E-commerce has definitively become the main challenge for traditional retailers. This important change in consumer behaviour has a direct impact on sales, and the brands had to adjust to this new commercial environment, its impact differing per sector. Mainly clothing and electronics sectors undergo the consequences and are subject to major changes.

The consequence is a decrease in the demand for retail space. As this trend will sustain the coming years, new models for shopping centres are developed, with also a strong demand for logistics spaces and showrooms with the main objective to create consumer experiences.

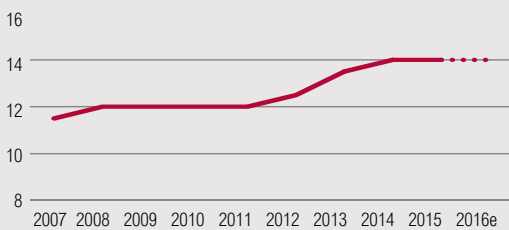
Investment volume by sector in Q4 2016



Retail prime yields on an annual basis



Development of prime Retail park rent Austria 2007-2016e (€/m²/month)



AUSTRIA

INVESTMENT MARKET: TIGHT SUPPLY AND HIGH DEMAND DRIVES YIELD COMPRESSION TO AN ALL-TIME LOW

In 2016 the total investment volume in the Austrian commercial real estate market amounted to around € 2.8 billion. This figure reflects a decrease of ca. 29% compared to the record level of 2015, but was still around 16% higher than the 5-year-average. Real estate investments in Vienna represented ca. 60% of the Austrian total. International investors accounted for 46% of this volume, while local investors represented 54%.

Hotel properties, with around 28%, followed by office properties with ca. 23%, become the strongest asset classes in terms of the transaction volume in Q4 2016. The share of retail, among which the acquisition by Leasinvest Real Estate of the Frun® Retail park in Asten, and mixed-use estates totalled about 21%, and ca. 22% of investment volume, respectively.

In common with the previous quarters, prime yields in most commercial real estate sectors declined further in Q4 2016. Prime yields for shopping centres and retail parks in Austria were also under pressure and achieved around 4.15% and ca. 5.70% at the end of 2016 (Q3 2016: ca. 4.10% and ca. 5.75%).

RENTAL MARKET: NEW SUPPLY IN THE AUSTRIAN RETAIL MARKET WAS SUPPORTED BY MAJOR EXTENSIONS

During the first three quarters of 2016 about 76,000 m² of new shopping centre supply was completed (2015 total: 84,000 m²) and approximately 46,000 m² of extensions of existing shopping centres were recorded.

Up to the end of Q3 2016 around 20,000 m² of new leasable area was completed in Austrian retail parks. Due to the fact that there were no large-size completions of retail parks in the pipeline for Q4 2016, the amount of new supply in 2016 was significantly lower than last year's supply (2015: 32,000 m²). The prime rent for Austrian retail parks remained at ca. € 14/m²/month.

REAL ESTATE PORTFOLIO



SITES	LUXEMBOURG	BELGIUM	SWITZERLAND	AUSTRIA
Retail	9	1	3	1
Offices	6	6		
Logistics/semi-ind.	1	6		

GRAND DUCHY OF LUXEMBOURG

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

LOCATION	DESCRIPTION	CONSTRUCTION	SURFACE
Shopping center Knauf, Schmiede	Shopping center with 40 shops, located in the North of the Grand Duchy of Luxembourg, on the border of the 3 countries Luxembourg, Belgium and Germany	1995	35,684 m ²
Shopping center Knauf, Pommerloch	Shopping center with 60 shops, located in the North of the Grand Duchy of Luxembourg, near Bastogne in Belgium	2002	26,251 m ²
Route d'Arlon 2, Strassen	Retail site located at an important entrance to the City of Luxembourg, namely the Route d'Arlon • Redevelopment phase 1 2017	1988	22,721 m ²
Hornbach, 31, Rue du Puits Romain, Bertrange	Retail site situated in Bertrange, Bourmicht	2008	12,153 m ²
Rue du Cimetière/An der N7, Diekirch	Retail building situated at the N7 in Diekirch	1996	7,703 m ²
Rue du Cimetière/An der N7, Diekirch	Construction additional retail building	2011	1,356 m ²
Rue du Brill, Foetz	Retail building situated next to Cora	1987	4,219 m ²
Place Schwarzenweg, Dudelange	Commercial building consisting of galleries, commercial spaces, bakeries, reserves, sales points, offices and a cafeteria	1991	3,759 m ²
Rue du Curé, Diekirch <i>Co-ownership</i>	Shop on ground floor with amenities limited to the 1 st and 2 nd floors and underground parking, part of a mixed building (commercial/ residential)	1994	3,100 m ²
EBBC (building d), Route de Trèves 6, Senningerberg <i>Co-ownership parking and parking zone</i>	Is part of an office complex of six buildings at walking distance of Luxembourg airport	1988	3,665 m ²
Rue Jean Monnet 4, Luxembourg	Flagship of the portfolio due to its location, architecture and excellent finishing • Partial renovation in 2011 • profound renovation in 2015	1992	3,866 m ²
Avenue J.F. Kennedy 43, Luxembourg <i>Co-ownership</i>	Exceptional location at the heart of Kirchberg, next to the Auchan shopping center • Rental surface offices 1 st and 3 rd floors	1999	2,270 m ²
Route d'Esch 25, Luxembourg	Situated nearby Banque Internationale du Luxembourg's head offices at the route d'Esch	1992	1,839 m ²
Montimmo, Avenue Monterey 35, Luxembourg	Situated in one of the most important streets of the Central Business District of the City of Luxembourg	2009	1,760 m ²
Avenue Monterey 20, Luxembourg	Office building with standing, situated at the Boulevard Monterey, one of the most prestigious locations in Luxembourg	2001	1,555 m ²
CFM, Rue Guillaume Kroll, Luxembourg	Industrial complex which serves as service center, distributor, wholesale in sanitary fittings, on the one hand, and an office complex on the other hand • Renovated and extended in 2008	1990	19,987 m ²

BELGIUM

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

LOCATION	DESCRIPTION	CONSTRUCTION	SURFACE
Brixton Business Park / Brixtonlaan 1-30, Zaventem•	Business park alongside the E40 motorway, consisting of 6 semi-industrial buildings and 1 large retail site • Renovations executed in function of new tenants	1975/88	36,122 m ²
Royal Depot Tour & Taxis Brussels	Multi-functional and 'multi-tenant' building with 4 floors, spread across offices (32,076 m ²), commercial spaces (7,293 m ²) and archives (5,835 m ²)	1910	44,603 m ²
Riverside Business Park, Boulevard International 55, Anderlecht•	Business park in a verdant setting consisting of 12 buildings, 9 of which are office buildings and 3 are semi-industrial units • Different partial renovations 2005-2010	1992/96	26,826 m ²
The Crescent, Route de Lennik 451, Anderlecht•	Office building in the Erasmus Science Park in Anderlecht • Renovated into a 'green intelligent building' in 2010/2011	2002	15,132 m ²
Motstraat, Malines•	Office complex • Development of business center in 2017	2002	14,174 m ²
rue Montoyer 63, Brussels•	Extremely well located office building • Partially renovated in 2003 • renovation entrance hall and sanitary fittings 2009-2010 • Reconstruction by second quarter 2018	1974	6,052 m ²
Treesquare Brussels•	Very well located office building • Renovated to a large extent in different phases (period 1996-2002) • Entire reconstruction with reception foreseen end 2017	1974	6,565 m ²
Canal Logistics, Neder-over-Heembeek Phase 1•	State-of-the-art logistics center with 1,250 m ² offices	2010	27,682 m ²
Prins Boudewijnlaan 7, Kontich•	Distribution center • Extension in 2000	1989	27,589 m ²
Nijverheidsstraat 96, Wommelgem•	Storage and distribution site with offices • Equipped with solar panels and extended with 500 m ² of extra office space in 2010	1992/93	26,590 m ²
SKF, Tongres•	Distribution center consisting of storage halls and offices • Extension by 6,800 m ² of logistics space in 2015	1993/03	32,672 m ²
Vierwinden Business Park/ Leuvensesteenweg 532, Zaventem•	Semi-industrial business park • Renovated in 1994 and 1998 (sale Units A and B front part in January 2013 – 6,526 m ²)	1973	7,098 m ²
State Archives Bruges, Predikherenrei 4, Bruges	Building with 29 linear kilometers of archives	2012	6,097 m ²

SWITZERLAND

All investment properties in Switzerland are directly held via Leasinvest Immo Lux, of which Leasinvest Real Estate is the 100% shareholder.

LOCATION	DESCRIPTION	CONSTRUCTION	SURFACE
Route de Buchillon 2, Etoy	Retail building located in retail park Littoral	2005	5,126 m ²
Route des Paquays, Villeneuve	Retail building located in retail park Pré Neuf	2005	3,505 m ²
Rue du lac 12, Yverdon-les-Bains	City shop located in the main street	1990	3,018 m ²

AUSTRIA

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

LOCATION	DESCRIPTION	CONSTRUCTION	SURFACE
Frun® Park Asten, handelsring 8-10, 4481 Asten	The Frun® retail park in Asten is situated at 200 km of Vienna and nearby Linz and comprises 26 shops and 600 parking spaces	2013	18,300 m ²

ANALYSIS OF THE REAL ESTATE PORTFOLIO BASED ON FAIR VALUE

EVOLUTION OF FAIR VALUE

The fair value slightly decreases to € 860 million by the divestment of the completed office building Royal20 in the Grand Duchy of Luxembourg, not entirely compensated by acquisition of the Frun® retail park in Asten, Austria. Even after adding this 4th country, the portfolio in the Grand Duchy of Luxembourg remains the most important with a share of 49%, followed by Belgium with 42%, Switzerland with 5% and Austria with 4%.

ASSET CLASSES

Retail remains the main asset class with 48%, while the offices part again decreases to 37%, of which the majority is situated in Belgium, since the acquisition of the Royal Depot at the Tour & Taxis site in Brussels. Logistics currently amounts to only 15% and is no longer considered to be strategic.

AVERAGE AGE

37% of the buildings have less than 15 years, 63% of the buildings have more than 15 years (of which an important part is retail).

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

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

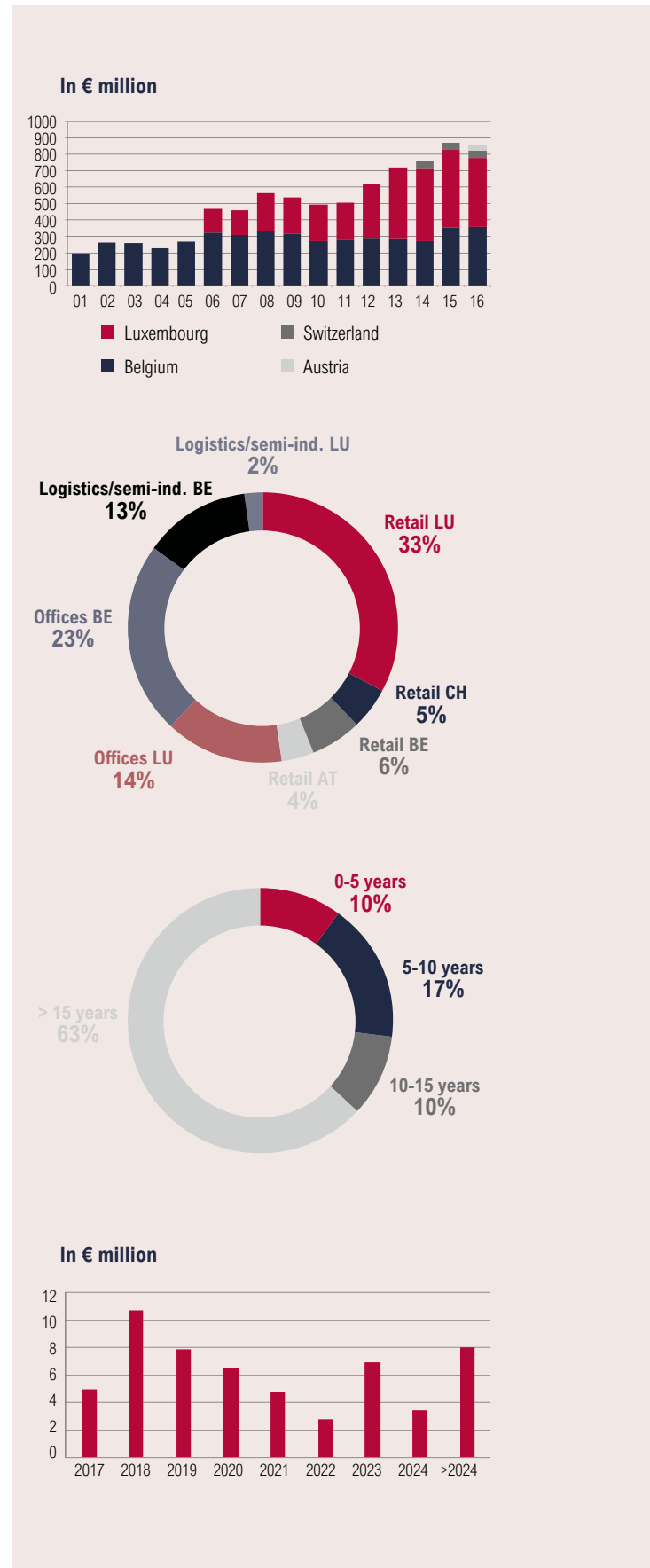
The average remaining duration of the rental contracts amounts to 4.37 years (2015: 4.84 years).

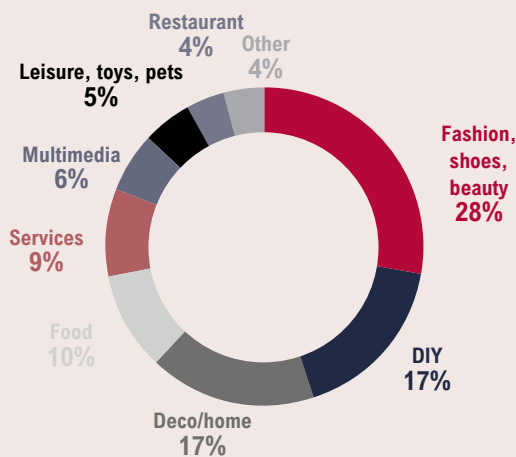
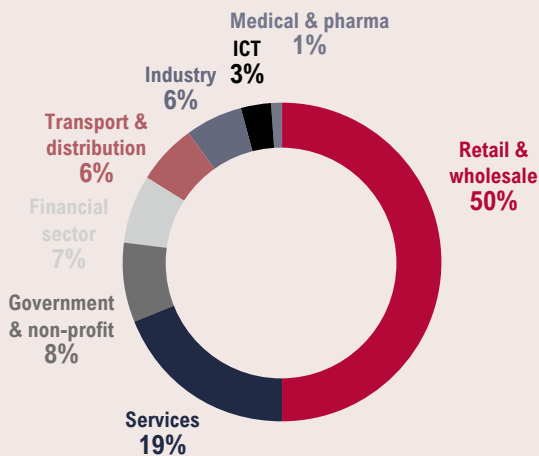
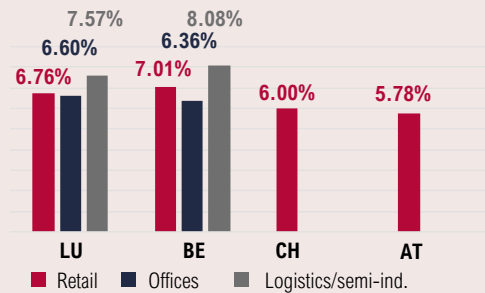
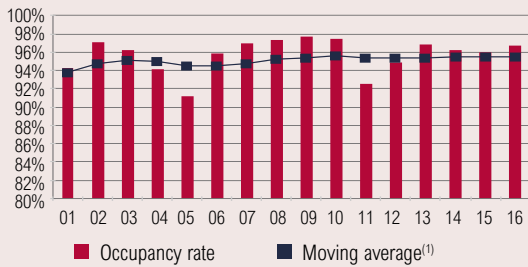
41% of the annual contractual rents expire within 3 years.

In 2016 10.7% of the annual contractual rents expired. The contracts were for the largest part all renewed or filled-in by other tenants, at competitive conditions.

The breaks in the coming years amount to, respectively 9% in 2017, 18% in 2018 and 14% in 2019.

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





OCCUPANCY RATE

Occupancy rate increases to 96.77%.

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

DETAILS ON YIELD PER ASSET CLASS AND LOCATION (FAIR VALUE)⁽¹⁾

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

TYPE OF TENANTS BASED ON RENTAL INCOME

BREAKDOWN BY RETAIL CATEGORY

Retail and services account for nearly 70% of the portfolio.

COMPOSITION OF THE REAL ESTATE PORTFOLIO BASED ON FAIR VALUE

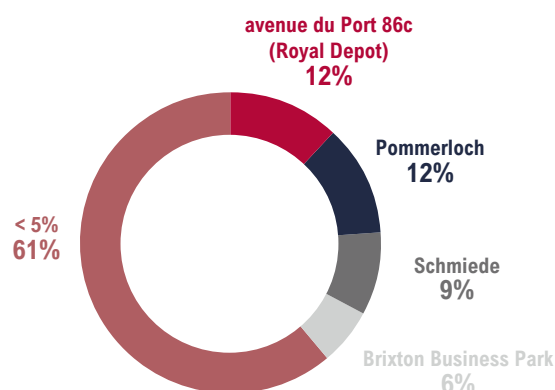
For more information on the segment information we refer to note 3 of the financial statements.

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

	FAIR VALUE (€ M)	INVEST- MENT VALUE (€ M)	SHARE IN PORTFO- LIO (%) < FV	CONTRAC- TUAL RENT (€ M/YEAR)	RENTAL YIELD * < FV (%)	RENTAL YIELD * < IV (%)	OCCUPAN- CY RATE (%)	DURATION
Grand Duchy of Luxembourg	421.19	427.58	48.98	28.93	6.87	6.77	98.30	4.50
Belgium	271.24	277.50	31.54	18.72	6.90	6.75	93.93	4.08
Switzerland	44.49	45.60	5.17	2.67	6.00	5.85	100.00	4.73
Austria	37.36	38.30	4.34	2.16	5.79	5.65	100.00	1.98
Real estate available for lease	774.28	788.98	90.04	52.48	6.78	6.65	96.77	4.37
Belgium	54.97	56.34	6.39	4.06				
Assets held for sale	54.97	56.34	6.40	4.06				
Projects Belgium	30.66	31.43	3.57	0.00				
Total investment properties	859.91	876.75	100.00	56.54				

The contractual rent mentioned is higher than the rental income recognized in the income statement, as the contractual rent annualizes the rental income of the acquisitions (the acquisition of the Frun® retail park in Asten, Austria was only recorded in the financial statements since November).

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



BREAKDOWN ACCORDING TO ASSET CLASS

	FAIR VALUE (€ M)	INVEST- MENT VALUE (€ M)	SHARE IN PORTFO- LIO (%) < FV	CON- TRAC- TUAL RENT (€ M/YEAR)	RENTAL YIELD * < FV (%)	RENTAL YIELD * < IV (%)	OCCU- PANCY RATE (%)	DURA- TION	ACQUI- SITION VALUE (€ M)	INSURED VALUE (€ M)
Retail										
Retail Grand Duchy of Luxembourg	278.56	281.36	32.4	19.53	7.01	6.94	98.93	5.20	257.20	230.92
Retail Switzerland	44.49	45.60	5.2	2.67	6.00	5.86	100.00	4.70	37.00	20.32
Retail Belgium	50.27	51.53	5.9	3.40	6.76	6.60	99.79	4.70	35.07	27.21
Retail Austria	37.36	38.30	4.3	2.16	5.78	5.64	100.00	2.00	37.09	19.07
Totaal retail	410.68	416.79	47.8	27.76	6.76	6.66	99.14	5.13	366.36	297.52
Offices										
Offices Grand Duchy of Luxembourg	123.69	126.80	14.4	7.87	6.36	6.21	96.41	3.00	103.59	73.49
Offices Brussels	145.50	149.14	16.9	9.10	6.25	6.10	90.18	3.00	175.41	168.98
Offices rest of Belgium	18.18	18.64	2.1	1.78	9.79	9.55	100.00	0.40	47.70	31.70
Total offices	287.37	294.58	33.4	18.75	6.52	6.36	93.57	2.77	326.70	274.17
Logistics/Semi-industrial										
Logistics/Semi-industrial Belgium	57.29	58.19	6.7	4.44	7.75	7.63	96.26	7.86	50.23	58.17
Logistics/Semi-industrial Grand Duchy of Luxembourg	18.94	19.42	2.2	1.53	8.08	7.88	100.00	1.00	13.40	5.73
Total Logistics/Semi-industrial	76.23	77.61	8.9	5.97	7.83	7.69	97.22	6.16	63.63	63.9
Investment properties										
Assets held for sale	54.97	56.34	6.4	4.06	7.39	7.21	100.00	5.70	47.62	57.47
Real estate available for lease	829.25	845.32	96.4	56.54	6.82	6.69			804.31	693.06
Projects Belgium	30.66	31.43	3.6						38.57	0
Total investment properties	859.91	876.75	100.0	56.54					842.88	693.06

	TOTAL SURF- ACE (IN M ²)	CONTRACTUAL RENT (M EUR/Y) (1)	OCCUPANCY RATE (%) (2)	CONTR. RENT + ERV ON VANCANCY (M EUR/Y) (3)	ERV (M EUR/Y) (3)
PART I: Retail					
Diekirch	3,100	0.67	100%	0.67	0.42
Dudelange	3,758	0.38	100%	0.38	0.38
Foetz - Adler	4,219	0.56	100%	0.56	0.56
Diekirch - Bätiself	8,843	0.90	100%	0.90	0.95
Diekirch - Siemes	1,356	0.23	100%	0.23	0.23
Strassen	22,818	2.51	100%	2.51	2.68
Hornbach	12,153	1.73	100%	1.73	1.74
Schmiede	37,017	5.65	96%	5.87	5.74
Pommerloch	31,480	6.90	100%	6.90	7.53
Total retail Luxembourg	124,744	19.53	99%	19.75	20.22
Littoral Parc - Etoy	5,126	1.22	100%	1.22	1.28
Pré-Neuf - Villeneuve	3,505	0.80	100%	0.80	0.80
Yverdon-les-Bains	3,018	0.65	100%	0.65	0.67
Total retail Switzerland	11,649	2.67	100%	2.67	2.75
Frun® park Asten	18,219	2.16	100%	2.16	2.16
Total retail Austria	18,219	2.16	100%	2.16	2.16
Brixton BP - Unit 4/5/6	15,072	2.21	100%	2.21	2.11
avenue du Port 86c (Royal Depot)	7,293	1.20	99%	1.20	0.91
Total Retail Belgium	22,365	3.41	100%	3.41	3.02
Total Retail	176,977	27.77	99%	27.99	28.15
PART II: OFFICES					
Montimmo	1,760	1.00	100%	1.00	0.84
EBBC	4,405	1.27	87%	1.45	1.44
CFM offices	5,560	1.39	100%	1.39	1.56
ESCH	1,845	0.56	89%	0.63	0.58
Kennedy	2,270	0.95	100%	0.95	0.86
Monterey	1,555	0.71	100%	0.71	0.69
Monnet	4,139	1.99	98%	2.02	1.76
Total offices Luxembourg	21,534	7.86	96%	8.14	7.73
Riverside BP	21,668	2.27	78%	2.82	2.54
route de Lennik, Anderlecht	15,610	1.78	88%	2.02	1.94
avenue du Port 86c (Royal Depot)	37,911	5.05	97%	5.22	5.35
Total offices Brussels (Belgium)	75,189	9.10	90%	10.06	9.83
WKB offices Motstraat	14,174	1.78	100%	1.78	1.78
Total offices Malines (Belgium)	14,174	1.78	100%	1.78	1.78
Total offices	110,897	18.74	95%	19.98	19.34
PART III: LOGISTICS					
CFM warehouse	14,428	1.53	100%	1.53	1.17
Total logistics Luxembourg	14,428	1.53	100%	1.53	1.17
Prins Boudewijnlaan 7	27,100	1.36	100%	1.36	1.09
Archives, Predikherenrei 3 - Bruges	5,974	1.21	100%	1.21	1.21
Total logistics Belgium	33,074	2.57	100%	2.57	2.30
Total logistics	47,502	4.10	98%	4.10	3.47
PART IV: INDUSTRIAL					
Riverside BP	5,181	0.36	92%	0.39	0.36
Brixton BP	21,974	1.33	97%	1.36	1.29
Vierwinden BP	5,611	0.19	62%	0.30	0.30
Total industrial Belgium	32,766	1.88	91%	2.05	1.96
Total Industrial	32,766	1.88	91.11%	2.05	1.96
General total without projects	368,142	52.49	96.77%	54.12	52.93
PART V: PROJECTS					
Square de Meeûs 5-6	5,845	0.00	0%	1.56	1.56
Rue Montoyer 63	6,684	0.00	0%	1.56	1.56
Total Projects Belgium	12,529	0.00	0%	3.12	3.12
Total Projects	12,529	0.00	0%	3.12	3.12
PART VI: ASSETS HELD FOR SALE					
SKF, Tongres	25,872	1.36	100%	1.36	1.35
Wommelgem - Nijverheidsstraat	26,351	1.34	100%	1.34	1.24
Canal Logistics - Phase 1	29,520	1.35	100%	1.35	1.36
Total held for sale Belgium	81,743	4.05	100%	4.05	3.95
General total with projects and assets held for sale	462,414	56.54	91.77%	61.30	60.00

(1) The difference between the contractual rent and the rental income as presented in the financial statements is mainly attributable to the fact that the investments in 2016 have only contributed to the rental income as from their acquisition, and that those in the table above are annualized.

(2) For the definition of the occupancy rate, we refer to the lexicon at page 220.

(3) The real estate experts (Cushman & Wakefield, Stadim, DTZ and SPG Inncity) base the definition of the estimated rent on their knowledge of the real estate market and recently realized transactions. The rental value is a/o influenced by: the situation, the suitability of the site, the qualities of the building and the market circumstances. The unit price granted is multiplied by the surface of the commercial building to obtain the total estimated rental value.

INSURED VALUE (SITUATION ON 31/12/2016)

In order to avoid a multitude of recourse claims and to benefit from favourable premiums, the standard rental contracts (and service agreements within the framework of the business center activities) of both Leasinvest Real Estate (LRE) and Leasinvest Immo Lux (LIL), define that the insurance contract of the specific building is concluded by the lessor for its total reconstruction value (its 'insured value'), including the tenant risk and similar risks, mutually waived, and additionally a loss of rent of 36 months ('the global insurance policy LRE/LIL'). A same arrangement has in the meanwhile been developed for both Knauf shopping centres, respectively properties of 100% LIL subsidiaries Porte des Ardennes Schmiede SA and Porte des Ardennes Pommerlach SA. The existing rental contracts stipulated that the landlord, respectively the tenants each had to insure their own risks of fire and related risks. In the new rental contracts the classic insurance clause is as of now included, stipulating that the landlord also insures the tenant risk, with a mutual waiver of recourse. Below will be explained that both shopping centres are as of now also part of the LIL global insurance policy.

In Belgium the insurance risk of this global insurance policy LRE ("All risks except") is subscribed by three insurance companies, namely ACE European Group Ltd. (60%), Baloise SA (20%) and BDM NV (20%). In the Grand Duchy of Luxembourg the main insurers of the Luxembourg market were actively invited to take part in a competition, also taking into account the important (in value) integration of both Knauf shopping centres in the LIL global insurance policy. The insurer Baloise Assurances Luxembourg SA, which is part of the Swiss insurance group Baloise, was elected as the winner and will as of now, starting 01/01/2017, subscribe the entire LIL global insurance policy.

Both in Belgium and in the Grand Duchy of Luxembourg the insurance portfolio is managed by the (largest Belgian independent) broker, Vanbreda Risk & Benefits SA and its Luxembourg subsidiary, Vanbreda & Lang SA (that also counseled Leasinvest Immo Lux during the competition mentioned above).

The insured value of the buildings in the global insurance policies LRE/LIL mentioned above, is based on an external 'new construction' valuation executed by certified real estate experts. Recent acquisitions are invariably subject to a valuation based on their new construction value, in order to exclude the risk of being underinsured (cf. infra). These insured values are consequently automatically indexed on an annual basis. After a status quo in 2015 the Association of Belgian Experts (ABEX) decided to adjust the index figure again in 2016 and to increase it from 744 to 754 base points. For the Grand Duchy of Luxembourg the reference index 'Indice semestriel des prix de la construction' of the National Institute for Statistics (STATEC) was again adjusted and amounts currently to 761.20 base points compared to 753.63 the year before.

For a number of buildings the owner's risk is insured individually by the tenant (via their own separate global insurance policy) or by the syndic if the property is part of a co-ownership, of which an insurance certificate is yearly requested with details of the (indexed) insured values.

In Belgium this arrangement relates to the SKF building in Tongres (insured via the global insurance policy of the SKF group, for a value of € 600 million) and the building Federal Mogul building in Kontich (via the All Risk insurance of Federal Mogul Corporation for a value of \$ 21.26 million).

For Luxembourg this relates to the following buildings (all insured through the (syndic of the) respective co-ownerships): the building complex Kennedy at Kirchberg (global insurance policy of € 328.35 million, the building complex EBBC in Senningerberg (total insured value of € 89.77), Monterey 20, more specifically the small part that is part of the 'Central Parc' co-ownership located at 31-33 Blvd. du Prince Henri (global insured value Central Parc 23 million), the building complex Diekirch (let to Match) (global insured value € 20.90 million). Both the owner's risk and the tenant risk of the 'Hornbach Baumarkt' site in Bertrange (property of 100% subsidiary Orly Lux SARL) are insured by that tenant. Its insured value amounts to € 9.02 million and also comprises a loss of rent in favour of the landlord.

The buildings divested during 2016, Zeutestraat (B - Malines) and boulevard Royal20 (L - Luxembourg) were deleted from the insurance policies. Taken into account the entire demolition of the building located Square de Meeus, and the building at rue Montoyer in Brussels, and the conclusion of an All risks on construction sites insurance (with first right coverage) for those buildings during the construction phase, their insured value was temporarily reduced to zero in the LRE global insurance policy. As was the case for the Luxembourg redevelopments, an "assurance décennale" will be concluded for both projects. A certified control body was appointed for the supervision and the control of the concept and the works in view of concluding these so-called control insurances. The conditions for this "assurance décennale" have been defined in the meanwhile.

Also the building complex 'Axxes Business Park' and the adjacent business center 'The Crescent Ghent' (before Torenhove) in Merelbeke are part of the LRE global insurance policy within the framework of the management and syndic activities (exercised by subsidiary Services SA). Besides the building complex of the State Archives in Bruges, property of a 100% subsidiary of the company, RAB Invest SA, the LRE global insurance policy also covers the insured value of its underground parking within the framework of the co-ownership situation. Also all the furniture of the business centres, the tenant risk and the furniture of rented offices of the administrative office in Antwerp and all ICT equipment are part, respectively, of the global LRE/LIL insurance policies. The solar panels installed on the roof of Canal Logistics in Neder-over-Heembeek are separately insured by the owner of the building and planting rights. A mutual renunciation of redress has been negotiated between parties and is incorporated in the LRE global insurance policy.

As already mentioned above, a number of recent acquisitions were subject to a valuation at new construction value, more specifically the Royal Depot at Tour & Taxis and both Knauf shopping centres in Luxembourg. This led to a substantial rise of the insured value of these buildings, namely for the Royal Depot from € 44.95 to € 106.47 million, for Knauf Schmiede from € 47.61 to € 81.97 million and for Knauf Pommerloch from € 54.53 to € 91.66 million. In view of optimizing the management of these buildings (and the underlying insurance premiums) these buildings were included, respectively in the LRE and LIL global insurance policies.

With regard to the 3 Swiss retail buildings of LIL, located in Villeneuve, Etoy and Yverdon-les-Bains, the underlying rental contracts stipulate that the lessor guarantees the insurance of fire and related risks, including the loss of rent.

In virtue of the current legislation, the insurance policy "Police d'Assurance contre l'Incendie et les Eléments Naturels – Bâtiment" of those buildings was (mandatorily) entrusted to the insurer of the canton ECA (l'Etablissement Cantonal d'Assurance). The current insured value of the buildings amounts to € 20.32 million in total (The Index value was kept at 125 base points and the increase was therefore entirely due to the changed exchange rate EUR/CHF per 31/12/2015 versus 31/12/2016). The related risks (such as water damages, theft and the loss of rent of 36 months) are covered via a separate insurance with the insurance company Schweizerische Mobiliar Versicherungsgesellschaft AG.

The Swiss portfolio was also subject to a valuation at new construction value by a renowned independent surveyor. Taking into account the specific character of the cantonal insurances, the insured values, both differing in minus and in plus, are currently defined by mutual agreement.

With regard to the Austrian acquisition Frunpark® in Asten, the underlying rental contracts stipulate that the landlord is responsible for the insurance against fire and related risks, including the 'loss of rent'. The "All Risk" insurance for the building was concluded via the manager with Allianz Elementar Versicherungs-Aktiengesellschaft for the account of Merule Beteiligungs GmbH and Frunpark® Asten GmbH for a value of the building of (including solar panels) € 19.07 million (Baukostenindex 204.6 base points), excluding a 'loss of rent' of 24 months.

The total insured value for the buildings owned by Leasinvest Real Estate, amounts to € 345.18 million, of which € 310.92 million is part of the global LRE insurance policy.

The total insured value for the buildings owned by Leasinvest Immo Lux, amounts to € 349.53 million (i.e. including Knauf Schmiede and Pommerloch and the Swiss portfolio and the Austrian acquisition), of which € 274.32 million is directly part of the global LIL insurance policy (after inclusion of both Knauf Shopping centres), € 20.32 million via a separate Swiss policy in the name of LIL and € 19.07 million in the name of the legal person mentioned above, that are 100% subsidiaries of LIL.

A number of buildings to which a full VAT deduction applies, are insured at their new construction value excluding VAT.

BELGIUM (IN € MILLION)

Offices	200.68 (103.62% of the FV)
Logistics	115.64 (103.11% of the FV)
Retail	27.21 (54.41% of the FV)
TOTAL	343.53 (96.72% of the FV)

LUXEMBOURG (IN € MILLION)

Offices	73.49 (59.41% of the FV)
Logistics	5.73 (30.25% of the FV)
Retail	230.92 (82.90% of the FV)
TOTAL	310.14 (73.63% of the FV)

SWITZERLAND (IN € MILLION)

Retail	20.32 (45.67% of the FV)
TOTAL	20.32 (45.67% of the FV)

AUSTRIA (IN € MILLION)

Retail	19.07 (51.04% of the FV)
TOTAL	19.07 (51.04% of the FV)

GENERAL TOTAL (IN € MILLION)	693.06 (80.60% of the FV)
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The premiums paid for 2016 within the framework of the global LRE/LIL insurance policies, incl. taxes, amount respectively to € 131,080.85 (i.e. excluding the Royal Depot) for Belgium and to € 46,034.67 (i.e. including additional premium Royal 20, but excluding the Knauf shopping centres) for Luxembourg.

CONCLUSIONS OF THE REAL ESTATE EXPERT¹²

VALUATION UPDATE AS AT 31 DECEMBER 2016 OF THE LEASINVEST REAL ESTATE SCA PORTFOLIO

REPORT BY THE EXTERNAL VALUER CUSHMAN & WAKEFIELD

We are pleased to report our valuation of the investment and fair values of the Leasinvest Real Estate SCA portfolio as at 31 December 2016.

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

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

The values were determined taking current market parameters into account.

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

1. During the last quarter of 2016, Leasinvest Real Estate CVA has acquired the Frunpark® Asten in Austria. The investment value represented € 38 million.
2. The portfolio consists of business parks, offices, semi-industrial buildings, distribution centres and shops, located in Belgium, in the Grand Duchy of Luxembourg, in Austria and in Switzerland.
3. The total (**including** the projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 6.56% higher than the market rent (respectively 4.99%, 1.10%, 0.0% and -2.94% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolios).
4. The total (**excluding** the projects and assets 'to be sold') effective rental income (including the market rent on vacant space) is 6.86% higher than the market rent (respectively 5.48%, 1.10%, 0.0% and -2.94% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolio).

5. The total occupancy rate³ of the portfolio (**including** the projects) is 91.77% (respectively 82.51%, 98.30%, 100% and 100% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolio).
6. The total occupancy rate of the portfolio (**excluding** the projects) is 96.77% (respectively 93.93%, 98.30%, 100% and 100% for the Belgian, the Luxembourg, the Austrian and the Swiss portfolio).
7. The remaining weighted average duration of the current leases for the whole portfolio equals to 17.5 quarters or 4.37 years. The projects and assets 'to be sold' were not taken into account in this parameter.
8. A total **investment value** of **€ 876,750,000** (eight hundred seventy six million seven hundred fifty thousand euros) has been determined, with respectively € 365,270,000, € 427,580,000, € 38,300,000 and € 45,600,000 as investment values for the Belgian, Luxembourg, Austrian and Swiss portfolio.
9. A total **fair value** of **€ 859,920,000** (eight hundred fifty-nine million nine hundred twenty thousand euros) has been determined, with respectively € 356,880,000, € 421,190,000, € 37,360,000 and € 44,490,000 as fair values for the Belgian, Luxembourg, Austrian and Swiss portfolio.

On this basis, the initial yield* of the complete portfolio (including the projects and assets 'to be sold') in terms of investment value is 6.45% (with respectively 6.24%, 6.77%, 5.65% and 5.85% for the Belgian, Luxembourg, Austrian and Swiss portfolios) and the initial yield* of the complete portfolio in terms of fair value is 6.58% (respectively 6.38%, 6.87%, 5.79% and 6.00% for the Belgian, Luxembourg, Austrian and Swiss portfolio).



TOM VELGHE

Surveyor – Account Manager
Valuation & Advisory
For van Cushman & Wakefield



KOEN NEVENS MRICS

Managing Partner
For van Cushman & Wakefield

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

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

³ The occupancy rate is valid on the date of the valuation and does not take into account future availability (already known or not) nor with future new contracts (signed or not). This figure is calculated on the basis of the following formula: (market rent of all let areas) / (market rent of the complete portfolio).

OPERATIONAL MANAGEMENT OF THE BUILDINGS – ACTIVE MANAGEMENT

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

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

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

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

The income from the other supplementary services (except for those for the technical and commercial management of the “Axxes Business Park” and “Torenhof”), are included in the rental income of the company. The “supplementary services” the company offers within the framework of its activities, are indeed inherent to the activities of the company, and cannot be presented by separate figures. These supplementary services are to be considered from a qualitative point of view, in which the “fee” (and thus income) for the supplementary services is translated in the fee the company receives in fine within the framework of providing the buildings.

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

The entire operational team, responsible for general management, commercial contacts with tenants and real estate agents, accounting, legal counsel, administration and technical management of the buildings, consists of some 20 persons end 2016.

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

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

BELGIUM

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

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

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

The administrative and financial management consists of:

- verification of compliance with the leases and the internal regulations
- updating of rental tenancy schedules
- calculating, requesting and monitoring the payments of rents due and each tenant's share of common charges, property tax and insurance premiums and drawing up the annual final accounts of rent and charges, and if necessary, charging against the rental guarantees provided
- calculating and monitoring the establishment and updating of rental guarantees
- management of any overdue rent and charges

- arranging for reports on the state of the premises to be drawn up and monitoring them at the start and end of leases; recovery of any damage recorded from the tenant or the party liable
- managing the insurance portfolio

The technical management implies a/o:

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

The managers of Leasinvest Services SA are the same persons as the managers of the company and the statutory manager, and dispose of adequate experience and the required professional reliability, namely Mr Jean-Louis Appelmans and Mr Michel Van Geyte, the effective officers of the company and OKIMONO SPRL, represented by its permanent representative Sven Janssens, COO of the company.

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

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

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

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

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

During the past financial year the company has paid a total remuneration of € 330,000 (excl. VAT), to Leasinvest Services.

GRAND DUCHY OF LUXEMBOURG

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

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

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

The past financial year, Leasinvest Immo Lux paid a fee of € 37,134.67 (excl. VAT) to Inowai.

For a number of tasks of the property management and technical and commercial management of both shopping centres in the North of Luxembourg a management contract on a temporary basis was concluded with an external property manager, Cushman & Wakefield, that was terminated in the course of 2016.

A dedicated shopping centre manager was hired by Leasinvest Immo Lux.

All tasks of daily management are executed and/or supervised by staff members of Leasinvest Services SA and/or Leasinvest Real Estate Management SA and/or Porte des Ardennes Schmiede SA and/or by a dedicated shopping centre manager hired by Leasinvest Immo Lux to that effect.

In all cases, the ultimate responsibility, control and coordination of the real estate portfolios of offices and the shopping centres remain in the hands of the technical and/or commercial staff members of Leasinvest Services SA and/or the statutory manager of the company, and this takes place under the responsibility, coordination and control of the effective officers of the company. The investment decisions, risk analyses and target-setting and performance measurement are also organized from the registered office of the manager in Antwerp (in Belgium).

The past financial year, Leasinvest Immo Lux paid a fee of € 65,000 (excl. VAT) to Cushman & Wakefield for both shopping centres.

SWITZERLAND

For the technical management and local assistance within the framework of the property management of the retail portfolio in Switzerland a management contract was concluded at the beginning of 2015 with an external property manager, CBRE.

This management is supervised by an internal technical staff member of Leasinvest Services and by the managers of Leasinvest Services SA who dispose of an adequate experience and the required professional reliability, namely Mr Jean-Louis Appelmans and Mr Michel Van Geyte, the effective officers of the company.

Potential decisions on important matters are prepared by the property manager, but only taken by the company. Regular reporting and discussion are organized.

Moreover, the financial, accounting and administrative aspects of the activities in Switzerland are treated from the administrative office of the company, where it has an implicit "shared service" organization. The investment decisions, risk analyses, and target setting and performance measurement are also organized from the registered office of the manager of the company, in Antwerp, Schermersstraat 42.

The past financial year, Leasinvest Immo Lux paid a fee of approximately € 71,000 (excl. VAT) to CBRE.

AUSTRIA

For the technical management and local assistance within the framework of the property management of the Frun® Park in Asten acquired end 2016, a management contract was concluded with J. A. Management GmbH, represented by Mr Josef Anreiter.

This management is supervised by an internal staff member of Leasinvest Services and under the supervision of the managers of Leasinvest Services SA who dispose of an adequate experience and the required professional reliability, namely Mr Jean-Louis Appelmans and Mr Michel Van Geyte, the effective officers of the company.

Potential decisions on important matters are prepared by the property manager, but only taken by the company. Regular reporting and discussion are organized.

Moreover, the financial, accounting and administrative aspects of the activities in Austria are treated from the administrative office of the company, where it has an implicit "shared service" organization. The investment decisions, risk analyses, and target setting and performance measurement are also organized from the registered office of the manager of the company, in Antwerp, Schermersstraat 42.

The past financial year, Leasinvest Immo Lux paid a fee of approximately € 8,000 (excl. VAT) to Josef Anreiter.



Knauf shopping center Schiende, Luxembourg



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CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

The consolidated financial statements of Leasinvest Real Estate have been approved for publication by the statutory manager on 15 February 2017. The management report of the statutory manager should be read jointly with the financial statements of Leasinvest Real Estate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	Note	31/12/16 (12 months)	31/12/15 (12 months)
Rental income	4	56,647	50,455
Rental-related expenses	4	-179	-41
NET RENTAL INCOME		56,468	50,413
Recovery of property charges	5	73	108
Recovery income of charges and taxes normally payable by tenants on let properties	6	5,482	3,579
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	5	0	0
Charges and taxes normally payable by tenants on let properties	6	-5,482	-3,579
Other rental-related income and expenditure	5	-2,554	-2,131
PROPERTY RESULT		53,987	48,390
Technical costs	7	-2,050	-1,563
Commercial costs	8	-1,059	-781
Charges and taxes on un-let properties	9	-1,080	-885
Property management costs	10	-4,534	-4,187
Other property charges	10	-716	-771
PROPERTY CHARGES		-9,438	-8,187
PROPERTY OPERATING RESULT		44,549	40,203
Corporate operating charges	11	-3,220	-1,754
Other operating charges and income	11	0	-169
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		41,330	38,280
Result on disposal of investment properties	12	3,093	329
Changes in fair value of investment properties	13	-528	9,549
OPERATING RESULT		43,895	48,158
Financial income	14	3,994	2,327
Net interest charges	15	-13,400	-13,082
Other financial charges	16	-1,459	-1,488
Changes in fair value of financial assets and liabilities	17	678	-4,824
FINANCIAL RESULT		-10,188	-17,069
PRE-TAX RESULT		33,707	31,089
Corporate taxes	18	-1,981	-468
Exit tax		-608	-3
TAXES		-2,589	-471
NET RESULT		31,118	30,618
Attributable to:			
Minority interests		0	0
Net result – Group share		31,118	30,618

(in € 1,000)	Note	31/12/16	31/12/15
Other elements of comprehensive income			
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties (1)		-444	332
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS		-10,304	3,002
Changes in fair value of financial assets available for sale	23	-3,179	14,941
Translation differences following the conversion of a foreign activity		0	8
Other elements of comprehensive income that will be reclassified later to the net result (2)		-13,926	18,283
Comprehensive income (2)			
Attributable to:			
Minority interests		0	0
Comprehensive income – Group share		17,192	48,901
RESULT PER SHARE			
(in €)		31/12/16 (12 months)	31/12/15 (12 months)
Result per share, group share		6,30	6,20

(1) Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties differs from the amount communicated in the press release of 16/02/2017.

(2) Total of other elements of comprehensive income and the final comprehensive income differ from the amount communicated in the press release of 16/02/2017 as a consequence of a correction in the item transfer rights mentioned under footnote (1).

The comprehensive income group share per 31 December 2016 amounts to € 17.2 million or € 3.48 per share and differs from the comprehensive income previously communicated in the press release of 16/02/2017 for respectively € 18.1 million or € 3.67 per share after reclassification of the transfer rights following the acquisition of Frun® park Asten. This reclassification has furthermore no influence on the calculation of the net result and the EPRA Earnings*.

The result per share of € 6.30 per share also equals the diluted result per share as there are no diluted shares.

CONSOLIDATED BALANCE SHEET

(in € 1,000)

	Note	Period 31/12/16	Period 31/12/15
ASSETS			
I. NON-CURRENT ASSETS		896,179	954,243
Intangible assets	19	4	10
Investment properties	20	787,065	847,069
Other tangible assets	22	1,250	1,163
Non-current financial assets	23	89,961	88,101
Finance lease receivables	24	17,900	17,900
II. CURRENT ASSETS		92,261	22,059
Assets held for sale	25	54,966	4,392
Current financial assets	26	0	0
Trade receivables	27	12,085	7,967
Tax receivables and other current assets	28	3,264	2,885
Cash and cash equivalents	29	20,768	4,531
Deferred charges and accrued income	30	1,179	2,284
TOTAL ASSETS		988,441	976,302
LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY		356,407	362,410
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		356,407	362,405
Capital	31	54,315	54,315
Share premium account	31	121,091	121,091
Translation differences		8	8
Reserves	31	150,167	156,666
Purchase of treasury shares		-293	-293
Net result of the financial year	31	31,118	30,618
II. MINORITY INTERESTS		0	5
LIABILITIES		632,034	613,893
I. NON-CURRENT LIABILITIES		444,362	395,948
Provisions		11	9
Non-current financial debts	33	394,615	355,722
- Credit institutions		297,395	258,538
- Other		97,220	97,184
Other non-current financial liabilities	33	49,736	40,217
II. CURRENT LIABILITIES		187,672	217,945
Provisions		0	0
Current financial debts	33	146,856	176,887
- Credit institutions		0	89,191
- Other		146,856	87,696
Other current financial liabilities		0	0
Trade debts and other current debts	34	28,985	24,810
- Exit tax		12,907	12,299
- Other		16,078	12,511
Other current liabilities	35	2,361	8,200
Accrued charges and deferred income	36	9,469	8,047
TOTAL EQUITY AND LIABILITIES		988,441	976,302

CONSOLIDATED CASH FLOW STATEMENT¹

(in € 1,000)		31/12/16 (12 months)	31/12/15 (12 months)
	Note		
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	29	4,531	3,655
1. Cash flow from operating activities		34,925	56,262
Net result		31,118	30,618
Adjustment of the profit for non-cash and non-operating elements		9,219	7,415
<i>Depreciations, write-downs and taxes</i>		1,912	521
- Depreciations and write-downs on intangible and other tangible assets (+/-)		145	129
- Write-downs on current assets (-)	27	179	41
- Taxes	18	2,589	471
- Taxes paid		-1,001	-120
<i>Other non-cash elements</i>		-465	-5,021
- Changes in fair value of investment properties (+/-)	13	528	-9,549
- Movements in provisions (+/-)		2	8
- Phasing of gratuities (+/-)	4	-317	-313
- Increase (+) / Decrease (-) in fair value of financial assets and liabilities (1)	17	-678	4,824
- Other non-current transactions		0	8
<i>Non-operating elements</i>		7,772	11,915
Gains on disposals of non-current assets	12	-3,093	-329
Dividends received (1)	14	-3,445	-1,777
Write-back of financial income and financial charges (1)		14,310	14,020
Change in working capital requirements		-5,412	18,228
<i>Movements in asset items</i>		-3,582	-2,335
- Other long-term assets		-11	0
- Current financial assets		0	0
- Trade receivables		-4,297	197
- Tax receivables and other current assets		-379	-1,875
- Deferred charges and accrued income		1,105	-657
<i>Movements in liability items</i>		-1,830	20,563
- Other non-current debts			
- Trade debts and other current debts		3,568	3,880
- Taxes		-980	11,948
- Other current liabilities		-5,839	4,951
- Accrued charges and deferred income		1,421	-216

(1) The sum of the decrease of the fair value of financial assets and liabilities (€ - 678 thousand), dividends received (€ 3,445 thousand) and the reversal of financial income and charges (€ -14,310 thousand) in cash flow amounts to € - 10,188 thousand, which is the financial result end 2016.

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(in € 1.000)		31/12/16	31/12/15
	Note	(12 months)	(12 months)
2. Cash flow from investment activities		10,048	-109,775
<i>Investments</i>			
Investment properties in operation	20	-42,647	-116,217
Development projects	20	-9,884	-10,601
Intangible and other tangible assets		-227	-20
Non-current financial assets	23	-5,687	-8,754
Assets held for sale	25	-455	0
Effect of merger by absorption		0	-257
<i>Divestments</i>			
Investment properties in operation	20	0	6,178
Development projects		60,445	
Intangible and other tangible assets			64
Non-current financial assets	23	648	102
Assets held for sale	25	4,410	17,953
Effect of merger by absorption			
Dividends received	14	3,445	1,777
3. Cash flow from financing activities		-28,736	54,389
<i>Change in financial liabilities and financial debts</i>			
Increase (+) / Decrease (-) of financial debts		8,874	91,667
Increase (+) / Decrease (-) of other financial liabilities			
Financial income received		443	560
Financial charges paid		-14,857	-15,367
<i>Change in shareholders' equity</i>			
Change of capital and share premium account (+/-)			
Changes in reserves			
Increase (+) / Decrease (-) of treasury shares			
Dividend of the previous financial year	31	-23,196	-22,471
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	29	20,768	4,531

CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

(in € 1,000)	Capital	Share premium account
BALANCE SHEET UNDER IFRS ON 31/12/13	54,315	121,091
- Distribution closing dividend of the previous financial year		
- Transfer net result 2013 to reserves		
- Comprehensive income of the financial year 2014 (12 months)		
- Various		
BALANCE SHEET UNDER IFRS ON 31/12/14	54,315	121,091
- Distribution closing dividend of the previous financial year		
- Transfer net result 2014 to reserves		
- Comprehensive income of the financial year 2015 (12 months)		
- Various		
BALANCE SHEET UNDER IFRS ON 31/12/15	54,315	121,091
- Distribution closing dividend of the previous financial year		
- Transfer net result 2015 to reserves		
- Comprehensive income of the financial year 2016 (12 months)		
- Various		
BALANCE SHEET UNDER IFRS ON 31/12/16	54,315	121,091

Reserves	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
132,997	26,928	335,331	3	335,334
-20,243		-20,243		-20,243
26,928	-26,928	0		0
-11,251	32,572	21,321	1	21,322
		0		0
128,431	32,572	336,409	4	336,414
-22,471		-22,471		-22,471
32,572	-32,572	0		0
18,283	30,618	48,901	1	48,902
-435		-435		-435
156,381	30,618	362,405	5	362,410
-23,197		-23,197		-23,197
30,618	-30,618	0		0
-13,926	31,118	17,192	-5	17,187
7		7		7
149,883	31,118	356,407	0	356,407

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

(in € 1,000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)	Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS
BALANCE SHEET UNDER IFRS ON 31/12/13	54,315	121,091	5,431	34,613	-7,341	-15,300
Distribution closing dividend of the previous financial year						
Transfer net result 2013 to reserves				1,978		
Comprehensive income of the financial year 2014 (12 months)					-825	-21,890
Various						
BALANCE SHEET UNDER IFRS ON 31/12/14	54,315	121,091	5,431	36,591	-8,166	-37,191
Distribution closing dividend of the previous financial year						
Transfer net result 2014 to reserves				5,687	-889	
Comprehensive income of the financial year 2015 (12 months)					332	3,002
Various						
BALANCE SHEET UNDER IFRS ON 31/12/15	54,315	121,091	5,431	42,278	-8,723	-34,189
Distribution closing dividend of the previous financial year						
Transfer net result 2015 to reserves				9,549		
Comprehensive income of the financial year 2016 (12 months)					-444	-10,303
Various						
BALANCE SHEET UNDER IFRS ON 31/12/16	54,315	121,091	5,431	51,827	-9,167	-44,492

In 2015 is € -5,215 is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation.

In 2016 is € 667 is recognized on ineffective financial instruments, i.e. authorized hedges not subject to hedge accounting. This impact will be booked in shareholders' equity under the item "Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS" after result appropriation.

RESERVES

Reserve from translation differences following the conversion of a foreign activity (+/-)	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Shareholders' equity attributable to the shareholders of the parent company	Minority interests	Total shareholders' equity
	-3,671	-11	5,957	113,321	26,928	335,331	3	335,334
				-20,243		-20,243		-20,243
	1,031		11,465	23,919	-26,928	0		
					32,572	21,322	1	21,323
0	-2,640	-11	17,422	116,997	32,572	336,410	4	336,414
				-22,472		-22,472		-22,472
8	720	-282	14,941	27,336	-32,572	0		
					30,618	48,901	0	48,901
				-435		-435		-435
8	-1,920	-293	32,363	121,426	30,618	362,404	4	362,409
				-23,197		-23,197		-23,197
	-5,215			26,284	-30,618	4	-4	0
			-3,179	0	31,118	17,192		17,192
				8		8		8
8	-7,135	-293	29,184	124,521	31,118	356,407	0	356,407

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¹ The APMs in the financial statements are indicated by an asterisk (*), for more information on this, we refer to the explanation on Alternative Performance Measures in the management report of the statutory manager.

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

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

The consolidated financial statements of LRE for the financial year ending on 31 December 2016 comprise LRE and its subsidiaries. The statutory and consolidated financial statements were authorized for issue by the board of directors of the statutory manager of 15 February 2017 and will be presented to the annual general meeting of shareholders for approval on 15 May 2017. The statutory financial statements as well as the consolidated financial statements are prepared according to IFRS. Leasinvest Real Estate is included in the consolidation of Extensa Group SA, in its turn included in Ackermans & van Haaren SA.

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

The consolidated annual accounts are prepared in accordance with International Reporting Standards and IFRIC interpretations, entering into force as of 31/12/16, as adopted by the European Commission.

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

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

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

New and amended standards and interpretations, effective for annual periods starting on 1 January 2016

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments are applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group / the interim condensed consolidated financial statements of the Group. The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities:

Applying the Consolidation Exception, effective 1 January 2016

- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- Annual Improvements to IFRSs 2010-2012 Cycle (issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs 2012-2014 Cycle (issued September 2014), effective 1 January 2016

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10 Consolidated Financial Statements. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments are applied retrospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group as the Group does not apply the consolidation exception.

Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are applied prospectively and became

effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group as there has been no interest acquired in a joint operation during the period.

Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, the existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments became effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are applied retrospectively and became effective for annual periods beginning on or after 1 January 2016. The amendments do not have any impact on the Group as it does not have any bearer plants.

Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees

or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments became effective for annual periods beginning on or after 1 February 2015. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements

The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements have to apply that change retrospectively. The amendments became effective for annual periods beginning on or after 1 January 2016. These amendments do not have any impact on the Group's consolidated financial statements.

It needs to be specifically pointed out that in the statutory financial statements of Leasinvest Real Estate SCA the participations in Leasinvest Immo Lux SA, T&T Koninklijk Pakhuis SA, Leasinvest Services SA, Haven Invest SA and RAB Invest SA have been booked for the first time according to the equity method instead of based on measurement at historical cost in accordance with the amended IAS 27 standard, that became retroactively effective on the separate financial statements. For more information and the presentation of comparative figures (in accordance with IAS 8) we refer to the comments in the statutory financial statements on page 193 of this report.

Improvements to IFRSs 2010-2012 Cycle (issued December 2013)

The IASB issued the 2010-2012 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The improvements became effective for annual periods beginning on or after 1 February 2015. These improvements include:

- IFRS 2 Share-based Payment: The amendment is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions.
- IFRS 3 Business Combinations: The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39 Financial Instruments: Recognition and Measurement (or IFRS 9 Financial Instruments, as applicable).
- IFRS 8 Operating Segments: The amendments are applied retrospectively and clarify that:
 - An entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8.12, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
 - The reconciliation of segment assets to total assets is only required to be disclosed if this reconciliation is reported to the chief operat-

ing decision maker, similar to the required disclosure for segment liabilities.

- IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets: The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by either adjusting the gross carrying amount of the asset to market value, or determining the market value of the carrying amount and adjust the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset.
- IAS 24 Related Party Disclosures: The amendment is applied retrospectively and clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

These amendments do not have any impact on the Group.

Improvements to IFRS 2012-2014 Cycle (issued September 2014)

The IASB issued the 2012-2014 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. The improvements became effective for annual periods beginning on or after 1 January 2016. These improvements include:

- IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment is applied prospectively.
- IFRS 7 Financial Instruments: Disclosures
 - Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures need not be provided for any period beginning before the annual period in which the entity first applies the amendments. This amendment is applied retrospectively.
 - Applicability of the amendments to IFRS 7 to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment is applied retrospectively.
- IAS 19 Employee Benefits: The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.
- IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim

financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

These amendments do not have any impact on the Group.

New and amended standards and interpretations, effective for annual periods starting after 1 January 2016

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

- Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions, effective 1 January 2018
- Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15 and Clarifications to IFRS 15 Revenue from Contracts with Customers, effective 1 January 2018
- IFRS 16 Leases, effective 1 January 2019
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative, effective 1 January 2017
- Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017
- Amendments to IAS 40 Investment Property – Transfers of Investment Property, effective 1 January 2018
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, effective 1 January 2018
- Annual Improvements to IFRSs 2014-2016 Cycle (issued December 2016), effective 1 January 2017 and 1 January 2018

Amendments to IFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions¹

The amendments address three main areas:

- The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;
- The classification of a share-based payment transactions with net settlement features for withholding tax obligations; and
- Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is assessing the potential effect of the amendments on its consolidated financial statements.

¹ Not yet adopted by the EU per 13 January 2017.

Amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4¹

The amendments introduce two optional approaches for entities that issue insurance contracts within the scope of IFRS 4:

- The “overlay approach” gives all companies that issue insurance contracts the option to recognise in OCI, rather than profit or loss, additional volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard.
- The “deferral approach” gives companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. These entities will continue to apply IAS 39 Financial Instruments: Recognition and Measurement during this period and will be required to make additional disclosures.

An entity shall apply the overlay approach retrospectively to eligible financial assets when it first applies IFRS 9. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not relevant to the Group, because the Group does not issue any insurance contracts.

IFRS 9 Financial Instruments

The final version of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement [and all previous versions of IFRS 9]. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date. The Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently presented as accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in OCI, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB and will monitor any further developments.

The Group is in the business of providing ... equipment and services. The equipment and services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or services.

¹ IFRS 15, among which amendments to IFRS 15: the date of entry into force of IFRS 15 has been approved by the EU. The clarification of IFRS 15 has, per 14 December 2016, not yet been adopted by the EU.

(a) Sale of goods

Contracts with customers in which equipment sale is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In preparing to IFRS 15, the Group is considering the following:

(i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Group recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Group expects that application of the constraint may result in more revenue being deferred than is under current IFRS.

(ii) Warranty options

The Group provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. As such, the Group determines that such warranties are assurance-type warranties which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

(iii) Loyalty points programme

The loyalty programme offered within the Group's ... segment is expected to give rise to a separate performance obligation because it generally provides a material right to the customer. Thus, the Group will need to allocate a portion of the transaction price to the loyalty programme based on relative stand-alone selling price instead of the allocation using the fair value of points issued. As a result, the allocation of the consideration received may be different. Consistent with current requirements in IFRIC 13, the Group expects that the revenue will still be recognised when the loyalty points are redeemed or expire. The Group is still analysing contracts with customers that have such elements and will need to perform further assessments in the future to quantify the financial impact to its financial statements.

(b) Rendering of services

The Group provides ... services within the ... segment. These services are sold either on their own in contracts with the customers or bundled together with the sale of equipment to a customer. Currently, the Group accounts for the equipment and service as separate deliverables of bundled sales and allocates consideration between these deliverables using the relative fair value approach. The Group recognises service revenue by reference to the stage of completion. Under IFRS 15, alloca-

tion will be made based on relative stand-alone selling prices. As a result, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales may be impacted. The Group has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point of time.

(c) Equipment received from customers

When an entity receives, or expects to receive, non-cash consideration, IFRS 15 requires that the fair value of the non-cash consideration is included in the transaction price. The Group receives transfers of moulds and other tools for its manufacturing process from customers, which are recognised at fair value as property, plant and equipment under IFRIC 18 Transfers of Assets from Customers. The measurement requirements are consistent with those in IFRS 15.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016, the Group developed and started testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

IFRS 16 Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's lessor accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15 Revenue from Contract with Customers. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative

The amendments are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of the amendments will result in additional disclosure provided by the Group.

Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

Amendments to IAS 40 Investment Property – Transfers of Investment Property

The amendments clarify the requirements on transfers to, or from, investment property. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The amendments' transition provisions permit certain reliefs. The amendments will not have any impact on the Group.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency. The interpretation is effective 1 January 2018. The interpretation will not have any impact on the Group.

Improvements to IFRS 2014-2016 Cycle (issued December 2016)

The IASB issued the 2014-2016 cycle improvements to its standards and interpretations, primarily with a view to removing inconsistencies and clarifying wording. These improvements include:

- IFRS 12 Disclosure of Interests in Other Entities: The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to interests that are classified as held for sale or discontinued operations. The amendments are effective for annual periods beginning on or after 1 January 2017.
- IAS 28 Investments in Associates and Joint Ventures: The amendments clarify that the measurement election, ie. measuring investees at fair value through profit or loss, is available on an investment-by-investment basis. Additionally, the amendment clarify that the choice, for an entity that is not an investment entity, to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method is also available on an investment-by-investment basis. The amendments are effective for annual periods beginning on or after 1 January 2018.

These amendments are not expected to have any impact on the Group.

B. BASIS OF PREPARATION

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

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

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

The accounting principles have been consistently applied.

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

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

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

These estimates are based on a 'going-concern' principle and are defined in function of the information available at that moment. The estimates can be reviewed if the circumstances they were based on have evolved in the

meanwhile or if new information became available. The final outcome can consequently differ from the estimate.

More specifically, within the framework of the sale of the buildings in the Axxes Business Park in 2010 and Torenhove in 2012, LRE stands surety for a maximum term of 9 years (respectively till July 2019 and till December 2021), mainly with regard to possible vacancy. Per closing date, an assessment of the probability of making an appeal to this surety is made, taking into account the vacancy, the expected vacancy and the commercial success in order to find sufficient tenants or users. Commercial management is executed by a subsidiary of LRE, i.e. Leasinvest Services, and is remunerated in accordance with market standards. When Leasinvest Services does not succeed, or it becomes probable that it will not succeed in successfully concluding sufficient rental contracts or service contracts to compensate potential vacancy, this can entail the constitution of an additional provision on the account of LRE.

C. CONSOLIDATION PRINCIPLES

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

I Subsidiaries

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

If necessary, the valuation rules for subsidiaries are amended in order to guarantee coherence with the principles adopted by the Group. The financial statements of the subsidiaries recorded in the consolidation cover the same accounting period as that of the company.

Changes in interests of the Group in subsidiaries that do not lead to a loss of control are treated as transactions in shareholders' equity.

The book value of the interests of the Group or of third parties in subsidiaries is adjusted to take into account the changes of the respective interest levels. Each difference between the amount by which the minority interests are adjusted and the fair value of the paid or received remuneration is immediately recorded in shareholders' equity.

II Jointly controlled entities

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

III Transactions eliminated in consolidation

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

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

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

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

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

D. GOODWILL

Goodwill is the excess of the cost of the business combination over the group's interest in the fair value of the identifiable acquired assets, liabilities and contingent liabilities of the subsidiaries at the time of the acquisition. The cost of the business combination includes the price of acquisition and all directly attributable transaction costs.

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

Negative goodwill (badwill):

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

E. INTANGIBLE ASSETS

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

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

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

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

Formation expenses are recognized as expense when incurred.

F. OTHER TANGIBLE FIXED ASSETS

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

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

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

G. INVESTMENT PROPERTIES

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

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

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

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

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

- **Discounted cash flow method**

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

- **Residual valuation**

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

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

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

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

For an acquisition of real estate the transfer rights, in the case of a later hypothetical sale, are directly recorded in shareholders' equity; each subsequent adjustment is booked in the income statement. The transfer rights that are directly booked in shareholders' equity following the acquisition, are recycled to the income statement at the moment of the alienation of the real estate.

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

Real estate certificates

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

A. Possession of no substantial interest in the issued certificates (or less than 2/3)

If the holder of the certificates does not possess a substantial interest (less than 2/3) in the real estate certificate, the certificates are booked at closing date at the weighted average share price of the last 30 days, under the item Non-Current Financial Assets. When not listed, or when the share price of these real estate certificates as shown by the share price tables can not be considered as being a reliable reference, taken into account the limited liquidity of this real estate certificate, the certificates are booked at closing date under the item Non-current Financial Assets, at historical issue price, minus potential reimbursements.

B. Possession of a substantial interest (more than 2/3) in the issued certificates

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

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

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

b) the contractual rights of the holder of the real estate certificate according to the initial prospectus issued by the real estate certificate.

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

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

A. Possession of no substantial interest in the issued certificates (or less than 2/3)

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

B. Possession of a substantial interest (more than 2/3) in the issued certificates

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

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

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

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

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

Subsequent expenditure

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

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

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

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

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

H. ASSETS HELD FOR SALE

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

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

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

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

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

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

The company value is the market value of the expected future cash flows. In order to define the company value, the expected future cash flows are discounted at an interest rate before taxes that reproduces both the current market interest rate and the specific risks with regard to the asset. For assets that do not generate cash flows the recoverable value of the cash-generating entity they belong to, is defined.

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

J. FINANCIAL ASSETS AND LIABILITIES

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

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

Financial assets available for sale

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

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

Financial assets held to maturity

Financial assets held to maturity are measured at amortized cost.

Interest-bearing loans and receivables

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

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

Trade payables and receivables/ Other debts and receivables

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

Cash and cash equivalents

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

K. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Changes in fair value of derivative financial instruments, which are not formally attributed as derivative financial instrument or do not qualify for

hedge accounting or are fair value hedges, are taken into profit or loss.

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

Cash flow hedges

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

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

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

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

Fair value hedging

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

L. ISSUED CAPITAL AND RESERVES

Shares

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

Redeeming of treasury shares

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

Dividends

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

M. PROVISIONS

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

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

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

The expense relating to any provision is presented in the income statement, net of any reimbursement.

N. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are disclosed in the notes, if their impact is material.

O. TAXES*Income tax*

Income tax on the profit or loss for the financial year comprises current and deferred tax. Both taxes are recognized in the income statement and under liabilities in the balance sheet, except to the extent that they relate to items recognized directly in equity, in which case they are recognized in equity. The tax amount is calculated based on the legal tax rates and tax legislation in force.

Deferred taxes are calculated using the balance sheet liability method, applied on the temporary differences between the book value of the recognized assets and liabilities and their fiscal value. Deferred taxes are recorded based on the expected taxes rates.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except to the extent that the deferred tax liability arises from the original recognition of goodwill or the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction neither affects the accounting profit nor the taxable profit;
- except in respect to taxable temporary differences associated to investments in subsidiaries, branches and associates, where the group is able to control the timing of the reversal of temporary difference and it is probable that temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forwards of unused tax credits or tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be offset. The book value of the deferred income tax assets is assessed at each balance sheet date and deducted to the extent that is no longer probable that sufficient taxable profit is available against which all or some of the deferred taxes can be offset.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the year when the temporary differences will be realized or settled, based on tax rates that have been enacted or substantively enacted at balance sheet date.

Exit tax

The exit tax is the tax on gains arising upon the merger of an RREC with an entity that is not an RREC. When the latter first enters in the scope of consolidation, the exit tax is recorded as a liability. Every subsequent adjustment of this exit tax liability, following the evolution of the fair value and the accounting value between the moment of the incorporation in the consolidated accounts of the acquired companies and the moment of the merger between the RREC and those companies, to the exit tax liability is recognized in the income statement.

P. DISCONTINUED OPERATIONS

The assets, liabilities and net results of discontinued operations are separately reported under one heading in the consolidated balance sheet and the consolidated income statement. The same reporting is also valid for assets and liabilities held-for-sale.

Q. EVENTS AFTER THE BALANCE SHEET DATE

It is possible that certain events that occur after balance sheet date provide additional evidence over the financial position of an entity (adjusting events). This information permits the improvement of estimates and allows to better reflect the current situation on balance sheet date. These events require an adjustment of the balance sheet and the result. Other events after balance sheet date are disclosed in the notes if their impact is potentially important.

R. EARNINGS PER SHARE

The group calculates both basic and diluted earnings per share in accordance with IAS 33. Basic earning per share is calculated based on the weighted average number of outstanding shares during the period. For the calculation of the diluted profit per share, the profit or the loss that can be attributed and the holders of ordinary shares and the weighted average number of issued shares are corrected for the effects of all potential ordinary shares that will lead to dilution.

S. REVENUE

Rental income comprises the gross rental income. Costs of gratuities and advantages granted to tenants are recorded as deduction of the rental income (through 'rent free periods') for the duration of the lease, defined as the period between the start and the first break.

T. FINANCIAL RESULT

Financial income

Financial income comprises the interest received on investments, dividends, exchange rate income and income relating to hedges that is recorded in the income statement (excluding fair value adjustments). Interests and dividends that originate from the use by third parties of company resources, are recorded when it is probable that the economic benefits related to the transaction will flow back to the company and the income can be defined in a reliable way.

Interests received are recorded when collected (taking into account the time elapsed and the effective return of the asset), unless there is any doubt on the collection.

Dividends are recorded in the income statement at the date of payment or when they were granted.

Net funding costs

The net funding costs comprise the interest payable on loans, calculated using the effective interest rate method, as well as the net interest due on derivative financial instruments that are recognized in the income statement (excluding fair value adjustments). Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset.

Other financial charges

The other financial charges mainly comprise reservation fees due on unused confirmed credit lines.

U. SEGMENT REPORTING

The segment information is prepared taking into account the operating segments and the information used internally in order to take decisions. The "chief operating decision makers" (high-ranking officers) are the Effective officers of the company. The operational segments are defined, as there is evidence, in the long term, of similar financial performance as they have comparable economic characteristics, based on the estimated rental value, investment potential and residual value.

The segment information comprises the results, assets and liabilities that can, directly, or on a reasonable basis, be attributed to a segment.

LRE is split up in three geographic segments, namely Belgium, the Grand Duchy of Luxembourg, Switzerland-Austria. The Luxembourg and Swiss segment correspond to the Leasinvest Immo Lux SICAV-SIF portfolio. The "corporate" category comprises all unallocated fixed costs carried at group level, and the financing costs*. In view of maximum transparency, the Swiss and Austrian results are reported separately in de segment information presented hereafter.

NOTE 3**SEGMENT INFORMATION****3.1 Segment information - geographical****3.1.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(in € 1,000)

	Belgium	
	31/12/16	31/12/15
(+) Rental income (1)	25,326	20,421
(+/-) Related-rental expenses	-132	-11
NET RENTAL INCOME	25,195	20,410
(+) Recovery of property charges	73	72
(+) Recovery income of charges and taxes normally payable by tenants on let properties	5,394	3,515
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
(-) Charges and taxes normally payable by tenants on let properties	-5,394	-3,515
(+/-) Other rental related income and expenditure	-1,938	-1,726
PROPERTY RESULT	23,329	18,756
(-) Technical costs	-1,240	-1,332
(-) Commercial costs	-628	-136
(-) Charges and taxes on un-let properties	-909	-714
(-) Property management costs (2)	-4,214	-3,803
(-) Other property charges	-376	-326
PROPERTY CHARGES	-7,366	-6,311
PROPERTY OPERATING RESULT	15,963	12,445
(-) Corporate operating charges	-1,435	-621
(+/-) Other operating charges and income	-1,053	1,124
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	13,475	12,948
(+/-) Result on disposal of investment properties	18	170
(+/-) Changes in fair value of investment properties	213	-11,576
OPERATING RESULT	13,706	1,542
(+) Financial income		
(-) Net interest charges		
(-) Other financial charges		
(+/-) Changes in fair value of financial assets and liabilities		
FINANCIAL RESULT	0	0
PRE-TAX RESULT	13,706	1,542
(+/-) Corporate taxes		
(+/-) Exit tax		
NET RESULT	13,706	1,542
Attributable to:		
Minority interests		
Group share		

(1) There is no rental income from transactions with other operational segments.

(2) The property management costs consist a/o of the fee paid by Leasinvest Real Estate to the statutory manager Leasinvest Real Estate Management SA. This fee is calculated based on the consolidated real estate portfolio, i.e. including the portfolio situated in Luxembourg, the participation in Retail Estates & the real estate certificates held. Of the total fee paid by Leasinvest Real Estate during the financial year 2016 (12 months) € 2.13 million is related to the Luxembourg real estate portfolio (including the Swiss and Austrian buildings).

Luxembourg		Switzerland		Austria		Corporate		TOTAL	
31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16 (12 months)	31/12/15 (12 months)
28,311	27,444	2,591	2,589	420				56,648	50,454
-47	-30							-179	-41
28,264	27,414	2,591	2,589	420		0	0	56,469	50,413
	36							73	108
88	64							5,482	3,579
0	0							0	0
-88	-64							-5,482	-3,579
-590	-294	-26	-111					-2,554	-2,131
27,673	27,156	2,565	2,478	420	0	0	0	53,987	48,390
-798	-193	-12	-39					-2,050	-1,564
-429	-645	-2						-1,059	-781
-171	-171	0						-1,080	-885
-320	-384	0						-4,534	-4,187
-299	-340	-41	-105					-716	-771
-2,017	-1,733	-55	-144	0	0	0	0	-9,438	-8,188
25,656	25,423	2,510	2,334	420	0	0	0	44,549	40,202
-1,704	-1,114		-19	-81				-3,220	-1,754
1,017	-1,293			37				0	-169
24,970	23,016	2,510	2,315	375	0	0	0	41,330	38,279
3,075	159							3,093	329
-2,279	16,324	331	4,801	1,207				-528	9,549
25,766	39,499	2,842	7,116	1,582	0	0	0	43,896	48,157
						3,994	2,327	3,994	2,327
						-13,400	-13,082	-13,400	-13,082
						-1,459	-1,489	-1,459	-1,489
						678	-4,824	678	-4,824
0	0	0	0	0	0	-10,188	-17,068	-10,188	-17,068
25,766	39,499	2,842	7,116	1,582	0	-10,188	-17,068	33,708	31,089
						-1,981	-467	-1,981	-467
						-608	-4	-608	-4
25,766	39,499	2,842	7,116	1,582	0	-12,777	-17,539	31,119	30,618
								0	0
								31,119	30,618

3.1.2 CONSOLIDATED BALANCE SHEET (GEOGRAPHICAL SEGMENTATION)

(in € 1,000)	Belgium	
	31/12/16	31/12/15
ASSETS		
Intangible assets	4	10
Investment properties (incl. development projects, excl. financial leasing)	284,016	333,577
Assets held for sale	54,966	4,392
Other assets	106,597	103,187
ASSETS PER SEGMENT	445,583	441,166
LIABILITIES		
Non-current financial debts		
Current financial debts		
Other liabilities		
LIABILITIES PER SEGMENT		
SHAREHOLDERS' EQUITY		

Other segment information

The investment properties consist of the property available for letting as well as of the development projects.

(in € 1,000)	Belgium		Luxembourg		Switzerland		Austria		TOTAL	
	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
Investment properties										
investments	4,679	114,399	10,542	12,423	110	-4	37,090		52,421	126,818
divestments			-50,750						-50,750	0
Finance lease receivables										
investments										
divestments										
Assets held for sale										
investments	455								455	0
divestments	-4,392	-17,626		-6,019					-4,392	-23,645
Other tangible assets (other)										
investments	0	3	227	17					227	20
divestments	0	0	0	0					0	0
depreciations	-73	-72	-67	-50					-140	-122
Net book value at the end of the financial year	929	1,002	321	161					1,250	1,163

The investments in and divestments of investment properties, the finance lease receivables and the assets held for sale are commented in respectively note 20, 24 and 25.

The other tangible assets are mainly not for own use (note 22).

Luxembourg		Switzerland		Austria		Corporate		TOTAL	
31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
	0		0					4	10
421,198	469,426	44,488	44,066	37,363				787,065	847,069
								54,966	4,392
36,910	20,627	737	1,016	2,162				146,406	124,831
458,108	490,053	45,225	45,082	39,525	0	0	0	988,441	976,302
						394,615	355,722	394,615	355,722
						146,856	176,887	146,856	176,887
						90,562	81,283	90,562	81,283
						632,033	613,892	632,033	613,892
								356,408	362,410

3.1.3 MAIN KEY FIGURES

(in € 1,000)	Belgium		Luxembourg		Switzerland		Austria		TOTAL	
	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
Fair value of the real estate portfolio (1)	356,882	355,880	421,198	469,440	44,488	44,070	37,363		859,931	869,390
Investment value of the real estate portfolio	365,270	364,220	427,580	477,000	45,600	45,170	38,300		876,750	886,390
Gross yield (in fair value) of the segment (2)	6.38%	7.12%	6.87%	6.82%	6.00%	5.63%	5.78%		6.78%	6.88%
Gross yield (in investment value) of the segment (2)	6.24%	6.96%	6.77%	6.72%	5.85%	5.49%	5.65%		6.65%	6.75%
Total letting area (m ²)	271,840	266,619	160,707	164,313	11,649	11,694	18,218		462,414	442,626
Occupancy rate (2)	82.51%	92.83%	98.30%	97.85%	100.00%	100.00%	100.00%		96.77%	95.80%
Weighted average duration till first break possibility (# years)	4.72	4.03	4.50	5.10	4.73	6.07	1.98		4.37	4.84

(1) The fair value of the real estate portfolio end 2016 consists of the investment properties (€ 787,065 thousand), the finance lease receivables (€ 17,900 thousand) and the assets held for sale (€ 54,966 thousand), or € 859,931 thousand in total.

The fair value of the real estate portfolio end 2015 consists of the investment properties (€ 847,098 thousand), the finance lease receivables (€ 17,900 thousand) and the assets held for sale (€ 4,392 thousand), or € 869,390 thousand in total.

(2) The calculation of the gross yield (in fair value and investment value) and the occupancy rate take into account all buildings, except for those recorded under 'assets held for sale' and 'development projects'.

The fair value and the investment value of the real estate portfolio comprise the buildings in operation, i.e. the buildings available for letting and the assets held for sale, as well as the development projects. For the calculation of the other key figures (the yield, the total letting area, the occupancy rate and the weighted average duration) only the buildings in operation are taken into account, excluding the development projects and the assets held for sale. The yields concern gross yields.

3.2 Segment information – Key figures per asset class

(in € 1,000)	Retail		Offices		Logistics (en semi-industrial)		TOTAL	
	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
Rental income (incl. lease receivables and excl. compensation for termination and incentives)	24,998	24,105	16,999	16,532	14,492	9,789	56,489	50,426
Fair value of the real estate portfolio	410,680	366,740	318,033	366,048	131,218	136,602	859,931	869,390
Investment value of the real estate portfolio	416,780	371,720	326,010	375,178	133,960	139,492	876,750	886,390
Occupancy rate	99.14%	98.79%	93.57%	92.77%	95.56%	94.91%	96.77%	95.80%
Rental yield* (in fair value) of the segment	6.76%	6.79%	6.52%	6.80%	7.88%	7.29%	6.78%	6.88%
Rental yield* (in investment value) of the segment	6.66%	6.70%	6.36%	6.64%	7.73%	7.14%	6.65%	6.75%
Weighted average duration till first break possibility (# years)	5.13	5.66	2.77	2.99	5.31	6.30	4.37	4.84

	2016		2015	
	Fair value (€ M)	Acquisition value (€ M)	Fair value (€ M)	Acquisition value (€ M)
Offices				
Offices Grand Duchy of Luxembourg	123.69	103.59	124.81	103.59
Offices Brussels	145.50	175.41	174.53	199.23
Offices rest of Belgium	18.18	47.70	20.44	47.70
Total offices	287.37	326.70	319.78	350.52
Logistics/semi-industrial				
Logistics/semi-industrial Grand Duchy of Luxembourg	18.94	13.40	19.47	13.40
Logistics/semi-industrial Belgium	35.94	30.43	91.09	60.81
Other	21.35	19.80	21.65	19.80
Total Logistics/semi-industrial	76.23	63.63	132.21	94.01
Retail				
Retail Grand Duchy of Luxembourg	278.56	257.20	274.41	257.20
Retail Belgium	50.27	35.07	32.50	35.07
Retail Switzerland	44.49	37.00	44.07	37.00
Retail Austria	37.36	37.09		
Total Retail	410.68	366.36	350.98	329.27
Investment properties	774.28	756.69	802.97	773.80
Assets held for sale	54.97	47.62	4.39	4.36
Buildings in operation	774.28	756.69	802.97	773.80
Projects Grand Duchy of Luxembourg			50.75	31.61
Projects Belgium	30.66	38.57	11.27	14.75
General total incl. projects & assets held for sale	859.91	842.88	869.38	824.52

The rental income does not take into account the indemnities received for early termination of leases of 158 thousand (end 2016).

The real estate portfolio comprises the buildings in operation and the assets held for sale, as well as the development projects. For the calculation of the occupancy rate and the rental yield*, only the buildings in operation are taken into account, excluding the assets held for sale and the development projects. The yields concern gross yields.

With regard to the other assets, other than the real estate portfolio, it is irrelevant to apply the segmentation per type.

Leasinvest Real Estate does not depend on major clients representing each more than 10% of the rental income.

COMPREHENSIVE INCOME

NOTE 4

NET RENTAL RESULT*

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Rental income	56,647	50,454
Rents	54,727	48,853
Guaranteed income	161	
Rent-free periods (1)	317	313
Rental incentives		
Indemnities for early termination of the leases	158	28
Income from finance leases and comparable items	1,284	1,260
Write-back of lease payments sold and discounted		
Rental-related expenses	-179	-41
Rent payable on rented premises		
Write-downs on trade receivables	-179	-41
Write-backs of write-downs on trade receivables		
NET RENTAL RESULT*	56,468	50,413

(1) Under the IFRS referential, the rent-free period is spread over the duration of the lease resulting in an annual recognition of the real rent. This implies a positive amount at the start of the rent-free period in the item 'rent-free periods' as no rental income is recognized following that rent-free period. However, in the following periods after the expiry of the rent-free period, the item 'rent-free periods' will be negatively influenced because rental income is then received. The table below presents a schematic overview of this principle taking into account a 2-year rent-free period:

	year 1	year 2	year 3	year 4	year 5	year 6	Total
Rental income	0	0	120	120	120	120	480
Rent-free periods	80	80	-40	-40	-40	-40	0
Total	80	80	80	80	80	80	480

Leasinvest Real Estate rents its investment properties on the basis of customary rental contracts.

The rental income has increased from € 50,454 thousand to € 56,647 thousand, mainly thanks to the acquisition of Tour & Taxis Royal Depot end 2015 and Frun® retail park Asten in November 2016.

Costs of rent-free periods and rental incentives to tenants are deducted from the rental income (in the item "rent-free periods") over the duration of the lease, defined as the period between the start and the first break date. The rental incentives that were not yet recognized in the result are deducted from the fair value of the assets.

This implies, when entering a new rental period (after a break possibility or after the conclusion of a new rental contract) and in the case a rent-free period has been granted, no rent will be collected during that period, but rent will be recorded in this item. Consequently, ceteris paribus, this item has a positive balance. In the course of the rental period the rent received will be higher than the rent corrected with the rent-free period. This correction is recorded in this item and will, ceteris paribus, consequently have a negative balance, unless another rent-free period, exceeding this balance, is again granted in that period.

The table below indicates how much of the annual rental income could potentially be lost. If each tenant having a break possibility would actually leave the building and there would be no re-letting, this table show the loss of rental income.

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Within one year	4,987	6,087
Between one and five years	29,832	29,629
More than five years	21,216	21,211
TOTAL	56,035	56,927

Leasinvest Real Estate's portfolio mainly comprises players from the private sector and, to a lesser extent, of the public sector. Consequently, there are relatively more rental contracts with shorter fixed durations (type 3/6/9 years).

NOTE 5

COSTS PAYABLE BY TENANTS AND BORNE BY THE LANDLORD AND OTHER RENTAL-RELATED INCOME AND EXPENSES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease		
Recovery of property charges	73	108
Compensations received for rental damage	73	108
Recovery of refurbishment costs at end of lease		
TOTAL	73	108
Other rental-related income and expenses	-2,554	-2,131
TOTAL	-2,554	-2,131

The recovery of property charges only comprises the compensations received for rental damage.

The item "other rental-related income and expenses" amounts to € -2,554 thousand at the end of 2016 in comparison with € -2,131 thousand at the end of 2015. The increase of these costs is the consequence of higher operating costs (a/o personnel, maintenance costs and an increase of communal and provincial surtaxes) in The Crescent on the one hand, and the full integration of Porte des Ardennes Pommerloch, on the other hand.

NOTE 6

CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Recovery income of charges and taxes normally payable by tenants on let properties	5,482	3,579
Rebilling of rental charges paid by the landlord	3,957	1,502
Rebilling of taxes on let properties	1,525	2,077
Rental charges and taxes normally payable by tenants on let properties	-5,482	-3,579
Rental charges paid by the landlord	-3,957	-1,502
Taxes on let properties	-1,525	-2,077
RENTAL CHARGES BORNE BY THE LANDLORD ON LET PROPERTIES		0

Under usual lease terms these charges and taxes are borne by the tenants through rebilling by the landlord. This concerns, among other things, the property taxes and other taxes on let buildings. In 2016 and 2015 all charges and taxes, contractually for the account of the tenant, have integrally been rebilled to the tenants concerned.

NOTE 7 TECHNICAL COSTS

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Recurring technical costs	-2,043	-1,553
Maintenance	-1,721	-1,335
Compensation for total guarantees	-306	-202
Insurance premiums	-16	-16
Non-recurring technical costs	-7	-10
Major repairs (building contractors, architects, engineering, ...)	-5	0
Claims	-2	-10
TOTAL	-2,050	-1,563

To ensure that the buildings keep responding to the increasing demands of comfort, image and sustainability maintenance and renovation works are regularly carried out. The item technical costs comprises both the recurrent and occasional costs of repair to the real estate portfolio, besides the fees with regard to the total guarantee and the insurance premiums related to the technical management of the buildings.

NOTE 8 COMMERCIAL COSTS

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Letting fees paid to real estate agents	-884	-539
Marketing expenses	-81	-69
Lawyer fees and legal expenses	-94	-173
TOTAL	-1,059	-781

The past financial year, the commercial costs have mainly increased as to fees due to real estate agents within the scope of the realized (re)lettings and divestments in the real estate portfolio.

NOTE 9 CHARGES AND TAXES ON UN-LET PROPERTIES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Charges on un-let properties of the financial year	-523	-410
Property taxes on un-let properties	-557	-475
TOTAL	-1,080	-885

The charges on un-let properties are the charges related to vacant spaces, which cannot be recovered and are consequently to be borne by the owner. Given the vacancy in the buildings under redevelopment Montoyer 63 and Treesquare, these charges have increased by € 195 thousand.

NOTE 10**PROPERTY MANAGEMENT COSTS AND OTHER PROPERTY COSTS****10.1 Property management costs**

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
External management costs	-3,908	-3,429
Costs of the internal management of the property	-626	-757
TOTAL	-4,534	-4,186

Leasinvest Real Estate SCA (on a statutory basis) has no own personnel. The statutory manager, Leasinvest Real Estate Management SA ("LREM"), is in charge of the management of the REIT (SIR/GVV) and had a staff of eleven persons at the end of 2016 under the direction of the permanent representative (twelve in total). The external management costs consist of the remuneration of the manager, which is defined at 0.415% of the investment value of the consolidated real estate portfolio, including the buildings of Leasinvest Immo Lux, the participation in Retail Estates and the real estate certificates held, according to the articles of association. The costs of the internal management of the property consist of the personnel costs of mainly Leasinvest Services, which takes care of the technical management of the buildings of the REIT (SIR/GVV) (personnel: 5 employees).

10.2 Other property costs

The other property costs amount to € -0.7 million at the end of 2016 and mainly comprise the valuers' fee (€ 184 thousand) and the fee paid within the framework of the external management (o/a Inowai & CBRE-PSM) and other diverse property costs (fees for situation surveys).

NOTE 11**GENERAL CORPORATE CHARGES AND OTHER OPERATING INCOME AND CHARGES**

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
UCI tax	-188	548
Depositary	-121	-123
Auditor fees	-197	-144
Liquidity provider	-17	-17
Other expenses	-2,696	-2,018
TOTAL	-3,219	-1,754
Other operating income and charges		-169

The general corporate charges regroup the overhead costs of the company, which have as such nothing to do with the actual activity, namely generating rental income. These are, among other things, the costs carried by the REIT (SIR/GVV) as a legal, listed entity and are mainly related to all kinds of prescriptions/obligations regarding transparency, liquidity of the share and financial communication.

As a consequence of the one-off recovery of UCI taxes paid in excess over the past financial years (based on a faulty calculation basis) the company received a net amount of € 548 thousand in 2015, while this tax amounts to -€ 188 thousand for 2016. The other expenses have increased in 2016 from -€ 2.018 thousand to -€ 2.696 thousand, mainly as a consequence of the extension of the consolidation scope following the acquisitions of Tour & Taxis Royal Depot and Frun[®] retail park Asten. These expenses comprise a/o the remuneration of the effective officers and the director's fees (€ - 685 thousand; 2015: € -694 thousand), communication costs (€ -193 thousand; 2015: € -173 thousand) and fees of lawyers and notaries (€ -189 thousand; 2015: € -153 thousand); this item also comprises for approximately € -492 thousand of expenses related to the acquisition of business combinations within the framework of the aforementioned acquisitions.

The costs of the depositary only relate to Leasinvest Immo Lux SICAV-SIF.

NOTE 12 RESULT OF DISPOSAL OF INVESTMENT PROPERTIES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Net gains on investment properties (sales price – transfer rights)	64,855	24,131
Book value of real estate sold (fair value)	-61,272	-23,646
Write-back of impact on fair value of estimated transaction costs resulting from hypothetical disposal of investment properties	-490	-156
TOTAL	3,093	329

In the course of 2016 some buildings were sold, namely the logistics building situated Zeutestraat in Malines and the office building Royal20 in Luxembourg. As a consequence of these sales, the result on the disposal of investment properties has increased from € 329 thousand to € 3,093 thousand.

NOTE 13 CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Positive changes in fair value of investment properties	10,037	24,247
Negative changes in fair value of investment properties	-10,565	-14,698
TOTAL	-528	9,549

The net portfolio result* shows a total unrealized capital gain of € - 0.5 million in 2016, or a decrease by € 10.1 million compared to 2015 (positive change of € 9.5 million).

These unrealized changes in fair value of the investment properties are explained by:

- By the conclusion of the rental contract for a development project in Luxembourg an unrealized capital gain of approximately € 7.5 million was recognized in 2015 on the project Royal20. The other latent capital gains for approximately € 13.7 million were also mainly recognized in Luxembourg and in Switzerland. It has to be noted that the capital gain on the Swiss retail portfolio (€ 4.3 million) was mainly due to the evolution of the exchange rate CHF/EUR. This capital gain has to be seen in the scope of the corresponding loss on the exchange rate component of the concluded Cross Currency Swap in the financial result 2015 (based on the changes in fair value of the financial assets and liabilities).
- The Belgian real estate portfolio registered a limited capital gain over 2016 of € 213 thousand due to the fact that the capital gains recognized on the current developments (Treesquare and Montoyer 63) in function of the evolution of the works, compensated the negative changes.
- The Luxembourg portfolio (including the retail buildings in Switzerland and Austria) recorded a limited negative net change of - € 741 thousand.

The changes in transfer rights are recorded in the item "Addition to/ Withdrawal from the reserves of estimated transfer rights and costs resulting from hypothetical disposal of investment properties".

NOTE 14 FINANCIAL INCOME

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Interests and dividends received	3,475	1,798
Income from finance leases and comparable items	8	
Income from authorized hedges	510	529
Income from authorized hedges subject to hedge accounting as defined by IFRS	510	529
Income from authorized hedges not subject to hedge accounting as defined by IFRS		
TOTAL	3,994	2,327

The 'interests and dividends received' consist of the dividends received of € 3.4 million (for the financial year 2016) on the Retail Estates shares on the one hand, and of interests from temporary, short term deposits of cash surpluses on the other hand. The increase of € 1.7 million is to a large extent influenced by the recovery of the withholding tax deducted in 2015 on the dividend of the Retail Estates shares held (€ 0.6 million) and for which Leasinvest Real Estate benefits from the reconfirmed (by the constitutional court) parent-subsidiary exemption. The dividend from Retail Estates in 2016 benefited from the immediate recovery of the withholding tax (€ 0.8 million).

The income from financial instruments (€ 0.5 million) consists of variable interests received from interest rate receiver swaps, within the framework of the current bond loans, for which Leasinvest Real Estate always pays a fixed interest rate and receives the variable interest rate. This fixed payer interest rate can be found under the item 'Costs of authorized hedges' in the item Financial charges (see note 15).

NOTE 15 FINANCIAL CHARGES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Nominal interest charges on loans	- 8,442	-8,995
Interest charges on non-current financial debts	- 4,787	-5,133
Interest charges on bond loans	- 3,412	-3,518
Interest charges on current financial debts	- 243	-344
Re-composition of the nominal amount of the financial debts		
Costs of authorized hedges	-5,723	-5,257
Authorized hedges subject to hedge accounting as defined by IFRS	-5,723	-5,255
Authorized hedges not subject to hedge accounting as defined by IFRS		-2
Other interest charges	-2	
Activated interest charges	767	1,170
TOTAL	-13,400	-13,082

The costs of authorized hedges comprise the fixed interest rate settlements paid by Leasinvest Real Estate within the framework of the interest rate payer swaps concluded.

The decrease of the nominal interest charges on loans (mainly current financial debts) originates from the lower interest rate curve.

The average funding cost* (excluding the marked to market of the hedges) after hedging amounts to 2.90% (end 2015: 3.38%) end 2016; before interest charges on the hedging portfolio the average funding cost* amounts to 1.05% end 2016 (end 2015: 1.9%).

End 2016 € 767 thousand (end 2015: € 1,170 thousand) funding costs* were activated.

They are based on an internal funding rate of approximately 3.4%.

NOTE 16
OTHER FINANCIAL CHARGES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Bank costs and other commissions	-1,459	-1,489
Net realized losses on the sale of non-current financial assets		
Net realized losses on the sale of finance lease receivables and similar		
Other		
Costs of financial instruments for hedging		
TOTAL	- 1,459	-1,489

The bank costs and other commissions mainly comprise the provisions for reservation due on the undrawn part of the credit portfolio. These costs remained stable over 2016 in comparison with the previous financial year.

NOTE 17
CHANGES IN FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Changes in FV of authorized hedges subject to hedge accounting as defined by IFRS – CF hedges (ineffective part)	812	-5,093
Changes in FV of authorized hedges subject to hedge accounting as defined by IFRS – FV hedge	-145	-122
Adjustment of fair value bond loans	11	391
TOTAL	678	-4,824

The changes in fair value of the authorized hedges subject to hedge accounting as defined by IFRS and the ineffective part of the cash flow hedges amounted to - € 5,093 thousand in 2015 and were mainly defined by the impact of the exchange rate component of the cross currency swap. In 2016 this item amounts to € 812 thousand, mainly as a consequence of the normalized exchange rate EUR/CHF in the cross currency swaps.

The changes in fair value of the authorized hedges subject to hedge accounting relating to the fair value hedge concern variations of the receiver swaps concluded as fair value hedges within the framework of the bond loans at a fixed interest rate.

The changes in fair value of the bond loans concerns the part of the public bond loan for € 35 million that is subject to hedge accounting and has decreased in the course of the past year from € 391 thousand to € 11 thousand.

BIJLAGE 18 CORPORATE TAXES

(in € 1,000)	31/12/16 (12 months)	31/12/15 (12 months)
Parent company LRE	-193	-397
Pre-tax result	30,873	11,274
Result exempt from income tax due to the REIT (SIR/GVV) regime	30,873	11,274
Taxable result based on non-deductible costs	423	519
Tax rate of 33.99%	-144	-177
Corporate tax provision		0
Withholding tax		0
Previous tax year adjustment		0
Subsidiaries	-2,445	-294
TOTAL	-2,589	-471

REIT (SIR/GVV) enjoy a special tax regime, which makes that corporate taxes are only applicable to non-deductible expenses (regional taxes) and, on abnormal and benevolent advantages and special amounts. Leasinvest Immo Lux, 100% subsidiary of Leasinvest Real Estate, enjoys, as a sicav, a special tax regime in Luxembourg. The other subsidiaries or the permanent establishment in Switzerland, on the contrary, are subject to corporate taxes. Total taxes have increased from - € 471 thousand in 2015 to - € 2.589 thousand in 2016, mainly as a consequence of corporate taxes due at the level of the subsidiary Tour & Taxis Koninklijk Pakhuis SA. Following the merger between Leasinvest Real Estate and Tour & Taxis Koninklijk Pakhuis SA, this situation will normalize next year.

BALANCE SHEET

NOTE 19

INTANGIBLE ASSETS

(in € 1,000)	31/12/16	31/12/15
Software	10	10
Other intangible assets	10	10
Movements in intangible assets		
Balance at the end of the previous financial year	10	80
Gross amount	26	89
Accumulated depreciation (-)	-16	-9
Accumulated impairment		
Investments (+) / Divestments (-)		-63
Acquisitions through business combinations		
Disposals through retirement (-)		
Disposals through splitting-up (-)		
Depreciations	-6	-7
BALANCE AT THE END OF THE FINANCIAL YEAR	4	10

End 2014 licenses for new transaction software were acquired; these were subject to a one-off amortization for -63 thousand euro in the course of the financial year 2015.

Over the past financial year € 6 thousand were amortized, resulting in a balance of € 4 thousand end 2016.

NOTE 20

INVESTMENT PROPERTIES (FAIR VALUE METHOD)

(in € 1,000)	Real estate available for lease		Development projects	
	31/12/16	31/12/15	31/12/16	31/12/15
BALANCE AT THE END OF THE PREVIOUS FINANCIAL YEAR	785,051	686,942	62,018	33,860
Investments	4,622	8,217	3,756	10,601
Divestments		4,269	-50,750	
Translation differences	390		0	
Acquisitions of property	37,090	108,000		
Transfer from/(to) other items	-67,222	-22,534	13,180	12,156
Spreading of gratuities	192	314	0	
Increase/(decrease) in fair value	-3,721	-157	2,459	5,401
BALANCE AT THE END OF THE FINANCIAL YEAR	756,402	785,051	30,663	62,018

Total Investment properties		Finance lease receivables		Total		Assets held for sale	
31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
847,069	720,802	17,900	17,900	864,969	738,702	4,392	17,626
8,378	18,818		0	8,378	18,818	455	0
-50,750	4,269			-50,750	4,269	-4,392	-23,646
390	0			390	0		
37,090	108,000			37,090	108,000		
-54,042	-10,378			-54,042	-10,378	54,042	10,378
192	314			192	314	125	0
-1,262	5,244			-1,262	5,244	344	34
787,065	847,069	17,900	17,900	804,965	864,969	54,966	4,392

The real estate available for letting increases by € 37,090 thousand following the acquisition realized in Austria; on the other hand, the building Montoyer 63 was transferred to Development projects (impact € 13,180 thousand) and a number of logistics buildings were transferred to Assets held for sale (impact € 54,042 thousand).

The Development projects decreased by € 50,750 thousand as a consequence of the sale of the completed Royal20 project.

The assets held for sale decrease by € 4,392 thousand after the sale of Malines Zeutestraat and increase by the transferred logistics buildings (SKF Tongeren, Wommelgem Nijverheisstraat and Canal Logistics Phase one), held for sale.

Capex overview 2016

Investment capex 2016 in € 1,000	LRE	Belgium	Luxembourg	Switzerland	Austria
(1) Acquisition capex	37,090		0	0	37,090
(2) Capex (incl. developments and new use) with regard to development projects	9,884	3,755	6,129	0	
(3) Capex recurrent real estate portfolio	6,011	1,379	4,522	110	
(4) Other	na	na	na	na	
TOTAL CAPEX	52,985	5,134	10,651	110	37,090

Based on the fair value model according to IAS 40, investment properties are accounted for at fair value. This fair value corresponds to the amount for which a building could be sold between well-informed and ready parties acting under normal competitive circumstances. The fair value corresponds to the investment value as defined by an independent real estate expert, minus the transfer rights, the so-called 'mutation costs'. For more information on this matter we refer to the valuation rules. The investment value is the value as defined by an independent real estate expert, of which the transfer rights have not been deducted. This value corresponds to the price which a third party investor (or hypothetical buyer) would pay to acquire the real estate in order to benefit from the rental income and realize a return on his investment. The values have been defined by independent real estate experts.

The following methods were used to define the fair value according to IFRS 13:

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

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

- **Discounted cash-flow method**

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

- **Residual valuation**

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

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

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

The investment properties come under level 3.

For the total Leasinvest Real Estate SCA property, including the part of the portfolio estimated by the companies Stadim, SPG Intercity and BAR, Cushman & Wakefield has defined at 31 December 2016,

1. A total **investment value of € 876,750,000** (eight hundred seventy-six million seven hundred fifty thousand euros) has been determined, with respectively € 365,270,000, € 427,580,000, € 38,300,000 and € 45,600,000 as investment values for the Belgian, Luxembourg, Austrian and Swiss portfolio.
2. A total **fair value of € 859,920,000** (eight hundred fifty-nine million nine hundred twenty thousand euros) has been determined, with respectively € 356,880,000, € 421,190,000, € 37,360,000 and € 44,490,000 as fair values for the Belgian, Luxembourg, Austrian and Swiss portfolio.

The property consists of business parks, offices, semi-industrial buildings, distribution centers and shops, spread across the Grand Duchy of Luxembourg, Belgium, Switzerland and Austria.

For more details, we also refer to the note Main key figures - (Other segment information).

The fair value of the real estate portfolio amounts to € 859.92 million end 2016 compared to € 869.36 million end December 2015.

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

Asset class	Fair value 2016 (€ 1000)	Valuation technique	Important input data	31/12/2016 Min-Max (weighted average)	31/12/2015 Min-Max (weighted average)
Retail (Grand Duchy of Luxembourg & Belgium)	328,830	Actualization of estimated rental income	a) Estimated rental value	a) 8.35 - 19.93 (13.17) €/m ²	a) 8.35 - 19.92 (13.21) €/m ²
			b) Capitalization rate	b) 5.65% - 7.15 (6.69) %	b) 6.6% - 7.41 (6.79) %
Retail Switzerland	44,490	Actualization of estimated rental income	a) Estimated rental value	a) 18.5 - 20.81 (19.67) €/m ²	a) 19 - 23 (19.36) €/m ²
			b) Capitalization rate	b) 5.79% - 6.47 (6.05) %	b) 5.1% - 6.31 (6.03) %
Retail Austria	37,360	DCF (discounted cash flow)	a) Estimated rental value	a) 9.88 €/m ²	na
			b) Discount rate	b) 5.65%	na
			c) Capitalization rate	c) 6.0%	na
			c) Economic life	c) 30 years	na
Offices Grand Duchy of Luxembourg	123,690	Actualization of estimated rental income	a) Estimated rental value	a) 23.42 - 39.99 (29.93) €/m ²	a) 23.42 - 39.99 (29.71) €/m ²
			b) Capitalization rate	b) 5.25% - 6.85 (6.25) %	b) 5.50% - 7.42 (6.30) %
Offices Belgium	163,680	Actualization of estimated rental income	a) Estimated rental value	a) 9.77 - 11.76 (10.83) €/m ²	a) 11.2 - 13.4 (10.93) €/m ²
			b) Capitalization rate	b) 5.65% - 8.75 (6.92) %	b) 5.3% - 11.4 (7.14) %
Logistics	131,200	DCF (discounted cash flow)	a) Estimated rental value	a) 3.35 - 16.88 (4.82) €/m ²	a) 3.35 - 16.47 (4.76) €/m ²
			b) Discount rate	b) 7.32%	b) 7.32%
			c) Economic life	c) 30 years	c) 20 years
Projects Belgium	30,670	DCF (discounted cash flow)	a) Weighted average estimated rental value	a) 20.75 €/m ²	a) 22.48 €/m ²
			b) Capitalization rate	b) 5.10%	b) 5.60%
			c) Estimated construction period	c) 15 to 18 months	c) 15 to 18 months
			d) Construction cost /m ²	d) 1450-1650 €/m ²	d) 1650 €/m ²
Total investment properties	859,920				

The forecasted inflation applied to the valuation techniques amounts to 1%.

Based on the balance sheet at the end of December 2016, an increase of the average yield by 0.10% would have had an impact of - € 12.8 million on the net result and of € - 2.60 on the net asset value per share, and an increase of the debt ratio by 0.78% (namely from van 58.05% to 58.83%).

Based on that same balance sheet, a decrease of the average ERV (1) by 10% would have an impact of approximately € - 86.0 million on the net result. The possible influence of the construction cost on the fair value and the net result is considered to be less significant.

(1) ERV = Estimated Rental Value, or the estimated rental value of the real estate portfolio.

NOTE 21 ACQUISITIONS OF SUBSIDIARIES

In the first semester of 2016 full control over P. Invest SA was acquired, in its turn holding all shares of Porte des Ardennes Pommerloch SA, owner of the Knauf shopping center in Pommerloch. As Leasinvest Real Estate, via its Luxembourg subsidiary Leasinvest Immo Lux SA, has now 100% control over Porte des Ardennes Pommerloch SA, this entity is fully consolidated. Previously, as a consequence of the already held 100% participation of Leasinvest Immo Lux SA in the real estate certificates issued by Porte des Ardennes Pommerloch SA, the real estate was already recorded as an investment property, and the proceeds as rental income.

On 8 November 2016 Leasinvest Real Estate, via its Luxembourg subsidiary Leasinvest Immo Lux SA, has acquired 100% of the shares of the Austrian companies Frun® Park Asten GmbH and Merula Beteiligungs GmbH. The latter company is the owner /lessor of a retail park located in Asten nearby Linz in Austria, the park, via a real estate leasing agreement, being made available to lessee Frun® Park Asten GmbH. The acquisition price of the retail park amounted to € 37,090,361. By this transaction the company wishes to stress even more the strategic interest of a high-quality diversified retail segment in the consolidated real estate portfolio and its intention to further develop it. Control was acquired by the acquisition of all shares entitled to voting, by the majority in the board of directors and by full control over the management. The table below presents an overview of both acquisitions in sub-consolidation.

(in € 1,000 sub-consolidation)	Book value	Fair value
ASSETS		
I. NON-CURRENT ASSETS		
Investment properties	60,120	133,863
II. CURRENT ASSETS		
Taxes and other current assets	5,547	6,263
Cash and cash equivalents	59,163	59,163
TOTAL ASSETS	124,830	199,289
LIABILITIES		
SHAREHOLDERS' EQUITY	-2,226	58,985
I. NON-CURRENT LIABILITIES		
Non-current financial debts	121,818	134,758
II. CURRENT LIABILITIES		
Trade debts and other current debts	5,238	5,546
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	124,830	199,289
Net assets*	-2,226	58,985
Goodwill		
Acquisition price		58,985
NET INVESTMENT CASH-OUT		58,985

NOTE 22**OTHER TANGIBLE ASSETS**

(in € 1,000)	31/12/16	31/12/15
Installations, machines and equipment	1,111	1,036
Furniture, office equipment and rolling stock	139	127
Other		
Other tangible assets	1,250	1,163
Changes in other tangible assets		
Balance at the end of the previous financial year	1,163	1,266
Gross amount	1,727	1,707
Accumulated depreciation (-)	-564	-442
Accumulated impairments		
Investments	227	20
Acquisitions through business combinations		
Transfers and disposals (-)		
Transfers through splitting-up		
Depreciations (-)	-140	-122
Balance at the end of the financial year	1,250	1,163
Of which:		
Tangible assets for own use	139	127
Other	1,111	1,036

The other tangible assets are recorded at cost minus accumulated depreciation and possible impairments (in accordance with IAS 16). These are written off in a linear way in function of their economic life cycle. In 2011 an investment was made in solar panels on the storage building in Wommelgem, for an amount of € 1.13 million, written off over a 20-year period. The other tangible assets of € 139 thousand mainly comprise the decoration of the offices for own use.

NOTE 23**NON-CURRENT FINANCIAL ASSETS**

(in € 1,000)	31/12/16	31/12/15
Participations in other REIT (SIR/GVV)	70,758	70,425
Loans and receivables		0
Other	144	132
Real estate certificates	17,474	15,947
Derivative financial instruments	1,585	1,597
Participations in associates		
TOTAL	89,961	88,101

The increase of the non-current financial assets is mainly explained by the participation in Retail Estates (participations in other REIT (SIR/GVV)). In the course of 2016 € 3.7 million of extra shares were acquired to keep the participation of 10.45% stable. The current book value of the participation is € 0.3 million higher than the participation per 31/12/2015; consequently, a negative value adjustment of € - 3.43 million was recognized in the comprehensive income*.

The company also holds real estate certificates with regard to office buildings. On the one hand, additional certificates were acquired for € 1.16 million in 2016, and on the other hand, the fair value rose, recognized in the comprehensive income*, by € 0.25 million in 2016.

The total changes in fair value amount to € - 3.18 million and were presented under the item "changes in fair value of non-current financial assets available for sale" in the comprehensive income*.

NOTE 24 LEASING

The item finance lease receivables for € 17.9 million comprises the State Archives in Bruges that are presented as a financial leasing in conformity with IFRS. The initial duration was 25 years, of which already four years have passed. The implicit interest rate based on the present value of minimum lease payments amounts to 3.93% for 2016 and 4.0% for 2015.

(in € 1,000)	31/12/16				31/12/15			
	< 1 year	1 year < > 5 years	> 5 years	TOTAL	< 1 year	1 year < > 5 years	> 5 years	TOTAL
	remaining duration							
1. Gross lease investments	1,348	7,156	34,200	42,704	1,322	7,687	35,689	44,698
2. Present value of minimum lease payments		525	17,374	17,899		356	17,543	17,899
3. Unearned finance income				24,805				26,799
4. Contingent rent recognised in income								
5. Unguaranteed residual values for the lessor								
6. Accumulated allowance for uncollectible lease payments receivable								

NOTE 25 ASSETS HELD FOR SALE

(in € 1,000)	31/12/16	31/12/15
Balance at the end of the previous financial year	4,392	17,626
Investments	455	
Divestments	-4,392	-23,645
Transfer from/(to) other items	54,042	10,377
Spreading of gratuities	125	
Increase/(decrease) of fair value	344	34
Balance at the end of the financial year	54,966	4,392

All assets held for sale are investment properties.

As the asset is an investment property accounted for according to the fair value model, it is valued at fair value, i.e. the accounting value minus the transfer rights, based on the valuation by the independent external real estate expert.

End 2016 this item comprises the buildings located at Nijverheidsstraat in Wommelgem (€ 17.09 million), at Heesterveldweg in Tongres (€ 17.51 million) and the storage building Canal Logistics phase 1 in Neder-over-Heembeek (20.37 million). It concerns buildings immediately available for sale and only subject to provisions that are customary for the sale of those kinds of assets. The sale is also expected to be highly probable, and this according to the criteria defined in IFRS 5 § 8.

The building Zeutestraat in Malines was presented as an asset held for sale end 2015 and has been sold in the course of the financial year 2016.

NOTE 26**CURRENT FINANCIAL ASSETS**

(in € 1,000)	31/12/16	31/12/15
Assets held to maturity		
Assets available for sale	0	0
Assets at fair value through profit or loss		
Loans and receivables		
Other		
TOTAL	0	0

NOTE 27**TRADE RECEIVABLES**

(in € 1,000)	31/12/16	31/12/15
Trade receivables	10,855	6,952
To be invoiced	1,575	1,181
Doubtful receivables	-345	-166
TOTAL	12,085	7,967

Leasinvest Real Estate estimates that the accounting value of the trade receivables comes close to their fair value. Consequently, no corrections to the book value of the receivables were foreseen.

(in € 1,000)	31/12/16					
	Total	Not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	10,165	7,205	1,482	255	279	944
To be invoiced	1,575	1,575				
Doubtful receivables	345					345
TOTAL	12,085	8,780	1,482	255	279	1,289

(in € 1,000)	31/12/15					
	Total	Not expired	expired < 30 d	expired < 60 d	expired < 120 d	expired > 120 d
Trade receivables	6,620	5,243	203	47	912	215
To be invoiced	1,181	1,181				0
Doubtful receivables	166					166
TOTAL	7,967	6,424	203	47	912	381

	31/12/16	31/12/15
Receivables and debts		
Accumulated depreciation – opening balance	-166	-125
Impairment booked during the financial year	-179	-41
Write-back of impairment during the financial year		
Write-off of impairment during the financial year		
Accumulated depreciation – ending balance	-345	-166

The part of the trade receivables come due, for which no provision has been created, is either covered by a bank guarantee on first request or is the object of an installment plan.

NOTE 28**TAX RECEIVABLES AND OTHER CURRENT ASSETS**

(in € 1,000)	31/12/16	31/12/15
Taxes	1,317	350
Salaries and social security		
Other	1,947	2,535
TOTAL	3,264	2,885

The item Taxes mainly concerns property tax and UCI-tax to be recovered for € 742 thousand, discussed in note 11 of these financial statements. The other current assets comprise a/o amounts to be recovered, deposited as completion guarantees for the completed Royal20 project.

NOTE 29**CASH AND CASH EQUIVALENTS**

(in € 1,000)	31/12/16	31/12/15
Cash	20,768	4,531
Cash equivalents		
TOTAL	20,768	4,531

The cash and cash equivalents consist exclusively of bank accounts at financial institutions.

For the evolution of the cash and cash equivalents we refer to the cash flow statement. The increase of the cash position per 31/12/2016 is explained by the extension of the consolidation scope on the one hand, and by the start of an additional financing of € 12.5 million at the closing date, on the other hand.

NOTE 30**DEFERRED CHARGES AND ACCRUED INCOME – ASSETS**

(in € 1,000)	31/12/16	31/12/15
Accrued and not due rental income		
Rent-free periods and incentives for appropriation		
Prepaid property charges	781	1,265
Prepaid interests and other financial charges		568
Other	398	451
TOTAL	1,179	2,284

The decrease of the prepaid property charges of € 1,265 thousand to € 781 thousand is mainly due to the charges within the framework of the Strassen extension project that have been activated in 2016.

NOTE 31**SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND NET RESULT****31.1 Subscribed capital****a) Evolution subscribed capital since the creation of the REIT (SIR/GVV)**

Date		Issued capital (in € 1,000)	Number of shares
31/12/1998	Initial capital Brixton Zaventem	2,922	61,250
4/05/1999	New number of shares (1)		864,808
7/05/1999	Acquisition of treasury shares and annulment of the acquired shares		-24,603
8/06/1999	Contribution in kind of the 'Extensa buildings'	2,788	727,818
8/06/1999	Contribution in kind of the Vierwinden Business Park	9,370	191,574
	Total before the offering	15,080	1,759,597
1/07/1999	Capital increase	20,334	370,851
1/07/1999	Merger with Brixton Louise	7,561	394,672
1/07/1999	Merger with Kapex		4
1/07/1999	Decrease of the capital	-15,209	
	Capital and number of shares after the offering	27,765	2,525,124
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	2,206	200,500
14/12/2001	Contribution in kind D2 of the Axxes Business Park	1,152	104,742
28/11/2003	Merger with Brussimmo		2
28/11/2003	Merger with Ekiport		3
	Issued capital and number of issued shares on 30/06/04	31,123	2,830,371
23/12/2004	Partial splitting-up (Montoyer 63)	4,606	418,850
	Issued capital and number of issued shares on 30/06/05	35,729	3,249,221
29/05/2006	Contribution in kind of buildings Extensa-portfolio	8,397	763,407
	Issued capital and number of issued shares on 30/06/06	44,126	4,012,628
29/12/2006	Merger with Square de Meeûs 5-6 SA	2	204
	Issued capital and number of issued shares on 30/06/07 & 31/12/11 & 2012	44,128	4,012,832
25/06/2013	Capital increase	10,187	926,038
	Issued capital and number of issued shares on 31/12/2013, 31/12/2014, 31/12/2015 & 31/12/2016	54,315	4,938,870

(1) On 31/12/98 the registered capital of Brixton Zaventem amounted to € 2,921,652, represented by 61,250 shares. On 04/05/99 it has been decided to divide the capital of Brixton Zaventem into 864,808 shares.

b) Categories of shares:

Leasinvest Real Estate has only one category of shares, namely ordinary shares. Holders of ordinary shares are entitled to receive the declared dividend and to one vote per share at the annual general meetings of shareholders of Leasinvest Real Estate. All shares are fully paid. The shares are registered shares or dematerialized shares. For more information on the nature of the shares, see articles of association.

c) Authorized capital:

The statutory manager is authorized to increase the registered capital on the dates and subject to the conditions he will define, in one or more instalments, for a total amount of € 54,314,744.64. This authorization is valid for a term of five (5) years as of the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable. For more information on the authorized capital, we refer to the articles of association (article 7).

d) Costs related to capital increases:

Over the financial year 2013 € 979 thousand of costs related to the above mentioned capital transaction, and consequently to the issue of new shares, were deducted from the reserves.

31.2 Share premium accounts (in € 1,000)

Date	Operation	
28/06/2001	Contribution in kind buildings D4 and D5 of the Axxes Business Park	7,710
14/12/2001	Contribution in kind D2 of the Axxes Business Park	4,356
23/12/2004	Partial splitting-up (Montoyer 63)	19,214
	Share premium account on 30/06/05	31,280
29/05/2006	Contribution in kind of buildings Extensa-portfolio	39,331
	Share premium account on 30/06/06	70,611
29/12/2006	Merger with Square de Meeûs 5-6 SA	11
	Share premium account on 31/12/2012	70,622
25/06/2013	Public capital increase	50,469
	Share premium account on 31/12/2013, 31/12/2014, 31/12/2015 & 31/12/2016	121,091

31.3 Result

(in € 1,000)	31/12/16	31/12/15
Result to be carried forward	6,934	7,421
Proposed dividend	24,184	23,197
TOTAL	31,118	30,618

The consolidated net result, group share, of the past financial year 2016 amounted to € 31.1 million.

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 4.90 on 22 May 2017, and net, free of withholding tax of 30%, € 3.43. Consequently, the dividend amounts to € 24.18 million.

Subject to the approval of the ordinary general shareholders' meeting of 15 May 2017, dividends will be paid out on presentation of coupon no 20.

31.4 Treasury shares purchased

3,392 treasury shares were already purchased in the course of the financial year 2015, within the framework of the finalization of the legal procedure with regard to the dematerialization of bearer securities according to article 11 of the law of 14 December 2005, and this for € 282 thousand; these shares are still booked in the accounts of Leasinvest Real Estate per 31/12/2016.

31.5 Reserves

(in € 1,000)	31/12/16	31/12/15
Legal reserve	5,431	5,431
Reserves for the balance of the changes in fair value of property (+/-)	51,827	42,278
Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)	- 9,167	-8,723
Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS	-44,492	-34,189
Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-7,135	-1,920
Reserves from translation differences coming from conversion of foreign activity (+/-)	8	8
Reserve for treasury shares	-293	-293
Reserve for the balance of changes in fair value of financial assets held for sale	29,184	32,363
Result carried forward	124,521	121,426
Net result of the financial year	31,118	30,618

NOTE 32**COMMENTS ON THE NUMBER OF SHARES, DIVIDENDS AND PROFIT PER SHARE****Changes in the number of shares**

	31/12/16 Nr. of shares	31/12/15 Nr. of shares
Number of shares at the beginning of the financial year	4,938,870	4,938,870
Changes in the number of shares		
Number of shares at the end of the financial year	4,938,870	4,938,870
Number of shares entitled to dividends	4,938,870	4,938,870
Number of treasury shares (on a consolidated basis)	3,392	3,392
Number of shares entitled to the result of the period	4,935,478	4,935,478
Number of shares entitled to a full dividend	4,935,478	4,935,478
Number of shares entitled to a pro rata dividend (creation capital increase)	0	0

The difference between the shares entitled to dividends and the shares entitled to dividends of the result of the period relate to the 3,392 shares purchased in 2015 within the framework of the finalization of the legal procedure with regard to the dematerialization of bearer securities according to article 11 of the law of 14 December 2005.

Calculation of the profit and dividend per share:

	31/12/16 (12 months)	31/12/15 (12 months)
Net result, group share (€ 1,000)	31,118	30,618
Number of shares entitled to the result of the period	4,935,478	4,935,478
Net result, group share, per share (€) (1)	6.30	6.20
Distributable result per share (€) (2)	5.98	5.40

	proposal 2016	proposal 2015
Gross dividend attributable to ordinary shareholders (€)	24,183,842	23,196,747
Gross dividend per share (€)	4.90	4.70
Net dividend per share (€)	3.430	3.431

(1) The net profit per share is the net result, group share, as stated in the income statement, divided by the number of shares entitled to the result of the period.

(2) The distributable profit per share is the amount taken into account to calculate the mandatory distribution, divided by the number of shares entitled to the result of the period, but without taking into account the net decrease in debt.

NOTE 33 INFORMATION ON FINANCIAL INSTRUMENTS

33.1 Overview of financial instruments at book value

(in € 1,000)	31/12/16			
	Loans and receivables (Amortized cost)	AFS	FV hedge	Total
Financial assets				
Non-current financial assets	1,427	86,950	1,585	89,961
<i>Participation in other REIT (SIR/GVV)</i>		70,759		70,759
<i>Real estate certificates</i>	1,283	16,191		17,474
<i>Hedging instruments</i>			1,585	1,585
<i>Other</i>	144			144
Finance lease receivables	17,900			17,900
Trade receivables	12,085			12,085
Tax receivables and other current assets	3,264			3,264
Cash and cash equivalents	20,768			20,768
TOTAL FINANCIAL ASSETS	55,444	86,950	1,585	143,978
	FV through P&L	Finan- cial liabilities at amortized cost	CF hedge	Total
Financial liabilities				
Non-current financial debts	36,111	358,503	-	394,615
<i>Credit institutions</i>		297,394		297,394
<i>Bond loan</i>	36,111	60,702		96,813
<i>Rental guarantees received</i>		407		407
Other non-current financial liabilities - derivatives			49,736	49,736
Current financial debts – commercial paper		146,856		146,856
Tax debts and other current debts		28,985		28,985
Other non-current liabilities		2,361		2,361
TOTAL FINANCIAL LIABILITIES	36,111	536,705	49,736	622,552

33.2 Note on the financial debt

(in € 1,000)	31/12/16	31/12/15
Non-current financial debts	394,615	355,722
Credit institutions	297,395	258,538
Other	97,220	97,184
Other loans (bond loans)	96,813	96,824
Rental guarantees received	407	360
Current financial debts	146,857	176,887
Credit institutions	0	89,191
Other (1)	146,857	87,696
Other loans	146,857	87,696
TOTAL	541,472	532,609

The total financial debts increased by € 8,863 thousand in comparison with end 2015 and amount to € 541,472 thousand¹.

The stagnating debt position year by year has to be interpreted based on capital recycling over the financial year, with on the one hand, the sale of the prestigious project Royal20 in Luxembourg, and on the other hand, the acquisition of the Frun® retail park in Asten Austria, on top of the current capital expenditure in the projects Montoyer 63, Treesquare and Retailpark Strassen.

The item other non-current loans comprises for € 96,813 thousand the bond loans issued by Leasinvest in 2013. This relates to the public bond loan of € 75 million issued at a fixed interest rate of 3.75% with maturity on 9 October 2019 on the one hand, and the private placement of € 20 million issued at a fixed interest rate of 3.528% with maturity on 4 December 2020, on the other hand. The draw-downs of bilateral bank credits amount to € 297,395 thousand on 31/12/2016.

The 'other current financial debts' of 146.9 million only comprise the commercial paper issued at less than 1 year. The issued commercial paper has increased over the past financial year by € 59.3 million following the increased market demand by investors. The commercial paper issues are paid on the basis of a variable interest rate and all come to maturity within the year. These issues are fully covered by the available margin on bilateral credit lines, ensuring that these maturities can always be refinanced should the market demand for new issues decrease. The composition of the bilateral credit portfolio is as follows:

Number	Type of financing instrument	Authorized amount credit line	Start credit	Maturity credit	Fixed rate (TF) or variable rate (TV) before hedging
1	Bilateral Revolving credit facility	22,500,000	17/11/14	30/11/19	TV
2	Bilateral Revolving credit facility	35,000,000	25/11/10	31/10/17	TV
3	Bilateral Revolving credit facility	20,000,000	09/11/15	31/10/22	TV
4	Bilateral Revolving credit facility	15,000,000	23/08/12	31/12/18	TV
5	Bilateral Revolving credit facility	38,000,000	28/10/16	31/08/21	TV
6	Bilateral Revolving credit facility	15,000,000	01/02/16	31/01/21	TV
7	Bilateral Revolving credit facility	25,000,000	01/12/10	31/01/24	TV
8	Bilateral Revolving credit facility	10,000,000	07/02/13	21/08/23	TV
9	Bilateral Revolving credit facility	10,000,000	01/02/16	31/01/21	TV
10	Bilateral Revolving credit facility	30,000,000	01/11/16	15/01/22	TV
11	Bilateral Term Loan	15,000,000	31/12/15	31/12/20	TV
12	Bilateral Term Loan	25,000,000	30/11/16	29/11/21	TV
13	Bilateral Revolving credit facility	25,000,000	15/01/13	31/01/18	TV
14	Bilateral Revolving credit facility	25,000,000	31/01/16	31/12/20	TV
15	Bilateral Term Loan	50,000,000	08/12/15	31/03/22	TV
16	Bilateral Revolving credit facility	15,000,000	23/08/13	23/08/18	TV
17	Bilateral Revolving credit facility	50,000,000	23/12/16	23/12/21	TV
18	Bilateral Revolving credit facility	12,500,000	23/12/16	23/12/19	TV
19	Bilateral Term Loan	12,500,000	23/12/16	23/12/19	TV
Total credits at variable interest rates		450,500,000			
20	Bilateral Term Loan	10,000,000	23/01/13	23/01/21	TF
21	Bilateral Investment credit	20,000,000	21/11/15	21/11/21	TF
22	Bilateral Investment credit	15,000,000	21/11/15	21/11/22	TF
23	Bilateral Investment credit	10,000,000	07/08/14	21/08/20	TF
24	Bilateral Investment credit	7,500,000	13/12/13	12/12/17	TF
Total credits at fixed interest rates		157,500,000			

¹ Total debt end 2016 also comprises € 407 thousand of rental guarantees received; the financial debt recorded in the key figures presents the total debt position at closing date excluding the rental guarantees received.

The total drawn down debt position at closing date amounts to € 541,472 thousand, of which € 407 thousand of rental guarantees received.

Taking into account the hedging policy of the company, as described in the risk factors, the company striving at a hedging percentage of 75%, i.e. the relation between the fixed rate debt augmented by the variable interest rate debt swapped for a fixed rate debt through interest rate swaps, compared to the total debt, for a part, namely € 35 million, of the public bond loan, a fair value hedge was concluded through an IRS receiver in 2013. The corresponding part, or € 35 million of the public bond loan was not booked at amortized cost, but at fair value, and recognized in the financial results as a positive change of € 11 thousand (2015: € 391 thousand).

The bond loans, except for the part for which a fair value hedge was concluded, are booked at amortized cost.

The book value of the public and private bond loans end 2016 amounts to € 96,813 thousand in comparison with € 96,824 thousand end 2015.

End 2016 the part fixed rate credits amounts to 29% or € 157.5 million of total drawn down debt excl. rental guarantees of € 541.06 million, comparable with 30% end 2015.

Financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. Not respecting these covenants can entail the premature termination of these credits. The concluded credits hold classic covenants mainly related to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Breakdown according to the expiry date of financial debts and credit lines

(in € 1,000)	31/12/16			Total
	Debts with a residual duration of			
	< 1 year	> 1 year < 5 years	> 5 years	
Financial debts – credit institutions				
Credit lines	42,500	385,500	85,000	513,000
Credit draw-downs	7,500	289,000	0	296,500
Interests	5,253	14,992		20,245
% share (credit draw-downs/credit lines)	30.0%	78.9%	0.0%	61.7%
Bond loans	3,519	102,462		105,981
Commercial Paper program (CP)			210,000	210,000
Commercial Paper draw-downs	146,950	0		146,950
% share CP / credit lines				28.6%
% share (credit draw-downs & CP / credit lines)				86.4%
% Credit lines balance after CP hedging				13.6%

33.3 Fair Value Disclosures

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

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

(in € 1,000) per end 2016	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	70,758	17,474		88,232	88,232
- Other derivative instruments non-qualified as cash flow hedge				0	0
- Derivative instruments qualified as fair value hedge			1,584	1,584	1,584
Finance-lease receivables			17,900	17,900	17,900
Current financial assets				0	0
Trade receivables		12,085		12,085	12,085
Tax receivables and other current assets		3,264		3,264	3,264
Cash and cash equivalents	20,768			20,768	20,768
Deferred charges and accrued income		1,179		1,179	1,179
Non-current financial debts					
- Credit institutions			300,823	300,823	297,395
- Other	78,623		20,716	99,339	96,813
Other non-current financial liabilities					
- Financial derivatives through the income statement			1,043	1,043	1,043
- Financial derivatives through other equity components			48,693	48,693	48,693
Current financial debts					
- Credit institutions				0	0
- Other			146,856	146,856	146,856
Trade debts and other current debts					
- Other		16,078		16,078	16,078
Other current liabilities		2,361		2,361	2,361

(in € 1,000) per end 2015	Level 1	Level 2	Level 3	fair value	book value
Non-current financial assets					
- Participations in other REIT (SIR/GVV)/real estate certificates	70,425	15,947		86,372	86,372
- Other derivative instruments non-qualified as cash flow hedge			1	1	1
- Derivative instruments qualified as fair value hedge			1,596	1,596	1,596
Finance-lease receivables			17,899	17,899	17,899
Current financial assets					
Trade receivables		7,967		7,967	7,967
Tax receivables and other current assets		2,885		2,885	2,885
Cash and cash equivalents	4,531			4,531	4,531
Deferred charges and accrued income		2,284		2,284	2,284
Non-current financial debts					
- Credit institutions			265,356	265,356	258,538
- Other	78,750		21,123	99,873	96,824
Other non-current financial liabilities					
- Financial derivatives through the income statement			1,646	1,646	1,646
- Financial derivatives through other equity components			38,572	38,572	38,572
Current financial debts					
- Credit institutions			89,689	89,689	89,191
- Other			87,625	87,625	87,625
Trade debts and other current debts					
- Other		12,511		12,511	12,511
Other current liabilities		8,200		8,200	8,200

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

With regard to the financial derivatives, the valuations of the different counterparty banks have been recorded, meaning that a detailed description of these data, as required by level 3, is not possible. However, these instruments were classified under level 3 as we calculate a CVA or a DVA on these received valuations, and this on the basis of data that are an approximation of the credit risk. The valuation of the private bond is based on an approximation of an observable CDS spread and the evolution of the Euribor 6M.

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

For the valuation techniques with regard to investment properties and assets held for sale, we refer to note 20 and note 23.

33.4 Management of capital and debt ratio

Calculation and further comments on the debt ratio:

		Statutory balance sheet	Consolidated balance sheet
TOTAL OF THE ITEMS 'LIABILITIES' OF THE BALANCE SHEET	→	457,068	632,034
I. NON-CURRENT LIABILITIES			
A. Provisions	-		
C. Other non-current financial liabilities – Authorized hedges	-	49,736	49,736
F. Deferred taxes	-		
II. CURRENT LIABILITIES			
A. Provisions	-		
C. Other current financial liabilities – Authorized hedges	-		
F. Deferred charges and accrued income	-	3,221	9,469
Total liabilities taken into account for the calculation of the debt ratio (numerator):	=	404,111	572,829
TOTAL 'ASSETS' OF THE BALANCE SHEET	→	813,490	988,441
Authorized hedges recorded in the assets	-	1,584	1,584
Total assets taken into account for the calculation of the debt ratio (denominator):	=	811,906	986,857
Debt ratio	:	49.77%	58.05%

In accordance with art 24 of the RD of 13 July 2014, the public REIT (SIR/GVV) has to establish a financial plan with an execution calendar, whenever the consolidated debt ratio exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

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

The general guidelines of the financial plan are recorded in the annual and half-year financial reports. In the annual and half-year financial reports is described and justified how the financial plan was executed in the course of the relevant period and how the public RREC will execute the plan in the future.

As shown in the table below, the debt ratio of Leasinvest Real Estate has in general historically remained below 50% till 2011 included, but structurally exceeded, since 2012 the 50%-threshold as a consequence of the investment programme executed over the past years, defined a/o by:

- the development and later sale of the office building Bian in Luxembourg;
- the investment in the real estate certificates issued by Porte des Ardennes Schmiede SA and Porte des Ardennes Pommerloch SA for the financing of the shopping centers Knauf situated in Schmiede and in Pommerloch;
- the acquisition of the building Tour & Taxis Royal Depot;
- the development of the completed project Royal20;
- the acquisition of Frun[®] retail park in Asten Austria;
- the current redevelopment projects Montoyer 63, Treesquare and Retailpark Strassen.

2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
58.05%	58.03%	54.27%	53.53%	56.19%	47.29%	44.13%	47.61%	52.06%	40.93%	44.15%	32.23%	41.06%	41.38%	44.94%
									(•)	(•)	(•)	(•)	(•)	(•)

(•) Closing 30/6

In the course of the past financial year, the debt ratio of Leasinvest Real Estate stagnated at 58%; more specifically, the debt ratio of end 2015 decreased to 56.68% on 30 June 2016 thanks to the sale of the completed project Royal20, to rise again in the second semester, after the acquisition of the Frun[®] Retail park in Asten (Austria), to 58.05% per end December 2016.

O/a after the obtainment and the start of an extra financing of € 12.5 million at the closing date of the financial year, there is a consolidated available cash position of € 20.8 million on the balance sheet of 31 December 2016; this cash position allows for an intrinsic decrease of the debt ratio to 57.0%.

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

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

Based on the debt ratio of 58.05% end December 2016 Leasinvest Real Estate has a proportional investment potential based on debt financing of € 196.5 million without exceeding the 65%-debt ratio and an investment potential of € 48.5 million without exceeding the 60%-debt ratio.

Each quarter a projection of the debt ratio is presented to the board of directors in the scope of the presentation of the budget, in function of the forecasted results and the planned acquisitions and sales.

Taking into account the built-in assumptions and the concretization or not of possible and/or investment transactions as mentioned above, the debt ratio will in the short term further fluctuate between 57% and 59%, or slightly above the predefined long-term 50%-55% spread.

The valuation of the portfolio also has a direct impact on the debt ratio. Currently there are no indications in the market of strong negative evolutions. Through the diversification of the portfolio of Leasinvest Real Estate, both in terms of assets and geographically, the risk is also mitigated. The existing portfolio could undergo a potential decrease in fair value of € 106.5 million before exceeding the maximum debt ratio of 65%. Such a decrease in value could be the consequence of an increase of the yield (at constant rental values the yield should increase by 82 base points to exceed the maximum debt ratio of 65%) or of a decrease of the rental income (at constant yields the rents should decrease by 12.3% to exceed the maximum debt ratio of 65%). At present, there are no indications in the market that a significant increase of the yields or a decrease of the rental income is near.

Should substantial value decreases take place in a certain asset class or in a region, with the risk that the debt ratio would exceed 65%, Leasinvest Real Estate can proceed to the sale of a number of its buildings. Leasinvest Real Estate has indeed a strong track record in the sale of buildings and has divested for € 285 million over the period 2007 to 2016.

It is the opinion of company that no additional measures are necessary to avoid the debt ratio from exceeding 65%. In the short term, the debt ratio will stagnate between 55% and 60%, or slightly above the predefined long-term spread of 50%-55%.

33.5 Note on the financial derivatives

In order to limit the risks of a rise of the variable interest rates, Leasinvest Real Estate has partially hedged its credits by the conclusion of the financial products below:

Type of hedge	Notional amount	IFRS qualifica- tion	Maturity	Interest rate Paying leg	Interest rate Receiving leg
Current hedges					
SWAPS					
IRS payer	10,000,000	Cashflow hedge	2018	2.85%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2021	2.38%	EUR 3M
IRS payer	20,000,000	Cashflow hedge	2021	2.68%	EUR 3M
IRS payer	15,000,000	Cashflow hedge	2021	1.30%	EUR 3M
IRS payer	25,000,000	Cashflow hedge	2022	1.85%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	1.81%	EUR 3M
IRS payer	15,000,000	Cashflow hedge	2023	1.76%	EUR 3M
IRS payer	30,000,000	Cashflow hedge	2023	2.29%	EUR 3M
IRS payer	40,000,000	Cashflow hedge	2023	1.13%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	2.82%	EUR 3M
IRS payer	12,500,000	Cashflow hedge	2023	2.00%	EUR 3M
IRS payer	20,000,000	Cashflow hedge	2023	1.95%	EUR 3M
IRS payer	10,000,000	Cashflow hedge	2023	1.99%	EUR 3M
IRS payer	30,000,000	Cashflow hedge	2025	2.71%	EUR 3M
Total Notional amount	257,500,000				
IRS receiver	25,000,000	Fair Value Hedge	2019	EUR 3M	1,27%
IRS receiver	10,000,000	Fair Value Hedge	2019	EUR 3M	1,29%
Total Notional amount	35,000,000				
Currency Swap	18,686,156	Cashflow hedge	2024	0.57%	EUR 3M
Currency Swap	18,676,849	Cashflow hedge	2024	0.60%	EUR 3M
Total Notional amount	37,363,005				
Start in the future					
Forward IRS payer	10,000,000	Cashflow hedge	2023	2.20%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.97%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.33%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.895%	EUR 3M
Forward IRS payer	15,000,000	Cashflow hedge	2024	1.79%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2024	1.81%	EUR 3M
Forward IRS payer	10,000,000	Cashflow hedge	2025	1.93%	EUR 3M
Forward IRS payer	25,000,000	Cashflow hedge	2027	2.31%	EUR 3M
Total Notional amount	110,000,000				

At the end of the financial year 2016 the notional amount of the current net payer IRS-contracts amounts to € 222.5 million (€ 257.5 million payer IRS, minus € 35 million receiver IRS), the future payer IRS to € 110 million, and the cross currency swaps to € 37,3 million. The cross currency swap contains both a hedging component for the exchange rate risk €/CHF as an interest rate hedge for the longer term, the variable interest rate based on the Euribor 3 months being swapped for a fixed interest rate in the longer term (resp. 0.57% and 0.60% as shown in the table).

The interest rate caps for € 40 million (at strike levels out of market expectations till the expiry date of the caps included) were sold in the course of the financial year.

De hedge ratio end 2016 amounted to 71% (fix ratio 78%), in comparison with 76% (fix ratio 68%) end 2015.

The relation between the debts at variable interest rates of € 380,786 thousand, increased by the IRS receiver swaps for € 35,000 thousand on the one hand, and on the other hand, the debt at fixed interest rates (€ 157,500 thousand) and the corresponding IRS hedge (€ 257,500 thousand) and the Cross Currency Swaps (€ 37,363 thousand), is the hedge position and is thus calculated on the basis of the notional amount of current active hedges at that moment. For this calculation the future hedges are not taken into account, as they do not offer any 'protection' at that moment against an increasing interest rate. In the table below is explained how the hedge ratio and the fix ratio are calculated at the closing date.

Calculation hedge ratio		31/12/2016
Nominal amount of the drawn down financial liabilities excluding accr. Interest in 000 €	A	538,286
Nominal amount of the debts at fixed interest rates in 000 €	B	157,500
Nominal amount of the financial instruments IRS Payer in 000 €	C	257,500
Nominal amount of the financial instrument Cross-currency swap in 000 €	D	37,363
Nominal amount of the financial instruments IRS Receiver in 000 €	E	35,000
Fix ratio	$((B+C+D-E)/A)$	78%
Hedge Ratio	$(C+D)/(A-B+E)$	71%

Derivative financial instruments are valued at fair value, which corresponds to the marked-to-market calculated by financial institutions. With regard to interest rate swaps, hedge accounting is applied and the efficiency of the hedges has been proven. They relate to cash flow hedges on the one hand, IRS Payer swaps being used to hedge drawn down credit lines at variable interest rates, including the commercial paper issued at variable interest rates, with price adjustments at short-term intervals (typically three months or less). On the other hand, it concerns fair value hedges, the IRS Receiver swaps being put into a hedge relation with part of the publicly issued bond in conformity with the fair value hedging methodology.

In practice, this means that the efficient part of the cash flow hedges is attributed to the "reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS"; and the inefficient part of the cash flow hedges, together with the fair value hedges is recorded in the "reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS".

The fair value of the hedges at closing date is composed as follows:

(in € 1,000)	31/12/16		31/12/15	
	Assets	Liabilities	Assets	Liabilities
Caps bought	0		1	
IRS Receiver Swaps	1,585		1,596	
Interest Rate Swaps (incl. Cross Currency Swap)		-49,736		-40,218
	1,585	-49,736	1,597	-40,218

The balance of the liabilities of € -49.7 million is presented in the item "Other non-current liabilities" and the balance of the assets of € +1.6 million is presented in "Non-current financial assets" (note 23).

The changes in fair value of the hedges:

Efficient part of fair value presented in "Reserves for the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS".

Effective part of the fair value (cf. Item in reserves) (see note 32)

Balance on 31/12/2012	-23,727
Change in the effective part of the fair value of derivative financial instruments	8,427
Balance on 31/12/2013	-15,300
Change in the effective part of the fair value of derivative financial instruments	-21,890
Balance on 31/12/2014	-37,191
Change in the effective part of the fair value of derivative financial instruments	3,003
Balance on 31/12/2015	-34,188
Change in the effective part of the fair value of derivative financial instruments	-10,303
Balance on 31/12/2016	-44,491

The changes in the effective part of authorized hedges subject to hedge accounting as defined in IFRS of - € 10.3 million concern changes in value of the hedges as a consequence of the evolution of the swap curve passed through the reserves.

Ineffective part of the fair value

Balance on 31/12/2012	-3,671
Change in the ineffective part of the fair value of derivative financial instruments	1,031
Balance on 31/12/2013	-2,640
Change in the ineffective part of the fair value of derivative financial instruments	720
Balance on 31/12/2014	-1,920
Change in the ineffective part of the fair value of derivative financial instruments	-5,215
Balance on 31/12/2015	-7,136
Change in the ineffective part of the fair value of derivative financial instruments	667
Balance on 31/12/2016	-6,469

The changes in the ineffective part of the fair value of the derivative instruments of € 0.7 million (end 2015: € - 5.2 million) is directly passed through the results (see also note 17).

33.6 Information on financial risk management

33.6.1 Financial management

The financial policy is intended at optimising the costs of the capital and limiting the financing, interest rate, liquidity, cash flow, counterparty and covenant risks. We refer, for the note on financial risk management, the potential impact, the mitigating factors and measures, to the note with regard to the risks, as described in the Risk factors, recorded in the registration document on page 4.

33.6.2 Specific note on Liquidity risk

Per 31 December 2016 the weighted average duration of the credit portfolio has been extended from 2.96 years (end 2015) to 3.94 years. For a more detailed presentation of the maturity analysis, we refer to the note with regard to the financial debts.

The weighted average duration of the hedges has decreased from 6.58 years (end 2015) to 6.30 years end 2016.

The liquidity risk inherent to the difference in the average remaining durations of the financial liabilities and the financial derivative liabilities is monitored in function of the refinancing expectations of the credit and the estimated future extra funding needs of the company. The liquidity risk concerns the unavailability of extra financing to refinance the maturity dates in the credit portfolio or to meet extra credit needs. On the one hand, this risk is mitigated by a balanced spread of the maturity dates of the credits and by the diversification of the funding sources. Moreover, the buildings owned by the REIT (SIR/GVV) are considered to be held, in principle, to generate rental income and be able to pay the mandatory dividend. This allows to suppose that it is highly probable that certain cash flows will be realized (rent & dividend) and, by consequence can be defined, what kind of debt financing and hedges have to be drawn down. Consequently, the operations concluded can, according to Leasinvest, not be considered as speculative.

33.6.3 Specific note on Exchange rate risk

After the acquisition of three Swiss buildings, there is a risk for Leasinvest that both the value of the real estate and the net cash flows linked to the operations fluctuate due to the evolution of the exchange rate CHF/EUR.

As the transaction was funded in EUR (based on financing at variable interest rate) there was no match between the exchange rate fluctuations of the asset and the corresponding liability. For this reason, a Cross Currency Swap was concluded, that consists of two components; on the one hand, an exchange rate component (passed through the income statement) and compensated by the fluctuation of the exchange rate of the buildings (also passed through the income statement), and on the other hand, an interest component swapping the variable Euribor interest rate for a fixed interest rate. (This interest component is passed through shareholders' equity).

The exchange rate fluctuation in cash flow is as much as possible naturally hedged by maximum use of income in CHF to cover local expenses in CHF.

33.6.4 Market risk sensitivity analysis

In the table below an overview is given of the different types of market risks to which the company is exposed at the end of the reporting period and with the potential influence of changes in the different risk variables to which the company is exposed, on the company's shareholders' equity.

Change of market risk	Impact on shareholders' equity	
	DECREASE	INCREASE
Estimated rental value	negative	positive
Inflation	negative	positive
Capitalisation rate	positive	negative
Remaining duration rental contract	negative	positive
Occupancy rate	negative	positive
Maintenance cost	positive	negative
Interest rate financings	positive	negative
Other funding costs*	positive	negative

The average funding cost* (excluding the marked-to-market of the hedges) after hedging amounts to 2.90% end 2016 (end 2015: 3.38%); before hedging this amounts to 1.05% end 2016 (end 2015: 1.9%).

End 2016 € 767 thousand (end 2015: € 1,170 thousand) funding costs* for development projects were activated. An internal funding rate of approximately 3.4% was used.

An increase of the variable interest rate by 100bps, calculated with the current hedge rate, would have an impact on the financial charges of € 1,017 thousand.

33.6.5 Tenant and credit risk

Efforts are being made to reduce the relative importance of the largest tenants and obtain a better spread both in terms of the number of tenants and the sectors in which these tenants are active in order to obtain a rental risk and income with an improved diversification therefore limiting the dependency of the REIT (SIR/GVV) to the fall-out of one or more important tenants due to termination of the rental contract or bankruptcy.

The top 10 of the most important tenants amounts to approximately 21%. The breakdown per sector of our tenant portfolio remains good.

The creditworthiness of our tenants' portfolio is still very good, which is proven by the fact that barely any write-downs of doubtful receivables were booked by Leasinvest Real Estate over the last couple of years, not in Belgium, nor in the Grand Duchy of Luxembourg, Switzerland or Austria.

For an analysis of the trade receivables we refer to note 27.

NOTE 34**TRADE DEBTS AND OTHER CURRENT DEBTS**

(in € 1,000)	31/12/16	31/12/15
Exit tax	12,907	12,299
Other		
Suppliers	13,694	9,834
Tenants		
Taxes, salaries and social security	2,384	2,676
TOTAL	28,985	24,809

The amount of the exit tax of € 12.9 million refers to the tax liability related to the acquisition and the merger of the company Tour & Taxis Koninklijk Pakhuis SA with Leasinvest Real Estate.

The item Suppliers has increased from € 9.8 million to € 13.7 million by the work still to be paid for within the framework of the current projects Treesquare, Montoyer and Retail park Strassen. Moreover, the consolidation scope was extended following the acquisition of the Austrian retail park.

NOTE 35**OTHER CURRENT LIABILITIES**

(in € 1,000)	31/12/16	31/12/15
Other current liabilities	2,361	8,200
TOTAL	2,361	8,200

The item comprises the dividends to be paid, provisions relating to rental guarantees and rental guarantees received in cash. The decrease is explained by the reimbursement of a deferred tax liability for the acquisition of the building Tour & Taxis Royal Depot over the past financial year.

NOTE 36**ACCRUED CHARGES AND DEFERRED INCOME – LIABILITIES**

(in € 1,000)	31/12/16	31/12/15
Property income received in advance	8,989	7,589
Interests and other charges accrued and not due	203	202
Other	277	256
TOTAL	9,469	8,047

NOTE 37**OTHER LIABILITIES**

The tenants of the following buildings dispose of a call option at market value at the end of their leases, from Leasinvest Real Estate: the office building located at Motstraat 30-32 in Malines and the distribution centre situated in Tongres (SKF).

Within the framework of the alienation of the buildings in the Axxes Business Park in 2010 and Torenhove in 2012, LRE stands surety for a maximum term of 9 years (respectively till July 2019 and till December 2021), mainly with regard to possible vacancy. Per closing date, an assessment of the probability of the surety is made, taking into account the vacancy, the expected vacancy and the commercial success in order to find sufficient tenants or users. Commercial management is executed by a subsidiary of LRE, i.e. Leasinvest Services, and is remunerated.

NOTE 38
RELATED-PARTY TRANSACTIONS

The statutory manager Leasinvest Real Estate Management SA employs the personnel and receives an annual management fee of 0.415% on the consolidated investment value of the portfolio, including the real estate portfolio of Leasinvest Immo Lux. The remuneration for the financial year 2016 (12 months) amounted to € 3.8 million.



For more information on the control chain we refer to the Corporate government statement in het Annual report on page 63.

As in the remuneration report below only the remuneration of the CEO is presented on an individual basis, and on a global basis that of the 'other leaders', which are the (other) members of the executive committee, among which Michel Van Geyte, effective officer, OKIMONO SPRL represented by Sven Janssens and Piet Vervinck, CFO assisting the effective officers in their day-to-day management.

As explained above, the effective officers are Mr Jean-Louis Appelmans, managing director, and Mr Michel Van Geyte, CIO of Leasinvest Real Estate Management and director, and as of 15 May 2017 co-managing director.

During the past financial year the remuneration in the table below was granted to the CEO, on an individual basis, directly and indirectly.

In accordance with the company's remuneration policy, the effective officers do not receive any stock options or other share-based payments.

For the past financial year he received the following amounts:

In €	Fixed	Insurance	Variable	total
Jean-Louis Appelmans	323,874	139,733	98,000	561,607

The effective officers – executive directors – are granted fixed and variable remunerations as defined above in the remuneration report.

NOTE 39 CONSOLIDATION SCOPE

The subsidiaries mentioned below are all part of the consolidation scope using the full consolidation method. This consists in incorporating the entire assets and liabilities, as well as the results of the subsidiaries. The minority interests are recorded under a separate caption in the balance sheet and the income statement. The consolidated financial statements are established at the same date as the date on which the subsidiaries establish their financial statements.

Name & address of the administrative office	Country of origin/branch	VAT or national number	Direct or indirect part of the capital held and voting rights (in%)	
			31/12/16	31/12/15
Leasinvest Services SA Schermerstraat 42 - BE-2000 Antwerp	Belgium	BE 0826.919.159	100%	99%
Leasinvest Immo Lux SA 6D route de Trèves - LU-2633 Senningerberg	Grand Duchy of Luxembourg	LU 16372655	100%	100%
RAB Invest SA Schermerstraat 42 - BE-2000 Antwerp	Belgium	BE 0820.897.736	100%	100%
Haven Invest SA Schermerstraat 42 - BE-2000 Antwerp	Belgium	BE 0644.563.317	100%	100%
T & T Koninklijk Pakhuis SA Schermerstraat 42 - BE-2000 Antwerp	Belgium	BE 0863.090.162	100%	100%
Orli Lux Sàrl	Grand Duchy of Luxembourg	LU B136357	100%	100%
S INVEST S.A.	Grand Duchy of Luxembourg	LU B174218	100%	100%
PDA Schmiede S.A.	Grand Duchy of Luxembourg	LU B171588	100%	100%
P INVEST S.A.	Grand Duchy of Luxembourg	LU B174188	100%	na
PDA Pommerloch S.A.	Grand Duchy of Luxembourg	LU B171587	100%	na
AE Starvilla Sieben GmbH & Co OG	Austria	FN 456562s	100%	na
AE Starvilla Driezehn GmbH	Austria	FN 456512t	100%	na
Merula Beteiligungs GmbH	Austria	FN 379973i	100%	na
Frun Park Asten GmbH	Austria	FN 308936v	100%	na

Leasinvest Services SA, RAB Invest SA, Haven Invest NV and T&T Koninklijk Pakhuis SA were established in Belgium, while Leasinvest Immo Lux SA, Orli Lux sàrl, S Invest SA, PDA Schmiede SA, P. Invest SA and PDA Pommerloch SA were created in Luxembourg. Besides these, the consolidation scope was extended by the Austrian companies AE Starvilla Sieben GmbH & C° OG, AE Starvilla Driezehn GmbH and Merula Beteiligungs GmbH, following the acquisition of Frun® Retail park Asten. The group structure and Leasinvest Real Estate's position in it are commented at page 63.

On 19 December 2016 T&T Koninklijk Pakhuis SA was merged by absorption with Leasinvest Real Estate.

NOTE 40 IMPORTANT EVENTS AFTER BALANCE SHEET DATE

No important event took place after the balance sheet date.

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF THE COMPANY LEASINVEST REAL ESTATE SCA FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with the legal requirements, we report to you in the context of our statutory auditor's mandate. This report includes our opinion on the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in capital and reserves, and the consolidated cash flow statement for the year ended 31 December 2016 and the notes (all elements together "the Consolidated Financial Statements"), and includes as well our report on other legal and regulatory requirements.

Report on the Consolidated Financial Statements - Unqualified opinion

We have audited the Consolidated Financial Statements of Leasinvest Real Estate SCA ("the Company") and its subsidiaries (together "the Group") as of and for the year ended 31 December 2016, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, which show a consolidated balance sheet total of € 988,441 thousand and of which the consolidated income statement shows a profit for the year of € 31,118 thousand.

Responsibility of the Board of Directors for the preparation of the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of Consolidated Financial Statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

Responsibility of the statutory auditor

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 ("ISAs") as they were adopted in Belgium. Those standards require that we comply with the 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 the assessment of the risks of material misstatement of 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 presentation of the Consolidated Financial Statements that give a true and fair view, 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, 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 and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion

In our opinion, the Consolidated Financial Statements of the Group as at 31 December 2016 give a true and fair view of the consolidated net equity and financial position, as well as its consolidated results and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The Board of Directors is responsible for the preparation and the content of the Board of Director's report on the Consolidated Financial Statements, in accordance with article 119 of the Belgian Company Code.

In the context of our mandate and in accordance with the additional standard to the ISAs applicable in Belgium, it is our responsibility to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the Consolidated Financial Statements.

- The Board of Director's report to the Consolidated Financial Statements includes, both in form and in substance, the information required by law, is consistent with the Consolidated Financial Statements and does not contain any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 23 March 2017

Ernst & Young Bedrijfsrevisoren bcvba
Statutory auditor
represented by



Pierre Vanderbeek*
Partner

* Acting on behalf of a bvba/sprl

STATUTORY FINANCIAL STATEMENTS

Hereafter an abbreviated version of the statutory financial statements of Leasinvest Real Estate is presented. The complete financial statements together with the annual report and the report of the auditor are filed with the National Bank of Belgium and these documents may be consulted at the company's office and can be obtained for free, upon simple request.

The auditor has approved the statutory financial statements without reservations.

Introduction with regard to the adjusted valuation rules concerning the equity method applied to the statutory participations

As already mentioned in the statement of conformity of the consolidated financial statements, it needs to be pointed out that in the statutory financial statements of Leasinvest Real Estate SCA, established in accordance with IFRS-EU, the participations in Leasinvest Immo Lux SA, T&T Koninklijk Pakhuis SA, Leasinvest Services SA, Haven Invest SA and RAB Invest SA have been accounted for, for the first time, via the equity method instead of valuation at historical cost. This adjustment has been carried out as the statutory financial statements with valuation at historical cost of the statutory participations reflect too little the underlying economic situation in which the subsidiaries contribute to a large extent to the global assets of the company.

In practice, this means that the actual part in the net assets of the statutory participations is taken into account; the share in the profit or loss of the participation is hereby recorded in the statutory income statement; payments received from a participation, reduce the book value of that participation.

In the tables below an adjustment was recorded for the financial year 2015, applying the amended valuation method to the statutory participations on the previous period presented, as if the new rule for this valuation had already then be applied.

Impact of the application of the equity method on the statutory result:

The initial statutory result on 31/12/2015 amounted to € 10.9 million; this statutory result was adjusted to € 30.6 million after elimination of € 22.5 million of dividends received in 2015 and after the incorporation of the result of the participations for € 42.2 million.

The statutory result 31/12/2016 amounts to € 31.1 million, and this after the incorporation of the result of the participations for € 24.5 million.

Impact of the application of the equity method on the statutory reserves:

Based on the application of the equity method to the valuation of the statutory participations in the non-current financial assets, the reserves on 31/12/2015 have increased by € 124.5 million in comparison with the initial figures 31/12/2015

In the tables below an adjustment was recorded for the financial year 2015, applying the amended valuation method to the statutory participations on the previous periods presented, as if the new rule for this valuation had already then be applied.

(in € 1,000)	31/12/16			
	IFRS book value of the company (via P/L)	IFRS book value of the company (via OCI)	Total IFRS book value of the company	Acquisition price minus dividends received
Leasinvest Immo Lux	309,165	-1,404	307,761	109,362
Leasinvest Services	263	0	263	497
T&T Koninklijk Pakhuis	66,502	0	66,502	63,700
RAB Invest	5,794	0	5,794	62
Haven Invest	-31	0	-31	61
TOTAL	381,693	-1,404	380,289	173,681
Difference IFRS book value of the company - Acquisition price (a)				206,608
Result participations booked according to the equity method				24,491
Total of dividends received (b)				-68,869
Net impact on shareholders' equity according to the equity method (a)-(b)				137,739

Impact of the application of the equity method on the balance sheet total and the statutory debt ratio:

After applying the equity method to the valuation of the statutory participations, the balance sheet total has increased from € 721.0 million to € 865.3 million in the adjusted statements on 31/12/2015.

Per 31/12/2016 the balance sheet total amounts to € 813.5 million. The statutory debt ratio per 31/12/2015 has decreased from 63.8% to 53.1%; per 31/12/2016 the statutory debt ratio amounts to just 49.8%.

Impact of the application of the equity method on the calculation of the non-distributable reserves according to art. 617 of the Company Code:

For the calculation of the non-distributable reserves according to art. 617 of the Company Code, the effect of the application of the equity method to the valuation of the statutory participations is an increase of the net assets per 31/12/2015 by € 144.2 million (from € 218.2 million to € 362.4 million). Yet, a 'look-through' calculation was hereby applied, also recording the by definition non-distributable reserves of the underlying participations in the statutory calculation of the non-distributable reserves according to the legal framework. (Reserves for the positive balance of the changes in fair value of property have increased by € 27.2 million; the correction for the impact of estimated transfer rights and costs resulting from hypothetical disposal of investment properties have increased by € 4.9 million and the reserves for the changes in fair value of the financial assets available for sale have increased by € 6.8 million). Consequently, the remaining margin after dividend distribution in 2015 has, net, increased by € 105.2 million from € 29.8 million to € 135.0 million after applying the equity method.

	31/12/15			Acquisition price minus dividends received	31/12/14			Acquisition price minus dividends received
	IFRS book value of the company (via P/L)	IFRS book value of the company (via OCI)	Total IFRS book value of the company		IFRS book value of the company (via P/L)	IFRS book value of the company (via OCI)	Total IFRS book value of the company	
	312,103	-1,211	310,892	133,911	292,586	-5,227	287,358	156,375
	283	0	283	497	68	0	68	248
	70,060	0	70,060	69,923	0	0	0	0
	5,469	0	5,469	62	5,196	0	5,196	62
	60	0	60	61	0	0	0	0
	387,973	-1,211	386,763	204,452	297,850	-5,227	292,623	156,684
				182,310				141,166
				42,205				
				-38,097				-15,633
				144,213				120,306

STATUTORY INCOME STATEMENT

(in € 1,000)	Period 31/12/16	Period 31/12/15 - ADJ	Periode 31/12/15
Rental income (+)	18,165	18,913	18,913
Write-back of lease payments sold and discounted (+)	0	0	0
Related-rental expenses (+/-)	-39	-15	-15
NET RENTAL RESULT	18,126	18,898	18,898
Recovery of property charges (+)	73	72	72
Recovery income of charges and taxes normally payable by tenants on let properties (+)	1,586	2,107	2,107
Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease (-)	0	0	0
Charges and taxes normally payable by tenants on let properties (+)	-1,586	-2,107	-2,107
Other rental-related income and expenditure (+/-)	-2,426	-2,141	-2,141
PROPERTY RESULT	15,773	16,829	16,829
Technical costs (-)	-1,156	-1,324	-1,324
Commercial costs (-)	-543	-136	-136
Charges and taxes on un-let properties (-)	-719	-714	-714
Property management costs (-)	-3,286	-3,339	-3,339
Other property charges (-)	-483	-610	-610
PROPERTY CHARGES	-6,187	-6,123	-6,123
PROPERTY OPERATING RESULT	9,586	10,706	10,706
Corporate operating charges (-)	-863	-228	-228
Other operating charges and income (-)	3,507	2,212	2,212
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	12,231	12,690	12,690
Result on disposal of investment properties (+/-)	18	327	327
Result on disposal of other non-financial assets (+/-)	0	0	0
Changes in fair value of investment properties (+/-)	600	-11,209	-11,209
Other portfolio result (+/-)	0	0	0
OPERATING RESULT	12,848	1,808	1,808
Financial income (+)	6,863	5,643	28,108
Net interest charges (-)	-12,423	-12,531	-12,531
Other financial charges (-)	-1,142	-1,287	-1,287
Changes in fair value of financial assets and liabilities (+/-)	678	-4,824	-4,824
Result participations booked according to the equity method	24,491	42,205	
FINANCIAL RESULT	18,467	29,207	9,466
PRE-TAX RESULT	31,315	31,015	11,274
Corporate taxes (+/-)	-193	-397	-397
Exit tax (+/-)	0	0	0
TAXES	-193	-397	-397
NET RESULT	31,122	30,618	10,877

STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	31/12/16	31/12/15 - ADJ	31/12/15
Net result	31,122	30,618	10,877
Other elements of comprehensive income	-13,926	18,283	13,924
Impact on fair value of estimated transfer rights and costs resulting from hypothetical disposal of investment properties	-444 ⁽¹⁾	332	0
Changes in the effective part of the fair value of authorized cash flow hedges according to IFRS	-10,304	3,003	3,003
Changes in fair value of financial assets available for sale	-3,179 ⁽²⁾	14,948	10,922
Comprehensive income	17,196	48,901	24,802

(1) The contribution to the impact on fair value of estimated transfer rights and costs of the subsidiaries following the application of the equity method amounts to - 444 thousand.

(2) The contribution to changes in fair value of financial assets available for sale of the subsidiaries following the application of the equity method amounts to 252 thousand.

RESULT PER SHARE	31/12/16	31/12/2015 - ADJ	31/12/15
Result per share	6.30	6.20	2.20

STATUTORY BALANCE SHEET

(in € 1,000)	31/12/16	31/12/15 - ADJ	31/12/15
NON-CURRENT ASSETS	718,338	832,586	688,373
Intangible assets	1	7	7
Investment properties	172,332	221,826	221,826
Other tangible assets	926	992	992
Non-current financial assets	544,079	609,762	465,548
CURRENT ASSETS	96,153	32,669	32,669
Assets held for sale	54,966	4,392	4,392
Current financial assets	31,459	19,501	19,501
Trade receivables	5,920	3,834	3,834
Tax receivables and other current assets	1,827	2,585	2,585
Cash and cash equivalents	980	1,276	1,276
Deferred charges and accrued income	1,000	1,080	1,080
TOTAL ASSETS	814,490	865,255	721,042
LIABILITIES			
TOTAL SHAREHOLDERS' EQUITY	356,422	362,423	218,209
Capital	54,315	54,315	54,315
Share premium account	121,091	121,091	121,091
Reserves	149,894	156,399	31,926
- Legal reserve	5,431	5,431	5,431
- Reserve from the balance of changes in fair value of investment properties	51,827	42,278	15,061
- Reserve from the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties	-9,167	-8,723	-3,857
- Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS	-44,491	-34,188	-34,188
- Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	-7,136	-1,921	-1,977
- Reserve for treasury shares	-293	-293	-281
- Reserve from the balance of changes in fair value of financial assets available for sale	29,184	32,363	25,532
- Other reserves	124,538	121,450	26,203
Net result of the financial year	31,122	30,618	10,877
LIABILITIES	457,068	502,832	502,832
NON-CURRENT LIABILITIES	297,567	370,526	370,526
Provisions	0	0	0
Non-current financial debts	247,831	330,309	330,309
Other non-current financial liabilities	49,736	40,218	40,218
Other non-current liabilities			
CURRENT LIABILITIES	159,501	132,306	132,306
Provisions	0	0	0
Current financial debts	146,856	118,105	118,105
Other current financial liabilities	0	0	0
Trade debts and other current debts	7,656	8,806	8,806
Other current liabilities	1,768	1,734	1,734
Accrued charges and deferred income	3,221	3,661	3,661
TOTAL EQUITY AND LIABILITIES	813,490	865,255	721,042

STATUTORY APPROPRIATION OF THE RESULT

(in € 1,000)	31/12/16	31/12/15 - ADJ	31/12/15
A. Net result	31,122	30,618	10,877
B. Addition to/withdrawals from reserves (-/+)	-6,938	-7,421	12,320
1. Addition to/withdrawals from the reserves from the (positive or negative) balance of the changes in fair value of the property (-/+)	17,798	-9,549	11,209
- financial year	528	11,209	11,209
- previous financial years		-20,758	
- sale of property	17,270		
2. Addition to/withdrawals from the reserves from estimated transfer rights and costs from hypothetical disposal of investment properties (-/+)	0	0	0
3. Addition to the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (-)			
- financial year			
- previous financial years			
4. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined by IFRS (+)			
- financial year			
- previous financial years			
5. Addition to the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (-)			
- financial year			
- previous financial years			
6. Withdrawals from the reserves for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined by IFRS (+)	-667	5,216	4,824
- financial year	-667	5,216	4,824
- previous financial years			
7. Addition to/withdrawals from the reserves for the balance of exchange rate differences on monetary assets and liabilities (-/+)			
8. Addition to/withdrawals from de reserves for tax latencies with regard to property located abroad (-/+)			
9. Addition to/withdrawals from de reserves for dividends received, intended for the reimbursement of financial debts (-/+)			
10. Addition to/withdrawals from other reserves (-/+)	-24,058	-2,697	-3,714
11. Addition to/withdrawals from results carried forward from previous financial years (-/+)	0	0	0
C. Remuneration of the capital according to article 13, § 1, subparagraph 1	4,357	3,364	21,336
D. Remuneration of the capital – other than C	19,827	19,832	1,861
Dividend for distribution	24,184	23,197	23,197

MANDATORY DIVIDEND DISTRIBUTION ACCORDING TO RD OF 13 JULY 2014 ON REIT (SIR/GVV) (ART. 13 §1, 1ST SUBPARAGRAPH)

(in € 1,000)	31/12/16	31/12/15 - ADJ	31/12/15
A. Corrected result			
Net result according to the statutory accounts	31,122	30,618	10,877
+ Amortization	72	72	72
+ Depreciation	39	15	15
- Write-back of depreciation			
- Write-back of lease payments sold and discounted			
+/- Other non-monetary elements	-678	4,824	4,824
+/- Changes in fair value of property	-18	-327	-327
+/- Result participations booked according to the equity method	-24,491	-42,205	0
+/- Changes in fair value of property	-600	11,209	11,209
Corrected result (A)	5,446	4,206	26,670
B. Net capital gains on the sale of property not exempt from mandatory distribution			
+/- Realized capital gains and losses on investment property (capital gains and losses versus acquisition cost augmented by capitalized investment costs) during the financial year	18	0	0
- Realized capital gains on investment property in the course of the financial year, exempt from mandatory distribution subject to their reinvestment within 4 years (capital gains and losses versus acquisition cost augmented by capitalized investment costs)	-18	0	0
+ Realized capital gains on investment property previously exempt from mandatory distribution that were not reinvested within 4 years			
B. Net capital gains on the sale of property not exempt from mandatory distribution	0	0	0
TOTAL (A) + (B)	5,446	4,206	26,670
Mandatory distributable result 80%	4,357	3,364	21,336

UNDISTRIBUTABLE SHAREHOLDERS' EQUITY ACCORDING TO ART. 617 OF THE COMPANY CODE

(in € 1,000)	STATUTORY		
	31/12/16	31/12/15 - ADJ	31/12/15
- Paid up capital or should this be higher, the called-up capital	54,315	54,315	54,315
- Share premium account non-distributable according to the articles of association	121,091	121,091	121,091
- Reserves for the positive balance of the changes in fair value of property (+)	34,557	51,827	3,853
- Reserve for the impact on fair value of the estimated transfer rights and costs resulting from hypothetical disposal of investment properties (-)	-9,167	-8,723	-3,857
- Reserve for the balance of the changes in fair value of authorized hedges subject to hedge accounting as defined in IFRS (+/-)	-44,491	-34,188	-34,188
- Reserve for the balance of the changes in fair value of authorized hedges not subject to hedge accounting as defined in IFRS (+/-)	-6,470	-7,136	-7,201
- Reserve for the balance of exchange rate differences on monetary assets and liabilities (+)	0	0	0
- Reserve from translation differences resulting from the conversion of a foreign activity (+/-)	0	0	0
- Reserve for the balance of changes in fair value of financial assets held for sale (+/-)	29,184	32,363	25,532
- Reserve for the actuarial gains and losses on defined benefit pension plans (+)	0	0	0
- Reserve for tax latencies with regard to property located abroad (+)	0	0	0
- Reserve for dividends received aimed at reimbursing financial debts (+)	0	0	0
- Other reserves declared unavailable by the general meeting (+)	293	293	281
- Legal reserve (+)	5,431	5,431	5,431
Total undistributable	184,744	215,273	165,257
Net assets of the company	356,422	362,423	218,209
Proposed dividend	24,184	23,197	23,197
Net assets after distribution	332,238	339,226	195,013
Balance of the margin after distribution	147,494	123,953	29,756

STATEMENT OF CHANGES IN CAPITAL AND RESERVES

(in € 1,000)	Capital	Share premium	Legal reserve	Reserve from the balance of changes in fair value of investment properties (+/-)	Reserve from the impact on fair value of estimated transfer costs and rights resulting from hypothetical disposal of investment properties (-)
Balance sheet under IFRS on 31/12/14	54,315	121,091	5,431	23,994	-3,857
Distribution closing dividend of the previous financial year					
Transfer net result 2014 to reserves				-8,933	
Comprehensive income of the financial year 2015 (12 months)					
Transfers and disposal of treasury shares					
Balance sheet under IFRS on 31/12/15	54,315	121,091	5,431	15,061	-3,857

Adjustment of reserves following the equity method

Balance sheet under IFRS on 31/12/14	54,315	121,091	5,431	23,994	-3,857
Correction retroactive application of equity method subsidiaries				12,597	-4,310
Balance sheet under IFRS on 31/12/14 adjusted	54,315	121,091	5,431	36,591	-8,166
Distribution closing dividend of the previous financial year					
Transfer net result 2014 to reserves				5,687	-889
Comprehensive income of the financial year 2015 (12 months)					332
Transfers and disposal of treasury shares					
Various					
Balance sheet under IFRS on 31/12/15	54,315	121,091	5,431	42,278	-8,723
Distribution closing dividend of the previous financial year					
Transfer net result 2015 to reserves				9,549	
Comprehensive income of the financial year 2016 (12 months)					-444
Balance sheet under IFRS on 31/12/16	54,315	121,091	5,431	51,827	-9,167

Reserve from the balance of changes in fair value of authorized hedges subject to hedge accounting under IFRS	Reserve from the balance of changes in fair value of authorized hedges not subject to hedge accounting under IFRS (+/-)	Reserve for treasury shares	Reserve from the balance of changes in fair value of financial assets available for sale	Result carried forward	Net result of the financial year	Total shareholders' equity
-37,190	-2,696	0	14,610	25,741	14,721	216,160
				-22,472		-22,472
	720			22,934	-14,721	0
3,003	0		10,922	0	10,877	24,802
		-281		0		-281
-34,188	-1,976	-281	25,532	26,203	10,877	218,210
-37,190	-2,640	-12	14,610	25,697	14,721	216,160
			2,814	91,353	17,851	120,306
-37,190	-2,640	-12	17,424	117,050	32,573	336,466
				-22,472		-22,472
	720			27,055	-32,573	0
3,003	0		14,939	9	30,618	48,901
		-281		0		-281
				-192		-192
-34,188	-1,920	-293	32,363	121,450	30,618	362,423
				-23,197		-23,197
	-5,216			26,285	-30,618	0
-10,304	0		-3,179	0	31,122	17,196
-44,491	-7,136	-293	29,184	124,538	31,122	356,423

FINANCIAL COVENANTS

Financial institutions grant credits to Leasinvest Real Estate based on the company's notoriety and different financial and other covenants. Not respecting these covenants can entail the premature termination of these credits. The concluded credits hold classic covenants mainly related to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

Within the framework of the issue of the public and private bond loans, covenants were also concluded that mainly relate to maintaining the REIT (SIR/GVV) status and the related maximum debt ratio.

The company complies with all its covenants with banks.

Besides that, and in accordance with the RD of 13/07/2014, Leasinvest Real Estate establishes, internally, a financial plan with an execution calendar, whenever the consolidated debt ratio as defined in that same RD, exceeds 50%. Herein it describes the measures that will be taken to prevent the consolidated debt ratio from exceeding 65% of the consolidated assets.

The statutory debt ratio of Leasinvest Real Estate is under control and amounted to 49.77% (2015: 53.37% based on the increase of the balance sheet after the adjustments following the application of the equity method to the statutory participations) on 31 December 2016, which is lower than the legally maximum authorized debt ratio of 65% as defined by the RD of 13/07/2014.

(in € 1,000)	31/12/16	31/12/2015 ADJ	31/12/15
Total of the items 'Liabilities' of the balance sheet	457,068	502,832	502,832
I. NON-CURRENT LIABILITIES			
A. Provisions			
C. Other non-current financial liabilities – Authorized hedges	49,736	40,218	40,218
F. Deferred taxes			
II. CURRENT LIABILITIES			
A. Provisions			
C. Other current financial liabilities – Authorized hedges			
F. Deferred charges and accrued income	3,221	3,661	3,661
Total liabilities taken into account for the calculation of the debt ratio (numerator)	404,111	458,954	458,954
Total 'Assets' of the balance sheet	813,490	865,255	721,042
Authorized hedges recorded in the assets	1,584	1,597	1,597
Total assets taken into account for the calculation of the debt ratio (denominator)	811,906	863,659	719,445
Debt ratio	49.77%	53.14%	63.79%

PERMANENT DOCUMENT

GENERAL INFORMATION • COMPANY PROFILE

Leasinvest Real Estate is a public regulated real estate company that invests in high quality and well-situated retail, office and logistics buildings in the Grand Duchy of Luxembourg, Belgium and Switzerland.

The fair value of the real estate portfolio on 31/12/2016 amounts to € 859.93 million, or including the participation in Retail Estates to nearly € 930.7 million.

The consolidated real estate portfolio represents at the end of 2016 (including assets held for sale and development projects) a surface of 449,885 m², with 33 sites, of which 15 in the Grand Duchy of Luxembourg, 13 in Belgium, 3 in Switzerland and 1 in Austria.

Geographically, the real estate portfolio is situated for 49% in the Grand Duchy of Luxembourg (through its 100% subsidiary Leasinvest Immo Lux), for 42% in Belgium, for 5% in Switzerland and for 4% in Austria. The retail part of the real estate portfolio amounts to 48%, offices to 37% and logistics to 15%.

The company is listed on Euronext Brussels (Bel Mid) and is part of the EPRA Eurozone Total Return Index.

IDENTIFICATION LEASINVEST REAL ESTATE

NAME

Leasinvest Real Estate, 'public regulated real estate company under Belgian law', or abbreviated 'public RREC under Belgian law' or 'PRREC under Belgian law'.

LEGAL ENTITY

Leasinvest Real Estate adopted the legal form of a partnership limited by shares (SCA).

REGISTERED OFFICE

Leasinvest Real Estate has its registered office at Route de Lennik 451, in 1070 Brussels. The registered office may be transferred within Belgium by a decision of the statutory manager, without prejudice to the specific legislation on the use of language.

ADMINISTRATIVE OFFICE

Leasinvest Real Estate has its administrative office at Schermersstraat 42 in 2000 Antwerp.

CONSTITUTION AND TERM

Leasinvest Real Estate was founded as an "Aktiengesellschaft" under Swiss Law on 21/11/1973, after which the registered office has been moved (17/11/1988) to Belgium where it was established that the company assumed the legal status of a public limited company (SA) and is a legal person under Belgian law, subject to the Belgian law.

On 8/06/1999 the company name was modified into Leasinvest Real Estate and the company was transformed into a public real estate investment trust (sicafi/bevak) under Belgian law with the legal form of a partnership limited by shares (SCA), for an unspecified term, under a deed recorded by notary public Frank Celis in Antwerp, and announced in the appendices to the Official Belgian Gazette on 26/06/99, under number 990626-330.

On 06/11/2014 the status of the company was changed into a public regulated real estate company under Belgian law, recorded by a deed by notary public Frank Liesse in Antwerp, and published in the Appendices to the Official Belgian Gazette on 03/12/2014 under number 20141203-14216372.

REGISTER OF LEGAL ENTITIES (RPR) AND COMPANY NUMBER

Leasinvest Real Estate is registered in the register of legal entities in Brussels and has been allocated the company number 0436.323.915.

LISTING

The shares of Leasinvest Real Estate are listed on Euronext Brussels (Bel MID).

PURPOSE OF THE COMPANY / ACTIVITIES

Article 4 of the coordinated articles of association dated 17/05/2016:

"ARTICLE 4. PURPOSE

4.1. The exclusive purpose of the Company is:

(a) to make real estate available to users, directly or via a company in which it holds a participation, in accordance with the provisions of the RREC legislation; and

(b) to, within the limits of the RREC legislation, possess real estate as mentioned in article 2, 5°, i till x of the RREC law.

"Real estate" is defined as follows:

i. real estate as defined in article 517 et seq of the Civil Code, and the rights in rem on real estate, excluding real estate of forestry, agricultural

or mining nature;

- ii. the shares with voting rights issued by real estate companies, die exclusively or jointly controlled by the Company;
- iii. pre-emptive rights to real estate;
- iv. the shares of public or institutional regulated real estate companies, providing that, in the latter case, a joint or exclusive control is exercised by the Company;
- v. rights arising from contracts giving the company leasehold of one or several real estate assets or other similar rights of use;
- vi. the shares of public real estate investment trusts;
- vii. the participation rights in foreign undertakings for collective investment in real estate registered in the list intended by article 260 of the law of 19 April 2014 with regard to alternative undertakings for collective investment and their managers;
- viii. the participation rights in undertakings for collective investment in real estate established in another member state of the European Economic Area and that are not registered in the list intended by article 260 of the aforementioned law of 19 April 2014, as far as they are subject to an equivalent supervision as public *sicaf*;
- ix. the shares issued by companies (i) that are legal entities; (ii) governed by the law of another member state of the European Economic Area; (iii) of which the shares are admitted to trading on a regulated market and/or are subject to a regime of prudential supervision; (iv) of which the main activity is acquiring or constructing real estate in view of making it available to users, or the direct or indirect possession of participations in companies with a similar activity; and (v) that are exempt from tax on income from the profits resulting from the activity referred to in clause (iv) above, subject to compliance with certain legal obligations, and that are at least required to distribute part of their income to their shareholders (the "Real Estate Investment Trusts" (abbreviated "REITs"));
- x. real estate certificates, as intended by article 5, § 4, of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.
- xi. and all other assets, shares or rights defined as real estate by the RREC legislation.

4.2. Within the framework of making real estate available, the Company can exercise all activities related to the foundation, the construction (without prejudice to the prohibition of acting as a property developer, except for occasional operations), the alteration, the design, the renovation, the development, the alienation, the lease, the sub-lease, the exchange, the contribution, the transfer, the allotment, the bringing of real estate assets into a system of co-ownership or joint ownership, granting or receiving the right of superficies, usufruct, long-term lease or other real or personal rights on real estate, management and running of real estate assets.

4.3. Providing conformity with the RREC legislation, the Company can also invest additionally or temporarily in securities that are not real estate in the sense of the RREC legislation. These investments will be made in accordance with the risk management policy adopted by the Company and will be diversified, so that they ensure an adequate risk diversification. The Company can also possess unallocated cash in all currencies in the form of deposits on demand, term deposits, or any money-market instrument that can be easily traded.

4.4. Providing conformity with the RREC legislation, the Company is authorized to subscribe authorized hedges, except for speculative operations. The acquisitions and disposals have to fit within the financial risk hedging policy of the Company.

4.5. Providing conformity with the RREC legislation, the Company is authorized to grant mortgages or other sureties or grant guarantees within the framework of funding the real estate activities of the Company or its group, within the limits defined by the RREC legislation to that effect.

4.6. Providing conformity with the RREC legislation, the Company is authorized to take or give in lease one or more properties. The activity of giving in lease with purchase option of real estate assets can only be exercised as an accessory activity, unless these real estate assets are destined for a purpose of general interest, including social housing and education (in this case, the activity can be exercised as main activity).

4.7. Providing conformity with the RREC legislation, the Company is authorized to grant credits within the limits defined by the RREC legislation to that effect.

4.8. Providing conformity with the RREC legislation, the Company can, through a contribution in cash or in kind, a merger, splitting-up or any other restructuring, subscription, participation, financial or other intervention, according to Company Law, acquire a share and any possible form of participation or membership in all existing or to be founded companies, associations or enterprises, in Belgium or abroad, of which the purpose is similar to its own, or that fits within the realization of, or facilitates, its purpose. Providing conformity with the RREC legislation, the Company can, in general, acquire, rent, lease, transfer or exchange all moveable or real estate assets, all materials and necessities, and in general, take all civil, commercial or financial actions that are, directly or indirectly, related to its purpose and exercising all related intellectual rights and commercial properties. Next to that, the Company may, providing conformity with the RREC legislation, do anything relevant or necessary to realize its purpose, also including all activities relating to, directly or indirectly the development and daily management of its real estate assets and all other activities with an added value to its real estate assets and to its users, such as offering services that are complementary to making the related real estate available."

The procedure for amending the articles of association mainly consists in a proposal for amending the articles of association being formulated by the board of directors of the statutory manager, potentially taking into account special majorities. Consequently a proposal for amendments to the articles of association is communicated to the general meeting of shareholders that takes a decision with regard to the approval of the proposed changes, also requiring the agreement of the statutory manager. Decisions to amend the articles of association of the company can only be taken if the required attendance and majority conditions are respected.

FINANCIAL YEAR

The financial year of Leasinvest Real Estate starts on 1 January and ends on 31 December.

REGISTERED CAPITAL

ISSUED CAPITAL

On 31/12/16 the registered capital amounted to € 54,314,744.64. The total number of shares was 4,938,870, and have a no-par value.

AUTHORISED CAPITAL

Article 7 of the coordinated articles of association dated 17/05/2016:

"ARTICLE 7. AUTHORISED CAPITAL

The manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by a maximum amount of fifty-four million three hundred fourteen thousand seven hundred forty-four euro sixty-four cent (€ 54,314,744.64) in the cases foreseen in the relevant report of the manager and, if the manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the manager-legal person.

This authorization is valid for a term of (5) five years as from the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable.

These capital increases can be carried out by a contribution in cash, by a contribution in kind, or by the conversion of reserves including profits carried forward and issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Company Law, the RREC legislation, and the Articles of Association.

If the case arises, in the event of a capital increase decided by the manager, possibly after deduction of charges, the issue premiums shall be transferred by the manager to an unavailable account that will be treated in the same way as the capital as a guarantee for third parties, and may not, under any circumstances, be reduced or disposed of unless otherwise decided by the general meeting, voting under the conditions required by article 612 in conjunction with article 657 of the Company Law, except for the conversion into capital as foreseen above.

Without prejudice to the application of the articles 592 to 598 and 606 in conjunction with article 657 of the Company Law, the manager is authorized to limit or abolish the preferential right of shareholders, also when this occurs in favour of one or more persons that are not members of personnel of the Company or its subsidiaries, as far as an irreducible right of attribution is granted to the current shareholders in the case of attribution of new securities. This irreducible right of attribution will at least have to meet the requirements of the RREC legislation and of article 8.2 of the articles of association. Without prejudice to the articles 595 to 599 in conjunction with article 657 of the Company Law, the aforementioned limits in the context of the abolition or limits to the preferential right will not be applicable in the case of a contribution in cash within the framework of the distribution of an optional dividend, in the cases foreseen by article 8.2 of the articles of association.

Capital increases by a contribution in kind are realized in accordance with the RREC legislation and in accordance with the conditions recorded in

article 8.3 of the articles of association. Such contributions in kind can also relate to the dividend rights in the context of the distribution of an optional dividend.

Without prejudice to the authorization granted to the manager as exposed in the sub-paragraphs above, the extraordinary general meeting of 17 May 2016 has explicitly authorized the manager to proceed to one or more capital increases in the case of a public take-over bid, under the conditions foreseen by article 607 in conjunction with article 657 of the Company Law, and with respect, should the case arise, of the irreducible right of attribution foreseen by the RREC legislation. The capital increases executed by the manager following the latter authorization, are deducted from the capital that can still be used in conformity with this article. This authorization does not limit the manager's competences to proceed to other operations using the authorized capital than those foreseen by article 607 in conjunction with article 657 of the Company Law."

PURCHASE OF TREASURY SHARES

Article 11 of the coordinated articles of association dated 17/05/2016:

"ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire its own shares and hold them in pledge in virtue of a decision of the general meeting taken in accordance with article 620 et seq of the Company Code.

That same meeting can define the conditions for alienation of those shares.

11.2. The manager is also authorized to proceed to acquiring treasury shares without a decision of the general meeting when that acquisition is necessary to safeguard the Company against serious and threatening disadvantage. This authorization is valid for three years (3) as of the publication of the amendments to the articles of association of 19 May 2014 and is renewable for a similar period.

11.3. The conditions for alienation of treasury shares by the Company are defined, depending on the case, in accordance with article 622, §2, of the Company Code by the general meeting or by the manager. The manager is authorized to alienate treasury shares as foreseen in article 622, §2, 1°, of the Company Code and, for a period of three (3) years as of the publication of the amendments to the articles of association of 19 May 2014, in article 622, §2, 2°, of the Company Code."

The extraordinary general meeting of shareholders that will be held on 15 May 2017 will be asked to approve the following amendment to the articles of association:

PROPOSED DECISION:

Article 11 of the articles of association is modified according to the decisions on the previous items of the agenda and integrally replaced as follows:

"ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire treasury shares, hold them and alienate them in accordance with the formalities and conditions prescribed by the articles 620 to 625 of the Company Code.

11.2. The manager is authorized to proceed to the purchase or alienation of treasury shares without a preliminary decision of the general meeting,

whenever this purchase is necessary to safeguard the Company against serious and threatening disadvantage. These authorizations in conformity with article 620, §1, third subparagraph and fourth subparagraph, respectively article 622, §2, second subparagraph, 2°, of the Company Code, are valid for three (3) years as of the publication of the amendments to the articles of association of 15 May 2017 and are renewable for an equal period.

11.3. The manager is authorized, in virtue of a decision taken by the general meeting of 15 May 2017 according to article 620, §1, of the Company Code, to (a) acquire a maximum number of treasury shares that equals at highest the number of shares by the acquisition of which the threshold of twenty percent (20%) of the subscribed capital would be reached, cumulatively taking into account all already purchased shares and potentially still detained shares by the company and its subsidiaries, (b) at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the acquisition date, decreased by fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the last twenty (20) closing prices of the share of the Company at the regulated market on which they are listed, before the acquisition date, augmented by fifteen percent (15%), (c) taking into account that the remuneration for the purchase of these treasury shares does not exceed the resources of the company that are according to article 617 of the Company Code distributable, and (d) taking into account the immediate constitution of an unavailable reserve 'acquisition of treasury shares' for the amount of the global acquisition value of the purchased shares, and this by withdrawal on the available reserve (profit) if and as long as the shares are held in portfolio.

This authorization is valid for a term of five (5) years as of the date mentioned above on which this decision was approved. This authorization is also valid for the acquisition of shares by the Company on a regulated market by its directly controlled subsidiaries in accordance with article 627 of the Company Code.

11.4. The manager is also authorized, according to article 622, §2, first subparagraph, of the Company Code, to proceed to, in respect of the conditions and terms defined by law, the alienation of treasury shares that the Company holds in portfolio, subject to the following conditions: (a) this authorization is valid for a number of treasury shares that is at highest equal to the number of shares by which the limits for legally holding crossed participations by the indirect subsidiaries of the Company according to article 631, §1 of the Company Code would be reached; (b) the alienation of a share in virtue of this authorization has to occur at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the alienation date, minus fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the twenty (20) last closing prices of the share before the alienation date, augmented by fifteen percent (15%); (c) the booking of the unavailable reserve 'acquisition of treasury shares' created by the Company for detention of treasury shares in the portfolio is after the alienation corrected by the acquisition value of the alienated shares, and this by the increase of the available reserve.

The manager is finally authorized to, without prior consent by the general meeting, in accordance with article 622, §2, second subparagraph, 1° of the Company Code, and at a price he defines, proceed to the alienation of treasury shares, as far as these shares are alienated on a regulated market the shares are listed on.

These authorizations are valid without any end term. These authorizations are also valid for the alienation of shares of the Company on a regulated market by its directly controlled subsidiaries according to article 627 of the Company Code."

IDENTIFICATION

LEASINVEST IMMO LUX

Since the extraordinary general meeting of Leasinvest Immo Lux of 18/12/2008 Leasinvest Immo Lux is a SICAV-specialised investment fund ('SICAV-FIS'), subject to the Luxembourg law of 13 February 2007 regarding specialised investment funds.

Leasinvest Real Estate is, directly and indirectly, the 100% shareholder of Leasinvest Immo Lux.

On 31/12/2016, the investment properties of Leasinvest Immo Lux represent 58.5% of the consolidated real estate portfolio of Leasinvest Real Estate.

On 31/12/2016 Leasinvest Immo Lux owned 15 buildings in ownership or co-ownership, with a surface of 160,706 m², situated in the Grand Duchy of Luxembourg, 3 buildings in located in Switzerland (11,649 m²) and 1 in Austria (18,219 m²).

On 31/12/2016 Leasinvest Immo Lux has five subsidiaries, namely S. Invest I SA, in its turn 100% owner of Porte des Ardennes Schmiede SA, the legal owner of the shopping center Schmiede, P Invest SA, in its turn 100% owner of Porte des Ardennes Pommerlach SA, the legal owner of the shopping center Pommerloch, Orli Lux Sàrl, the owner of the property in Hornbach.

End 2016 Leasinvest Immo Lux has created two subsidiaries in Austria, namely AE Starvilla Dreizehn GmbH and AE Starvilla Sieben GmbH & Co GO, owner of the companies Frun Park Asten GmbH and Merula Beteiligungs GmbH, legal owner of the Frun® Park Asten.

2 buildings represent each more than 5% of the consolidated Leasinvest Real Estate portfolio, namely shopping center Knauf in Pommerloch (11.8%) and shopping center Knauf in Schmiede (9.0%).

The buildings in Luxembourg, Switzerland and Austria are mostly multi-tenant. The portfolio consists of retail (71.7%), offices (24.6%), and logistics (3.7%).

NAME

Leasinvest Immo Lux, 'real estate investment trust with variable capital-specialised investment fund under Luxembourg Law' or 'a SICAV-SIF' under Luxembourg Law ("Société d'Investissement à Capital Variable (SICAV immobilière) - Fonds d'Investissement Spécialisé (FIS) de droit luxembourgeois").

LEGAL ENTITY

Leasinvest Immo Lux adopted the legal form of a 'société anonyme' (SA) under Luxembourg Law.

REGISTERED OFFICE

Leasinvest Immo Lux has its registered office at 6D route de Trèves, LU-2633 Senningerberg.

CONSTITUTION AND TERM

Leasinvest Immo Lux has been established on 14/01/1991 under the form of a public limited company (SA). It is subject to the Luxembourg Law of 10 August 1915 on commercial companies ("loi du 10 août 1915 relative aux sociétés commerciales"), as amended thereafter, and the Luxembourg Law of 13 February 2007 on specialized investment funds, as amended thereafter ("loi du 13 février 2007 concernant les fonds d'investissement spécialisés").

The articles of association have been modified on 10/11/1999, 27/12/2005, 18/09/2006, 18/12/2008, 18/04/2011 and for the last time on 28/09/2012 (published in the Mémorial C, Reueil des Sociétés et Associations du Grand-Duché de Luxembourg" on 23/11/2012).

'REGISTRE DE COMMERCE ET DES SOCIÉTÉS'

Leasinvest Immo Lux is listed in the "Registre de Commerce et des Sociétés du Luxembourg" under the number B 35.768.

LISTING

Following the decision of the extraordinary general meeting of Leasinvest Immo Lux of 18/12/08 the listing of the shares on the Luxembourg stock exchange has been deleted at the beginning of 2009. The shares of Leasinvest Immo Lux were also listed on Euronext Brussels until 15/09/2006.

PURPOSE OF THE COMPANY / ACTIVITIES

Article 3 of the articles of association:

'Purpose of the company. The main purpose of the company is the direct or indirect investment in buildings in the Grand Duchy of Luxembourg, in Belgium and abroad, aiming at the diversification of its investment risks and to let its shareholders benefit from the results of its assets management. The company can furthermore take on participations, subscribe to real estate certificates, own all moveable assets that can be traded on a stock exchange or on a regulated market, invest its cash and execute all actions, necessary to fulfil or develop its purpose within the limits imposed by the law of 13 February 2007 on specialised investment funds.'

INVESTMENT ADVICE LUXEMBOURG

Between Leasinvest Immo Lux SICAV-FIS and Leasinvest Real Estate, after approval by the CSSF, an investment advice agreement was concluded. The agreement has been concluded for an unspecified term and can be terminated by each party provided that a notice of six months is given. Based on this agreement, Leasinvest Real Estate has to submit an invest-

ment plan for real estate and other values, to Leasinvest Immo Lux, in accordance with the investment policy defined by the board of directors of Leasinvest Immo Lux. The mission includes proposing real estate that fits within the defined investment policy, as well as making divestment proposals for buildings. Furthermore, Leasinvest Immo Lux has to be kept informed of the developments on the financial markets and the company is assisted by means of advice and recommendations with regard to managing its investment properties, including the definition of its investment policy.

For these services Leasinvest Immo Lux pays an annual remuneration of:

- 0.75%, payable in four parts, at the end of each quarter, and calculated on the gross value of the real estate assets of Leasinvest Immo Lux, as estimated, at the end of each year, by the independent real estate experts;
- a maximum of 0.50%, payable in four parts, at the end of each quarter, calculated on the average net value of the other assets of Leasinvest Immo Lux at the end of each year;
- besides that, a premium is due, equal to 5% of the net gain on buildings sold by Leasinvest Immo Lux.

The past year, Leasinvest Real Estate received a remuneration of € 3,774,886.13 from Leasinvest Immo Lux.

In case of termination of the investment advice agreement, Leasinvest Immo Lux needs to pay a cancellation fee of 3% of the sales price of the buildings at market value.

FINANCIAL YEAR

The financial year of Leasinvest Immo Lux starts on 1 January and ends on 31 December.

REGISTERED CAPITAL

The capital of Leasinvest Immo Lux is at any moment equal to the value of the net assets, as calculated in accordance with article 18 of the articles of association of the company. The minimum capital of Leasinvest Immo Lux amounts to € 1,250,000.

ARTICLES OF ASSOCIATION

Coordinated articles of association dated
17/05/2016

“LEASINVEST REAL ESTATE”

Partnership limited by shares which makes a
public appeal to savings

Public regulated real estate company under
Belgian law

at 1070 Brussels (Anderlecht), route de Lennik
451

Register of legal persons Brussels

0436.323.915

The Company was established as an “Aktiengesellschaft” under Swiss law with the name “Zanos Estate Company A.G.” from Zug (Switzerland) on 21 November 1973 and first registered in Zug (Switzerland) on 30 November thereafter. It was decided at the general meeting of 17 November 1988, amongst other things, to move the registered office from Switzerland to Belgium.

Under a deed recorded by notary public Hans Berquin in Brussels on 16 December 1988, announced in the appendices to the Belgian Official Gazette on 12 January thereafter under number 890112-044, the aforementioned office move to Belgium was ratified, it was established that the company is subject to the Belgian law conforming to article 197 (at that time) of the Company Law and that the company is a legal person under Belgian law and has assumed the legal status of a public limited company, and the Articles of Association were integrally re-established under Belgian law.

The Articles of Association of the Company were changed several times, as follows:

- under a deed recorded by notary public Frank Celis in Antwerp on 8 June 1999, announced in the appendices to the Belgian Official Gazette on 26 June thereafter under number 990626-330 stipulating, amongst other things, the name change into “LEASINVEST REAL ESTATE” and the transformation of the company into a sicafi under Belgian law under the legal form of a partnership limited by shares, and of which establishment of the fulfillment of the suspending condition in the aforementioned deed of the amendments to the articles of association, including the legal form of “sicafi”, recorded by notary public Erik Celis in Antwerp on 1 July 1999, announced in the appendices to the Belgian Official Gazette on 20 July thereafter under number 990720-618.

- under a deed recorded by notary public Erik Celis in Antwerp on 28 June 2001, announced in the appendices to the Belgian Official Gazette on 26 July thereafter under number 20010726-264, by which the capital was increased within the framework of the authorized capital.

- under a deed recorded by notary public Erik Celis in Antwerp on 14 December 2001, announced in the appendices to the Belgian Official Gazette on 3 January thereafter under number 20020103-16.

- under a deed recorded by notary public Erik Celis in Antwerp on 28 November 2003, announced in the appendices to the Belgian Official Gazette on 12 December thereafter under number 20031212-31932, including the merger by absorption of the public companies “EKIPORT” and “BRUSSIMMO”.

- under a deed recorded by notary public Frank Liesse in Antwerp, on 23 December 2004, announced in the appendices to the Belgian Official Gazette on 17 January thereafter under number 20050117-9802;

- under a deed recorded by notary public Frank Liesse in Antwerp, on 23 December 2004, announced in the appendices to the Belgian Official Gazette on 17 January thereafter under number 20050117-9803, by which the capital was increased by the bringing in of a part of the assets of the “société

anonyme Leasinvest”, split-up following a decision to partial splitting-up by take-over;

- under a deed recorded by notary public Frank Liesse in Antwerp, on 29 May 2006, announced in the appendices to the Belgian Official Gazette on 19 June thereafter under number 20060619-98546.

- under a deed recorded by notary public Frank Liesse in Antwerp, on 29 December two thousand and six, announced in the appendices to the Belgian Official Gazette on 22 January thereafter under number 20070122-12628, including a merger by take over of the “Société Anonyme Square de Meeüs 5-6” by The Company, of which a rectification was announced in the appendices to the Belgian Official Gazette on 30 March thereafter under number 20070330-48139.

- under a deed recorded by notary public Frank Liesse in Antwerp, on 15 October 2007, announced in the appendices to the Belgian Official Gazette on 5 November thereafter under the number 20071105-159299, including the merge by take over of the Sociétés Anonymes “De Leewe”, “Warehouse Finance” and “Logistics Finance I” by The Company, followed by a deed of conclusion of the fulfillment of the condition precedent under which the decisions to change the articles of association were taken, recorded by notary public Frank Liesse in Antwerp, on 27 June 2008, announced in the appendices to the Belgian Official Gazette on 17 July thereafter under number 20080717-119053.

- under a deed recorded by notary public Frank Liesse in Antwerp, on 27 June 2008, announced in the appendices to the Belgian Official Gazette on 17 July thereafter under number 20080717-119054, in which the financial year, as well as the date of the annual meeting was modified;

- under a deed recorded by notary public Frank Liesse in Antwerp on 17 December 2009, announced in the appendices to the Belgian Official Gazette on 8 January thereafter under number 20100108-4101, including the silent merger by take over (following the joining of all shares in one hand) of the Sociétés Anonymes “Zebra Trading” and “Alm Distri”;

- under a deed recorded by notary public Frank Liesse in Antwerp on 16 May 2011, announced in the appendices to the Belgian Official Gazette on 15 June thereafter under number 20110615-88483;

- under a deed recorded by notary public Frank Liesse in Antwerp on 25 June 2013, announced in the appendices to the Belgian Official Gazette on 16 July thereafter under number 20130716-109614, stating the increase of the capital within the framework of the authorized capital;

- under a deed recorded by notary public Frank Liesse in Antwerp on 19 December 2013, announced in the appendices to the Belgian Official Gazette on 14 January thereafter under number 20140114-13718, stating the silent merger by take over (following the joining of all shares in one hand) of the Société Anonyme “Canal Logistics Brussels” (RPR Antwerp 0888.064.001) however without an actual amendment to the articles of association as a consequence;

- under a deed recorded by notary public Frank Liesse in Antwerp on 19 May 2014, announced in the appendices to the Belgian Official Gazette on 16 June thereafter under number 20140616-116768;

- under a deed recorded by notary public Frank Liesse in Antwerp on 6 November 2014, announced in the appendices to the Belgian Official Gazette on 3 December thereafter under number 20141203-216372, the Company having adopted the status of a public regulated real estate company under Belgian law.

The articles of association were amended for the last time under a deed recorded by notary public Frank Liesse in Antwerp on 6 17 May 2016 to be filed for publication in the appendices to the Belgian Official Gazette.

CHAPTER I – NAME – LEGAL FORM – OFFICE – PURPOSE OF THE COMPANY – TERM

ARTICLE 1. NAME - LEGAL FORM

1.1 The company has the legal form of a partnership limited by shares (hereafter “the Company”). It has the name “LEASINVEST REAL ESTATE”.

1.2 The Company is a public regulated real estate company under Belgian law (abbreviated “public RREC under Belgian law” or “PRREC under Belgian law”) as intended by article 2, 2° of the law of 12 May 2014 with regard to regulated real estate companies (hereafter the “RREC law”) of which the shares are admitted to trading on a regulated market and

that attracts is financial resources in Belgium or abroad via a public offer of shares.

The name of the Company is always immediately followed by the words “public regulated real estate company under Belgian law” or “public RREC under Belgian law” or “PRREC under Belgian law”; those same words are mentioned in all documents issued by the Company.

The Company is subject to the RREC law and to the Royal Decree of 13 July 2014 on regulated real estate companies (hereafter the “RREC RD”) as well as to all other potential executive decrees and regulations of the RREC law, at any given time, (this law and its executive decrees and regulations together with any other regulation, at any given time, applicable to PRRECs under Belgian law are referred to hereafter as the “RREC legislation”).

The Company is moreover subject to the provisions of these articles of association (hereafter the “Articles of association”). Each project to modify the Articles of association has to be preliminary submitted to the “Financial Services and Markets Authority”, abbreviated “FSMA”, hereafter always referred to by its abbreviation “FSMA”).

1.3. The Company attracts its financial resources in Belgium or abroad via a public offer of shares, and appeals to public savings in the sense of article 438 of the Company Code (abbreviated “C.Code.”).

ARTICLE 2. MANAGING AND LIMITED PARTNERS

2.1. By reason of its legal form, the Company always has, mandatorily, one or more jointly responsible partners, called managing partners, and one or more limited partners, having the capacity of shareholder.

2.2. The Company has namely one (1) managing partner, severally and unlimitedly liable for all agreements of the Company and that also acts as the manager of the Company; this manager/managing partner is indicated in article 13 of the Articles of association.

2.3. The limited partners (also referred to as “shareholders”) are responsible for the debts and losses of the Company, only proportionally to their contribution, providing that they do not exercise any management activity. They can however act in the capacity of mandatory of the Company, following a special proxy.

ARTICLE 3. OFFICE

3.1. The registered office of the Company is situated in Brussels (Anderlecht), Route de Lennik 451.

The registered office and the general board always have to be established in Belgium. They can be moved by a simple decision by the manager, as far as this decision has no influence on the applicable language regime in accordance with the legislation on the use of languages. The manager has full authority, following that kind of move, to have every modification of the Articles of association certified, as well as to have every move of the registered office, and consequently amended text of the Articles of association, filed for publication.

3.2. By a simple decision of the manager, the Company can establish branches or agencies, both in Belgium and abroad.

ARTICLE 4. PURPOSE

4.1. The exclusive purpose of the Company is:

(a) to make real estate available to users, directly or via a company in which it holds a participation, in accordance with the provisions of the RREC legislation; and
(b) to, within the limits of the RREC legislation, possess real estate as mentioned in article 2, 5°, i till x of the RREC law. “Real estate” is defined as follows:

- i. real estate as defined in article 517 et seq of the Civil Code, and the rights in rem on real estate, excluding real estate of forestry, agricultural or mining nature;
- ii. the shares with voting rights issued by real estate companies, die exclusively or jointly controlled by the Company;
- iii. pre-emptive rights to real estate;
- iv. the shares of public or institutional regulated real estate companies, providing that, in the latter case, a joint or exclusive control is exercised by the Company;
- v. rights arising from contracts giving the company leasehold of one or several real estate assets or other similar rights of use;
- vi. the shares of public real estate investment trusts;
- vii. the participation rights in foreign undertakings for collective investment in real estate registered in the list intended by article 260 of the law of 19 April 2014 with regard to

alternative undertakings for collective investment and their managers;

viii. the participation rights in undertakings for collective investment in real estate established in another member state of the European Economic Area and that are not registered in the list intended by article 260 of the aforementioned law of 19 April 2014, as far as they are subject to an equivalent supervision as public sicafi;

ix. the shares issued by companies (i) that are legal entities; (ii) governed by the law of another member state of the European Economic Area; (iii) of which the shares are admitted to trading on a regulated market and/or are subject to a regime of prudential supervision; (iv) of which the main activity is acquiring or constructing real estate in view of making it available to users, or the direct or indirect possession of participations in companies with a similar activity; and (v) that are exempt from tax on income from the profits resulting from the activity referred to in clause (iv) above, subject to compliance with certain legal obligations, and that are at least required to distribute part of their income to their shareholders (the "Real Estate Investment Trusts" (abbreviated "REITs"));

x. real estate certificates, as intended by article 5, § 4, of the law of 16 June 2006 on public offers of investment instruments and on the admission of investment instruments to trading on regulated markets.

xi. and all other assets, shares or rights defined as real estate by the RREC legislation.

4.2. Within the framework of making real estate available, the Company can exercise all activities related to the foundation, the construction (without prejudice to the prohibition of acting as a property developer, except for occasional operations), the alteration, the design, the renovation, the development, the alienation, the lease, the sub-lease, the exchange, the contribution, the transfer, the allotment, the bringing of real estate assets into a system of co-ownership or joint ownership, granting or receiving the right of superficies, usufruct, long-term lease or other real or personal rights on real estate, management and running of real estate assets.

4.3. Providing conformity with the RREC legislation, the Company can also invest additionally or temporarily in securities that are not real estate in the sense of the RREC legislation. These investments will be made in accordance with the risk management policy adopted by the Company and will be diversified, so that they ensure an adequate risk diversification. The Company can also possess unallocated cash in all currencies in the form of deposits on demand, term deposits, or any money-market instrument that can be easily traded.

4.4. Providing conformity with the RREC legislation, the Company is authorized to subscribe authorized hedges, except for speculative operations. The acquisitions and disposals have to fit within the financial risk hedging policy of the Company.

4.5. Providing conformity with the RREC legislation, the Company is authorized to grant mortgages or other sureties or grant guarantees within the framework of funding the real estate activities of the Company or its group, within the limits defined by the RREC legislation to that effect.

4.6. Providing conformity with the RREC legislation, the Company is authorized to take or give in lease one or more properties. The activity of giving in lease with purchase option of real estate assets can only be exercised as an accessory activity, unless these real estate assets are destined for a purpose of general interest, including social housing and education (in this case, the activity can be exercised as main activity).

4.7. Providing conformity with the RREC legislation, the Company is authorized to grant credits within the limits defined by the RREC legislation to that effect.

4.8. Providing conformity with the RREC legislation, the Company can, through a contribution in cash or in kind, a merger, splitting-up or any other restructuring, subscription, participation, financial or other intervention, according to Company Law, acquire a share and any possible form of participation or membership in all existing or to be founded companies, associations or enterprises, in Belgium or abroad, of which the purpose is similar to its own, or that fits within the realization of, or facilitates, its purpose. Providing conformity with the RREC legislation, the Company can, in general, acquire, rent, lease, transfer or exchange all moveable or real estate assets, all materials and necessities, and in general, take all civil, commercial or financial actions that are, directly or indirectly, related to its purpose and exercising all related intellectual rights and commercial properties. Next to

that, the Company may, providing conformity with the RREC legislation, do anything relevant or necessary to realize its purpose, also including all activities relating to, directly or indirectly the development and daily management of its real estate assets and all other activities with an added value to its real estate assets and to its users, such as offering services that are complementary to making the related real estate available.

ARTICLE 5. TERM

5.1. The term of the Company is unspecified. It can be dissolved by a resolution of the general meeting deliberating in accordance with the conditions and forms required for amending the articles of association, without prejudice to the application of other more stringent legal provisions.

5.2. The Company shall not be dissolved as a result of the dismissal, expulsion, revocation, withdrawal, purchase, declaration of incompetence, prevention, dissolution or declaration of bankruptcy of the managing partner.

CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES

ARTICLE 6. CAPITAL

6.1 The company's registered capital amounts to fifty-four million three hundred and fourteen thousand seven hundred and forty-four euros and sixty-four cents (54,314,744.64). It is paid up in full.

6.2 It is divided into four million nine hundred and thirty-eight thousand eight hundred and seventy (4,938,870) shares, of no-par value, each one representing 1 / 4,938,870 of the capital.

ARTICLE 7. AUTHORISED CAPITAL

The manager is empowered to increase the registered capital on dates and under conditions specified by him, in one or more instalments, by a maximum amount of fifty-four million three hundred fourteen thousand seven hundred forty-four euro sixty-four cent (€ 54,314,744.64) in the cases foreseen in the relevant report of the manager and, if the manager is a legal person, in compliance with the rules for deliberation and decision-making as defined in the articles of association of the manager-legal person.

This authorization is valid for a term of (5) five years as from the publication of the minutes of the extraordinary general meeting of 17 May 2016. It is renewable.

These capital increases can be carried out by a contribution in cash, by a contribution in kind, or by the conversion of reserves including profits carried forward and issue premiums or the issue of convertible bonds and warrants in accordance with the rules laid down in the Company Law, the RREC legislation, and the Articles of Association.

If the case arises, in the event of a capital increase decided by the manager, possibly after deduction of charges, the issue premiums shall be transferred by the manager to an unavailable account that will be treated in the same way as the capital as a guarantee for third parties, and may not, under any circumstances, be reduced or disposed of unless otherwise decided by the general meeting, voting under the conditions required by article 612 in conjunction with article 657 of the Company Law, except for the conversion into capital as foreseen above.

Without prejudice to the application of the articles 592 to 598 and 606 in conjunction with article 657 of the Company Law, the manager is authorized to limit or abolish the preferential right of shareholders, also when this occurs in favour of one or more persons that are not members of personnel of the Company or its subsidiaries, as far as an irreducible right of attribution is granted to the current shareholders in the case of attribution of new securities. This irreducible right of attribution will at least have to meet the requirements of the RREC legislation and of article 8.2 of the articles of association. Without prejudice to the articles 595 to 599 in conjunction with article 657 of the Company Law, the aforementioned limits in the context of the abolition or limits to the preferential right will not be applicable in the case of a contribution in cash within the framework of the distribution of an optional dividend, in the cases foreseen by article 8.2 of the articles of association.

Capital increases by a contribution in kind are realized in accordance with the RREC legislation and in accordance with the conditions recorded in article 8.3 of the articles of

association. Such contributions in kind can also relate to the dividend rights in the context of the distribution of an optional dividend.

Without prejudice to the authorization granted to the manager as exposed in the sub-paragraphs above, the extraordinary general meeting of 17 May 2016 has explicitly authorized the manager to proceed to one or more capital increases in the case of a public take-over bid, under the conditions foreseen by article 607 in conjunction with article 657 of the Company Law, and with respect, should the case arise, of the irreducible right of attribution foreseen by the RREC legislation. The capital increases executed by the manager following the latter authorization, are deducted from the capital that can still be used in conformity with this article. This authorization does not limit the manager's competences to proceed to other operations using the authorized capital than those foreseen by article 607 in conjunction with article 657 of the Company Law.

ARTICLE 8. CHANGE OF THE REGISTERED CAPITAL

8.1 Except for the possibility to increase the capital using the authorized capital by a decision of the statutory manager, an increase or decrease in the registered capital can only be decided at an extraordinary general meeting of the shareholders in the presence of a notary public and with the approval of the manager. Furthermore the company will always have to take the RREC legislation into account in this context.

Should the general meeting decide to ask for the payment of an issue premium within the framework of a capital increase, this has to be booked on an unavailable account which constitutes a third-party guarantee at the same level as the capital and which can in no possible way be reduced or lifted than by a decision of the general meeting deliberating in accordance with the provisions required for an amendment to the articles of association.

8.2. In the case of a capital increase by a contribution in cash following a decision of the general meeting or within the framework of the authorized capital as defined in article 7 of the articles of association, and without prejudice to the articles 592 to 598 of the Company Law, the preferential right of the shareholder can only be limited or lifted as far as the current shareholder is granted an irreducible right of attribution when granting new securities. That irreducible right of attribution at least meets the following conditions of the RREC legislation:

- 1° it is related to all newly issued securities;
- 2° it is granted to the shareholders in correspondence with the share of the capital represented by their shares at the moment of the operation;
- 3° at latest the eve of the opening of the public subscription period a maximum price per share is announced; and
- 4° the public subscription period has to last at least three (3) listing days.

That irreducible right of attribution is applicable to the issue of shares, convertible bonds and warrants.

Without prejudice to the articles 595 to 599 of the Company Law, the irreducible right of attribution does not have to be granted in the case of a contribution in cash where the preferential right is limited or lifted, complementary to a contribution in kind within the framework of the distribution of an optional dividend, as far as the distribution of that optional dividend is effectively made payable to all shareholders.

8.3. The capital increases by a contribution in kind are subject to the provisions of articles 601 and 602 of the Company Law. Furthermore, in accordance with the RREC legislation, the following conditions have to be met in the case of a contribution in kind:

- 1° the identity of the contributor has to be mentioned in the report as defined by article 602 of the Company Law and, if necessary, in the invitation to the general meeting convened for the capital increase;
- 2° the issue price cannot be less than the lowest value of (a) a net value per share dated no more than four (4) months prior to the date of the contribution agreement or, up to the choice of the company, prior to the date of the capital increase deed, and (b) the average closing price during thirty (30) calendar days prior to that same date.

For the application of what is mentioned above sub point 2°, it is allowed to deduct an amount that corresponds to the part of the non-distributed gross dividend to which the new shares would eventually not entitle, from the amount defined sub point (b) of point 2°, provided that the manager specifically

motivates the amount to be deducted from the cumulated dividend in his special report and explains the financial conditions of the operation in his annual financial report; 3° except if the issue price, or, in the case defined in article 8.4 hereafter, the exchange rate, and the related modalities are defined and communicated to the public at latest the working day following the conclusion of the contribution agreement, mentioning the term in which the capital increase will effectively take place, the capital increase deed is recorded within a maximum term of four (4) months; and 4° the report mentioned in point 1° must also explain the impact of the proposed contribution on the situation of the former shareholders, more specifically with regard to their share in the profit, in the net value per share and in the capital, including the impact at the level of the voting rights. The special conditions described above, in accordance with the RREC legislation, are not applicable in the case of a contribution of the right to dividends within the framework of the distribution of an optional dividend, as far as the distribution of that dividend if effectively made payable to all shareholders. 8.4. The special rules with regard to capital increases by contribution kind recorded in article 8.3 above are mutatis mutandis applicable to mergers, split-ups and similar operations as defined in the articles 671 to 677, 681 to 758 and 772/1 of the Company Law. In that case, the "date of the contribution agreement" refers to the date the merger or split-up proposal is filed. 8.5. In accordance with the RREC legislation the manager of the company, in the case of a capital increase by a contribution in cash to a subsidiary that has the status of an institutional regulated real estate company (or abbreviated "institutional RREC") for an issue price that is ten per cent (10%) or more lower than the lowest value of (a) a net value per share dated no more than four (4) months prior to the start of the issue, and (b) the average closing price during thirty (30) calendar days prior to the start of the issue, draws up a report in which he explains the economic justification of the applied discount, the financial consequences of the operation for the shareholders of the company and the interest of that capital increase for the company. This report and the applied valuation criteria and methods are commented by the auditor of the company in a separate report. The reports of the manager and the auditor are published according to article 35 et seq of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market, at latest the day the issue starts and in any case as soon as the price is proposed, should this be earlier. For the application of what is mentioned above in the first paragraph of this article 8.5, it is allowed to deduct from the amount defined in point (b) of the first paragraph an amount that corresponds to part of the non-distributed gross dividend to which the new shares would eventually not entitle, provided that the manager of the company specifically motivates the amount to be deducted from the cumulated dividend and explains the financial conditions of the operation in the annual financial report of the company. In case the subsidiary mentioned in the first paragraph of this article 8.5 is not listed, the discount defined in the first paragraph of this article 8.5 is only calculated based on the net value per share that is dated no more than four (4) months. This article 8.5 is not applicable to capital increases fully subscribed by the company or its subsidiaries of which the capital is entirely held by the company, either directly or indirectly.

ARTICLE 9. NATURE OF THE SHARES

9.1. The Company has only one type of shares, that all have the same rights. 9.2. The shares of the Company are nominative or dematerialized, and this according to the choice of their owner or holder (hereafter the "Holder") and in accordance with legal limitations. Each Holder of shares can at any given time, and at his own expenses, ask for the conversion of his nominative shares into dematerialized shares, or vice versa. 9.3. For nominative shares, ownership is exclusively proven by inscription in the register of shares of the Company held at its office; the register of shares may potentially be held in an electronic form. 9.4. Dematerialized shares are represented by booking into an account, at the name of the owner or holder, with a clearing institution.

ARTICLE 10. OTHER SECURITIES

With the exception of profit-sharing certificates and similar securities and subject to the specific provisions of the RREC legislation, the Company may issue the securities intended by article 460 of the Company Code in accordance with the rules prescribed by the Company Code, the RREC legislation and these Articles of association.

ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire its own shares and hold them in pledge in virtue of a decision of the general meeting taken in accordance with article 620 et seq of the Company Code. That same meeting can define the conditions for alienation of those shares.

11.2. The manager is also authorized to proceed to acquiring treasury shares without a decision of the general meeting when that acquisition is necessary to safeguard the Company against serious and threatening disadvantage. This authorization is valid for three years (3) as of the publication of the amendments to the articles of association of 19 May 2014 and is renewable for a similar period.

11.3. The conditions for alienation of treasury shares by the Company are defined, depending on the case, in accordance with article 622, §2, of the Company Code by the general meeting or by the manager. The manager is authorized to alienate treasury shares as foreseen in article 622, §2, 1°, of the Company Code and, for a period of three (3) years as of the publication of the amendments to the articles of association of 19 May 2014, in article 622, §2, 2°, of the Company Code.

SUBJECT TO APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS THAT WILL BE HELD ON 15 MAY 2017 ARTICLE 11 WILL BE REPLACED AS FOLLOWS: "ARTICLE 11. REDEMPTION, HOLDING IN PLEDGE AND ALIENATION OF TREASURY SHARES

11.1. The Company can acquire treasury shares, hold them and alienate them in accordance with the formalities and conditions prescribed by the articles 620 to 625 of the Company Code.

11.2. The manager is authorized to proceed to the purchase or alienation of treasury shares without a preliminary decision of the general meeting, whenever this purchase is necessary to safeguard the Company against serious and threatening disadvantage. These authorizations in conformity with article 620, §1, third subparagraph and fourth subparagraph, respectively article 622, §2, second subparagraph, 2°, of the Company Code, are valid for three (3) years as of the publication of the amendments to the articles of association of 15 May 2017 and are renewable for an equal period.

11.3. The manager is authorized, in virtue of a decision taken by the general meeting of 15 May 2017 according to article 620, §1, of the Company Code, to (a) acquire a maximum number of treasury shares that equals at highest the number of shares by the acquisition of which the threshold of twenty percent (20%) of the subscribed capital would be reached, cumulatively taking into account all already purchased shares and potentially still detained shares by the company and its subsidiaries, (b) at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the acquisition date, decreased by fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the last twenty (20) closing prices of the share of the Company at the regulated market on which they are listed, before the acquisition date, augmented by fifteen percent (15%), (c) taking into account that the remuneration for the purchase of these treasury shares does not exceed the resources of the company that are according to article 617 of the Company Code distributable, and (d) taking into account the immediate constitution of an unavailable reserve 'acquisition of treasury shares' for the amount of the global acquisition value of the purchased shares, and this by withdrawal on the available reserve (profit) if and as long as the shares are held in portfolio.

This authorization is valid for a term of five (5) years as of the date mentioned above on which this decision was approved. This authorization is also valid for the acquisition of shares by the Company on a regulated market by its directly controlled subsidiaries in accordance with article 627 of the Company Code.

11.4. The manager is also authorized, according to article 622, §2, first subparagraph, of the Company Code, to proceed to, in respect of the conditions and terms defined by law, the alienation of treasury shares that the Company holds in portfolio, subject to the following conditions: (a) this authorization is valid for a number of treasury shares that is at highest equal to the number of shares by which the limits for legally holding crossed participations by the indirect subsidiaries of the Company according to article 631, §1 of the Company Code would be reached; (b) the alienation of a share in virtue of this authorization has to occur at a minimum price per share that corresponds to the lowest of the last twenty (20) closing prices of the share of the Company on a regulated market on which they are listed, before the alienation date, minus fifteen percent (15%) and at a maximum price per share that corresponds to the highest of the twenty (20) last closing prices of the share before the alienation date, augmented by fifteen percent (15%); (c) the booking of the unavailable reserve 'acquisition of treasury shares' created by the Company for detention of treasury shares in the portfolio is after the alienation corrected by the acquisition value of the alienated shares, and this by the increase of the available reserve.

The manager is finally authorized to, without prior consent by the general meeting, in accordance with article 622, §2, second subparagraph, 1° of the Company Code, and at a price he defines, proceed to the alienation of treasury shares, as far as these shares are alienated on a regulated market the shares are listed on.

These authorizations are valid without any end term. These authorizations are also valid for the alienation of shares of the Company on a regulate market by its directly controlled subsidiaries according to article 627 of the Company Code."

ARTICLE 12. LISTING ON THE STOCK EXCHANGE AND NOTIFICATION OF IMPORTANT PARTICIPATIONS

12.1 The shares of the company must be admitted to trading on a Belgian regulated market, in accordance with the RREC legislation.

12.2 Each holder of shares must notify the company and the FSMA of the number of securities with voting rights, voting rights or similar financial instruments of the company he owns, in accordance with the legislation on the disclosure of important participations in issuers of which the shares are admitted for trading on a regulated market.

The thresholds of which exceeding results in a mandatory notification following the special aforementioned legislation of the disclosure of important participations are fixed at three per cent (3%), five per cent (5%) and multiples of five per cent (5%) of the total number of voting rights.

12.3 Except for exceptions foreseen by the Company Law, nobody can participate to a voting at a general meeting of shareholders of the company with a number of votes that is higher than the number of votes related to the securities he has reported holding, at least twenty (20) days prior to the date of that general meeting.

CHAPTER III – MANAGEMENT AND REPRESENTATION – CONTROL

ARTICLE 13. NOMINATIONS – DISMISSALS – VACANCIES

14.1 The company is directed by a statutory manager, who must have the capacity of a limited (managing) partner and who must permanently comply with the articles 14 and 15 of the RREC legislation.

14.2 The public limited company "LEASINVEST REAL ESTATE MANAGEMENT", (register of legal persons Antwerp, section Antwerp 0466.164.776), with registered office in 2000 Antwerp, Schermersstraat 42, is the (only) managing partner intended by article 2.2 of the Articles of association and is in virtue of this article appointed as the first and sole statutory manager of the Company (hereafter the "Manager-Legal person"). It is appointed for an indefinite period, in the understanding that the minimal duration of its mandate has been fixed at twenty-seven (27) years, which makes that its mandate is irrevocable until the date of the annual meeting, which will be held in 2026. After this date the mandate of the Manager-Legal person is revocable under the attendance and majority conditions required for a change of the Articles of Association, without any right of veto for the manager on this point.

The board of directors of the Manager-Legal person has to be composed as prescribed by the RREC legislation and as settled in article 14 of the Articles of association below.

13.3 Despite the aforementioned (article 13.2) concerning the first manager, the manager is appointed for a definite or indefinite period at the general meeting of shareholders, which decides under the attendance and majority conditions required for a change of the Articles of Association.

13.4 The statutory manager's tasks can only be revoked by a judicial decision after a claim submitted by the general meeting on lawful grounds. The general meeting of shareholders must make this decision with a majority equal to the majority for the amendment of the Articles of Association and the statutory manager cannot participate in the vote. The statutory manager will continue to carry out his tasks until his removal is passed by a peremptory decree.

13.5 The statutory manager can resign at any time. The statutory manager is obliged, after his resignation, to further fulfill his task until a replacement can reasonably be provided for him. In view of that a general meeting has to be convened within one (1) months after his resignation with the nomination of a new manager on the agenda; that general meeting has to take place in any case within two (2) months after the resignation.

13.6 The decease, the declaration of incompetence, the dissolution, the bankruptcy or any similar procedure, the dismissal, the deposition of the manager by judicial decision for whatever reason, will not have the consequence of the company being dissolved, but he will be succeeded by the newly appointed manager, by a decision of the extraordinary shareholders general meeting, that also accepts to become a limited (managing) partner of the company. If a manager is a legal person, the merger, the split up, the conversion or any other form of company reorganization whereby the legal personality of the manager is continued according to the applicable law, does not lead to the dismissal or the replacement of the manager.

ARTICLE 14. SPECIAL PROVISIONS WITH REGARD TO THE MANAGER-LEGAL PERSON AND THE EFFECTIVE OFFICERS OF THE COMPANY

14.1. The provisions of this article 14 below are valid for the Manager-Legal person as long as it manages the Company as a public RREC. The Manager-Legal person acts to that effect via its board of directors, its permanent representative and the persons it appointed for the effective leadership of the Company. The directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company cannot personally be manager nor managing partner of the Company. Moreover, they have to comply, on a permanent basis, with the articles 14 and 15 of the RREC law.

14.2. The board of directors of the Manager-Legal person is always composed in that way, that the Company can be managed in accordance with article 4 of the RREC law.

14.3. The board of directors of the Manager-Legal person consists at least of three (3) independent members in the sense of article 526ter of the Company Code, for which the respect of the criteria intended by the aforementioned article is also evaluated as if the concerned independent member of the board of directors of the Manager-Legal person would be a director in the Company.

14.4. The members of the board of directors of the Manager-Legal person and the persons it appointed for the effective leadership of the Company are exclusively physical persons and have to dispose, on a permanent basis, of the required professional reliability and adequate competences, required for exercising their function. They cannot find themselves in one of the cases foreseen by article 20 of the law of 25 April 2014 on the status of supervision on credit institutions.

14.5. The effective leadership of the Company has to be entrusted to at least two (2) physical persons, of which at least one (1) has to be a member of the board of directors of the Manager-Legal person.

14.6. One of the persons intended by article 14.5 above that is also a member of the board of directors of the Manager-Legal person, is appointed as permanent representative of the Manager-Legal person in the sense of article 61, §2, of the Company Code, that is entrusted with exercising the mandate of manager in the Company in the name of and for the account of the Manager-Legal person and that is more specifically authorized to, acting alone, represent and commit the Company versus third parties, but without prejudice to the

applicable provisions of the RREC legislation. The Manager-Legal person cannot dismiss its permanent representative without appointing a successor at the same time.

14.7. Within the framework of and specifically in view of the internal management of the Company intended by article 16 of the Articles of association, the board of directors of the Manager-Legal person can, among his members and under his responsibility, in accordance with the articles 522, 526bis en 526quater of the Company Law, establish one or more consultative committees, such as e.g. a remuneration committee and an audit committee. These committees, established within the board of directors of the Manager-Legal person, also function if the case arises, as a remuneration committee, if any, audit committee for the Company with *mutatis mutandis* the same powers that those committees respectively have within the Manager-Legal person. The conditions for the appointment of the members of the consultative committees, their dismissal, their remuneration, the term of their mandate and the procedure of these committees as well as the description of their tasks, are defined by the board of directors of the Manager-Legal person at the moment of their creation and they can also be modified afterwards by that same board of directors of the Manager-Legal person in compliance with the applicable regulations.

ARTICLE 15. SALARY

15.1. The manager will carry out his mandate with remuneration.

15.2. The remuneration is equal to zero point four hundred fifteen per cent (0.415%) of the consolidated assets of the Company. The remuneration is due during the financial year, but only payable after the approval of the financial statements.

15.3. The manager is entitled to the repayment of the costs that are directly related to his assignment.

ARTICLE 16. COMPETENCES OF THE MANAGER – INTERNAL MANAGEMENT

16.1. The manager has the most extended powers to perform all acts of internal management necessary or useful for realizing the purpose of the Company, except for those acts for which only the general meeting is competent, in virtue of the law or the Articles of association.

The manager takes all decisions it deems appropriate.

16.2. The manager draws up the half-year reports, as well as the annual report project in accordance with the RREC legislation. The manager appoints the real estate experts in accordance with the RREC legislation.

16.3. The deliberations and decisions of the manager – should the case arise, taken at the level of the board of directors of the Manager-Legal person in accordance with the rules for deliberation and decision-making as defined in the articles of association of the Manager-Legal person – are reproduced in the minutes that are signed by the manager or the acting directors of the Manager-Legal person. These minutes are recorded in a special register.

The copies of or the extracts of those minutes, that have to be presented lawfully or elsewhere, are signed by the manager in accordance with its external representation power, except for copies and extracts of the minutes that were registered in an authentic deed and that are signed by the notary public.

ARTICLE 17. EXTERNAL REPRESENTATIVE POWER

17.1 The manager represents the company in all judicial and extra-judicial affairs.

17.2 The Manager-Legal person acts externally towards third parties via its permanent representative, all this, in accordance with the RREC legislation.

17.3 In all deeds committing the Company, the capacity in which the person representing the Company acts has to be stated, immediately before of after his signature.

ARTICLE 18. EXCEPTIONAL AUTHORITIES

The statutory manager can appoint proxies for the company. Only special and limited powers for specific or for a series of specific legal acts are permitted. The proxies legally bind the company within the bounds of their conferred mandate, without diminishing the responsibility of the statutory manager in the case of an excessive power.

The manager defines the remuneration of each representative who was granted special powers, all of this in conformity with the RREC legislation.

ARTICLE 19. RESPONSIBILITY OF THE STATUTORY MANAGER

19.1 The statutory manager is personally, severally and unlimitedly bound to the obligations of the company.

19.2 The permanent representative of the Manager-Legal person is however not personally liable for the undertakings made by the Company.

ARTICLE 20. CONTROL

20.1. The audit of the Company is entrusted to a company auditor or auditor's company certified by the FSMA, that exercises the mission of auditor as defined in the Company Code and in the RREC legislation.

In the case of the appointment of a certified auditor's company as auditor, this company will appoint a certified company auditor that it appoints, for the exercise of its mission as auditor; it can eventually also appoint a substitute among its members that comply with the appointment conditions.

20.2. Moreover, the Company is subject to supervision by the FSMA in accordance with the RREC legislation.

CHAPTER IV – GENERAL MEETING

ARTICLE 21. POWER OF THE GENERAL MEETING

21.1 The lawfully composed general meeting of the shareholders of the Company represents the entirety of the shareholders. The decisions of the general meeting that were validly taken are binding upon all shareholders, even for those who were absent or for those who voted against a proposal.

21.2 The general meeting has the power a/o to deliberate and to decide on the following matters, namely:

- the conclusion of the annual accounts;
- the appropriation of the result;
- the nomination and the dismissal of the auditor;
- the determination of the auditor's salary;
- the filing of the company action or the giving discharge to the manager and to the auditor.

The general meeting is also authorized to make changes to the Articles of Association, namely to decide to the nomination of a manager, to the increase or decrease of the capital, to powers with regard to the authorized capital by decision of the manager, to conversion of the company into a company with a different legal status, to decide to an early dissolution of the company, to the distribution of interim dividends of optional dividends, to the issue of convertible (or not) bonds or warrants, to the merger or an equal operation with one or more companies.

ARTICLE 22. ORDINARY GENERAL MEETING

22.1. The general meeting is held at the registered office or at the address indicated in the convening notice.

22.2. The ordinary general meeting, also called annual meeting, is held each year the third Monday of the month of May at sixteen hours or, should this day be a legal holiday, the next working day at the same hour.

ARTICLE 23. CONVENING

23.1 The manager and every auditor can convene both an ordinary general meeting (annual meeting) and an exceptional or extraordinary general meeting. They have to convene the annual meeting on the day as determined by the articles of association.

The manager and every auditor are obliged to convene an exceptional or extraordinary meeting when one or more shareholders who represent, individually or collectively, a fifth (1/5th) of the registered capital request for it.

23.2 The convocations to the general meeting take place in accordance with the formalities and other provisions of the Company Law. The convocations mention the agenda, listing the subjects to be treated and the proposals for decision, and all other date that are mandatory to be included in virtue of the law.

23.3 One or more shareholders representing together at least three per cent (3%) of the registered capital of the company, in accordance with the provisions of the Company Law, can have subjects to treat added to the agenda of the general meeting and introduce proposals for decision with regard to items on the agenda or those that were added. The company should receive these requests at latest the twenty-second (22nd) day prior to the date of the general meeting. The subjects to be treated and the related proposals for decision that could be added to the agenda, should the case arise, will

be published according to the modalities prescribed by the Company Law. The subjects to be treated and proposals for decision that were added to the agenda in application of the previous paragraph are only discussed if all related provisions of the Company Law were respected.

ARTICLE 24. CONDITIONS FOR ADMITTANCE TO THE GENERAL MEETINGS

24.1 A shareholder can only participate to the general meeting and exercise his voting right based on the recording of his shares in book-entry form in his name, at the registration date, or by inscription in the register of nominative shares of the company, or by inscription in the accounts of an authorized account holder or clearing organisation, or upon presentation of the bearer shares to a financial intermediary, regardless of the number of shares the shareholder owns at the general meeting. The fourteenth (14th) day prior to the general meeting, at twenty-four hours (24h00 CET) applies as the registration date.

24.2 Holders of dematerialized shares who want to participate to the general meeting, must present a certificate issued by an authorized account holder or the settlement body, stating how many dematerialized shares are registered in their accounts at the registration date, in the name of the shareholders, and for which the shareholder has indicated wanting to participate to the general meeting. This filing has to take place at latest the sixth (6th) day prior to the date of the general meeting at the registered office or at the institutions mentioned in the convocation.

Holders of registered shares who wish to participate to the meeting, must inform the company by ordinary mail, fax or e-mail at latest the sixth (6th) day prior to the meeting date of their intention to participate to the meeting.

24.3 The manager will keep a register for each shareholder having communicated his wish to participate to the general meeting, stating his name and address or registered office, the number of shares he owned at the registration date and for which he has indicated wishing to participate to the general meeting, and a description of the documents that prove that he was holder of the shares at that registration date.

ARTICLE 25. PARTICIPATION IN THE MEETING – REPRESENTATION

25.1 A shareholder of the company may only appoint (1) one proxy for a specific general meeting. Derogation to this principle is only possible in accordance with the related rules of the Company Law.

A person acting as an authorized representative can have proxies of more than one shareholder. In the case an authorized representative has proxies from several shareholders, he can vote differently in the name of one shareholder than in the name of another shareholder.

The appointment of a proxy by a shareholder is done in writing or via an electronic form and has to be signed by the shareholder, should the case arise, with an advanced electronic signature in the sense of article 4, §4, of the Law of 9 July 2001 with respect to certain rules regarding the legal framework for electronic signatures and certification services, or with an electronic signature that meets the conditions of article 1322 of the Civil Law.

25.2 The notification of the proxy has to be done in writing to the company. This notification can also take place electronically, at the address mentioned in the convocation. The company has to receive the proxy at latest the sixth (6th) day prior to the meeting date.

25.3 Without prejudice to the possibility, in accordance with article 549, second paragraph, of the Company Law to derogate from the instructions under certain circumstances, the authorized representative expresses his vote in accordance with the potential instructions of the shareholder. The authorized representative has to hold a register for at least (1) year of the voting instructions and confirm, at the request of the shareholder, that he respected the voting instructions. In the case of a potential conflict of interest as defined in article 547bis, §4, of the Company Law between the shareholder and the authorized representative he has appointed, the authorized representative has to disclose the precise facts that are of interest to the shareholder to judge if the danger exists that the authorized representative promotes any other interest than that of the shareholder. Moreover, the authorized representative can only vote in the name of the shareholder provided that he has specific voting instructions for each

agenda item.

25.4 In the case of an addition to the agenda, in accordance with article 23.3 of the articles of association, and if a proxy has already been communicated to the company before the publication of the amended agenda, the authorized representative has to respect the related provisions of the Company Law.

ARTICLE 26. CHAIRMANSHIP – BUREAU

26.1 Every general meeting is in general presided by manager of the Company. For as long as the Manager-Legal person manages the Company, the chairman of its Board of Directors or, in case the chairman is unable to attend, another director of the Manager-Legal person presides the general meeting.

26.2 The chairman of the meeting appoints a secretary and one or more vote counters, who do not need to be (a) shareholder(s). The chairman, the secretary and the vote counters altogether form the bureau.

ARTICLE 27. MEETING PROCEDURE

27.1 The deliberation and voting at the general meeting are directed by the chairman of the meeting and take place in accordance with the habitual rules of proper meeting techniques.

27.2 The manager answers the questions of the shareholders asked during the meeting or in writing, with regard to his report or the agenda items, as far as the communication of data or facts is not detrimental to the company's business interests or to confidentiality rules the company or the manager have committed to.

The auditors answer the questions of the shareholders that are asked during the meeting or in writing, with regard to their report, as far as the communication of data or facts is not detrimental to the company's business interests or to confidentiality rules the company, the manager or the auditors have committed to. They have the right to speak at the general meeting with regard to the fulfillment of their mission.

If different questions are related to the same subject, the manager and the auditors are allowed to respond to these with one answer. As soon as the convocation is published, the shareholders can ask the aforementioned questions in writing, in accordance with the related provisions of the Company Law.

27.3 The manager is entitled to adjourn each ordinary, exceptional or extraordinary general meeting one single time for five (5) weeks, unless the meeting has been convened at the request of one or more shareholders, representing at least one fifth (1/5th) of the capital, or by the auditor. Such adjournment does not prejudice the other decisions that were taken, except if the general meeting decides otherwise on this matter.

27.4 The general meeting can only validly deliberate or decide on the items recorded or implicitly stated in the agenda. There can only be a deliberation on items that were not included in the agenda if all persons that are to be invited according to the Company Law are present or represented by their body or permanent representative and nobody objects to extending the agenda. The required agreement is definite if no protest has been recorded in the minutes of the meeting.

ARTICLE 28. VOTING RIGHT

28.1. Every share gives the right to one vote.

28.2. When one or more shares belong to several people in joint ownership or to a legal person with a collegial body of representation, the connected rights to it can only be exercised towards the company by one single person who has been appointed in writing by all entitled persons, respectively those who can represent the legal persons externally. As long as such an appointment has not been delivered, all the rights connected to the shares remain suspended.

28.3. If a share is encumbered with a usufruct, the exercise of the connected voting rights is reserved for the usufructuary, unless the nude owner has previously opposed to it in writing. The execution of the pre-emptive right in the case of a capital increase belongs to the nude owner.

ARTICLE 29. DECISION-MAKING – RIGHT OF VETO FOR THE STATUTORY MANAGER

29.1 The normal and the exceptional general meeting's deliberations and decisions are valid irrespective of the number of present or represented shares, yet in the presence of the statutory manager.

If he is not at present, then a second meeting can be convened to deliberate and decide, even if the statutory manager is absent. The decisions are taken by a simple majority of votes, but with the approval of the present or represented statutory manager regarding proceedings, which deal with the interests of the company towards third parties, such as the payment of dividends as well as each decision whereby the company assets are affected. Abstention or blank votes and invalid votes are neglected in the calculation of the majority. In the case of equality of votes, the proposal is rejected.

29.2 At each general meeting minutes are taken during the meeting.

29.3 The extraordinary general meeting must be held in the presence of a notary public who draws up an authentic official report. The general meeting can only then lawfully deliberate and decide on a change in the Articles of Association, when those who participate in the meeting represent at least half (1/2) of the companies' capital and when the statutory manager is at present, notwithstanding more stringent legal stipulations. If the aforementioned quorum is not reached or if the statutory manager is not at present, then a new summons in virtue of Article 558 of the Company Law is required; the second meeting deliberates and decides validly, irrespective of the present or represented part of the capital and irrespective of the potential absence of the statutory manager.

29.4 An amendment to the Articles of Association is only then accepted if it has previously been approved by the FSMA and if it they have got three quarters (3/4) of the votes bound to the shareholders that are present or represented and with approval of the present or represented statutory manager notwithstanding more stringent legal stipulations.

The votes of those who abstain, or the blank or invalid votes, are considered to be votes against the proposal in the calculation of the required majority.

CHAPTER V – FINANCIAL YEAR – APPROPRIATION OF THE RESULT

ARTICLE 30. FINANCIAL YEAR – ANNUAL ACCOUNTS – ANNUAL REPORT

30.1 The financial year of the company always commences on the first of January and ends on the thirty first of December. At the end of each financial year the accounts and records are closed and the statutory manager draws up the inventory, including the annual accounts, and is further proceeded as specified in Article 92 and following of the Company Law and of the applicable provisions of the RREC legislation. Furthermore, the statutory manager draws up an annual report in which he renders account for his policy, as prescribed by the Company code and the RREC legislation. The annual report also comprises a corporate governance statement that is a specific part of it and which comprises a remuneration report.

30. After the approval of the balance sheet the general meeting decides on the discharge to be given, by separate vote, to the manager and to the auditor(s).

30.3 The annual and half-year financial reports of the company, comprising the statutory and consolidated annual and half-year accounts of the company and the report of the auditor(s), are made available to the shareholders according to the provisions that are applicable to issuers of financial instruments admitted to trading on a regulated market and the RREC legislation.

The annual and half-year reports of the company, the report of the auditor(s) and the articles of association of the company are published on the website of the company. The shareholders can obtain a copy of the aforementioned documents for free at the registered office of the manager.

ARTICLE 31. APPROPRIATION OF THE PROFIT

It is mandatory for the company, within the limits of the Company Law and the RREC legislation, to distribute a dividend as a remuneration of the capital to its shareholders, of which the minimum amount is defined in accordance with article 13 of the RREC RD.

ARTICLE 32. INTERIM DIVIDENDS

The statutory manager has the power to pay out interim dividends on the results of the financial year. This payment can only be taken from the profit of the current financial year, as when the occasion arises decreased by the transferred loss or increased by the transferred profit, without any withdrawal

from the reserves which are or must be build up by means of a legal or statutory decree. Further action is made by reference to the requirements of Article 618 of the Company Law and the relevant provisions of the RREC legislation.

CHAPTER VI – DISSOLUTION – LIQUIDATION

ARTICLE 33. NOMINATION AND CAPACITY OF LIQUIDATORS

33.1 In case of dissolution of the company for whatever reason and at whatever time, the liquidation is being carried out by a liquidator or a board of liquidators appointed by the general meeting in accordance with the legal provisions on the matter. The liquidators only take up their mission after the confirmation of their appointment by a competent commercial court.

If no liquidator is appointed, the manager in function is considered to be the liquidator towards third parties.

33.2 The liquidators have the most extended powers in accordance with the Articles 186, 187 and 188 of the Company Law, unless the general meeting decides otherwise by a normal majority of votes.

33.3 The liquidation of the company is settled in accordance with the provisions of the Company Law.

ARTICLE 34. LIQUIDATION BALANCE

The balance after liquidation is distributed to the shareholders in proportion to their rights in the Company.

CHAPTER VII – MISCELLANEA - CHOICE OF LOCATION

ARTICLE 35. CHOICE OF LOCATION

35.1 The manager and the liquidators, whose place of residence is unknown, are supposed to have chosen their address at the registered office of the company, where all subpoenas, services and notifications concerning the companies' affairs can be delivered.

35.2. The regulation in article 35.1 above is mutatis mutandis also valid for the directors of the Manager-Legal person and the persons in charge of effective direction of the Company and the persons responsible for the internal control functions of the Company.

ARTICLE 36. JURISDICTION

36.1 Exclusive jurisdiction is given to the courts of the company seat for all disputes between the company on the one hand, and its manager, its holders of securities and/or its liquidators on the other hand, regarding the company matters and the implementation of the current Articles of Association, unless the company expressly renounces to it.

36.2 The regulation in article 36.1 above is mutatis mutandis also valid for all disputes between the Company, on the one hand, and the directors of the Manager-Legal person, the persons in charge of effective direction of the Company and the people responsible for the internal control functions of the Company.

ARTICLE 37. APPLICABLE LAW

For everything that is not explicitly defined in these articles of association, or with regard to the legal provisions that were not validly derogated from in these articles of association, the provisions of (a) the Company Law and its executive decrees and regulations, (b) the RREC legislation and (c) the other legal provisions, decrees and regulations under Belgian law are applicable, as far as they apply to the Company due to its status as a public RREC.

Moreover, the provisions of these articles of association that would unlawfully have derogated from the provisions of the laws, decrees and regulations mentioned in the previous paragraph, are considered not to be recorded in the current articles of association and the clauses that would be opposed to the mandatory provisions of these laws, decrees and regulations shall be deemed as not written.

For the management body,
Notary public Frank Liesse

FINANCIAL COMMUNICATION TO THE SHAREHOLDERS

PLACES WHERE DOCUMENTS ARE ACCESSIBLE FOR THE PUBLIC

The articles of association of Leasinvest Real Estate may be consulted at the Registry of the Commercial Court in Brussels and at the registered office.

The financial statements are filed with the National Bank of Belgium. Each year the financial statements together with the reports thereto are sent to the registered shareholders and to anyone who requests it.

The annual financial reports, which comprise the consolidated financial statements, the annual report and the report of the auditor concerning the financial years 2014, 2015 and 2016¹ and the conclusion of the valuation report and the half-yearly financial reports including the report of the auditor for the financial years 2014, 2015 and 2016 can be consulted on the Leasinvest Real Estate website (www.leasinvest.be) and may be consulted at the administrative office of the company.

The historical financial information for the previous financial years since 2013 (as far as applicable) of all subsidiaries of Leasinvest Real Estate (Leasinvest Immo Lux SA, Leasinvest Services SA, Canal Logistics Brussels SA, RAB Invest SA, Haven Invest SA and T&T Koninklijk Pakhuis SA) can be consulted at the administrative office of Leasinvest Real Estate. The companies T&T T&T Koninklijk Pakhuis SA and Canal Logistics Brussels SA have in the meanwhile been merged by absorption by Leasinvest Real Estate.

Financial reporting and notices to the shareholders for general meetings of shareholders are published, as far as mandatory, in the financial press and can be consulted on www.leasinvest.be.

The decisions about the nomination or dismissal of members of the board of directors are published in the appendices to the Belgian Official Gazette.

The last update of the Corporate Governance Charter can be found on the website www.leasinvest.be.

Anyone interested can freely subscribe at www.leasinvest.be to receive all press releases and mandatory financial information per e-mail.

LIST OF REFERENCE INFORMATION

Historical financial information and the description of the financial situation of the previous financial years 2014 and 2015, and related-party transactions in the previous financial years 2014 and 2015

For this information we refer to the annual financial reports, which comprise the key figures, the consolidated financial statements, the annual report and the report of the auditor concerning the financial years 2014 and 2015, that can be consulted on the Leasinvest Real Estate website (www.leasinvest.be).

Overview of information with corresponding page numbers

Financial year (Annual financial report)	2015	2014
Key figures	30-35	26-29
Annual report (Management report)	36-125	30-111
Audited consolidated financial statements	126-186	112-168
Auditor's report on consolidated financial statements	187	169

INFORMATION TO SHAREHOLDERS

REAL ESTATE INVESTMENT TRUST (SIR/ GVV) – CHARACTERISTICS & TAX RE- GIME

Regulated real estate company (BE-REIT/SIR/GVV) – characteristics and tax regime:

- stock exchange listing
- activity limited to real estate investment
- risk diversification: no more than 20% of the consolidated assets may be invested in a single property. In certain cases a derogation can be obtained by the FSMA; such a derogation has until present not been granted to Leasinvest Real Estate.
- the consolidated debt ratio of the regulated real estate company and its subsidiaries, and the statutory debt ratio of the regulated real estate company is limited to 65% of the consolidated or statutory assets, after deduction of the authorized hedges
- quarterly valuation of the real estate portfolio by an independent real estate expert (fair value)
- properties carried at fair value - no depreciation

¹ The statutory financial statements of the statutory manager, the annual report and the report of the auditor, and the valuation rules regarding the statutory financial statements for the financial year 2016 can be obtained for free, and by anyone who asks, upon simple request at the office of the company.

- distribution, in the case of profit, of at least the positive difference between 80% of the corrected result and the net decrease of the debts during the financial year, as defined in the RD of 13/07/2014, with regard to the limitations provided by article 617 of the Company Code
- taxable basis for corporate taxes consists of the sum of the disallowed expenses and abnormal and benevolent advantages; otherwise, there are no company taxes on results and capital gains
- withholding tax of 30% on dividend (2015: 27%)
- no withholding tax for non-residents who are not engaged in a profit-making activity
- a regulated real estate company cannot grant loans unless to subsidiaries
- supervision by the FSMA (www.fsma.be)

SICAV-SPECIALIZED INVESTMENT FUND

(Leasinvest Immo Lux, Grand Duchy of Luxembourg)

- open-ended real estate investment fund with variable capital
- only well informed investors ('investisseurs avertis'), in the sense of article 2 of the law of 13/02/07 regarding specialised investment funds are admitted as shareholders
- no mandatory stock exchange listing
- mainly real estate investments
- Risk diversification: maximum 30% of the consolidated assets can be invested in one building/complex, or in securities issued by one same company. In certain cases derogation can be granted by the CSSF; in 2016 Leasinvest Immo Lux has been granted a derogation by the CSSF for a debt ratio up to 65%
- debt ratio of maximum 50% except for derogations granted by the CSSF in certain cases
- annual valuation by an independent real estate expert
- real estate assets carried at fair value – no amortizations
- no minimum distribution of the operating result
- no corporate taxes on result nor gains
- no withholding tax on dividends (in case the dividends are paid in favour of the RREC)
- supervision by the "Commission de Surveillance du Secteur Financier" www.cssf.lu

For the choice of an investment, Leasinvest Real Estate is subject to limitations with regard to the diversification of investments and participation in companies.

DIVIDEND 2016

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 4.90 (2015: € 4.70), and net, free of withholding tax of 30%, € 3.43 (2015: € 3.431) to the 4,935,478 shares entitled to dividends¹.

Subject to the approval of the ordinary general shareholders' meeting of 15 May 2017 dividends will be paid out on presentation of coupon no 20 as of 22 May 2017 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof Petercam.

The Ex-date is 18/05/2017 and the Record date is 19/05/2017.

With regard to practical formalities to attend the annual meeting of shareholders that will be held on 15/05/2017 we refer to page 64 of this annual financial report and to the website www.leasinvest.be, where all documents to participate are published on the day indicated in the convocation published in the Official Belgian Gazette and in a national newspaper.

WEBSITE

www.leasinvest.be

The website has free access and comprises all mandatory financial information.

Anyone interested can freely subscribe at www.leasinvest.be (investor relations – IR contact) to receive all press releases and mandatory financial information per email.

INVESTOR RELATIONS CONTACT

Leasinvest Real Estate Management SA

JEAN-LOUIS APPELMANS

CEO

T +32 3 238 98 77

E investor.relations@leasinvest.be

¹ Excluding the 3,392 shares at the reporting date, purchased by LRE within the framework of the procedure on dematerialization of bearer securities.

LEXICON

ALTERNATIVE PERFORMANCE MEASURES

Following the entry into force of the 'ESMA directives on Alternative Performance Measures' of the European Securities and Market Authority (ESMA), the Alternative Performance Measures (APM) in this registration document are indicated by an asterisk (*). For the definition and the detailed calculation of the Alternative Performance Measures used, we refer to page 80 et seq of this registration document.

BADWILL

Badwill or negative goodwill equals the amount by which the stake of the party acquiring, in the fair value of the acquired identifiable assets, liabilities and contingent liabilities, exceeds the price of the business combination on the date of the transaction.

BULLET LOAN

A loan which is reimbursed in one time at the end of the duration.

CAP

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short term interest rate. As a buyer, Leasinvest Real Estate has acquired the right, within a predefined period, to exercise its option. At that moment Leasinvest Real Estate pays the capped interest rate (= CAP) instead of the (higher) short term interest rate. For the acquisition of this right, the buyer pays a premium to the seller. Via this interest rate hedging, Leasinvest Real Estate hedges against unfavourable interest rate increases.

COLLAR

Combination of a purchased cap and a sold floor. As well the minimum as the maximum interest rate are in this case determined in advance.

CONTRACTUAL ANNUAL RENTS

The indexed basis rents as contractually defined in the leases in force per 31/12/2016.

CORPORATE GOVERNANCE

Sustainable management of the company. These principles, such as transparency, integrity and balance between the responsible parties, are based on the recommendations of the Belgian Corporate Governance Code as published by the Corporate Governance Committee on 12/03/09 (www.corporategovernancecommittee.be).

DEBT RATIO

All items of the "Liabilities" in the balance sheet, except for the items: "I. Non-current liabilities – A. Provisions", "I. Non-current liabilities – C. Other non-current financial liabilities – Derivative financial instruments", "I. Non-current liabilities – F. Deferred taxes – Liabilities", "II. Short term liabilities – A. Provisions", "II. Current liabilities – C. Other current financial liabilities – Derivative financial instruments" and "II. Current liabilities – F. Accrued charges and deferred income", divided by the balance sheet total.

DIVIDEND YIELD

Gross dividend / closing price of the financial year concerned.

DURATION

Weighted average duration of the leases, for which the weight is equal to the relation of the rental income to the total rental income of the portfolio.

EPRA COST RATIO*

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

EPRA EARNINGS*

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

EPRA NET ASSET VALUE* (NAV) & EPRA NNAV* (TRIPLE NET ASSET VALUE*)

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

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

EPRA NET INITIAL YIELD* & EPRA TOPPED UP NET INITIAL YIELD*

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

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

EPRA VACANCY*

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

EXIT TAX

Companies applying for approved Regulated real estate company status, or which merge with a Regulated real estate company are subject to what is known as an exit tax. This tax is equivalent to a liquidation tax on net unrealized gains and on tax-exempt reserves, and amounts to 16.5% (increased by an additional crisis tax uplift of 3%, amounting to a total of 16.995%).

FAIR VALUE

The fair value is the investment value as defined by an independent real estate expert, from which, the transfer rights have been deducted; the fair value is the accounting value under IFRS.

FLOOR

Financial instrument of the option-type, for which the underlying, in the case of Leasinvest Real Estate, is the short-term interest rate. As a seller, Leasinvest Real Estate has the obligation to, within a predefined period, deliver the floor (minimum interest rate). In exchange for this, Leasinvest Real Estate, as the seller, receives a premium from the buyer. The received premium on the floor limits in this way the premium paid on the CAP.

FREE FLOAT

The free float is the number of shares freely tradable on the stock exchange.

GOODWILL

Goodwill equals the amount by which the cost of the business combination exceeds, at the transaction date, the interest in the fair value of the identifiable assets, liabilities and conditional liabilities taken over from the acquiring party.

IAS-STANDARDS

The international accounting standards (IAS, International Accounting Standards/IFRS, International Financial Reporting Standards) have been drawn up by the International Accounting Standards Board (IASB), which develops the international standards for preparing the annual accounts. The listed companies in Europe must apply these rules to their consolidated accounts for the financial years starting as from 01/01/05. In accordance with the RD of 21/06/06, substituted by the RD of 07/12/10, Leasinvest Real Estate applies these rules to its statutory annual accounts, already as from the financial year beginning on 01/07/06.

INTEREST RATE SWAP

Financial instrument by which parties agree contractually to swap interest payments over a defined term. This allows parties to swap fixed interest rates for floating interest rates and vice versa.

INVESTMENT VALUE

The investment value is the value as defined by an independent real estate expert, and of which, the transfer rights have not yet been deducted.

LIQUIDITY PROVIDER

Liquidity providers are members of Euronext who signed an agreement with Euronext in which they, amongst other things, agree to, continually, make a bilateral market, composed of buy and sell rates, to guarantee a minimum turnover and furthermore to make the market within a maximum 'spread'.

NET ASSET VALUE PER SHARE

NAV (Net Asset Value): shareholder's equity attributable to the shareholders of the parent company, divided by the number of shares (excluding the consolidated number of treasury shares).

NET CASH FLOW

Net cash flow = net result plus additions to amortizations, depreciations on trade debtors and the additions to and withdrawals on provisions minus negative and positive changes in the fair value of investment properties minus the other non-cash elements.

OCCUPANCY RATE

The occupancy rate takes into account all buildings, except those carried under 'assets held for sale' and 'development projects' and is calculated in function of the estimated rent as follows: (estimated rent – estimated rent on vacancy) / estimated rent.

REGULATED REAL ESTATE COMPANY

Is an ordinary operational company that has to act according to its purpose (which includes taking into account other interests than the exclusive interest of the shareholders, such as the interests of its clients, users of the buildings). It has a general commercial purpose: offering real estate to users.

This company pursues a company strategy and not an investment policy; it can make a public appeal to savings, but to use those funds for its company purpose in general, in function of the needs arising from its strategy, and not to invest them in accordance with a statutory investment policy with regard to managing those funds in view of generating a "pooled return" for investors.

SWAPTION

A swaption is an option on an interest rate swap. There are 2 types: a payer swaption and a receiver swaption. A payer swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the fixed interest rate and receives the variable interest rate. A receiver swaption grants a right to the buyer to conclude an interest rate swap in the future, for which the buyer pays the variable interest rate and receives the fixed interest rate.

TAKE-UP

The total number of square meters which are rented in the real estate market.

VELOCITY

Represents how many shares are traded on an annual basis, or in other words, the annual traded volume of shares divided by the total number of listed shares.

IDENTITY CARD LEASINVEST REAL ESTATE

Public REIT (SIR/GVV) under Belgian Law	Leasinvest Real Estate SCA
Legal entity	Limited partnership by shares
Registered office	Route de Lennik 451, 1070 Brussels, Belgium
Administrative office	Schermersstraat 42, 2000 Antwerp, Belgium
Contact	T +32 3 238 98 77 – F +32 3 237 52 99
E-mail	investor.relations@leasinvest.be
Web	http://www.leasinvest.be
Register of legal entities	Brussels
VAT	BE 0436.323.915
Established	8 June 1999, publication MB 26 June 1999 (conversion into real estate investment trust) (nr. 990626-330); 6 November, publication Official Belgian Gazette 3 December 2014 (change into a regulated real estate company) (no 20141203-14216372)
Term	Unspecified
Financial year	1 January – 31 December
Listing	Euronext Brussels, BEL Mid
Liquidity provider	Bank Degroof Petercam
Financial service	Main paying agent Bank Delen
Auditor	Ernst & Young Réviseurs d'entreprises, represented by Pierre Vanderbeek, certified auditor; represented by Joeri Klaykens as of 01/01/2017 subject to approval by the annual meeting 15/05/2017
Real estate experts	Cushman & Wakefield - Stadim – SPG Intercity Geneva/CBRE – BAR bareal Austria
Supervision	FSMA

This annual financial report is available on www.leasinvest.be.

You can request a printed copy through registration on www.leasinvest.be.



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