

press release

Regulated information

Under embargo till 13/02/2015 – 7.30h AM

Leasinvest Real Estate – Annual results financial year 2014

- ✓ Successful letting of Royal 20
- ✓ High occupancy rate of the real estate portfolio
 - ✓ Recurrent rental income rises by 14%
- ✓ Net current result increases to € 26.1 million, or by 8.3%
 - ✓ Net result rises by 21.2% to € 32.6 million
 - ✓ Outlook for 2014 confirmed
- ✓ Increase of gross dividend to € 4.55 per share

1. Activity report period 01/01/2014-31/12/2014

1. 1 Investments and divestments

Acquisition retail portfolio in Switzerland

On 7 November 2014 Leasinvest Real Estate has acquired, via its 100% Luxembourg subsidiary Leasinvest Immo Lux SA SICAV-SIF, a high-quality real estate portfolio in Switzerland. The portfolio was purchased from the European high street retail specialist Redevco.

The acquired retail portfolio consists of 3 very well located retail buildings in the Canton of Vaud in the West French-speaking part of Switzerland. Two commercial centers are located respectively in the well-developed retail park areas of **Etoy** (Littoral Park) and **Villeneuve** (Zone Pré Neuf). The third asset is located on the main retail street of **Yverdon-les-Bains** along the Lake of Neuchâtel, the second most important city in the Canton of Vaud.

These 3 buildings were acquired for a price of 45.6 million CHF (including registration duties and costs), or approximately € 37.8 million (at the exchange rate at the time of the acquisition), which is lower than the fair value. The total portfolio has a surface area of 11,649 m² and is fully let to international retailers such as Fust (part of the second largest Swiss retailer Coop group), C&A, Casa, JYSK, Maxi Zoo and Heytens. The annual net rental income amounts to 2.8 million CHF (or approximately € 2.24 million at the exchange rate at the time of the acquisition). The commercial center located in Etoy generates nearly half of the portfolio's rental income while 31% is generated by Villeneuve and 23% by Yverdon-les-Bains.

Sale of office building avenue Louise 66 in Brussels

On 27 January 2014 Leasinvest Real Estate sold the office building located avenue Louise 66 in Brussels to Immo Graanmarkt SPRL for an amount of € 10,350,000 which exceeds the fair value at end-2013. This office complex located in front of the Steigenberger (ex-Conrad) hotel consists of 2 connected buildings and 1 commercial surface (ground floor). It has a total rental surface of 3,398 m² and is entirely let.

Sale of semi-industrial building in Meer

On 28 May 2014 Leasinvest Real Estate has sold a semi-industrial building located in Meer to RAMA SA for a net amount of € 1,650,000, which is not lower than the fair value end March 2014. It has a gross letting area of 5,015 m² and is entirely let to Dobla, producer of high-end chocolate decorations.

Signing of sales agreement for Phase 2 of Canal Logistics in Neder-over-Heembeek

On 31 December 2014 Leasinvest Real Estate has signed a sales agreement with regard to the sale of phase 2 of the logistics building Canal Logistics in Neder-over-Heembeek (Brussels) for an amount of € 16.75 million net, which is not lower than the fair value.

The building comprises 20,664 m² of storage space and 1,250 m² of offices and is very well located alongside the Brussels-Charleroi canal, just 10 minutes away from the city center and Brussels Airport.

1. 2 Developments and redevelopments

Square de Meeûs and Montoyer 63

Leasinvest has taken advantage of the opportunity to reconstruct Montoyer 63 (6,500 m²) and Square De Meeûs 5-7 (5,500 m²) as Triple A buildings that respond to the highest quality standards with regard to sustainability and technology.

Due to their unique location, in the heart of the European district, they will be marketed (2017/2018) when the offer of new buildings will be limited.

These redevelopments will have a temporary influence on the rental income and the net result, respectively as of 06/2015 and 01/2016.

The authorization procedure is ongoing for both buildings. Montoyer 63 was designed by SVR Architects (Antwerp) and Square de Meeus by Assar Architects (Brussels).

1.3 Lettings and terminations

Extension of the lease with SKF in Tongres

SKF, of which the real estate leasing contract would expire at the end of 2016, has opted for a further extension till end 2025. The site comprises a logistics building of 25,000 m² in Tongres, and is used as a European logistics hub for the Swedish multinational.

Extension of the lease for Monterey in Luxembourg

The rental contract with regard to the Monterey building located avenue Monterey in the Grand Duchy of Luxembourg has been successfully extended for a new fixed 9-year period with the current tenant.

Lease of Royal20, Boulevard Royal in Luxembourg

On 19 December 2014 Leasinvest Real Estate, via its 100% subsidiary Leasinvest Immo Lux, has concluded a pre-letting agreement for 100% of the prestigious office building Royal20, located Boulevard Royal in the center of the city of Luxembourg.

The rental contract has been concluded with the Luxembourg branch of the China Merchants Bank Co Ltd, the 6th Chinese bank in terms of assets.

The agreement will enter into force as of the reception of the office building Royal20, foreseen for the spring of 2016. Awaiting the delivery, China Merchants Bank occupies a floor in our office building Monnet located in Kirchberg (see below).

The prestigious building Royal20 designed by the renowned French architecture agency Agences Elisabeth & Christian de Portzamparc will comprise approximately 5,000 m² of office space and will respond to high energetic performance demands. The rental contract was concluded for a fixed period of 10 years with an annual rent of € 3 million.

Further improvement of the occupancy rate of The Crescent in Anderlecht

By new service agreements in the building The Crescent, the occupancy rate has further increased to over 80%. As negotiations are currently ongoing, it is foreseen that the business center will reach maximum capacity. Due to the high number of employees, the sale of services offered also rises (such as catering, fitness, seminar centers), resulting in a higher financial occupancy rate.

Termination of rental contract for Monnet in Luxembourg

The tenant Sal. Oppenheim has cancelled its rental contract for the office building located at Kirchberg (Luxembourg) that expired on 31/12/2014. Some renovation works have to be carried out. Given the very good situation of this building and the low vacancy rate at this location, re-letting is expected to be realized by the end of 2015.

1.4 Change of status into a public regulated real estate company (RREC)

The Extraordinary General Meeting of shareholders of LRE ("EGM") held on 6 November 2014, has unanimously approved the change of status from a public sicafi into a public RREC, in accordance with the RREC Law.

Leasinvest Real Estate is pleased with the approval of this new status by its shareholders. This will allow to continue its current activities in the interest of the Company, its shareholders and other stakeholders, and to consequently position itself as a REIT (Real Estate Investment Trust) in order to optimize its visibility and its understanding by international investors.

2. Consolidated key figures

Key figures real estate portfolio (1)	31/12/2014	31/12/2013
Fair value real estate portfolio (€ 1,000) (2)	756,327	718,234
Fair value real estate portfolio, incl. participation Retail Estates (€ 1,000) (2)	808,126	759,290
Investment value investment properties (€ 1,000) (3)	770,680	731,850
Rental yield based on fair value (4) (5)	7.23%	7.31%
Rental yield based on investment value (4) (5)	7.10%	7.18%
Occupancy rate (5) (6)	96.24%	96.90%
Average duration of leases (years)	5.08	5.23

(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 31/12/2014.

(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 / Winssinger and Associates / Stadim.

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

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

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The consolidated real estate portfolio of Leasinvest Real Estate comprises, at the end of 2014, 34 sites (including the assets held for sale & the development projects) with a total surface area of 433,401 m², of which 18 are located in the Grand Duchy of Luxembourg (59% compared to 60% the previous financial year), 13 in Belgium (36% compared to 40% the previous financial year) and 3 in Switzerland (5%). The breakdown according to asset class has changed with a further increase of retail compared to offices.

The **fair value of the real estate portfolio** amounts to **€ 756.3 million** end-2014 compared to € 718.2 million end-December 2013. The increase is mainly explained by the investment in Switzerland for € 38 million, the carried out works for Royal 20, compensated by the sale of the building located avenue Louise 66 (Brussels) in the first quarter of 2014 (€ -8.2 million) and the sale of the logistics building situated in Meer (€ -1.7 million).

The **global direct and indirect real estate portfolio** (including the participation in Retail Estates SA) amounts to nearly **€ 808 million** at the end of 2014.

By the realized transactions, the **retail part** increases to **45%** and the offices part in the direct portfolio further decreases to 35%, of which 20% is located in the Grand Duchy of Luxembourg and 15% in Belgium.

The geographical breakdown of the portfolio is as follows as from now: Grand Duchy of Luxembourg: 59%, Belgium: 36%, Switzerland: 5%.

The rental yield of the real estate portfolio in operation based on the fair value amounts to 7.23% (compared to 7.31% end-2013), and based on the investment value, to 7.10% (compared to 7.18% end-2013).

The data per share have been calculated based on the number of shares at the reporting date, namely 4,938,870, following the public capital increase at the end of June 2013.

Key figures of the balance sheet	31/12/2014	31/12/2013
Net asset value group share (€ 1,000)	336,410	335,334
Net asset value group share per share	68.1	67.9
Net asset value group share per share based on investment value	71.0	70.7
Net asset value group share per share < EPRA	75.5	71.5
Total assets (€ 1,000)	836,914	777,867
Financial debt	441,155	407,602
Financial debt ratio (1)	54.27%	53.53%
Average duration credit lines (years)	3.2	3.7
Average funding cost (excl. fair value changes hedges)	3.63%	3.29%
Average duration hedges (years)	6.13	5.63

(1) Legal rate calculated according to the regulation on RRECs.

The **net result**, group share, amounts to € 32.6 million at the end of 2014 compared to € 26.9 million end 2013. In terms of net result per share, this results in € 6.60 end 2014 compared to € 5.45 end 2013. The rise is explained by the higher rental income (+€ 5 million), compensated by a more negative financial result (–€ 4.2 million), mainly by the negative

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impact of the evolution of the fair value of the financial assets and liabilities (–€ 1.7 million) and higher costs (–€ 0.8 million). The result on the real estate portfolio amounts to € 7.5 million end 2014 in comparison with € 1.8 million end 2013, which explains the increase of the net result.

The **net current result** end 2014 amounts to € 26.1 million (or € 5.28 per share), in comparison with a net current result of € 24.1 million (or € 4.89 per share) end 2013. This increase is mainly the consequence of the higher rental income in comparison with the same period of last year.

Key figures of the income statement	31/12/2014	31/12/2013
Rental income (€ 1,000)	50,175	45,186
Net rental result per share	10.16	9.15
Net current result (€ 1,000) (1)	26,062	24,128
Net current result per share (1)	5.28	4.89
Net result group share (€ 1,000)	32,572	26,928
Net result group share per share	6.60	5.45
Comprehensive result group share (€ 1,000)	21,321	37,305
Comprehensive result group share per share	4.32	7.55

(1) The net current result consists of the net result excluding the portfolio result and the changes in fair value of the ineffective hedges.

3. Outlook financial year 2015

Except for extraordinary circumstances and new investments, the company expects to realize a lower net result and net current result in 2015 than in 2014 due to the influence on the evolution of the rents of the planned redevelopments of Monnet and Square de Meeûs. Notwithstanding this evolution, the company expects to maintain the dividend over 2015 at minimum the same level.

4. Financial overview

Consolidated statement of comprehensive income	2014	2013
(in € 1,000)		
(+) Rental income	50,175	45,186
(+) Write-back of lease payments sold and discounted	0	0
(+/-) Rental-related expenses	-31	0
NET RENTAL INCOME	50,145	45,186
(+) Recovery of property charges	367	92
(+) Recovery income of charges and taxes normally payable by tenants on let properties	4,008	3,509
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
(-) Charges and taxes normally payable by tenants on let properties	-4,008	-3,509
(+/-) Other rental-related income and expenditure	-1,637	-1,617
PROPERTY RESULT	48,875	43,661
(-) Technical costs	-1,307	-1,559
(-) Commercial costs	-1,059	-696
(-) Charges and taxes on un-let properties	-504	-295
(-) Property management costs	-3,893	-3,639
(-) Other property charges	-472	-528
PROPERTY CHARGES	-7,235	-6,717
PROPERTY OPERATING RESULT	41,640	36,944
(-) Corporate operating charges	-2,704	-2,374
(+/-) Other operating charges and income	-307	-343
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO	38,629	34,227
(+/-) Result on disposal of investment properties	1,767	-146
(+/-) Changes in fair value of investment properties	5,687	1,978
OPERATING RESULT	46,083	36,059
(+) Financial income	3,111	2,254
(-) Net interest charges	-13,811	-10,810
(-) Other financial charges	-1,728	-1,365
(+/-) Changes in fair value of financial assets and liabilities	-729	966
FINANCIAL RESULT	-13,157	-8,955
PRE-TAX RESULT	32,926	27,104
(+/-) Corporate taxes	-353	-178
(+/-) Exit tax	0	0
TAXES	-353	-178
NET RESULT	32,572	26,926

Comments on the income statement

The **rental income** has increased by **11%** (+ € 4,989 thousand) and amounts to € 50,175 thousand in comparison with € 45,186 thousand end 2013.

This evolution is mainly the consequence of **the investments** realized in 2013 in Knauf Shopping Center Pommerloch and Hornbach, € 6.4 million in total, and realized in Switzerland in 2014 (€ 0.4 million), compensated by the decrease of rental income following divestments (- € 1.4 million).

The growth in rental income on a like-for-like basis rises by 3% or € 1.3 million (mainly Knauf Shopping center in Schmiede & The Crescent in Anderlecht) at constant portfolio, in comparison with the same period of last year (excl. rental rebates).

Making abstraction of the settlement obtained in 2013, the rental income rises by **13.5%** in comparison with the same period last year.

The average duration of the leases has slightly decreased to **5.08 years** in comparison with 5.23 years end 2013, but recorded a strong rise in the asset class logistics/Belgium through the rental contract with SKF till end 2025 and in the asset class offices/ Grand Duchy of Luxembourg by the extension of the lease with the current tenant for a fixed period of 9 years for the Monterey building.

The average duration also increased by the acquisition in Switzerland (5.6 years).

The **gross rental yields** have slightly decreased in comparison with end 2013 and amount to 7.23% (end 2013: 7.31%) based on the fair value and to 7.10% (end 2013: 7.18%) based on the investment value, which is the result of the investment in Switzerland. The occupancy rate remained nearly stable and amounts to 96.24% in comparison with 96.90% end 2013.

The **fair value of the real estate portfolio** amounts to **€ 756.3 million** end 2014 compared to € 718.2 million end December 2013. The increase is explained by the investment in Switzerland of € 38 million and the works carried out for Royal 20, compensated by the divestment of the building located avenue Louise 66 (Brussels) in the first quarter of 2014 (€ -8.2 million) and the sale of the logistics building located in (€ -1.7 million).

The **operating result before the portfolio result** increases by 13% and amounts to € 38.6 million end 2014 in comparison with € 34.2 million end 2013.

The **financial result** decreases by € 4.2 million and amounts to - € 13,157 thousand. This evolution is explained by a higher average funding cost end 2014 (3.63%) in comparison with end 2013 (3.29%) which has an impact of -€ 1.4 million, higher debts by the investments realized in 2013 or an impact of -€ 1.7 million, the negative evolution of the fair value of the assets and liabilities or an impact of -€ 1.7 million, compensated by a higher dividend received from Retail Estates or +€ 0.6 million.

End December 2014 the debt ratio amounts to 54.27%, in comparison with 53.53% end December 2013, which lies within the 50%-55% range.

The **net result**, group share, amounts to € 32.6 million at the end of 2014 compared to € 26.9 million end 2013. In terms of net result per share, this results in € 6.60 end 2014 compared to € 5.45 end 2013. The rise is explained by the higher rental income (+€ 5 million), compensated by a more negative financial result (-€ 4.2 million), mainly by the negative

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Balance sheet (in € 1,000)	Period 31/12/14	Period 31/12/13
ASSETS		
I. NON-CURRENT ASSETS	804,789	757,058
Intangible assets	80	1
Investment properties	720,801	690,191
Other tangible assets	1,266	1,140
Non-current financial assets	64,743	47,827
Finance lease receivables	17,900	17,899
II. CURRENT ASSETS	32,125	20,809
Assets held for sale	17,626	10,144
Current financial assets	0	0
Trade receivables	8,207	5,427
Tax receivables and other current assets	1,010	1,197
Cash and cash equivalents	3,654	2,254
Deferred charges and accrued income	1,627	1,786
TOTAL ASSETS	836,914	777,867
LIABILITIES		
TOTAL SHAREHOLDERS' EQUITY	336,414	335,334
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	336,410	335,331
Capital	54,315	54,315
Share premium account	121,091	121,091
Reserves	128,432	132,997
Net result of the financial year	32,572	26,928
II. MINORITY INTERESTS	4	4
LIABILITIES	500,499	442,533
I. NON-CURRENT LIABILITIES	357,650	301,299
Provisions	0	0
Non-current financial debts	319,423	282,731
- Credit institutions	222,029	186,776
- Other	97,394	95,955
Other non-current financial liabilities	38,227	18,568
Other non-current liabilities		
II. CURRENT LIABILITIES	142,849	141,234
Provisions		
Current financial debts	121,910	125,058
- Credit institutions	32,919	25,099
- Other	88,991	99,959
Trade debts and other current debts	8,631	6,077
- Exit tax		
- Other	8,631	6,077
Other current liabilities	3,250	2,203
Accrued charges and deferred income	9,059	7,896
TOTAL EQUITY AND LIABILITIES	836,914	777,867

Comments on the balance sheet

End December 2014 shareholders' equity group share (based on the fair value of the investment properties) amounts to € 336.4 million (31/12/13: € 335.3 million) or € 68.1 per share (2013: € 67.9).

The increase of the shareholders' equity in comparison with end 2013 is due to the evolution of the comprehensive result of € 21.3 million end 2014 compensated by the dividend (€ - 20.2 million).

End December 2014 the net asset value per share amounts to € 68.1 (2013: € 67.9). The closing price of the share was € 91.61, or 34.5% higher than the net asset value. The net asset value per share excl. the influence of the fair value adjustments on financial instruments (EPRA) amounts to € 75.5 end 2014 in comparison with € 71.5 end 2013.

On 29 October Leasinvest Real Estate, through its 100% subsidiary Leasinvest Immo Lux, has acquired all the shares of S. Invest, holding in its turn all the shares of Porte des Ardennes Schmiede SA, issuer of the real estate certificates of the shopping center Knauf Schmiede.

5. Important events after the closing of the financial year 2014

No important event took place after the closing of the financial year 2014.

6. Appropriation of the result – dividend payment

The board of directors of the statutory manager proposes to the ordinary general shareholders' meeting to pay a gross dividend of € 4.55, and net, free of withholding tax of 25%, € 3.4125 on 26 May 2015.

Subject to the approval of the ordinary general shareholders' meeting of 18 May 2015 dividends will be paid out on presentation of **coupon no 18** as of 26 May 2015 at the financial institutions Bank Delen (main paying agent), ING Bank, Belfius Bank, BNP Paribas Fortis Bank and Bank Degroof.

The Ex-date is 22/05/2015 and the Record date is 25/05/2015.

7. Statement without reservation of the auditor

The auditor has confirmed that his audit of the consolidated annual accounts, established according to the International Financial Reporting Standards as adopted by the European Union, has been fully completed and has not shown any important corrections, which should be made to the accounting data, adopted from the consolidated accounts, and presented in this press release.

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8. Financial calendar

31/03/2015	Annual financial report 2014
18/05/2015	Annual meeting of shareholders
19/05/2015	Interim statement Q1 (31/03/2015)
26/05/2015	Dividend payment
22/05/2015	Ex-date
25/05/2015	Record date
26/08/2015	Half-year financial report 2015
17/11/2015	Interim statement Q3 (30/09/2015)
18/02/2016	Year results 2015 (31/12/2015)

9. Annual financial report

The annual financial report regarding the financial year 2014 in the form of a brochure, which comprises the annual accounts, the annual report and the report of the auditor, is available as from **31/03/2015** (PDF online) and can be obtained, on simple demand, at the following address:

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Leasinvest Real Estate SCA

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

At present the real estate portfolio of Leasinvest comprises 34 sites of which 18 are located in the Grand Duchy of Luxembourg, 13 in Belgium and 3 in Switzerland, with a total real estate value of over € 750 million.

The RREC is listed on Euronext Brussels and has a market capitalization of approximately € 466 million (value 11 February 2015).