

Regulated information under embargo till 16/02/2017 – 7.30 AM

Leasinvest Real Estate – Note of the manager on the past financial year 2016

- 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*¹ (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%)

Jean-Louis Appelmans: *“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.”*

¹ Alternative Performance Measures (APM) in the sense of the ESMA directive of 5 October 2015 in this press release are indicated with an asterisk (*) and are further explained at the end of this press release. As a consequence, the term net current result has been replaced by the term EPRA Earnings.

Introduction

Not only has the rental income since the inception quadrupled, the EPRA Earnings and the net result have also nearly tripled, together with the share price that has further more than doubled over this period, despite the 2008 financial and economic crisis which occurred in the meantime.

2016 was a very important year for Leasinvest Real Estate, not only because one of the best results were achieved, but also because our strategy of **focus on retail and offices and geographical diversification** was continued, with the acquisition of the Frun® retail park in Asten, Austria. Further on, existing buildings are being redeveloped in order to improve our portfolio so that it better corresponds to the current tenant and market demand. Examples are the retail park in Strassen in the Grand Duchy of Luxembourg, Treesquare and Montoyer 63 both in the Brussels CBD. Meanwhile the prestigious office building Royal20 located boulevard Royal in Luxembourg was also completed (ex-hotel Rix) and divested following a sales agreement concluded in 2015 resulting in an important capital gain.

Besides an increase of the EPRA Earnings*² (excluding changes in value on financial instruments and capital gains on real estate portfolio) to € 27.9 million, or € 5.65 per share, of 9% compared to 31/12/2015, we also record an increase of the net result of € 30.6 million to € 31.1 million or € 6.30 per share* (+ 2% compared to 31/12/2015).

These very strong results allow for an increase of the gross dividend from € 4.70 to € 4.90. Net, this results in € 3.43.

The occupancy rate of the portfolio has remained continuously high over the last years and currently stands at 96.8%. Together with the sustainable extension of the average duration of our real estate portfolio, this represents the essence of our **commercial strategy**.

Within the framework of our **financial strategy** different bank loans maturing in 2016 and also in the beginning of 2017 were renewed and renegotiated at lower margins, resulting in a funding cost of 2.90% versus 3.38% end 2015. At the end of 2016 Leasinvest Real Estate disposes of € 608 million of available credit lines with a headroom of € 90 million of undrawn available credit lines for additional investments.

Finally, the EPRA NAV³ per share amounts to € 82.0 (31/12/15: € 81.3) end 2016 compared to a closing price of the Leasinvest Real Estate share of € 105.5, or a premium of 29%.

² Alternative Performance Measures (APM) in the sense of the ESMA directive of 5 October 2015 in this press release are indicated with an asterisk (*) and are further explained at the end of this press release. As a consequence, the term net current result has been replaced by the term EPRA Earnings.

³ 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.

1. Activity report

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 is active in.

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 sale⁴ 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.

⁴ For more information on the future sale, see press releases of 20/04/2015, 18/02/2016 and 17/05/2016.

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.

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, Bâtiself 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.

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 5,936 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.

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.

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 Brussels⁵.

In October 2016 Leasinvest Real Estate was granted, for the 4th consecutive year, an EPRA Gold Award for its Annual financial report 2015⁶.

Management of financial resources

For Leasinvest, financial resources in 2016 were mainly managed within the scope 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 Park in Asten Austria and the current capital expenditure for the projects Montoyer 63, Treesquare and Retail park Strassen. This resulted in the stagnation of the debt ratio over the past year at 58%.

In 2016 € 126.2 million loans coming due were renewed with different banks and moreover, half of the loans maturing in 2017 were successfully anticipated (refinancing was concluded for 53% of maturity dates in 2017). These loans were negotiated at lower margins.

Consequently, the company disposes, at the end of 2016, of € 608 million of available credit lines with a buffer of € 90 million of undrawn available credit lines for additional investments.

Furthermore, a number of interest rate hedges were extended in the course of the last quarter for a notional amount of €85 million, also resulting in a decrease of the interest rate of these hedges.

Consequently, the average funding cost diminished from 3.38% end 2015 to 2.90% end 2016.

2. Consolidated key figures

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 including 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 (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

⁵ 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).

⁶ 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.

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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® park 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%).

The global direct and indirect real estate portfolio (including the participation in BE REIT 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).

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 ⁷	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 (according to legal regulation on BE-REIT (SIR/GVV))	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 income statement	31/12/2016	31/12/2015
Rental income (€ 1,000)	56 647	50 455
Net rental result per share	11.48	10.22
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)	18 126	48 901
Comprehensive income group share per share	3.67	9.90

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

The net result, group share, amounts to € 31.12 million end 2016 compared to € 30.62 million end 2015. In terms of net result per share* this results in € 6.30 end 2016 compared to € 6.20 end 2015 (+2%).

The rental income has significantly risen to € 56.6 million (+ € 6.1 million) mainly as a consequence of the acquisition of Tour & Taxis Royal Depot end 2015. On the other hand, the property charges at the expense of the landlord have increased to € 9.4 million (+ € 1.3 million) due to higher technical and commercial costs on the increased portfolio and non-recoverable property and vacancy taxes following the temporary vacancy of redeveloped buildings.

⁷ The date per share have been calculated based on the number of registered shares at the reporting date entitled to dividend payment, namely 4,935,478 shares on 31 December 2016

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The portfolio results* amount to € 2.6 million end 2016 (2015: € 9.9 million, including a capital gain of € 4.1 million on the Swiss portfolio following an appreciation of the Swiss Franc), thanks to € 3.1 million of realized capital gains on the sale of Royal 20 in Luxembourg and Zeutestraat Malines; while the changes in fair value on the rest of the portfolio remain limited to -€ 0.5 million.

The financial result evolves from -€ 17.1 million end 2015 (of which -€ 4.09 million of negative changes in value on the existing cross-currency swaps EUR/CHF) to - € 10.2 million over 2016.

The comprehensive income group share* has decreased from € 48.9 million to € 18.1 million following the changes in the efficient part of the fair value of the authorized hedges for an amount of - € 10.3 million (compared to € 3 million end 2015) and, on the other hand, the changes in fair value of the non-current financial assets available for sale for an amount of - € 3.2 million (compared to € 14.9 million end 2015).

The EPRA Earnings * (previously net current result) end 2016 amounts to € 27.9 million (or € 5.65 per share), in comparison with € 25.6 million (or € 5.18 per share) end 2015.

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)	72.2	73.4
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.

3. Outlook financial year 2017

After the extraordinary good results of 2016 the company expects for 2017 EPRA Earnings in line with the previous years. Consequently, the company foresees to maintain the dividend over 2017 at the same level.

4. Financial review

4.1 Consolidated P&L

Consolidated statement of realized and unrealized results (in 1,000 €)		31/12/2016	31/12/2015
(+)	Rental income	56,647	50,455
(+)	Write-back of lease payments sold and discounted	0	0
(+/-)	Related-rental expenses	-179	-42
NET RENTAL INCOME		56,468	50,413
(+)	Recovery of property charges	73	108
(+)	Recovery income of charges and taxes normally payable by tenants on let properties	5,482	3,579
(-)	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	-5,482	-3,579
(+/-)	Other rental related income and expenditure	-2,554	-2,131
PROPERTY RESULT		53,987	48,390
(-)	Technical costs	-2,050	-1,563
(-)	Commercial costs	-1,059	-781
(-)	Charges and taxes on un-let properties	-1,080	-885
(-)	Property management costs	-4,533	-4,187
(-)	Other property charges	-716	-771
PROPERTY CHARGES		-9,438	-8,187
PROPERTY OPERATING RESULT		44,549	40,203
(-)	Corporate operating charges	-3,220	-1,754
(+/-)	Other operating charges and income	1	-169
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		41,330	38,280
(+/-)	Result on disposal of investment properties	3,093	329
(+/-)	Changes in fair value of investment properties	-528	9,549
OPERATING RESULT		43,895	48,158
(+)	Financial income	3,993	2,327
(-)	Net interest charges	-13,400	-13,082
(-)	Other financial charges	-1,459	-1,490
(+/-)	Changes in fair value of financial assets and liabilities	678	-4,824
FINANCIAL RESULT		-10,188	-17,069
PRE-TAX RESULT		33,707	31,089
(+/-)	Corporate taxes	-1,981	-468
(+/-)	Exit tax	-608	-3
TAXES		-2,589	-471
NET RESULT		31,118	30,618

Comments P&L

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**⁸ 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 its renovation in 2015).

The **fair value**⁹ 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 their percentage of completion (€ 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 and for which Leasinvest Real Estate benefits from the reconfirmed (by the constitutional court) parent-subsiary exemption.

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 consequently decreased from 3.38% end 2015 to 2.90% (including commitment fees on undrawn credit lines of 0.25%, recorded in the other bank costs for - € 1.5 million) 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.

⁸ In the calculation of the occupancy rate, the development projects are not recorded.

⁹ 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.

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The EPRA Earnings (previously net current result)*¹⁰ 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 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.

4.2 Consolidated balance sheet

ASSETS (in 1,000 euro)	31/12/2016	31/12/2015
I. NON-CURRENT ASSETS	896,179	954,243
Intangible assets	4	10
Investment properties	787,065	847,069
Other tangible assets	1,250	1,163
Non-current financial assets	89,960	88,101
Finance lease receivables	17,900	17,900
II. CURRENT ASSETS	92,261	22,059
Assets held for sale	54,966	4,392
Current financial assets	0	0
Trade receivables	12,085	7,967
Tax receivables and other current assets	3,264	2,885
Cash and cash equivalents	20,768	4,531
Deferred charges and accrued income	1,178	2,284
TOTAL ASSETS	988,441	976,302

¹⁰ The EPRA Earnings are calculated as the net result excluding the portfolio result on the one hand, and the changes in fair value of the ineffective hedges, on the other hand.

LIABILITIES (in 1,000 euro)	31/12/2016	31/12/2015
TOTAAL EIGEN VERMOGEN	356,407	362,410
I. SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY	356,407	362,405
Capital	54,315	54,315
Share premium account	121,091	121,091
Purchase of treasury shares	-293	-293
Reserves	150,168	156,666
Translation differences	8	8
Net result of the financial year	31,118	30,618
II. MINORITY INTERESTS	0	5
LIABILITIES	632,033	613,892
I. NON-CURRENT LIABILITIES	444,362	395,948
Provisions - other	11	9
Non-current financial debts	394,615	355,722
- Credit institutions	297,395	258,538
- Other	97,220	97,184
Other non-current financial liabilities	49,736	40,217
Other non-current liabilities		
II. CURRENT LIABILITIES	187,671	217,944
Provisions		
Current financial debts	146,856	176,887
- Credit institutions	0	89,191
- Other	146,856	87,696
Trade debts and other current debts	28,985	24,810
- Exit tax	12,907	12,299
- Other	16,078	12,511
Other current liabilities	2,361	8,200
Accrued charges and deferred income	9,469	8,047
TOTAL EQUITY AND LIABILITIES	988,441	976,302
Debt ratio (according to legal regulation on BE-REIT (SIR/GVV))	58.05%	58.03%

Comments on the 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 have decreased by - € 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.

5. 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 Association (EPRA), other APMs are considered to be mainstream within the sector in order to provide better insight in the financial results and performances reported.

The APMs in this press release are indicated by an asterisk (*); in this regard we mention that nor the performance indicators defined by IFRS standards or by law, nor the indicators that are not based on items from the income statement or de balance sheet, are considered to be APMs.

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

The detailed calculations of the APMs recorded in this press release are clarified in the annexes below.

6. Valuation of the participations in application of the equity method in the statutory financial statements of Real Estate SCA

As of 31 December 2016, the statutory participations of Leasinvest Real Estate SCA in Leasinvest Immo Lux SA, T&T Koninklijk Pakhuis SA, Leasinvest Services SA, Haven Invest SA and RAB Invest SA in the statutory financial statements, established in accordance with IFRS will be recorded in application of the equity method in conformity with IAS 28, and this instead of valuation at historical cost. This change in accounting method has an important impact on the statutory financial statements, more specifically on the statutory shareholders' equity, the statutory balance sheet total, the statutory debt ratio and the calculation of article 617 of the Company Code. This valuation adjustment will further be amply commented in the statutory financial statements in the annual financial report 2016, based on comparative figures, and this in accordance with IAS 8.

7. Important events after the closing of the financial year 2016

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

8. 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 € 4.90 (2015: € 4.70), and net, free of withholding tax of 30%, € 3.43 (2015: € 3.431) to the 4,935,478 shares entitled to dividends¹¹.

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

9. Statement without reservation of the auditor

The auditor Ernst & Young Réviseurs d'entreprises, represented by Mr Pierre Vanderbeek, has confirmed that his audit of the consolidated financial statements, 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 financial statements, and presented in this press release.

10. Financial calendar

31/03/2017	Annual financial report 2016
15/05/2017	Annual meeting of shareholders
15/05/2017	Interim statement Q1 (31/03/2017) (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 (30/09/2017)
22/02/2018	Year results 2017 (31/12/2017)

¹¹ Excluding the 3,392 shares purchased by LRE within the framework of the procedure on dematerialization of bearer securities.

11. Annual financial report

The annual financial report regarding the financial year 2016 in the form of a brochure, which comprises the annual financial statements, the annual report and the report of the auditor, is available as from 31/03/2017 (PDF online on the website) and can be obtained, on simple demand, at the following address:

Leasinvest Real Estate SCA

Schermerstraat 42 (administrative office), 2000 Antwerp

T +32 3 238 98 77 - F +32 3 237 52 99

E investor.relations@leasinvest.be

W www.leasinvest.be (investor relations • reports)



For Annual financial report 2015

For more information, contact:

Leasinvest Real Estate

JEAN-LOUIS APPELMANS

Chief Executive Officer

T: +32 3 238 98 77

E: jeanlouis.appelmans@leasinvest.be

On Leasinvest Real Estate SCA

BE-REIT (SIR/GVV) Leasinvest Real Estate SCA invests in high quality and well-located retail buildings and offices in the Grand Duchy of Luxembourg, in Belgium, in Switzerland and in Austria.

At present the total fair value of the directly held real estate portfolio of Leasinvest amounts to over € 860 million spread across the Grand Duchy of Luxembourg (49%), Belgium (42%), Switzerland (5%) and Austria (4%).

Moreover, Leasinvest is one of the most important real estate investors in Luxembourg.

The total direct portfolio is invested in retail (48%), offices (37%) and logistics (15%).

The BE-REIT is listed on Euronext Brussels and has a market capitalization of over € 510 million (value 15 February 2017).

ANNEX 1: Detail of the calculations of the EPRA performance indicators

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	-3093	-329
(vi) Changes in fair value of financial instruments	-678	4 824
EPRA Earnings	27 875	25 564
Number of registered ¹² shares in 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 registered shares in 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
EPRA NNAV	356 407	362 405,00
Number of registered shares in the result of the period	4 935 478	4 935 478
EPRA NNAV per share (in €)	72.2	73.4

¹² Number of 4,938,870 registered shares has been adjusted to exclude the 3,392 shares held by LRE as a result of a share buy-back program executed in 2015 related to the dematerialization of bearer shares.

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
Investment value 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%

ANNEX 2: Detail of the calculations of the Alternative Performance Measures¹³ (APMs) used Leasinvest Real Estate

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 registered shares in circulation	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 registered shares in circulation	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 registered shares in circulation	4 935 478	4 935 478
Net Asset Value group share per share	75.6	76.9

¹³ Excluding the EPRA performance indicators that are also considered as APM and are reconciled in annex 1 Detail of the calculation of the EPRA performance indicators above.

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 debt (€ 1000)	515 417	449 000
Average funding cost in %	2.90%	3.38%

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	-12,992	18,283
Impact on fair value of estimated transfer rights and costs for hypothetical disposal of investment properties	490	332
Changes in the efficient part of the fair value of authorized hedges in cash-flow hedging as defined IFRS	-10,304	3,002
Changes in the efficient part of the fair value of financial assets available for sale	-3,178	14,949
Comprehensive result – group share	18,126	48,901
Number of registered shares in circulation	4,935,478	4,935,478
Comprehensive result – group share per share	3.67	9.91