

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

The Belgian Financial Services and Markets Authority (FSMA) approved the Dutch version, in accordance with Article 23 of the aforementioned Act, on 25 March 2019. Such approval does not include an evaluation of the Company situation.

*This annual financial report is also available in Dutch.*

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

*Alternative Performance Measures and the term 'EPRA earnings'*

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

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

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# Risk management



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

# 1.1

## MARKET RISKS

### 1.1.1 RISKS ASSOCIATED WITH THE ECONOMIC SITUATION AND POLITICAL CLIMATE

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

**Control:**

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

### 1.1.2 RISKS ASSOCIATED WITH THE PROPERTY MARKET AS A WHOLE

---

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

**Control:**

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

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

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The Company's results can be affected by a decline in student populations, which could be due to the study programmes on offer and/or the (continued) presence and quality of educational institutions, or by the increase in online courses, such as Massive Open Online Courses (MOOCs), for which study materials are distributed via the Internet, so participants do not need to relocate and are not bound by any particular location. The demand for student rooms can also be adversely affected by the reduction of any government financial aid to students (such as loans, subsidies, (housing) allowances or student grants) or by higher registration fees at educational institutions. A drop in the international rankings of educational institutions can also adversely affect demand for student rooms. A negative evolution in this regard can therefore have a significant negative impact on the Company's activities, operating result, financial position and/or prospects.

**Control:**

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

## 1.2 PROPERTY-RELATED RISKS

### 1.2.1 RISKS ASSOCIATED WITH THE EXECUTION OF WORKS, MAINTENANCE AND REPAIRS

---

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

**Control:**

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

## 1.2.2 CONSTRUCTION, DEVELOPMENT AND RECONVERSION RISKS

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In addition to acquiring existing properties, the Company may invest in development and reconversion projects in order to expand its property portfolio. Development and conversion projects involve various risks, including the risk that the necessary permits to erect or convert a building will not be granted or will be contested, or that the project will be delayed or cannot be carried out (or cannot be carried out as planned). This can lead to reduced rental income, a delay or loss of expected rental income or to a budget being exceeded due to unforeseen expenditure, which may result in the proposed return not being achieved. A building reconversion takes about two years on average (including planning permission period).

### Control:

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

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

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

### Control:

- Developments for which the Company bears the licence risk are the exception. If the Company does bear that risk, an attempt is made in the preparation phase already to achieve a position that is as comfortable as possible in terms of the permit's feasibility (for example preliminary assessment with the relevant government body).
  - The monitoring of existing, potentially changing or future new legislation and regulations and their compliance with the support of external specialist advisers.
  - Interaction and dialogue with the authorities involved.
  - Verification of the permit status for the acquisition of existing properties with the support of external specialised advisers.
-



#### 1.2.4 RISKS ASSOCIATED WITH ENVIRONMENTAL REGULATIONS

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

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

In the Netherlands, the 'polluter pays principle' states that the party that contaminated the soil is responsible for removing the pollution. If the polluter can no longer be identified, the land's owner is responsible for the remediation. Historical pollution remediation (caused before 1 January 1987) is required only if certain thresholds of danger, size or scope are exceeded. In other cases, remediation can wait until the land's purpose changes and/or a construction plan has been prepared. The land must then be rendered functionally suitable for its intended use. The Dutch government assumes that parties buying a plot of land investigate any soil contamination. The purchase of a plot is therefore generally accompanied by the necessary (time-consuming and costly) investigation and/or other costs.

**Control:**

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

### 1.2.5 RISKS ASSOCIATED WITH THE EVOLUTION OF THE PROPERTY PORTFOLIO'S FAIR VALUE

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

If the Company proceeds with a transaction and therefore invests in or disposes of property, it also runs the risk of not identifying certain risks based on its due diligence or, even with advance due diligence and an independent property appraisal, it may purchase property at too high a price in relation to the underlying value or sell property at too low a price in relation to the underlying value, for example through an investment or divestment at an unfavourable time in the economic cycle.

**Control:**

- The investment properties are valued quarterly by an independent valuation expert. This makes sure that any changes in the market situation quickly become apparent so that the necessary measures can be taken.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.
- A clearly defined and carefully managed capital structure. The intention not to let the debt ratio exceed 55% (except for temporary exceptions), which is significantly below the legal maximum of 65%.

### 1.2.6 RISKS ASSOCIATED WITH PROPERTY APPRAISAL

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

**Control:**

- A thorough analysis of the valuation reports and parameters used.

### **1.2.7 RISKS ASSOCIATED WITH RETAIL PROPERTY, HOSTEL ACTIVITIES AND OFFICE REAL ESTATE**

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

**Control:**

- The relative importance of this property type remains limited in the portfolio, and it is included in divestments of non-strategic properties where possible (see example of sold retail property in Hasselt in December 2016 and sold retail property in Leuven in November 2017).
- The rental of office properties is a temporary activity until the necessary permits are received for redevelopment into student accommodation. The number of tenants is relatively limited and is closely monitored.
- Tenant diversification within this segment, preferably with reputable, solvent tenants.
- Good location of the property within this segment.
- Active follow-up of these tenants and tenant collections; obtaining rental deposits.

### **1.2.8 RISKS ASSOCIATED WITH EXPROPRIATION**

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In accordance with the applicable Belgian legislation, real estate may be expropriated in the public interest by the competent authority at a value that does not necessarily cover the property's Fair Value. Expropriation is also possible in the Netherlands, in order to achieve a land use plan, for example. The principle of expropriation is to fully indemnify the owner to ensure the owner's position after expropriation is not less favourable than if he still owned the property. Xior is not aware of any planned expropriation procedure.

**Control:**

- Zoning plans are assessed where necessary with the assistance of external, specialised advisers. A dialogue with the relevant government department should be initiated where appropriate to develop constructive solutions in the interests of all stakeholders.

### **1.2.9 RISKS ASSOCIATED WITH CO-OWNERSHIP**

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Buildings co-owned by the Company may involve specific risks with regard to the rules applicable to the co-ownership in question. The Company has about fifteen co-owned properties as of 31 December 2018, which represent a total of approximately 9% of the fair value. The risks of unwillingness on the part of one or more co-owners may have an unfavourable impact on the Company's activities, operating results, financial situation and/or outlook.

**Control:**

- Proactive approach and continuous dialogue with the co-owners to develop constructive solutions in the interest of all co-owners.

## 1.3

# OPERATIONAL RISKS

### 1.3.1 RISKS ASSOCIATED WITH RENTAL AGREEMENTS, RENTAL VOIDS AND LOSS OF RENT

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Due to its activities, the Company is exposed to the risk of loss of rent associated with the departure of tenants before or on the expiry of current rental agreements, including the additional risk of non-rental or re-rental. The short-term nature of the rental agreements that are concluded with students is generally inherent to the student housing sector. When tenants leave, new rental agreements may result in a lower rental income than the current rental income and it may not be possible to reduce the rental related expenses in proportion to the lower rental income. Under Belgian law, the municipalities involved may charge rental void levies for buildings that have been vacant for a long time. According to Dutch law, campus contracts (contracts related to the student qualification) must be terminated when the studies are terminated (whereby the student has to leave the room within a six-month period). Contracts may also be terminated with a one-month notice period for the tenant. In the Netherlands, the government also applies the Housing Assessment System ('woningwaarderingstelsel' or WWS) to regulate the 'social' rental market (in contrast to the deregulated rental market, where no restrictions apply on rent levels). This results in the so-called 'points system'. A property is valued based on a series of characteristics valued with points. The total number of points ultimately determines the rental value, which is the maximum rent for the residence. If the landlord does not observe the points system (with rent exceeding the rental amount resulting from the points calculation or because of a mistake in the points calculation), there is a risk that tenants seek redress from the tenancy commission for a price reduction and the retroactive recovery of any overpaid amounts.

**Control:**

- Diversification of different types of student housing in the portfolio to ensure suitable rooms for several tenant segments.
- It offers quality accommodation and the associated services that are still in high demand and are expected to continue to be in high demand.
- Geographical diversification of the property portfolio across several countries and cities, and a selection of triple-A locations for properties in large, established student cities.
- Cooperation and good relationships with colleges and universities.
- Strict application of the points system and regular inspection of units/objects in terms of their compliance with the applicable rules.
- Monitoring the latest changes in the points system regulations.



### 1.3.2 RISKS ASSOCIATED WITH RENTAL INCOME

---

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

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

**Control:**

- Regional diversification of investments.
- Assessment of market potential before buying a new property.
- Benchmarking the rental asking prices against the market prices to assess whether they are in line with the market.
- Concluding long-term lease contracts with colleges or universities for some of the rooms in the portfolio. To date, these contracts have been concluded for a minimum term of 3 years. Opname van beschermingsclausules (betaling waarborg, opzegperiode, garantiestelling) in de huurcontracten.
- Inclusion of safeguard clauses (deposit payment, notice period, guarantee) in the lease contracts.

### 1.3.3 RISK OF DEFAULTING TENANTS

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The Company cannot rule out the possibility that its tenants may fail to fulfil their financial obligations towards the Company. In the student housing segment in which the Company operates, this risk is higher in case of direct rental to students and lower in case of indirect rental to students through a housing association connected with a university or college. If tenants remain in default of their obligations towards the Company, there is a risk that the guarantee will not suffice, that the Company will be unable to have recourse against the tenant and consequently be unable to recover anything or only a small amount from the defaulting tenant.

**Control:**

- Rental deposit, which generally corresponds to two months' rent.
- Advance payment of rent.
- Concluding long-term lease contracts with colleges or universities for some of the rooms in the portfolio.
- Under Belgian law, the Company, as the landlord, has a preferential right to the contents of the let building.

### 1.3.4 RISKS ASSOCIATED WITH DAMAGE CLAIMS AND INSURANCE COVER

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

**Control:**

- The Company will always use reputable insurance companies for its insurance contracts and will always take into account the quality of the service provider and its claims management expertise when selecting insurance companies.
- During the acquisition of existing properties, a run-off period for the property's current insurance is preferably provided.

### 1.3.5 RISKS ASSOCIATED WITH NUISANCE CAUSED BY TENANTS

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Because the Company's activity is letting property directly or indirectly to mostly students, there is an increased risk that it may be faced with complaints due to nuisance or disturbance of neighbours, or that administrative or other measures may be imposed in relation to the buildings in its property portfolio. Tenants might also use the residence to engage in certain activities not permitted by the applicable legislation and/or rental contract without informing Xior. Such activities could result in government enforcement and even the (temporary) closure of the building in extreme circumstances.

**Control:**

- Having student coaches present permanently (in larger building complexes) or on a regular basis (in smaller buildings).
- Follow-up of waste collection.
- Proactive instructions and accountability to avoid any inconvenience to fellow building residents and neighbours, including clauses on this subject in the lease contract's general terms and conditions.
- Encouragement of social control by having "section and/or building managers" present where appropriate.
- Appropriate response to possible disturbances by adjusting the building's management and/or by taking individual measures against the tenant in question and by possibly terminating the tenant's lease in extreme circumstances.

### 1.3.6 RISKS ASSOCIATED WITH HISTORICAL SALES

---

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

For example, certain companies acquired by the Company have in the past acted as professional vendors as referred to in the Breyne Law. As this law considers professional vendors within the scope of ten-year liability for significant visible and hidden defects that compromise the building's stability (at least as far as the sale of unfinished real estate is concerned), there is a risk that the Company (as successor) could be held liable for such defects, insofar as the Breyne Law applies to the relevant sales.

**Control:**

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

**1.3.7 RISKS ASSOCIATED WITH MERGERS, DE-MERGERS OR TAKEOVERS**

---

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

**Control:**

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

**1.3.8 RISKS ASSOCIATED WITH DIVERSIFICATION AND THE CONCENTRATION OF PROPERTY**

---

In order to limit and spread certain risks, the Company must diversify its assets in terms of investment property, geographical region and category of user or tenant, in accordance with the Legislation on Regulated Real Estate Companies. Article 30 of the Law on Regulated Real Estate Companies stipulates that no transaction performed by the public RREC shall result in (1) more than 20% of its consolidated assets being invested in property or assets held as part of the operations referred to in Article 4 that constitute a single entity of assets; or (2) increase this percentage further if it already exceeds 20%, regardless of what caused the original percentage to be exceeded in this latter case. This restriction applies at the time of the transaction concerned. If the Company exceeds the 20% diversification rule, it may not perform any investment, divestment or other acts that would cause this percentage to increase further. In other words, it limits the Company's options with regard to additional investments or divestments.

**Control:**

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

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

---

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

**Control:**

- The creation of a pleasant, motivating working environment at the Company.
- Market-based pay for the management and staff.

### 1.3.10 RISKS ASSOCIATED WITH REFERENCE SHAREHOLDERS

---

The Company has a reference shareholder: Aloxe NV. The Promoter (Aloxe NV together with Mr Christian Teunissen) or persons who take over the promotership from Aloxe NV with the prior written permission of Aloxe NV as stipulated in Section 22 and following of the Law on Regulated Real Estate Companies (the 'Successors') shall have the (joint) right to propose candidates for three directorships, until the final of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter in the sense of the Legislation on Regulated Real Estate Companies (whereby the right of nomination is therefore not necessarily associated with permanent shareholding).

The Company can also not exclude that one or more investors, either acting separately or in concert, could acquire shares representing a substantial stake in the Company in the future and that other reference shareholders could follow. Such shareholders may have a significant influence on the Company's management and policy without any resulting obligation to launch a takeover bid for the Company's shares.

The Company is currently not aware of the existence of any shareholders' agreement in relation to the Xior shares. However, it cannot be ruled out that Shareholders agree to appoint and dismiss directors or issue a majority vote on other decisions at the Company's General Shareholders' Meeting. Such a majority position may vary according to the number of votes present or represented at the General Shareholders' Meeting. Conversely, one or more Shareholders may have sufficient votes to stop certain shareholders' decisions that require special majorities. The votes cast by the Shareholders may not be in accordance with the interests of the Company or the Company's other Shareholders.

The fact that one or more Shareholders have significant participation in the Company's capital may also discourage a third-party takeover bid for the Shares.

**Control:**

- Concentrations in shareholding are monitored through the Company's strict application of the applicable transparency legislation, including disclosures of received transparency notifications.
- Equal treatment of the interests of all shareholders is also effected by the presence of (a majority of) independent directors on the Company's Board of Directors.

### 1.3.11 RISKS ASSOCIATED WITH LEGAL PROCEEDINGS

---

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

**Control:**

- Striving towards good, balanced commercial and legal agreements with all the Company's counterparties.
- An amicable solution is pursued where possible and is preferred to costly, lengthy legal proceedings.
- Legal and/or collection procedures are handled and followed up in the most (cost-)efficient way where possible.

### 1.3.12 RISKS ASSOCIATED WITH BEING UNABLE TO PAY DIVIDENDS

---

In its capacity as a public RREC, the Company must pay out a minimum amount in remuneration of capital each year under the Legislation on Regulated Real Estate Companies and Article 34 of the Company's Articles of Association. At least 80% of the corrected net result (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) minus the net reduction in the Company's debt in the course of the financial year must be paid as remuneration of capital. This distribution obligation is subject to two restrictions. Firstly, it must not lead to the payment of an amount that may not be distributed in accordance pursuant to Article 617 of the Belgian Companies Code and, secondly, such distribution is not possible if, following the distribution, the debt ratio (separate and consolidated) would exceed the limit of 65% of the separate or consolidated assets.

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

**Control:**

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

# 1.4

## FINANCIAL RISKS

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

---

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

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

**Control:**

- The Company aims to hedge its loans up to 80-85%. It prefers to establish fixed hedges for as long as possible (always taking into account the costs).
- Financing contracts with different durations are concluded in order to spread the interest rate revisions.
- Follow-up of interest rate evolutions on the market.

### 1.4.2 COUNTERPARTY RISK

---

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

**Control:**

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

### 1.4.3 RISKS ASSOCIATED WITH FINANCING – EXCEEDING THE DEBT RATIO

---

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

**Control:**

- Spreading the financing sources between equity and loan capital.
- Monitoring compliance with the covenants and obligations included in the financing agreements.
- Constant follow-up and simulation of the impact of investments on the debt ratio.
- Diversification of the maturities of financing contracts.
- Preparation of a financial plan, cf. Article 24 of the Belgian Royal Decree on Regulated Real Estate Companies (GVV-KB).
- Securing access to the capital market by providing transparent information, by staying in regular contact with financiers and (potential) investors, and by increasing stock liquidity.

### 1.4.4 RISKS ASSOCIATED WITH FINANCING – LIQUIDITY

---

The Company is moreover exposed to a liquidity risk if its financing agreements, including existing lines of credit, are not renewed, not renewed on time or terminated.

**Control:**

- Conservative, cautious financing strategy with a balanced diversification of debt due dates, diversification of financing sources and an extensive group of stable partner banks.
- Sufficient available credit lines to finance operational costs and planned investments.
- Constant dialogue with investors and partner banks to develop solid long-term relationships.

### 1.4.5 RISKS ASSOCIATED WITH BUDGETING AND FINANCIAL PLANNING

---

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

**Control:**

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



#### **1.4.6 RISKS ASSOCIATED WITH INFLATION AND THE DISCONNECTION OF THE INDEXED RENTS AND MARKET RENTS**

---

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

**Control:**

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

# 1.5

## REGULATORY AND OTHER RISKS

### 1.5.1 RISKS ASSOCIATED WITH THE STATUS OF A PUBLIC RREC

---

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

**Control:**

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

### 1.5.2 RISKS ASSOCIATED WITH REGULATIONS AND TAXATION

---

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

Amendments to other (European, federal, regional or local) regulations may be implemented or new obligations may arise with respect to tax, accounting (IFRS), the environment, urban planning, tenancy law and new provisions on letting property and extending the permits with which the Company or users of the Company's property must comply. The regionalisation of lease legislation in Belgium as part of the sixth State reform also means that rent legislation for (student) accommodation is/will be different in each of the three regions, in addition to the local regulations at municipal level, instead of a single comprehensive legislative system at federal level. Furthermore, these regulations have evolved from the common law that applied to the rental of student rooms to a specific (and more stringent) regulation of the rental of student rooms, covering matters such as the (maximum) duration of lease contracts, deposit arrangements and (interim/early) termination options. Changes in the application and/or interpretation of such regulations by the authorities (including the tax authorities), or by the district courts and courts of appeal, may have a significantly adverse effect on the return and Fair Value of the Company's property. Exit tax, payable by companies whose assets are acquired by an RREC through merger, for instance, is calculated in accordance with Circular Ci.RH.423/567.729 of the Belgian tax authorities dated 23 December 2004, the interpretation or practical application of which may change at any time. The 'actual value for tax purposes', as referred to

in this circular, is calculated less the registration duties or VAT (that would be applicable if the asset is sold) and may differ – including being lower than – the fair value of the property as reflected in the Company's balance sheet in accordance with IAS 40.

The result of the Company's operations in countries other than Belgium is not subject to a transparent tax regime. There is a risk that the result (in particular the profit calculation and cost allocation) and/or the tax base (including provisions for (deferred) tax) in these countries should be calculated differently from what is the case today or that the interpretation or practical application of the underlying rules changes. The applicable tax regime and rates may also change. The above may have a significant negative impact on the Company's activities, operating result, financial position and/or prospects.

**Control:**

- The Board of Directors and the management always pay attention to the regulations for Regulated Real Estate Companies and the preservation of the status of public Regulated Real Estate Company.
- Follow-up of legislative changes and their compliance with the support of external specialist advisers where necessary.
- Representation of the Regulated Real Estate Company in the BE-REIT Association, where the legislative and fiscal changes are discussed with other Regulated Real Estate Company at regular intervals.
- Legislative developments in the field of real estate are also followed up at sector level via BVS, which the company is also a member of. In this context, we also endeavour to enter into a constructive dialogue with the government bodies that are shaping the relevant policy.







Frederik Lintsstraat  
LEUVEN





# 02

## Message to the shareholders



The close of 2018 marked the end of Xior's bachelor years, and it is then worth looking back on the intense and exciting process since the IPO in late 2015. For the student accommodation market, the first IPO of an RREC in this market was a sign of the continuing professionalisation and consolidation within the sector. From the outset, Xior was also able to present itself as a worthy alternative asset class for investors looking to further diversify the portfolio.

At the IPO, Xior was a small but agile speedboat in the waters of the large established ships, a pioneer surfing on the wave of a rising student accommodation market. In 2015, the portfolio was still relatively modest with a value of EUR 200 million, 2,000 student rooms and a market capitalisation of approximately EUR 115 million. Xior has now grown into a ship that itself has become a driving force in the student accommodation sector and the broader real estate market, but without losing the agility and the reaction time that has always enabled Xior to respond quickly and efficiently to market opportunities in which it has also been able to play a pioneering role.

In three years, the business has moved to the next level with a portfolio of approximately EUR 950 million, more than 7,700 student rooms (including pipeline) and a market capitalisation that has passed the EUR 500 million mark. The latter was the result of the third successful public offering (capital increase) in less than three years, as well as various contributions in kind that have boosted the equity of the Company. The capital transactions confirm the confidence of the market in the business, and the share price has managed to stand its ground in a turbulent year for the markets. The capital transactions that were carried out also allow Xior to manage its debt ratio while achieving substantial growth. With growth of this magnitude, it is also essential to generate value for shareholders. With EPRA earnings per share of EUR 1.46 and a gross dividend per share of EUR 1.25 despite an increase in the number of shares in 2018 of 69%, the expectations were not just met, but were even exceeded.

Xior also managed to expand its geographical diversification in Belgium and the Netherlands. From a presence in 8 cities at the time of the IPO, Xior now offers a home to students in more than 20 cities and is determined to further expand its presence in the European student accommodation market.

One of the key challenges in the steep growth of the Company, of course, concerns the day-to-day management of the portfolio and the consolidation of the strong occupancy rate. Standing at 98.9%, the expectations have again been exceeded, and the operational teams of Xior have demonstrated that their endeavours and their enthusiasm have borne fruit. We and the entire Xior family can be very proud of this achievement.

The achievements of the past three years show that we have been through a successful process and, now the real estate target of EUR 1 billion is in sight, we can look forward to the conclusion of a great period. With a motivated team, Xior has the drive to achieve its further growth ambitions for the future in a sustainable and valuable way, and to be a beacon for students who are looking for a perfect living environment in which they can thrive with a view to achieving success in their personal and professional careers.

On behalf of the Xior Student Housing Board of Directors

**Leen Van den Neste**  
Chairperson





Campus Schoonmeerschen  
**GHENT**








# 03

## Key figures

as at 31 december 2018

**Consolidated P&L statement**  
(in thousand EUR.)


	31/12/18	31/12/17	31/12/16
Net rental result	30,081	18,194	10,912
Property result	30,718	18,533	11,349
Operating result before result on the portfolio	23,323	13,245	7,580
Financial result (excl. changes in the fair value of financial assets and liabilities) 	-4,179	-2,691	-1,597
EPRA earnings  <sup>1</sup>	16,179	9,772	5,774
Result on the portfolio (IAS 40) 	5,722	1,247	1,108
Revaluation of financial instruments (ineffective interest rate hedges)	-5,393	942	-1,866
Share in the result of associates or joint ventures	270	194	0
Deferred taxes <sup>2</sup>	-673	-1,674	0
Net result (IFRS)	16,105	10,954	5,016

**Number of lettable student units**

	31/12/18	31/12/17	31/12/16
Number of lettable student units	5,505	3,678	2,531

**Gross yields<sup>3</sup>**

	2018	2017	2016
Belgium	5.10%	5.15%	5.17%
the Netherlands	5.72%	6.19%	6.54%
Entire portfolio	5.52%	5.68%	5.58%

<sup>1</sup> Alternative performance measures (APMs) are measures Xior Student Housing NV uses to measure and monitor its operational performance. The European Securities and Markets Authority (ESMA) issued guidelines for the use and explanation of alternative performance measures, which came into effect on 3 July 2016. Chapter 10.8 of the Annual Financial Report 2017 includes the concepts Xior considers as APMs. The APMs are marked with  and are accompanied by a definition, objective and reconciliation as required under the ESMA guidelines.



<sup>2</sup> Reference is also made to Chapter 10.9.7 of this Annual Financial Report for more information on the deferred taxes.

<sup>3</sup> Calculated as estimated annual rent divided by the fair value and excluding development projects.

**Consolidated balance sheet**  
 (in thousand EUR.)

	31/12/18	31/12/17	31/12/16
Equity	410,019	223,291	131,630
Fair value of the real estate property <sup>4</sup>	814,908	488,762	265,873
Debt ratio (Law on Regulated Real Estate Companies) <sup>5</sup>	49.32%	53.62%	50.69%

**Key figures per share**  
 (in thousand EUR.)

	31/12/18	31/12/17	31/12/16
Number of shares	13,768,815	8,128,249	5,270,501
Weighted average number of shares	11,109,319	6,851,483	4,926,405
EPRA earnings <sup>6</sup> per share 	1.46	1.43	1.17
Result on the portfolio (IAS 40) <sup>6</sup> 	0.52	0.25	0.22
Variations in the fair value of the hedging instruments <sup>6</sup>	-0.49	0.14	-0.38
Net result per share (IFRS) <sup>6</sup>	1.45	1.60	1.02
Closing price of the share	38.00	38.99	35.67
Net asset value per share (IFRS) (before dividend) <sup>7</sup>	29.78	27.47	24.97
Dividend payout ratio (versus EPRA earnings) <sup>8</sup>	85.6%	83.9%	98.3%
Proposed dividend per share <sup>9</sup>	1.25	1.20	1.15

<sup>4</sup> The fair value of the investment property is the investment value as determined by an independent property expert less the transaction fees (see BE-REIT Association press release dated 10 November 2016). The fair value corresponds to the carrying amount under IFRS.

<sup>5</sup> Calculated in accordance with the Royal Decree of 13 July 2014 pursuant to the Act of 12 May 2014 on Regulated Real Estate Companies.

<sup>6</sup> Calculated on the basis of the weighted average number of shares.

<sup>7</sup> Calculated on the basis of the number of shares.

<sup>8</sup> The dividend payout ratio is calculated based on the consolidated result. The actual dividend distribution is based on the standalone result of Xior Student Housing NV.

<sup>9</sup> Subject to approval by the Annual General Meeting.





Janseniusstraat  
**LEUVEN**





# 04

## Strategy & operating activities

# 4.1

## COMMERCIAL ACTIVITIES AND STRATEGY

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

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

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

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

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

### 4.1.2 BUSINESS STRATEGY OF THE COMPANY

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#### 4.1.2.1 Commercial strategy

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

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

*\*(and have some fun)*

**4.1.2.1.1 All you need to do is study\***

\*(and have some fun)

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

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

**4.1.2.1.2 The right people at the right place**

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

Besides specific skills, Xior aims for its employees to be able to promote the spirit of the Company and thus possess the right motivation, business ethic and discipline. This is the only way in which the Company can meet the needs of the various stakeholders, such as the students, their

parents, educational institutions, local and other authorities, investors and suppliers.

**4.1.2.1.3 Let's keep in touch**

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

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

**4.1.2.1.4 Always keep raising the bar**

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

**4.1.2.2 Investment and growth strategy**

Rooted in its ambition to be the benchmark in student housing, Xior aims for the controlled, profitable and sustainable growth of its portfolio with a strong focus on this property segment. Other assets (for example retail property) are always subordinate or are often acquired (for example office buildings) to be redeveloped into student accommodation.

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

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

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

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

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

#### 4.1.2.3 Financial and financing strategy

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



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

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

- The Company strives towards a responsible debt structure with a planned debt ratio of about 55% and equity of 45%. The debt ratio may temporarily exceed 55% during the implementation of the growth strategy.
- The average maturity will fluctuate, but we aim to achieve an acceptable diversification in the maturity dates;
- The debt ratio must leave room for adequate growth, while taking the intended return for shareholders into consideration.
- The Company's bank financing will use an appropriate interest rate hedging structure (see also Chapter 5.3.2 of this Annual Report).
- Subject to the availability of distributable reserves and the approval of the general meeting, the Company intends at least to maintain a stable dividend or to increase it year on year (see also Chapter 7.5 of this Annual Report).

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

### 4.1.3 OPERATIONAL ORGANISATION

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

Xior has its own maintenance personnel for odd jobs and cleaning, so these services are provided in-house.

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

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

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

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

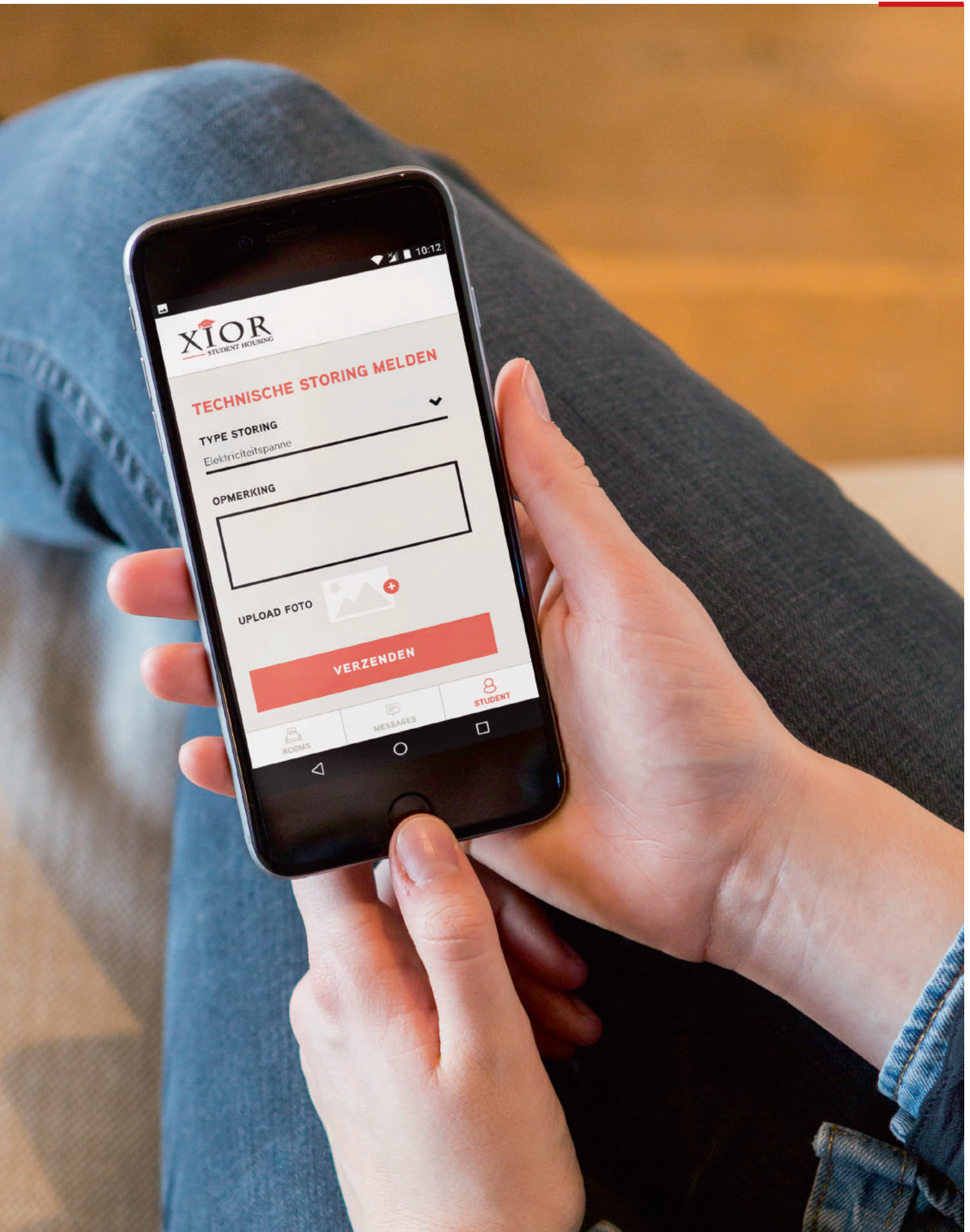
The inflow of external communication may consist of gathering market survey results and monitoring trends and new developing needs in the market. Monitoring such trends and developments is crucial in order to be able to respond, and preferably anticipate, changing circumstances and needs within the Company's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

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

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

Xior is constantly striving to improve communication and interaction with students and potential tenants. Xior launched the very first app specifically developed for the purpose of finding student housing in 2016. This app, which includes a geolocator, intends to make finding suitable accommodation easier for students and to facilitate interaction with the students themselves. As part of the company's continuous improvement of communication and interaction, the app's user functions were expanded in 2017 so that technical malfunctions can be reported simply at the push of a button. The website is also continually updated and improved to make it easier to search for the perfect student accommodation. A blog was also added to the website, and the social media channels have been fed and followed up more intensively to strengthen the interaction with the target audience.









CAMPUS VERBEEKSTRAAT

Verbeekstraat  
LEIDEN

19-21

B-10

B-11

NIET PARKEERPLAATS VOOR HET VERKEER



# 05

## Management report

## 5.1

### PUBLIC RREC STATUS

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

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

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

## 5.2

### COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR OF 2018<sup>10</sup>

#### 5.2.1 CONSOLIDATED BALANCE SHEET

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As at 31 December 2018, the portfolio consisted of 5,505 lettable student units. The total property portfolio is valued at KEUR 814,908 as at 31 December 2018, representing a 67% increase compared with 31 December 2017. This increase is mainly due to the contribution of a building under construction in Enschede, the further development of the student building located at Oosterhamrikkade in Groningen and Phoenixstraat in Delft, the acquisition of the Woodskot project in Brussels, the acquisition of the Bonnefanten project in Maastricht, the acquisition of Naritaweg in Amsterdam, the acquisition of Rotsoord in Utrecht, the acquisition of a student building in Leeuwarden, the acquisition of a project in Amstelveen, the acquisition of the Annadal site in Maastricht and the acquisition of a student building in Wageningen.

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

- Annadal Campus in Maastricht with a Fair Value of KEUR 67,583 (723 rooms with shared facilities);
- Duivendaal in Wageningen with a Fair Value of KEUR 9,060 (179 rooms with shared facilities).

If all committed acquisitions and projects are implemented, this increase will go up to approximately EUR 950 million, with more than 7,700 lettable student units.

Current assets are KEUR 38,193 and have risen by KEUR 24,631 since 31 December 2017. They primarily include:

- Receivables still to be collected (KEUR 1,218): this primarily includes rent to be received;
- Other receivables: these are mainly receivables from Alma Student NV, the joint venture company responsible for the development of the Zaventem project (KEUR 16,144, an acquisition advance (KEUR 15,102), receivables from Aloxe NV (KEUR 1,723 paid at the market interest rate) and receivables related to rental guarantees yet to be settled with the sellers for a number of 2017 and 2018 acquisitions.

The equity stands at KEUR 410,019. On 31 December 2018, the issued capital was KEUR 247,839, which is KEUR 101,531 more than on 31 December 2017. The share premiums were KEUR 147,239 on 31 December 2018, which is KEUR 77,362 more than on 31 December 2017. This increase in share capital and issue premiums is the result of a contribution in kind in March 2018, a public capital increase in June 2018 and a contribution in kind in December 2018.

The reserves are positive and amount to KEUR 1,003. These reserves mainly consist of a negative reserve for the impact on the fair value of estimated transaction costs and costs resulting from hypothetical disposal of investment properties, a positive reserve for the balance of the changes in the property's fair value and a negative reserve for the balance of the changes in the fair value of permitted hedging instruments.

The annual net result stands at KEUR 16,105.

During the financial year of 2018, 5,640,566 new shares were created.

The long-term obligations have increased by KEUR 164,546 since 31 December 2017. This increase is mainly due to the increased credit that was drawn down at financial institutions. KEUR 401,177 had been drawn down in credit as at 31 December 2018, compared to KEUR 263,738 as at 31 December 2017. This increase is a result of the further implementation of Xior's growth strategy in 2018, which was partially financed using loans. Additional Interest Rate Swap contracts were also taken out in the course of 2018. As at 31 December 2018, these have a negative market value of KEUR 6,317. The average maturity of the loans is 4.30 years.

As at 31 December 2018, the debt ratio was 49.32% compared with 53.62% as at 31 December 2017. The debt ratio increased further in 2018, mainly due to acquisitions financed partly with loan capital, but which also decreased as a result of contributions in kind and a public capital increase. The acquisition of the project in Enschede, effective 26 March 2018, was financed with a capital increase through a contribution in kind, with new shares also issued, and the acquisition of the Annadal site was also partially financed with a capital increase through a contribution in kind, resulting in a strengthening of the equity position. This method of acquisition (contribution in kind) allows the portfolio to be expanded with a healthy combination of different financing sources, while keeping the debt ratio under control. A public capital increase was also successfully achieved in June 2018.

The current liabilities are KEUR 27,530. They increased by KEUR 6,491 since 31 December 2017. This increase is primarily attributable to an increase in deposits received on account of the increased number of rented student units. The Company also follows up outstanding debts very closely in order to keep the Company's debt ratio under control.



Other short-term debts include, primarily:

- Outstanding supplier debts (KEUR 6,486): these are primarily certain supplier positions relating to projects completed in 2018.
- Miscellaneous (KEUR 2,230): these are primarily provisions for Dutch taxes for the permanent establishment and the subsidiaries (KEUR 2,041) and social security payables (KEUR 169).
- Deposits received on rented properties (KEUR 4,043).
- Price to be paid for the purchase of land and the exercise of a purchase option (put and call option) for 50% of the remaining Alma Student shares (KEUR 9,127).

The accruals and deferred payments mainly relate to rental income to be transferred (KEUR 1,035), accrued real estate costs (KEUR 790), accrued interest (KEUR 907) and accrued general expenses (KEUR 1,000).

## 5.2.2 CONSOLIDATED INCOME STATEMENT

In 2018, Xior achieved a net rental result of KEUR 30,081: KEUR 6,355 in Q1, KEUR 6,619 in Q2, KEUR 7,834 in Q3 and KEUR 9,273 in Q4. This net rental result will continue to increase in 2019, as certain buildings were finalised or acquired in the course of 2018 and therefore did not have the opportunity to contribute to the net rental income for a full year.

This mainly relates to the following properties:

- Ariënsplein, Enschede: this property is being refurbished and its rental income will increase further in 2019.
- Naritaweg, Amsterdam: this property has generated rental income since the end of April 2018.
- Rotsoord, Utrecht: this property has generated rental income since the end of July 2018.
- Tiensestraat 274, Leuven: this property has generated rental income since mid-September 2018.
- Oudergemlaan 269-275, Brussels: this building was completed in October 2018 and has generated rental income since then.
- Tesselschadestraat, Leeuwarden: this property was acquired on 28 September 2018 and has generated rental income since October 2018.
- Annadal site, Maastricht: this site has generated rental income since mid-December 2018.
- Duivendaal, Wageningen: this property has generated rental income since mid-December 2018.

The average occupancy rate for the property portfolio was 98.9% in 2018.

The Company aims to increase the income (like-for-like) by offering additional paying services to the students. Furthermore, rents for the Dutch properties were subject to indexation, as were the commercial contracts in Belgium and the Netherlands. The contract with HoGent for 318 units in the Voskenslaan building provides for annual indexation of the rent, which resulted in a like-for-like growth of the rent of 1.80%.

The property result is KEUR 30,718 while the property operating result is KEUR 26,418. The property charges (KEUR 4,301) mainly include costs related to maintenance and repair, insurance, property management, valuation expert expenses and other property charges, such as property tax that cannot be passed on to the tenants. The Company's overheads for 2018 are KEUR 3,149 and the fee received for management of investment property owned by third parties is KEUR 53.

The portfolio result is KEUR 5,722. New properties were obtained in 2018 through property acquisitions (sale-purchase), share acquisitions and takeover mergers.

The property was acquired at a fiduciary value (the acquisition value agreed between the parties) which was in line with (but not necessarily equal to) the Fair Value as assessed by the surveyors.

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

The change in Fair Value between 1 January 2018 and 31 December 2018 was booked under negative or positive investment property changes. There was a positive net investment property change (KEUR 5,371).

The financial result stood at KEUR -9,572. This result mainly concerns interest on loans (KEUR 2,276), IRS costs (KEUR 1,716), bank charges and other commissions (KEUR 253). The IRS contracts concluded by the Company totalled KEUR 315,000. The market value of these hedging instruments is recognised directly in the income statement (KEUR -5,393).

The result before taxes was KEUR 19,742. The taxes were KEUR 3,637. These were mainly taxes on the result of the permanent establishment in the Netherlands (KEUR 2,948) and deferred taxes on the Dutch property (KEUR 673).

The net result was KEUR 16,105 and the EPRA earnings<sup>11</sup> were KEUR 16,179. The EPRA earnings<sup>11</sup> per share were EUR 1.46.

### 5.2.3 RESULT ALLOCATION

The Board of Directors proposes to allocate the financial year's profit shown in the statutory annual financial statement as follows:

Figures are in thousand EUR.

		31/12/18
<b>A</b>	<b>Net result</b>	<b>16,106</b>
<b>B</b>	<b>Addition to/withdrawal from reserves (-/+)</b>	
1	Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's fair value (-/+)	
	- Financial year	10,197

<sup>11</sup> EPRA earnings = net result +/- changes in the fair value of investment property +/- other portfolio result +/- income from the sale of investment property +/- changes in the fair value of financial assets and liabilities.

2	Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties (-/+)	
	- Financial year	-3,007
5	Addition to the reserve for the balance of the variations in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS (+)	
	- Financial year	-7,259
10	Addition to/withdrawal from other reserves (-/+)	2,289
11	Addition to/withdrawal from retained earnings from previous financial years (-/+)	
<b>C</b>	<b>Return on capital pursuant to Article 13, section 1, first paragraph</b>	<b>13,697</b>
<b>D</b>	<b>Return on capital other than C</b>	<b>190</b>

Based on this, the Board of Directors intends to propose to the Annual General Meeting a gross dividend of EUR 1.25, or EUR 0.875 net<sup>12</sup> per share for 2018 (taking into account the dividend entitlements of the shares and the coupons detached from them), represented by coupon number 7 (worth EUR 0.555 already detached from the Xior share),<sup>13</sup> coupon number 8 (worth EUR 0.603 already detached from the Xior share)<sup>14</sup> and coupon number 9 (worth EUR 0.092)<sup>15</sup>.

## 5.2.4 RESEARCH AND DEVELOPMENT

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

## 5.2.5 BRANCHES

The Company does not have any branches.

<sup>12</sup> Taking account of a withholding tax of 30%.

<sup>13</sup> Based on the weighted average number of shares and therefore taking account of dividend entitlements for the shares issued in connection with the capital increase of June 2018. Also bear in mind that a coupon detachment took place in connection with the capital increase of June 2018. All Xior shares are currently listed with the attached coupon numbers 9 et seq. See also the press releases published in the context of the capital increase. More information is also available at <https://www.xior.be/en/investor/investor-relations/coupons>.

<sup>14</sup> Based on the weighted average number of shares and therefore taking account of dividend entitlements for the shares issued in connection with the capital increase of December 2018. Also bear in mind that a coupon detachment took place in connection with the capital increase of December 2018. All Xior shares are currently listed with the attached coupon numbers 9 et seq. See also the press releases published in the context of the capital increase. More information is also available at <https://www.xior.be/en/investor/investor-relations/coupons>.

<sup>15</sup> Based on the weighted average number of shares and therefore taking account of dividend entitlements for the shares issued in connection with the capital increase of June 2017. Also bear in mind that a coupon detachment took place in connection with the capital increase of June 2017. All Xior shares are currently listed with the attached coupon numbers 9 et seq. See also the press releases published in the context of the capital increase. More information is also available at <https://www.xior.be/en/investor/investor-relations/coupons>.

# 5.3

## MANAGEMENT AND USE OF FINANCIAL RESOURCES

### 5.3.1 FINANCING AGREEMENTS

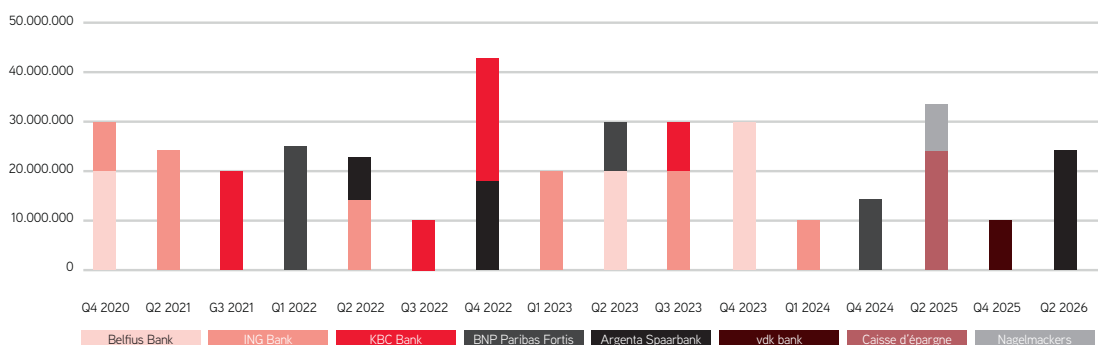
As at 31 December 2018, the Company had concluded financing agreements with ING Belgium NV, Belfius Bank NV, KBC Bank NV, BNP Paribas Fortis NV, Argenta Spaarbank NV, vdk bank, Bank Nagelmackers and Caisse d'Epargne. ING Belgium NV has provided a total of EUR 100 million, Belfius Bank NV EUR 95 million, KBC Bank NV EUR 55 million, BNP Paribas Fortis NV EUR 75 million, Argenta Spaarbank NV EUR 50 million, vdk bank EUR 10 million, Bank Nagelmackers EUR 10 million and Caisse d'Epargne EUR 25 million. As at 31 December 2018, the Company has concluded financing agreements totalling a maximum of EUR 420 million. A total of EUR 401.5 million of this financing had been drawn down as at 31 December 2018.

The Company aims to stagger the loan maturities with an average maturity of 4.30 years as at 31 December 2018.

The main covenants the Company must meet with respect to these financing agreements are about compliance with a loan to value (LTV) ratio (the outstanding amount of credit in relation to the value of the property portfolio calculated according to the Royal Decree on Regulated Real Estate Companies) that must always be less than 60%, an interest coverage ratio that must be greater than 2.5 and hedging of at least 70% of financing debt.

The Debt ratio was 49.32% on 31 December 2018. The debt ratio is calculated as follows: liabilities (excluding provisions, accruals and deferred payments, interest rate hedging instruments and deferred taxes) divided by total assets (excluding interest rate hedging instruments). The Debt ratio is lower than the Debt ratio at the end of 2017. This is the result of the successful capital increase in June 2018 and the strengthening of the equity position during the further implementation of the growth strategy, which financed new acquisitions in part via contributions in kind (see also *Chapter 10.9.33 of this Annual Report*).

#### Debt maturities



On 31 December 2018, the average maturity of the outstanding loans was 4.30 years. The company has always concluded financing contracts with a minimum maturity of 3 years. For a further breakdown of debts according to maturity, please refer to *Chapter 10.9.22 of this Annual Report*.

### 5.3.2 INTEREST RATE RISK HEDGING

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

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

We hereby refer to *Chapter 10.9.22 of this Annual Report* on the interest rate hedging in place.

### 5.3.3 CAPITALISATION

For a summary of the capital, please refer to Chapter *10.9.17 of this Annual Report*.

Figures are in thousand EUR.

	31/12/18	31/12/17
<b>Capital</b>	<b>245,672</b>	<b>144,187</b>
Issued capital	247,839	146,308
Capital increase costs	-2,167	-2,121
<b>Issue premiums<sup>16</sup></b>	<b>147,239</b>	<b>69,877</b>
<b>Reserves</b>	<b>1,003</b>	<b>-1,728</b>
Other	1,003	-1,728
<b>Net result for the financial year</b>	<b>16,105</b>	<b>10,954</b>
<b>Total equity</b>	<b>410,019</b>	<b>223,291</b>

# 5.4

## TRANSACTIONS AND ACHIEVEMENTS<sup>17</sup>

Following the further implementation of the growth strategy in 2018, the property portfolio increased from 71 properties at the end of 2017 to 86 properties at the end of 2018.

In June 2018, Xior had a successful public capital increase that increased the capital and share premiums by EUR 134 million without any profit dilution for the existing shareholders.

Apart from as set out in *Chapter 5.5 of this Annual Report*, no significant changes have occurred in the Company's financial or trading position after 31 December 2018.

The price for the acquisitions between the parties was in line with the valuation of the valuation experts.

- **Acquisition of a student property in Wageningen – 179 units**

Xior completed the acquisition of a student complex in Wageningen consisting of 179 non self-contained units on 14 December 2018. The party selling the Duivendaal property to Xior will carry out some modifications to bring the building fully up to standard. The seller is providing Xior with a return guarantee until delivery. The acquisition value is in line with the fair value as determined by the company's independent valuation expert. In addition to the Duivendaal property, an agreement has also been reached regarding the acquisition of the nearby 'Meteogebouw', which is to be converted into 22 self-contained units. After completion by the seller, the purchase is scheduled for mid-2019, with the seller providing a one-year rental guarantee for this property after acquisition. Finally, the site may also offer the potential for further expansion in the future. This transaction has an investment value of approximately EUR 13 million (for both buildings, irrespective of any additional development potential).

- **Acquisition of the Annadal site in Maastricht – partly through contribution in kind – 723 units**

On 12 December 2018, Xior made the contribution in kind for the acquisition of the Annadal site in Maastricht, the Netherlands, which includes 723 non self-contained student units. This acquisition was carried out by acquiring 100% of the shares in the real estate company concerned. The agreed value of the underlying property is approximately EUR 62.6 million. The acquisition was carried out partly through a contribution in kind of the shares of the real estate company concerned (payment through the issue of new Xior shares). The new shares were issued as a result of a capital increase using the issued capital that was decided upon by Xior's Board of Directors. The transaction resulted in an equity increase of EUR 30 million, of which EUR 14.4 million was assigned as Capital and the balance (EUR 15.23 million) was assigned as Unavailable Issue Premiums after deduction of the costs of the capital increase (EUR 370,000).

- **Exercise of call option on the remaining 50% of the shares of Promiris Student SA/NV**

On 5 October 2018, as anticipated during initial purchase in December 2017, Xior acquired the remaining 50% of the shares in Promiris Student SA/NV – the owner of a redeveloped student complex consisting of 118 units. As such, this company is now a 100% subsidiary of Xior. The building was recently completed and is generating rental income. The Company was granted a one-year rental guarantee for 50% of the rental income.

- **Acquisition of a student building in Leeuwarden – 82 units**

On 28 September 2018, Xior completed the acquisition of 82 self-contained units located on Tesselschadestraat in Leeuwarden. This recently converted office building is known as 'The Block' and is fully equipped with features including a digital key system, high-speed Internet connection and digital television signal, camera system and so on. The students have access to a dedicated indoor storage space and shared facilities such as a bike shed and laundry room. The building also contains a commercial space on a long-term lease. This property was acquired through the purchase of 100% of the shares in the real estate company involved. The price of the shares in the real estate company is based on an agreed property value of approximately EUR 10.8 million<sup>18</sup>. The transferor provided a rental guarantee until the end of 2018.

<sup>17</sup> For the transactions and achievements of 2017, reference is made to the Annual Report 2017 page 53-55. For the transactions and achievements of 2016, reference is made to the Annual Report 2016 page 52-53.

<sup>18</sup> This is in line with the estimates of the independent valuation expert.

- **Wholly-owned subsidiary in the Netherlands**

Xior acquired a new wholly-owned subsidiary in the Netherlands in September 2018. Xior will use this company for one or more intended redevelopment projects in Dutch student cities.

- **Joint venture agreement for the Brussels Region (Zaventem) Project – 339 units**

On 29 November 2017, Xior signed an agreement on the redevelopment of an office complex to be converted on the outskirts of Brussels (Zaventem) close to various educational institutions (Université Catholique de Louvain, Ecam, Vinci, Ephec), Saint Luc University Hospital and various research institutions (such as the Duve Institute). A joint venture was set up with a private developer prior to the redevelopment. On 27 August 2018, after receiving the necessary permits, Xior entered into this joint venture – Alma Student NV – with a 50% share. The announced total investment value (after conversion) will be approximately EUR 38 million. According to the final concept and plans, the office building is intended to be converted into a student housing complex consisting of 240 student units and 99 furnished apartment-hotels, based on a design by architectural firm Jaspers-Eyers. The ground floor will house retail facilities, which will be redeveloped together with the underground parking spaces by a third-party investor. This student property is expected to be operational for the academic year starting in September 2019. Xior was also granted a two-year rental guarantee on 50% of the offer for operating the student flat hotel and also received a partial one-year rental guarantee for the student units.

- **Acquisition of a student building in Utrecht – 206 units**

On 26 July 2018, Xior successfully completed the acquisition of the site in Rotsoord, Utrecht, where a project will be implemented consisting of two buildings containing a total of 206 self-contained units and a restored listed building for commercial activities. This acquisition involves the completion of one of the two purchase agreements concluded on 12 July 2018 following the Company's exercise of a purchase option. The transaction was completed by the acquisition of the real estate company's shares in the project. The total investment value of the underlying property is approximately EUR 40 million<sup>19</sup>. The seller provides a one-year rental guarantee for this property after the acquisition.

- **Acquisition of Bonnefanten College redevelopment project in Maastricht – 257 units**

The Company signed a Purchase Agreement for the acquisition of Bonnefanten College, for which the previous owner already obtained an environmental permit. This former monastery is a registered national monument and will be redeveloped into a student complex with 257 self-contained student rooms and shared facilities. The property is located at Tongerseweg 135, near Xior's other student accommodation monument in Maastricht, the Carré building. The announced total investment value (after conversion) will be approximately EUR 34 million<sup>20</sup>. Xior expects to start using the building in September 2019.

- **Acquisition of a student building situated at Tiensestraat 274 / Windmolenveldstraat 2-4 Leuven – 17 units**

The Company acquired a building located at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven on 9 May 2018. This building is situated in a prime location in the student city of Leuven. The building has 17 student rooms and four apartments. The purchase price was KEUR 1,869<sup>21</sup>.

- **Acquisition of a student complex for development in Brussels (Woodskot project) – 91 units**

On 22 May 2018, the Company acquired a redevelopment project in Brussels<sup>22</sup> called Woodskot. After the proposed redevelopment, this project will have 91 units. The announced total investment value (after conversion) will be approximately EUR 10 million<sup>23</sup>.

- **Acquisition of a site in Amsterdam – 247 units**

On 25 April 2018, Xior successfully completed the acquisition of a site with three towers on Naritaweg/Barajasweg in the Dutch capital of Amsterdam. The buildings were completed in 2018 and have a total of 247 units ranging from 23 m<sup>2</sup> to 52 m<sup>2</sup> with 94 parking spaces. The site is located near public transport and is undergoing a comprehensive upgrade through various redevelopment projects, making sure to provide sufficient green spaces as well. Two thirds of the buildings, which provide a range of options for students and young starters, was already rented out at the time of the acquisition. The seller also provides Xior a 12-month rental guarantee. Xior acquired the properties (built on a plot with a long-term lease) by buying 100% of the

<sup>19</sup> This is in line with the estimates of the independent valuation expert.

<sup>20</sup> This is in line with the estimates of the independent valuation expert.

<sup>21</sup> This is in line with the estimates of the independent valuation expert.

<sup>22</sup> See Press Release dated 13 March 2018.

<sup>23</sup> This is in line with the estimates of the independent valuation expert.

shares in the relevant real estate companies. The price of the shares in the companies is based on the investment value of the property held by the relevant company, which is derived from the rental values. The total investment value of the underlying property is approximately EUR 47 million<sup>24</sup>.

- **Acquisition of a student complex in Enschede via contribution in kind – 271 units**

On 28 March 2018, Xior acquired a student property (under construction) in Enschede<sup>25</sup>. The land and the structures that had already been renovated were acquired via a(n indirect) contribution in kind to Xior's capital. The value of the contribution was based on the value of the land and the already existing structures, and resulted in a capital increase of KEUR 18,117 (including issue premium). The acquisition had a total investment value of approximately EUR 28 million<sup>26</sup>. The issue price of the new shares amounted to EUR 35 per share (rounded). The commissioning of the building in Enschede was planned for 2018. The developer is completing the property in stages and has provided Xior with a one-year rental guarantee for the non-rented sections (self-contained units), a three-year guarantee for the second education facility and a contractual penalty clause that compensates Xior for the experienced delay.

- **Development of the management organisation**

Xior further expanded its internal organisation, particularly in terms of the in-house management and administration of the properties in its portfolio (especially in the Netherlands) in 2018. Xior now has an efficient organisation within the group. This has allowed Xior to handle the technical and commercial management of various previously externally managed properties itself. In the past, properties were often managed externally for a certain period after they were transferred. One of the reasons for this was the rental guarantees provided by sellers. Xior's in-house management has reduced the number of external management partners to one in the course of 2018. The development of this efficient platform gives Xior greater control over the management of its properties. It allows Xior to take a more uniform, quality approach towards all its properties and to further develop its growth strategy. This strengthening of the internal organisation followed the external growth that was achieved and enables Xior to link this growth to the preservation of Xior's standards for student accommodation.

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<sup>24</sup> This is in line with the estimates of the independent valuation expert.

<sup>25</sup> See Press Releases dated 12 March 2018 and 28 March 2018.

<sup>26</sup> This is in line with the estimates of the independent valuation expert.



## 5.5

# POST BALANCE SHEET EVENT

### 5.5.1 ACQUISITION OF EENDRACHTSKADE IN GRONINGEN

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On 10 April 2019, Xior has acquired a redevelopment project in Groningen consisting of at least 225 residential units, offices and 180 parking spaces. This transaction has an anticipated investment value of approximately EUR 46 million and is expected to have an initial yield of approximately 6.2%. The completion and commissioning are planned for Q4 2020. The existing building is being acquired by procuring 100% of the shares in the SPV. Renovation work will begin after the permit has been obtained and the building is expected to enter into operation from Q4 2020. Current rental income of in total EUR 2 million will continue to be generated until Q4 2020.

### 5.5.2 CLOSING ACQUISITION KARSPELDREEF, AMSTERDAM

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On 12 July 2018, Xior signed a purchase agreement resulting from the exercise of its purchase option with regard to a site located in Amsterdam. This site, which has a long-term lease, is located on Karspeldreef, near Amsterdam Bijlmer Arena Station. Xior plans to redevelop a total of 320 self-contained student units on this site. This office building reconversion project consists of 6 connected buildings, each with its own facilities (such as an elevator). The building will also have 170 parking spaces. The announced expected investment value will be around EUR 55 million (subject to the further adjustment of the number of units and the expected rental values during the project's development). The vendors will provide a yield guarantee for this project from 1 September 2018, and will also provide a one-year rental guarantee. This acquisition was finalised on 8 April 2019.

### 5.5.2 BNP PARIBAS FORTIS

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On 8 April 2019, Xior concluded additional financing with BNP Paribas Fortis for a sum of EUR 25 million. The loan is divided into 2 tranches, with the first tranche of EUR 10 million having a duration of 6 years and 3 months and the second tranche of EUR 15 million having a duration of 5 years.

### 5.5.4 ACQUISITION OF A STUDENT RESIDENCE IN BARCELONA

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On 13 March 2019, Xior reached an agreement on the acquisition of a student residence in Barcelona. The first project for which Xior has signed an agreement concerns a brand new student residence located on the recently opened new campus of the Universitat Politècnica de Catalunya (UPC) (with 3,500 students and 400 professors and researchers), near the beach and the trendy 22@ district. The residence will have 191 self-contained rooms and will offer all modern facilities, such as an in-house restaurant, a gym, study rooms, a swimming pool and a roof terrace.

The building is fully furnished and was constructed based on a 50-year concession (until 2067). Its completion is expected

by the summer rental season of 2019 (when it will start to generate rental income). The seller has given a 50% rental guarantee for the building's occupancy during the summer months (July and August) for a duration of 3 years (from 2019). This allows Xior to find occupants for the remaining units during the summer holidays in collaboration with the university, local companies and summer traineeship providers. During the academic year, the units are rented out under 10-month contracts. The concession was awarded and is actively managed by a consortium made up of the UPC and three local authorities (Catalonia, Barcelona and Besòs), with whom Xior expects to be working closely and productively in order to make the residence and the entire campus a success.

The transaction will mean that all shares of the project company concerned will be transferred from LIFE, a Belgian developer with which Xior has already worked successfully in the past. The acquisition is subject to various conditions precedent, including a positive decision by the consortium regarding the transfer. The total investment value is approximately EUR 25.5 million with an expected gross initial yield of approximately 7%.

### **5.5.5 AGREEMENT TO DEVELOP 2 STUDENT RESIDENCES IN PORTUGAL IN A JOINT VENTURE STRUCTURE**

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On 13 March 2019, Xior reached an agreement on the development of a student residence in Lisbon and Porto in a joint venture structure.

The Lisbon project will be developing a student residence of 124 units (254 beds) and 14 parking spaces on a fully-owned greenfield site. For this residence a 12-year triple net lease agreement was already reached with Odalys Portugal at a fixed rent. According to the current plan, the project will accommodate 254 students in 121 double studios and 3 apartments and will also include a laundry room, gym, study room, cafeteria and reception area. The development will involve a joint venture with a.o. Promiris, a Belgian party with which Xior has already worked successfully on projects in Belgium in the past. Xior's entry will be phased: 50% of the joint venture shares will be purchased upon obtaining the necessary administrative assurances that the permit will be obtained (under certain suspensive conditions) and the remaining 50% will be acquired upon completion. Completion is planned in 2021. Entry into the joint venture's capital is scheduled to take place later this year.

The Porto project will be redeveloping an existing, wholly owned building into a student complex with 211 units (420 beds) and 3 parking spaces. The building will also include a laundry, reception, gym, study room and cafeteria. The transaction also includes 16 residential apartments to be realised as part of the project. Odalys Portugal will also act as the operator and tenant on a triple net basis (with a guarantee by the Odalys Groupe) for 12 years at an annually increasing rent, which the seller will guarantee and supplement during the first 7 years (up to the level that is reached in year 7). This ensures a stable, high rent for Xior.

The development will be structured in the same way as the Lisbon project in a joint venture in which Promiris is also involved and with a phased entry. Completion is expected in the second half of 2021.

The total investment value of both projects is approximately EUR 28.2 million. The theoretical expected GIY of 8%<sup>27</sup>

### **5.5.6 ACQUISITION OF PROJECT LAND IN GHENT**

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On 17 January 2019, Xior acquired project land at Bagattenstraat, a prime location in the centre of Ghent. Xior aims to develop a quality student property there.

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<sup>27</sup> In order to allow a correct comparison to the other assets in the portfolio, which are directly rented out to students, and for which GIYs consistently communicated, this GIY was calculated on a theoretical grossed-up basis.

### **5.5.7 ING GREEN LOAN**

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On 8 February 2019, Xior concluded a green loan with ING for a sum of EUR 25 million. The loan is divided into 2 tranches, with the first tranche of EUR 10 million having a duration of 4 years and the second tranche of EUR 15 million having a duration of 5 years and 3 months.

### **5.5.8 BELFIUS LOAN**

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In the course of January 2019, a new financing agreement was concluded with Belfius Bank for an amount of EUR 25 million and a duration of 6 years.

On the date of publication of this Annual Report, there are no further significant facts to report which have occurred since the closing of the balance sheet on 31 December 2018.

## **5.6 PROSPECTS FOR 2019**

### **5.6.1 GROWTH PROSPECTS FOR THE 2019 FINANCIAL YEAR**

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Xior is very driven to continue to pursue its growth strategy in 2019 by adding high-quality student properties to its property portfolio.




During the implementation of that strategy, Xior will strive towards a balanced growth of both equity and loan capital with a healthy combination of various financing sources, whilst keeping the debt ratio under control and increasing the EPRA earnings per share and the dividend per share compared to 2018 (see *Chapter 7.6.3 of this Annual Report*).

## 5.7

## DATA ACCORDING TO THE EPRA REFERENCE SYSTEM<sup>28</sup>

### 5.7.1 EPRA KEY PERFORMANCE INDICATORS

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

	Definition	31/12/2018		31/12/2017	
		in KEUR	EUR per share	in KEUR	EUR per share
<b>EPRA earnings</b> 	Underlying result derived from the strategic operating activities. This indicates the extent to which dividend payments are supported by the earnings.	16,179	1.46	9,772	1.43
<b>EPRA NAV</b> 	Net asset value (NAV) adjusted to take into account the fair value of the real estate property and excluding certain elements that are not part of a financial model of long-term property investments.	443,011	31.45	231,203	28.44
<b>EPRA NNNAV</b> 	EPRA NAV adjusted to take into account the fair value of (i) the assets and liabilities, (ii) the debts and (iii) the deferred tax.	410,019	29.78	223,291	27.47

<sup>28</sup> Financial performance indicator calculated in accordance with the EPRA (European Public Real Estate Association) Best Practice Recommendations. See also [www.epra.com](http://www.epra.com).

			%	%
<b>EPRA Net Initial Yield (NIY)</b>	Annualised gross rental income based on the current rent on the closing date excluding the property charges divided by the portfolio market value plus the estimated transaction rights and costs in case of hypothetical disposal of investment property.		4.6%	4.7% <sup>29</sup>
<b>EPRA Adjusted Net Initial Yield (Adjusted NIY)</b>	This measure integrates an adjustment of the EPRA NIY for the end of rent-free periods or other non-expired rental incentives.		4.6%	4.7%
<b>EPRA rental vacancy</b>	Estimated rental value of vacant units divided by the estimated rental value of the total portfolio.		1.16%	2%
<b>EPRA cost ratio (incl. vacancy costs)</b>	EPRA costs (including vacancy costs) divided by the gross rental income.		25.2%	29.8%
<b>EPRA cost ratio (excl. vacancy costs)</b>	EPRA costs (excluding vacancy costs) divided by the gross rental income.		24.4%	29%

	31/12/2018	31/12/2017
<b>EPRA earnings</b>		
Net result	16,105	10,954
Changes in the fair value of the real estate property	-5,372	-3,803
Other portfolio results	- 351	2,112
Result from the sale of investment properties	0	-31
Changes in the fair value of financial assets and liabilities	5,393	-942
Share in the result of joint ventures	-270	-194
Deferred taxes with regard to IAS 40 adjustments	673	1,674
<b>EPRA earnings</b>	<b>16,179</b>	<b>9,772</b>

	31/12/2018	31/12/2017
<b>Result on the portfolio</b>		
Result from the sale of investment properties	0	31
Changes in the fair value of the real estate property	5,372	3,803
Other portfolio results	351	-2,112
<b>Result on the portfolio</b>	<b>5,722</b>	<b>1,722</b>

	31/12/2018	31/12/2017
<b>EPRA earnings per share</b>		
Net result	16,105	10,954
Changes in the fair value of the real estate property	-5,372	-3,803
Other portfolio results	-351	2,112
Result from the sale of investment properties	0	-31
Changes in the fair value of financial assets and liabilities	5,392	-942
Share in the result of joint ventures	-270	-194
Deferred taxes with regard to IAS 40 adjustments	673	1,674
Weighted average number of shares	11,109,319	6,851,483
<b>EPRA earnings per share</b>	<b>1.46</b>	<b>1.43</b>

	31/12/2018	31/12/2017
<b>Average interest rate</b>		
Nominal interest paid on loans	2,276	1,810
Costs of permitted hedging instruments	1,716	770
Capitalised interest	1,612	504
Average outstanding debt for the period	304,323	183,947
<b>Average interest rate</b>	<b>1.84%</b>	<b>1.68%</b>
<b>Average interest rate excl. costs of permitted hedging instruments</b>	<b>1.28%</b>	<b>1.26%</b>



	31/12/2018	31/12/2017
<b>Average financing costs</b>		
Nominal interest paid on loans	2,276	1,810
Costs of permitted hedging instruments	1,716	770
Capitalised interest	1,612	504
Reconstitution of the nominal amount of financial debt	87	86
Bank costs and other commissions	284	74
Average outstanding debt for the period	304,323	183,947
<b>Average financing costs</b>	<b>1.96%</b>	<b>1.76%</b>
<b>Average financing costs excl. costs of permitted hedging instruments</b>	<b>1.40%</b>	<b>1.34%</b>

	31/12/2018	31/12/2017
<b>EPRA NAV</b>		
Net asset value according to the financial statements	410,019	224,491
To be excluded:	6,317	924
- Fair value of financial assets and liabilities		
- Deferred taxes	16,675	6,988
<b>EPRA NAV</b>	<b>433,011</b>	<b>231,203</b>
<b>EPRA NAV (EUR/share)</b>	<b>31.45</b>	<b>28.44</b>

	31/12/2018	31/12/2017
<b>EPRA NNNAV</b>		
EPRA NAV	433,011	231,203
To be added:		
- Fair value of financial assets and liabilities	-6,317	-924
- Deferred taxes	-16,675	-6,988
<b>EPRA NNNAV</b>	<b>410,019</b>	<b>223,291</b>
<b>EPRA NNNAV (EUR/share)</b>	<b>29.78</b>	<b>27.47</b>

	31/12/2018	31/12/2017
<b>EPRA Net Initial Yield</b>		
Investment property – full property fair value	830,899	492,573
Investment property – share in joint ventures	20,224	6,235
Minus property developments	-179,435	-101,951
Completed property portfolio	671,688	396,857
Transaction fees	20,718	11,875
Investment value of the property available for rent	692,407	408,733
Annualised gross rental income	35,099	21,442
Property charges	-3,352	-2,308
Annualised net rental income	31,747	19,134
Notional amount at the end of the rent-free period	-	-
Adjusted annualised net rental income	31,747	19,134
<b>EPRA Net Initial Yield</b>	<b>4.6%</b>	<b>4.7%</b>
<b>EPRA Aangepast Netto Initieel Rendement</b>	<b>4.6%</b>	<b>4.7%</b>

	31/12/2018	31/12/2017
<b>EPRA Rental Vacancy</b>		
Estimated rental value of the vacant units	637 <sup>30</sup>	534
Estimated rental value of the entire portfolio	54,757	22,519
<b>EPRA Rental Vacancy</b>	<b>1.16%</b>	<b>2%</b>

	31/12/2018	31/12/2017
<b>EPRA cost ratio</b>		
General expenses	3,149	2,068
Impairments of trade receivables	165	91
Property charges	4,301	3,295
EPRA costs (incl. vacancy costs)	7,615	5,454
Vacancy costs	240	148
EPRA costs (excl. vacancy costs)	7,375	5,306
Gross rental income	30,246	18,285
<b>EPRA cost ratio (incl. vacancy costs)</b>	<b>25.2%</b>	<b>29.8%</b>
<b>EPRA cost ratio (excluding vacancy costs)</b>	<b>24.4%</b>	<b>29.0%</b>

<sup>30</sup> The vacancy estimated rental value includes vacancies for the building located on Phoenixstraat in Delft. This property was completed at the end of November and was not yet fully let by 31/12/2018. The necessary contracts have now been signed and the building will be fully let by 01/02/2019.

### 5.7.2 EPRA NET RENTAL INCOME ON A CONSTANT COMPARISON BASIS

	31/12/2018				31/12/2017		
	Constant composition of the portfolio during a period of two years	Acquisitions	Divestments	Total net rental income	Constant composition of the portfolio during a period of two years	Evolution of net rental income	Evolution of net rental income (in %)
Changes as a result of indexation	7,131	23,043	-72	30,246	7,027	104	1.48%
Changes in the occupancy rate							
Changes resulting from renegotiations with existing tenants							
Change in the compensation payments received							
Other changes							
Total rental income assuming constant composition	7,131	23,043	-72	30,246	7,027	104	1.48%
Reconciliation with the consolidated net rental income							
Impairments				-165			
<b>Net rental result</b>				<b>30,081</b>			

The table above shows the evolution of the EPRA rental income assuming the composition of the portfolio remains constant. However, the impact for 2018 is limited given that only a small number of the properties formed part of the portfolio for the whole of the years 2017 and 2018. The impact is expected to be greater for 2019 given that more properties will have formed part of the portfolio for 2 years.

The like-for-like of the EPRA rental income recorded an increase of 1.4%. This is largely attributable to the indexation of the rental income in the Netherlands and indexation of the commercial rental contracts.

### 5.7.3 EPRA CAPEX TABEL

	31/12/2018
<b>EPRA Capex</b>	
Property acquisitions	287,716
Developments	30,144
Like-for-like portfolio	1,303
Miscellaneous	1,612
<b>Total</b>	<b>320,775</b>

Developments refers to the capex on ongoing development projects or development projects that were concluded in the course of 2018. The like-for-like portfolio relates to capex on properties that had been acquired and rented by 1 January 2018. This relates to improvement works needed to maintain Xior's quality standards. Miscellaneous refers to capitalised interest charges on development projects.

## 5.8 REQUIRED ELEMENTS OF THE ANNUAL REPORT

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

1. Risk Management, 5.2. Management Report – Comments on the consolidated financial statements for the financial year of 2018, 5.3. Management Report – Management and use of financial resources, 5.4. Management Report – Transactions and achievements, 5.5. Management Report – Post balance sheet events, 5.6. Management Report – Prospects for 2019, 6 Corporate Governance, 9 Corporate Social Responsibility and 10 Financial Report.







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# 06

## Corporate governance



# 6.1

## CORPORATE GOVERNANCE STATEMENT

### 6.1.1 CODE OF REFERENCE AND CORPORATE GOVERNANCE CHARTER

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

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

The Company's Corporate Governance Charter (including the Trading Regulations) were approved on 25 November 2015 and were last reviewed on 2 May 2018. The Company has also established a 'whistleblowing procedure' (Internal Reporting Procedure). These documents can be consulted on the Company's website (<http://www.xior.be/nl/investor/corporate-governance>), and obtained free of charge from the Company's registered office.

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

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

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

Company wishes to make use of this option. After all, the Company is convinced that the composition of its Board of Directors is such that it can fulfil the role of audit committee with due independence and objectivity.

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

## **6.1.2 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS**

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### **6.1.2.1 General**

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

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

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

### **6.1.2.2 Organisation of internal control**

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

### 6.1.2.3 Risk analysis and audit procedures

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

### 6.1.2.4 Financial information and communication

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

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

#### 6.1.2.5 Persons involved in evaluating internal control

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

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

#### 6.1.2.6 Pillars of internal control

##### 6.1.2.6.1 Appropriate risk management function and appropriate risk management policy

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

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

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

##### 6.1.2.6.2 Appropriate independent internal audit function

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

The Company has entrusted the internal audit function to an external party by appointing independent consultancy firm Mazars, which is permanently represented by one and the same individual, Anton Nuttens. His mandate lasted 3 years and was extended for 3 years till end 2021. Sofie Robberechts (Finance & Reporting Director) was permanently appointed as the person ultimately responsible for overseeing the external auditor's internal audit function.



### 6.1.2.6.3 Appropriate independent compliance function and appropriate integrity policy

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

The person charged with the compliance function is responsible for preparing and testing recommendations. The compliance function's work domain specifically includes, but is not limited to the monitoring of compliance with the applicable rules on (i) conflicts of interest, (ii) market abuse (inside information and market manipulation) and (iii) the incompatibility of mandates (for example with respect to the assessment of directors' independence), possibly laid down in the Company's code of ethics. These rules have been developed further in the Company's Corporate Governance Code, including the Trading Regulations.

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

The Compliance function was assigned to Mr Arne Hermans (CIO) for an indefinite period. However, Arne Hermans left the Company at the end of the first quarter of 2019 (see *Chapter 6.1.12 of this Annual Report*), thereby ending his capacity as Compliance Officer. The Compliance function will in future be exercised by Michael Truyen, who was assigned for an indefinite period.

## 6.1.3 SHAREHOLDERSHIP

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### 6.1.3.1 6.1.3.1 Company founders

The Company's historic founders are:

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

### 6.1.3.2 Shareholder structure

On 31 December 2018, the issued capital of Xior Student Housing NV was EUR 247,838,670, represented by 13,768,815 fully paid-up shares.

The following table illustrates Xior's shareholder structure, based on the information received from the shareholders (see also transparency notifications) and/or publicly known information on Aloxe NV.

<b>Shareholder</b>	<b># shares (31/12/2018)</b>	<b>% shares (rounded) (31/12/2018)</b>
Aloxe NV – Christian Teunissen & Frederik Snauwaert <sup>1</sup>	2,636,995	19.15%
AXA Investment Managers S.A. <sup>2</sup>	1,325,808	9.63%
Public (free float)	9,806,012	71.22%
<b>Total (denominator)</b>	<b>13,768,815</b>	<b>-</b>

<sup>1</sup> Transparency notification of 12 December 2018.

<sup>2</sup> Transparency notification of 12 December 2018.

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

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

### 6.1.3.3 Members of the Board of Directors or the executive management

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

<b>Member of the Board of Directors or the executive management</b>	<b>Number of shares on 31 december 2018</b>
<b>Aloxe NV – Christian Teunissen &amp; Frederik Snauwaert (see transparency notification/public information)</b>	<b>2,626,995</b>
Christian Teunissen <sup>1</sup>	0
Aloxe NV	2,626,990
Dhr. Frederik Snauwaert	10,005
<b>Joost Uwents</b>	<b>900</b>
<b>Mr Wouter De Maeseneire</b>	<b>1,000</b>
<b>Arne Hermans</b>	<b>2,250</b>

<sup>1</sup> Aloxe NV has a direct stake of 2,626,990 shares in Xior Student Housing NV. Aloxe NV is controlled by Christian Teunissen (directly and via Nevi BVBA, a company which is likewise controlled by Christian Teunissen).

## 6.1.4 BOARD OF DIRECTORS OF THE COMPANY

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### 6.1.4.1 General

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

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

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

The necessary attention will also be paid to the requirements of gender diversity and diversity in general. Article 518bis, Section 1 of the Belgian Companies Code stipulates that in companies whose securities are admitted for trading on a regulated market, at least one third of the members of the Board of Directors must be of the opposite sex to that of the other members. For the application of this provision, the required minimum number of members of the opposite sex is rounded off to the closest whole number. For companies whose securities are admitted to a regulated market for the first time, this obligation must be complied with from the first day of the sixth financial year that commences after this admission (from 1 January 2021). After the end of a directorship, the Company will make a selection based on clear, gender-neutral and unambiguous criteria, taking into account the realisation that preference needs to be given, where applicable, to the under-represented sex. The Board of Directors currently has one member of the opposite sex to the other five members.

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

## 6.1.5 COMPOSITION

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

- i. Two executive directors, Christian Teunissen and Frederik Snauwaert, as nominated by the promoter (see *Chapter 6.1.3.2 of this Annual Report*); and
- ii. four non-executive directors, namely Leen Van den Neste, Joost Uwents, Wilfried Neven and Wouter De Maeseneire.

## 6.1.6 BRIEF DESCRIPTION OF THE DIRECTORS' PROFESSIONAL CAREERS

The mandates and a brief description of the directors' professional careers are provided below. For an outline of the professional careers of Christian Teunissen and Frederik Snauwaert, please refer to *Chapter 6.1.12 of this Annual Report*.

**i. (i) Ms Leen Van den Neste (Born in 1966 – office address: vdk bank, Sint-Michielsplein 16, 9000 Ghent)**

Leen Van den Neste chairs the Executive Committee of vdk bank, which she joined in 2011. She worked for Groep Arco from 1995 to 2011 and was a member of the Executive Committee there as well. Leen Van den Neste obtained a law degree and a secondary education teaching qualification at the University of Ghent. She also obtained a special Accountancy degree at Vlerick Business School.



**Current mandates:** vdk bank NV (member of the Executive Board), Febelfin (member of the Executive Board and Board of Directors), Retail Estates NV, OGVV (listed company) (member of the Executive Board, audit committee and remuneration committee), KAA Gent CVBASO (member of the Executive Board), Centrale voor Huisvesting Arrondissement Gent CVBA (Director), CPP-Incofin CVBASO (Director) and Gentco CVBA (Director).

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

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



In 1999, he became the CFO of the then listed real estate investment trust WDP. He has been the company's CEO since 2010. He contributed to WDP's development as the market leader in the rental of logistics and semi-industrial property in the Benelux with a property portfolio of more than EUR 3 billion in Belgium and the Netherlands.

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

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

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



**Current mandates:** Allianz Benelux NV (CEO Belgium and board member), Allianz Nederland Groep NV (Management and board member), Assuralia (executive committee and board member), EDB Investments SCA (Supervisory Board member), Portima CBVA (Chairman of the board), Viaxis CVBA (Director), and the Royal Circle of Belgian Insurers CRAB/KKVB (Director).

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

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



His research was presented at several international conferences, including the Financial Management Association and Academy of Management Meeting, Babson Entrepreneurship Conference, Strategic Management Society, Real Options Conference and Midwest Finance Association. Wouter De Maeseneire published articles in scientific journals such as Research Policy and the Journal of Business, Finance and Accounting. He also contributed to many management books. After completing his thesis, he wrote a book about real options, a new technique used for the valuation of companies and projects that estimates the value of flexibility often available in high-risk investment projects.

Wouter received several Best Teacher Awards and won the 2012 EFMD Banking & Finance Case Writing Competition with his analysis of the ABInbev deal. His current research interests lie in IPOs, valuations, real options, venture capital, private equity, acquisitions and financing constraints.

*Current mandates:* Vlerick Partner CVBA.

### 6.1.7 BOARD OF DIRECTORS CHAIRMANSHIP

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

### 6.1.8 RELIABILITY, EXPERTISE AND EXPERIENCE

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

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

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

Finally, each Company director meets the selection and competency criteria included in the Company's Corporate Governance Charter (see *Chapter 6.1.4.1 of this Annual Report*), as follows:

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

### 6.1.9 FUNCTIONING AND DUTIES OF THE BOARD OF DIRECTORS

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

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

The Board of Directors met 12<sup>31</sup> times in 2018. It also acted as the Audit Committee at 6 of those meetings and as the Remuneration Committee at 4 of those meetings.

All Board members attended all meetings, except Mr Wilfried Neven, who was represented by a colleague at one Board meeting because he was unable to attend. That particular meeting was also a Remuneration Committee meeting.

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

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

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

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

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

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

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

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

The Board of Directors also performs the duties as set out in Article 526bis, Sections 4 and 526quater, Section 5 of the Belgian Companies Code when it acts in the capacity of audit committee and remuneration committee (see **Chapter 6.1.13 of this Annual Report**).

In order to consistently improve its own effectiveness, the Board of Directors evaluates its size, composition, achievements

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<sup>31</sup> There was also an additional 'formal' meeting of the Board of Directors before the notary, in particular for the capital increase by contribution in kind on 12 December 2018. If we include these Board meetings, there have been 13 Board meetings in 2018.



and interaction with the executive management at the appropriate times. The actual contribution and presence of each director is periodically evaluated in order to be able to adjust the composition of the Board of Directors, taking account of changing circumstances.

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

### 6.1.10 SUMMARY OF THE BOARD OF DIRECTORS' OPERATION IN 2018

Name	Capacity	Mandate	Mandate start	Mandate end	Attendance
Leen Van den Neste	Non-executive chairperson, independent director	First mandate	November 2015	May 2019	Board of Directors: 12/12 Audit committee: 6/6 Remuneration committee: 4/4
Joost Uwents	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 12/12 Audit committee: 6/6 Remuneration committee: 4/4 Investment committee: 5/5
Wilfried Neven	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 11/12 Audit committee: 6/6 Remuneration committee: 3/4
Wouter De Maeseneire	Non-executive, independent director	First mandate	November 2015	May 2019	Board of Directors: 12/12 Audit committee: 6/6 Remuneration committee: 4/4
Christian Teunissen	Executive director	First mandate	November 2015	May 2019	Board of Directors: 12/12 Audit committee: 6/6 Remuneration committee: 4/4 Investment committee: 5/5
Frederik Snauwaert	Executive director	First mandate	November 2015	May 2019	Board of Directors: 12/12 Audit committee: 6/6 Remuneration committee: 4/4

### 6.1.11 MANAGING DIRECTOR AND EFFECTIVE MANAGEMENT

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

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

### 6.1.12 EXECUTIVE MANAGEMENT

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

The Company's Board of Directors appointed the current members of the executive management for an indefinite period on 23 November 2015. At the end of the first quarter of 2019, Arne Hermans left the Company to pursue other professional challenges.

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

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

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

i. **Christian Teunissen (\*1973)**

Christian Teunissen obtained his degree in commercial engineering (accountancy option) at EHSAL in Brussels in 1996. He started his career in the insurance sector at Fortis AG. In 2000, he started his own insurance business by buying up AdB Business Partners, which he later sold in 2005 to Van Dessel Verzekeringen. This allowed Christian Teunissen to spend 9 years in the insurance industry gaining knowledge and experience. Since 2005, Christian has focused on building up a real estate portfolio as a developer, investor and manager. In 2007, Christian Teunissen delivered his first student accommodation project, consisting of 45 student rooms. He has been at the helm of the Xior Group for a decade.



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

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

**Past mandates in the previous 5 years:** Bonsult VOF, K-Building NV, V-Building BVBA, Poort van Berlaar BVBA, Auto's Bleys NV, Bimmoc BVBA, Beltis BVBA, F-Building NV, BC Retail BVBA, Gulden Arent BVBA, G-Building BVBA, H-Building BVBA, Xigent BVBA, Xiber BVBA, Devimmo NV, CPG CVBA, MNL-Building BV, DHNL-Building BV, Xior Group NL BV and Retail Design BVBA.

ii. **Frederik Snauwaert (°1980)**

Frederik Snauwaert holds a Master's in Business Studies with a focus on financial policy and investments, having graduated from EHSAL in Brussels in 2003. In 2009, he completed the Postgraduate Real Estate Studies programme at the University of Leuven. Frederik has been CFO of the Company since 2012. He started his career in 2003 at PwC, where he worked as a Senior Auditor until 2006. He then worked as a Group Credit/Asset Risk Officer for Fortis Lease Group Services. From 2008 to 2012, he held the position of Relationship Manager Midcorporates & Institutionals (Real Estate) at ING Belgium, after which he moved to the Company.



**Current mandates:** His mandate as a Company Board member is complemented by other mandates in the following companies (the vast majority of which do not require actual participation in the daily management): Aloxe NV, CaliXto BVBA, Anthonis Verzekeringen NV, Off Site Europe BV, Eland Group NV, Leuven Tréfonds BVBA, M-Building BVBA, Mopro Antigoon NV, Mopro Zurenborg BVBA, Jugho BVBA, Studium Invest GCV, Ramberghof BVBA, Leuven Building BVBA, Lovania Properties BVBA, Den Hill Diar BVBA, PDH Invest BVBA, Immo DDL NV, Nevire BV, Tyche Investments BVBA, Silex BVBA, Krijgimmo BVBA, Boerenkrijg Construct BVBA, Modesti SARL, Vere Investments SARL, Here Investments SARL, Immo Parkland BVBA, Stubis BVBA, Promiris Student NV and Alma Student NV.

**Past mandates in the previous 5 years:** Premier Transportation BVBA, Devimmo NV, CPG CVBA Xior Group NL BV and Retail Design BVBA.

iii. **Arne Hermans (°1984)**

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



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

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

**Current mandates:** Vinostelli BVBA and Minimie BVBA.

**Summary of the Board of Directors and executive management**

<b>Executive directors</b>	Christian Teunissen (CEO) Frederik Snauwaert (CFO)
<b>Non-executive, independent directors</b>	Leen Van den Neste Joost Uwents Wilfried Neven Wouter De Maeseneire
<b>Chairperson of the Board of Directors</b>	Leen Van den Neste
<b>Managing Director</b>	Christian Teunissen (CEO)
<b>Executive Management</b>	Christian Teunissen (CEO) Frederik Snauwaert (CFO) Arne Hermans (CIO) (tot einde Q1 2019)
<b>Actual managers</b>	Christian Teunissen (CEO) Frederik Snauwaert (CFO)

**6.1.13 COMMITTEES OF THE BOARD OF DIRECTORS**

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

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

The Company had not established any of the above committees on 31 December 2018, firstly because it is not obliged to do so under the applicable statutory thresholds and, secondly because this is not deemed necessary in view of the complexity, nature and size of the Company and its activities (see also *Chapter 6.1 of this Annual Report*).

In the course of 2018, an Investment Committee was established, consisting of Mr Joost Uwents (independent, non-executive director) and Mr Christian Teunissen (executive director and CEO). The investment committee will help facilitate the Company's further growth as an intermediary between the executive management and the Board of Directors. This will further optimise the interaction with the Board of Directors and therefore also the decision-making process in order to respond to investment opportunities even more efficiently. The role and responsibilities, composition and functioning of the Investment Committee are described in Chapter 3.4 of the Company's Corporate Governance Charter. The Investment Committee met five times in 2018.

## 6.1.14 CONFLICTS OF INTEREST

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### 6.1.14.1 General

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

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

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

The provisions of Article 37 and 38 of the Law on Regulated Real Estate Companies also apply to the Company. Article 37 of the Law on Regulated Real Estate Companies contains an arrangement on functional conflicts of interest which entails that a public RREC must contact the FSMA whenever certain persons affiliated with the public RREC (listed in the same article, including the directors, the persons who control, are affiliated with or hold a participating interest in the RREC, the promoter and other shareholders of all subsidiaries of the public RREC) act directly or indirectly as a counterparty in, or derive any pecuniary gain from, a transaction with the public RREC or one of its subsidiaries. Transactions involving a functional conflict of interest must be notified to the FSMA and must be disclosed immediately (without prejudice to the rules on inside information). They are explained in the annual financial report and the Statutory Auditor's report. These transactions must be completed in line with the market and must follow the normal course set by the Company's business strategy. If such a transaction involves property, the appraisal by the property expert is binding as a minimum price (if the RREC is the seller) or as a maximum price (if the RREC is the purchaser). Article 38 of the Law on Regulated Real Estate Companies provides a number of exceptions where the provisions of Article 37 of the Law on Regulated Real Estate Companies do not apply.

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

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

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

## 6.1.15 SPECIFIC CONFLICTS OF INTEREST

Please find below the specific conflicts of interest that occurred in 2018 and need to be explained in the Annual Report in accordance with the Belgian Companies Code and/or the legislation on Regulated Real Estate Companies. .

### 6.1.15.1 Purchase of the student accommodation of Christian Teunissen

On 2 May 2018, the Board of Directors approved the acquisition (which had been announced since the IPO) of the property at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven, from Christian Teunissen. The rules on conflicts of interest were applied in this regard in accordance with Article 523 of the Belgian Companies Code. The relevant extract from the minutes is included below.

*'The Board of Directors intends to discuss and approve the intended acquisition of the property at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven in the absence of Christian Teunissen. In that context, the Board of Directors has read the notification shown below by Christian Teunissen on a conflict of interest under property law pursuant to Article 523 of the Belgian Companies Code ('Companies Code'). Following the explanation given on the intended acquisition and notification of this conflict of interest, Christian Teunissen left the meeting.*

#### 1. Acknowledgement of the notification of the statement of Christian Teunissen in accordance with Article 523 of the Companies Code.

*The Board of Directors acknowledges the statement of Christian Teunissen pursuant to Article 523 of the Belgian Companies Code concerning his interest under property law which is in conflict with the intended resolutions of the Board of Directors (without the participation of Christian Teunissen). This conflict of interest under property law is reported to the directors prior to the discussion and decision-making with regard to this agenda item. The Statutory Auditor is also informed accordingly.*

*A copy of the above-mentioned statement is attached to these minutes as an Appendix.*

#### 2. Approval of the acquisition of Tiensestraat 274 / Windmolenveldstraat 2-4

*The Board of Directors acknowledges the fact that a permit had been obtained for the property located at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven. The Board of Directors also acknowledges the notification of Christian Teunissen in connection with the implementation of the intended acquisition. This will logically be paid for by Xior, which will therefore bear the financial consequences hereof, resulting in a conflict of interest under property law between Xior and Christian Teunissen.*

*The consequences under property law for Xior as a result of paying for this acquisition are set out in the Appendix to these minutes.*

*In his notification, Mr Teunissen stated – and the Board of Directors has acknowledged – that the approval by the Board of Directors of the price that is paid for the property (acquisition of which had already been identified at the time of the IPO) is justifiable given the fact that it corresponds with the valuation by the valuation expert, and that this acquisition is subsequently in the interests of the Company.*

*With due observance of the foregoing and given the description of the property in the presentation in the Appendix, the Board of Directors resolves (in the absence of Mr Christian Teunissen) to approve the intended acquisition of the property located at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven for a sale price of EUR 1,869,000.*

*The Board of Directors approves this proposed acquisition and authorises any director (other than Mr Christian Teunissen),*



*acting alone and with power of substitution, to (i) continue the negotiation of these transactions, (ii) to conclude and sign all necessary agreements and documents, and (iii) in general to approve and sign all necessary or useful documents, to complete all formalities, and to make all publications (including press releases), which may be necessary or conducive in the context of this transaction.'*

#### **6.1.15.2 Approval of the executive management's remuneration**

On 6 July 2018, the Board of Directors, which also acts as the Remuneration Committee, approved an increase in the fixed and variable pay of the executive management, which includes executive directors Christian Teunissen and Frederik Snauwaert. The rules on conflicts of interest were applied in this regard in accordance with Article 523 of the Belgian Companies Code. The relevant extract from the minutes is included below.

*'The Board of Directors, acting in its capacity as the Remuneration Committee ('Remuneration Committee') is considering the discussion and approval of an increase in the remuneration of the executive management. The Board of Directors has read the notification shown below by Christian Teunissen and Frederik Snauwaert on a conflict of interest under property law pursuant to Article 523 of the Belgian Companies Code ('Companies Code'). Christian Teunissen and Frederik Snauwaert leave the meeting after reporting this conflict of interest.*

##### **1. The Board of Directors takes note of the statement of Christian Teunissen and Frederik Snauwaert in accordance with Article 523 of the Companies Code.**

*The Board of Directors takes note of the statement by Christian Teunissen and Frederik Snauwaert pursuant to Article 523 of the Companies Code concerning their interest under property law that is in conflict with the intended decisions of the Board of Directors, which also acts as the Remuneration Committee (in the absence of Christian Teunissen and Frederik Snauwaert). This conflict of interest under property law is reported to the directors prior to the discussion and decision-making with regard to this agenda item. The Statutory Auditor is also informed accordingly.*

*A copy of the above-mentioned statement is attached to these minutes as an Appendix.*

##### **2. Approval of remuneration and variable pay criteria**

*The Remuneration Committee takes note of the notifications in the context of the proposed change to the remuneration. This will logically be paid for by Xior, which will therefore bear the financial consequences. This results in a conflict of interest under property law between Xior and Christian Teunissen and Frederik Snauwaert.*

*The property consequences of Xior paying for the remuneration are shown in the Appendix to these minutes, which includes the remuneration overview (see below).*

*Mr Teunissen and Mr Snauwaert have stated in their respective statements recognised by the Remuneration Committee that the approval by the Board of Directors of an increase in the remuneration is justified in light of general industry standards and that the increase is an appropriate market-based incentive for the CEO and CFO and therefore in the Company's interest. The aforementioned study by Hudson supports the fact that the proposed increase in the remuneration is within the contours of the benchmark findings on other companies.*

*Taking into account the above, the Remuneration Committee decides to increase the (fixed and variable) remuneration of (the three members of) the executive management and to set the amounts in the Appendix, resulting in a total fixed remuneration (including fixed expense allowance) of EUR 805,000 and a total variable remuneration of EUR 247,000 on an annual basis for the three members of the executive management. For the record, it is specifically noted that this implies that the executive directors would not receive any additional remuneration in their capacity as members of the Board of Directors, and that they will waive this to any extent necessary. The Chairperson of the Board of Directors indicated that Christian Teunissen and*

*Frederik Snauwaert confirmed to her that they have agreed to this. [...]*

*The Board of Directors authorises any director acting alone with the power of substitution to amend and sign the Management Agreement (provided that the relevant director does not sign his own management agreement on behalf of the Company).'*

### **6.1.15.3 Facilitation by Aloxe NV in the context of the contribution transaction**

In the context of the proposed contribution in kind of the shares of All-In Annadal B.V., the Board of Directors approved a number of transactions on 4 December 2018 in which it acted to facilitate the transaction as the reference shareholder of the Company, Aloxe NV. The rules on conflicts of interest were applied in this regard in accordance with Article 523 of the Belgian Companies Code. The relevant extract from the minutes is included below.

#### ***Arrangements relating to Conflicts of Interest – Acknowledgement of the statement of Christian Teunissen and Frederik Snauwaert in accordance with Article 523 of the Companies Code.***

*Prior to this meeting, Mr Christian Teunissen and Mr Frederik Snauwaert each separately made the following statement to the members of the Board of Directors and the statutory auditor:*

*"I am writing to you in my capacity as a member of the Board of Directors (the 'Board of Directors') of Xior Student Housing NV ('Xior').*

*I refer to the forthcoming meeting of the Board of Directors on 4 December 2018, which will deliberate and decide on (among other things) the 'Aloxe Agreement', as described in the relevant notice convening the meeting. Defined terms that have been capitalised will have the meaning ascribed to them in the notice convening the meeting. This agreement sets out the arrangements agreed between Xior and Aloxe NV ('Aloxe') in the context of the proposed Transaction (as also explained in the notice convening this meeting). In particular, this concerns the arrangements relating to the placing of shares for an amount of up to approximately EUR 30,000,000 by Aloxe, at the request of Xior, and a commitment to purchase the new shares that would be issued as a result of the contribution in kind by the Contributor in the context of the Transaction, as to be further specified in the Aloxe Agreement.*

*The meeting will also discuss and decide on the conclusion of an agreement between Xior, Aloxe, ING Belgium NV and Bank Degroof Petercam NV (the 'Placement Agreement') concerning the mandate on the placement of shares by Aloxe at the request of Xior, including the approval for Xior to be charged for the commissions and costs. The Placement Agreement will largely be identical to the Placement Agreement that was used in the context of market precedents. It is expected that this placement commission will amount to approximately EUR 375,000, depending on the discount applied on placement.*

*Pursuant to Article 523 of the Belgian Companies Code, I wish to report that I may have a conflict of interest under property law with respect to these agenda items given that the aforementioned 'Aloxe Agreement' and the 'Placement Agreement' relate to the provision of services to Aloxe (at Xior's request) by ING and Degroof Petercam. As Xior would be charged for the commissions and costs associated with the placement of the Aloxe share package, and that Xior would therefore be subject to the financial consequences ensuing from this, there is essentially a conflict of interests under property law between Xior and myself (in view of my participation in Aloxe) in relation to these resolutions.*

*The consequences under property law for Xior as a result of accepting the charges for commissions and costs are set out in the Placement Agreement which is to be concluded with Xior, ING and Degroof Petercam.*

*However, I believe that the approval of the Board of Directors for the arrangements that will be set out in the final Aloxe Agreement and the final Placement Agreement are in the interest of Xior, in particular since the placement is to be made at Xior's request, and in view of the fact that the placement precisely serves to make the Transaction as a whole, as described in the special report of the Board of Directors prepared in the context of the Transaction, possible, is in the interest of Xior*

*and its shareholders. Furthermore, the price at which the shares will be acquired will be equal to the issue price of the issued shares, ensuring that no arbitrage profits will be booked by Aloxe.*

*The sale of the shares in Aloxe and the payment of the associated placement commission will be effectuated at arm's length, and the arrangements agreed in this respect with Aloxe will be in the interests of Xior given that, through the deal, Xior will acquire an appealing student site while the capital structure of Xior will be strengthened and the debt ratio will be managed."*

*Mr Christian Teunissen and Mr Frederik Snauwaert refer to the various elements of their respective statements, and then leave the meeting; in view of this, they do not take part in the deliberations and/or decision-making on the agenda items 3 to 6 of this meeting of the Board of Directors.*

*The Board of Directors acknowledges the above statement and establishes that the aforementioned 'Aloxe Agreement' and the 'Placement Agreement' relate to the provision of services by ING Belgium NV and Bank Degroof Petercam NV to Aloxe (at the request of Xior), the consequences under property law for Xior would consist, among other things, of the acceptance of the commissions and costs relating to the placement of the package of shares of Aloxe, Xior as a result endures the financial consequences of this, and as a result there is a fundamental conflict of interests under property law in relation to these decisions between Xior for the one part, and Mr Christian Teunissen and Mr Frederik Snauwaert (through their participation in Aloxe) for the other part.*

*The consequences under property law for Xior as a result of accepting the commissions and costs are set out in the Placement Agreement that is to be concluded between Xior, Aloxe, ING Belgium NV and Bank Degroof Petercam NV, whereby the placement commission is expected to amount to approximately EUR 375,000, depending on the discount obtained at the time of placement.*

*The Board of Directors concurs with the assertion made in the respective statement that the approval by the Board of Directors of the arrangements that will be set out in the final Aloxe Agreement and the final Placement Agreement are in the interest of Xior, in particular since the placement is to be made at Xior's request, and in view of the fact that the placement precisely serves to make the Transaction as a whole, as described in the special report of the Board of Directors prepared in the context of the Transaction, possible, is in the interest of Xior and its shareholders.*

*The Board of Directors also concurs with the assertion made in the respective statements that the sale of the existing shares in Xior by Aloxe, and the payment of the associated placement commission, will be effectuated at arm's length, and that the arrangements that are agreed in this respect are in the interests of Xior given that, through the deal, Xior manages to acquire an appealing student site, while Xior's capital structure is strengthened and its debt ratio is managed.*

*Finally, the Board of Directors notes that the price at which the new Xior shares will be issued following the full or partial exercise of the Contribution Option will be equal to the issue price of the shares issued by Aloxe, so that no arbitrage profits will be earned by Aloxe on the price of the shares.*

*In view of the foregoing, the Board of Directors takes the view that the resolutions of agenda items – and – (and the related resolution of agenda items 3, 7 and 8) are in the interests of Xior.*

*[...]*

#### **Discussion and approval of the Aloxe Agreement – Authorisation**

*Mr Christian Teunissen and Mr Frederik Snauwaert leave the meeting at the start of this agenda item.*

*The Board of Directors explains that the Aloxe Agreement relates to the placement of existing shares in Xior by Aloxe for an amount of up to approximately EUR 30,000,000 (sum is indicative), at the request of Xior, and a commitment by Aloxe to purchase the new shares that would be issued as a result of the contribution in kind by the Contributors in the context of the*

*Transaction, allowing the Company to exercise the Contribution Option (as set out in the contractual documentation) for this sum and to effectuate the Transaction.*

*Following the discussion, the Board of Directors decides unanimously to approve the Aloxe Agreement in the context of the Transaction. The current draft of the Aloxe Agreement will be appended to these minutes.*

*The Board of Directors unanimously approves the authorisation to each of two directors, acting together, with the power of substitution, to continue the negotiation, conclude and execute the Aloxe Agreement, and to carry out all necessary or conducive acts in execution of or in relation to the Aloxe Agreement.*

*[...]*

***Discussion and approval of the Placement Agreement between Xior, Aloxe, ING Belgium and Bank Degroof Petercam – Authorisation***

*Following the discussion, the Board of Directors unanimously approves the Placement Agreement (including approval of the commissions and costs chargeable to Xior). The current draft of the Placement Agreement will be appended to these minutes.*

*The Board of Directors unanimously authorises each of two directors, with the power of substitution, to continue the negotiation, prepare, amend, conclude and execute this Placement Agreement, and to carry out all necessary or conducive acts in execution of or in relation to this Placement Agreement, including the determination of the placement price and the allocation.'*

#### **6.1.15.4 Other real estate activities of the executive directors and the companies to which they are associated**

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

Furthermore, these activities do not constitute significant competitive activities in relation to the Company's student housing activities. For the sake of completeness, it is mentioned that CEO Christian Teunissen has a stake in a company holding a limited number of student housing units he has no control over, and CFO Frederik Snauwaert has a stake in another company holding a limited number of student housing units he has no control over. Both are exit scenarios and neither person has any intention of expanding these student housing activities in the future. Because of the limited scope of these activities, they could never cause any significant competition with the Company's student housing activities.

#### **6.1.16 STATEMENTS**

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

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

## 6.1.17 REMUNERATION REPORT

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### 6.1.17.1 General

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

The report was drawn up and approved by Xior's Board of Directors, also acting as the Remuneration Committee, on 4 February 2019.

### 6.1.17.2 Remuneration of the members of the Board of Directors

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

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

The Company's remuneration policy distinguishes between two types of directors: the executive director and the non-executive director (independent or otherwise). The directors are not awarded a variable fee (in their capacity as directors), nor any fee for specific operations or transactions of the public RREC or its subsidiaries. For the executive directors' variable fee in their capacity as executive management members, see Chapter 6.1.17.5. This fee is therefore in accordance with Article 35 of the Law on Regulated Real Estate Companies.

### 6.1.17.3 Executive directors

The Company's directors who are also members of the executive management receive no fixed fee, nor an attendance fee. As a member of the executive management, they receive a management fee (see *Chapter 6.1.17.5 of this Annual Report* below).

### 6.1.17.4 Non-executive directors

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

Non-executive directors receive a fixed fee of EUR 17,500 per year and an attendance fee of EUR 750 for each meeting of the Board of Directors. The amount of the attendance fee for the non-executive directors is approved by the general meeting on the recommendation of the Board of Directors (also acting as an appointment and remuneration committee). The non-executive directors also receive a fixed expense allowance of EUR 2,500 per year.

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

As a member of the Investment Committee, which was established in 2018 (see *Chapter 6.1.13 of this Annual Report*), Mr Joost Uwents was awarded an additional fee of EUR 10,000 (fixed annual fee) as well as an attendance fee of EUR 750 per meeting of the Investment Committee.

**6.1.17.5 Remuneration of the members of the executive management**

Members of the executive management who are also members of the Board of Directors do not receive any fee in their capacity as members of the Board of Directors. As a member of the executive management, they receive a management fee.

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

The members of the executive management each entered into a management agreement with the Company on 23 November 2015. These management agreements were last amended in 2018 to implement the increased remuneration of the executive management, as decided by the Board of Directors, also acting as the Remuneration Committee, on 6 July 2018 (see Chapter 6.1.15.2 of this Annual Report). These management agreements, as amended, also refer to the criteria for variable pay.

The fixed annual fee of the CEO is EUR 330,000 (subject to annual indexation) and the variable annual remuneration is set at EUR 100,000 (subject to annual indexation).

The total fixed annual fee granted to the other two members of the executive management amounts to EUR 475,000 in total (subject to annual indexation) and the variable annual fee has been set at EUR 147,000 in total (subject to annual indexation).

The variable fee depends on criteria related to factors such as occupancy rate, portfolio growth, debt ratio and EPS.

Each year, the Company's Board of Directors (also acting as the remuneration committee) decides on the variable fee to which the executive management members may effectively be entitled for their activities during the previous financial year. The achievement of the financial criteria is checked based on the Company's accounting and financial data. The calculation of the possible variable pay is based on the extent to which the objectives have been achieved and serves as a guideline for the Board of Directors (acting as the Remuneration Committee) to make a final decision on the variable pay.

The Board of Directors also determines the future amounts of the variable fee, and the performance criteria to which they are subject. If a proposal is made to create a system by which the members of the executive management are paid in the form of shares, share options or any other right to acquire shares, this system must be pre-approved by the Company's shareholders. The criteria for allocating the income-based variable fee for the executive directors only relate to the public RREC's consolidated net result and exclude all fluctuations in the fair value of the assets and hedging instruments. No remuneration is paid based on a specific operation or transaction of the public RREC or its subsidiaries. This fee is therefore in accordance with Article 35 of the Law on Regulated Real Estate Companies.

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

In the context of early termination of the above management agreements with a current member of the executive management, it was stipulated that the severance payment may not exceed the fees applicable for three months on the date of termination (fixed fee and the proportionate amount of the variable fee, based on the variable fee that was actually granted for the previous financial year), plus 1 month for each commenced year, subject to a maximum of 12 months.

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



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

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

#### 6.1.17.6 Summary of the remuneration of the members of the Board of Directors and executive management for 2018

<b>Board of Directors</b>	<b>Fixed fee</b>	<b>Attendance fee</b>	<b>Expense allowance</b>	<b>Total</b>
Leen Van den Neste	EUR 17,500	EUR 9,000	EUR 2,500	EUR 29,000
Joost Uwents	EUR 17,500	EUR 9,000	EUR 2,500	EUR 29,000
Wilfried Neven	EUR 17,500	EUR 8,250	EUR 2,500	EUR 28,250
Wouter De Maeseneire	EUR 17,500	EUR 9,000	EUR 2,500	EUR 29,000
Christian Teunissen	-	-	-	-
Frederik Snauwaert	-	-	-	-
<b>Total</b>	<b>EUR 70,000</b>	<b>EUR 23,250</b>	<b>EUR 10,000</b>	<b>EUR 115,250</b>

<b>Executive management</b>	<b>Fixed fee</b>	<b>Variable fee</b>	<b>Total</b>
CEO	EUR 330,000	EUR 120,000	EUR 450,000
CFO & CIO	EUR 475,000	EUR 163,000	EUR 638,000
<b>Total</b>	<b>EUR 805,000</b>	<b>EUR 283,000</b>	<b>EUR 1,088,000</b>

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

#### 6.1.17.7 Share options

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

## 6.2

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

### 6.2.1 CAPITAL STRUCTURE

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On 31 December 2018, the Company's capital was EUR 247,838,670 divided into 13,768,815 non-par-value shares, each representing 1/13,768,815th of the share of the capital.

There are no preference shares. Each of these shares confers the right to one vote in the General Meeting. The existing shareholders have a pre-emptive right in case of a capital increase in the Company (also see Chapter 10.9.17 of this Annual Report).

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

There is no restriction on voting rights by law or under the Articles of Association. Xior's Articles of Association contain no provisions that restrict the free transferability of the shares. In the context of the public capital increase of June 2018 (SPO), the Company's promoter Aloxe NV has entered into lock-up obligations, by which it has undertaken not to sell the shares in the Company it held on the date of completion of the offer for a fixed period. A number of normal exceptions were provided in relation to the above lock-up arrangements. The above lock-up exceptions have now ended.

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

### 6.2.2 DECISION-MAKING BODIES

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The rules that apply to the appointment or replacement of members of the Board of Directors and to the amendment of Xior's Articles of Association, are those included in the applicable legislation – specifically the Belgian Companies Code and Legislation on Regulated Real Estate Companies – and in the Company's Articles of Association (see also *Chapter 6.1.4 of this Annual Report*, as well as the Articles of Association that are included under *Chapter 12.5 of this Annual Report*).

### 6.2.3 AUTHORISED SHARE CAPITAL

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At the extraordinary general meeting of 14 December 2018, the Board of Directors was authorised to increase the share capital in one or more instalments (see also *Chapter 10.9.17 of this Annual Report* and Article 7 of the Articles of Association

which are included in *Chapter 12.5 of this Annual Report*).

On 31 December 2018, the Board Of Directors had not yet used the (renewed) mandate it was granted to increase the capital.

#### **6.2.4 PURCHASE OF SHARES**

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

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

The Company does not hold any of its own shares.

#### **6.2.5 CONTRACTUAL PROVISIONS**

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







Wycker Grachtstraat  
**MAASTRICHT**



**07**

# The Xior share



## 7.1

## THE SHARE ON EURONEXT BRUSSELS

The Xior share (ISIN code BE0974288202) has been listed on the regulated Euronext Brussels market since 11 December 2015. The Xior share moved from the BEL Small to the BEL Mid index of Euronext Brussels in 2017 and was also included in the EPRA Index that year. Xior is the first fully dedicated student housing REIT in continental Europe that has been included in the index.



The closing price on the last trading day of 2018 (31 December 2018) was EUR 38.00, which represents a premium of 27.6% compared with the net asset value per share on 31 December 2018 (see Royal Decree on Regulated Real Estate Companies), which was EUR 29.78<sup>32</sup> per share. Xior's market capitalisation on Euronext Brussels rose to approximately EUR 523 million in 2018.

#### Graph of price evolution vs. intrinsic value

The share price of Xior shares at the end of the third year as a listed company was EUR 38.00. In a turbulent year on the



stock markets, the share held up well, once again confirming confidence in the niche market of student accommodation and in Xior. Furthermore, Xior shares enjoyed increased visibility and liquidity among investors, partly buoyed by exceeding the threshold of EUR 500 million in terms of market capitalisation. The average daily volume based on the number of outstanding shares at year-end stood at 10,193 shares. The share turnover – the number of shares traded per year divided by the total number of shares available at the end of the year – stood at 18.80%.

Data per share	31/12/2018	31/12/2017	31/12/2016
Number of issued shares <sup>1</sup>	13,768,815	8,128,249	5,270,501
Weighted average number of shares <sup>2</sup>	11,109,319	6,851,483	4,926,405
Market capitalisation (in EUR)	523,214,970	316,920,429	187,998,771
Free float <sup>3</sup>	71.22%	75.01%	71.00%
Share price (closing price) for relevant period (in EUR)			
Highest	41.00	41.40	37.19
Lowest	33.20	35.13	26.76
Average	37.71	37.49	33.22
At year-end closing	38.00	38.99	35.67
Volume (in number of shares)			
Number of shares traded	2,589,031	1,297,992	1,246,297
Average daily volume	10,193	5,090	4,849
Share turnover	18.80%	15.97%	23.65%
NAV (IFRS) (in EUR)	29.78	28.44	24.97
EPRA NAV  (in EUR) <sup>4</sup>	31.45	27.58	25.33
Dividend payout ratio	85.6%	84%	98.3%
EPRA earnings  per share <sup>3</sup> (in EUR)	1.46	1.43	1.17
Gross dividend per share (in EUR) <sup>5</sup>	1.25	1.20	1.15
Net dividend <sup>6</sup> per share (in EUR) <sup>5</sup>	0.875	0.84	0.805
Gross dividend yield <sup>7</sup>	3.40%	3.18%	3.33%
Net dividend yield <sup>8</sup>	2.38%	2.23%	2.33%

<sup>1</sup> The data are displayed as they are made available on the website of Euronext Brussels, without any adjustments for corporate events such as capital increases and coupon detachments.

<sup>2</sup> In relation to the relative dividend entitlement.

<sup>3</sup> Approximate estimate taking into account the known percentages of shareholders who issued a transparency notice (based on the current total number of shares (denominator)).

<sup>4</sup> Based on total amount of outstanding shares. – For APM definitions, use and reconciliation tables, please refer to Chapter 10.8 of this Annual Report. All APMs are marked with .

<sup>5</sup> Calculated on the basis of the weighted average number of shares.

<sup>6</sup> Taking into account 30% withholding tax.

<sup>7</sup> Calculated as gross dividend divided by (closing price – gross dividend).

<sup>8</sup> Calculated as (gross dividend – 30% withholding tax) divided by (closing price – gross dividend)

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



Market: Euronext Brussels  
 Symbol: XIOR  
 ISIN code: BE0974288202  
 Listing: continuous  
 Index: BEL Mid & EPRA Index  
 Liquidity provider: Degroof Petercam

## 7.2 SHAREHOLDERSHIP

For a summary of Xior's shareholding structure, please refer to *Chapter 6.1.3 of this Annual Report*.

## 7.3 COUPON INFORMATION

No.	Type	Dividend period	Gross dividend value	Reason for the detachment	Ex date	Record date	Payment date
1	Dividend	01/01/'16 – 10/09/'16	EUR 0.892	Contribution in kind	12/10/'17	13/10/'17	19/05/'17
2	Dividend	11/09/'16 – 31/12/'16	EUR 0.258	Contribution in kind	18/01/'17	19/01/'17	19/05/'17
3	OTR <sup>1</sup> (SPO '17)	N/A	N/A	SPO 2017	08/06/'17	09/06/'17	N/A
4	Dividend	01/01/'17 – 21/06/'17	EUR 0.565	SPO 2017	08/06/'17	09/06/'17	22/05/'18
5	Dividend	22/06/'17 – 31/12/'17	EUR 0.635	Contribution in kind	29/03/'18	03/04/'18	22/05/'18
6	OTR <sup>1</sup> (SPO '18)	N/A	N/A	SPO 2018	31/05/'18	01/06/'18	N/A
7	Dividend	01/01/'18 – 11/06/'18	EUR 0.555	SPO 2018	31/05/'18	01/06/'18	May 2019 <sup>2</sup>
8	Dividend	12/06/'18 – 04/12/'18	EUR 0.603	Contribution in kind	06/12/'18	07/12/'18	May 2019 <sup>2</sup>
9	Dividend	5/12/'18 – 31/12/'18	EUR 0.092	--	17/05/'19 <sup>2</sup>	20/05/'19 <sup>2</sup>	21/05/'19 <sup>2</sup>

<sup>1</sup> Preferential and irreducible allocation right.

<sup>2</sup> Expected date, subject to change.

## 7.4

**2019 FINANCIAL CALENDAR**

The financial calendar for 2019 is shown below. In contrast to previous years, the financial publications will in future be made in the evening (following the close of markets) rather than on the morning after (before the markets open).

Date	Item
2 May 2019	Registration date of Annual Meeting participation
29 April 2019	Announcement of the results for the first quarter of 2019
10 May 2019	Deadline for confirming participation in the Annual Meeting (bank certificate/mandate)
16 May 2019	Annual Meeting of shareholders
17 May 2019	Ex date coupon no. 9
20 May 2019	Record date coupon no. 9
21 May 2019	Payment date for dividend 2018 (coupon nos. 7, 8 and 9)
5 August 2019	Announcement of half-yearly results for 2019 and publication of the 2019 Half-Yearly Financial Report
24 October 2019	Announcement of the results for the third quarter of 2019

Dates are subject to change. For possible changes, please refer to the financial agenda on the website [www.xior.be](http://www.xior.be).

## 7.5

**DIVIDEND POLICY**

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

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

The Company proposes a gross dividend of EUR 1.25 per share for the financial year of 2018, subject to approval at the

Company's general meeting. Pursuant to Articles 171(3) to 269 of the Income Tax Code, the withholding tax on dividends paid by a public RREC like Xior has generally been 30% since 1 January 2017 (see Articles 171(3) to 269, Section 1(1) of the Income Tax Code).

Subject to the availability of distributable reserves and the approval of the general meeting, the Company intends at least to maintain a stable dividend or to increase it year on year.

## 7.6

# OUTLOOK - PROFIT FORECAST

### 7.6.1 GENERAL

The outlook below includes the forecast for the financial year of 2019 with regard to the consolidated EPRA earnings<sup>33</sup> and consolidated balance sheet of Xior Student Housing NV.

This forecast was based on the information available on 31 December 2018 and takes into account post balance sheet events if these exist<sup>33</sup>.

The actual development of the forecast of the consolidated EPRA earnings<sup>33</sup> depends on the evolution of the economy, financial markets and property markets. Xior's prospective information, projections, convictions, opinions and estimates regarding the expected future performance of Xior and the market in which it operates are not a Company commitment. By nature, prospective statements involve inherent risks, uncertainties and assumptions, both general and specific, and there is a risk that the prospective statements will not be achieved.

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

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

### 7.6.2 HYPOTHESES

#### Used accounting methods

The accounting basis used for this forecast is consistent with the accounting methods used by Xior in preparation of its consolidated accounts on 31 December 2018 in accordance with the IFRS as implemented by the European Union and the Royal Decree on Regulated Real Estate Companies.

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

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

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

#### Net rental result:

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

#### Other operating income and expenses:

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

#### Property charges:

- These expenses mainly include the costs of maintenance and repairs, insurance, taxes, publicity, property management, valuation experts and property tax that are not charged to students. For 2019, they were estimated based on the current portfolio and the expected investments.

#### Overheads:

- Overheads include the Company's internal operating expenses, which are management fees, director fees, costs of the administrative personnel, liability insurance expenses, office expenses, depreciation and installation costs. They also include contractual rent owed to the registered office in Antwerp;



- They also include the estimated expenses for external consultants, solicitors, tax experts, accounting and IT and the Statutory Auditor's fee;
- For a listed company, the overheads also include the annual taxes for the RREC, fees owed to the financial agent and liquidity provider, Euronext listing fees, expenses with regard to the prudential monitoring of RRECs and the budget for financial communication. Only the costs of financial communications can be influenced by the Company.

#### Interest charges:

- The estimate of the interest charges is based on the evolution of the financial debt starting from the current situation on 31 December 2018 and an estimate of the additional debt to finance the investment programme implemented in 2019. The interest charges are budgeted per contract based on the agreed interest rates.

#### Taxes:

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

### 7.6.3 FORECAST OF THE CONSOLIDATED RESULTS AND DIVIDEND EXPECTATIONS

For the 2019 financial year, the Company is anticipating EPRA earnings per share of EUR 1.60, an increase of 9.6% compared to 2018. It is also applying a target of EUR 1.30 for the gross dividend per share (an increase of 4% compared to 2018). Xior therefore expects a healthy increase in its earnings per share compared with the previous year even though the number of shares increased by 69% in the course of 2018 as a result of the successful capital increase in June 2018 and contributions in kind in March and December. These capital increases are one of the reasons why Xior managed to achieve a strong project development pipeline, which will start to contribute fully to the return and the intended further growth of the portfolio, EPRA earnings and dividend in the course of 2019 and 2020.

### 7.6.4 STATUTORY AUDITOR'S REPORT ON THE PROFIT FORECAST

*Statutory auditor's assurance report on the analysis of prospective financial information in view of the inclusion of such information in the registration document*

At your request and pursuant to Article 13.2 of Annex I of EC Regulation No. 809/2004, we have prepared this report on the forward-looking financial information of the company Xior Student Housing NV ('the Company'), which is included in chapter 7.6 of its Annual Financial Report 2018 of the group (the Annual Financial Report 2018) (hereinafter 'the Registration Document').

#### Responsibilities of the Board of Directors

In accordance with EC Regulation 809/2004, the Board of Directors is responsible for the preparation of the pros-

pective financial information and the determination of estimates and relevant assumptions on which this prospective financial information is based. The aforementioned forward-looking financial information as well as the stipulations and assumptions were included in chapter 7.6 of the Registration Document (the 'Criteria').

#### Responsibilities of the statutory auditor

The statutory auditor is responsible for the expression of an opinion on whether the prospective financial information prepared by the Board of Directors, has been prepared in

all material respects, on the basis of appropriate criteria identified.

For the projection on the financial year ending 31 December 2019, we investigated the forward-looking financial information of the Company, as well as estimates and relevant underlying assumptions, as included in the Registration Document, on which this prospective financial information is based.

We conducted our engagement in accordance with the 'International Standard on Assurance Engagements, as applicable in the analysis of prospective financial information' (ISAE 3400). The purpose of such an engagement is to obtain a limited degree of certainty that the assurance risk is reduced to an acceptable level to serve as a basis for a conclusion, expressed in the negative form, on the prospective financial information, and more specifically on whether anything has come to our attention which leads us to believe that the prospective financial information has not been compiled in accordance with the appropriate Criteria as set out in chapter 7.6 of the Registration Document.

As for the forward-looking information, we have performed our work in order to obtain sufficient appropriate evidence to determine whether the assumptions are not unreasonable, using appropriate accounting principles.

### Conclusion

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

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

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

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

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

Sint-Stevens-Woluwe, 28 march 2019

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

Damien Walgrave  
Statutory Auditor





Minderbroedersstraat  
**LEUVEN**

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**08**

# Property report



# 8.1

## PROPERTY MARKET

The Company mainly holds properties intended for student housing in Belgium and the Netherlands.

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

### STUDENT HOUSING IN BELGIUM & THE NETHERLANDS

Global student populations are increasing, and the rising middle class is expected to fuel continued growth in international student mobility. Quality universities and a wide range of English-taught programs in Belgium and the Netherlands have been a draw for these international students, helping to offset a slower growth of domestic students from demographic evolutions. While the student housing market is maturing, imbalances persist. A diverse student body and limited budgets mean new and varied formats and operating models are needed to support a healthy market.

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

### GLOBAL & EMEA

#### Students

Global student populations are on the rise, primarily driven by developing countries. Over the next eight years, India and China are on track to have the first and second highest number of tertiary enrolments. Some more-developed nations are experiencing slower growth in the immediate future from demographic evolutions. This phenomenon, however, is likely to be temporary, as the university-age population is expected to grow over the longer term.

Globally, student numbers are being driven by a variety of factors. By 2020, the middle class is expected to be the largest socio-economic group for the first time, mainly as a result of Asian economic growth. The middle class tends to invest more of its income in education, suggesting greater educational participation and demand for higher education facilities.

Higher education is also becoming increasingly globalised. Increasing sixfold between 1975 and 2015, the number of international students is estimated at over 5 million today. Perhaps the greatest potential, though, lies in the Asia Pacific region. Growth in the number of internationally mobile students from India and China has been upwards of 100,000 annually.

With respect to Europe, the Erasmus + program remains the dominant vehicle for student mobility among member states. In 2017, nearly 800,000 people studied, worked, or volunteered in a member state via the Erasmus+ program, a 10% increase

year-over-year. Of these, 312,300 were higher education students. With respect to Belgium, 11,295 higher education students and staff were sent to other countries, while 12,353 were received. With respect to the Netherlands, 15,284 were sent to other countries, while 16,413 were received.

### **Market trends & -dynamics**

From an investment perspective, the growing popularity of the sector calls into question the familiar label of student housing as an 'alternative' asset class. In the latest CBRE Investor Survey, respondents noted a higher interest in this sector for 2018 (24% vs 18% in 2017) and the number one rated physical 'alternative' real estate investment option. Investors are increasingly viewing it as a defensive option that also provides portfolio diversification.

As the market evolves, major players seek to consolidate to operate at scale. This is driven by the continued desire for operating cost savings, increased market share, and enhanced brand awareness. The pursuance of these trends is leading to a greater maturity of the market, evidenced by, among other things, the growing number of specialised REITs. Student housing REITs now hold an estimated \$4.9 billion AuM globally.

Diversity in terms of operating models and form factors is also growing. International and Erasmus students often have different demands compared with domestic students in terms of furnished spaces and lengths of stay. Students also have changing demands and budgets as they progress in their education, again impacting the range of housing needed to satisfy the market. Additionally, operators are exploring other means of income including summer stays for interns and new workers or hotel-like operation for events such as music festivals. Though diversifying the user base, a mixed-purpose facility can often require planning permission and incur additional costs from differences in, for example, VAT recovery that reduce OPEX transparency.

The co-living concept has taken shape as a way of offering transient young students and professionals communal living. Planning consent in the same vein as student hotels is often required. In Belgium, a related new project is the development of student homes in a woonzorgcentrum in Antwerp, requiring interaction between students and the elderly. The bottom line is that unique offers with new operating models are finding ways to satisfy demand within the diverse student housing realm.

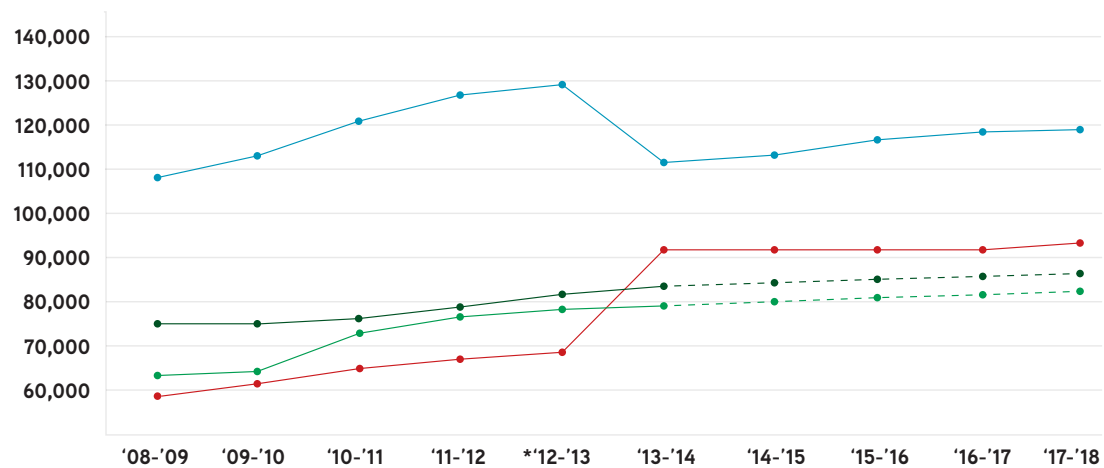
## **BELGIUM**

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### **Students**

Comprehensive statistics on students are lacking in Belgium, though a useful picture can still be drawn from available data. For the 2017-2018 academic year, there were 221,955 higher education students enrolled in institutions under the Flemish Community (including those schools in the Brussels Region), a 0.89% increase over the previous year. Student count in the French Community (including those in the Brussels Region) was 183,043 in 2013-2014, the last available year. Applying reasonable growth rates considering the recent past, participation rates, and the evolution of 18- to 24-year olds, we estimate student count of 190,000 in the French Community and a total count of 412,000 for Belgium (2017-2018). Of these, more than 100,000 students are estimated in Brussels.

Higher Education Student Count by Community and Academic Year



\*Marks the reclassification various hogeschool programs to universities

Dotted line is to indicate an estimation where actual numbers are not available

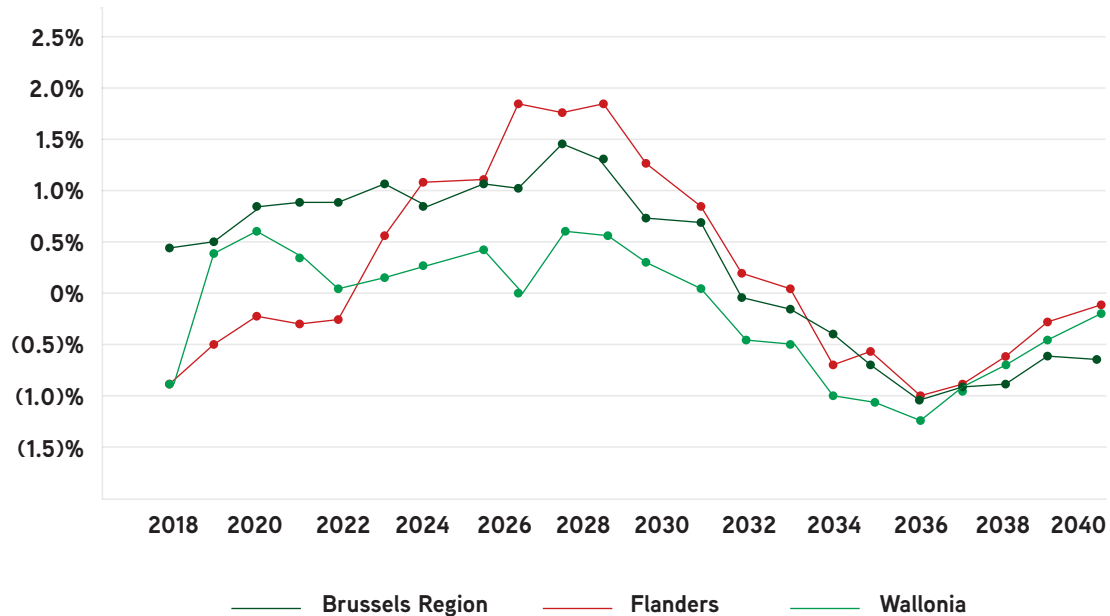
Source: CBRE, CREF, ETNIC, Hoger Onderwijs Vlaanderen

For the 2018-2019 academic year, the Flemish Community counted 240,332 registrations. This is a 0.49% year-over-year increase. Universities noted the largest increase in registrations at 1.8%, while those for professional education actually declined 0.8% from the previous year. Institutions with the greatest positive change include VUB (7.6%), Hasselt (4.6%), and Thomas More Mechelen-Antwerpen (3.6%).

Growth in the domestic student population is anticipated to be slower due to demographic factors. At the beginning of 2018, there were 924,693 people in Belgium of typical higher education age (18 to 24 years old). The Federal Planning Bureau projects this number to be flat for the next four years and increase over the following decade before retreating again over a similar period. This results in a population of 18- to 24-year olds in 2040 of 947,294, or an increase of 2.4% from today. The greatest positive change is forecast for Brussels Region (+6.7%), while Wallonia will see a fall (-3.2%) in this age group.



Forecast annual Change of 18- to 24-yr Olds in Belgium by Region



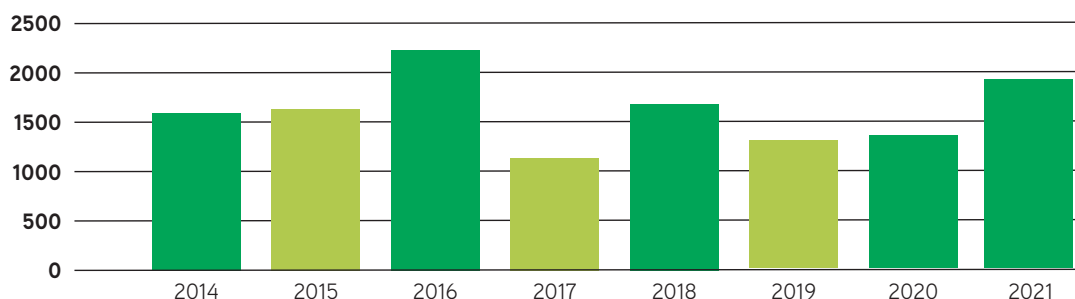
Source: Federal Planning Bureau

### Market dynamics

Following the introduction of 'kotlabel' administration in major markets such as Leuven and Ghent, additional regulatory changes are underway that are further institutionalising the market. New rules effective January 2019 for the Flemish residential market and September 2018 for the Walloon market reaffirm various tenant rights. For example, in Flanders students will have the ability to terminate the kot lease at the end of the studies instead of continuing the agreement through the full period. In Wallonia, a maximum contract length of 12 months can be terminated early with proper notice and three months of rent paid in full. Students can also sublease with landlord approval during, for example, Erasmus studies abroad. Such codified rights will bring greater transparency to the market.

Sustained development has led to a better balance of student housing supply and demand in major markets, though frictions persist. In Leuven, there is a slight oversupply that has led to flat if slightly decreasing rents to 330 to 355 €/mo (kot incl. costs). KU Leuven has identified a vacancy of 1.5% as a healthy market. Antwerp also has a relatively balanced market at the moment. In newer and rapidly growing student cities like Hasselt, there is a lack of product. Here, a 97-unit tower was completed fully-let in 2018, and 87-unit and 147-unit projects are expected in 2019 and 2020, respectively.

There is still appetite for student housing in Ghent. An overall lack of general housing and a relatively poor quality of residential stock underpins the need for more units in Belgium's second largest student city. An estimated 750 units per year over the coming years is needed to fill this shortfall. Additionally, Mechelen appears underserved, seeing rents rise this past year, though remaining modest compared to larger markets like Leuven. In Liège, some 300 students per year struggle to find student accommodations. The university cannot cope with demand, relying instead on private sector input.

*Development Pipeline of Student Housing Projects in Belgium*

Planned student housing development is continuing at a consistent pace. More than 1,800 units in major projects were completed in 2018, with an additional 5,000 units expected to come on line over the next three years. Development in Brussels is robust but has lagged somewhat in Walloon markets, leading to a supply shortage. Major master plans have been drawn up for locations such as Seraing and La Bavière in Liège and Esprit Courbevoie in Louvain-la-Neuve, but have been slow to get off the ground.

**Investment**

Pure student housing investment remains limited in Belgium, and the players active on the market are primarily domestic. The sector does remain popular for individual investors, affording yields significantly better than bonds and savings, and a way of gaining exposure to real estate in one's portfolio. Just one transaction was of note in 2018 – the acquisition of 94 student rooms in Brussels for €3.8 million. Acquisitions for the purpose of student housing conversion are ongoing.

**Conclusion**

The Belgian student housing market continues to mature but remains inconsistent across the country. Leuven and Antwerp are the most complete markets, if slightly overbuilt. In other cities such as Mechelen and Ghent, more housing will be needed at the right price. While student housing in Walloon markets such as Liège are short in supply, the forecast of the domestic university-age Walloon population will require special consideration. Further regulatory changes will help solidify and bring clarity to the market both from an occupation and investment perspective.

**THE NETHERLANDS****Students**

The Netherlands counted a student population of 679,000 for the 2017-2018 academic year, a 2.6% increase over the previous year. Over an eight-year evolution, the domestic student population has grown 16.4%, which is significantly faster than the population as a whole. Growth is expected to be more modest over the coming eight years and be concentrated entirely in universities (+17%), as the number of hogeschool students is forecast to decrease (-6%). The cities with the largest expansion potential are Wageningen (26%) and Delft (21%), though Amsterdam and Leiden are also growing.

City	Number of students (2017-2018)	Students living in the city (2017-2018)	Total international students (2017-2018)
Amsterdam	107,750	47,420	12,610
Rotterdam	65,250	25,150	7,450
Utrecht	62,200	27,360	4,290
Groningen	55,910	35,070	9,230
Nijmegen	41,460	17,770	3,500
Leiden	32,860	14,150	2,820
Eindhoven	31,390	12,120	3,550
Den Haag	29,890	16,370	5,630
Delft	27,060	15,300	5,280
Tilburg	26,750	11,810	2,920

Source: Landelijke Monitor Studentenhuisvesting 2018

The Netherlands continues to attract record numbers of international students by its relative affordability, quality universities, and large offer of ETPs (English-taught programs). For the last academic year, 122,000 international students studied in the Netherlands, an 8.9% increase year-over-year. Of this amount, more than three-quarters were credit mobile or diploma students. International students are the fastest growing segment of the Dutch higher education system, though it is still modest by global standards. Germany is by far the most important country for students coming from abroad at 28%, though this is a declining share. Other countries sending students to the Netherlands include China (5.9%), Italy (5.3%), and Belgium (4.3%). Maastricht University counts the largest relative number of foreign students, largely supported by its proximity to Belgium and Germany.

#### Market dynamics

A small majority of students, 350,000, lived outside the family home over the 2017-2018 academic year. This, however, has fallen since the introduction of the student loan system in 2015-2016, squeezing the budgets of price-sensitive students. Though not affecting their course of study, the financial changes has led to many students choosing to refrain from living outside the family home to better balance their budgets. The number of students living outside the home is, however, expected to reverse course and increase in the coming decade.

University students are much more likely to live in a student kot (68%) compared to HbO students (40%). Age is also a determining factor, as the likelihood that a student lives in a kot, desires more independent living, and has a larger budget, increases with age. Such a demand profile suggests students are likely to have changing demands for housing throughout their higher education. Roughly 40% of students are planning to move in the coming year. This figure consists of 133,000 wanting to leave the family home, 75,000 wanting to move to a different home in their current city, and 58,000 wanting to move cities entirely. A small number of students also wish to return to the family home. Turnover of this magnitude can be difficult for operators to maintain high occupancy in competitive markets or in non-university cities where student populations are dropping. Otherwise, this churn can be interpreted as an opportunity to meet a demand where the market is currently falling short.

*Living Situation of Dutch Higher Education Students*

	<b>Student count living at home</b>	<b>Student count living away from home</b>	<b>Rooms with shared facilities</b>	<b>Rooms with private facilities</b>	<b>Independent housing</b>
<b>Total</b>	328,000	350,000	191,000	66,000	94,000
<b>HBO</b>	241,000	164,000	80,000	30,000	54,000
<b>WO</b>	87,000	186,000	111,000	35,000	40,000
<b>In study city</b>	14%	70%	80%	75%	46%
<b>Housing costs</b>			€380/mo	€470/mo	€630/mo
<b>Disposable income</b>			€880/mo	€890/mo	€1,050/mo
<b>Size</b>			17 sqm	24 sqm	71 sqm

Source: Landelijke Monitor Studentenhuisvesting 2018

Development of student housing is picking up after a relatively quiet period from 2008 to 2015. Though, a supply/demand imbalance persists, particularly in the larger student cities. The Hague, Haarlem, Rotterdam, Den Bosch, and Utrecht are experiencing the greatest shortages, according to Kences. Lack of supply is particularly acute in Groningen. New development is taking many forms, but domestic and international students are showing a preference for self-contained units.

**Investment**

Student housing investment is picking up in the Netherlands and is dominated by foreign players. Investment volume of €579 million was recorded in 2018 (including development deals) and more than doubled from the year before. Transactions for properties outside of the social-rental sectors command gross initial yields of 6.0 to 6.25%.

**Conclusion**

The strong divergence in student populations in the coming years combined with the existing shortage of residences in major markets and continued growth in internationally mobile students will provide good opportunities for student housing operators. The range of accommodations demanded, notably tied to age and type of education, suggests there is still a mismatch between demand and supply with particular sensitivity to price. Overall, a diverse offer will be needed to satisfy the market.

### Sources

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2. <https://www.hln.be/wonen/nieuwe-huurwetgeving-vanaf-1-januari-2019-dit-verandert-er~a4e250ee/>
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4. [http://www.standaard.be/cnt/dmf20180824\\_03681987/](http://www.standaard.be/cnt/dmf20180824_03681987/)
5. <https://www.nrc.nl/nieuws/2018/08/12/commerciele-investeerders-stappen-in-het-studentenhuis-a1612898/>
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## 8.2

# PROPERTY PORTFOLIO

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

### 8.2.1 COMPOSITION OF THE PROPERTY PORTFOLIO AS AT 31 DECEMBER 2018

Country	City	Address	Total Rent (i)	Estimated Rental Value(ii)	Contract Rental Income (iii)
BE	Antwerp		2,375,701	2,167,200	2,285,701
		1 Frankrijklei 62 - retail	90,000	104,580	
		2 Frankrijklei 70 - retail	39,496	29,250	39,496
		3 Italiëlei 80-82	124,360	131,135	124,360
		4 Kipdorptest 40-42 - parkings	49,200	49,200	49,200
		5 Kipdorptest 49	1,754,825	1,525,425	1,754,825
		6 Klapdorp 4-6	122,760	126,803	122,760
		7 Viaductdam 104	195,060	200,807	195,060
BE	Brussels		1,364,420	1,819,513	1,309,280
		8 Kruitmolenstraat 43	57,360	60,540	57,360
		9 Ladderstraat 6, 14 en 16 en Lakense- straat 157-159	190,800	155,160	169,680
		10 Ladderstraat 15-19 en Ladderstraat 11-13, Sint-Jan Nepomucenusstraat 32-34	304,740	269,700	270,720
		11 Nieuwbrug 16	59,520	69,353	59,520
		12 Oudergemlaan 269-275	752,000	739,095	752,000
		13 Camuselstraat 30-32-34		525,665	
		14 Lenneke Marelaan 2		2,242,629	
BE	Ghent		3,626,785	3,492,835	3,026,785
		15 Brusselsepoortstraat 89	398,580	380,490	398,580
		16 Hoogstraat 33-37	145,200	144,428	145,200
		17 Oude Beestenmarkt 11 / Zilverenberg 16	61,440	64,983	61,440
		18 Overwale 42-44 (Voskenslaan)	2,187,145	2,213,400	2,187,145
		19 Sint-Pietersnieuwstraat 186 / G. Mag- nelstraat 13a	234,420	233,534	234,420
		20 Universiteitstraat 13	600,000	456,000	
		21 Rozendaalken	na	245,040	na



Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - Other	m <sup>2</sup>
	<b>47,755,261.74</b>		<b>289</b>	<b>43</b>	<b>10,648</b>
nvt	2,375,953.05	2013	0	1	437
100%	585,258.88	2015	0	1	90
100%	2,554,217.20	2012	20		695
100%	1,052,151.52	na	0	40	1,200
100%	35,152,365.43	2013	207	1	6,886
100%	2,136,676.05	2011	22		528
100%	3,898,639.60	2015	40		812
	<b>77,276,145.06</b>		<b>649</b>	<b>0</b>	<b>20,757</b>
100%	978,900.03	2006	16		188
89%	3,294,332.26	2017	30		488
89%	5,647,311.49	2017	39		1,174
100%	1,172,040.40	2006	18		239
100%	14,720,817.45	2018	118		4,041
	11,014,281.42	2019	91		2,938
	40,448,462.00	2019	339		11,689
	<b>69,127,497.87</b>		<b>708</b>	<b>51</b>	<b>13,303</b>
100%	7,338,196.63	2016	83		1,369
100%	2,716,080.87	2015	30		468
100%	1,033,278.40	2014	17		341
100%	42,844,224.76	2016	490	1	8,046
100%	4,513,476.09	2013	38		1,320
	8,569,450.12	2013	0	50	1,759
	2,112,791.00	na	50		

Country	City	Address	Total Rent (i)	Estimated Rental Value(ii)	Contract Rental Income (iii)
BE	Leuven		3,522,107	3,945,599	3,517,399
	22	Arendstraat 11	39,680	51,313	39,680
	23	Bogaardenstraat 11	52,020	52,299	52,020
	24	Bondgenotenlaan 74 - retail/kamers	244,800	289,371	244,800
	25	Brusselsestraat 182-184	196,267	196,697	196,267
	26	Brusselsestraat 242	97,740	97,515	93,032
	27	Brusselsestraat 244	under construction	40,539	under construction
	28	Diestsevest 85	under construction	64,200	under construction
	29	Frederik Lintsstraat 148-150	171,300	170,917	171,300
	30	Frederik Lintsstraat 9	57,900	65,489	57,900
	31	Ierse Predikherenstraat 17-19	72,060	70,665	72,060
	32	Janseniusstraat 38	590,795	580,440	590,795
	33	Justus Lipsiusstraat 9	51,240	51,412	51,240
	34	Kapucijnenvoer 34	43,800	45,368	43,800
	35	Mechelsestraat 77	123,300	122,255	123,300
	36	Minderbroedersstraat 19	204,996	194,403	204,996
	37	Minderbroedersstraat 21	636,075	749,340	636,075
	38	Parkstraat 137	350,500	389,280	350,500
	39	Ravenstraat 40	65,160	70,610	65,160
	40	St-Annastraat 13	62,160	61,270	62,160
	41	Strijdersstraat 66	61,080	64,904	61,080
	42	Tiensestraat 184-186 / Windmolenveld- straat 86-88	205,402	205,891	205,402
	43	Tiensestraat 251	66,080	65,196	66,080
	44	Tiensestraat 274/Windmolenveldstraat 2-4	78,500	81,337	78,500
	45	Vlamingenstraat 91/ Parkstraat 11	51,252	164,888	51,252
	46	Naamsestraat 58-60 - parkings	na	4,320	na
BE	Mechelen		77,180	110,142	77,180
	47	Ontvoeringsplein 6	77,180	110,142	77,180
NL	Breda		1,312,417	1,401,580	1,312,417
	48	Tramsingel 21	311,578	299,700	311,578
	49	Tramsingel 27	720,136	774,840	720,136
	50	Vismarkt - Kraanstraat 1 en 5	280,703	327,040	280,703
NL	Tilburg		388,210	420,565	388,210
	51	Enschotsestraat 78-84	108,512	107,100	108,512
	52	Kapelhof 31 / Heuvelstraat 126	75,758	90,720	75,758
	53	Korenbloemstraat 42-44a	53,263	64,136	53,263
	54	Mariastraat 27a/b/c / Nieuwlandstraat 14	64,172	66,824	64,172

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - Other	m <sup>2</sup>
	<b>72,841,485.20</b>		<b>739</b>	<b>5</b>	<b>22,070</b>
100%	971,013.09	2017	11		179
100%	901,820.60	2014	8		203
100%	6,664,675.40	2017	18	1	988
100%	3,649,651.29	2015	24	1	951
95%	1,896,080.09	2014	17		350
	698,933.77	2019	10		153
	1,156,729.07	2019	14		233
100%	3,127,233.59	2009	37		516
100%	1,195,511.78	2009	14		243
100%	1,246,248.18	2015	15		207
100%	10,931,197.93	2013-2015	160		3,568
100%	928,546.83	2014	10		150
100%	795,319.50	2015	8		179
100%	2,183,025.18	2015	21		425
100%	3,825,208.88	2014-2015	33		628
100%	12,339,800.88	2013	127		8,554
100%	7,129,446.46	2018	73		1,502
100%	1,208,128.68	2010	17		242
100%	1,090,056.40	2014	13		227
100%	1,042,838.85	2010	14		222
100%	3,982,232.13	2011	39		689
100%	1,113,261.37	2012	10		289
100%	1,868,576.53	2018	17		590
100%	2,757,942.31	2018-2019	29		782
	138,006.41	2015	0	3	
	<b>1,898,496.24</b>		<b>15</b>	<b>47</b>	<b>390</b>
100%	1,898,496.24	2013	15	47	390
	<b>22,211,344.88</b>		<b>226</b>	<b>29</b>	<b>9,713</b>
100%	4,782,259.88	2015	60	8	2,251
100%	12,469,085.01	2016	122	20	5,754
100%	4,960,000.00	2015	44	1	1,708
	<b>6,340,000.00</b>		<b>72</b>	<b>4</b>	<b>2,139</b>
100%	1,700,000.00	2005	17		467
100%	1,790,000.00	2006	21		431
100%	800,000.00	2004	14	2	395
100%	980,000.00	2014	9	1	465

Country	City	Address	Total Rent (i)	Estimated Rental Value(ii)	Contract Rental Income (iii)
		55 Nieuwlandstraat 1/1a	86,505	91,785	86,505
<b>NL</b>	<b>Den Haag</b>		<b>2,564,054</b>	<b>3,127,080</b>	<b>2,553,674</b>
		56 Eisenhowerlaan 146	352,920	404,430	352,920
		57 Eisenhowerlaan 148	352,920	404,430	352,920
		58 Eisenhowerlaan 150	315,720	313,920	305,340
		59 Lutherse Burgwal 10	1,024,404	1,470,300	1,024,404
		60 Waldorpstraat 600-742	518,090	534,000	518,090
<b>NL</b>	<b>Maastricht</b>		<b>5,391,606</b>	<b>7,933,143</b>	<b>5,391,606</b>
		61 Tongerseweg 55-57	1,477,490	1,510,970	1,477,490
		62 Vijverdalseweg 2	451,041	429,600	451,041
		63 Wycker Grachtstraat 2-2A	115,883	122,287	115,883
		64 Tongerseweg 135		1,997,531	
		65 Brouwersweg 100 en Becanusstraat 13-17	3,347,192	3,872,755	3,347,192
<b>NL</b>	<b>Eindhoven</b>		<b>656,330</b>	<b>650,160</b>	<b>656,330</b>
		66 Kronehoefstraat 1-11F	656,330	650,160	656,330
<b>NL</b>	<b>Amstelveen</b>		<b>450,000</b>	<b>10,299,980</b>	<b>450,000</b>
		67 Prof. W.H. Keesomlaan 6-10	450,000	2,739,980	450,000
		68 Amstelveen		7,560,000	
<b>NL</b>	<b>Rotterdam</b>		<b>3,052,158</b>	<b>5,157,100</b>	<b>3,052,158</b>
		69 Burgemeester Oudlaan 480-1008	1,846,660	1,811,040	1,846,660
		70 Heer Bokelweg 121 -171	1,205,498	3,346,060	1,205,498
<b>NL</b>	<b>Delft</b>		<b>2,379,397</b>	<b>2,368,698</b>	<b>2,379,397</b>
		71 Antonia Veerstraat 1-15	953,056	944,375	953,056
		72 Barbarasteeg 2	774,341	801,140	774,341
		73 Phoenixstraat 16	652,000	623,183	652,000
<b>NL</b>	<b>Utrecht</b>		<b>2,740,474</b>	<b>2,706,420</b>	<b>2,740,474</b>
		74 Willem Dreeslaan 113	541,894	453,840	541,894
		75 Rotsoord	2,198,580	2,198,580	2,198,580
		76 Rotsoord - Klopgebouw		54,000	
<b>NL</b>	<b>Venlo</b>		<b>1,227,069</b>	<b>1,258,430</b>	<b>1,227,069</b>
		77 Peperstraat 8A1-8C14 / Kwietheuvel 51-77 (8)	428,973	466,390	428,973
		78 Spoorstraat 9-229 / Keulse Poort 12 (9)	798,096	792.040	798,096

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - Other	m <sup>2</sup>
100%	1,070,000.00	2014	11	1	381
	<b>45,117,486.04</b>		<b>450</b>	<b>94</b>	<b>15,336</b>
100%	7,150,000	2014	64	18	1,364
100%	7,150,000	2015	64	18	1,364
97%	5,450,000	2015	68	18	1,384
100%	16,084,334.00	2019	182	40	8,521
100%	9,283,152.04	2017	72	0	2,703
	<b>134,945,594.55</b>		<b>1,280</b>	<b>403</b>	<b>68,242</b>
100%	23,403,316.18	2016	143	80	3,461
100%	6,050,000.00	2017-2019	134	31	2,214
100%	1,825,483.62	2016	23		506
	36,083,700.75	2019	257		16,366
100%	67,583,094.00	2017-2019	723	292	45,695
	<b>10,479,231.03</b>		<b>95</b>	<b>8</b>	<b>3,643</b>
100%	10,479,231.03	2015	95	8	3,643
	<b>63,652,005.00</b>		<b>300</b>	<b>150</b>	<b>22,743</b>
100%	21,552,005.00	2020	300	150	22,743
	42,100,000.00	2020	0	1	
	<b>61,263,970.52</b>		<b>630</b>	<b>0</b>	<b>31,874</b>
100%	30,784,423.77	2017	280		9,308
100%	30,479,546.74	2021	350		22,566
	<b>41,190,289.29</b>		<b>317</b>	<b>62</b>	<b>12,276</b>
100%	16,648,185.52	2017	118	40	4,689
100%	13,461,069.77	2016	108	22	4,187
100%	11,081,034.00	2018	91		3,400
	<b>54,599,242.87</b>		<b>340</b>	<b>36</b>	<b>10,624</b>
100%	9,269,242.87	2015	134	35	4,976
100%	44,600,000.00	2018	206		5,348
	730,000.00	2018-2019		1	300
	<b>19,775,501.91</b>		<b>166</b>	<b>0</b>	<b>9,223</b>
100%	7,298,783.51	2016	56		3,428
100%	12,476,718.41	2017	110		5,795

Country	City	Address	Total Rent (i)	Estimated Rental Value(ii)	Contract Rental Income (iii)
NL	Leiden		813,551	911,460	813,551
		79 Verbeekstraat 11-29	813,551	911,460	813,551
NL	Enschede		641,666	1,810,920	641,666
		80 Ariënsplein 1	641,666	1,810,920	641,666
NL	Amsterdam		2,506,310	2,663,640	2,506,310
		81 Naritaweg 139-149	762,681	771,360	762,681
		82 Naritaweg 151-161	928,225	939,120	928,225
		83 Barajasweg 60-70	815,404	953,160	815,404
NL	Leeuwarden		681,108	623,303	681,108
		84 Tesselschadestraat	681,108	623,303	681,108
NL	Groningen		1,350,644	1,305,060	1,350,644
		85 Oosterhamrikkade 103-107	1,350,644	1,305,060	1,350,644
NL	Wageningen		565,000	584,340	565,000
		86 Costerweg 20	565,000	584,340	565,000
<b>Total</b>			<b>37,686,187</b>	<b>56,003,163</b>	<b>36,925,959</b>

(i) Total Rent represents the rent the Company would invoice based on its asking price on 31 December 2018, if 100% of the property portfolio available for letting (not including rooms under renovation) were let, including the estimated annual rental income for hostel activities.

(ii) Estimated Rental Value as estimated by Stadim and Cushman & Wakefield.

(iii) Annual contract rent based on the tenancy schedule on 31 December 2018.

(iv) Ratio between Rental Income and Total Rent.

(v) No contract rental income is available for some properties on 31 December 2018; this concerns (a) Brusselsestraat 244 (b) Diestsevest 85 (c) Vlamingenstraat 91 and (c) Universiteitstraat (a hostel without an advance rent contract). The properties at Brusselsestraat 244, Diestsevest 85 and Vlamingenstraat 91 are under renovation and were therefore excluded from rental. The properties at Minderbroederstraat 21 and Ravenstraat 40 are partly under renovation, and only the rooms available for rent were therefore included in the Total Rent. These buildings are being gradually renovated. The other rooms that are currently rented out will also be renovated after termination of the current contract.

The total Fair Value was KEUR 871,524 on 31 December 2018, as estimated by the valuation expert. The consolidated balance sheet included investment properties for an amount of KEUR 814,908. The difference is due to: a) the real estate associated with the joint venture, the full value of the real estate is included in the above table, but is not entered under investment properties (KEUR 40,448); b) the Bonnefonten, Woodskot and Duivendaal properties are under construction / renovation; to determine the amount included in the consolidated balance sheet, account was taken of the expected construction costs (KEUR 13,454) c) for the development land in Ghent, the deed had not yet been executed as at 31/12/2018, but based on the purchase agreement, this acquisition and associated debt had to be included in the balance sheet as at 31/12/2018. This property was not yet included in the quarterly estimate, but had been separately valued (KEUR 2,074); and d) a number of buildings in the portfolio need specific structural work (new elevator, update of installations, work on the front wall and so on). The calculation of this amount included on the consolidated balance sheet also took into account expected costs (KEUR 2,714).

Occupancy Rate (iv)	Fair Value	Year of construction or refurbishment	Units - Rooms	Units - Other	m <sup>2</sup>
	<b>14,588,610.80</b>		<b>134</b>	<b>107</b>	<b>9,610</b>
100%	14,588,610.80	2016	134	107	9,610
	<b>28,513,275.53</b>		<b>271</b>	<b>2</b>	<b>16,652</b>
100%	28,513,275.53	2018-2019	271	2	16,652
	<b>56,150,000.00</b>		<b>247</b>	<b>94</b>	<b>7,593</b>
100%	15,900,000.00	2018	73	35	2,098
100%	20,000,000.00	2018	86	35	2,754
100%	20,250,000.00	2018	88	24	2,741
	<b>10,750,000.00</b>		<b>82</b>	<b>1</b>	<b>3,907</b>
100%	10,750,000.00	2016	82	1	3,907
	<b>22,648,785.70</b>		<b>180</b>	<b>0</b>	<b>8,685</b>
100%	22,648,785.70	2018	180		8,685
	<b>10,400,000.00</b>		<b>179</b>		<b>2,840</b>
100%	10,400,000	2019	179		2,840
<b>98%</b>	<b>871,524,224.24</b>		<b>7,369</b>	<b>1,137</b>	<b>302,268</b>



	<b>Total Rent (i)</b>	<b>Estimated Rental Value (ii)</b>	<b>Rental income (iii)</b>	<b>Fair Value</b>	<b>Occupancy Rate</b>	<b>Units - Rooms</b>	<b>Units - Other</b>
Belgium	10,366,193	9,556,990	10,216,345	208,866,693	98.6%	1,970	96
The Netherlands	23,398,426	24,243,088	23,388,046	427,082,476	100.0%	3,609	797
Under construction - Belgium	-	2,768,294	-	51,462,743	N/A	430	-
Under construction - Netherlands	641,666	3,862,451	641,666	65,326,976	N/A	528	3
To be converted - Netherlands	2,679,902	15,116,340	2,679,902	110,215,886	N/A	832	191
Hostel - Belgium	600,000	456,000	-	8,569,450	N/A	-	50
<b>Total</b>	<b>37,686,187</b>	<b>56,003,163</b>	<b>36,925,959</b>	<b>871,524,224</b>	<b>N/A</b>	<b>7,369</b>	<b>1,137</b>

A number of properties in Belgium are (partially) not rented out at the moment, because they will be renovated to meet the quality standards of Xior rooms. This concerns Diestsevest 85, Vlamingenstraat 91 and Brusselsestraat 244 in Leuven. These renovations are part of the Xior renovation programme. No specific budgets are provided for this. The annual budget for maintenance and repair is used for this.

In Belgium, two properties are under construction. This concerns the properties at Lenneke Marelaan in Zaventem and Woodskot in Brussels. In the Netherlands, a number of properties are also under construction: Ariënsplein in Enschede, Bonenfanten in Maastricht and Klopgebouw in Utrecht. Furthermore, some office buildings will also be converted into student accommodation. This concerns the property at Heer Bokelweg in Rotterdam, the property at Lutherse Burgwal in The Hague and the property at Prof W.H. Keesomlaan in Amstelveen. These properties are currently rented out as office space pending the building permit and the start of the renovation work.

## 8.2.2 DESCRIPTION AND DIVERSIFICATION OF THE PROPERTY PORTFOLIO

### 8.2.2.1 General description of the property portfolio

On 31 December 2018, the Company's real estate portfolio consists of 86 properties (one of which is development land). Of these, 47 properties are located in Belgium and 39 in the Netherlands. These properties offer a total of 5,505 lettable student rooms as at 31 December 2018 (which will increase to 7,713 student rooms in 88 properties after completion of the Company's fully committed pipeline as at 31 December 2018), and there is also retail activity on the ground floor of 14 of these buildings. The property portfolio also includes two properties used only for retail activities, a hostel in Ghent offering 50 units, a car park in Antwerp and a number of parking spaces in Leuven. The Company has a number of properties that are currently rented out as office space pending their conversion into student rooms. Not including the properties being renovated, the property portfolio had a total occupancy rate of 98.9% on 31 December 2018.

The total Fair Value of the property portfolio on 31 December 2018 was EUR 814,907,828<sup>34</sup>. The Company is a pure player in student housing and has student property as its core activity. The property portfolio is strategically diversified: its student accommodation is a well-balanced mix in terms of geographical diversification and student property types (see different types of student rooms). The large number of different tenants and various room types attract a wide range of different types of student tenants, ensuring a good diversification in terms of tenant types.

#### 8.2.2.2 Breakdown in sub-portfolios

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

The Rental Income is the annual rent based on the tenancy schedule on 31 December 2018.

		<b>Fair Value</b>	<b>Contract rental income on 31/12/2018</b>	<b>Insured Value</b>	<b>Acquisition Value</b>
Belgium	Antwerp	47,755,262	2,285,701	21,432,855	45,845,500
	Brussels	77,276,145	1,309,280	10,412,180	72,444,793
	Ghent	69,127,498	3,026,785	37,689,743	55,982,700
	Leuven	72,841,485	3,517,399	31,668,638	71,516,028
	Mechelen	1,898,496	77,180	1,408,700	1,894,000
The Netherlands	Amstelveen	63,652,005	450,000	39,350,000	62,923,617
	Amsterdam	56,150,000	2,506,310	25,807,885	47,000,000
	Breda	22,211,345	1,312,417	13,880,509	21,155,579
	Delft	41,190,289	2,379,397	17,416,778	39,892,389
	Den Haag	45,117,486	2,553,674	30,353,696	38,765,325
	Enschede	28,513,276	641,666	16,583,670	28,117,000
	Eindhoven	10,479,231	656,330	5,206,621	10,400,000
	Groningen	22,648,786	1,350,644	9,921,150	21,391,360
	Leeuwarden	10,750,000	681,108	7,875,000	10,821,132
	Leiden	14,588,611	813,551	11,759,000	1,274,753
	Maastricht	134,945,595	5,391,606	106,406,243	128,457,634
	Rotterdam	61,263,971	3,052,158	53,738,240	58,266,500
	Tilburg	6,340,000	388,210	3,927,083	5,441,826
	Utrecht	54,599,243	2,740,474	24,548,412	48,347,854
	Venlo	19,775,502	1,227,069	12,165,000	18,825,000
	Wageningen	10,400,000	565,000	7,800,000	10,400,000
<b>Total</b>		<b>871,524,224</b>	<b>36,925,959</b>	<b>489,351,403</b>	<b>799,162,990</b>

<sup>34</sup> This is the Fair Value as included in the balance sheet of 31 December 2018. We refer to Chapter 8.2.1 for the reconciliation between the value included in the balance sheet and the valuation of the Valuation Expert.

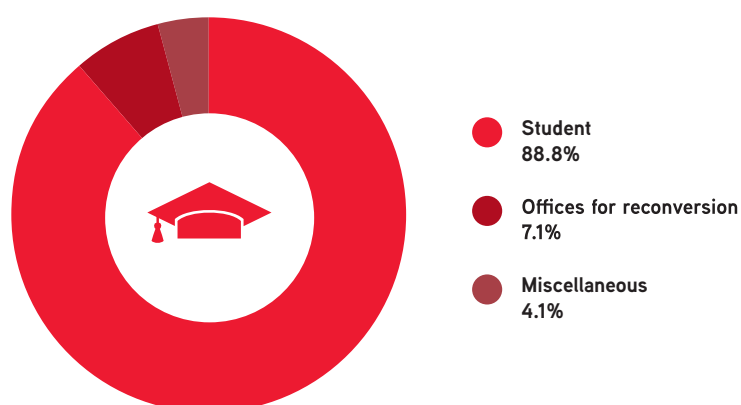
Xior Student Housing's property portfolio is insured for a total reconstruction value of EUR 489 million, which does not include the land on which the property was built, compared with a Fair Value of EUR 871 million (including the land) on 31 December 2018, which is 56.14% of the Fair Value. Insurance premiums paid in 2018 totalled KEUR 171.

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

### 8.2.2.3 Property portfolio type

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

*Total rent - Diversification by type*



The above summary shows the strong focus on student property, which accounts for 88.8% of Rental Income. There is also temporary rental income from offices pending their conversion. These represent 7.1% of Rental Income. The portfolio also includes a limited number of retail spaces (2.4% of the Total Rent), which are mostly situated on the ground floor of properties primarily serving as student accommodation. Two properties are used exclusively for retail purposes. Besides retail spaces, the 'Other' segment includes the Total Rent from other activities (1.7% of the portfolio) including the hostel in Ghent and the car park in Antwerp.

### 8.2.2.4 Description of student room types

The Company provides various types of student rooms in the student housing segment. The majority of the building complexes has various types of rooms in order to attract a wide range of tenant types. The number of rooms per property can vary greatly, and often depends on the property's location. The smallest property (not used for retail) in the property portfolio contains eight student units (Bogaardenstraat 11, Leuven), while the largest complex is the Annadal complex in Maastricht with 723 units. On average, the true individual lettable surface area (excluding common areas) is generally 60% of the total surface area.

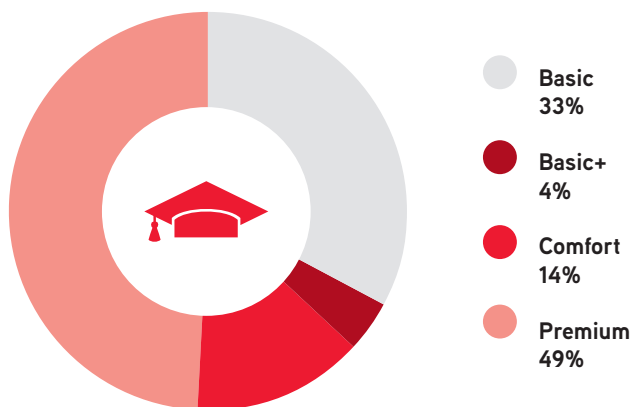
The various Xior room types are categorised as follows:

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

- **Premium:** A student studio with its own fully-equipped bathroom (washbasin, shower and toilet) and its own kitchenette (a fridge and a hob).

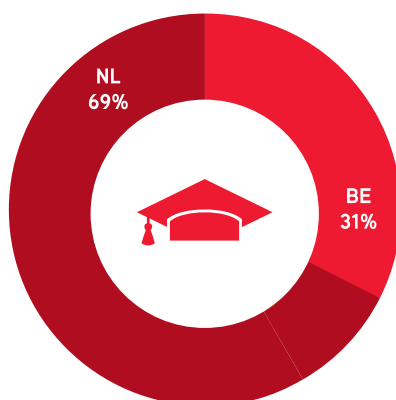
The following graph shows the mix of all the available rooms in the property portfolio by room type. The Premium room has the biggest share (49%). The high number of Premium rooms as well as the Basic+ rooms (4%) and Comfort rooms (14%) illustrates the strong demand for privacy and individual comfort. Basic rooms account for 33%.

*Number of rooms – Diversification by room type*

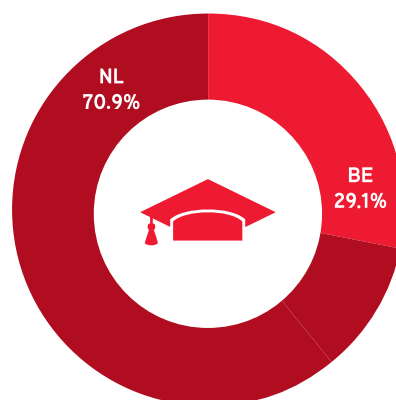


#### 8.2.2.5 Geographical diversification of the property portfolio

The following graphs show the diversification of the property portfolio by country based on the Fair Value. The portfolio in the Netherlands includes 39 properties, which represents a total Fair Value of EUR 603 million or 69.1% of the entire real estate portfolio. The other 30.1% is located in Belgium, with a total 47 properties and a Fair Value of EUR 269 million. Based on Total Rent, Belgium accounts for 29.9% of the property portfolio with EUR 10.9 million. The Netherlands represents EUR 26.7 million, which corresponds to 70.9%



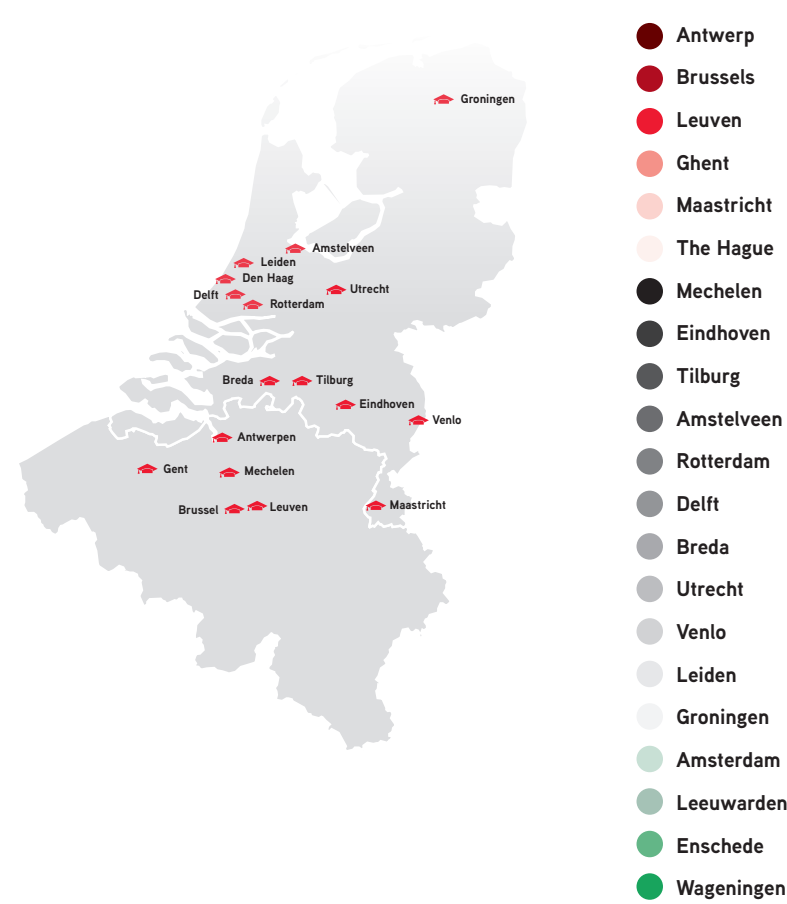
*Fair Value – Diversification by country*

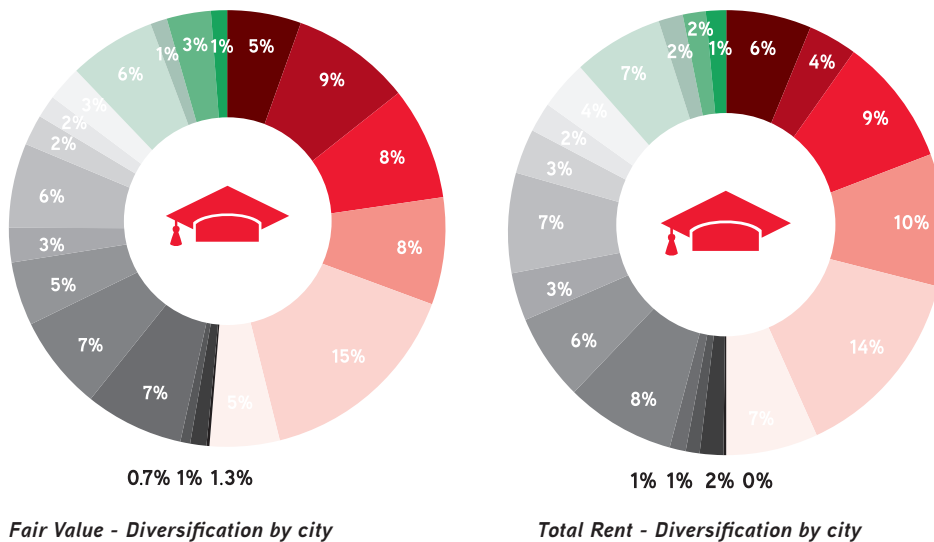


*Total Rent – Diversification by country*

The RREC's property portfolio includes 86 properties spread across 5 cities in Belgium and 16 cities in the Netherlands. The properties are located in the key student cities of Flanders: Leuven, Ghent, Antwerp, Brussels and Mechelen, as well as the key student cities in the Netherlands: Amsterdam, Amstelveen, Breda, The Hague, Tilburg, Maastricht, Eindhoven, Delft, Rotterdam, Utrecht, Venlo, Leiden, Groningen, Leeuwarden, Enschede and Wageningen. The locations of the various

properties in Belgium and the Netherlands and their representation in the property portfolio in terms of Fair Value and Total Rent are provided below:

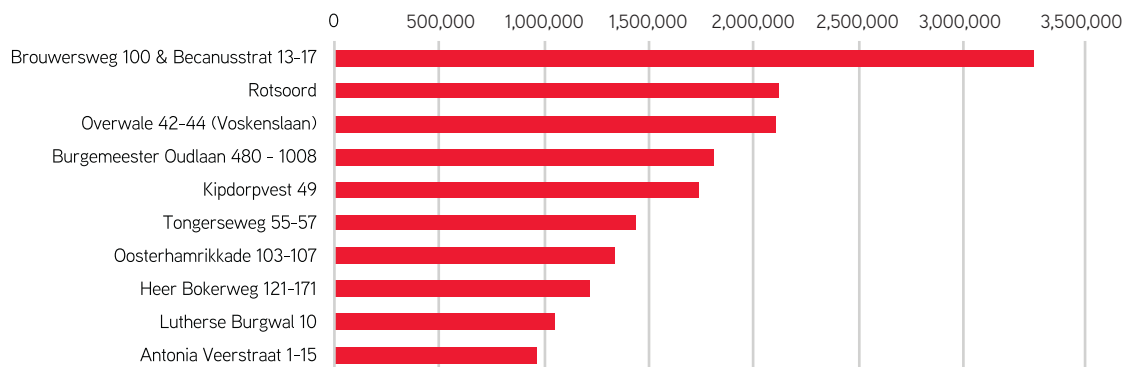




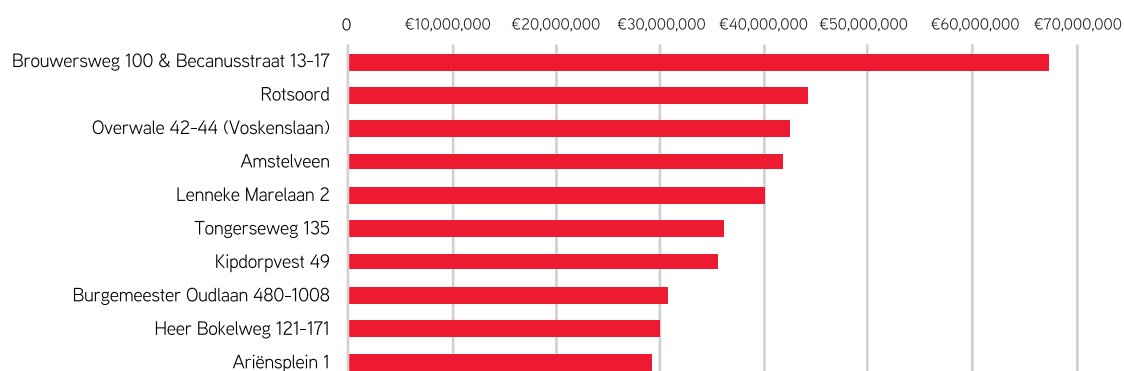
#### 8.2.2.6 Diversification in terms of Rental Income and Fair Value

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

**Table: Top 10 Total Rent**



With a total amount of EUR 3,347,192 (of which EUR 1,173,550 related to offices in use by medical professions), the site located at Brouwersweg 100 and Becanusstraat 13-17 (Annadal complex, Maastricht), is the site that accounts for the largest part of the Total Rent (8.88% of the Total Rent) of the property portfolio. The properties at Rotsoord in Utrecht and Overwale in Ghent complete the top 3 of the biggest properties of the property portfolio in terms of Total Rent. They represent 5.83% and 5.8% of the property portfolio's Total Rent, respectively. The other 83 properties account for 79.49% of the property portfolio's Total Rent.

**Table: Top 10 Fair Value**

With a total amount of EUR 67,583,094, the site located at Brouwersweg 100 and Becanusstraat 13-17 (Annadal complex, Maastricht), is the site that accounts for the largest part of the Fair Value of the property portfolio. It accounts for 7.75% of the property portfolio's total Fair Value. The properties at Rotsoord in Utrecht and Overwale in Ghent complete the top 3 of the biggest properties of the property portfolio in terms of Fair Value. They represent 5.12% and 4.92% of the property portfolio's total Fair Value, respectively.

#### 8.2.2.7 Diversification of average contract maturity

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

Term of the leaser <sup>35</sup>	Rental Income (iii)
1 year	28,397,660
Between 1 and 5 years	3,210,435
More than 5 years	5,317,864

The average term of the contracts is not included, since this is generally of little or no informative value in view of the short-term nature of student housing contracts.

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

#### 8.2.2.8 Diversification of average room price

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

The average room price is approximately EUR 300 for a standard room (without private facilities), EUR 395 for a room with

<sup>35</sup> This table is different from the table contained in Chapter 10.9.1. The table in 10.9.1 is based on the rent realised in the 2018 financial year, whereas this table is based on the tenancy schedule as at 31 December 2018 in terms of Total Rent.



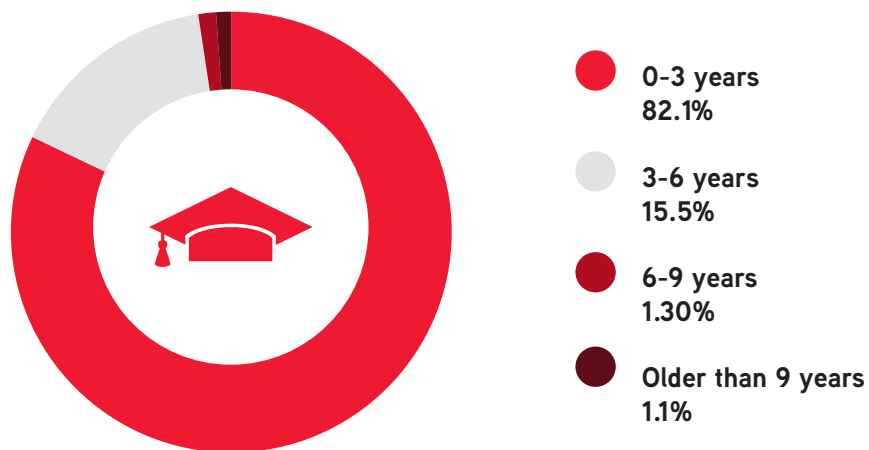
a private bathroom, and EUR 550 for a studio. However, these average prices are not very meaningful as the room prices tend to be affected by the above parameters (geographical differences in particular).

#### 8.2.2.9 Diversification in terms of building age

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

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

Based on Fair Value, the following Property Portfolio ratios apply per category:



In other words, the portfolio is relatively young.

### 8.2.3 DESCRIPTION OF THE BUILDINGS OF THE PROPERTY PORTFOLIO

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

The various properties in the property portfolio are described below.



1

RETAIL SPACE

## FRANKRIJKLEI 60

### ANTWERP

Lettable floor area 335 m<sup>2</sup>

Year of construction or refurbishment Renovated in 2013

Specific details This building is a retail building adjacent to the building located at Kipdorpest 49.

Ownership structure Co-ownership

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

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



1

RETAIL SPACE

## FRANKRIJKLEI 70

### ANTWERP

Lettable floor area 65 m<sup>2</sup>

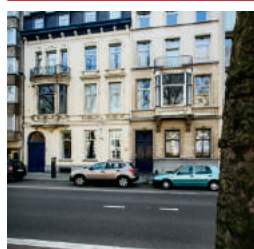
Year of construction or refurbishment Renovated in 2015

Specific details This building is a retail building adjacent to the building located at Kipdorpest 49.

Ownership structure Co-ownership

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

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



20

ROOMS

## ITALIËLEI 80-82

### ANTWERP

Year of construction or refurbishment Renovated in 2012

Ownership structure Full ownership

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



40

PARKING BAYS

## KIPDORPEST 40-42

### ANTWERP

Year of construction or refurbishment Renovated in 2013

Ownership structure Co-ownership

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

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



## KIPDORPVEST 49

### ANTWERP



207  
ROOMS



1  
RETAIL SPACE

Lettable retail area	1,932 m <sup>2</sup>
Year of construction or refurbishment	Renovated in 2013
Ownership structure	Title - Long term lease

Subsoil is held by Stubis BVBA.

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

## KLAPDORP 4-6

### ANTWERP



22  
ROOMS

Year of construction  
or refurbishment

2011

Ownership structure

Full ownership

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



40  
ROOMS

## VIADUCTDAM 104

### ANTWERP

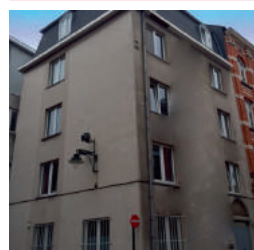
Year of construction  
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

This student residence is located in the immediate vicinity of the new campus (Park Spoor Noord) of the Artesis Plantin University College in Antwerp.



16  
ROOMS

## KRUITMOLENSTRAAT 43

### BRUSSELS

Year of construction  
or refurbishment

Renovated in 2006

Ownership structure

Full ownership

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



 **30**  
ROOMS

## LAKENSESTRAAT 157/159 EN LADDERSTRAAT 6, 14 BRUSSELS

Year of construction or refurbishment 2017

Ownership structure 23.5% co-ownership

The building has 30 student units with their own bathroom and is located in the heart of the capital, surrounded by various public transport facilities within walking distance (Brussels-North railway station, tram/bus/metro stops) and close to several education institutions (for example, Vlerick Business School, Odisee Campus and Université Saint-Louis). The buildings were taken into use in the academic year of 2017/2018. The building is located opposite the KVS II student property.



 **39**  
ROOMS

## SINT-JAN NEPOMU- CENUSSTRAAT 32-34, LADDERSTRAAT 15-19 EN LADDERSTRAAT 11-13 BRUSSELS

Year of construction or refurbishment 2017

Ownership structure KVS II is fully owned by Xior despite the formal co-ownership structure in place.

The building has 39 individual student units with their own kitchenettes and bathrooms (shower, toilet and sink) and is located in the heart of the capital, surrounded by various public transport facilities within walking distance (Brussels-North railway station, tram/bus/metro stops) and close to several education institutions (for example, Vlerick Business School, Odisee Campus and Université Saint-Louis). The buildings were taken into use in the academic year of 2017/2018. The building is located opposite the KVS I student property.



 **16**  
ROOMS

## NIEUWBRUG 16 BRUSSELS

Year of construction or refurbishment Renovated in 2006

Ownership structure Full ownership

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



## OUDERGEMLAAN 269 - 275

### BRUSSELS



118  
ROOMS

Year of construction  
or refurbishment

2018

Ownership structure

Full ownership (joint  
venture development)

This concerns a development project in Etterbeek. The property on Oudergemlaan in Etterbeek was converted into a complex of 118 independent studios and six parking spaces based on a design by architectural firm Jaspers-Eyers. The building was taken into use in September 2018.



91  
ROOMS

## WOODSKOT - CAMUSEL- STRAAT 30, 32, 34

### BRUSSELS

Year of construction  
or refurbishment

2019

Ownership structure

Full ownership

This concerns a development project in the centre of Brussels. Furthermore, the property will offer a mix of studios and student rooms with shared facilities in order to complement the range that is already in the portfolio. The complex has a wooden structure in line with Xior's sustainability objectives. Completion and commissioning are planned for September 2019.



50  
ROOMS

## BAGATTENSTRAAT - ROZENDAALKEN

### GHENT

Year of construction  
or refurbishment

N/A

Specific details

Development land

Eigendomsstructuur

Full ownership

Development land at a prime location in the centre of Ghent. Xior aims to develop a quality student property there.

## HOOGSTRAAT 33/37

GHENT



30  
ROOMS

Year of construction  
or refurbishment

2015

Ownership structure

Full ownership

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



## CAMPUS BXL BRUSSELE- POORTSTRAAT. 89

GHENT



83  
ROOMS

Year of construction  
or refurbishment

2014

Ownership structure

Full ownership

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





## CAMPUS SCHOONMEERSCHE - VOSKENS LAAN 58 OVERWALE 42-44 GENT



490  
ROOMS

Year of construction  
or refurbishment

2016

Ownership structure

Full ownership

This student residence is close to Ghent station with direct access to the Schoonmeersche campus of the HoGent University College. The Schoonmeersche campus was completed in September 2016 and comprises 490 units consisting of 5 connected buildings with all the modern facilities that students need nowadays.

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





38  
ROOMS

## SINT-PIETERSNIEUW- STRAAT 186 / GUSTAAF MAGNELSTRAAT 13A

**GHENT**

Year of construction or refurbishment 2013

Ownership structure Full ownership

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



50  
ROOMS

## UNIVERSITEITSSTRAAT 13 13 O'CLOCK HOSTEL

**GHENT**

Year of construction or refurbishment Renovated in 2013

Specific details This building is a hostel.

Ownership structure Co-ownership

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

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

## OUDE BEESTENMARKT 11/ ZILVERENBERG 16

**GHENT**



17  
ROOMS

Year of construction or refurbishment Renovated in 2014

Ownership structure Full ownership

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





## ARENDSTRAAT 11 LEUVEN

Year of construction  
or refurbishment

Renovated in 2017

Ownership structure

Full ownership

This student residence is located in the centre of Leuven, in a side street off the Ladeuzeplein. It was completely renovated in 2017 and meets the Xior standards for student comfort.



## BOGAARDENSTRAAT 11 LEUVEN

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

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



## BONDGENOTENLAAN 74 LEUVEN

Lettable retail floor area

566 m<sup>2</sup>

Year of construction  
or refurbishment

2017

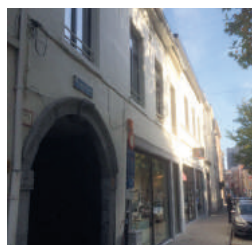
Specific details

There is a commercial business on the ground floor of this building.

Ownership structure

Full ownership

This student property with a ground floor used for retail is located on Leuven's main shopping street, which links the station to the city centre. A 566m<sup>2</sup> retail space was created on the ground floor and in the basement. The four student units on the upper floors were fully converted in 2017 and now accommodate 18 students.



## BRUSSELSESTRAAT 182/184 LEUVEN

Lettable retail floor area

470 m<sup>2</sup>

Year of construction  
or refurbishment

Renovated in 2015

Specific details

There is a commercial business on the ground floor of this building.

Ownership structure

Co-ownership

Co-ownership, with 70% owned by Xior.

The property 'Residentie Verbrande Poort' is located in the centre of Leuven near Gasthuisberg University Hospital. All the rooms are finished in a minimalist style with an eye for detail. There is a retail space on the ground floor.



17  
ROOMS

## BRUSSELSESTRAAT 242 LEUVEN

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

This student residence is located in the centre of Leuven. 'Residence 't Kolenhuis' is perfectly situated for students who need to go to UZ Gasthuisberg every day.



10  
ROOMS

## BRUSSELSESTRAAT 244 LEUVEN

Year of construction  
or refurbishment

Currently being renovated

Ownership structure

Full ownership

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



14  
ROOMS

## DIESTSEVEST 85 LEUVEN

Year of construction  
or refurbishment

Currently being renovated

Ownership structure

Full ownership

This student residence is located on the Leuven ring road, within walking distance of the station. Students have the use of a large city garden.



37  
ROOMS

## FREDERIK LINTSSTRAAT 148-150 LEUVEN

Year of construction  
or refurbishment

Renovated in 2009

Ownership structure

Full ownership

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





 **14**  
ROOMS

## FREDERIK LINTSSTRAAT 9 LEUVEN

Year of construction  
or refurbishment

Renovated in 2009

Ownership structure

Full ownership

This student residence is located in the centre of Leuven near the Faculty of Economics and Business Studies and Groep T.



 **15**  
ROOMS

## IERSE PREDIKHEREN- STRAAT 17-19 LEUVEN

Year of construction  
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

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

## JANSENIUSSTRAAT 38 LEUVEN

 **160**  
ROOMS

Year of construction  
or refurbishment

Renovated in 2013-2015

Ownership structure

Full ownership

This student residence is located in the centre of Leuven. The former 'Regina Mundi' convent was renovated in 1962 and then converted into a girls' school. The conversion and change of use to a student residence took place in 1995, and it was totally renovated again between 2013 and 2015. The property consists of a square building with two side wings opening onto a large courtyard, with 160 student units and an in-house breakfast service.





10  
ROOMS

## JUSTUS LIPSIUSSTRAAT 9 LEUVEN

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

This student residence is located in the centre of Leuven, in a side street off the Bondgenotenlaan. With 10 units, 'Residence Justius' is only a 5 minute walk from the station.



8  
ROOMS

## KAPUCIJNENVOER 34 LEUVEN

Year of construction  
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

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

## MINDERBROEDERSSTRAAT 19 LEUVEN



33  
ROOMS

Year of construction  
or refurbishment

Renovated in  
2014-2015

Ownership structure

Full ownership

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





 **21**  
ROOMS

## MECHELSESTRAAT 77 LEUVEN

Year of construction  
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

This student residence is located in the centre of Leuven near the picturesque Vismarkt. With its central yet peaceful location, this residence is a real find for any student.



 **127**  
ROOMS

## MINDERBROEDERS- STRAAT 21 LEUVEN

Year of construction  
or refurbishment

Renovated in 2013

Specific details

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

Ownership structure

Full ownership

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



**3**  
PARKING BAYS

## NAAMSESTRAAT 58-60 LEUVEN

Year of construction  
or refurbishment

2015

Ownership structure

Co-ownership

Co-ownership. The parking bays constitute 2.28% of the co-ownership.

These parking bays are situated in the centre of Leuven and are mainly used by the own rental team.



 **73**  
ROOMS

## PARKSTRAAT 137 LEUVEN

Year of construction  
or refurbishment

Renovated in 2017

Ownership structure

Full ownership

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





16  
ROOMS



1  
APARTEMENT

## RAVENSTRAAT 40

LEUVEN

Year of construction  
or refurbishment

Renovated in 2010

Ownership structure

Full ownership

The residence is located in the centre of Leuven, in the immediate vicinity of Ladeuzeplein and its world-famous library where students can study in peace and quiet.



13  
ROOMS

## SINT-ANNASTRAAT 13

LEUVEN

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

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



14  
ROOMS

## STRIJDEERSSTRAAT 66

LEUVEN

Year of construction  
or refurbishment

Renovated in 2010

Ownership structure

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

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



17  
KAMERS

## TIENSESTRAAT 274 - WIND-MOLENVELDSTRAAT 2-4

LEUVEN

Year of construction  
or refurbishment

Renovated in 2018

Ownership structure

Co-ownership. The share that belongs to Xior accounts for 50.7% of the co-ownership.

This building is situated in a prime location. The building has 17 student rooms and four apartments.



 **39**  
ROOMS

## TIENSESTRAAT 184/186 WINDMOLENVELDSTRAAT 86/88 LEUVEN

Year of construction  
or refurbishment

Renovated in 2011

Ownership structure

Full ownership

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



 **10**  
ROOMS

## TIENSESTRAAT 251 LEUVEN

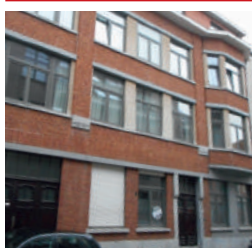
Year of construction  
or refurbishment

Renovated in 2012

Ownership structure

Full ownership

This student residence is located in the centre of Leuven, within walking distance of Groep T and other faculties. This building is known as 'Residentie Timidus' and contains 10 units. The students have the use of a small inner courtyard.



 **29**  
ROOMS

## VLAMINGENSTRAAT 91 PARKSTRAAT 11 LEUVEN

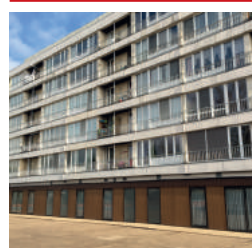
Year of construction  
or refurbishment

Partially renovated in 2018 –  
renovation of the part of the  
building not yet renovated in  
progress

Ownership structure

Full ownership

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



 **15**  
ROOMS

## ONTVOERINGSPLEIN 6 MECHELEN

Year of construction  
or refurbishment

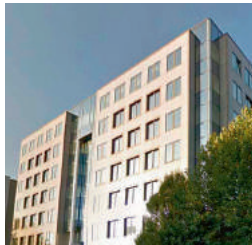
Renovated in 2013

Ownership structure

Co-ownership

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

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



 **240**  
STUDENT UNITS

**99**  
ROOMS

## LENNEKE MARELAAN 2 ZAVENTEM

Completion expected 2019

Redevelopment of an office building into a complex of 240 self-contained studios and a student flat hotel with 99 units based on a design by architectural firm Jaspers-Eyers. Retail activities (such as a neighbourhood supermarket, a sushi bar, a laundry service and a trendy restaurant) are planned for the ground floor. A third-party investor will redevelop these together with the underground car park.



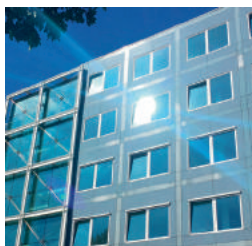
 **60**  
ROOMS

## TRAMSINGEL 21 BREDA

Year of construction or refurbishment 2015

Ownership structure Full ownership

This fully renovated student complex consists of 60 student units that are not self-contained. The property is within walking distance of the central station and city centre and various educational institutions. The property is only a few paces from the property at Tramsingel 27. The two properties therefore complement each other for the students.



 **122**  
ROOMS

## TRAMSINGEL 27 BREDA

Year of construction or refurbishment 2016

Ownership structure Full ownership

This fully renovated student complex consists of 122 independent student units. The property is within walking distance of the central station and city centre and various educational institutions. The property is only a few paces from the property at Tramsingel 21. The two properties therefore complement each other for the students.



 **44**  
ROOMS

 **1**  
CATERING FACILITY

## VISMARKT KRAANSTRAAT 1 EN 5 BREDA

Lettable retail floor area 628 m<sup>2</sup> catering facility

Specific details There is a branch of trendy restaurant chain 't Zusje on the ground floor of this building.

Year of construction or refurbishment Renovated in 2015

Ownership structure Full ownership

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



**300**  
ROOMS  
(anticipated)

## PROJECT AMSTELVEEN – PROF. W.H. KEESOMLAAN 6-10

### AMSTELVEEN

Completion expected

2020

Ownership structure

Full ownership

This office complex development project consists of three towers the Company intends to convert after it has obtained the required permits. After the proposed redevelopment, this complex will have approximately 300 student units. The complex is situated next to the Uilenstede student campus, has direct public transport connections to the centre of Amsterdam and is within cycling distance of Vrije Universiteit Amsterdam.



**118**  
ROOMS

## ANTONIA VEERSTRAAT 1-15 DELFT

Year of construction  
or refurbishment

2017

Ownership structure

Full ownership

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



**108**  
ROOMS

## BARBARASTEEG 2 DELFT

Year of construction  
or refurbishment

2016

Ownership structure

Full ownership

This property is a redeveloped real estate project consisting of 108 brand-new independent furnished units. It is situated in a premium location in the centre of Delft, near the station and close to Delft University of Technology, which has more than 20,000 students.



**98**  
ROOMS  
(anticipated)

## PHOENIXSTRAAT 16 DELFT

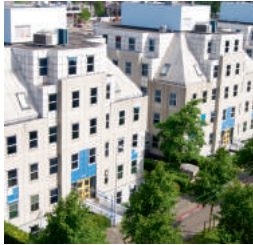
Year of construction  
or refurbishment

2018

Ownership structure

Full ownership

This is a redeveloped office building that Xior acquired from the Municipality of Delft in 2017, located at Phoenixstraat 16 in Delft. This post-modernist building was designed by the well-known architect Jo Coenen and is characterised by the atrium structure of the circular 'drum' running all the way down to the ground floor. This property is situated in a premium location in Delft at only a stone's throw from the student property on Barbarasteeg near Delft station in an area currently undergoing extensive redevelopment. The building was converted in 2018 and completed at the end of 2018.



64  
ROOMS

## EISENHOWERLAAN 146 THE HAGUE

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

This student residence is located in The Hague's popular Statenviertel, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. The 64 self-contained units are equipped with all modern-day comforts and were completed in October 2014. Students have the use of various recreational spaces and TV rooms. The property is one of three residential towers next to each other on Eisenhowerlaan. There are also 18 parking bays.



64  
ROOMS

## EISENHOWERLAAN 148 THE HAGUE

Year of construction  
or refurbishment

Renovated in 2014

Ownership structure

Full ownership

This student residence is located in The Hague's popular Statenviertel, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. The 64 self-contained units are equipped with all modern-day comforts and were completed at the end of 2014. Students have the use of various recreational spaces and TV rooms. The property is one of three residential towers next to each other on Eisenhowerlaan. There are also 18 parking bays.



68  
ROOMS

## EISENHOWERLAAN 150 THE HAGUE

Year of construction  
or refurbishment

Renovated in 2015

Ownership structure

Full ownership

This student residence is located in The Hague's popular Statenviertel, opposite the International Criminal Tribunal for former Yugoslavia (ICTY) and midway between the centre of the city and Scheveningen. Several trams with direct links to various colleges, the city centre and the beach operate on Eisenhowerlaan. The 68 non self-contained units with shared facilities are equipped with all modern-day comforts and were completed in March 2015. The property is one of three residential towers next to each other on Eisenhowerlaan. There are also 18 parking bays.



17  
ROOMS

## ENSCHOTESTRAAT 78-84 THE HAGUE

Year of construction  
or refurbishment

Renovated in 2005

Ownership structure

Full ownership

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



**182**  
**ROOMS**  
(anticipated)

## PROJECT BURGVAL – LUTHERSE BURGVAL 10 THE HAGUE

Completion expected 2020

Ownership structure Full ownership

This property is part of a Xior office building redevelopment project resulting in 182 student units. The property in The Hague is located on Lutherse Burgwal, which is the road connecting the existing properties on Eisenhowerlaan and Waldorpstraat. This makes it a suitable complement to the existing properties.



**72**  
**STUDIO'S**

## WALDORPSTRAAT 600-742 THE HAGUE

Year of construction or refurbishment 2017

Ownership structure Perpetual lease

This property looks like a single structure, but actually consists of two completely separate buildings. The property consists of 72 self-contained studio apartments each with their own balcony.



**88**  
**ROOMS**

## BARAJASWEG 60-70 AMSTERDAM

Year of construction or refurbishment 2018

Ownership structure Ground lease

This building is one of the three buildings located at Naritaweg in Amsterdam. The buildings were completed in 2018 and have a total of 247 units ranging from 23 m<sup>2</sup> to 52 m<sup>2</sup> with 94 parking spaces. The site is located near public transport and is undergoing a comprehensive upgrade through various redevelopment projects, making sure to provide sufficient green spaces as well. The buildings provide a range of options for students and young starters.



**86**  
**ROOMS**

## NARITAWEG 151-161 AMSTERDAM

Year of construction or refurbishment 2018

Ownership structure Ground lease

This building is one of the three buildings located at Naritaweg in Amsterdam. The buildings were completed in 2018 and have a total of 247 units ranging from 23 m<sup>2</sup> to 52 m<sup>2</sup> with 94 parking spaces. The site is located near public transport and is undergoing a comprehensive upgrade through various redevelopment projects, making sure to provide sufficient green spaces as well. The buildings provide a range of options for students and young starters.





 **73**  
ROOMS

## NARITAWEG 139-149 AMSTERDAM

Year of construction or refurbishment 2018

Ownership structure Ground lease

This building is one of the three buildings located at Naritaweg in Amsterdam. The buildings were completed in 2018 and have a total of 247 units ranging from 23 m<sup>2</sup> to 52 m<sup>2</sup> with 94 parking spaces. The site is located near public transport and is undergoing a comprehensive upgrade through various redevelopment projects, making sure to provide sufficient green spaces as well. The buildings provide a range of options for students and young starters.



 **95**  
ROOMS

## THE SPOT KRONEHOEF- STRAAT 1-11F EINDHOVEN

Year of construction or refurbishment 2016

Ownership structure Full ownership

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



 **271**  
UNITS

**2**  
EDUCATION  
FACILITIES

## ARIËNSPLEIN ENSCHEDE ENSCHDE

Year of construction or refurbishment 2018-2019

Ownership structure Co-ownership. The share that belongs to Xior accounts for 32.66% of the co-ownership.

This complex consists of 271 student rooms (166 self-contained units and 105 non self-contained units), in the former hospital building located at Ariënsplein. Besides the student rooms, the transaction also includes two education facilities. The non self-contained units and one education facility have already been rented out to educational institution Saxion in the long term (10 years and 8 years, respectively). The site is ideally located in Enschede, close to the city centre and public transport connections.



 **82**  
ROOMS

## THE BLOCK - TESSEL- SCHADESTRAAT 7-19B LEEUWARDEN

Year of construction or refurbishment 2016

Ownership structure Full ownership

This recently converted office building is known as 'The Block' and is fully equipped with features including a digital key system, high-speed Internet connection and digital television signal, camera system and so on. The students have access to a dedicated indoor storage space and shared facilities such as a bike shed and laundry room. The building also contains a commercial space on a long-term lease. The complex is located close to the city centre, with good connections to main roads and public transport. Central Station and the bustling city centre are both within walking distance. Likewise, Leeuwarden's various educational institutions can also be reached quickly by bike.





 **134**  
ROOMS

## CAMPUS VERBEEK- VERBEEKSTRAAT 11-29 LEIDEN

Year of construction  
or refurbishment

2016

Ownership structure

Perpetual lease

This student complex was completed in 2016 after the full redevelopment of an office property. Verbeekstraat Campus consists of 134 self-contained units on Verbeekstraat and Plesmanlaan in Leiden. The land has been allocated under a perpetual ground lease acquired until 2057. The student complex has two common roof terraces, a common room, washing and drying facilities and two bicycle areas that can be locked. It has 107 parking spaces and 42 external storage areas.



 **723**  
ROOMS

**37**  
COMMERCIAL  
UNITS

## ANNADAL-SITE BROUWERS- WEG 100 & BECANUS- STRAAT 13-17 MAASTRICHT

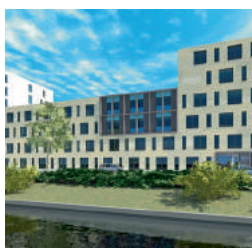
Year of construction  
or refurbishment

2017 - 2019

Ownership structure

Full ownership

This site of 6.6 hectares in total consists of several buildings that have been converted into 723 non self-contained student units that have been made available to Maastricht University and Stichting Studenten Huisvesting via long-term leases, which they in turn rent to students. The site also includes healthcare and office spaces that are rented to UM and various care institutions and medical/paramedical professionals, as well as basketball and tennis courts, ample parking facilities and a bicycle shed and various green areas. The complex is located in the Brussels Port district, with good connections to main roads and public transport. The UM campus is nearby and is easily accessible by bicycle, as is the city centre.



 **180**  
ROOMS

## OOSTERHAMRIKKADE GRONINGEN

Year of construction  
or refurbishment

2018

Ownership structure

Full ownership

This new student complex is located at Oosterhamrikkade in Groningen. The complex consists of 180 independent student units with an average surface area of 31.8 m<sup>2</sup> and communal areas such as indoor bicycle parking facilities and a common outdoor space.



**257**  
**ROOMS**  
(anticipated)

## BONNEFANTEN COLLEGE - TONGERSEWEG 135

### MAASTRICHT

Year of construction  
or refurbishment

2019

Ownership structure

Full ownership

This former monastery is a registered national monument and will be redeveloped into a student complex with 257 self-contained student rooms and shared facilities. The property is located at Tongerseweg, near Xior's other student accommodation monument in Maastricht, the Carré building.



**143**  
**ROOMS**



**2**  
**RETAIL SPACES**

## CARRÉ - TONGERSEWEG 55-57

### MAASTRICHT

Year of construction  
or refurbishment

2016

Ownership structure

Co-ownership, with 80% owned  
by Xior.

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



**134**  
**ROOMS**

## VIJVERDALSEWEG 2

### MAASTRICHT

Year of construction  
or refurbishment

Renovated in 2018

Ownership structure

Full ownership

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



**23**  
**ROOMS**

## WYCKER GRACHSTRAAT 2-2A

### MAASTRICHT

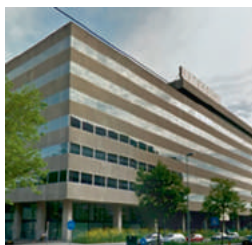
Year of construction  
or refurbishment

2016

Ownership structure

Full ownership

The student residence is close to the centre of Maastricht and a stone's throw from the river Maas. This women's refuge was converted into student housing.



**350**  
ROOMS  
(anticipated)

## PROJECT BOKELWEG – HEER BOKELWEG 121-171 ROTTERDAM

Completion expected

2021

Ownership structure

Co-ownership

The property is located 200 m from Rotterdam central station in the centre of this student city. The Company plans to develop about 350 units in this property as the perfect complement to the Woudestein Campus student complex (Erasmus University). Completion is planned in September 2021.



**280**  
ROOMS

## BURGEMEESTER OUDLAAN ROTTERDAM

Year of construction  
or refurbishment

2017

Ownership structure

Full ownership

The building consists of 280 independent student units between 20 m<sup>2</sup> and 39 m<sup>2</sup> on eight floors as well as common areas such as a bicycle area and roof terrace. The property is in a prime location at the Erasmus University Rotterdam campus in this bustling city.



**17**  
ROOMS

## ENSCHOTSESTRAAT 78-84 TILBURG

Year of construction  
or refurbishment

Renovated in 2005

Ownership structure

Full ownership

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



**21**  
ROOMS

## KAPELHOF 31 HEULVELSTRAAT 126 TILBURG

Year of construction  
or refurbishment

Renovated in 2006

Ownership structure

Co-ownership.

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

This historic student residence is located in the heart of central Tilburg. It is a historic site with 21 student units on 3 floors, and an opportunity to expand on the roof. The ground floor is not owned by Xior.



14  
ROOMS



2  
OFFICE SPACES

## KORENBLOEMSTRAAT 42– 44A TILBURG

Lettable retail floor area 140 m<sup>2</sup>

Year of construction or refurbishment Renovated in 2004

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

Ownership structure Full ownership

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



9  
ROOMS



1  
RETAIL SPACE

## MARIASTRAAT 27A/B/C NIEUWLANDSTRAAT 14 TILBURG

Lettable retail floor area 140 m<sup>2</sup>

Year of construction or refurbishment Renovated in 2014

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

Ownership structure Co-ownership

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



11  
ROOMS



1  
CATERING FACILITY

## NIEUWLANDSTRAAT 1/1A TILBURG

Lettable retail floor area 146 m<sup>2</sup> catering facility

Year of construction or refurbishment Renovated in 2014

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

Ownership structure Full ownership

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



110  
UNITS

## THE BANK SPOORSTRAAT 9-229 / KEULSE POORT 12 VENLO

Year of construction or refurbishment 2017

Ownership structure Full ownership

The Bank student property consists of 110 self-contained units near Venlo station in the centre of the city. The ground floor is rented out to a financial institution.

## THE SAFE, PEPERSTRAAT 8A1-8C14 / KWIETHEUVEL 51-77

VENLO



56  
ROOMS

Year of construction  
or refurbishment

2016

Ownership structure

Full ownership

This property consists of 56 self-contained units and a commercial ground floor, which is partly rented out to a financial institution.



206  
ROOMS



58  
PARKING BAYS

## ROTSOORD UTRECHT

Year of construction  
or refurbishment

2018

Ownership structure

Peptual leasehold

The student site on Rotsoord was completed in 2018 with a total of 206 self-contained student units in two buildings. The residential spaces will be complemented by a wide range of (commercial) activities, such as restaurants, education and small businesses. The complex will also offer parking facilities. The site is located near the Utrecht Vaartsche Rijn train, bus and tram station.



1  
UNIT

## ROTSOORD KLOPGEBOUW UTRECHT

Year of construction  
or refurbishment

2019

Ownership structure

Full ownership

At the Rotsoord student site, you will find the 'Klopgebouw', which will be renovated in the classical style. The building will have a commercial purpose, and will therefore contribute to the atmosphere and liveliness of the site.



**134**  
ROOMS

## THE HIVE, WILLEM DREESLAAN 113 UTRECHT

Year of construction  
or refurbishment

2015

Ownership structure

Full ownership

'The Hive' student property is located near various educational institutions. It consists of 134 non self-contained units and therefore complements the Company's self-contained units in the portfolio mix.



**179**  
ROOMS

## DUIVENDAAL - COSTERWEG 50 WAGENINGEN

Year of construction  
or refurbishment

2019

Ownership structure

Full ownership

The building, known as Duivendaal, is close to the centre and also within easy reach of the educational institutions in Wageningen. The property consists of two four-storey blocks connected by a large glass-covered atrium. It contains an entrance hall and meeting point, both of which promote social cohesion between the residents. The building is surrounded by green space and has bicycle sheds and parking spaces. The seller from whom Xior is acquiring the Duivendaal property will carry out some modifications in order to bring it fully up to standard.



8.2.3.2 Description of buildings in the pipeline

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



320  
UNITS  
(anticipated)

KARSPELDREEF 15-18  
AMSTERDAM

Completion expected

2019

This site, which has a long-term lease, is located on Karspeldreef, near Amsterdam Bijlmer Arena Station. Xior plans to redevelop a total of 320 self-contained student units on this site. This office building reconversion project consists of 6 connected buildings, each with its own facilities (such as an elevator). The building will also have 170 parking spaces.



22  
UNITS  
(anticipated)

METEOGEBOUW -  
DUIVELDAAL 2  
WAGENINGEN

Completion expected

2019

Ownership structure

Full ownership

Adjacent to the Duivendaal building is the historic 'Meteogebouw', which was to be converted into 22 self-contained units. The site is close to the centre and also within easy reach of the educational institutions in Wageningen.



## **8.2.4 APPRAISAL OF THE PROPERTY PORTFOLIO BY VALUATION EXPERTS**

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### **8.2.4.1 General**

The valuation of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and Cushman & Wakefield (Netherlands). The reference date of this appraisal is 31 December 2018.

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

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

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

### **8.2.4.2 Conclusions by Valuation Experts Stadim and Cushman & Wakefield on 31 December 2018**

'Dear,

We are pleased to present our appraisal of the value of the property portfolio of Xior Student Housing NV (Stadim: 47 properties in Belgium and 21 properties in the Netherlands; Cushman & Wakefield: 18 properties in the Netherlands) on 31 December 2018.

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

IAS 40 defines fair value as the amount for which assets would be transferred between two well-informed parties, on a voluntary basis, and without any special interests, mutual or otherwise. IVSC considers these conditions fulfilled if the parties observe the aforementioned definition of market value. The market value must therefore be a reflection of the current tenancy agreements, the current gross margin of self-financing (or cash flow), the reasonable assumptions concerning the potential rental income and of the expected costs.

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

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

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

Based on the comments above, we can confirm that the fair value of the part of Xior's property portfolio appraised by Stadim (47 properties in Belgium and 21 in the Netherlands) on 31 December 2018 is EUR 667,717,741 (six hundred and sixty seven million seven hundred and seventeen thousand seven hundred and forty-one euros).

Based on the comments above, we can confirm that the rounded fair value of the part of Xior's property portfolio appraised by Cushman & Wakefield (18 properties in the Netherlands) was EUR 201,830,000 (two hundred and one million, eight hundred and thirty thousand euros) on 31 December 2018.

Yours faithfully,

Stadim  
Cushman & Wakefield."





Nieuwlandstraat  
TILBURG



09

# Corporate social responsibility



# 9.1

## INTRODUCTION

### 9.1.1 VISION

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Given the socially relevant industry of (student) housing that Xior operates in, and in view of Xior's pioneering role as a listed real estate company in this real estate segment, Xior takes a conscious approach to corporate social responsibility. Providing student accommodation also means taking care of the future by engaging in business in a sustainable way. The appropriate balance between economy and ecology leads to the portfolio's sustainability and the Xior business model by extension, and therefore contributes to its long-term value in the interest of students, employees, investors and all other stakeholders. A socially responsible company should pay attention to several key subdomains, such as the environment, local community, safety and social and ethical standards. Xior seeks to achieve these objectives by promoting a socially responsible and respectful attitude in the entire Company and all employees, in close association with various external parties, such as (local) governments, housing services and educational institutions.

To further implement and improve Xior's sustainability strategy, a sustainability working group was set up consisting of an operational manager, a sustainability manager and a finance department manager.

### 9.1.2 EPRA SUSTAINABILITY REPORTING

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In that context, Xior will also start in the coming year with ESG reporting and a first set of data to transparently demonstrate how the company has performed on sustainability. For its Corporate Social Responsibility reporting, Xior follows the sustainability indicators included in the Best Practices Recommendation on Sustainability Reporting (SBPR) published by EPRA.

See [www.epra.com/sustainability/sustainability-reporting](http://www.epra.com/sustainability/sustainability-reporting) for more information on these standards.

This first set of results will form the basis for further development and implementation of the strategy for sustainable and responsible business. Xior wishes to reduce its impact on the environment by actively promoting sustainable and responsible conduct by taking appropriate actions together with its tenants and employees.



## 9.2

# ENVIRONMENT

For a real estate company, reducing the ecological footprint largely translates into controlling the ecological aspects associated with the buildings by, on the one hand, ensuring an energy-efficient design and construction process and, on the other hand, encouraging appropriate energy consumption by the building's tenants.

### 9.2.1 ENERGY-EFFICIENT PROCUREMENT, DESIGN, CONSTRUCTION PROCESS & FURNISHING

In particular, this includes aspects relating to the ground and building materials to reduce the building's total energy requirement. The Company and assisting legal and/or environmental experts always pay sufficient attention to the environmental and soil aspects of an acquisition. These environmental aspects also play a part in the renovation of buildings. The use of appropriate construction materials is monitored and attention is paid to a wide range of ecological and energy aspects, such as insulation and energy efficiency.

The following buildings in the portfolio have been fitted with solar panels and/or solar collectors:

Building		
BE	Brusselsepoortstraat	Ghent
	Campus Overwale	Ghent
	KVS II	Brussels
NL	Naritaweg-Barajasweg (3 gebouwen)	Amsterdam
	Tramsingel 27	Breda
	Antonia Veerstraat	Delft
	Barbarasteeg	Delft
	Waldorpstraat	The Hague
	Campus Verbeekstraat	Leiden

The Brusselsepoortstraat property in Ghent and the new development in Brussels (Woodskot) have been fitted with a green roof. Woodskot will also be fully constructed with a timber frame, in line with Xior's sustainability objectives. Completion and commissioning of Woodskot are planned for September 2019.

Energy-saving lighting (LED) is also used in new developments and renovations. For the older buildings in the portfolio, the relighting plan is being accelerated to convert conventional lighting to LED. Sensors and movement detectors are used in basements, toilets, communal areas, corridors and so on.

Student rooms are fitted with energy-efficient appliances (cooker, fridge, heating, television and so on). When furnishing our own new regional offices, we also paid attention to sustainability, and chose to fit out the complete interior with furniture made from reclaimed construction timber.

### 9.2.2 ENERGY CONSUMPTION

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After the operational functioning of the buildings, energy consumption is also of great importance (both from an ecological point of view, but also in terms of controlling energy costs).

In the Netherlands, all service charges (electricity, gas, water and waste) are passed on to tenants in full. The actual energy consumption is measured individually and tenants pay the full cost of their energy. In most of the student residences, units are fitted with individual energy meters (where technically possible), enabling tenants to monitor their own energy consumption via a web portal. This gives tenants a better understanding of their consumption and the associated costs, leading to more awareness and automatically to reduced consumption.

The large number of tenants means it is a real challenge for Xior to exercise a positive influence on the behaviour of users, making them more aware of their ecological footprint and encouraging a reduction of their own consumption. Keeping track of the energy consumption of the entire student portfolio is the first step in Xior's sustainability strategy. The average consumption per student and the large discrepancies in consumption between accommodations and cities will lead to appropriate actions in the less efficient buildings.

### 9.2.3 WASTE

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Waste management is also a crucial issue that deserves the right attention, especially at larger sites. For example, the Overwale campus in Ghent has a recycling area for practical, eco-friendly waste management. Students are also encouraged to recycle and are given further information in collection calendars, mailings on paper and cardboard collections, the location of bottle banks near the student accommodation and so on).

At Woudestein Campus in Rotterdam plastics and foils are collected separately even though this is not mandatory. The volume of this type of waste is kept as low as possible with bottle crushers. In case of a positive evaluation, this type of waste collection will be rolled out to further complexes in the Netherlands.

Many of our gadgets are environmentally friendly. For instance, students receive a welcome pack including a reusable fabric bag that they can use as a shopping bag, and all our ballpoint pens are made of 95% recyclable material.



### 9.2.4 WATER

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Some buildings also have rainwater utilisation (for example, Hoogstraat in Ghent and the Overwale Campus in Ghent will have water-saving shower heads fitted in the bathrooms).

## 9.2.5 OTHER INITIATIVES

### 9.2.5.1 Groene Portefeuille – Green Finance Framework

Xior has developed a Green Finance Framework that provides the option to subscribe to green loans that are provided to finance or refinance green buildings or green projects. 'Green' buildings are a selection of the most ecological buildings from our overall property portfolio. In Belgium, buildings with an EPC rating below 100 are eligible, while in the Netherlands buildings with an A+ label are considered green.

Green projects may relate to renewable energy sources, energy efficiency, waste management, transport or water management, but all selected and eligible projects must deliver clear environmental benefits.

The Green Finance Framework complies with the Green Loan Principles (GLP), launched by The Loan Markets Association (LMA) and supported by International Capital Market Association (ICMA). Founded in 1969, ICMA is the benchmark for bonds and its mission is to support a well-functioning bond market. Established in 1996, LMA is the benchmark for syndicated loans. Both bodies serve to establish sound, generally accepted market practices.

Based on this framework, a first green financing goal of EUR 25 million was achieved in February 2019.

### 9.2.5.2 Tips & Tricks

We use a tips & tricks flyer to advise students about:

#### *Electricity and heating*

- ✓ connect electrical devices via sockets and turn off the socket when not in use to reduce power consumption in standby mode
- ✓ disconnect chargers when not in use
- ✓ adapt the size of your pan to the size of the hob, and always cover with a lid during cooking
- ✓ keep windows closed while the heating is on
- ✓ turn the heating down when you leave a room and turn it off if you're going to be away for a longer period
- ✓ turn the lights off when leaving a room

#### *Waste*

- ✓ always use a reusable shopping bag
- ✓ do not buy over-packaged products
- ✓ buy fruit and vegetables without packaging
- ✓ buy drinks in glass bottles and avoid the use of plastic and tins

#### *Water*

- ✓ use exactly the right amount of water for cooking
- ✓ turn off the tap while brushing your teeth or shaving
- ✓ keep showering times to a minimum. Students receive a shower timer that they can take to the bathroom to raise awareness

### 9.2.5.3 CORE energy monitoring

In 2019, Xior will start working with CORE, a cooperative of engineering student and professional partners who develop projects relating to rational use of energy with the aim of achieving a reduction in the primary use of energy. Rational energy use is defined as efficient and sustainable use of energy which aims to maximise the benefit of the same (or less) energy.

A number of the student houses in Leuven will be monitored and a campaign will be set up to raise awareness. The various actions will be analysed and evaluated by measuring and comparing the absolute effect on the actual consumption of gas, electricity and water.

### 9.2.5.4 Discussion of EPRA environmental indicators

As at 31 December 2018, the total property portfolio comprised 86 properties (including projects), including 70 operational student residences at year-end (5,505 lettable student units).

The **scope** of this report covers the portfolio of student residences in Belgium and the Netherlands for which (sufficient) data was available. Some buildings, which were acquired later in 2018 or were only operational or only partially completed by year-end, have been excluded as consumption data was not yet available or the period was too short to allow extrapolation. The core activity is the renting of rooms to students, making them the largest consumers in the total property portfolio. Xior manages all energy and utility contracts for all student residences in the portfolio itself, but the tenants are the ultimate consumers and as such are responsible for energy consumption. It is therefore a major challenge for the company to engender sustainable and responsible habits and to encourage the students to reduce their overall impact on the environment. The separate measurement of the student units in the portfolio makes it possible to calculate the consumption per tenant/room, to compare residences and therefore to formulate and implement appropriate actions.

The portfolio outside the scope is highly diverse and includes commercial units, car parks, rental offices, projects undergoing development or conversion, as well as offices awaiting conversion into student housing. Due to the highly diversified nature of the portfolio, this has not been taken into account here.

**Methodology.** At the time of writing of this ESG report, not all consumption data was available as at the end of the reporting year of 2018, and an extrapolation has therefore been made. The available data was extrapolated to cover a full year (based on 365 days). In the case of recently acquired buildings, data was incomplete and did not allow for extrapolation. These buildings will be included in the next report. For the like-for-like calculation, 2017 was taken to be the benchmark year. The portfolio selected includes all student residences that were fully operational during the benchmark year of 2017 and that were still in the portfolio and operational in 2018. In order to clearly indicate how many buildings and how many units have been taken into account in the calculation, these are shown separately for each indicator.

It was not possible to correctly calculate some indicators during this first reporting cycle due to the complexity of collecting all the data for which the internal reporting procedures were being adapted in order to ensure the data was fit for purpose and fully and correctly available at the next reporting cycle. As the measurement possibilities increase, the scope of the portfolio and the number of indicators measured will also increase.

The table below gives a summary of the results of the EPRA indicators used for 2018 and a like-for-like comparison of 2017 and 2018.

EPRA Environmental Sustainability performance measures			2017	2018 <sup>1</sup>	differ- ence
<b>Elec-Abs</b>	<b>Total electricity consumption</b>	<b>annual kWh</b>		<b>3,115,842</b>	
	Number of buildings in calculation			43	
	Number of tenants in calculation			3,229	
<b>Elec-LfL</b>	<b>Like-for-like total electricity consumption</b>	<b>annual kWh</b>	<b>1,721,625</b>	<b>1,680,764</b>	<b>-2.37%</b>
	Number of buildings in calculation		31	31	
	Number of tenants in calculation		1,999	1,999	
<b>DH&amp;C-Abs</b>	<b>Total district heating and cooling consumption</b>	<b>annual kWh</b>		<b>769,722</b>	
	Number of buildings in calculation			1	
	Number of tenants in calculation			280	
<b>Dh&amp;C-LfL</b>	<b>Like-for-like total district heating and cooling consumption</b>	<b>annual kWh</b>			
<b>Fuels-Abs</b>	<b>Total fuel consumption</b>	<b>annual kWh</b>		<b>8,036,272</b>	
	Number of buildings in calculation			29	
	Number of tenants in calculation			2,062	
<b>Fuels-LfL</b>	<b>Like-for-like total fuel consumption</b>	<b>annual kWh</b>	<b>5,993,057</b>	<b>5,968,331</b>	<b>-0.41%</b>
	Number of buildings in calculation		24	24	
	Number of tenants in calculation		1,643	1,643	
<b>Energy-Int</b>	<b>Building energy intensity -consumption per tenant</b>	<b>kWh/tenant</b>		<b>7,611.28</b>	
GHG-(In) Dir-Abs	Total indirect greenhouse gas emissions	tonnes CO <sub>2</sub> e per year			
GHG-(In) Dir-LfL	Like-for-like total greenhouse gas emissions	tonnes CO <sub>2</sub> e per year			
GHG-Int	Greenhouse gas emissions intensity from building energy consumption – emission per student	kgCO <sub>2</sub> e/tenant			
<b>Water-Abs</b>	<b>Total water consumption</b>	<b>Yearly m<sup>3</sup></b>		<b>99,426</b>	
	Number of buildings in calculation			49	
	Number of tenants in calculation			2,726	
<b>Water-LfL</b>	<b>Like-for-like total water consumption</b>	<b>Yearly m<sup>3</sup></b>	<b>31,732</b>	<b>33,341</b>	<b>+5.07%</b>
	Number of buildings in calculation		31	31	
	Number of tenants in calculation		1,314	1,314	
<b>Water-Int</b>	<b>Building water intensity – consumption per tenant</b>	<b>Yearly m<sup>3</sup></b>		<b>36.47</b>	
<b>Waste-Abs</b>	<b>Total weight of waste by disposal route</b>	<b>Yearly tonnes</b>			
<b>Cert-Tot</b>	<b>Type en aantal energie certificaten</b>	<b>Number of 'green' building</b>	Infra 9.2.5.1 Other initiatives – Green Portfolio- Green Finance Framework	Infra 9.2.5.1 Other initiatives – Green Portfolio- Green Finance Framework	

<sup>1</sup> At the time of publication of this ESG report, not all data needed to calculate the indicators for the reporting year 2018 was available. As a result, the figures were extrapolated to 365 days.

**Electricity consumption (Elec-Abs / Elec-LfL)**

The absolute figure in the table refers to electricity purchased from utility companies. In total, the consumption of 3,229 tenants spread over 43 operational student residences in Belgium and the Netherlands was measured. Although the tenant is responsible for consumption, efforts should be made to reduce electricity consumption by raising awareness, providing information and carrying out interventions to the structure of the building.

The like-for-like analysis compared the consumption of 1,999 student units spread across the 31 buildings that were operational for the full years of 2017 and 2018. The result of this like-for-like analysis showed a 2.37% decrease. This positive trend is partly due to the replacement of conventional lighting by LED lighting and the replacement of faulty household appliances by more energy-efficient models.

**Consumption of heat and cooling distribution (DH&C-Abs / DH&C-LfL)**

In the Netherlands, two student complexes are connected to the district heating network: Woudestein in Rotterdam and Ariënsplein in Enschede. The use of heating distribution has a positive impact on the ecological footprint because of the low CO<sub>2</sub> emissions of these distribution systems. For the purposes of the calculation, only the Woudestein property (280 tenants) was taken into account, and only for 2018 as this residence was only completed and taken into use at the start of the 2017 academic year (September). The student complex in Enschede is still in development and will be completed in phases. It will only be fully operational from 2019 and will therefore be included in the next reporting cycle.

**Fuel consumption (Fuel-Abs / Fuel-LfL)**

The absolute figure in the table refers to total fuel consumption of the student residences. Most of the properties are heated using natural gas, while only a few buildings are heated using fuel oil. In total, the consumption of 2,062 tenants spread over 29 properties was measured. Although the tenant is responsible for consumption, efforts should be made by Xior to reduce electricity consumption by raising awareness, providing information and carrying out interventions to the structure of the building. The like-for-like analysis compared the consumption of 1,643 users spread across 24 buildings. The result of this like-for-like analysis showed a slight 0.41% decrease between 2017 and 2018.

**Energy intensity (Energy-Int) and**

The energy intensity indicator for student buildings was only measured for the year 2018 and amounted to 7,611 kWh per tenant. The trend in this indicator and the relevant analysis will only become possible in the next reporting year.

**Water consumption (Water-Abs / Water-LfL / Water-Int)**

The absolute water consumption was measured for 2,726 users spread across 49 properties. For the like-for-like analysis, the consumption of 1,314 tenants spread over 31 properties was compared, and an increase of 5.07% between 2017 and 2018 was measured, mainly the result of a water leak in the Vijverdalseweg building in Maastricht. The water intensity was only measured for the year 2018 and amounted to 36 m<sup>3</sup> per tenant.

**Energy certificates (Cert-Tot)**

In the context of drawing up Xior's green finance framework, a 'green portfolio' was composed based on the energy performance of the buildings in the real estate portfolio, with only the most ecologically sound buildings. In Belgium, buildings with an EPC rating below 100 are eligible, while in the Netherlands buildings with an A+ label are considered green. As at 31 December 2018, the green portfolio comprised 2 buildings in Belgium (Overwale Campus in Ghent and Brusselsepoortstraat in Ghent) as well as 3 buildings in the Netherlands (Barbarasteeg in Delft, Oosterhamrikkade in Groningen and Rotsoord in Utrecht). See also 9.2.5.1 Additional initiatives – Green Finance Framework.



## 9.3

# SOCIAL & GOVERNANCE

### 9.3.1 #XIORFAMILY

The Company is aware that its strategy can only be implemented thanks to the daily commitment and close involvement of its entire workforce. One of the core values therefore centres around the #Xiorfamily, whereby the company strives for a family atmosphere with a healthy work-life balance. Each year, an evaluation meeting takes place to ensure the necessary attention is also paid to the development of the team, the necessary resources, training requirements and career expectations. Xior sets great store by every employee feeling valued, having a good match with his or her team and being given enough scope to develop their talents further.

For a company in a growth phase, the growth of the workforce is also of crucial importance. In early 2019, a human resources manager was appointed who will continue to implement the HR strategy with the required level of attention to recruitment, training, remuneration strategy and internal mobility. In the case of new recruits, the selection procedure is kept short and we seek candidates with complementary profiles and the best competencies that match our corporate culture, but always taking into account diversity and objective selection criteria. Given the diversity of nationalities in our tenant portfolio and the added value of mastering an additional language within the company, the language skills of candidates are also taken into account in the recruitment process.



The company has a flat organisational structure and is characterised by flexible job content, direct communication, internal mobility and fast decision-making, whereby entrepreneurship and bottom-up initiatives are stimulated, ensuring interactivity and a constant dynamic in the company whereby everyone has a direct influence on the success of the organisation.

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

As far as ethics are concerned, Xior strives towards high standards and values arising from the Company's policy, its status as a RREC and the environment in which it is active. Xior and its employees must behave with integrity in this respect: they must be honest, reliable and trustworthy. The corporate governance charter (including the Trading Regulations) forms the written basis for this ethical action, but more importantly, it is part of the corporate culture, emphasising honesty, integrity and adherence to high ethical standards in the conduct of business activities.

Xior encourages its employees to discuss irregularities (as defined in the internal reporting procedure) with their manager or another contact person. However, an employee may not always feel comfortable reporting or discussing irregularities with his or her supervisor or a contact person. Xior therefore has an internal procedure to report actual or potential violations of the statutory rules or the corporate governance charter, when there is a reasonable suspicion of this, in an atmosphere of trust.

### 9.3.2 DISCUSSION OF SOCIAL & GOVERNANCE EPRA INDICATORS

EPRA Performance measures – Social and Governance			2018
Diversity-Emp	Gender diversity	%men/%women	64/36
Diversity-Pay	Gender pay ratio	Ratio	0.97
Emp-Training	Training and development	Average number of hours	
Emp-Dev	Performance appraisals	%	100%
Emp-New Hires	New hires	Number/%	10/36%
Emp-Turnover	Employee turnover	Number/%	4/14%
H&S-Emp	Injury rate	Ratio	0
H&S-Emp	Absence rate	Number of days absence /total number of days	0.018%
H&S- Emp	Work related fatalities	Number	0
Comty-Eng	Social Impact- Community engagement	Infra 9.3.2 comment on Social EPRA indicators – Community engagement	
Gov-Board	Composition of highest governance body	infra 6.1.5. and 6.1.6. Corporate Governance – Board of Directors	
Gov-Selec	Process for nominating and selecting the highest governance body	Infra 6.1.4.1. Corporate Governance – General	
Gov-Col	Process for managing conflict of interests	Infra 6.1.14. Corporate Governance – Conflict of interest	

### Diversity and pay gap ratio (Diversity-Emp / Diversity-Pay)

To calculate these indicators, only the employed workforce (blue and white collar workers) was taken into account. As at 31 December 2018, the workforce of Xior numbered 28 employees and consisted of 36% women and 64% men. Xior pays a fair salary as well as non-statutory benefits (healthcare insurance, bonus scheme and so on) in which no distinction is made between men and women, as confirmed by the pay gap ratio which is close to 1.

Xior employees are covered by Joint Committee 323 with the exception of 2 employees (1 blue collar worker and 1 white collar worker) who are employed at the hostel in Ghent. These are covered by Joint Committee 302.

All age categories are represented within the workforce: 18% are under 30 years, 36% are between 30-39 years, 29% are between 40-49 years and 18% are over 50 years. All employees are in the category 0-5 years of seniority. 24 staff members have the Belgian nationality, while 3 are Dutch nationals and 1 is Spanish.

### Evaluation and rotations of staff (Emp-Dev / Emp-New Hires / Emp-Turnover)

Each year, an evaluation is conducted by line managers to ensure the necessary attention is also paid to the development of the team, the necessary resources, training requirements and career expectations. Xior has again grown significantly in 2018 with the recruitment of 10 new staff, which corresponds to 36% of the current workforce. Staff turnover was 14% (4 employees).

### Health (H&S-Emp) and welfare

Fortunately, no workplace accidents or work-related deaths were recorded last year, and only a very low absence due to illness was recorded (0.018%). The Xior team has a designated first aider.

### Working environment

In the course of 2018, the regional team in Leuven moved into a completely new office with enough space for the growing workforce. A fully sustainable concept with furniture made from reclaimed construction timber was chosen for the interior. The interior of the regional office in Antwerp was also completely renovated with a similar concept based on sustainable furniture made of reclaimed construction timber. This sustainable style was also used in the recently opened rental offices (in Delft and Brussels) and will also be further rolled out when further new rental offices are opened.

### Local community engagement – Social Impact (Comty-Eng)

*\*tenants – diversity*

Xior very much guarantees a social mix, both in terms of its employees and in terms of its tenants, who come from all corners of the world and all levels of society and show a high level of gender diversity. The international character of the Xior students results in an enormous diversity among Xior's tenants. The Woudestein Campus in Rotterdam alone



accommodates students of more than 70 nationalities, all studying and living together under one roof.

Tenant diversity in Belgium			
Albania	1	Greece	9
Algeria	3	Hong Kong	1
Austria	6	India	5
Belgium	1284	Indonesia	2
Brazil	7	Iran	2
Bulgaria	1	Ireland	1
Chile	4	Italy	46
China	24	Japan	4
Corsica	1	Cameroon	1
Cyprus	7	Kazakhstan	4
Czech Republic	3	Kosovo	1
Denmark	2	Croatia	1
Germany	22	Latvia	1
Ecuador	2	Lebanon	1
Egypt	5	Lithuania	2
United Kingdom	8	Luxembourg	3
Spain	84	Morocco	2
Estonia	1	Mexico	4
Finland	7	the Netherlands	88
France	58	Nigeria	1
Georgia	4	Norway	2
Oman	1	Canada	1
Pakistan	1	Peru	2
Poland	2	Portugal	10
Qatar	1	South Korea	3
Romania	3	Russia	2
Singapore	1	Slovakia	2
Slovenia	2	South Africa	3
Sweden	7	Taiwan	4
Tunisia	1	Turkey	9
Uruguay	1	Switzerland	4
United Arab Emirates	1	Vietnam	1
United States	21		

#### \*Tenants – Affordability

Xior is aware that studying and living in rented student accommodation is a major investment for students and their parents. Xior intends to provide high quality and reliable accommodation where students can study, live and enjoy life in an affordable setting. Xior therefore offers a mix of student rooms, for which quality is always paramount, but also offers a wide range of smaller budget rooms to ensure that student accommodation is not always a luxury product and to guarantee



its accessibility to the widest possible audience. See Chapter 8.2.2.4 of this Annual Report for a description of the types of student rooms and the mix per room type.

Xior also collaborates with colleges and universities to ensure an additional 'social' range (for example, the partnership with HoGent at Campus Overwale in Ghent). The Netherlands uses a points system to determine the rent up to a maximum limit of EUR 720.42. This means that students renting independent rooms can generally apply for a rent allowance. Almost all of Xior's independent rooms are below this limit, which eases the financial burden on the students (and their parents). Furthermore, the portfolio of Xior in the Netherlands was expanded with a large number of non self-contained student units, notably at the Annadal site in Maastricht where 723 non self-contained student units with shared facilities have been made available to Maastricht University and Stichting Studenten Huisvesting, primarily via long-term leases, which they in turn rent to students.

#### **\*Tenants – Safety and welfare**

Xior is also committed to the welfare of its students. The operational teams are available to assist the students 24/7 with any technical problems they may have. Their presence through the regional networks and the janitors who are on hand also ensures the students' overall comfort at the student accommodation. The students get extra support in the weeks leading up to the exams, and during quiet periods, various types of leisure activities are encouraged, often with leisure facilities made available by Xior (for example, a pool table, table tennis). In this context, Xior also offers refreshments, sponsors student events and associations and so on. Xior also supports initiatives that encourage the students' creativity and entrepreneurial spirit.

To develop the perfect office chair, Xior and Donum have joined forces to find the chair that improves students' study performance. This office chair will be fitted in all student rooms in the new residences and now forms part of the standard room furnishings. The office chairs are gradually also being replaced by this 'Tipton' chair in existing buildings.

Finally, student safety is also an important issue for the renovation and construction of student rooms and for their use (for

example, presence and/or removal of asbestos and any other hazardous materials, use of safe materials and structures, fire safety systems, access control and so on).



Xior also pays attention to facilities for disabled persons. Many buildings have the appropriate facilities, such as wider doors for wheelchair users and more spacious rooms and bathrooms for disabled persons. The building on Brusselsepoortstraat in Ghent, for example, has a lower sink installed in the kitchen for wheelchair users.

#### \*Neighbours

Xior also experienced strong growth in 2018 with development projects for which it literally and figuratively designed the development plans. This has an impact on the buildings themselves, but obviously also on the wider environment. Xior pays special attention to good relationships with the neighbours in this regard. As a long-term investor, Xior also sees good relationships with its neighbours as an absolute priority after the development process. Xior often consults the neighbours





in this respect, right from the start of the permit process. Last year, all the neighbours of the Bonnefantencollege project were invited to get acquainted with the Xior team whilst enjoying some refreshments and they were given the opportunity to gain more information about the project and visit the site. They were able to present their concerns, which Xior will take into account in order to achieve an optimal project that also offers added value to the immediate environment.

All the neighbours were also invited to the official opening of the Phoenix building in Delft in November 2018 in order to inaugurate the new student accommodation together with the alderman, the Xior team and the first tenant. The local residents also had the opportunity to visit the completed student accommodation.

Xior also aims to reduce any inconvenience caused to the other residents of the buildings and the local area to an absolute minimum by making students more aware of any inconvenience they may cause and by having caretakers/wardens permanently present in larger complexes and regularly present in smaller complexes to actively and closely monitor what is happening in and around the student properties. Social control is exercised by having section and/or building managers present where appropriate.

#### **\*Municipalities and educational institutions**

Constant and interactive communication with educational institutions and local and other authorities is also an important priority for Xior. About 25% of the rental income from the property portfolio is linked to some form of collaboration with an educational institution (contracts, guarantees and partnerships). Xior expects that this percentage may increase further as many negotiations are still ongoing and educational institutions are aiming to set up partnerships to guarantee housing for foreign students as well as local students looking for student accommodation. Xior also maintains good relations with various accommodation services (including for the purpose of mediation in case of disputes or for attracting foreign students).

#### **\*Society**

During the Warmste Week annual charity fundraiser organised by radio station Studio Brussel, an event was organised in Antwerp for students and colleagues in support of Auxilia vzw, an organisation of voluntary teachers who help underprivileged children, youngsters and adults who need some extra help with their education.

#### **Corporate Governance (Gov-Board, Gov-Selec, Gov-Col)**

The reporting of these indicators is shown in *Chapter 6 – Corporate Governance under: 6.1.5 and 6.1.6 – Company Board of Directors (Gov-Board), 6.1.4.1 – General (Gov-Selec) and 6.1.14 – Conflicts of interest (Gov-Col).*







Klapdorp  
ANTWERPEN



# 10

## Financial report

# 10.1

## CONSOLIDATED INCOME STATEMENT

Figures in thousands of EUR.

			Note	31/12/2018	31/12/2017
I.	(+)	Rental income		30,246	18,285
	(+)	Rental income		27,191	17,544
	(+)	Rental guarantees		3,106	807
	(+/-)	Rent reductions		-52	-66
III.	(+/-)	Rent-related expenses			-91
		Impairments of trade receivables		-165	-91
		Net rental income	10.9.1	30,081	18,194
V	(+)	Recovery of rental charges and taxes normally payable by the tenants for let properties		4,952	2,693
		Transmission of rental charges borne by the owner		4,822	2,594
		Charges for withholding tax and taxes on let properties		130	99
VII	(-)	Rental charges and taxes normally payable by the tenants for let properties		-5,544	-3,047
		Rental charges borne by the proprietor		-5,422	-2,956
		Advance levies and taxes on let properties		-122	-92
VIII	(+/-)	Other rent-related income and expenditure		1,230	693
		Property result	10.9.1	30,718	18,533
IX	(-)	Technical costs		-844	-987
		- Recurring technical costs		-825	-985
	(-)	Maintenance		-654	-878
	(-)	Insurance premiums		-171	-107
		- Non-recurring technical costs		-19	-2
	(-)	Damages		-19	-2
X	(-)	Commercial costs		-335	-210
	(-)	Publicity		-322	-200
	(-)	Lawyers' fees and legal costs		-13	-10
XI	(-)	Costs and taxes for non-let properties		-240	-148
XII	(-)	Property management costs		-1,802	-1,194
	(-)	Management costs (external)		-1,246	-674
	(-)	Management costs (internal)		-556	-520
XIII	(-)	Other property charges		-1,080	-756
	(-)	Architects' fees		-1	-1
	(-)	Valuation expert fees		-191	-154
	(-)	Other		-887	-600
		Property charges	10.9.2	-4,301	-3,295

Property operating result			26,418	15,238
XIV (-)	General company expenses	10.9.3	-3,149	-2,068
XV (+/-)	Other operating result and costs	10.9.4	53	75
Operating result before result on the portfolio			23,323	13,245
XVI (+/-)	Result from the sale of investment properties	10.9.5		31
(+)	Net property sales (sales price – transaction fees)			1,349
(-)	Book value of the sold property	10.9.5		-1,318
XVIII (+/-)	Changes in the fair value of investment property	10.9.5	5,372	3,803
(+)	Positive changes in the fair value of investment property		8,826	5,333
(-)	Negative changes in the fair value of investment property		-3,454	-1,531
XIX (+/-)	Other portfolio results	10.9.5	351	-2,112
Operating result			29,044	14,967
XX (+)	Financial income		183	48
(+)	Interest and dividends collected		183	48
XXI (-)	Net interest costs		-4,079	-2,666
(-)	Nominal interest paid on loans		-2,276	-1,810
(-)	Reconstitution of the nominal amount of financial debt		-87	-86
(-)	Costs of permitted hedging instruments		-1,716	-770
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		-1,716	-770
XXII (-)	Other financial costs		-284	-74
(-)	Bank costs and other commissions		-253	-47
(-)	Other		-31	-27
XXIII (+/-)	Changes in the fair value of financial assets and liabilities		-5,393	942
	Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS		-5,393	942
	Other			
Financial result		10.9.6	-9,572	-1,750
(-)	Share in the result of associated companies and joint ventures		270	194
Result before taxes			19,742	13,410
XXV (+/-)	Corporate tax		-3,637	-2,457
XXVI (+/-)	Exit tax			1
Taxes		10.9.7	-3,637	-2,456
Net result			16,105	10,954

Figures in thousands of EUR.

<b>Result per share</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Number of ordinary shares in circulation	13,768,815	8,128,249
Weighted average number of shares	11,109,319	6,851,483
Net result per ordinary share (in EUR)	1.45	1.60
Diluted net result per ordinary share (in EUR)	1.45	1.60
<b>EPRA earnings per share (in EUR)</b>	<b>1.46</b>	<b>1.43</b>

The earnings per share were based on the weighted average number of shares in circulation during the financial year of 2018.

## 10.2 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Net result</b>	<b>16,105</b>	<b>10,954</b>
<b>Other components of the comprehensive income</b>		
(+/-) Impact on the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties	0	0
(+/-) Changes in the effective part of the fair value of permitted cash flow hedging instruments	0	0
<b>Comprehensive result</b>	<b>16,105</b>	<b>10,954</b>
<b>Attributable to:</b>		
Minority interests	0	0
Group shareholders	16,105	10,954



## 10.3

## CONSOLIDATED BALANCE SHEET

Figures in thousands of EUR.

Assets	Note	31/12/2018	31/12/2017
<b>Fixed assets</b>		<b>823,559</b>	<b>490,425</b>
A Goodwill			
B Intangible fixed assets		13	16
C Investment property	10.9.8	814,908	488,762
Property available to let		735,927	461,905
Property developments		78,981	26,857
D Other tangible fixed assets	10.9.9	698	347
Tangible fixed assets for own use		698	347
Other			
E Financial fixed assets	10.9.10	21	21
Assets held until maturity			
Other		21	21
F Financial leasing receivables			
G Trade receivables and other fixed assets	10.9.11	135	135
H Deferred taxes – assets		460	2
I Participating interests in associated companies and joint ventures with equity movements	10.9.12	7,325	1,143
<b>Current assets</b>		<b>38,193</b>	<b>13,562</b>
D Trade receivables	10.9.13	1,218	1,683
E Tax receivables and other current assets	10.9.14	34,225	10,869
Taxes		738	778
Wages and social security contributions			
Other		33,487	10,091
F Cash and cash equivalents	10.9.15	1,677	815
G Accruals and deferred payments	10.9.16	1,074	195
Prepaid property charges		9	94
Accrued rental income not due		980	35
Other		85	66
<b>Total assets</b>		<b>861,752</b>	<b>503,987</b>

<b>Liabilities</b>		<b>Note</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Equity</b>		<b>10.4</b>	<b>410,019</b>	<b>223,291</b>
<b>I Equity attributable to parent company shareholders</b>			<b>410,019</b>	<b>223,291</b>
<b>A Capital</b>	10.9.17		245,672	144,187
Issued capital			247,839	146,308
Capital increase costs			-2,167	-2,121
<b>B Issue premiums</b>	10.9.17		147,239	69,877
<b>C Reserves</b>			1,003	-1,728
Statutory reserves				
Reserve for the balance of the changes in the fair value of property			19,333	6,668
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property			-19,065	-6,642
Reserve for the balance of the changes in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS			-924	-1,866
Non-distributable reserve: reserve for expected losses				
Other reserves			1,659	113
Retained earnings from previous financial years				
<b>D Net result for the financial year</b>			16,105	10,954
<b>II Minority interests</b>				0
<b>Liabilities</b>			<b>451,733</b>	<b>280,696</b>
<b>I Non-current liabilities</b>			<b>424,203</b>	<b>259,657</b>
<b>A Provisions</b>				
Pensions				
Other				
<b>B Non-current financial debts</b>	10.9.22		401,177	251,744
a Credit institutions			401,177	251,744
b Financial leasing				
<b>C Other non-current financial liabilities</b>	10.9.20		6,317	924
Permitted hedging instruments			6,317	924
Other				
<b>F Deferred taxes – liabilities</b>	10.9.21		16,709	6,988
a Exit tax			34	
b Other			16,675	6,988



<b>I</b>	<b>Current liabilities</b>		<b>27,530</b>	<b>21,039</b>
<b>B</b>	Current financial liabilities			
a	Credit institution		1,637	11,994
<b>D</b>	Trade debts and other current liabilities	10.9.23	8,899	3,457
	Exit tax			
	Other		8,899	3,457
	Suppliers		6,486	2,151
	Tenants		184	387
	Taxes, wages and social security contributions		2,229	919
<b>E</b>	Other current liabilities	10.9.24	13,263	3,044
	Other		13,263	3,044
<b>F</b>	Accruals and deferred payments	10.9.25	3,731	2,544
	Deferred income		1,035	1,436
	Accrued interest not due and other costs		907	237
	Other		1,791	871
<b>Total equity and liabilities</b>			<b>861,752</b>	<b>503,987</b>

# 10.4

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in thousands of EUR.

### Balance on 31 December 2016

Net appropriation of income 2016

Transfer of result on the portfolio to reserves

Transfer of operating result to reserves

Result for the period

Other elements recognised in the comprehensive result

Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property

Changes in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Partial allocation of capital to issue premiums

Deferred taxes for Dutch real estate

Dividends

### Balance as at 31 December 2017

Net appropriation of income 2017

Transfer of result on the portfolio to reserves

Transfer of operating result to reserves

Result for the period

Other elements recognised in the comprehensive result

Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property

Changes in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Partial allocation of capital to issue premiums

Dividends

### Balance as at 31 December 2018

	Capital	Issue premiums	Reserves	Net result of the financial year	Equity
	94,869	32,261	-515	5,016	131,630
			1,110	-1,110	0
			108	-108	0
				10,954	10,954
					0
					0
			-1,866	1,866	0
	83,992				83,992
	5,064				5,064
	-2,121				-2,121
	-37,616	37,616			0
			-563		-563
				-5,665	-5,665
	144,188	69,877	-1,728	10,954	223,291
			239	-239	0
			1,550	-1,550	0
				16,105	16,105
					0
					0
			942	-942	0
	134,011				134,011
	48,117				48,117
	-46	-3,236			-3,282
	-80,598	80,598			0
				-8,223	-8,223
	245,672	147,239	1,003	16,105	410,019

Figures in thousands of EUR.

### Detail of reserves

#### Balance on 31 December 2016

Net appropriation of income

Transfer of result on the portfolio to reserves

Transfer of operating result to reserves

Other elements recognised in the comprehensive result

Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property

Changes in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Capital reduction to create an available reserve to cover future losses

Deferred taxes for Dutch real estate

Dividends

Other

#### Balance as at 31 December 2017

Net appropriation of income

Transfer of result on the portfolio to reserves

Transfer of operating result to reserves

Other elements recognised in the comprehensive result

Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property

Changes in the fair value of financial assets and liabilities

Issue of new shares

Capital increase through non-cash contribution

Costs of issuing new shares and of capital increase

Capital reduction to create an available reserve to cover future losses

Deferred taxes for Dutch real estate

Dividends

Other

#### Balance as at 31 December 2018

	Reserve for the balance of the changes in the fair value of property	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	Reserve for the balance of the changes in the fair value of permitted hedging instruments that are subject to hedging accounting as defined in the IFRS	Available reserve: reserve for expected losses	Other reserves	Retained earnings from previous financial years	Total of the reserves
	4,044	-4,565	0	0	0	6	-515
						5,015	5,015
	3,187	-2,077				-1,110	0
							0
							0
							0
			-1,866			1,866	0
							0
							0
							0
	-563						-563
						-5,665	-5,665
							0
	6,668	-6,642	-1,866	0	0	112	-1,728
						10,954	10,954
	12,665	-12,422				-243	0
							0
							0
							0
			942			-942	0
							0
							0
							0
							0
							0
						-8,223	-8,233
							0
	19,333	-19,064	-924	0	0	1,658	1,003

# 10.5

## CONSOLIDATED CASH FLOW STATEMENT

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Cash and cash equivalents at the start of the period</b>	<b>815</b>	<b>4,098</b>
<b>1 Cash flow from operating activities</b>	<b>-24,770</b>	<b>2,771</b>
<b>Cash flow from operations</b>	<b>24,875</b>	<b>11,709</b>
Operating result	29,044	14,966
Interest paid	-3,512	-3,055
Interest received	0	48
Other	-657	-250
<b>Non-cash elements added to/subtracted from the result</b>	<b>-8,696</b>	<b>2,250</b>
Amortisations and impairments	87	41
Amortisations/impairments (or writebacks) on tangible and intangible assets	87	41
Other non-cash elements	-8,783	2,209
Changes in the fair value of the real estate property	-5,722	-1,690
Other non-cash elements	-3,061	3,899
<b>Change in working capital requirements:</b>	<b>-40,948</b>	<b>-10,625</b>
Movement of assets:	-22,737	-8,911
Trade receivables and other receivables	1,192	-746
Tax receivables and other current assets	-23,256	-8,231
Accruals and deferred payments	-673	65
Movement of liabilities:	-18,211	-1,714
Trade debts and other current liabilities	-9,577	-3,421
Other current liabilities	-8,673	1,245
Accruals and deferred payments	39	462
<b>2 Cash flow from investment activities</b>	<b>-237,478</b>	<b>-212,351</b>
Acquisition of investment property and property developments	-146,771	-152,853
Sale of investment property		1,318
Purchase of shares in real estate companies	-90,249	-60,367 <sup>(1)</sup>
Sale of shares in real estate companies		
Acquisition of other tangible assets	-426	-156
Acquisition of non-current financial fixed assets	-32	-290

<sup>(1)</sup> This concerns the price paid for shares in the various real estate companies acquired in 2018. This price does not correspond to the price of the property as the companies were partially financed with loans.

Receivables on trade and other non-current assets		-2
Assets held for sale		0
<b>3 Cash flow from financing activities</b>	<b>261,637</b>	<b>205,712</b>
Change in financial liabilities and financial debts		
Increase in financial debts	234,130	202,975
Decrease in financial debts	-95,000	-70,000
Repayment of shareholder loans		
Change in other liabilities		
Increase (+)/decrease (-) in other liabilities		
Increase (+)/decrease (-) in other debts		-3,469
Increase in minority interests		
Change in equity		
Increase (+)/decrease (-) in capital/issue premiums	130,776	83,992
Other		
Costs for the issue of shares	-46	-2,121
Dividend		
Dividend for the previous financial year (-)	-8,223	-5,665
Increase in cash following merger/acquisitions	1,473	585
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,677</b>	<b>815</b>

# 10.6

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

### 10.6.1 GENERAL CORPORATE INFORMATION

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

The Company's consolidated annual financial statements for the financial year closing on 31 December 2018 include Xior Student Housing NV and its subsidiaries (the '**Group**'). The Board of Directors approved the annual financial statements for publication. They will be submitted to the annual general meeting on 16 May 2019.



## 10.6.2 IMPORTANT FINANCIAL REPORTING PRINCIPLES

### Statement of conformity

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

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

### Standards and interpretations applicable to the annual period starting on 1 January 2018 (all applicable to annual periods starting on or after 1 January 2018)

- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from contracts with customers
- IFRIC 22 Foreign currency transactions and advance payments
- Annual improvements to the IFRS 2014-2016 cycle: Changes to IFRS 1 and IAS 28
- Amendment to IFRS 2 Classification and measurement of share-based payments
- Amendment to IFRS 4 Application of IFRS 9 Financial Instruments with IFRS 4 Insurance contracts
- Amendment to IAS 40 Transfers of investment property

### Standards and interpretations issued but not yet applicable to the annual period starting on 1 January 2018

- Annual improvements to the IFRS (2015-2017) cycle (applicable to annual periods starting on or after 1 January 2019, but not yet approved within the European Union)
- IFRS 14 Regulatory deferral accounts (applicable annual periods starting on or after 1 January 2016, but not yet approved within the European Union)
- IFRS 16 Lease agreements (applicable to financial years from 1 January 2019)
- IFRS 17 Insurance contracts (applicable to annual periods starting on or after 1 January 2021, but not yet approved within the European Union)
- Amendment to IFRS 9 Characteristics of early repayment with negative compensation (applicable to annual periods from 1 January 2019)
- Adjustment of IFRS 10 and IAS 28 Sale or contribution of assets between an investor and the associated holding or joint venture (the start date has been postponed for an indefinite period, so approval within the European Union has also been postponed)
- Amendments to IAS 19 Plan changes, curtailments and settlements (applicable to annual periods beginning on or after 1 January 2019, but not yet approved within the European Union)
- Amendment to IAS 28 Long-term investments in associates holdings and joint ventures (applicable to annual periods starting on or after 1 January 2019, but not yet approved within the European Union)
- IFRIC 23 Uncertainty about the tax treatment of income (applicable to annual periods beginning on or after 1 January 2019)
- Amendment to the references to the conceptual framework in IFRS standards (applicable to annual periods starting on or after 1 January 2020, but not yet approved within the European Union)
- Amendments to IFRS 3 Business combinations (applicable to annual periods beginning on or after 1 January 2020, but not yet approved within the European Union)
- Amendments to IAS 1 and IAS 8: Definition of materiality (applicable to annual periods beginning on or after 1 January 2020, but not yet approved within the European Union)

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

Xior has not implemented the following new standards (amendments to standards and interpretations) that are not yet in force, but may be applied already.

**IFRS 16 – Lease agreements (applicable to annual periods starting on or after 1 January 2019)**

IFRS 16 provides a comprehensive model for the identification of lease agreements and their accounting treatment in the financial statements of both the lessor and lessee. Upon becoming effective, this standard supersedes IAS 17 – Leases and the corresponding interpretations.

IFRS 16 introduces significant changes to the accounting treatment of lease agreements for the lessee, eliminating the distinction between operating and finance leases and recognising assets and liabilities for all lease agreements (with the exception of short-term leases and low-value assets). In contrast to the lessee's treatment of lease agreements, IFRS 16 retains almost all provisions from IAS 17 – Lease agreements on the lessor's treatment of lease agreements. This means that lessors must continue to categorise the lease agreements as operational or financial lease agreements.

As Xior acts almost exclusively as a lessor (and has not chosen to reassess whether a contract is or contains a lease agreement in comparison with IAS 17), IFRS 16 is not expected to have any impact on the consolidated financial statements.

### **10.6.3 ACCOUNTING PRINCIPLES**

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

### **10.6.4 SIGNIFICANT ACCOUNTING ESTIMATES AND KEY UNCERTAINTIES**

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**Significant estimates in drawing up of the financial statements**

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

**Determining the *fair value* of investment property**

The fair value of the investment property is determined by independent valuation experts in accordance with the Legislation on Regulated Real Estate Companies. The fair value is calculated by the valuation experts using the discounted cash flow method (for more information, see *Chapter 8.2.4.1 of this Annual Report*).

### 10.6.5 PRINCIPLE FOR CONSOLIDATION

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

#### i. Subsidiaries

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

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

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

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

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

#### ii. Transactions eliminated from the consolidation

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

### 10.6.6 BUSINESS COMBINATIONS AND GOODWILL

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

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

any goodwill and then to the other assets of the unit, in proportion to their carrying amount.

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

### 10.6.7 INVESTMENT PROPERTY

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#### i. General

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

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

#### ii. Valuation on initial recognition

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

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

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

#### iii. Valuation after initial recognition

After their initial recognition, the investment properties are appraised by the Valuation Expert.

The Valuation Expert precisely appraises the following components at the end of each quarter:

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

The Valuation Expert first determines the property value, which includes the transfer costs. The registration duties are not deducted from the property value. This valuation is obtained by discounting the actual rental income and/or market rentals (DCF method – for more information see *Chapter 8.2.4.1 of this Annual Report*), where applicable after deducting the associated costs. The discounting is done on the basis of the yield factor that depends on the inherent risk of the specific property. The Valuation Expert appraises the property in accordance with national and international valuation standards and their application procedures, including in relation to the valuation of a regulated real estate company.

The investment property are then recognised in the balance sheet at the Fair Value, in accordance with IAS 40. The Fair Value of the investment properties is the investment value, as determined by an independent valuation expert, minus the transaction fees. The fair value corresponds to the carrying amount under IFRS. From the seller's perspective this must be understood as subject to the deduction of transfer taxes or registration duties. The estimated amount of transfer taxes for properties located in Belgium was fixed at 2.5% for investment property with a value in excess of EUR 2.5 million.<sup>36</sup> Transfer taxes of 10% (Flanders) to 12.5% (Brussels and Wallonia), depending on the region in which the buildings are located, must be taken into account for transactions with a global value of less than EUR 2.5 million.

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

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

Profits or losses arising from changes in the Fair Value of an investment property are recognised in the income statement in the period in which they arise and are allocated in the profit appropriation to the '*Reserve for the balance of the changes in the Fair Value of property*'.

#### 10.6.8 PROPERTY DEVELOPMENTS

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

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

After their initial recognition, the projects are appraised at their Fair Value if all the following criteria are met: (i) the project costs to be incurred can be reliably estimated and (ii) all necessary permits for the property development have been obtained. This Fair Value measurement is based on the valuation by the Valuation Expert (according to the normal methods and assumptions) and takes the costs still to be incurred for the completion of the project into consideration.

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

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

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

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

<sup>36</sup> Belgian Assets Managers Association (BEAMA) press release of 8 February 2006 'Closed-end property investment companies and the first application of the IFRS accounting rules'. This percentage was confirmed in a press release of the BE-REIT Association on 10 November 2016.

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

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

#### **10.6.9 EXPENSES FOR WORKS TO INVESTMENT PROPERTY**

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

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

#### **10.6.10 DISPOSAL OF AN INVESTMENT PROPERTY**

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Profits or losses made on the sale of an investment property (compared with the Fair Value) are recorded in the income statement of the reporting period under the item '*Income from the sale of investment property*'. As the property is sold, both the '*Reserve for the balance of the changes in the Fair Value of property*' and the '*Reserve for the impact of the Fair Value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties*' in relation to the sold property are transferred to available reserves.

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

### 10.6.11 OTHER TANGIBLE FIXED ASSETS

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

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

The following depreciation rates apply on an annual basis:

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

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

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

### 10.6.12 JOINT VENTURES

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Joint ventures have been established by contractual agreement as companies over which the group has joint control. Such joint control applies when the strategic, financial and operational decisions regarding the activity require unanimous consent from the parties sharing control (the participants in the joint venture). As defined in IFRS 11 Joint agreements, the results and the balance sheet impact of joint venture Alma Student (of which Xior holds 50%) are processed according to the equity method.

### 10.6.13 TRADE RECEIVABLES AND OTHER FIXED ASSETS

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#### i. Non-current loans and receivables

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

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



ii. **Special impairment of financial assets**

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

#### **10.6.14 FIXED ASSETS OR GROUPS OF ASSETS HELD FOR SALE**

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

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

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

#### **10.6.15 FINANCIAL INSTRUMENTS**

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

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

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

### 10.6.16 CURRENT ASSETS

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

Special impairment: in accordance with IFRS 9, Xior is required to recognise expected credit losses on trade receivables: Xior takes a simplified approach and recognises the expected losses on all trade receivables using the provisioning matrix to calculate the lifetime expected credit losses on trade receivables as required by IFRS 9 using historical information on lost receivables adjusted for forward-looking information. This change has only a limited impact on the company's result and equity.

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

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

### 10.6.17 EQUITY

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

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

### 10.6.18 PROVISIONS

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A provision is made if:

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

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

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

### 10.6.19 LIABILITIES

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

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

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

### 10.6.20 PROPERTY RESULT

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

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

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

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

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

### 10.6.21 PROPERTY CHARGES

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Property charges are valued at the Fair Value of the payment that is paid or due and are recognised in the income statement in the period to which they relate.

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

### **10.6.22 GENERAL EXPENSES OF THE COMPANY AND OTHER OPERATING RESULT AND COSTS**

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

### **10.6.23 FINANCIAL RESULT**

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

### **10.6.24 PROFIT TAX**

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

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

Besides the tax on profits, a deferred tax liability is attributed to the latent capital gain of properties in the Netherlands held by the permanent establishment. This deferred tax liability will be adjusted if the Fair Value or carrying amount of the property changes as a result of fluctuations in value or tax depreciation, for example. The calculation of the applied percentage takes into account the projected gross margin on the real estate income in the Netherlands for the coming years.

### **10.6.25 EXIT TAX**

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Deferred taxes for subsidiaries are recorded as the difference between the carrying amount of the investment property after depreciation in the annual financial statements of these subsidiaries, under the Articles of Association, and the Fair Value. These deferred taxes are recorded at a rate of 12.75% if the Board of Directors of the Company and the subsidiary respectively intend to merge the subsidiary with the Company.

i. **General**

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

ii. **Exit tax rate**

The percentage of the exit tax is 12.75% as from assessment year 2019 (annual period starting from 1 January 2018) and will rise again to 15% from 2020 onwards.

iii. **Principle for calculating the exit tax**

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

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

If the Company is recognised as an RREC, the exit tax is applied to its latent capital gains and exempt reserves at the time it is granted the RREC licence (insofar as this exists at that time). If the Company participates as an RREC in a contribution, merger, de-merger or transaction equated with a merger or de-merger, the exit tax is calculated on the latent capital gains and exempt reserves of the real estate company that makes the contribution by merger, de-merger or an equated transaction. The latent capital gains are calculated as the positive difference between the actual value for tax purposes of the separated assets of the real estate company concerned, on the one hand, and the acquisition value of those corporate assets less the depreciation and impairments accepted for tax purposes on the other hand.

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

iv. **Payment of exit tax**

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

v. **Purpose of the exit tax**

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

The reduction of the exit tax rate to 12.75% relates to the fact that (i) the exit tax is an exception to the general rule that unrealised capital gains are not taxed and (ii) that companies which are subject to the normal corporation tax regime have the option of having their realised capital gains tax staggered.


vi. **Accounting treatment**

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

## 10.6.26 FINANCIAL RISK MANAGEMENT

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i. **Changes in interest rates**

Higher interest rates lead to an increase in financial expenses and a fall in EBIT. In the current context of negative interest rates, the method by which some banks set a minimum percentage of 0% for the Euribor rate used as a reference in financing contracts has a negative impact on the financial expenses. Xior Student Housing uses IRS-type assets and liabilities to hedge the interest rate risk on long-term loans with variable interest rates. An interest rate swap is an agreement between two parties in which the variable interest rate is exchanged for a fixed interest rate. The pursued interest rate policy has hedged 89.7% of loans drawn down to a fixed interest rate. The average interest rate  of the public RREC is 1.84%. Please refer to *Chapter 10.9.22* for the potential impact of interest changes.

ii. **Financing risk**

The long-term financing was concluded in the form of bullet loans. These are loans where the entire principal is paid in full after three to five years. The diversification of the financing across various banks limits Xior Student Housing's liquidity risk. The loans were all taken out at a fixed interest rate. Xior Student Housing has completed the necessary hedging transactions and converted 89.7% of its loans drawn down to a fixed interest rate. The effect of interest rate changes on the net result is therefore limited.

iii. **Credit risk**

Xior Student Housing monitors rent arrears closely. In case of non-payment, the Company usually uses a rent deposit. For further details, please refer to *Chapter 10.9.13 of this Annual Report*.

## 10.7

### SEGMENT INFORMATION

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

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

In the income statement, only the net rental income is broken down by segment.



31/12/2018

Figures in thousands of EUR.

	Belgium		The Netherlands		Non-al-located amounts	Total
	Students	Other	Students	Other		
<b>Net rental income</b>	<b>8,613</b>	<b>811</b>	<b>17,084</b>	<b>3,573</b>		<b>30,081</b>
<b>Property result</b>					637	<b>30,718</b>
Property charges					-4,301	-4,301
<b>Property operating result</b>						<b>26,418</b>
General expenses					-3,149	-3,149
Other operating income and costs					53	53
<b>Operating result before result on the portfolio</b>						<b>23,323</b>
Result from the sale of investment property						0
Changes in the fair value of investment property	-120	939	4,475	77		5,371
Other portfolio results			397		-46	351
<b>Operating result</b>						<b>29,044</b>
Financial result					-9,572	-9,572
Share in the result of associated companies and joint ventures	270					270
<b>Result before taxes</b>						<b>19,742</b>
Taxes					-3,637	-3,637
<b>Net result</b>						<b>16,105</b>
<b>EPRA earnings</b>						<b>16,179</b>
<b>Result on the portfolio</b>	<b>-120</b>	<b>939</b>	<b>4,872</b>	<b>77</b>	<b>-46</b>	<b>5,722</b>
<b>Total assets</b>	<b>197,971</b>	<b>26,844</b>	<b>518,571</b>	<b>71,522</b>	<b>46,844</b>	<b>861,752</b>
Investment property	197,971	26,844	518,571	71,522		814,908
Other assets					46,844	46,844
<b>Total liabilities and equity</b>					<b>861,752</b>	<b>861,752</b>
Equity					410,019	410,019
Liabilities					451,733	451,733

31/12/2017

Figures in thousands of EUR.

	<b>Belgium</b>		<b>The Netherlands</b>		<b>Non-al-located amounts</b>	<b>Total</b>
	Students	Other	Students	Other		
<b>Net rental income</b>	<b>7,151</b>	<b>1,574</b>	<b>7,051</b>	<b>2,417</b>		<b>18,194</b>
<b>Property result</b>					339	<b>18,533</b>
Property charges					-3,295	-3,295
<b>Property operating result</b>						<b>15,238</b>
General expenses					-2,068	-2,068
Other operating income and costs					75	75
<b>Operating result before result on the portfolio</b>						<b>13,245</b>
Result from the sale of investment property		31				31
Changes in the fair value of investment property	86	-120	3,322	515		3,803
Other portfolio results			-3,304	1,292	-100	-2,112
<b>Operating result</b>						<b>14,967</b>
Financial result					-1,750	-1,750
Share in the result of associated companies and joint ventures	194					194
<b>Result before taxes</b>						<b>13,410</b>
Taxes					-2,456	-2,456
<b>Net result</b>						<b>10,954</b>
<b>EPRA earnings</b>						<b>9,772</b>
<b>Result on the portfolio</b>	<b>86</b>	<b>-89</b>	<b>17</b>	<b>1,807</b>	<b>-100</b>	<b>1,722</b>
<b>Total assets</b>	<b>171,069</b>	<b>25,740</b>	<b>215,705</b>	<b>76,249</b>	<b>15,224</b>	<b>503,987</b>
Investment property	171,069	25,740	215,705	76,249		488,762
Other assets					15,224	15,224
<b>Total liabilities and equity</b>					<b>503,987</b>	<b>503,987</b>
Equity					223,291	223,291
Liabilities					280,696	280,696

# 10.8

## ALTERNATIVE PERFORMANCE MEASURES (APMS)<sup>37</sup>

APM terms	Definition	Use
<b>EPRA earnings</b>	The net result +/- changes in the fair value of investment property +/- other portfolio result +/- result of the sale of investment property +/- changes in the fair value of financial assets and liabilities +/- deferred taxes with regard to IAS 40 adjustments.	Measuring the result of the strategic operational activities, excluding changes in the fair value of investment property, other portfolio result, the result from the sale of investment property and changes in the fair value of financial assets and liabilities and the deferred taxes with regard to IAS 40. This indicates the extent to which dividend payments are supported by the earnings.
<b>Result on the portfolio</b>	Income from the sale of investment property +/- changes in the fair value of investment property +/- other portfolio result	Measuring the realised and unrealised gain/loss on investment property
<b>Average interest rate</b>	Interest charges including IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
<b>Average interest rate excl. IRS interest charges</b>	Interest charges excluding IRS interest expense divided by the average outstanding debt during the period	Measuring the average debt interest costs to allow a comparison with peers and analysis of the evolution over time
<b>Average financing costs</b>	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time
<b>Average financing cost excl. IRS interest charges</b>	Interest charges including IRS interest charges + arrangement fees and commitment fees, divided by the average outstanding debt during the period	Measuring the average debt financing cost to allow a comparison with peers and analysis of the evolution over time
<b>EPRA earnings per share</b>	The net result +/- result of the sale of investment property +/- changes in the fair value of investment property +/- other portfolio result +/- changes in the fair value of financial assets and liabilities +/- deferred taxes with regard to IAS 40 adjustments divided by the average number of shares	Comparability with other RRECs and international property players

APM terms	Definition	Use
<b>EPRA NAV</b>	This is the net asset value (NAV) that has been adjusted to also include property and other investments at their fair value and to exclude certain elements that are not expected to actually take shape in a business model with long-term investment property.	Comparability with other RRECs and international property players
<b>EPRA NNNAV</b>	EPRA NAV adjusted to take into account (i) the fair value of the assets and liabilities, (ii) the fair value of debts and (iii) the deferred tax.	Comparability with other RRECs and international property players
<b>EPRA Net Initial Yield (NIY)</b>	Annualised gross rental income based on the current rent on the closing date excluding the property charges divided by the portfolio market value plus the estimated transaction rights and costs in case of hypothetical disposal of investment property.	Comparability with other RRECs and international property players
<b>EPRA Adjusted Net Initial Yield (Adjusted NIY)</b>	This measure integrates an adjustment of the EPRA NIY for the end of rent-free periods or other non-expired rental incentives.	Comparability with other RRECs and international property players
<b>EPRA rental vacancy</b>	Estimated rental value of vacant units divided by the estimated rental value of the total portfolio.	Comparability with other RRECs and international property players
<b>EPRA cost ratio (incl. vacancy costs)</b>	EPRA costs (including vacancy costs) divided by the gross rental income, less the rent still to be paid on rented land.	Comparability with other RRECs and international property players
<b>EPRA cost ratio (excl. vacancy costs)</b>	EPRA costs (excluding vacancy costs) divided by the gross rental income, less the rent still to be paid on rented land.	Comparability with other RRECs and international property players
<b>Financial result (excl. variations in the fair value of financial assets and liabilities)</b>	Financial result corrected for the variations in the fair value of financial assets and liabilities	Comparability with other RRECs and international property players

EPRA NAV: The deferred taxes were adjusted in the EPRA NAV as at 31/12/2018. This modified calculation is more in line with the calculation of the EPRA NAV under the EPRA frame of reference<sup>38</sup>.

<sup>38</sup> We hereby refer to the EPRA Best Practices Recommendations. See also [www.epra.com](http://www.epra.com).

This changed calculation has a positive impact of EUR 1.21 on the EPRA NAV per share as at 31/12/2018. There was an impact of EUR 0.11 per share on the recalculated EPRA NAV per share as at 31/12/2017.

Alternative Performance Measures (APMs): reconciliation tables

<b>EPRA earnings</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net result	16,105	10,954
Changes in the fair value of the real estate property	-5,372	-3,803
Other portfolio results	-351	2,112
Result from the sale of investment properties	0	-31
Changes in the fair value of financial assets and liabilities	5,393	-942
Share in the result of joint ventures	-270	-194
Deferred taxes with regard to IAS 40 adjustments	673	-1,674
<b>EPRA earnings</b>	<b>16,179</b>	<b>9,772</b>

<b>Result on the portfolio</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Result from the sale of investment properties	0	31
Changes in the fair value of the real estate property	5,372	3,803
Other portfolio results	351	-2,112
<b>Result on the portfolio</b>	<b>5,722</b>	<b>1,722</b>

<b>EPRA earnings per share</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net result	16,105	10,954
Changes in the fair value of the real estate property	-5,372	-3,803
Other portfolio results	-351	2,112
Result from the sale of investment properties	0	-31
Changes in the fair value of financial assets and liabilities	5,392	-942
Share in the result of joint ventures	-270	-194
Deferred taxes with regard to IAS 40 adjustments	673	1,674
Weighted average number of shares	11,109,319	6,851,483
<b>EPRA earnings per share</b>	<b>1.46</b>	<b>1.43</b>

<b>Average interest rate</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Nominal interest paid on loans	2,276	1,810
Costs of permitted hedging instruments	1,716	770
Capitalised interest	1,612	504
Average outstanding debt for the period	304,323	183,947
<b>Average interest rate</b>	<b>1.84%</b>	<b>1.68%</b>
<b>Average interest rate excl. costs of permitted hedging instruments</b>	<b>1.28%</b>	<b>1.26%</b>

<b>Average financing costs</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Nominal interest paid on loans	2,276	1,810
Costs of permitted hedging instruments	1,716	770
Capitalised interest	1,612	504
Reconstitution of the nominal amount of financial debt	87	86
Bank costs and other commissions	284	74
Average outstanding debt for the period	304,323	183,947
<b>Average financing costs</b>	<b>1.96%</b>	<b>1.76%</b>
<b>Average financing costs excl. costs of permitted hedging instruments</b>	<b>1.40%</b>	<b>1.34%</b>

<b>EPRA NAV</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Net asset value according to the financial statements	410,019	224,491
To be excluded:		
Fair value of financial assets and liabilities	6,317	924
Deferred taxes	16,675	6,998
<b>EPRA NAV</b>	<b>433,011</b>	<b>231,203</b>
<b>EPRA NAV (EUR/share)</b>	<b>31.45</b>	<b>28.44</b>

<b>EPRA NNNAV</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
EPRA NAV	433,011	321,203
To be added:		
- Fair value of financial assets and liabilities	-6,317	-924
- Deferred taxes	-16,675	-6,988
<b>EPRA NNNAV</b>	<b>410,019</b>	<b>223,291</b>
<b>EPRA NNNAV (EUR per share)</b>	<b>29.78</b>	<b>27.47</b>

<b>EPRA Net Initial Yield</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Investment property – full property fair value	830,899	492,573
Investment property – share in joint ventures	20,224	6,235
Minus property developments	-179,435	-101,951
Completed property portfolio	671,688	396,857
Transaction fees	20,718	11,875
Investment value of the property available for rent	692,407	408,733
Annualised gross rental income	35,099	21,442
Property charges	-3,552	-2,308
Annualised net rental income	31,747	19,134
Notional amount at the end of the rent-free period	-	-
Adjusted annualised net rental income	31,747	19,134
<b>EPRA Net Initial Yield</b>	<b>4.6%</b>	<b>4.7%</b>
<b>EPRA Adjusted Net Initial Yield</b>	<b>4.6%</b>	<b>4.7%</b>

<b>EPRA Rental Vacancy</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Estimated rental value of the vacant units	637 <sup>39</sup>	534
Estimated rental value of the entire portfolio	54,757	22,519
<b>EPRA Rental Vacancy</b>	<b>1.16%</b>	<b>2%</b>

<sup>39</sup> The vacancy estimated rental value includes vacancies for the building located on Phoenixstraat in Delft. This property was completed at the end of November and was not yet fully let by 31/12/2018. The necessary contracts have now been signed and the building will be fully let by 01/02/2019.



<b>EPRA cost ratio</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
General expenses	3,149	2,068
Impairments of trade receivables	165	91
Property charges	4,301	3,295
EPRA costs (incl. vacancy costs)	7,615	5,454
Vacancy costs	240	148
EPRA costs (excl. vacancy costs)	7,375	5,306
Gross rental income	30,246	18,285
<b>EPRA cost ratio (incl. vacancy costs)</b>	<b>25.2%</b>	<b>29.8%</b>
<b>EPRA cost ratio (excluding vacancy costs)</b>	<b>24.4%</b>	<b>29.0%</b>

<b>Financial result excl. the variation in the fair value of financial assets and liabilities</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Financial result	-9,572	-1,750
Variations in the fair value of financial assets and liabilities	5,393	-942
<b>Financial result excl. variations in the fair value of financial assets and liabilities</b>	<b>-4,179</b>	<b>-2,692</b>

# 10.9

## OTHER NOTES

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

### 10.9.1 PROPERTY RESULT

Figures in thousands of EUR.

	31/12/2018	31/12/2017
(+) Rental income	30,246	18,285
Rent	27,194	17,544
Rental guarantees	3,105	807
Rent reductions	-53	-66
(+) Writeback of rental carried over and discounted		
(+/-) Rent-related expenses	-165	-91
<b>Net rental income</b>	<b>30,081</b>	<b>18,194</b>
(+) Recovery of property charges		0
(+) Recovery of rental charges and taxes normally payable by the tenants for let properties	4,952	2,694
(-) Costs payable by tenants and borne by the landlord for rental damage and refurbishment at the end of the tenancy		0
(-) Rental charges and taxes normally payable by the tenants for let properties	-5,544	-3,047
(+/-) Other rent-related income and expenditure	1,230	693
<b>Property result</b>	<b>30,718</b>	<b>18,533</b>

Rent-related expenses contain impairments on rent receivables.

The rental guarantees on 31/12/2018 include the rental guarantees given by the Sellers upon acquisition. Those rental guarantees have a term of 1 to 2 years and cover the vacant units.

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>(+/-) Summary of rental income that could cease to exist in future</b>		
Within one year	25,329	13,894
Between one and five years	2,031	1,927
More than five years	2,886	2,464
<b>Total</b>	<b>30,246</b>	<b>18,285</b>

The above table shows how much of the rental income that was earned between 1 January 2018 and 31 December 2018 could theoretically cease to exist in future if the current tenants give notice of termination on the next contractually permitted date and no new tenant is found.

Most of Xior Student Housing NV's tenancy agreements are short-term contracts for letting student units. These contracts are typically concluded for a one-year period, after which they can be extended. Xior also tries to conclude long-term contracts with colleges or universities for some of the rooms in its portfolio. Please find below a list of Xior's main rental and guarantee contracts with universities or colleges:

<b>University</b>	<b>City</b>	<b>Location</b>	<b>Contract end date</b>
<b>Lease contracts</b>			
Saxion Hogescholen	Enschede	Ariënsplein	31/08/2026
Saxion Hogescholen	Enschede	Ariënsplein	31/08/2027
Universiteit Maastricht	Maastricht	Vijverdalseweg	31/07/2019
Universiteit Maastricht	Maastricht	Annadal	2021/2031
Stichting Studenten Huisvesting	Maastricht	Annadal	2037
Hogeschool Gent	Gent	Campus Overwale	1/09/2036
<b>Guarantee contracts</b>			
Vrije Universiteit (VU)	Amsterdam	Naritaweg	31/05/2021
Hogeschool Zuyd	Maastricht	Vijverdalseweg	14/07/2019
Rotterdam School of Management (RSM)	Rotterdam	Campus Woudestein	31/12/2021
Hogeschool Utrecht	Utrecht	Willem Dreeslaan	31/08/2019

A number of the contracts have been in place for several years and are renewed each year.

Together, these rental or guarantee contracts cover 16% of Xior's annualised long-term rental income. There are also partnerships with universities and colleges. These softer commitments represent 9% of the annualised rental income.

Xior Student Housing NV also has several other types of tenancy agreements that are also long-term. These are mainly

the tenancy agreements for the commercial properties, which typically have terms that exceed 1 year. The term of these contracts generally varies from 3 to 10 years. In the course of 2017, Xior acquired a number of office properties to be converted. A number of these properties will be temporarily rented out as offices pending their redevelopment into student accommodation. The term of these contracts varies from 1 to 5 years.

Rents are paid monthly and in advance. Certain property-related costs, such as running costs, taxes and levies and the communal costs are also charged to the tenant. Tenants pay a fixed monthly advance payment for this purpose with an annual settlement, or a fixed annual amount is charged to cover these costs. In order to guarantee tenants comply with their obligations, a rental guarantee of at least 1 month's rent, and in most cases 2 months' rent, is charged. This is paid mostly in cash and reflected on the balance sheet under other short-term liabilities.

### 10.9.2 PROPERTY CHARGES

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>(-) Technical costs</b>	<b>-844</b>	<b>-988</b>
Recurring technical costs	-825	-986
Maintenance	-654	-878
Insurance premiums	-171	-108
Non-recurring technical costs	-19	-2
<b>(-) Commercial costs</b>	<b>-335</b>	<b>-210</b>
Lawyers' fees and legal costs	-13	-10
Estate agent commissions	0	0
Publicity	-322	-200
Other	0	0
<b>(-) Costs and taxes for non-let properties</b>	<b>-240</b>	<b>-148</b>
<b>(-) Property management costs</b>	<b>-1,802</b>	<b>-1,194</b>
Management costs (external)	-1,246	-674
Management costs (internal)	-556	-520
<b>(-) Other property charges</b>	<b>-1,080</b>	<b>-756</b>

Valuation expert fees	-192	-154
Architects' fees	-1	-1
Immovable property tax and other taxes	-887	-600
<b>Property charges</b>	<b>-4,301</b>	<b>-3,295</b>

The increase in property charges from 31/12/2018 to 31/12/2017 is the result of the property portfolio's further expansion. 16 properties were added to the property portfolio in 2017. This has an impact on the property charges. In 2018, 15 properties were again added to the property portfolio.

### 10.9.3 GENERAL EXPENSES

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>(-) General company expenses</b>	<b>-3,149</b>	<b>-2,068</b>
Lawyers' fees, notarial charges and legal costs	-131	-67
Audit	-103	-95
Tax and financial advice	-334	-95
Directors and executive management	-922	-690
Staffing costs	-797	-504
Housing costs	-132	-84
Office costs	-146	-101
Publicity, communication and annual report	-134	-158
Taxes and statutory expenses	-336	-214
Insurance	-42	-45
Other general expenses	-72	-15
<b>General company expenses</b>	<b>-3,149</b>	<b>-2,068</b>

The general expenses of the Company cover the fixed operating expenses of the undertaking that operates as a legally listed entity and enjoys RREC status. These costs are incurred to provide transparent financial information. The increase in general costs is mainly due to a rise in management remuneration, personnel costs, consultancy costs and taxes & legal costs, which mainly include the equity-based subscription tax.

#### 10.9.4 OTHER OPERATING INCOME AND COSTS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
(+/-) <b>Other operating result and costs</b>	<b>53</b>	<b>75</b>
Management for third parties	53	75
<b>Other operating income and costs</b>	<b>53</b>	<b>75</b>

Pursuant to Article 6 of the Law on Regulated Real Estate Companies, Stubis, a wholly owned subsidiary of Xior Student Housing NV, provides limited real estate services to third parties. The returns from this are accounted for as other operational income and costs. The result before taxes for these services to third parties in 2018 represents a non-significant percentage of the consolidated result before taxes.

The assets managed for third parties represent approximately 2.8% (and therefore less than 10%) of the consolidated assets of Xior Student Housing NV.

#### 10.9.5 RESULT ON THE PORTFOLIO

Figures in thousands of EUR.

	31/12/2018	31/12/2017
(+/-) <b>Result from the sale of investment property</b>	<b>0</b>	<b>31</b>
(+/-) <b>Result from the sale of other non-financial assets</b>		
(+/-) <b>Changes in the fair value of investment property</b>	<b>5,372</b>	<b>3,802</b>
Positive changes in the fair value of investment property	8,826	5,333
Negative changes in the fair value of investment property	-3,454	-1,531
(+/-) <b>Other portfolio result</b>	<b>351</b>	<b>-2,112</b>
<b>Result on the portfolio</b>	<b>5,723</b>	<b>1,722</b>

New properties were obtained in 2018 through property acquisitions (sale-purchase), share acquisitions and takeover mergers.

The property was acquired at a fiduciary value (the acquisition value agreed between the parties) which was in line with (but not necessarily equal to) the Fair Value as assessed by the surveyors.

- The difference between the Fair Value of properties acquired through property acquisitions (sale-purchase) and the fiduciary value of such property is processed as 'changes in the Fair Value of investment properties' on the income statement.
- The difference between the Fair Value of properties acquired through share acquisitions and the fiduciary value of such properties as well as other sources of differences between the fair value and fiduciary value of the shares are processed as 'other portfolio result' on the income statement. This 'other portfolio result' concerns amounts resulting from application of the consolidation principles and merger transactions, and consists of the differences between the price paid for real estate companies and the fair value of the acquired net assets. This 'other portfolio result' also covers directly attributable transaction fees.
- The change in Fair Value between 1 January 2018 and 31 December 2018 was booked under negative or positive investment property changes.

The positive change in the valuation of the investment properties can be explained by continued tighter yields of the Dutch portfolio. The negative change in the valuation of the investment property can primarily be explained by a decrease in the Estimated Rental Value established by the valuation expert for several commercial properties and by an adjustment (increase) in the construction budget for a number of ongoing conversion projects and project developments.

Figures in thousands of EUR.

	31/12/2018	31/12/2017
Book value of the sold properties	0	1,318
Net sales price of investment property (sales price – transaction fees)	0	1,349
<b>Total profit or loss on investment property sales</b>	<b>0</b>	<b>31</b>

The capital gains realised against the Fair Value are related to the sale of a non-strategic commercial property in Leuven in 2017.



## 10.9.6 FINANCIAL RESULT

Figures in thousands of EUR.

	31/12/2018	31/12/2017
(+) <b>Financial income</b>	183	48
(-) <b>Net interest expense</b>	-4,079	-2,665
Nominal interest paid on loans	-2,276	-1,810
Reconstitution of the nominal amount of financial debt	-87	-86
Costs of permitted hedging instruments	-1,716	-770
(-) <b>Other financial costs</b>	-283	-74
Bank costs and other commissions	-253	-47
Other	-30	-27
(+/-) <b>Changes in the fair value of financial assets and liabilities</b>	-5,393	942
Market value of interest rate swaps	-5,393	942
<b>Financial result</b>	<b>-9,572</b>	<b>-1,749</b>

The average interest rate<sup>40</sup> was 1.84% (1.28% without hedging instruments) on 31 December 2018 and was 1.68% on 31 December 2017. The average financing cost was 1.96% on 31 December 2018 compared with 1.76% on 31 December 2017.

The Company is subject to fluctuations in interest rates, because most long-term liabilities were entered into on the basis of variable interest rates. An increase in the interest rate can therefore cause an increase in the interest charges. However, the company has concluded the necessary IRS contracts over the years. As at 31 December 2018, 89.7% of the credit drawn down was hedged with IRS contracts or taken out at a fixed interest rate. (See also *Chapter 5.3.2 of this Annual Report*.)

The derivatives used by Xior Student Housing NV do not qualify as hedging transactions. As a result, the changes in fair value are included in the income statement immediately.

### 10.9.7 CORPORATE TAX

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Parent company</b>		
29.58% corporate tax	-9	-9
<b>Subsidiaries</b>		
Belgian tax, due and deductible	-5	10
Foreign tax, due and deductible	-2,950	-784
Foreign deferred taxes	-673	-1,674
Belgian deferred taxes		
<b>Totaal</b>	<b>-3,637</b>	<b>-2,457</b>
Exit Tax		-1
<b>Total</b>	<b>-3,637</b>	<b>-2,456</b>

In Belgium, an RREC is only subject to corporation tax as regards disallowed expenses and extraordinary and gratuitous advantages. Deferred taxes (exit taxes) for subsidiaries are recorded as the difference between the carrying amount after depreciation in the annual financial statements of these subsidiaries and the Fair Value. These are recorded at a rate of 12.75%, as it is the intention to merge these subsidiaries with the public RREC.

The Company also has a number of buildings that are located in the Netherlands. Some of these properties are part of a Dutch permanent establishment. Other Dutch properties are held by a wholly-owned subsidiary of Xior Student Housing. The tax on profits due by the Dutch permanent establishment and by the Dutch subsidiaries is estimated at 25% of the taxable result of the permanent establishment and subsidiaries.

In addition to income tax, a deferred tax liability is attributed to the unrealised gain on the property in the Netherlands held by the permanent establishment. This deferred tax liability will be adjusted if the Fair Value or carrying amount of the property changes as a result of fluctuations in value or tax depreciation, for example. The applied percentage is evaluated annually by taking into account the projected gross margin on the real estate income in the Netherlands for the coming years.

Please also refer to *Chapter 10.9.21 of this Annual Report*.

### 10.9.8 INVESTMENT PROPERTY

Figures in thousands of EUR.

<b>Investment table</b>	<b>Investment property in operation</b>	<b>Property developments</b>	<b>Total</b>
<b>Balance on 31/12/2016</b>	<b>265,873</b>	<b>0</b>	<b>265,873</b>
Acquisition through purchase or contributions of real estate companies	151,742	17,498	169,240
Further CAPEX investments	6,914	3,030	9,944
Purchase and contribution of investment property	35,387	5,330	40,717
Sale of investment property	-1,318		-1,318
Capitalised interest charges	401	103	504
Change in the fair value	2,906	896	3,802
Transfer from/to			0
<b>Balance on 31/12/2017</b>	<b>461,905</b>	<b>26,857</b>	<b>488,762</b>
Acquisition through purchase or contributions of real estate companies	181,936	41,923	223,859
Further CAPEX investments	21,336	10,111	31,447
Purchase and contribution of investment property	29,329	34,528	63,857
Sale of investment property	0	0	0
Capitalised interest charges	877	735	1,612
Change in the fair value	7,098	-1,727	5,371
Transfer from/to	33,446	-33,446	0
<b>Balance on 31/12/2018</b>	<b>735,927</b>	<b>78,981</b>	<b>814,908</b>

Capitalised interest charges with regard to properties that are the object of property developments were capitalised at an interest rate of 2% during 2018.

Further investment in CAPEX is related to the investments made in connection of new purchases, own property development and investments in the existing portfolio. For a detailed description of all achievements of 2018, please refer to *Chapter 10.9.29 of the Annual Report*.

## IFRS 13 note

### Valuation of investment property

Investment property is included at their Fair Value in accordance with IAS 40. The Fair Value is measured based on unobservable inputs, so the assets within the investment property belong to level 3 of the fair value hierarchy as determined by the IFRS. There were no shifts within the *fair value* hierarchy in 2018.

Investment property is recognised in the accounts on the basis of appraisal reports that are drawn up by independent and expert property appraisers.

The valuation of the property portfolio was drawn up by Stadim (Belgium and some of the Netherlands) and Cushman & Wakefield<sup>41</sup> (The Netherlands).

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

For a further explanation of the valuation methods, please refer to *Chapter 8.2.4.1 of this Annual Report*.

The fair value is determined on the basis of one of the following levels of the IFRS 13 hierarchy:

- Level 1: valuation based on listed market prices in active markets
- Level 2: valuation based on direct or indirect data that can be observed externally
- Level 3: valuation based fully or partially on data that cannot be observed externally

The property portfolio is assessed at the fair value. The *fair value* is measured based on unobservable inputs, so the assets within the investment property belong to level 3 of the fair value hierarchy as determined by the IFRS.

### Unobservable inputs in the measurement of the fair value

**31/12/2018**

Asset types	Fair value on 31/12/2018	Assessment method	Country	Unobservable data	Min	Max	Weighted average
Student flats	197,971	DCF	Belgium	Rent per student room	200	990	478
				Discount rate	4.32%	5.00%	4.54%
				Vacancy	2.01%	8.33%	3.76%
				Inflation	1.25%	1.25%	1.25%
				<b>Number of units</b>	<b>1,879</b>		
	518,571	DCF	Netherlands	Rent per student room	250	989	561
				Discount rate	4.91%	7.52%	5.89%
				Vacancy	2.25%	4.28%	3.00%
				Inflation	1.25%	1.80%	1.39%
				<b>Number of units</b>	<b>3,626</b>		
Other	26,844	DCF	Belgium	Gross rental income/m <sup>2</sup>	115	323	285

<sup>41</sup> DTZ is now Cushman & Wakefield.

				Discount rate	4.57%	5.45%	4.96%
				Vacancy	2.03%	6.02%	3.76%
				Inflation	1.25%	1.25%	1.25%
				<b>Square metres</b>	<b>6,657</b>		
	71,522	DCF	Netherlands	Gross rental income/m <sup>2</sup>	119	253	215
				Discount rate	6.25%	8.50%	7.50%
				Vacancy	3%	6%	4%
				Inflation	1.30%	1.30%	1.30%
				<b>Square metres</b>	<b>874</b>		
<b>Total</b>	<b>814,908</b>						

**31/12/2017**

<b>Asset types</b>	<b>Fair value on 31/12/2017</b>	<b>Assessment method</b>	<b>Country</b>	<b>Unobservable data</b>	<b>Min</b>	<b>Max</b>	<b>Weighted average</b>
<b>Student flats</b>	171,069	DCF	Belgium	Rent per student room	265	1,060	360
				Discount rate	4.32%	5.00%	4.45%
				Vacancy	0%	52%	3%
				Inflation	1.25%	1.25%	1.25%
				<b>Number of units</b>	<b>1,787</b>		
	215,705	DCF	Netherlands	Rent per student room	250	735	455
				Discount rate	5.61%	8.10%	6.37%
				Vacancy	0%	0%	0%
				Inflation	1.25%	1.60%	1.36%
				<b>Number of units</b>	<b>1,891</b>		
<b>Other</b>	25,740	DCF	Belgium	Gross rental income/m <sup>2</sup>	212	325	220
				Discount rate	4%	5.45%	4.50%
				Vacancy	0%	13%	3%
				Inflation	1.25%	1.25%	1.25%
				<b>Square metres</b>	<b>6,657</b>		
	76,249	DCF	Netherlands	Gross rental income/m <sup>2</sup>	100	220	186
				Discount rate	6.25%	8.50%	7.70%
				Vacancy	4%	6%	4%
				Inflation	1.30%	1.30%	1.30%
				<b>Square metres</b>	<b>874</b>		
<b>Total</b>	<b>488,762</b>						

There is a significant gap between the minimum and maximum rents for student rooms. This is because the rent for the different rooms depends on the room type. We have 4 room types: basic, basic+, comfort and premium. Each type offers a different form of comfort, so the price depends on various factors (size of the room, en-suite or not, with or without own kitchenette, location in the building and so on). For more information on the average room price and influencing factors, please refer to *Chapter 8.2.2.4 of this Annual Report*.

For the determination of the DCF, the valuation expert takes into account a gross rental value on the one hand, and a number of costs associated with the property on the other hand. The costs that are taken into account are: fire insurance, property taxes, maintenance costs and property management costs. Some vacancies are also taken into account (see also table above). For actual vacancies as at 31 December 2018, we refer to the property table included in *Chapter 8 of the Annual Financial Report*.

The valuation expert also takes into account the terminal value of the property. On average, this terminal value amounts to 50% of the Fair Value. This is due to the fact that Xior's properties are in good locations, so that the land value included in the Fair Value of the property involves a high terminal value.

In the valuation, the valuation expert also allows for the ageing of the buildings. To this end, an annual rate of depreciation is applied to the value of the building when calculating the Fair Value. This corresponds to approximately 2% per annum on the value of the building. The valuation expert assumes that thorough renovation will be required after a period of time in order to ensure that rental streams are maintained. Costs for this are provided in the DCF model. After a thorough renovation, a building's useful life rises again. Most properties in the portfolio have a useful life of 27 years. The properties in the portfolio are fairly recent and a number of properties were thoroughly renovated each year in order to maintain the rental flows and Xior quality standard.

Projects under development are valued in the same way. The valuation expert determines the Fair Value upon completion and deducts the construction costs to be incurred.

The sensitivity of the Fair Value to a change in the aforementioned non-observable data is generally presented as follows (if all parameters remain unchanged):

Unobservable data	Effect on the fair value	
	In case the value of the non-perceptible data falls	In case the value of the non-perceptible data rises
Rent per student room	Negative	Positive
Discount rate	Positive	Negative
Gross rental income/m <sup>2</sup>	Negative	Positive
Vacancy	Positive	Negative

These unobservable data may also be interconnected as they are partly determined by the market conditions.

If the discount rate or rents were to rise or fall, the impact on the Fair Value would be as follows:

Impact on the Fair Value	In KEUR
Rent +10%	112,390
Rent +5%	58,780
Rent -5%	-53,761
Rent -10%	-107,351
Discount rate +0.5%	-75,638
Discount rate +0.3%	-47,012
Discount rate +0.1%	-34,274
Discount rate -0.1%	16,700
Discount rate -0.3%	52,135
Discount rate -0.5%	90,677

#### Valuation process for investment property

Investment property is recognised in the financial statements on the basis of appraisal reports that are drawn up by the independent valuation experts. These reports are based on information provided by the Company and on the assumptions and valuation models adopted by the valuation expert.

Information provided by the Company includes current tenancy agreements, periods and conditions, along with renovation carried out on investments for Property developments.

The assumptions and valuation models applied by the valuation experts mainly relate to the market situation, such as returns and discount rates. They are based on their professional assessment and knowledge of the market.

For a detailed description of the method of valuation applied by the valuation experts, please refer to *Chapter 8.2.4 of this Annual Report* ('Appraisal of the property portfolio by the Valuation Experts').

The information provided by the valuation experts, the assumptions and the valuation models are reviewed internally. This includes reviewing changes in the Fair Value during the period in question.



### 10.9.9 TANGIBLE FIXED ASSETS

Figures in thousands of EUR.

	31/12/2018 Other tangible fixed assets	31/12/2017 Other tangible fixed assets
<b>Tangible fixed assets</b>		
<b>Acquisition value</b>		
Balance at the start of the financial year	445	308
Acquisitions	463	136
At the financial year-end	908	445
<b>Depreciation</b>		
Balance at the start of the financial year	-98	-60
Depreciation	-112	-38
At the financial year-end	-210	-98
<b>Net carrying value</b>	<b>698</b>	<b>347</b>

The increase in the other tangible fixed assets mainly relates to the refurbishment of our commercial offices in Belgium.

### 10.9.10 FINANCIAL FIXED ASSETS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Financial fixed assets</b>		
other	21	21
<b>Total</b>	<b>21</b>	<b>21</b>

### 10.9.11 TRADE RECEIVABLES AND OTHER FIXED ASSETS

The long-term receivables (KEUR 135) relate to a reduction in rental property tax in the Netherlands<sup>42</sup> which can be deducted from future property tax expenses.

### 10.9.12 PARTICIPATING INTERESTS IN JOINT VENTURE – EQUITY METHOD

Xior has a 50% stake in joint venture Alma Student NV as at 31 December 2018. This joint venture is included in Xior's consolidated financial statements with the equity method.

The table below provides an overview of the assets and liabilities of Alma Student on 31 December 2018.

<b>Alma Student NV</b>	
Summary of assets and liabilities (100%)	
Investment property	15,822
Other assets	3
Cash and cash equivalents	393
Equity	23
Deferred taxes	
Non-current debts	16,144
Other debt	48
Adjusted equity (100%)	23
Paid share price (50%)	31
<b>Joint venture result</b>	<b>-20</b>

Xior will acquire the remaining 50% of the shares once the project is completed. The estimated purchase price of the remaining 50% was already included in the annual accounts as at 31 December 2018.

Xior has granted a shareholder loan to joint venture Alma. On 31 December 2018, the outstanding receivables were KEUR 16,144. The receivable is interest bearing at 2% per year.

The share in the result of associated companies and joint ventures as included in the consolidated P&L as at 31 December 2018 mainly relates to Promiris Student NV. This company was a joint venture until 5 October 2018. All the company's shares are fully held by Xior since that date.

<sup>42</sup> This rental property tax is in force in the Netherlands, where landlords owning more than 10 rental properties have to pay a tax on the property tax value of rented accommodation. This applies to rental properties for which the rent does not exceed EUR 720.428 per month (2019 price level). The rental property tax rate for 2019 is 0.561%. If the applicable conditions are met, this tax can be reduced in case of investments.

### 10.9.13 TRADE RECEIVABLES

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Trade receivables</b>		
Trade receivables	1,411	1,435
Invoices to issue	98	
Income to be collected	24	176
Credit notes to be received	0	2
Doubtful debts	0	
Recorded impairments	-333	
Other	18	80
<b>Total</b>	<b>1,217</b>	<b>1,692</b>

Trade receivables still to be collected (KEUR 1,429) include rent still to be received.

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Impairments on doubtful debts – movement table</b>		
At the financial year-end	9	20
From acquired companies	276	
Additions	140	6
Reversals		
Written off as no longer collectible	-92	17
<b>At the financial year-end</b>	<b>333</b>	<b>9</b>

Provisions for doubtful debts are generally made on an individual basis, when needed. There is a risk that a loss will be suffered on a receivable. This risk is limited because a rental guarantee of at least 1 month's rent, and in most cases 2 months' rent, is requested at the start of the tenancy agreement.

The provision for doubtful debts is established as follows: the list of overdue rent is monitored closely internally. Based on an assessment by the management or when there are clear indications that the receivables can no longer be collected,

a provision is established. A provision of KEUR 333 was established on 31 December 2018. This amount includes a transferred provision of KEUR 276. This provision was set up for an acquired subsidiary. The risk of losing this receivable is therefore included in the purchase price and is borne by the Seller.

#### Receivables ageing summary

Figures in thousands of EUR.

<b>Ageing of outstanding customers</b>	
not due	29
30 days	170
31-60 days	127
61-90 days	196
more than 90 days	888
<b>Total</b>	<b>1,410</b>

The outstanding rents in the category that exceeds 90 days include KEUR 524 of receivables from an acquired company, for which a collection guarantee exists. This also includes KEUR 140 in rent to be received from one commercial tenant. The tenant paid to the wrong company. We are now trying to get this payment over to Xior as soon as possible. This also contains KEUR 186 in billed rental guarantees, for which payment is expected shortly. Outstanding rent in the category between 61 and 90 days has KEUR 140 in billed rental guarantees, for which payment is expected shortly.

#### 10.9.14 TAX RECEIVABLES AND OTHER CURRENT ASSETS

Figures in thousands of EUR.

	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>Tax receivables and other current assets</b>		
Tax to be reclaimed	45	730
VAT to be reclaimed	693	48
Other	33,487	10,091
<b>Total</b>	<b>34,225</b>	<b>10,869</b>

As at 31 December 2018, the other current assets include a shareholder loan granted to the Alma Student joint venture (KEUR 16,144) and an advance paid for an acquisition (KEUR 15,102). This also includes a current account position with the Promoter (KEUR 1,723).

This also includes receivables for rental guarantees provided by the Sellers of projects acquired in the course of 2017 and 2018. The Sellers provided rental guarantees for the acquisition of The Spot Eindhoven, Utrecht Willem Dreeslaan, The Safe Venlo, De Keulse Poort, Naritaweg, Rotsoord, Leeuwarden Tesselschadestraat, All-In Annadal and Promiris Student. These rental guarantees cover 12 or 24 months. In simple terms, the rental guarantee means that the seller pays the difference between the theoretical rent in case of 100% occupancy and the actual rent.

### 10.9.15 CASH AND CASH EQUIVALENTS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Cash and cash equivalents</b>		
Banks	1,662	804
Cash resources	15	11
<b>Totaal</b>	<b>1,677</b>	<b>815</b>

There are no restrictions on the use or application of cash and cash equivalents.

### 10.9.16 ACCRUALS AND DEFERRED PAYMENTS – ASSETS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Accruals and deferred payments – Assets</b>		
Accrued rental income	980	35
Prepaid property charges	9	94
Other	85	66
<b>Total</b>	<b>1,074</b>	<b>195</b>

Other relates mainly to overheads to be deferred.

## 10.9.17 CAPITAL

Figures in thousands of EUR.

### Evolution of capital

Date	Transaction
10/03/2014	Incorporation of company
23/09/2015	Capital increase
23/11/2015	Share split
11/12/2015	Sister mergers
11/12/2015	Capital increase by way of non-cash contribution as a result of the Share Contribution
11/12/2015	Mergers by acquisition
11/12/2015	Capital increase below accounting par value through cash contributions for the issue of new shares
11/12/2015	Capital reduction to create a reserve to cover foreseeable losses
1/03/2016	Merger with Devimmo NV
1/08/2016	Merger with CPG CVBA
11/10/2016	Contribution in kind Woonfront Tramsingel B.V.
17/01/2017	KVS project contribution in kind
22/06/2017	Capital increase by cash contribution
26/03/2018	Enschede project contribution in kind
12/06/2018	Capital increase by cash contribution
12/12/2018	Contribution in kind All-In Annadal B.V.

	Previous capital (EUR)	Capital increase (EUR)	New capital (EUR)	Previous number of shares	New number of shares	Accounting par value (EUR)
		20,000.00	20,000.00		200.00	100.00
	20,000.00	1,230,000.00	1,250,000.00	200.00	12,500.00	100.00
	1,250,000.00		1,250,000.00	12,500.00	42,500.00	29.41
	1,250,000.00	23,328,937.02	24,578,937.02	42,500.00	975,653.00	25.19
	24,578,937.02	3,256,783.01	27,835,720.03	975,653.00	1,105,923.00	25.17
	27,835,720.03	3,696,060.08	31,531,780.11	1,105,923.00	1,253,764.00	25.15
	31,531,780.11	58,710,898.28	90,242,678.39	1,253,764.00	4,626,780.00	19.50
	90,242,678.39	-6,960,638.39	83,282,040.00	4,626,780.00	4,626,780.00	18.00
	83,282,040.00	4,151,826.00	87,433,866.00	4,626,780.00	4,857,437.00	18.00
	87,433,866.00	1,320,948.00	88,754,814.00	4,857,437.00	4,930,823.00	18.00
	88,754,814.00	6,114,204.00	94,869,018.00	4,930,823.00	5,270,501.00	18.00
	94,869,018.00	2,669,976.00	97,538,994.00	5,270,501.00	5,418,833.00	18.00
	97,538,994.00	48,769,488.00	146,308,482.00	5,418,833.00	8,128,249.00	18.00
	146,308,482.00	9,317,304.00	155,625,786.00	8,128,249.00	8,645,877.00	18.00
	155,625,786.00	77,812,884.00	233,438,670.00	8,645,877.00	12,968,815.00	18.00
	233,438,670.00	14,400,000.00	247,838,670.00	12,968,815.00	13,768,815.00	18.00



**Evolution of issue premiums**

Figures in thousands of EUR.

Date	Transaction	Issue premiums
31/12/2015		25,615
1/03/2016	Merger with Devimmo NV	1,615
1/08/2016	Merger with CPG CVBA	514
11/10/2016	Woonfront contribution in kind	4,517
17/01/2017	KVS project contribution in kind	2,394
22/06/2017	Capital increase	35,222
26/03/2018	Enschede project contribution in kind	8,800
12/06/2018	Capital increase	53,332
12/12/2018	Contribution in kind All-In Annadal	15,230
<b>Total issue premiums on 31/12/2018</b>		<b>147,239</b>
<b>Unavailable issue premiums</b>		<b>142,618</b>
<b>Available issue premiums</b>		<b>4,621</b>

The Extraordinary General Meeting of 15 December 2017 made available EUR 4,621,031 of the share premiums.

**Authorised share capital**

At the Extraordinary General Meeting of 14 December 2018, the Board of Directors was authorised to increase the share capital in one or more instalments. For this purpose, see Article 7 of the Articles of Association included under *Chapter 12.5. of this Annual Report*.

This authorisation was granted to the Board of Directors for a 5-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 14 December 2018. This authorisation can be renewed. The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase.

These capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the Company's IFRS statutory annual financial statement (drawn up under the Legislation on Regulated Real Estate Companies) that are subject to conversion into capital, whether or not with the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, Legislation on Regulated Real Estate Companies and Articles of Association.

The Board of Directors may at such occasion issue new shares with the same or different rights (such as voting rights, dividend rights, including whether or not any preferential dividend is transferable, and/or rights relating to the liquidation balance and any preference with regard to the repayment of capital) as the existing shares and amend the Articles of Association in that regard to give effect to such different rights. If the capital increases decided by the Board of Directors include an issue premium, the Board of Directors must place the issue premium amount – possible reduced by an amount up to the costs of the capital increase as referred to by the applicable IFRS rules – in a non-distributable reserve account to serve as a guarantee to third parties in the same way as the capital. Subject to the issue premium's incorporation into the capital, it can only be reduced or abolished in a resolution at the general shareholders' meeting in accordance with the

quorum and majority rules applicable to amendments of the Articles of Association.

Notwithstanding the application of Articles 592-598 and 606 of the Belgian Companies Code, the Board of Directors may limit or cancel the pre-emptive right, even if it operates in favour of one or more persons other than employees of the Company or its subsidiaries, insofar as an irreducible allocation right is granted to the existing Shareholders on the award of new securities (insofar as permitted by law). This irreducible allocation right must at least comply with the conditions as set out in Article 11.1 of the Articles of Association. Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, such restrictions with regard to the restriction or cancellation of the pre-emptive right do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

If securities are issued in return for a non-cash contribution, the conditions as stated in Article 11.2 of the Articles of Association must be fulfilled (including the possibility of deducting an amount that corresponds to the portion of the unpaid gross dividend). However, the special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

Under the same conditions as set out above and subject to the applicable statutory provisions, the Company may, with the exception of profit-sharing certificates and similar securities, issue the securities referred to in Article 460 of the Belgian Companies Code and any other securities permitted by company law in accordance with the rules prescribed for that purpose and the Legislation on Regulated Real Estate Companies.

The right in relation to the authorised share capital may never be used for the following transactions:

- i. capital increases that are mainly brought about by a non-cash contribution exclusively reserved for a shareholder of the Company who holds securities of the Company to which more than 10% of the voting rights are attached. Securities held by the following persons are added to those held by this shareholder (Article 606(1)(1) of the Belgian Companies Code):
  - a third party acting in their own name but on behalf of the aforementioned shareholder;
  - a natural person or legal entity affiliated with the aforementioned shareholder;
  - a third party acting in their own name but on behalf of a natural person or legal entity affiliated with the aforementioned shareholder;
  - persons acting in joint consultation, which refers to (a) the natural persons or legal entities who act in joint consultation within the meaning of Article 3, Section 1(5)(a) of the Belgian Law of 1 April 2007, (b) the natural persons or legal entities that have entered into an agreement for the coordinated exercise of their voting rights in order to pursue a sustainable, common policy in relation to the Company, and (c) the natural persons or legal entities that have entered into an agreement with regard to acquiring, holding or transferring voting securities;
- ii. the issue of no-par-value Shares below the accounting par value of the same type of old Shares (Article 606(1)(2) of the Belgian Companies Code);
- iii. (iii) the issue of warrants that are mainly intended for one or more specific persons, other than employees of the Company or of one or more of its subsidiaries (Article 606(1)(3) of the Belgian Companies Code).

The capital was increased 3 times by means of the authorised share capital in the course of 2018. The authorised share capital balance was EUR 25,728,372 on 31 December 2018 (maximum). On 14 December 2018, the approval for authorised share capital was renewed. For this purpose, see Article 7 of the Articles of Association included under **Chapter 12.5. of this Annual Report**.

### 10.9.18 SHAREHOLDER STRUCTURE

Taking into account the received transparency notifications and the information in Xior Student Housing NV's possession, the main shareholders on 31 December 2018 are:

Shareholder	%
Aloxe NV - Dhr. C. Teunissen & Dhr. Frederik Snauwaert	19.15% <sup>1</sup>
AXA Investment Managers SA	9.63% <sup>2</sup>

<sup>1</sup> Based on the transparency notification of 12 December 2018.

<sup>2</sup> Based on the transparency notification of 12 December 2018.

Please also refer to *Chapter 6.1.3 of this Annual Report*.

The transparency notifications can be consulted on the Company's website ([www.xior.be](http://www.xior.be) under the heading Investor Relations – Shareholder Structure).

### 10.9.19 EARNINGS PER SHARE

	31/12/2018	31/12/2017
Number of ordinary shares in circulation	13,768,815	8,128,249
Weighted average number of shares	11,109,319	6,851,483
Net result per ordinary share (in EUR)	1.45	1.60
Diluted net result per ordinary share (in EUR)	1.45	1.60
<b>EPRA earnings per share (in EUR)</b>	<b>1.46</b>	<b>1.43</b>

## 10.9.20 OTHER NON-CURRENT FINANCIAL LIABILITIES

The other non-current financial liabilities on 31 December 2018 are KEUR 6,316. They relate to the market value of the outstanding interest rate swap (IRS) agreements on 31 December 2018.

31/12/2018

IFRS classification	Level (IFRS)	Notional amount	Interest rate (in %)	Expires on	Fair value liabilities
Interest Rate Swap	2	78,000,000	0.56%	25/05/2024	1,651,572.99
Interest Rate Swap	2	22,000,000	0.9765%	30/06/2028	589,823.19
Interest Rate Swap	2	52,000,000	0.465%	29/12/2023	870,731.00
Interest Rate Swap	2	18,000,000	0.59%	30/12/2024	345,898.00
Interest Rate Swap	2	25,000,000	0.70%	1/04/2025	595,700.00
Interest Rate Swap	2	45,000,000	0.55%	31/12/2024	622,054.10
Interest Rate Swap	2	25,000,000	1.1475%	31/12/2027	1,137,885.86
Interest Rate Swap	2	25,000,000	1.045%	31/12/2026	1,041,339.07
Interest Rate Swap	2	25,000,000	0.895%	30/06/2027	513,227.96
Floor	2	20,000,000		30/09/2023	-225,903.49
Floor	2	38,000,000		31/12/2018	0.00
Floor	2	10,000,000		31/03/2024	-124,412.10
Floor	2	10,000,000		31/05/2021	-63,585.16
Floor	2	20,000,000		31/03/2023	-203,672.02
Floor	2	15,000,000		5/05/2021	-97,498.23
Floor	2	10,000,000		11/12/2020	-55,640.75
Floor	2	15,000,000		5/05/2022	-128,758.48
Floor	2	25,000,000		31/12/2019	-75,697.35
Floor	2	25,000,000		31/12/2019	-75,697.35
<b>Total</b>					<b>6,317,367.24</b>

31/12/2017

IFRS classification	Level (IFRS)	Notional amount	Interest rate (in %)	Expires on	Fair value liabilities
Interest Rate Swap	2	78,000,000	0.56%	25/05/2024	876,918.66
Interest Rate Swap	2	52,000,000	0.47%	29/12/2023	381,789.00
Interest Rate Swap	2	18,000,000	0.59%	30/12/2024	163,013.00
Interest Rate Swap	2	45,000,000	0.55%	31/12/2024	7,019.23
Floor	2	15,000,000		5/05/2022	-131,035.82
Floor	2	38,000,000		11/12/2019	-198,730.10
Floor	2	15,000,000		5/05/2021	-108,818.15
Floor	2	10,000,000		11/12/2020	-65,785.15
<b>Total</b>					<b>924,370.67</b>

The market value of the outstanding *Interest Rate Swap* contracts is received from the various financial institutions.

### 10.9.21 DEFERRED TAXES

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Deferred taxes – liabilities</b>		
Exit tax	34	0
Deferred taxes on capital gains on property abroad	16,675	6,988
<b>Totaal</b>	<b>16,709</b>	<b>6,988</b>

These are deferred taxes on Dutch property. The increase in deferred taxes was caused by the 2018 acquisitions.

Please also refer to *Chapter 10.9.7*.

## 10.9.22 FINANCIAL DEBTS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Non-current financial debts</b>		
Bilateral loans – variable or fixed interest rate	401,500	264,000
Loan drawdown costs	-323	-262
<b>Total</b>	<b>401,177</b>	<b>263,738</b>

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Non-current financial debts (excl. interests) Breakdown according to maturity</b>		
Between one and two years	0	11,994
Between two and five years	306,260	251,744
More than five years	94,917	0
<b>Total</b>	<b>401,177</b>	<b>263,738</b>

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Unused loans</b>		
Due within one year	18,500	4,000
Due after one year	0	
<b>Total</b>	<b>18,500</b>	<b>4,000</b>

All financial debts have no underlying collateral.

The majority of the financial debts have a variable interest rate. Some of the financing concluded in 2018 has a fixed interest rate. IRS contracts were signed to hedge part of the loans and swap the variable interest rates with fixed interest rates. A total of KEUR 315,000 in financing is hedged with IRS contracts. This means 78.5% of drawn down financing is hedged. There is KEUR 45,000 in loans at fixed interest rates, which results in a hedge (IRS + fixed interest rate) of 89.7% compared with the drawn down financing.

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Estimated future interest charges</b>		
Within one year	5,221	2,713
Between one and five years	15,679	6,654
More than five years	2,533	
<b>Total</b>	<b>23,433</b>	<b>9,367</b>

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Liquidity liability at maturity dates associated with the hedging instruments</b>		
Within one year	2,194	1,657
Between one and five years	8,776	8,284
More than five years	4,261	839
<b>Total</b>	<b>15,231</b>	<b>10,780</b>

The estimate of future interest expenses takes into account the debt position on 31 December 2018.

Xior Student Housing had KEUR 420,000 of committed credit agreements as at 31 December 2018. For Xior Student Housing's debt ratio, please refer to *Chapter 10.9.33 of this Annual Report*. This concerns bullet loans taken out with various banks and with terms varying from 3 to 7 years. The average term is 4.30 years.

The following table gives an overview of the impact on the fair value and IRSs if the interest rate were to rise or fall by up to 0.20%:

Change in interest rate	Impact on change in fair value of IRSs on 31/12/2018
-0.20%	-2,289 KEUR
+0.20%	+2,291 KEUR



Change in interest rate	Impact on change in fair value of IRSs on 31/12/2017
-0.20%	-2,333 KEUR
+0.20%	+2,340 KEUR

The Company must comply with the necessary covenants in the context of its financing agreements. Xior met all the relevant covenants on 31 December 2018.

A 60% maximum debt ratio (see calculation provided in the Belgian Royal Decree on Regulated Real Estate Companies), an interest cover ratio of at least 2.5 and minimal hedging of 70%. For a more detailed description of the financing agreements signed by the Company, please also refer to *Chapter 5.3.1 of this Annual Report*.

### Interest rate sensitivity

#### 2018

If the Euribor were to rise or fall by 20 basis points, this would have no impact on the interests payable by the Company. This sensitivity estimate takes into account concluded hedging transactions.

#### 2017

If the Euribor were to rise or fall by 20 basis points, this would have no impact on the interests payable by the Company. This sensitivity estimate takes into account concluded hedging transactions.

### Reconciliation of debt from financing activities

The table below shows the changes in Xior's financing activities.

	31/12/2017	Cash flows	Non-cash changes		Reclassification	31/12/2018
			Reconstitution of the nominal amount	Changes in the fair value		
Long-term credit	251,744	137,500	-61		11,994	401,177
Short-term credit	11,994	1,637			-11,994	1,637
Financial instruments	924			5,393		6,317
<b>Total</b>	<b>264,662</b>	<b>139,137</b>	<b>-61</b>	<b>5,393</b>	<b>0</b>	<b>409,131</b>

	31/12/2016	Cash flows	Non-cash changes		Reclass-ification	31/12/2017
			Reconstitution of the nominal amount	Changes in the fair value		
Long-term credit	131,315	132,975	-552		-11,994	251,744
Short-term credit	0				11,994	11,994
Financial instruments	1,866			-942		924
<b>Total</b>	<b>133,181</b>	<b>132,975</b>	<b>-552</b>	<b>-942</b>	<b>0</b>	<b>264,662</b>

### 10.9.23 TRADE DEBTS

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Trade debts</b>		
Trade debts	4,888	1,586
Invoices to be received	1,431	565
Taxes and social security contributions	2,223	916
Other	356	390
Liquidation bonus to be paid	0	
Exit tax	0	
<b>Total</b>	<b>8,898</b>	<b>3,457</b>

The taxes and social security are mainly estimated taxes on permanent establishments and subsidiaries and payable VAT.

### 10.9.24 OTHER CURRENT LIABILITIES

Other current liabilities KEUR 13,263 (2017: KEUR 3,044) are mainly rental guarantees received from tenants. The increase of the other current liabilities is caused by the increased number of tenants.

The company has a put and call option on the remaining 50% of the shares of its Joint Venture partner Alma Student NV. The expected option price (KEUR 7,243) for the remaining 50% of the shares was therefore already included as a liability in the financial statements as at 31 December 2018.

### 10.9.25 ACCRUED LIABILITIES AND DEFERRED INCOME

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Accrued liabilities and deferred income</b>		
Deferred income	1.035	1.436
Real estate expenses to be allocated	790	587
Accrued interests	907	237
Other	1.000	284
<b>Total</b>	<b>3.732</b>	<b>2.544</b>

The deferred income relates mainly to rent paid in advance and service charge advances still to be settled. Accrued expenses are mainly property tax assessments still to be received.

Other accruals are mainly costs still due in the context of the Company's RREC status, so an accrued expense was set up for this.

### 10.9.26 FINANCIAL ASSETS AND LIABILITIES

Figures in thousands of EUR.

	31/12/2018	31/12/2018	31/12/2017	31/12/2017	
<b>Summary of financial assets and liabilities</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Level</b>
<b>Assets</b>					
Financial fixed assets	7,941	7,941	1,301	1,301	
Financial fixed assets	21	21	21	21	Level 2
Trade receivables and other fixed assets	135	135	135	135	Level 2
Deferred taxes – assets	460	460	2	2	Level 2
Participating interests in associated companies and joint ventures	7,325	7,325	1,143	1,143	Level 2
Financial current assets	37,120	37,120	13,367	13,367	
Trade receivables	1,218	1,218	1,683	1,683	Level 2

Tax receivables and other current assets	34,225	34,225	10,869	10,869	Level 2
Cash and cash equivalents	1,677	1,677	815	815	Level 1
<b>Total financial assets</b>	<b>45,061</b>	<b>45,061</b>	<b>14,668</b>	<b>14,668</b>	
<b>Liabilities</b>					
Non-current financial liabilities	407,494	407,471	252,668	252,668	
Non-current financial liabilities	401,177	401,154	251,744	251,744	Level 2
Financial derivatives	6,317	6,317	924	924	Level 2
Current financial liabilities	23,799	23,799	18,495	18,495	
Current financial liabilities	1,637	1,637	11,994	11,994	Level 2
Trade debts and other current liabilities	8,899	8,899	3,457	3,457	Level 2
Other current liabilities	13,263	13,263	3,044	3,044	Level 2
<b>Total financial liabilities</b>	<b>431,293</b>	<b>431,270</b>	<b>271,163</b>	<b>271,163</b>	

Trade debts and payables are recorded at amortised cost. The above are all assets for which the change in *fair value* is booked via the result.

### Fair value

Since the trade debts and payables are current, the fair value almost approximates the nominal value of the financial assets and liabilities in question. As per 31 December 2018, Xior Student Housing has KEUR 45,000 in financial debts at fixed interest rates. The rest of the financial debts are at variable interest rates. A fair value was calculated for the loans that were repaid at a fixed interest rate. This fair value differs from the book value. For the loans taken out at variable interest rates, the fair value equals the book value. These loans are partially hedged with IRS contracts.

For the definitions of the levels, please refer to *Chapter 10.9.8 of this Annual Report*.

## 10.9.27 TRANSACTIONS WITH RELATED PARTIES

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Transactions with related parties</b>		
Management fee	1,088	672
Fee of independent directors	129	75
<b>Total</b>	<b>1,217</b>	<b>747</b>
Receivables from the Promoter	1,723	1,781

The related parties the Company associates with are its subsidiaries and its directors and executives. Transactions with the subsidiaries are eliminated in the consolidation.

The fee for directors and executives is recognised under the item 'General expenses of the Company' (see *Chapter 10.9.3*). Directors and executives do not receive any further benefits at the expense of the Company. We refer for this purpose to the remuneration report in *Chapter 6.1.17 of this Annual Report*.

On 31 December 2018, Xior Student Housing NV had KEUR 1,723 in receivables from Aloxe, the Company's promoter. These receivables resulted mainly from the provided rental guarantees for certain projects during the IPO.

## 10.9.28 STATUTORY AUDITOR'S FEE

Pursuant to Article 133/2 §1 of the Belgian Companies Code, the 70% rule must be assessed at the level of Xior Student Housing NV and may not be exceeded.

Figures in thousands of EUR.

	31/12/2018	31/12/2017
Mandate of the Statutory Auditor (Xior Student Housing NV)	45	26
Mandate of the Statutory Auditor (subsidiaries)	5	5
Audit engagements under the Belgian Companies Code	24	21
Other audit engagements (comfort letter and so on)	25	35
Tax consultancy assignments	0	
Other assignments outside the audit engagements	0	6
<b>Total</b>	<b>99</b>	<b>93</b>

## 10.9.29 ACQUIRED REAL ESTATE COMPANIES AND INVESTMENT PROPERTY

The Company is achieving its growth strategy and its portfolio contained 86 properties on 31 December 2018. The acquisitions achieved in the course of 2018 are explained briefly below.

### 10.9.29.1 Property acquisitions

The Company acquired a number of properties through a sale-purchase against payment in cash (property acquisitions).

#### Acquisition of a student property in Wageningen – 179 units

Xior completed the acquisition of a student complex in Wageningen consisting of 179 non self-contained units on 14 December 2018. The seller from whom Xior is acquiring the Duivendaal property will carry out some modifications in order to bring it fully up to standard. The seller is providing Xior with a return guarantee until delivery. The acquisition value is in line with the fair value as determined by the company's independent valuation expert.

#### Acquisition of Bonnefanten College redevelopment project in Maastricht – 257 units

The Company signed a Purchase Agreement for the acquisition of Bonnefanten College, for which the previous owner already obtained an environmental permit. This former monastery is a registered national monument and will be redeveloped into a student complex with 257 self-contained student rooms and shared facilities. The property is located at Tongerseweg 135, near Xior's other student accommodation monument in Maastricht, the Carré building. The announced total expected investment value (after conversion) is approximately EUR 34 million<sup>43</sup> with an announced expected initial yield of approximately 6.25%. Xior expects to start using the building in September 2019.

#### Acquisition of a student building situated at Tiensestraat 274 / Windmolenveldstraat 2-4 Leuven – 17 units

The Company acquired a building located at Tiensestraat 274 / Windmolenveldstraat 2-4, 3000 Leuven on 9 May 2018. This building is situated in a prime location in the student city of Leuven. The building has 17 student rooms and four apartments. The purchase price was EUR 1.869.000<sup>44</sup>.

#### Acquisition of a student complex for development in Brussels (Woodskot project) – 91 units

On 22 May 2018, the Company acquired a redevelopment project in Brussels<sup>45</sup> called Woodskot. After the proposed redevelopment, this transaction will have 91 units. The announced total expected investment value (after conversion) is approximately EUR 10 million<sup>46</sup> with an expected initial yield of approximately 6%.

#### Acquisition of a student complex in Enschede via contribution in kind – 271 units

On 28 March 2018, Xior acquired a student property (under construction) in Enschede<sup>47</sup>. The land and the structures that had already been renovated were acquired via a(n indirect) contribution in kind to Xior's capital. The value of the contribution was based on the value of the land and the already existing structures, and resulted in a capital increase of EUR 18,117,000 (including issue premium). The acquisition had a total investment value of approx. EUR 28 million<sup>48</sup> and an expected initial yield of approximately 6.3%. The issue price of the new shares amounted to EUR 35 per share (rounded). The commissioning of the building in Enschede is planned for 2018. The developer, who has provided Xior with a one-year rental guarantee for the non-rented sections (self-contained units) and a three-year guarantee for the second education facility, will complete the building in stages.

<sup>43</sup> This is in line with the estimates of the independent valuation expert.

<sup>44</sup> This is in line with the estimates of the independent valuation expert.

<sup>45</sup> See Press Release dated 13 March 2018.

<sup>46</sup> This is in line with the estimates of the independent valuation expert.

<sup>47</sup> See Press Releases dated 12 March 2018 and 28 March 2018.

<sup>48</sup> This is in line with the estimates of the independent valuation expert.

### 10.9.29.2 Share acquisitions

The Company also acquired 100% of the shares in several real estate companies through a sale-purchase against payment in cash or shares.

#### Acquisition of the Annadal site in Maastricht – partly through contribution in kind – 723 units

On 12 December 2018, Xior made the contribution in kind for the acquisition of the Annadal site in Maastricht, the Netherlands, which includes 723 non self-contained student units.

This acquisition was carried out by acquiring 100% of the shares in the real estate company concerned. The agreed value of the underlying property is approximately EUR 62.6 million. The acquisition was carried out partly through a contribution in kind of the shares of the real estate company concerned (payment through the issue of new Xior shares). The new shares were issued as a result of a capital increase using the issued capital that was decided upon by Xior's Board of Directors. The transaction resulted in an equity increase of EUR 30,000,000, of which EUR 14,400,000 was assigned as Capital and the balance (EUR 15,230,000) was assigned as Unavailable Issue Premiums after deduction of the costs of the capital increase (EUR 370,000).

<b>All-In Annadal</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	67,583
Other assets	1,347
Cash and cash equivalents	10
Equity	36,431
Deferred taxes	4,111
Non-current debts	27,493
Other debt	905
<b>Adjusted equity</b>	<b>36,431</b>
<b>Purchase price of shares</b>	<b>36,651</b>

#### Exercise of call option on the remaining 50% of the shares of Promiris Student SA/NV

On 5 October 2018, as anticipated during initial purchase in December 2017, Xior acquired the remaining 50% of the shares in Promiris Student SA/NV – the owner of a redeveloped student complex consisting of 118 units. As such, this company is now a 100% subsidiary of Xior. The building was recently completed and is generating rental income. The Company was granted a one-year rental guarantee for 50% of the rental income.



<b>Promiris Student</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	14,209
Other assets	20
Cash and cash equivalents	325
Equity	2,378
Deferred taxes	35
Non-current debts	11,413
Other debt	728
<b>Adjusted equity (100%)</b>	<b>2,378</b>
<b>Purchase price of shares (50%)</b>	<b>974</b>

#### Acquisition of a student building in Leeuwarden – 82 units

On 28 September 2018, Xior completed the acquisition of 82 self-contained units located on Tesselschadestraat in Leeuwarden. This recently converted office building is known as 'The Block' and is fully equipped with features including a digital key system, high-speed Internet connection and digital television signal, camera system and so on. The students have access to a dedicated indoor storage space and shared facilities such as a bike shed and laundry room. The building also contains a commercial space on a long-term lease. This property was acquired through the purchase of 100% of the shares in the real estate company involved. The price of the shares in the property company is based on an agreed value for the property of approximately EUR 10.8 million<sup>49</sup>, and the expected initial yield for the transaction is approximately 6.3%. The transferor has provided a rental guarantee until the end of 2018.

<b>Leeuwarden Tesselschadestraat</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	10,500
Other assets	129
Cash and cash equivalents	17
Equity	3,570
Deferred taxes	441
Non-current debts	6,485
Other debt	150
<b>Adjusted equity</b>	<b>3,570</b>
<b>Purchase price of shares</b>	<b>4,450</b>

### Wholly-owned subsidiary in the Netherlands

Xior acquired a new wholly-owned subsidiary in the Netherlands in September 2018. Xior will use this company for one or more intended redevelopment projects in Dutch student cities.

<b>Stubis NL</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	39,902
Other assets	
Cash and cash equivalents	
Equity	11,011
Deferred taxes	
Non-current debts	28,826
Other debt	65
<b>Adjusted equity</b>	<b>11,011</b>
<b>Purchase price of shares</b>	<b>11,194</b>

### Acquisition of a student building in Utrecht – 206 units

On 26 July 2018, Xior successfully completed the acquisition of the site in Rotsoord, Utrecht, where a project will be implemented consisting of two buildings containing a total of 206 self-contained units and a restored listed building for commercial activities. This acquisition involves the completion of one of the two purchase agreements concluded on 12 July 2018 following the Company's exercise of a purchase option. The transaction was completed by the acquisition of the real estate company's shares in the project. The total investment value of the underlying property will be approximately EUR 40 million<sup>50</sup>, with an expected initial yield of approximately 5.8%.

<b>Woonfront - Rotsoord Utrecht</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	43,930
Other assets	0
Cash and cash equivalents	986
Equity	17,430
Deferred taxes	1,939
Non-current debts	16,880
Other debt	8,667
<b>Adjusted equity</b>	<b>17,430</b>
<b>Purchase price of shares</b>	<b>17,205</b>

<sup>50</sup> This is in line with the estimates of the independent valuation expert.

### Acquisition of a site in Amsterdam – 247 units

On 25 April 2018, Xior successfully completed the acquisition of a site with three towers on Naritaweg/Barajasweg in the Dutch capital of Amsterdam. The buildings were completed in 2018 and have a total of 247 units ranging from 23 m<sup>2</sup> to 52 m<sup>2</sup> with 94 parking spaces. The site is located near public transport and is undergoing a comprehensive upgrade through various redevelopment projects, making sure to provide sufficient green spaces as well. Two thirds of the buildings, which provide a range of options for students and young starters, was already rented out at the time of the acquisition. The seller also provides Xior a 12-month rental guarantee.

<b>Stu Project - Naritaweg</b> Summary of acquired assets and liabilities	<b>In KEUR</b>
Investment property	53,800
Other assets	133
Cash and cash equivalents	136
Equity	22,288
Deferred taxes	2,522
Non-current debts	28,171
Other debt	1,088
<b>Adjusted equity</b>	<b>22,288</b>
<b>Purchase price of shares</b>	<b>19,897</b>

For the accounting treatment of these acquisitions, please refer to the principle for consolidation.

### 10.9.30 AVERAGE HEADCOUNT AND BREAKDOWN OF STAFFING COSTS

	31/12/2018	31/12/2017	31/12/16
Average headcount (in FTE)	21	18.3	17.8
Blue collars	6	6	7
White collars	22	14	14
Executive staff	1		
Administrative staff	3	3	3
Commercial staff	13	11	12
Technical staff	5	6	6
<b>Staffing costs (in thousands of EUR)</b>	<b>1,199</b>	<b>1,008</b>	<b>855</b>
Remuneration and direct social benefits	907	749	645
Company social security contributions	251	240	198
Company contributions for non-compulsory insurance policies	11		
Other staffing costs	31	18	12

### 10.9.31 EVENTS AFTER THE BALANCE SHEET DATE

Reference is made to *Chapter 5.5 of this Annual Report* for events after the balance sheet date.

There have been no other significant events since the closing of the financial year that have affected the annual financial statements.

### 10.9.32 SCOPE OF CONSOLIDATION

The following subsidiaries are part of Xior Student Housing NV's scope of consolidation on 31 December 2018:

Name	Country	Share in the capital
<b>Companies fully included in the consolidation</b>		
Stubis BVBA	Belgium	100%
Woonfront - Rotsoord B.V	The Netherlands	100%
Project Stu - Naritaweg B.V.	The Netherlands	100%
All-In Annadal	The Netherlands	100%
Stubis NL B.V.	The Netherlands	100%
Leeuwarden Tesselschadestraat B.V.	The Netherlands	100%
Promiris Student NV	Belgium	100%
<b>Joint Venture</b>		
Alma Student NV	Belgium	50%

As at 31 December 2017:

Name	Country	Share in the capital
<b>Companies fully included in the consolidation</b>		
Stubis BVBA	Belgium	100%
<b>Joint Venture</b>		
Promiris Student NV	Belgium	50%

### 10.9.33 DEBT RATIO

Figures in thousands of EUR.

Consolidated debt ratio (max. 65%)	31/12/2018	31/12/2017
Total liabilities	451,733	280,696
Adjustments	-26,758	-10,456
Permitted hedging instruments	-6,317	-924
Deferred taxes liabilities	-16,709	-6,988
Transitory accounts - liabilities	-3,731	-2,544

<b>Total debts according to the Royal Decree of 13 July 2014</b>	<b>424,975</b>	<b>270,239</b>
Total assets	861,752	503,987
Adjustments	0	0
<b>Total assets according to the Royal Decree of 13 July 2014</b>	<b>861,752</b>	<b>503,987</b>
<b>Debt ratio (in %)</b>	<b>49.32%</b>	<b>53.62%</b>

### 10.9.34 OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

A number of properties were acquired from third parties in the course of 2016, 2017 and 2018. The sellers provided (partial) rental guarantees for a number of these properties. The term of these rental guarantees varies from 12 to 24 months starting from the transfer date. More specifically, the company has received a rental or return guarantee for the properties on Tongerseweg in Maastricht (ended since September 2017), Kronehoefstraat in Eindhoven (ended since September 2018), Tramsingel 27 in Breda (ended since October 2017), Willem Dreeslaan in Utrecht, Spoorstraat in Venlo, Kwietheuvel in Venlo, Antonia Veerstraat in Delft (ended since September 2018), Waldorpstraat in The Hague (ended in September 2018), Campus Verbeekstraat in Leiden (ended since December 2018), Ariënsplein in Enschede, Naritaweg in Amsterdam, Rotsoord in Utrecht, Oudergemlaan in Etterbeek, Tesselschadestraat in Leeuwarden, Annadal in Maastricht and Duivendaal in Wageningen.

Please also refer to *Chapter 5.6.1.2 of the Annual Report*.

### 10.9.35 LEGAL AND ARBITRATION PROCEEDINGS

On 28 October 2015, a company that was acquired by the Company as part of the IPO following a merger was sued by non-voluntary third-party intervention before the Commercial Court of Leuven in the context of a dispute regarding a real estate project implementation contract. The dispute does not relate to the property belonging to the Company's portfolio. The plaintiff who sued by non-voluntary third-party intervention and indemnification has now waived the claim. During the procedure, the original defendant also filed an indemnification claim against the Company. By judgement of 6 April 2017, the Commercial Court of Leuven ruled that the contract included in the relevant contract was terminated by mutual agreement between the plaintiff and the original defendant and ordered the latter to pay a termination fee in favour of the plaintiff. The claim of the original defendant against the Company was rejected as unfounded by the court.

In a petition on 12 July 2017, the original defendant – now the appellant – lodged an appeal against the judgement of the Commercial Court of Leuven on 6 April 2017. The claims as set out in the first instance were taken on by the respective parties. All conclusions have now been exchanged between the parties and the case is fully ready to go to court. However, no date has yet been set for the case to appear before the Court of Appeal. In the meantime, the case has been assigned to the waiting list of the 20th Chamber of the Court of Appeal in Brussels. The presumed court date will be around December 2022.

Although the decision of the court of appeal cannot be predicted, the Company believes that the defence against the appellant's claim for damages has a realistic chance of success on appeal, based on the judgement of the Commercial Court of Leuven on 6 April 2017. All available legal remedies will be pursued if necessary.

The possible negative impact of this case will always be limited to the claimed amount (KEUR 371 plus interest). As it is understood that the Company is contractually protected against this anyway, a possible negative outcome (in an

unexpected worst-case scenario) can actually be considered immaterial.

The Company is also involved in another legal procedure, in which it is the plaintiff. The judgement of 12 November 2018 found that Xior was generally in the right regarding the fact that the defendant committed an error for which Xior should be compensated. An expert was appointed to estimate this damage. Although no counterclaim of any significance has been submitted as yet, the Company cannot exclude that this may happen as proceedings continue. Without getting ahead of itself, the Company thinks that it has good arguments to refute any counterclaim, which the Company does not expect to be of a material nature. In that case, the Company will also vigorously defend itself against this claim and exhaust all available remedies if necessary.

The Board of Directors declares that there are no further government interventions, lawsuits or arbitration cases that could have – or have recently had – a significant effect on Xior's financial position or profitability. It also declares that as far as it is aware, there are no circumstances or facts that could trigger such government interventions, lawsuits or arbitration cases.

### 10.9.36 STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

We present to you our Statutory Auditor's report in the context of our statutory audit of the consolidated financial statements of Xior Student Housing NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the consolidated financial statements, as well as the other statements required by law and regulations. It forms part of an integrated whole and is indivisible.

We have been appointed as Statutory Auditor by the General Shareholders' Meeting of 17 May 2018, following the proposal formulated by the Board of Directors, made upon recommendation of the Audit Committee. Our mandate will expire on the date of the General Shareholders' Meeting which will deliberate on the annual accounts for the year ended 31 December 2020. We have performed the statutory audit of the consolidated financial statements of the Company for 4 consecutive years.

#### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### *Unqualified opinion*

We have performed the statutory audit of the Group's Consolidated financial statements, which comprise the

consolidated balance sheet as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information. These consolidated financial statements show a consolidated balance sheet total of EUR '000' 861.752 and the consolidated income statement shows a profit for the year of EUR '000' 16.105.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union and implemented by the royal decree of 13 July 2014 "on Regulated Real Estate Companies" and with the legal and regulatory requirements applicable in Belgium.

##### *Basis for unqualified opinion*



We conducted our audit in accordance with International Standards on Auditing ('ISA') as applicable in Belgium. Furthermore, we have applied the International Standards on Auditing as approved by the IAASB for the years ending as from 31 December 2018, which are not yet approved at the national level. Our responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to audits of consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Valuation of the investment properties**

##### **Key audit matter:**

The company recorded investment property on the assets side of the balance sheet at 31 December 2018 for a total sum of EUR '000' 814.908. IFRS-standards require investment property to be stated at fair value. The measurement of that fair value strongly depends on a number of selected parameters, the most important ones being the rental value of the property, the occupation rate, the discount rate and the estimated costs of maintenance and repair.

As required by legislation applicable to regulated real estate companies, the investment properties are valued by an external appraiser.

The valuation of the investment property is a key audit matter in our audit of the financial statements due to their material significance relative to the financial statements on the one hand and the level of judgment inherent in the valuation process on the other.

For additional information on the valuation of the investment property, please refer to *Notes 10.6.4 and 10.6.7* of these financial statements.

##### **How our audit addressed the key audit matter:**

In assessing the reliability of the third-party valuation and the reasonableness of the parameters used, we performed the following procedures:

- We assessed the objectivity, independence and competence of the external appraisers.
- For a sample of buildings, we tested the reasonableness of the parameters used by comparing the external appraisers' parameters with those used by our internal appraisers. Where these parameters differed significantly from the ones used by the external appraiser, the impact of the difference on the fair value was determined on the basis of the individual property investment but also on the basis of the aggregate property portfolio.
- In addition, as regards the fair value changes compared to 31 December 2017, we analysed the reasonableness of the underlying parameters.
- Finally we checked whether the disclosures in the notes to the financial statements are in compliance with IFRS.

#### **Valuation of the financial derivatives**

##### **Key audit matter:**

In view of hedging the interest rate risk on financial debts, Xior Student Housing NV entered into derivative financial instruments with a total nominal value of EUR '000' 503.000. IFRS require derivative financial instruments to be stated at fair value.

Since the fair value of the derivative financial instruments is measured using a financial model and financial parameters that are complex in nature (see *Note 10.9.20 and 10.9.22 of the financial statements*), we consider the valuation of the derivative financial instruments a key audit matter.

##### **How our audit addressed the key audit matter?**

We received bank confirmation letters for the purposes of validating the existence and completeness of the contracts as well as their valuation as at 31 December 2018. Then, calling on our experts, we independently measured the fair value of these contracts and made a comparison with their respective values as reported in the financial statements.

Finally we checked whether the disclosures in the notes to the financial statements are in compliance with IFRS.

*Responsibilities 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 which give a true and fair view in accordance with the IFRS as adopted by the European Union and implemented by the royal decree of 13 July 2014 “on Regulated Real Estate Companies” and with the legal and regulatory requirements applicable in Belgium, and for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Statutory Auditor’s responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In performing our audit, we comply with the legal, regulatory and normative framework applicable to the audit of the consolidated financial statements in Belgium.

As part of an audit performed in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit 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;
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention, in our Statutory Auditor’s report, to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Statutory Auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, amongst other matters, , the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors and the Audit Committee with a statement that we have complied with

relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Board of Directors and the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the Key Audit Matters. We describe these matters in our Statutory Auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation and the content of the Director's report on the consolidated financial statements, the separate report on non-financial information and the other information included in the annual report.

### *Statutory Auditor's responsibilities*

In the context of our mandate and in accordance with the Belgian standard (Revised in 2018) which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the Directors' report on the consolidated financial statement, the separate report on non-financial information and the other information included in the annual report and to report on these matters.

### *Aspects related to the Directors' report on the consolidated financial statements and to the other information included in the annual report*

In our opinion, after having performed specific procedures in relation to the Directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for the accounting year, and it is prepared in accordance with article 119 of the Companies' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the Directors' report on the consolidated

financial statements and the other information included in the annual report on the consolidated financial statements, containing:

- Risk management
- Message to the shareholders
- Key figures as at 31 December 2018
- Strategy and operating activities
- Corporate governance
- The Xior Share
- Property Report
- Corporate social responsibility
- Verklaringen Statements
- Permanent document

is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

### *Statements related to independence*

- Our registered audit firm and our network did not provide services which are incompatible with the statutory audit of the consolidated financial statements, and our registered audit firm remained independent of the Group in the course of our mandate;
- The fees for additional services which are compatible with the statutory audit of the consolidated financial statements referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the consolidated financial statements.

### *Other statement*

- This report is consistent with the additional report to the Audit Committee referred to in article 11 of the Regulation (EU) N° 537/2014.

Sint-Stevens-Woluwe, 28 march 2019

The Statutory Auditor  
PwC Bedrijfsrevisoren cvba  
Represented by

Damien Walgrave  
Bedrijfsrevisor

## STATUTORY AUDITORS' REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

We present to you our Statutory Auditors' report in the context of our audit of the Consolidated Financial Statements of Xior Student Housing NV (the "Company") and its subsidiaries (jointly "the Group"). This report includes our report on the audit of the Consolidated Financial Statements, as well as the report on other legal and regulatory requirements. These reports are an integrated ensemble and are indivisible.

We have been appointed as Statutory Auditor by the General Shareholders' Meeting of 23 November 2015, following the proposal formulated by the Board of Directors following the recommendation by the Audit Committee. Our mandate will expire on the date of the General Shareholders' Meeting which will deliberate on the consolidated accounts for the year ended 31 December 2017. We have performed the statutory audit of the consolidated accounts of Xior Student Housing NV for 3 consecutive years.

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### *Unqualified opinion*

We have performed the statutory audit of the Consolidated Financial Statements of the Company and its subsidiaries (jointly "the Group"), which comprise the consolidated balance sheet as at 31 December 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information. These Consolidated Financial Statements show a consolidated balance sheet total of KEUR 503.987 and the consolidated income statement shows a profit for the year of KEUR 10.954.

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's net equity and consolidated financial position as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and implemented by the royal decree of 13 July 2014 "on Regulated Real Estate Companies", and with the legal and regulatory requirements applicable to in Belgium.

#### *Basis for unqualified opinion*

We conducted our audit in accordance with International Standards on Auditing ('ISA'). Our responsibilities under those standards are further described in the "Statutory Auditor's responsibilities for the audit of the Consolidated Financial Statements" section of our report. We have fulfilled our ethical responsibilities in accordance with the ethical requirements that are relevant to audits of consolidated financial statements in Belgium, including the requirements related to independence.

We have obtained from the Board of Directors and Company officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

#### **Valuation of the investment properties**

##### **Key audit matter**

The company recorded investment property on the assets side of the balance sheet at 31 December 2017 for a total sum of EUR '000' 488.762. IFRS-standards require investment property to be stated at fair value. The measurement of that fair value strongly depends on a number of selected parameters, the most important ones being the rental value of the property, the occupation rate, the discount rate and the estimated costs of maintenance and repair.

As required by legislation applicable to regulated real estate companies, the investment properties are valued by an external appraiser.

The valuation of the investment property is a key audit matter in our audit of the financial statements due to their material significance relative to the financial statements on the one hand and the level of judgment inherent in the valuation process on the other.

For additional information on the valuation of the investment property, please refer to *Notes 10.6.4 and 10.6.7 of these financial statements*.

#### How our audit addressed the key audit matter?

In assessing the reliability of the third-party valuation and the reasonableness of the parameters used, we performed the following procedures:

- We assessed the objectivity, independence and competence of the external appraisers.
- For a sample of buildings, we tested the reasonableness of the parameters used by comparing the external appraisers' parameters with those used by our internal appraisers. Where these parameters differed significantly from the ones used by the external appraiser, the impact of the difference on the fair value was determined on the basis of the individual property investment but also on the basis of the aggregate property portfolio.
- In addition, as regards the fair value changes compared to 31 December 2016, we analysed the reasonableness of the underlying parameters.
- We also compared the recoverable amount of the investment properties that were sold in the course of the financial year with their respective fair values as reported in the latest financial statements before the time of disposal.
- Finally we checked whether the disclosures in the notes to the financial statements are in compliance with IFRS.

#### Valuation of the financial derivatives

##### Key audit matter

In view of hedging the interest rate risk on financial debts, Xior Student Housing NV entered into derivative financial instruments with a total nominal value of EUR '000' 193.000. IFRS require derivative financial instruments to be stated at fair value.

Since the fair value of the derivative financial instruments is measured using a financial model and financial parameters that are complex in nature (see *Note 10.6.15 of the financial statements*), we consider the valuation of the derivative financial instruments a key audit matter.

#### How our audit addressed the key audit matter?

We received bank confirmation letters for the purposes of validating the existence and completeness of the contracts as well as their valuation as at 31 December 2017. Then, calling on our experts, we independently measured the fair value of these contracts and made a comparison with their respective values as reported in the financial statements.

Finally we checked whether the disclosures in the notes to the financial statements are in compliance with IFRS.

#### *Responsibilities of the Board of Directors for the Consolidated Financial Statements*

The Board of Directors is responsible for the preparation of Consolidated Financial Statements which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014 "on Regulated Real Estate Companies" and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Board of Directors is responsible for assessing the Company's, as well as the companies' forming the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or any of the companies forming the Group, or to cease operations, or has no realistic alternative but to do so.

#### *Statutory Auditors' responsibilities for the audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit performed in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement in the Consolidated Financial Statements, whether

due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;

- Obtain an understanding of internal controls relevant to the audit 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 controls;
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's, or any of the companies forming the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention, in our Statutory Auditors' report, to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Statutory Auditors' report. However, future events or conditions may cause the Company, or any of the companies forming the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group in order to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the Group audit.

We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and the Audit Committee regarding, amongst other matters, materiality, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### *Responsibilities of the Board of Directors*

The Board of Directors is responsible for the preparation and the content of the Director's report on the Consolidated Financial Statements and the other information included in the annual report.

### *Statutory Auditors' responsibilities*

In the context of our mandate and in accordance with the draft of the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify the directors' report on the Consolidated Financial Statements and the other information included in the annual report and to report on these matters.

### *Aspects related to the Directors' report on the Consolidated Financial Statements and the other information included in the annual report*

In our opinion, after having performed specific procedures in relation to the Directors' report on the Consolidated Financial Statements, this report is consistent with the Consolidated Financial Statements for the year 2017, and it is prepared in accordance with article 119 of the Companies' Code.

In accordance with Article 8 of the royal decree of 13 July 2014 "on Regulated Real Estate Companies", applying Article 37 of the Law of 12 May 2014 "on Regulated Real Estate Companies" the transactions of the Company and the parties as disclosed in the aforementioned Article 37 §1 have been adequately disclosed in the 'conflict of interest' section of the Consolidated Financial Statements.

In the context of our audit of the Consolidated Financial Statements, we are also responsible for considering, in particular based on the knowledge acquired resulting from the audit, whether the Directors' report on the Consolidated Financial Statements and the other information included in the annual report in the following captions.

- Risk management
- Message to the shareholders
- Key figures as at 31 December 2017
- Strategy and operating activities
- Corporate governance
- The Xior Share
- Property Report
- Corporate social responsibility
- Verklaringen Statements
- Permanent document

is materially misstated or contains information which is inadequately disclosed or otherwise misleading. In light of the procedures we have performed, there are no material misstatements we have to report to you.

*Statement related to independence*

- We did not provide services which are incompatible with the statutory audit of the Consolidated Financial Statements and we remained independent of the Company in the course of our mandate;
- The fees for additional services which are compatible with the statutory audit of the consolidated accounts referred to in article 134 of the Companies' Code are correctly disclosed and itemized in the notes to the Consolidated Financial Statements.

Sint-Stevens-Woluwe, 20 februari 2018

The Statutory Auditor  
PwC Bedrijfsrevisoren bcvba  
Represented by

Damien Walgrave  
Bedrijfsrevisor



## STATUTORY AUDITOR'S REPORT TO THE GENERAL SHAREHOLDERS' MEETING OF XIOR STUDENT HOUSING NV ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

In accordance with legal requirements, we report to you on the performance of our mandate of statutory Auditor. This report includes our report on the Consolidated Financial Statements for the year ended 31 December 2016 as defined below, as well as our report on other legal and regulatory requirements. These Consolidated Financial Statements comprise the consolidated balance sheet as at 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as notes, comprising a summary of significant accounting policies and other explanatory information.

### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS - UNQUALIFIED OPINION

We have audited the Consolidated Financial Statements of Xior Student Housing NV ("the Company") and its subsidiaries ("the Group") for the year ended 31 December 2016, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium. The total of the consolidated balance sheet amounts to '000' EUR 273.507 and the consolidated income statement shows a profit for the year of '000' EUR 5.016.

#### *Board of director's responsibility for the preparation of the Consolidated Financial Statements*

The board of directors is responsible for the preparation and fair presentation of Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of Consolidated Financial Statements which are free from material misstatement, whether due to fraud or error.

#### *Statutory auditor's responsibility*

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA) as endorsed in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the statutory auditor's judgment, including his assessment of the risks of material misstatement in the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the Consolidated Financial Statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We have obtained from the board of directors and the Company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

#### *Unqualified Opinion*

In our opinion, the Consolidated Financial Statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated statement of cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and implemented by the royal decree of 13 July 2014, and with the legal and regulatory requirements applicable in Belgium.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the board of directors' report on the Consolidated Financial Statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the Consolidated Financial Statements:

- The board of directors' report on the Consolidated Financial Statements, prepared in accordance with article 119 of the Companies' Code and to be deposited in accordance with article 100 of the Companies' Code, includes, both in terms of form and content, the information required by law, is consistent with the Consolidated Financial Statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 6 April 2017

The Statutory Auditor  
PwC Reviseurs d'Entreprises scrl/ Bedrijfsrevisoren  
bcvba  
Represented by

Damien Walgrave  
Company auditor

## 10.10

## CONDENSED VERSION OF XIOR STUDENT HOUSING NV'S STATUTORY ANNUAL FINANCIAL STATEMENTS

Xior Student Housing NV's statutory annual financial statements are based on the IFRS standards and in accordance with the Royal Decree on Regulated Real Estate Companies of 13 July 2014. The full version of Xior Student Housing NV's statutory annual financial statements will be deposited together with the Annual Report and the Statutory Auditor's report with the National Bank of Belgium within the statutory term and is available free of charge on the Company website ([www.xior.be](http://www.xior.be)) and from the registered office on request.

The Statutory Auditor has issued an unqualified opinion for the statutory annual financial statement of Xior Student Housing NV.

### 10.10.1 STATUTORY INCOME STATEMENT

Figures in thousands of EUR.

			31/12/2018	31/12/2017
<b>I</b>	(+)	Rental income	27,795	15,271
	(+)	Rental income	25,098	14,793
	(+)	Rental guarantees	2,740	501
	(+/-)	Rent reductions	-43	-23
<b>III</b>	(+/-)	Rent-related expenses	-165	-91
		Impairments of trade receivables	-165	-91
<b>NET RENTAL INCOME</b>			<b>27,629</b>	<b>15,180</b>
<b>V</b>	(+)	Recovery of rental charges and taxes normally payable by the tenants for let properties	4,612	2,333
		Transmission of rental charges borne by the owner	4,482	2,234
		Charges for withholding tax and taxes on let properties	130	99
<b>VII</b>	(-)	Rental charges and taxes normally payable by the tenants for let properties	-5,127	-2,688
		Rental charges borne by the proprietor	-5,006	-2,596

		Advance levies and taxes on let properties	-121	-92
	(+/-)	Other rent-related income and expenditure	1,286	722
		<b>PROPERTY RESULT</b>	<b>28,400</b>	<b>15,547</b>
<b>IX</b>	(-)	Technical costs	-821	-959
		Recurring technical costs	-802	-957
	(-)	- Maintenance	-644	-859
	(-)	- Insurance premiums	-158	-98
		Non-recurring technical costs	-19	-2
	(-)	- Damages	-19	-2
<b>X</b>	(-)	Commercial costs	-333	-204
	(-)	Publicity	-320	-194
	(-)	Lawyers' fees and legal costs	-13	-10
<b>XI</b>	(-)	Costs and taxes for non-let properties	-240	
<b>XII</b>	(-)	Property management costs	-1,655	-1,011
	(-)	Management costs (external)	-1,110	-491
	(-)	Management costs (internal)	-546	-520
<b>XIII</b>	(-)	Other property charges	-1,053	-720
	(-)	Architects' fees	-1	-1
	(-)	Valuation expert fees	-191	-154
	(-)	Other	-860	-565
		<b>PROPERTY CHARGES</b>	<b>-4,103</b>	<b>-2,894</b>
		<b>PROPERTY OPERATING RESULT</b>	<b>24,297</b>	<b>12,653</b>
<b>XIV</b>	(-)	General company expenses	-3,138	-2,016
<b>XV</b>	(+/-)	Other operating result and costs	0	0
		<b>OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO</b>	<b>21,159</b>	<b>10,637</b>
<b>XVI</b>	(+/-)	Result from the sale of investment properties	0	31
	(+)	Net property sales (sales price – transaction fees)	0	1,349
	(-)	Book value of the sold property	0	-1,318
<b>XVIII</b>	(+/-)	Changes in the fair value of investment property	1,406	4,127

	(+)	Positive changes in the fair value of investment property	4,860	5,404
	(-)	Negative changes in the fair value of investment property	-3,454	-1,277
<b>XXIX</b>	(+/-)	Other portfolio results	427	-409
<b>OPERATING RESULT</b>			<b>22,137</b>	<b>14,386</b>
<b>XX</b>	(+)	Financial income	2,134	812
	(+)	Interest and dividends collected	2,134	812
<b>XXI</b>	(-)	Net interest costs	-4,079	-3,059
	(-)	Nominal interest paid on loans	-2,276	-2,203
	(-)	Reconstitution of the nominal amount of financial debt	-87	-86
	(-)	Costs of permitted hedging instruments	-1,716	-770
		Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	-1,716	-770
<b>XXII</b>	(-)	Other financial costs	-283	-71
	(-)	Bank costs and other commissions	-252	-45
	(-)	Other	-31	-26
<b>XXIII</b>	(+/-)	Changes in the fair value of financial assets and liabilities	-1,106	942
		Permitted hedging instruments that are not subject to hedging accounting as defined by the IFRS	-5,393	942
		Other	4,287	
<b>FINANCIAL RESULT</b>			<b>-3,333</b>	<b>-1,376</b>
<b>XXIV</b>		Share in the result of associated companies and joint ventures	389	189
<b>RESULT BEFORE TAXES</b>			<b>19,193</b>	<b>13,199</b>
<b>XXII</b>	(+/-)	Corporate tax	-3,087	-2,242
<b>XXV</b>	(+/-)	Exit tax		1
<b>TAXES</b>			<b>-3,087</b>	<b>-2,241</b>
<b>NET RESULT</b>			<b>16,106</b>	<b>10,958</b>

### 10.10.2 COMPREHENSIVE INCOME STATEMENT

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>NET RESULT</b>	<b>16,106</b>	<b>10,958</b>
<b>OTHER COMPONENTS OF THE COMPREHENSIVE INCOME</b>		
(+/-) Impact on the fair value of the estimated transaction costs and costs resulting from hypothetical disposal of investment properties	0	0
(+/-) Changes in the effective part of the fair value of permitted cash flow hedging instruments	0	0
<b>COMPREHENSIVE RESULT</b>	<b>16,106</b>	<b>10,958</b>

### 10.10.3 STATUTORY BALANCE SHEET

Figures in thousands of EUR.

	<b>Assets</b>	31/12/2018	31/12/2017
<b>I</b>	<b>FIXED ASSETS</b>	<b>666,748</b>	<b>489,910</b>
<b>B</b>	Intangible fixed assets	13	16
<b>C</b>	Investment property	578,065	488,247
	Property available to let	541,007	461,390
	Property developments	37,058	26,857
<b>D</b>	Other tangible fixed assets	692	347
	Tangible fixed assets for own use	692	347
	Other		
<b>E</b>	Financial fixed assets	80,517	21
	Assets at fair value via result	80,497	
	Other	21	21
<b>G</b>	Trade receivables and other fixed assets	135	135
<b>H</b>	Deferred taxes – assets	2	2
<b>I</b>	Participating interests in associated companies and joint ventures with equity movements	7,325	1,143

<b>II</b>	<b>CURRENT ASSETS</b>	<b>181,840</b>	<b>14,188</b>
<b>D</b>	Trade receivables	438	1,701
<b>E</b>	Tax receivables and other current assets	179,599	11,511
	Taxes	640	769
	Wages and social security contributions		
	Other	178,959	10,742
<b>F</b>	Cash and cash equivalents	668	781
<b>G</b>	Accruals and deferred payments	1,135	195
	Prepaid property charges		94
	Accrued rental income not due	865	36
	Other	270	65
<b>TOTAL ASSETS</b>		<b>848,588</b>	<b>504,098</b>

Figures in thousands of EUR.

	<b>LIABILITIES</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
	<b>EQUITY</b>	<b>410,138</b>	<b>223,409</b>
<b>A</b>	Capital	245,672	144,187
	Issued capital	247,839	146,308
	Capital increase costs	-2,167	-2,121
<b>B</b>	Issue premiums	147,239	69,877
<b>C</b>	Reserves	1,121	-1,613
	Statutory reserves		
	Reserve for the balance of the changes in the fair value of property	19,333	6,668
	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	-19,065	-6,642
	Reserve for the balance of the changes in the fair value of permitted hedging transactions that are not subject to hedging accounting as defined in the IFRS	-924	-1,866
	Non-distributable reserve: reserve for expected losses		
	Other reserves	1,777	227
	Retained earnings from previous financial years		
<b>D</b>	Net result for the financial year	16,106	10,958



LIABILITIES		438,450	280,689
<b>I</b>	<b>NON-CURRENT LIABILITIES</b>	<b>414,755</b>	<b>259,656</b>
<b>B</b>	Non-current financial debts	401,177	251,744
	a. Credit institutions	401,177	251,744
<b>C</b>	Other non-current financial liabilities	6,317	924
	Permitted hedging instruments	6,317	924
<b>F</b>	Deferred taxes – liabilities	7,261	6,988
	a. Exit tax		
	b. Other	7,261	6,988
<b>II</b>	<b>CURRENT LIABILITIES</b>	<b>23,696</b>	<b>21,033</b>
<b>B</b>	Current financial liabilities	1,637	11,994
	a. Credit institutions	1,637	11,994
<b>D</b>	Trade debts and other current liabilities	6,335	3,454
	a. Exit tax		0
	b. Other	6,335	3,454
	Suppliers	3,947	2,151
	Tenants	170	387
	Taxes, wages and social security contributions	2,218	916
<b>E</b>	Other current liabilities	12,132	3,044
	Other	12,132	3,044
<b>F</b>	Accruals and deferred payments	3,592	2,541
	Deferred income	902	1,436
	Other	2,690	1,105
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>848,588</b>	<b>504,098</b>

#### 10.10.4 STATEMENT OF CHANGES IN EQUITY

Figures in thousands of EUR.

	Capital	Issue premiums	Reserves	Net result of the financial year	Equity
<b>Balance on 31 December 2016</b>	<b>94,868</b>	<b>32,261</b>	<b>-515</b>	<b>5,130</b>	<b>131,744</b>
Net appropriation of income 2016					
Transfer of result on the portfolio to reserves			1,110	-1,110	0
Transfer of operating result to reserves			221	-221	0
Result for the period				10,958	10,958
Other elements recognised in the comprehensive result					0
Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property					0
Changes in the fair value of financial assets and liabilities			-1,866	1,866	0
Issue of new shares	83,992				83,992
Capital increase through non-cash contribution	5,064				5,064
Costs of issuing new shares and of capital increase	-2,121				-2,121
Partial allocation of capital to issue premiums	-37,616	37,616			0
Deferred taxes for Dutch real estate			-563		-563
Dividends				-5,665	-5,665
<b>Balance as at 31 December 2017</b>	<b>144,187</b>	<b>69,877</b>	<b>-1,613</b>	<b>10,958</b>	<b>223,409</b>
Net appropriation of income 2017					
Transfer of result on the portfolio to reserves			243	-243	0
Transfer of operating result to reserves			1,550	-1,550	0
Result for the period				16,106	16,106

Other elements recognised in the comprehensive result					
Impact on the fair value of the estimated transaction fees and costs resulting from hypothetical disposal of investment property					0
Changes in the fair value of financial assets and liabilities			942	-942	0
Issue of new shares	134,011				134,011
Capital increase through non-cash contribution	48,117				48,117
Costs of issuing new shares and of capital increase	-46	-3,236			-3,282
Partial allocation of capital to issue premiums	-80,598	80,598			0
Deferred taxes for Dutch real estate				-8,223	-8,223
Dividends					
<b>Balance as at 31 December 2018</b>	<b>245,672</b>	<b>147,240</b>	<b>1,122</b>	<b>16,106</b>	<b>410,138</b>

### 10.10.5 DETAIL OF THE RESERVES

Figures in thousands of EUR.

	Reserve for the balance of the changes in the fair value of property	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	
Balance on 31 December 2016	4,044	-4,565	
Net appropriation of income			
Transfer of result on the portfolio to reserves	3,187	-2,077	
Transfer of operating result to reserves			
Other elements recognised in the comprehensive result			
Impact on the fair value of the estimated transaction fees and costs			
resulting from hypothetical disposal of investment property			
Changes in the fair value of financial assets and liabilities			
Issue of new shares			
Capital increase through non-cash contribution			
Costs of issuing new shares and of capital increase			
Capital reduction to create an available reserve to cover future losses			
Deferred taxes for Dutch real estate	-563		
Dividends			
Other			
Balance as at 31 December 2017	6,668	-6,642	

	Reserve for the balance of the changes in the fair value of permitted hedging instruments that are subject to hedging accounting as defined in the IFRS	Available reserve: reserve for expected losses	Other reserves	Retained earnings from previous financial years	Total of the reserves
	0	0	0	6	-515
				5,130	5,130
				-1,110	0
					0
					0
					0
	-1,866			1,866	0
					0
					0
					0
					-563
				-5,665	-5,665
					0
	-1,866	0	0	227	-1,613

Figures in thousands of EUR.

	Reserve for the balance of the changes in the fair value of property	Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	
<b>Balance as at 31 December 2017</b>	<b>6,668</b>	<b>-6,642</b>	
Net appropriation of income			
Transfer of result on the portfolio to reserves	12,665	-12,422	
Transfer of operating result to reserves			
Other elements recognised in the comprehensive result			
Impact on the fair value of the estimated transaction fees and costs			
resulting from hypothetical disposal of investment property			
Changes in the fair value of financial assets and liabilities			
Issue of new shares			
Capital increase through non-cash contribution			
Costs of issuing new shares and of capital increase			
Capital reduction to create an available reserve to cover future losses			
Deferred taxes for Dutch real estate			
Dividends			
Other			
<b>Balance as at 31 December 2018</b>	<b>19,333</b>	<b>-19,064</b>	

	Reserve for the balance of the changes in the fair value of permitted hedging instruments that are subject to hedging accounting as defined in the IFRS	Available reserve: reserve for expected losses	Other reserves	Retained earnings from previous financial years	Total of the reserves
	-1,866	0	0	227	-1,613
				10,954	10,954
				-243	0
					0
					0
					0
					0
					0
	942			-942	0
					0
					0
					0
					0
					0
					0
				-8,223	-8,223
					0
	-924	0	0	1,777	1,121

### 10.10.6 APPROPRIATION OF INCOME UNDER THE ARTICLES OF ASSOCIATION

Figures in thousands of EUR.

		31/12/2018	31/12/2017
<b>A</b>	<b>Net result</b>	<b>16,106</b>	<b>10,958</b>
<b>B</b>	<b>(-/-) Addition to/withdrawal from reserves</b>		
<b>1</b>	<b>(-/+)</b> Addition to/withdrawal from the reserve for the (positive or negative) balance of changes in the property's fair value		
	Financial year	10,197	12,667
<b>2</b>	<b>(-/+)</b> Addition to/withdrawal from the reserve of the estimated transaction fees and costs resulting from the hypothetical disposal of investment properties		
	Financial year	-3,007	-12,422
<b>5</b>	<b>(+)</b> Addition to the reserve for the balance of the variations in the fair value of permitted hedging instruments that are not subject to hedging accounting as defined in the IFRS		
	Financial year	-7,259	942
<b>10</b>	<b>(-/+)</b> Addition to/withdrawal from other reserves	2,289	1,550
<b>11</b>	<b>(-/+)</b> Addition to/withdrawal from retained earnings from previous financial years		
<b>C</b>	<b>Return on capital pursuant to Article 13, section 1, first paragraph</b>	<b>13,697</b>	<b>7,818</b>
<b>D</b>	<b>Return on capital other than C</b>	<b>190</b>	<b>404</b>



### 10.10.7 PAYMENT OBLIGATION IN ACCORDANCE WITH THE ROYAL DECREE OF 13 JULY 2014 CONCERNING RREC ARTICLE 13 §1 FIRST SECTION

Figures in thousands of EUR.

	31/12/2018	31/12/2017
<b>Net result</b>	<b>16,106</b>	<b>10,958</b>
(+) Depreciation	87	41
(+) Impairments	165	91
(-) Reversal of impairments	0	-12
(-/+ ) Other non-monetary items	1,077	629
(-/+ ) Result from the sale of property	-	-31
(-/+ ) Changes in the fair value of property	-314	-1,904
<b>Adjusted result (A)</b>	<b>17,121</b>	<b>9,772</b>
(-/+ ) Gains and losses realised on property during the financial year		
(-) Gains realised on property during the financial year exempt from the distribution obligation subject to their reinvestment within a period of four years		
(+) Gains realised on property previously exempt from the distribution obligation and not reinvested within a period of four years		
<b>Net gains on the realisation of property not exempt from the distribution obligation (B)</b>	<b>0</b>	<b>0</b>
<b>Total (A) + (B) x 80%</b>	<b>13,697</b>	<b>7,818</b>
<b>Debt reduction (-)</b>	<b>0</b>	<b>0</b>
<b>Payment obligation</b>	<b>13,697</b>	<b>7,818</b>

### 10.10.8 NON-DISTRIBUTABLE EQUITY IN ACCORDANCE WITH ARTICLE 617 OF THE BELGIAN COMPANIES CODE

The amount as referred to in Article 617 of the Belgian Companies Code of the paid-up capital or – if the amount is higher – called-up capital, plus the reserves that must not be distributed by law or under the Articles of Association, is determined in Chapter IV of Appendix C of the Royal Decree on Regulated Real Estate Companies.

This calculation is based on Xior Student Housing NV's statutory annual financial statement.

Figures in EUR

	31/12/2018	31/12/2017
<b>Non-distributable equity in accordance with Article 617 of the Belgian Companies Code</b>	<b>389,880,786</b>	<b>211,623,145</b>
Paid-up capital	247,838,670	146,308,482
Issue premiums are unavailable according to the articles of association	142,617,904	65,256,014
Reserve for the positive balance of the changes in the investment value of property	29,529,904	19,897,785
Reserve for the impact on the fair value of the estimated transaction fees and costs resulting from the hypothetical disposal of investment property	-22,071,792	-19,064,613
Reserve for the balance of the changes in the fair value of permitted hedging instruments that are subject to hedging accounting	-8,183,737	-924,370
Reserve for the balance of the changes in the fair value of permitted hedging instruments that are not subject to hedging accounting	0	0
Other reserves	149,848	149,848
Statutory equity	410,137,589	223,408,531
Planned dividend payments	13,886,649	8,221,780
Weighted average number of shares	11,109,319	6,851,483
Operational distributable earnings per share (EUR)	1.25	1.20
Statutory equity after dividend payments	396,250,940	215,186,751
<b>Remaining reserve after distribution</b>	<b>6,370,164</b>	<b>3,563,606</b>

The result of the subsidiaries wholly owned by Xior Student Housing has been realised by the Company for the period from the Company's acquisition to the closing date and has been accounted for in the Company's equity as follows:

- The operational distributable income (KEUR 60) of the subsidiaries was attributed to the various items for the Company's result.
- The change in the Fair Value of the subsidiaries' investment property (KEUR 3,966) was attributed to the other portfolio result.

As such the subsidiaries' operating result for 2018 can be used for distribution as dividend from the acquisition date.



Campus Schoonmeersche  
GENT





Hoogstraat  
GENT





# 11

## Statements

## 11.1

### **FORWARD-LOOKING STATEMENTS**

This Annual Report contains future-oriented information, prospective information, projections, convictions, opinions and estimates produced by Xior in relation to the expected future performance of Xior and the market in which it operates ('prospective statements'). By nature, future-oriented statements involve inherent risks, uncertainties and assumptions, both general and specific, that appear justified at the time at which they are made but which may or may not turn out to be accurate, and there is a risk that such statements will not materialise. Some events are difficult to predict and may depend on factors outside of Xior's control. In addition, the future-oriented statements are only valid on the date of this Annual Report. Statements in this Annual Report relating to past trends or activities may not be interpreted as an indication that such trends or activities will persist in future. Actual profits, the financial situation and Xior's performance or result may therefore differ substantially from the information projected or implied in future-oriented statements. Xior expressly rejects any obligation or guarantee to publicly update or review prospective statements unless it is required to do so by law.

## 11.2

### PARTY RESPONSIBLE FOR THE CONTENT OF THE REGISTRATION DOCUMENT

The Board of Directors of Xior Student Housing NV, with its registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp, is responsible for the content of this registration document.

Xior Student Housing NV declares it has taken all reasonable measures to ensure the data in this Annual Report is in accordance with the facts and that no data has been omitted that would affect the implications of this Registration Document. As far as it is aware, this is currently the case.

The Board of Directors, whose composition is set out in Chapter 6.1.5 of this Annual Report, declares to the best of its knowledge that:

- the annual financial statements, which are drawn up in accordance with the applicable standards for annual financial statements, provide a true and fair view of the equity, financial position and result of the Company and of the undertakings included in the consolidation;
- the annual financial report provides a true and fair overview of the business developments and result, and of the position of the Company and the undertakings included in the consolidation, as well as a description of the main risks and uncertainties that confront them.

## 11.3

### INFORMATION PROVIDED BY THIRD PARTIES

This registration document contains information provided by third parties (see *Chapter 8.1 of this Annual Report* for a report by CBRE; *Chapter 8.2.4 for the Conclusions of Valuation Experts Stadim and Cushman & Wakefield*, and *Chapters 7.6.4 and 10.9.36 for the reports of the Statutory Auditor*).

Xior Student Housing NV declares that the information provided by third parties is accurately reproduced. As far as the Company is aware and was able to ascertain from the information published by the third party involved, no facts have been omitted that would make the shown information inaccurate or misleading.

The third-party information (reports and conclusions) included was included following the approval of its content, form and context.



Vlamingenstraat  
**LEUVEN**

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# 12

Permanent document:  
general information  
about the company and  
the coordinated articles  
of association

# 12.1

## COMPANY DETAILS

### 12.1.1 NAME, LEGAL FORM, STATUS, DURATION AND REGISTRATION DATA

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The Company is a public limited company (naamloze vennootschap) incorporated under Belgian law that has the status of a public regulated real estate company under Belgian law (a 'public RREC' or 'RREC'). Its name is 'Xior Student Housing' or 'Xior'. As a public RREC, the Company falls under the scope of application of the Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies. The Company also falls under the scope of application of the Belgian Companies Code.

Since 24 November 2015, the Company has been licensed as a public RREC under Belgian law, registered at the FSMA. The Company has made a public offering within the meaning of Article 438 of the Belgian Companies Code. Xior Student Housing's shares have been listed on Euronext Brussels (XIOR) since 11 December 2015.

The Company is entered in the Crossroads Bank for Enterprises (Antwerp Register of Legal Entities, Antwerp section) under company number BE 0547.972.794.

The Company has been incorporated for an indefinite period.

### 12.1.2 REGISTERED OFFICE AND FURTHER CONTACT DETAILS

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The Company's registered office is located at Mechelsesteenweg 34 (Box 108), 2018 Antwerp, Belgium. The Board of Directors may adopt a resolution to move the registered office elsewhere in Belgium.

The Company's further contact details are:

Tel.: +32 3 257 04 89 (Head Office)

E-mail: [info@xior.be](mailto:info@xior.be)

[www.xior.be](http://www.xior.be)

### 12.1.3 INCORPORATION

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The Company was incorporated as a private limited company, Xior Student Housing NV, on 10 March 2014, by means of a deed executed before civil-law notary Peter Timmermans, notary in Antwerp, as published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 14069091.

The Company was incorporated with an issued capital of KEUR 20, which is represented by 200 shares allocated to the founders as follows:

- Aloxe NV: 199 shares (99.50%); and
- Bimmoc BVBA: 1 share (0.50%).

#### 12.1.4 HISTORY OF THE COMPANY

Below we provide an overview of the most important changes in terms of corporate law that have occurred within the Company since its establishment.

Date	Event
10 March 2014	The Company is established as a private limited company under the name Xior Student Housing with a registered capital of KEUR 20, represented by 200 shares.
23 September 2015	The Company is converted into a limited company and the financial year is extended to 31 December 2015.
	The issued capital is increased to KEUR 1,250, represented by 12,500 shares.
23 November 2015	The existing 12,500 shares are split into 42,500 new shares at a ratio of 1 existing share to 3.4 new shares.
	The Articles of Association are amended after the Company's was licensed as a public RREC by the FSMA on 24 November 2015.
11 December 2015	The issued capital increases to EUR 90,242,678.39, represented by 4,626,780 shares following various contributions in kind and a contribution in cash as part of the completion of the IPO.
	The capital is reduced by EUR 6,960,638.39 to create a reserve for foreseeable losses, resulting in a new capital of EUR 83,282,040 represented by 4,626,780 shares.
	The Board of Directors is issued to increase the Company's authorised issued capital up to EUR 83,282,040 in one or more transactions.
	The Board of Directors is issued to acquire own shares or to accept them as security.
	The Board of Directors is issued to acquire own Company shares, accept them as security and sell them in the event of serious imminent damage.
1 March 2016	The issued capital is increased to EUR 87,433,866, represented by 4,857,437 shares following the merger by acquisition of Devimmo NV.
1 August 2016	The issued capital is increased to EUR 88,754,814, represented by 4,930,823 shares following the merger by acquisition of CPG CVBA.
11 October 2016	The issued capital is increased to EUR 94,869,018, represented by 5,270,501 shares following a contribution in kind of all shares in the company Woonfront-Tramsingel Breda BV.

<b>24 November 2016</b>	Xior Student Housing NV acquires all shares in Stubis BVBA.
<b>16 December 2016</b>	Xior Student Housing NV enters into a silent merger by the acquisition of (i) Karibu Invest BVBA (following the silent merger of Karibu Invest BVBA by the acquisition of Kwartma BVBA), (ii) Retail Design BVBA, (iii) Eindhoven De Kroon BV and (iv) Woonfront-Tramsingel Breda BV.
<b>17 January 2017</b>	The issued capital is increased to EUR 97,538,994, represented by 5,418,833 shares following the contribution in kind of a student accommodation property (under construction) in Brussels.
<b>22 June 2017</b>	Increase of the share capital to EUR 146,308,482, represented by 8,128,249 shares as a result of the capital increase by contribution in cash, following the Secondary Public Offering (SPO) of June 2017 to subscribe to new shares as part of a capital increase in cash within the issued capital with irrevocable allocation right.
<b>15 December 2017</b>	Silent merger with Xior Student Housing NV through the acquisition of Amstelveen Keesomlaan 6-10 B.V., Bokelweg B.V., Burgwal B.V., Utrecht Willem Dreeslaan B.V., De Keulse Poort B.V., The Safe B.V., Residential Front-Antonia Veerstraat Delft B.V., Residential Front-Waldorpstraat Den Haag B.V., Woude B.V. (after the previous merger between Woude B.V. as the acquiring company and Stein 1 B.V. as the acquired company) and OHK Vastgoed B.V.
<b>28 March 2018</b>	The issued capital is increased to EUR 155,625,786.00, represented by 8,645,877 shares following the contribution in kind of a student accommodation property in Enschede to be renovated.
<b>27 April 2018</b>	Renewal of the Board of Directors' authorisation to increase the Company's authorised issued capital in one or more transactions.
<b>12 June 2018</b>	Increase of the share capital to EUR 233,438,670.00, represented by 12,968,815 shares as a result of the capital increase by contribution in cash, following the Secondary Public Offering (SPO) in June 2018 to subscribe to new shares as part of a capital increase in cash within the issued capital with irrevocable allocation right.
<b>12 December 2018</b>	Increase of the share capital to EUR 247,838,670, represented by 13,768,815 shares, as a result of the contribution in kind of all All-In Annadal B.V. company shares.
<b>14 December 2018</b>	Renewal of the Board of Directors' authorisation to increase the Company's authorised issued capital in one or more transactions.
	Amendment of the articles of association including a change of objectives in order to amend the articles of association following the amended Legislation on Regulated Real Estate Companies.

#### 12.1.4.1 Company capital

A table showing the evolution of the Company's issued capital is included in *Chapter 10.9.17 of this Annual Report*.

#### 12.1.4.2 Status as a regulated public real estate company

Xior Student Housing NV has the status of a public RREC.

Regulated real estate companies are defined in the Legislation on Regulated Real Estate Companies in terms of their activities. This activity consists primarily of making available real estate to users either directly or through a company in which it holds a participation. It may also own other real estate within the limits set in that regard (such as public shares and institutional RRECs, shares in public and institutional real estate investment companies with fixed capital (BEVAKs), units in certain foreign UCIs, shares issued by certain other REITs, real estate certificates and units in a specialised property investment fund), and can also (i) enter into joint ventures with a public client and (ii) develop, establish, manage or make available utilities and other facilities and installations itself or by contracting a third party in the long term, either directly or via a company in which it has a stake in accordance with the provisions of the Legislation on Regulated Real Estate Companies. The RREC may perform all the activities in this regard related to the construction, conversion, renovation, development (for its own portfolio), acquisition, disposal, management and operation of property. The RREC follows a strategy that aims to retain possession of its property for the long term. In performing its activities, it focuses on active management, which specifically implies that it assumes direct responsibility for the management of its activities and the development and day-to-day management of the properties, and that all other activities that it carries out add value to these properties or for those who use them, such as providing ancillary services in relation to the provision of the properties.

A *public* RREC is a regulated real estate company whose shares are permitted for trading on a regulated market and that raises funds in Belgium or abroad through a public offering of shares.

RRECs are governed by strict legislation. The Belgian legislature has ensured that the RREC provides a great deal of transparency in relation to its activities by stipulating that at least 80% of the adjusted net result (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) less the net reduction in the RREC's debt in the course of the financial year must be distributed. RRECs also benefit from a special tax regime.

The RREC is subject to the supervision of the FSMA and specific regulations. The main characteristics of these regulations are the following:

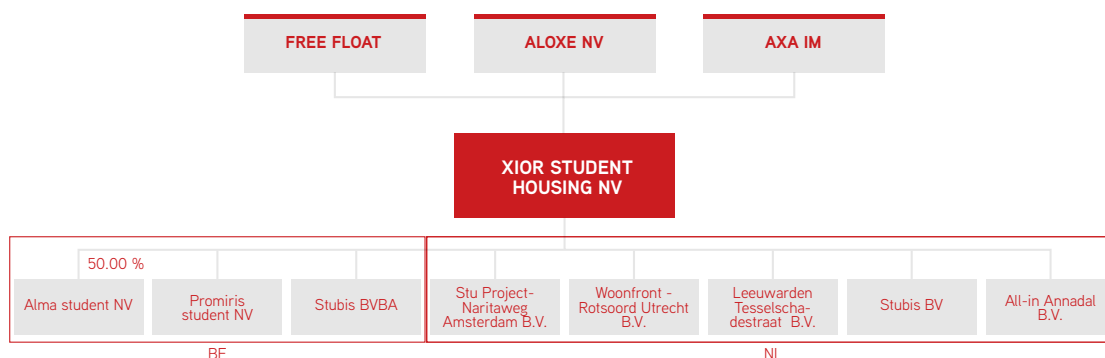
- The RREC must adopt the form of a public limited company or a limited partnership.
- The shares of a public RREC must be admitted to trading on a regulated Belgian market and at least 30% of its voting securities must be continuously and permanently held by the public.
- The composition of the RREC's Board of Directors must be such that the RREC can be managed in accordance with Article 4 of the Law on Regulated Real Estate Companies. The permitted activities of the RREC are essentially limited to the activities provided in Article 4 of the Law on Regulated Real Estate Companies, as described above.
- Strict rules in relation to conflicts of interest and internal control structures must be observed.
- The RREC may not act as a property developer, unless this only happens occasionally.
- The portfolio must be entered at the Fair Value (under IFRS); the RREC may not depreciate its property;

- An independent valuation expert appraises the RREC's assets both periodically (each quarter) and on an ad hoc basis (for example when the RREC issues shares or enters into a merger). The expert may only be entrusted with the appraisal of a certain asset for a maximum of three years. After the end of this period, the expert may only appraise this asset again after a three-year period has passed since the previous period.
- Unless this results from a change in the Fair Value of the assets, the RREC's consolidated and separate debt ratio may not exceed 65% of the consolidated or separate assets, as the case may be, less the permitted hedging instruments, in accordance with Article 23 of the Royal Decree on Regulated Real Estate Companies.
- The annual financial costs that form part of the RREC's debt may not at any time exceed 80% of the consolidated net operating result, in accordance with Article 25 of the Royal Decree on Regulated Real Estate Companies.
- Security may be provided only in relation to financing the activities of the Company or Group, and is limited to 50% of the total Fair Value of the consolidated assets and, for each encumbered asset, to 75% of the value of that encumbered asset.
- The RREC must diversity its investments so that the risks are appropriately spread. In principle, the RREC must not hold any 'asset unit' that represents more than 20% of the consolidated assets.
- At least 80% of the adjusted net result (pursuant to Article 13 of the Royal Decree on Regulated Real Estate Companies) less the net reduction in the RREC's debt in the course of the financial year must be distributed as repayment of capital.
- Dividends paid by a public RREC like Xior are generally subject to 30% withholding tax in Belgium (see Articles 171, 3° to 269, Section 1, 1° of the Belgian Income Tax Code).
- The result (rental income and capital gains from sales, less the operating expenses and financial charges) of the RREC in Belgium is exempt from corporation tax. Although the RREC is subject to corporation tax at the normal rate, its taxable base is limited to the sum of (i) the extraordinary or gratuitous advantages that it receives and (ii) the expenses and costs that cannot be deducted as business costs other than impairments and capital losses on shares (see Article 185bis of the Belgian Companies Code). It may also be subject to a special assessment on secret commissions of 103% or 51.5% if the acquiring party is a legal entity, on commissions and remuneration that have been paid but not declared in individual records and a summary return. The results from the activities in the Netherlands is subject to Dutch income tax.

## 12.2 GROUP STRUCTURE

### 12.2.1 EXTERNAL GROUP STRUCTURE

On 31 December 2018, the Company's group structure was as follows:



For information on the distribution of share ownership, please refer to *Chapter 6.1.3.2 of this Annual Report*.

### 12.2.2 INTERNAL ORGANISATIONAL STRUCTURE

As at 31 December 2018, the Company has 21 FTEs, excluding the management team, divided into an operational department (headed by the CEO) and a support administrative department (headed by the CFO).

### 12.2.3 SUBSIDIARIES

The Company has seven subsidiaries that are wholly and directly owned by the Company. The wholly-owned subsidiaries are Promiris Student NV and Stubis BVBA for Belgium and Woonfront-Rotsoord B.V., Stu Project -Naritaweg B.V., Stubis NL B.V., Leeuwarden Tesselschadestraat B.V., and All-In Annadal B.V. for the Netherlands.

Stubis is responsible for providing 'property services to third parties' in accordance with Article 6 of the Law on Regulated Real Estate Companies. It is noted in this regard that the Company always aims to provide the best possible service both to its own buildings and the buildings that form part of these 'property services to third parties', and thus strives in particular for an optimal occupancy rate of these buildings. The Company takes the view that very few to no conflicts of interest arise in this regard because letting out both types of buildings is in the Company's interest. In practice, the choice of a specific

room is moreover made by the prospective tenant. Although the Company will assist prospective tenants in choosing a specific room based on their wishes and requirements (for example, preferred locations), the full range of student rooms and obviously availability, the final choice lies with each prospective tenant. Conflicts of interest are therefore kept to a minimum or do not even exist.

Xior also has one subsidiary in which it holds 50% of the shares: Alma Student NV. This is a Joint Venture with a private developer for a development project in Zaventem, in which it participates together with a private developer (see *Chapter 5.4 of this Annual Report*).

#### **12.2.4 PROMOTOR**

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Christian Teunissen is the Company's promoter together with Aloxe NV. Please also see *Chapter 5.4 of this Annual Report* and the information on promotership changes in this regard.



## 12.3

### **AVAILABILITY OF COMPANY DOCUMENTS AND OTHER INFORMATION**

The Company must file its consolidated Articles of Association, including whenever these are revised and amended, and other documents that must be published in the Annexes to the Belgian Official Journal with the registry of the Antwerp Commercial Court (Belgium), Antwerp section, where these will be available to the public. A copy of the most recent consolidated Articles of Association and the Corporate Governance Charter must also be made available on the Company's website. The Annual Financial Report for 2017 and 2016 are included by reference and are also available on the Company website.

In accordance with Belgian legislation, the Company must draw up separate and consolidated annual financial statements that are to be audited. The separate and consolidated annual financial statements and the related reports of the Board of Directors and the Statutory Auditor must be filed with the National Bank of Belgium, where these will be available to the public. As a listed company, the Company is moreover obliged to publish its abridged, half-yearly financial statements, as well as its audited annual financial statements, the Statutory Auditor's report and its Board of Directors' Annual Report.

The Company must disclose all information that qualifies as 'foreknowledge' (inside information) under the applicable regulations to the public. The Company must also disclose information about its shareholder structure and certain other information to the public.

In accordance with the Royal Decree of 14 November 2007, such information and documents are made available through press releases, the financial press in Belgium, the Company's website (on condition that the conditions set out in Article 14 of the Royal Decree of 14 November 2007 are met), the communication channels of Euronext Brussels or a combination of these media, via which these documents can be consulted.

The Company website is [www.xior.be](http://www.xior.be). A copy of the above-mentioned documents can also be obtained from the Company's registered office.

# 12.4

## SERVICE PROVIDERS OF THE COMPANY

### 12.4.1 VALUATION EXPERTS

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In accordance with Article 24 read together with Articles 47 et seq. of the Law on Regulated Real Estate Companies, the Company uses independent valuation experts who are responsible for the periodic and ad hoc valuations of its assets.

Stadim CVBA, Mechelsesteenweg 180, 2018 Antwerp, Belgium is entrusted with the real estate appraisal assignments for real estate located in Belgium and certain real estate located in the Netherlands. Cushman & Wakefield, Gustav Mahlerlaan 362-364, 1082 ME Amsterdam, The Netherlands is entrusted with the real estate appraisal assignments for the other real estate located in the Netherlands. Together they are referred to as the '**Valuation Experts**'). For this purpose, the Company and the respective Valuation Experts entered into an initial property appraisal agreement on 18 November 2015, under which the Valuation Experts act as appraisers (i) for the initial valuation of the Company's property after becoming licensed as an RREC, (ii) for the annual variations in the fair value and quarterly adjustments, and (iii) any subsequent appraisals of assets that the Company wishes to acquire or sell. The Valuation Experts also update the total valuation of the Company's assets based on market developments and the individual characteristics of the assets concerned at the end of each quarter.

Based on the above agreements, the Valuation Experts are appointed for a fixed three-year period starting from 1 January 2016. In accordance with Article 24 of the Law on Regulated Real Estate Companies, a new agreement may be concluded with a Valuation Expert, where relevant, only after a period of three years has passed between the end of the current period and the new period (rotation principle). However, since the Valuation Experts are legal entities, the above rotation principle applies solely to the natural persons who represent the respective Valuation Experts, on condition that the respective Valuation Experts show that appropriate functional independence exists between these natural persons. This 'internal' rotation principle was applied and the mandates of both Valuation Experts were renewed for a three-year period, with Stadim represented by Céline Janssens and Cushman & Wakefield represented by Jurre Brantsma.

The Valuation Experts appraise all the properties (land and buildings) in the Company's portfolio.

The Valuation Experts are entitled to an annual fee based on the size of the Company's portfolio. The experts' fees are not directly or indirectly related to the value of the property they assess. For the financial year of 2018, the total appraisal fee of the Valuation Experts is EUR 246,394.77 (incl. VAT), of which EUR 179,144.97 for Stadim and EUR 67,249.80 for Cushman & Wakefield.

### 12.4.2 STATUTORY AUDITOR

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During the general meeting held on 17 May 2018, the Company appointed PricewaterhouseCoopers Bedrijfsrevisoren BV (PwC), a professional partnership (BV) incorporated in the form of a cooperative society with limited liability (CVBA), represented by Statutory Auditor Damien Walgrave and member of the Belgian Institute of Statutory Auditors, with registered office at Woluwedal 18, 1932 Diegem, listed at the Crossroads Bank for Enterprises under enterprise number VAT BE 0429.501.944 (Brussels Register of Legal Entities), whose designated representative is Damien Walgrave, reappointed as the Statutory Auditor of the Company (the 'Statutory Auditor'), up to and including the general meeting that will decide on the annual financial statements drawn up for the year closing 31 December 2020.

The annual fee of the Statutory Auditor for examining and auditing the separate and consolidated accounts of the Company and its subsidiaries was fixed for the term of its mandate at EUR 45,000 (excluding VAT and expenses), subject to annual indexation.

For a summary of the Statutory Auditor's fee in the 2018 financial year, please refer to *Chapter 10.9.28 of this Annual Report*.

PwC, represented by company auditor Damien Walgrave, was appointed as the Statutory Auditor of company Stubis BVBA for a 3-year period on 24 November 2016. The fixed fee of the Statutory Auditor for examining and auditing the separate accounts of Stubis BVBA is EUR 2,500 (excluding VAT and expenses), subject to annual indexation.

PwC, represented by Auditor Damien Walgrave, was appointed as the Statutory Auditor of company Promiris Student NV for a 3-year period on 8 December 2017. The fixed fee of the Statutory Auditor for examining and auditing the separate accounts of Promiris Student NV is EUR 2,566 (excluding VAT and expenses) on an annual basis, subject to annual indexation.

The Statutory Auditor has agreed that its reports are included in this Annual Report under *Chapters 7.6.4 and 10.9.36*.

### 12.4.3 FINANCIAL SERVICE

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#### ING Belgium NV

Legal Financial Markets  
Marc Sanders  
Avenue Marnix/Marnixlaan 24  
1000 Brussels  
+ 32 2 547 31 40  
marc.sanders@ing.be

A fee of EUR 12,100 excl. VAT was paid for 2018.

### 12.4.4 LIQUIDITY PROVIDER

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#### Bank Degroof Petercam NV

Nijverheidsstraat 44  
1040 Brussels

A fee of EUR 30,000 excl. VAT was paid for 2018.

## 12.5

## CONSOLIDATED ARTICLES OF ASSOCIATION OF THE COMPANY AS AT 14 DECEMBER 2018

### HISTORY

(in accordance with Article 75(1)(2) of the Belgian Companies Code)

The Company was incorporated as a private limited liability company by means of a deed executed before the undersigned civil-law notary Peter Timmermans on 10 March 2014, and published in the Annexes to the Belgian Official Journal of 28 March 2014 under number 2014-03-28/14069091.

The Articles of Association were amended by means of a deed before the same notary Peter Timmermans on:

- 23 September 2015, which included a conversion of the legal form into the current form, published in the Annexes to the Belgian Official Journal of 20 November 2015 under number 2015-11-20/0162805.
- 23 November 2015, which included a capital increase and an amendment to the Articles of Association to obtain the status of a regulated public real estate company, published in the Annexes to the Belgian Official Journal of 8 December 2015 under number 2015-12-08/0170864.
- 11 December 2015, which included various mergers by acquisition and a capital increase by means of non-cash and cash contributions, published in the Annexes to the Belgian Official Journal of 5 January 2016 under number 2016-01-05/0001184.
- 1 March 2016, which included a merger by acquisition published in the Annexes to the Belgian Official Journal of 6 April 2016 under number 2016-04-06/16047694.

The Articles of Association were amended by a deed executed before notary Yves De Deken, replacing his colleague notary Peter Timmermans who could not attend, both practising in Antwerp, on 1 August 2016, containing a merger by acquisition, published in the Annexes to the Belgian Official Journal of 5 September 2016 under number 2016-09-05/16123425.

The Articles of Association were last amended by means of a

deed before the same notary Peter Timmermans on:

- 11 October 2016, which included a capital increase by a contribution in kind in the context of the issued capital, published in the Annexes to the Belgian Official Journal of 31 October 2016 under number 2016-10-31/16150541.
- 17 January 2017, which included a capital increase by a contribution in kind in the context of the issued capital, published in the Annexes to the Belgian Official Journal of 15 February 2017 under number 2017-02-15/17024925.
- 22 June 2017, which included the establishment of a capital increase by contribution in cash (decided by the Board of Directors on 6 June 2017 in the context of the issued capital presented before the same undersigned notary and published in the Annexes to the Belgian Official Journal of 21 June 2017 under number 2017-06-21/17086917), published in the Annexes to the Belgian Official Journal of 10 July 2017 under number 2017-07-10/17098233.
- 28 March 2018, which included a capital increase by a contribution in kind, published in the Annexes to the Belgian Official Journal of 20 April 2018 under number 2018-04-20/18065090
- 27 April 2018, which included a renewed capital increase in the context of the issued capital, published in the Annexes to the Belgian Official Journal of 28 May 2018 under number 2018-05-28/18082291
- 12 June 2018, which included the establishment of a capital increase by contribution in cash (decided by the Board of Directors on 29 May 2018 in the context of the issued capital presented before the same undersigned notary and filed for publication in the Annexes to the Belgian Official Journal on 6 June 2018), published in the Annexes to the Belgian Official Journal of 18 June 2018 under number 2018-06-18/18317764.

- 12 December 2018, which included a capital increase by a contribution in kind in the context of the issued capital, filed for publication in the Annexes to the Belgian Official Journal on 13 December 2018.
- 14 December 2018, which included a change of objectives and a renewed capital increase in the context of the issued capital, published in the Annexes to the Belgian Official Journal of 21 December 2018 under number 0341749.

## ARTICLES OF ASSOCIATION

Reference made in these Articles of Association to 'the regulations applicable to regulated real estate companies', means 'the regulations that apply at any time to regulated real estate companies'.

### CHAPTER I – NAME – LEGAL FORM – DURATION – REGISTERED OFFICE – PURPOSE – PROHIBITORY STIPULATIONS

#### Article 1. Name and legal form

The Company name is 'Xior Student Housing' or 'Xior' for short.

The Company has the legal form of a public limited company.

The Company is subject to the statutory system of regulated public real estate companies under Belgian law, referred to below as a 'public RREC' or 'RREC'.

The corporate name of the Company and all of the documents that it produces (including all deeds and invoices) must contain the wording 'openbare geregementeerde vastgoedvennootschap naar Belgisch recht' (regulated public real estate company under Belgian law) or 'openbare GVV naar Belgisch recht' (public RREC under Belgian law) or 'OGVV naar Belgisch recht' (PRREC under Belgian law). The corporate name must also always be preceded or followed by the words 'naamloze vennootschap' (public limited company) or the abbreviation 'NV'.

The Company raises funds in Belgium or abroad by offering shares to the public, and thus made a public call on savings within the meaning of Article 438(1) of the Belgian Companies Code. The shares of the Company are admitted for trading on a regulated market and the Company thus qualifies as a listed company within the meaning of Article 4 of the Belgian Companies Code.

The Company is subject to all regulations that apply at any time to regulated real estate companies and, in particular, to the provisions of the Belgian Law of 12 May 2014 on regulated real estate companies ('the Law on Regulated Real Estate Companies') and the Royal Decree of 13 July 2014 on regulated real estate companies ('the Royal Decree on Regulated Real Estate Companies').

#### Article 2. Duration

The Company has been incorporated for an indefinite period.

#### Artikel 3. Registered office

The registered office of the Company is at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium) and the Company is listed in the register for legal entities (RPR) at the Antwerp Commercial Court, Antwerp section.

The registered office may be moved elsewhere in Belgium without any amendment to the Articles of Association by means of a simple resolution of the Company's Board of Directors, subject to the observance of language legislation. The Board of Directors must ensure that any change to the Company's registered office is published in the Annexes to the Belgian Official Journal.

The Company may establish suboffices, branches, subsidiaries, permanent establishments or agencies, both in Belgium and abroad, by means of a simple resolution of the Board of Directors.

#### Article 4. Purpose

The company's sole purpose is (x) to make real estate available to users either directly or via a company in which it has a participating interest in accordance with the provisions of the Law on Regulated Real Estate Companies and the decrees and regulations adopted for its implementation, and (y) to own real estate within the limits of the Law on Regulated Real Estate Companies.

Property means property within the meaning of the Law on Regulated Real Estate Companies, as well as other assets, shares or rights that are defined as property by the regulations applicable to regulated real estate companies.

For the purpose of making properties available, the Company may, in particular, perform all activities that relate to the erection, construction (without affecting the prohibition on acting as a property developer, except for occasional transactions), refurbishment, renovation, fitting out, development, acquisition, disposal, letting, subletting, exchange, contribution, transfer, parcelling out, placing under the system of co-ownership of or undivided interest in property, granting or acquiring rights of superficies, usufruct, long-term lease or other real or personal rights to property, and the management and operation of properties.

In accordance with the regulations applicable to regulated real estate companies, the Company may also:

- i. be a lessee of properties, with or without an option to purchase;

- ii. be a lessor of properties, with or without an option to purchase, on the understanding that acting as a lessor of properties with an option to purchase may be performed only as an ancillary activity, unless those properties are intended for purposes of general interest, including social housing and education, in which case this activity may be performed as a principal activity;
- iii. develop activities as part of a public-private partnership within the limits defined for this purpose by the regulations applicable to regulated real estate companies, whether or not placed within an institutional regulated real estate company;
- iv. invest in securities that are not property within the meaning of the regulations applicable to regulated real estate companies, as either an ancillary or temporary activity. These investments must be made in accordance with the risk management policy adopted by the Company and be diversified in order to ensure appropriate risk diversification. The Company may also hold unallocated cash and cash equivalents. Cash and cash equivalents may be held in all currencies in the form of current account or term deposits or in the form of any other readily negotiable monetary instrument;
- v. provide mortgages or other personal or real securities for the purpose of financing the property activities of the Company or its group, within the limits defined for this purpose by the regulations applicable to regulated real estate companies;
- vi. take out or grant loans within the limits defined for this purpose by the regulations applicable to regulated real estate companies;
- vii. enter into transactions involving permitted hedging instruments, insofar as these transactions form part of a policy determined by the Company for hedging financial risks, with the exception of speculative transactions.

The Company may, with due observance of the regulations applicable to regulated real estate companies, acquire, rent or let, transfer or exchange immovable or movable assets, materials and required supplies, and generally perform all commercial or financial acts (including 'additional services' as referred to in the regulations applicable to regulated real estate companies) that relate directly or indirectly to its object, or that are simple in nature so as to pursue or facilitate the achievement of its object, both within Belgium and abroad.

With due observance of the regulations applicable to regulated real estate companies, the Company may, by means of a cash or non-cash

contribution, merger, full or partial de-merger, or other restructuring under corporate law, subscription, participation, membership, financial intervention or otherwise, participate in (or be a member of) all existing or yet to be incorporated companies, undertakings or associations, in Belgium or abroad, whose corporate purpose is similar or complementary to its own, or is of such a nature as to pursue or facilitate the achievement of its object, and to generally perform all acts that are directly or indirectly associated with its corporate purpose.

#### **Article 5. Prohibitory stipulations**

The Company may not act as a property developer within the meaning of the regulations applicable to regulated real estate companies, unless this involves occasional transactions.

The Company is prohibited from:

- i. participating in a guarantee or underwriting association;
- ii. lending assets and liabilities, with the exception of loans that are made under the conditions and according to the provisions of the Royal Decree of 7 March 2006; and
- iii. acquiring assets and liabilities that are issued by a company or association under private law that has been declared insolvent, has entered into a composition with its creditors, is the object of a judicial reorganisation procedure, has been granted a deferral of payment, or in respect of which a similar measure has been taken abroad.
- iv. entering into contractual agreements or providing stipulations in the Articles of Association with respect to so-called 'perimeter companies' that would affect the voting power they are entitled to according to the applicable law in terms of a participation of 25% plus one share. Perimeter companies are companies of which the regulated real estate company directly or indirectly holds more than 25% of the share capital.

### **CHAPTER II – CAPITAL – SHARES – OTHER SECURITIES**

#### **Article 6. Capital**

The capital has been set to two hundred and forty-seven million eight hundred and thirty-eight thousand six hundred and seventy euros (EUR 247,838,670). It is represented by thirteen million seven hundred sixty-eight thousand eight hundred and fifteen (13,768,815) shares, without par value, each representing one thirteen million seven hundred and sixty-eight thousand eight hundred and fifteenth (1/13,768,815) share capital.

**Article 7. Authorised share capital**

The Board of Directors is authorised to increase the company's capital, on one or more occasions, on the dates and under the conditions that it determines, subject to a maximum amount of:

- a. One hundred and twenty-three million nine hundred and nineteen thousand three hundred and thirty-five euros (EUR 123,919,335) for public capital increases through contribution in cash allowing the preferential subscription right or the irreducible allocation right to be exercised by the Company shareholders
- b. One hundred and twenty-three million nine hundred and nineteen thousand three hundred and thirty-five euros (EUR 123,919,335) for capital increases in the context of the distribution of an optional dividend
- c. Forty-nine million five hundred sixty-seven thousand seven hundred thirty-four euros (EUR 49,567,734) for capital increases through contribution in kind

provided that the Board of Directors shall never increase the capital in any case with more than the legal maximum amount.

This authorisation is valid for a five-year period from the publication in the Annexes to the Belgian Official Journal of the minutes of the extraordinary general meeting of 14 December 2018.

This authorisation can be renewed.

The Board of Directors will determine the price, any issue premium and the issue conditions of the new securities for each capital increase.

Within the boundaries set by the first paragraph, these capital increases may be implemented by cash contributions, non-cash contributions, mixed contributions or the conversion of reserves, including retained profits and issue premiums, as well as all equity components under the Company's IFRS statutory annual financial statement (drawn up under the regulations applicable to registered real estate companies) that are subject to conversion into capital, whether or not with the creation of new securities, in accordance with the rules prescribed by the Belgian Companies Code, the regulations applicable to registered real estate companies and these Articles of Association. The Board of Directors may at such occasion issue new shares with the same or different rights (such as voting rights, dividend rights, including whether or not any preferential dividend is transferable, and/or rights relating to the liquidation balance and any preference with regard to the repayment of capital) as the existing shares and amend the Articles of Association in that regard to give effect to such different rights. If the capital increases

decided by the Board of Directors include an issue premium, the Board of Directors must place the issue premium amount – possibly reduced by an amount up to the costs of the capital increase as referred to by the applicable IFRS rules – in a non-distributable reserve account to serve as a guarantee to third parties in the same way as the capital. Subject to the issue premium's incorporation into the capital, it can only be reduced or abolished in a resolution at the general shareholders' meeting in accordance with the quorum and majority rules applicable to amendments of the Articles of Association.

Within the boundaries set by the first paragraph, the Board of Directors may also issue warrants (whether or not attached to another security) and convertible bonds or bonds payable in shares, which could give rise to the creation of the same securities as referred to in the previous paragraph, always subject to compliance with the rules prescribed by the Belgian Companies Code, the regulations applicable to regulated real estate companies and these Articles of Association. Within the boundaries set by the first paragraph and notwithstanding the application of Articles 592-598 and 606 of the Belgian Companies Code, the Board of Directors may also limit or cancel the pre-emptive right, even if it operates in favour of one or more persons other than employees of the Company or its subsidiaries, insofar as an irreducible allocation right is granted to the existing Shareholders on the award of new securities (insofar as permitted by law). This irreducible allocation right must at least comply with the conditions as set out in Article 11.1 of these Articles of Association. Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, the above restrictions with regard to the restriction or cancellation of the pre-emptive right do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

If securities are issued in return for a non-cash contribution, the conditions as stated in Article 11.2 of these Articles of Association must be fulfilled (including the possibility of deducting an amount that corresponds to the portion of the unpaid gross dividend). However, the special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

The Board of Directors is issued to have any ensuing amendments to the articles of associated recorded in a legally valid manner.

**Article 8. Nature of the shares**

The shares of the Company are registered or dematerialised, at the option of the shareholder. The shareholders may make a written request to convert registered shares into dematerialised shares, or vice versa,

at any time.

A dematerialised share is represented by an entry in an account, in the name of the owner or holder, at a recognised account holder or settlement institution and is transferred by way of transfer from account to account. The number of the dematerialised shares in circulation at any given time is entered in the register of registered shares in the name of the settlement institution.

A register of the registered shares is held at the Company's registered office, in electronic form as the case may be. Ownership of the shares is evidenced by the entry in the share register.

There are no different types of shares.

#### **Article 9. Effects**

With the exception of profit-sharing certificates and similar securities, and subject to due observance of the regulations applicable to regulated real estate companies, the Company may issue the securities referred to in Article 460 of the Belgian Companies Code, and any other securities permitted under company law, in accordance with the rules prescribed therein and the regulations applicable to regulated real estate companies.

#### **Article 10. Acquisition and disposal of own shares**

The Company may acquire its own shares or accept them in pledge in accordance with the conditions laid down in the Belgian Companies Code, provided that prior notice of the transaction is given to the Financial Services and Markets Authority (FSMA).

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire own shares or accept them in pledge, subject to a maximum of 20% (twenty per cent) of the total issued shares, at a unit price that may not be lower than 10% (ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels, or higher than 110% (one hundred and ten per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels. This renewable authorisation is granted for a five-year period, as from 23 November 2015.

The Company may acquire its own shares or accept them in pledge without having to make an offer of purchase to all shareholders on condition that it guarantees the equal treatment of the shareholders under equal circumstances by means of equivalence of the offered price in accordance with Article 620, Section 1(5) of the Belgian

Companies Code.

The Board of Directors is permitted to dispose of own shares that are listed within the meaning of Article 4 in accordance with Article 622, Section 2, paragraph 2(1) of the Belgian Companies Code.

In accordance with the resolution of the general meeting of shareholders of 23 November 2015, the Board of Directors is permitted to acquire its own shares, at a unit price that may not be lower than 75% (seventy-five per cent) of the average price for the last thirty days of listing of the share on Euronext Brussels.

This authorisation is granted for an indefinite period.

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

The aforementioned authorisations also permit the acquisition, acceptance in pledge and disposal of the Company's own shares by one or more of its subsidiaries within the meaning of Article 627(1) of the Belgian Companies Code, including by people acting in their own name but on behalf of those subsidiaries.

#### **Article 11. Alteration of the capital**

Notwithstanding the possibility to use issued capital by means of a resolution of the Board of Directors, subject to due observance of the regulations applicable to regulated real estate companies, a resolution to increase or decrease capital may be adopted only by an extraordinary general meeting in the presence of a civil-law notary.

If the general meeting adopts a resolution to request an issue premium, this must be placed in a non-distributable reserve that serves as a guarantee for third parties in the same way as the capital and which, subject to its incorporation in the capital, will only be able to be reduced or abolished by means of a resolution of the general meeting of shareholders deliberating in accordance with the conditions for a quorum and majority that apply to an amendment of the Articles of Association.

##### **11.1 Capital increase by cash contribution**

In case of a capital increase by cash contribution, and notwithstanding the application of Articles 592-598 of the Belgian Companies Code,



the pre-emptive right can be restricted or cancelled only insofar as the existing shareholders are granted an irreducible allocation right on the granting of new securities.

This irreducible allocation right must meet the following conditions imposed by the regulations applicable to regulated real estate companies:

- i. it must relate to all newly issued securities;
- ii. it must be granted to the shareholders in proportion to the capital represented by their shares at the time of the transaction;
- iii. a maximum share price must be announced no later than on the eve of the start of the public subscription period; and
- iv. in that case, the public subscription period must be open for at least three stock exchange days.

Notwithstanding the application of Articles 595-599 of the Belgian Companies Code, the aforementioned restrictions with regard to the capital increase by cash contribution do not apply to a cash contribution with any restriction or cancellation of the pre-emptive right, in addition to a non-cash contribution as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

#### 11.2 Capital increase by non-cash contribution

If securities are issued in return for a non-cash contribution, notwithstanding Articles 601 and 602 of the Belgian Companies Code, the following conditions must be met:

- i. the identity of the contributor must be specified in the report to the Board of Directors as referred to in Article 602 of the Belgian Companies Code, as well as, where applicable, in the notices for the general meeting that is convened for the capital increase;
- ii. the issue price may not be less than the lowest value of (a) a net value per share that dates from no longer than four months before the date of the contribution agreement or, at the Company's discretion, before the date of the deed for the capital increase and (b) the average closing price for the thirty calendar days prior to the same date;
- iii. except if the issue price, or in the case as referred to in Article 11.3, the exchange ratio, as well as the relevant conditions are determined on or before the working day after the contribution agreement is concluded and announced to the public, stating the period within which the capital increase will be implemented, the deed for the capital increase must be executed within

a maximum of four months; and hoging verleden binnen een maximale termijn van vier maanden; en

- iv. the report referred to under point (i) above must also explain the impact of the proposed contribution on the position of the former shareholders, in particular as regards their share in the profit, in the net value per share and in the capital, as well as on voting rights.

For the application of point (ii) above, an amount corresponding to the portion of the undistributed gross dividend to which new shares would possibly confer no right may be deducted from the amount referred to under point (b). Where applicable, the Board of Directors will specifically account for the deducted dividend amount in its special report and explain the financial conditions in its annual financial report.

The special rules on a capital increase by non-cash contribution, as set out under Article 11.2, do not apply to the contribution of the right to a dividend as part of the distribution of an optional dividend, insofar as this is actually made payable in respect of all shareholders.

#### 11.3 Mergers, de-mergers and equated transactions

The special rules on capital increase by non-cash contribution, as set out under Article 11.2, apply by analogy to the mergers, de-mergers and equated transactions referred to in Articles 671-677, 681-758 and 772(1) of the Belgian Companies Code.

In this case, the 'date of the contribution agreement' refers to the date on which the merger or de-merger proposal is filed.

#### 11.4 Capital reduction

The Company may reduce its capital subject to compliance with the relevant statutory provisions.

#### Article 12. Notice of significant holdings

In accordance with the terms, conditions and stipulations of Articles 6-13 of the Belgian Law of 2 May 2007 and the Royal Decree of 14 February 2008 on the disclosure of significant holdings (the 'Transparency Legislation'), every natural person or legal entity must give notice to the Company and the FSMA of the number and percentage of the existing voting rights that they hold, directly or indirectly, if the number of those voting rights reach, exceed or remain below 5%, 10%, 15%, 20% and so on (in increments of 5% each time) of the total existing voting rights, under the conditions laid down by the Transparency Legislation.

**CHAPTER III – GOVERNANCE AND REPRESENTATION****Article 13. Appointment – Dismissal/Resignation – Vacancy**

The Company is governed by a Board of Directors. The Board of Directors consists of at least five directors, who may but need not be shareholders, appointed by the general meeting of shareholders for a maximum of six years and who may be dismissed by the general meeting of shareholders at any time.

Outgoing directors are eligible for reappointment.

Aloxe NV (or persons who, with the prior and written consent of Aloxe NV, assume the promotership as stipulated in Article 2(13) of the Law on Regulated Real Estate Companies from Aloxe NV ('the Successors')) is (are) entitled to propose (or jointly propose) candidates for three directorships, until the last of the following events occurs: (i) Aloxe NV (or its Successors) owns (or jointly own) less than 25% of the Company's capital, and (ii) Aloxe NV (or its Successors) is (or are) no longer the Company's promoter in the sense of the Legislation on Regulated Real Estate Companies.

The Board of Directors must have at least three independent members within the meaning of Article 526ter of the Belgian Companies Code.

The directors must permanently possess the professional reliability and appropriate expertise required for the performance of their duties, as set out in the regulations applicable to regulated real estate companies, and may not fall within the scope of the prohibitory stipulations of those regulations.

If a vacancy arises on the Board of Directors, the remaining directors will be entitled to temporarily fill the vacancy until the next general meeting, which will make a definitive appointment. Any directors appointed in this manner by the general meeting finish the mandate of the director that they replace.

After resigning, each director is obliged to continue performing their duties until a replacement can reasonably be arranged.

**Article 14. Chair and meetings of the board of directors**

The Board of Directors may appoint a chairperson from among its members.

The Board of Directors is convened by the chairperson, two directors or the Managing Director whenever required in the interests of the Company.

Meeting notices state the time, date and place of the meeting and must

be sent by letter, telegram, fax, e-mail or in another written manner (electronically or otherwise) on or before the third calendar day prior to that of the meeting. If the above notice period is not feasible, a shorter period is possible. If necessary, notice of the meeting can be given by telephone in addition to the above forms of notice.

Each director who attends or arranges to be represented at a board meeting, is deemed to have received due notice. A director may also waive the right to invoke the lack of or irregularity of the notice, either before or after a meeting that they have failed to attend. The regularity of the notice does not need to be justified in any event if all directors are present or duly represented and declare that they accept the agenda.

Board meetings may be held validly by video or telephone conference or similar means of communication by which all persons participating in the meeting are able to hear each other. In such a case, the meeting is deemed to be held at the Company's registered office if at least one director was physically in attendance there.

Each director may give a proxy to another board member, by letter, fax, e-mail or in another written manner, to represent them at a certain meeting.

The Board of Directors is chaired by the chairperson. If the chairperson is unable to attend or has not yet been appointed, the Board of Directors will be chaired by the oldest director in attendance.

**Article 15. Deliberations**

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

If justified by urgency and the interests of the Company, a resolution may be adopted by the unanimous, written consent of all directors. However, this procedure may not be used for the approval of the annual financial statements and for the issued capital.

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

Subject to the following provisions, resolutions of the Board of Directors are adopted by a majority of the votes cast.

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

#### **Article 16. Powers of the board of directors**

The Board of Directors has the most extensive powers to perform all acts that are necessary or useful for achieving the Company's objectives. It is issued to perform all acts that are not expressly reserved for the general meeting by law or in these Articles of Association.

#### **Article 17. Minutes**

Resolutions of the Board of Directors are recorded in minutes that are signed by the chairperson of the meeting, the secretary if one has been appointed, and the board members who wish to sign them. The minutes are kept in a special register. Proxies are attached to the minutes. Copies or extracts that need to be produced in court or elsewhere are signed by the chairperson of the Board of Directors, two directors or one director who is entrusted with the day-to-day management. This power may be assigned to an issued representative.

#### **Article 18. Remuneration**

The mandate of a director is paid. Directors' fees are determined by the general meeting. Members of the Board of Directors are entitled to the reimbursement of normal and justified expenses and costs which they can demonstrate have been incurred in the performance of their mandate.

Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code is declared inapplicable. By way of derogation from Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their issued representative(s). Furthermore, by way of derogation from Article 520ter, paragraph 2 of the Belgian Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

#### **Article 19. Effective management and day-to-day management**

The effective management of the company must be entrusted to at least two persons, who must possess the professional reliability and appropriate expertise required for the performance of their duties, and must comply with the requirements set by the regulations applicable to regulated real estate companies. They may not fall within the scope of the prohibitory provisions of the Legislation on Regulated Real

Estate Companies.

The Board of Directors may entrust the day-to-day management of the Company and the representation in this regard to one or more directors who will use the title of managing director.

If the day-to-day management is delegated, the Board of Directors will determine the remuneration attached to this mandate.

Article 525 in conjunction with Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code are declared inapplicable. By way of derogation from Article 525 in conjunction with Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their issued representative(s). Furthermore, by way of derogation from Article 525 in conjunction with Article 520ter, paragraph 2 of the Belgian Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

#### **Article 20. External representative authority**

The Company is duly represented in all its dealings, including in court, by two directors.

The Company is duly represented in relation to its day-to-day management by one managing director.

#### **Article 21. Special powers of attorney**

The Board of Directors may delegate its powers for special and certain matters to an issued representative, even if this person is not a shareholder or director.

The issued representatives bind the Company within the limits of their power of attorney, notwithstanding the responsibility of the Board of Directors if a power of attorney is exceeded.

A managing director may delegate their powers for special and certain matters to an issued representative, even if this person is not a shareholder or director.

#### **Article 22. Committees**

##### **22.1 Audit committee and remuneration committee**

In accordance with Article 526bis, Section 3 and Article 526quater, Section 4 of the Belgian Companies Code, the Board of Directors

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

### 22.2 Executive committee or management committee

The Board of Directors may establish an executive committee (under the provisions of Article 524bis of the Belgian Companies Code) or a management committee, consisting of several people who may but do not need to be directors. The Board of Directors determines the working procedures of the committee, the conditions for the appointment of its members, their dismissal, their remuneration and the term of their mandates.

Article 524bis in conjunction with Article 520ter, paragraphs 1 and 2 of the Belgian Companies Code are declared inapplicable. By way of derogation from Article 524bis in conjunction with Article 520ter, paragraph 1 of the Belgian Companies Code, shares may therefore be definitively acquired and share options or all other rights to acquire shares may be exercised in accordance with the issue conditions as determined, where applicable, by the general meeting or the Board of Directors or their issued representative(s). Furthermore, by way of derogation from Article 524bis in conjunction with Article 520ter, paragraph 2 of the Belgian Companies Code, the conditions on variable remuneration, including the applicable periods relating to this remuneration, are also determined by the Board of Directors (on the recommendation of or acting as the remuneration committee).

### 22.3 Other committees

By way of derogation from Article 22.1 and 22.2, the Board of Directors, in accordance with Article 522 of the Belgian Companies Code, may establish one or more advisory committees, from among its ranks and under its responsibility, such as a strategic committee or an appointments committee. The Board of Directors determines the composition and powers of these committees, with due observance of the applicable regulations.

## HOOFDSTUK IV - AUDITS

### Article 23. Audits

The audit of the Company is entrusted to one or more Statutory Auditors who perform the duties assigned to them under the Belgian Companies Code (and accompanying implementation decrees) and the regulations applicable to regulated real estate companies.

A Statutory Auditor must be an auditor or company audit firm accredited by the FSMA.

## CHAPTER V – GENERAL MEETING

### Article 24. General meeting

The general meeting represents the general body of shareholders. General meeting resolutions are binding on all shareholders, even those who were absent or voted against them.

The general meeting is held at the registered office or at a venue in the municipality where the registered office is located, as indicated in the meeting notice.

The ordinary general meeting is held each year at 10 a.m. on the third Thursday of May or, if this day is a public holiday, at the same time on the next working day.

### Article 25. Convening meetings

The Board of Directors and the Statutory Auditor may convene a general meeting (ordinary general meeting) as a special or extraordinary general meeting whenever this is required in the Company's interest. They must convene the ordinary general meeting on the day stipulated in the Articles of Association.

The Board of Directors and the Statutory Auditor are obliged to convene a special or extraordinary general meeting whenever one or more shareholders who individually or jointly represent one fifth of the issued capital request such a meeting. This request must be sent by registered letter to the Company's registered office and precisely describe the items over which the general meeting must deliberate and adopt resolutions. The request must be addressed to the Board of Directors and the Statutory Auditor, who are obliged to convene a meeting within three weeks of receipt of the request. Other items may be added to the agenda items provided for by the shareholders in the meeting notice.

The general meeting notice must specify at least the time, date and place, the agenda and the motions for adoption.

The general meeting notice must comply with the provisions of the Belgian Companies Code. Any shareholder, director or Statutory Auditor who participates in or arranges to be represented in the meeting is deemed to have received due notice. A shareholder, director or Statutory Auditor may also waive the right to invoke the lack of or irregularity of the meeting notice, either before or after a general

meeting that they have failed to attend or at which they were not represented.

#### **Article 26. Admission**

Notwithstanding the obligations in the Belgian Companies Code, a shareholder may participate and exercise a voting right in the general meeting only if the following requirements are met:

(1) A shareholder may only participate in the general meeting and exercise the right to vote there based on the account registration of the shares in the name of the shareholder, on the registration date, either by entry in the share register in the Company's name or by entry in the accounts of a recognised account holder or a settlement institution, regardless of the number of shares that the shareholder holds on the date of the general meeting. Midnight on the fourteenth day before the general meeting serves as the registration date.

(2) The owners of dematerialised shares wishing to participate in the meeting must submit a certificate that has been issued by a recognised account holder or a settlement institution, showing how many dematerialised shares are registered in their accounts in the name of the shareholder on the registration date, in respect of which the shareholder has indicated the willingness to participate in the general meeting. This certificate must be submitted by no later than the sixth day before the date of the general meeting to the registered office or the institutions specified in the meeting notice.

The owners of registered shares wishing to participate in the meeting must notify the Company of their intention to do so by ordinary letter, fax or e-mail, no later than the sixth day before the date of the meeting.

(3) The Board of Directors will keep a record for each shareholder that has given notice of their intention to participate in the general meeting, including the shareholder's name and address or registered office, the number of shares that the shareholder held on the registration date and with which the shareholder has indicated they wish to participate in the general meeting, as well as a description of the documents that show the shareholder held the shares on that registration date.

#### **Article 27. Representation**

Any shareholder may give a proxy in order to be represented at the general meeting, in accordance with the relevant provisions of the Belgian Companies Code. The proxy holder may not be a shareholder.

A shareholder of the Company may designate only one person as a proxy holder for a specific general meeting. Exceptions may be made in this regard only in accordance with the relevant rules of the Belgian Companies Code.

A person who acts as proxy holder may hold a proxy from more

than one shareholder. If a proxy holder holds proxies from several shareholders, they may vote differently on behalf of different shareholders.

The designation of a proxy holder by a shareholder must be done in writing or via an electronic form and must be signed by the shareholder, where applicable with an advanced electronic signature within the meaning of Article 4, Section 4 of the Belgian Law of 9 July 2001 establishing certain rules for electronic signatures and certification services, or with an electronic signature that complies with the conditions of Article 1322 of the Belgian Civil Code.

Notice of the proxy must be given in writing to the Company. This notice can also be given electronically, to the address specified in the meeting notice.

The Company must receive the proxy by no later than the sixth day before the date of the meeting.

Notwithstanding the possibility to deviate from the instructions under certain circumstances, in accordance with Article 549(2) of the Belgian Companies Code, the proxy holder must cast their vote in accordance with any instructions of the shareholder who designated them. The proxy holder must keep record of the voting instructions for at least one year and confirm that they have complied with these instructions on request of the shareholder.

If there is a potential conflict of interests between the shareholder and the designated proxy holder, as referred to in Article 547bis, Section 4 of the Belgian Companies Code, the proxy holder must disclose the precise facts that are relevant for the shareholder to assess whether there is any risk that the proxy holder will pursue an interest other than that of the shareholder. The proxy holder may moreover vote on behalf of the shareholder only if they have specific voting instructions for every item on the agenda.

Minors, persons who are declared incompetent and legal entities must be represented by their legal representatives or representatives under their Articles of Association.

#### **Article 28. Chair and meeting committee**

Each general meeting is chaired by the chairperson of the Board of Directors or, in their absence, by the oldest director in attendance. The chairperson may designate a secretary and vote teller, who does not have to be a shareholder. One person may perform these two functions. The chairperson, secretary and vote teller jointly constitute the meeting committee.

**Article 29. Course of the meeting – Placing items on the agenda – Postponements**

**29.1** Deliberations and voting are led by the chairperson in accordance with the normal rules of proper meeting skills. Directors must answer questions posed by shareholders, during the meeting or in writing, in relation to their report or the agenda items, insofar as disclosing details or facts would not be of such a nature as to adversely affect the commercial interests of the Company and or to breach the confidentiality that the Company or its directors have undertaken to uphold.

The Statutory Auditor(s) must answer questions posed by shareholders, during the meeting or in writing, in relation to their report, insofar as disclosing details or facts would not be of such a nature as to adversely affect the commercial interests of the Company and or breach the confidentiality that the Company, its directors or the Statutory Auditor(s) have undertaken to uphold. They are entitled to address the general meeting in connection with the performance of their duties.

If different questions are asked about the same topic, the Board of Directors and the Statutory Auditors may give one answer. As soon as the meeting notice is published, the shareholders may ask the above questions in writing, in accordance with the relevant provisions of the Belgian Companies Code.

**29.2** The Board of Directors is entitled, during the session of an ordinary general meeting, to postpone the decision on the approval of the annual financial statements for five weeks. This postponement does not affect other resolutions that have been adopted, except a different general meeting resolution in this regard. The next meeting is then entitled to definitively adopt the annual financial statements.

The Board of Directors is also entitled to postpone any other general meeting, or any other agenda item of the ordinary general meeting, during the session for a period of five weeks, unless this meeting was convened at the request of one or more shareholders who represent at least one fifth of the capital or by the Statutory Auditor(s).

**29.3** The general meeting may validly deliberate or adopt resolutions only in respect of items that are specified or implicitly included in the announced agenda. Deliberating on items that are not included in the agenda is possible only in a meeting in which all shares are present and provided that any resolutions in this regard are adopted unanimously. The required consent is established if no objection is noted in the minutes of the meeting. In addition to the items for discussion, the agenda must include the motions for adoption.

Notwithstanding the above, one or more shareholders who jointly

hold at least 3% of the issued capital, and provided the relevant provisions of the Belgian Companies Code are complied with, may have items placed on the agenda of the general meeting for discussion and submit motions for adoption in relation to the items already on or to be included for discussion in the agenda, by no later than the twenty-second day before the date of the general meeting. This does not apply if a general meeting is convened for a second time because the required quorum was not achieved the first time, provided that the first meeting notice complied with the statutory provisions, the date of the second meeting was specified in the first meeting notice, and no new items have been placed on the agenda. The Company must receive these requests by no later than the twenty-second day before the date of the general meeting.

Notice of the items for discussion and accompanying motions for adoption that are appended to the agenda, where applicable, will be given in accordance with the provisions of the Belgian Companies Code. If a proxy was already communicated to the Company before this notice of a supplemented agenda, the proxy holder must observe the relevant provisions of the Belgian Companies Code.

The items for discussion and motions for adoption that are placed on the agenda in accordance with the previous paragraph will be discussed only if all the relevant provisions of the Belgian Companies Code have been observed.

**Article 30. Voting rights**

Each share confers the right to one vote. Shareholders without the right to vote, warrant holders and bond holders are entitled to attend the general meeting in an advisory capacity. In the cases listed in Article 481 of the Belgian Companies Code, shareholders without the right to vote have a normal right to vote.

Shares are indivisible in relation to the Company. If one share belongs to different people, or if the rights attached to a share are divided among several people, the Board of Directors may suspend the attached rights from being exercised until one person has been designated as the shareholder in relation to the Company. If a share is encumbered by an usufruct, the voting right attached to that share will be exercised by the usufructuary, unless joint notice to the contrary is given by the bare owner and the usufructuary to the Company.

**Article 31. Decision-making**

Unless there are statutory provisions or provisions of the Articles of Association to the contrary, resolutions are adopted by an ordinary majority of the votes cast. Abstentions, void and invalid votes are not counted as votes cast. If the votes are tied, the motion is rejected.

Voting will be by a show of hands or roll call, unless the general meeting decides otherwise by an ordinary majority of the votes cast.

The extraordinary general meeting must be held in the presence of a civil-law notary who draws up a legally valid record of the proceedings.

The general meeting may deliberate and adopt a resolution for an amendment to the Articles of Association in a legally valid manner only if those who participate in the meeting represent at least half of the company's capital. If the above quorum is not reached, a new meeting must be convened in accordance with Article 558 of the Belgian Companies Code; the second meeting will deliberate and adopt valid resolutions, regardless of the present or represented portion of the capital. An amendment to the Articles of Association is moreover accepted only if it has been pre-approved by FSMA and has been voted for by three quarters of the votes attached to the present or represented shares (or any other special majority prescribed by the Belgian Companies Code had been achieved).

#### **Article 32. Minutes**

Minutes must be drawn up of every general meeting. The minutes of the general meeting are signed by the members of the meeting committee and the shareholders who request to sign them.

These minutes are kept in a special register. Proxies must be attached to the minutes of the meeting for which they have been given.

Copies that need to be produced in court or elsewhere are signed by two directors or a managing director.

#### **Article 33. Financial year – Annual financial statements – Annual Report**

The financial year of the Company starts on the first of January and ends on the thirty-first of December of each year.

At the end of each financial year, the books and records are closed and the Board of Directors must draw up the inventory and the annual financial statements, and act further in accordance with the rules of Article 92, Section 1, paragraph 1 of the Belgian Companies Code and the regulations applicable to regulated real estate companies. The Board of Directors must also draw up an Annual Report in which it accounts for its policy. This Annual Report also contains a corporate governance declaration, which forms a specific part of the report. This corporate governance declaration also contains the remuneration report, which forms a specific part of the declaration.

As soon as a meeting notice is published, shareholders may examine

the annual financial statements and the other documents referred to in the Belgian Companies Code.

The general meeting listens to the Annual Report and the report of the Statutory Auditor(s) and decides by an ordinary majority on the approval of the annual financial statements. After the approval of the annual financial statements, the general meeting decides, by a separate vote, on the discharge of the directors and Statutory Auditor(s) from liability.

The separate and consolidated annual financial statements of the Company must be filed with the National Bank of Belgium in accordance with the relevant statutory provisions.

The annual and half-yearly financial reports, the annual and half-yearly financial statements, the report of the Statutory Auditor(s) and the Articles of Association of the Company can also be obtained from the registered office and consulted, by way of information, on the Company's website.

#### **Article 34. Profit appropriation**

On a motion by the Board of Directors, the general meeting adopts a resolution by an ordinary majority of votes on the appropriation of the net result, in accordance with Article 13 of the Royal Decree on Regulated Real Estate Companies.

#### **Article 35. Dividends**

Dividends are paid on the date and at the place determined by the Board of Directors.

The Board of Directors is issued to pay an interim dividend on the result for the financial year. This distribution may only be made in relation to the profit of the current financial year, where applicable less the loss carried over or plus the profit carried over, without any withdrawal from the reserves that are or must be created by law or under the Articles of Association.

It must act further in accordance with the provisions of Article 618 of the Belgian Companies Code.

#### **Article 36. General meeting of bond holders**

The Board of Directors and the Statutory Auditor(s) of the Company may give any bond holders notice to attend a general meeting of bond holders, which will have the powers as set out in Article 568 of the Belgian Companies Code.

They must convene the general meeting whenever bond holders who represent one fifth of the securities in circulation request such a meeting.

The meeting notice must contain the agenda and be drawn up in accordance with Article 570 of the Belgian Companies Code. In order to be admitted to the general meeting of bond holders, bond holders must comply with the formalities set out in Article 571 of the Belgian Companies Code, as well as any formalities provided for in the issue rules of the bonds or in the meeting notice.

The general meeting of bond holders will proceed in accordance with the provisions of Articles 572-580 of the Belgian Companies Code.

#### CHAPTER VI – DISSOLUTION – LIQUIDATION

##### Article 37. Appointment and powers of liquidators

If the Company is dissolved, for whatever reason and at whatever time, the liquidation will be attended to by liquidators who are appointed by the general meeting, in accordance with the provisions of the Belgian Companies Code. In the absence of such an appointment, the Board of Directors, acting in the capacity of a liquidation committee, will attend to the liquidation.

Insofar as required by law, the liquidators will take office only after the competent Commercial Court has confirmed their appointment under the general meeting resolution.

Unless decided otherwise, the liquidators act jointly. To this end, the liquidators have the most extensive powers in accordance with Articles 186 et seq. of the Belgian Companies Code, subject to any restrictions imposed by the general meeting. The general meeting determines the liquidators' fee.

##### Article 38. Dissolution - Diversification

After the payment of all debts, expenses and liquidation costs, the net assets will be used firstly to refund the paid-up value of the shares, in cash or in kind. Any surplus will be distributed among the shareholders in proportion to their rights.

#### CHAPTER VII – GENERAL PROVISIONS

##### Article 39. Choice of domicile

Directors and liquidators, whose domicile is unknown, are deemed to have chosen their domicile at the Company's registered office, where all summonses, services and notices can be effected with regard to the Company's affairs.

##### Article 40. Jurisdiction

Unless the Company expressly waives their jurisdiction, the courts of the district where the Company has its registered office will have sole jurisdiction to hear all disputes between the Company, its directors, its security holders and liquidators concerning the affairs of the Company and the implementation of these Articles of Association.

##### Article 41. General law

The parties declare that they will act fully in accordance with the Belgian Companies Code and the regulations applicable to regulated real estate companies (as amended from time to time).

Accordingly, any provisions of these Articles of Association that would unlawfully deviate from the provisions of the above legislation are deemed not to be included in this deed, and any clauses that would be contrary to the mandatory provisions of this legislation are deemed to be unwritten.

It is specifically mentioned that Articles 111, 439, 448, 477 and 616 of the Belgian Companies Code are not applicable.







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**ANTWERP**


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# 13

## Glossary

**A**

<b>Aloxe NV</b>	Aloxe NV, a public limited company under Belgian law, with registered office at Mechelsesteenweg 34, Box 101, 2018 Antwerp, entered in the Crossroads Bank for Enterprises under enterprise number 0849.479.874 (Antwerp Register of Legal Entities, Antwerp section).
<b>APM</b>	<i>Alternative Performance Measures.</i> In accordance with the guidelines issued by the European Securities and Market Authority (ESMA) on 3 July 2016, Xior's Alternative Performance Measures (APMs) will be included in the Annual Report. The definitions of the APMs and the use and reconciliation tables are included in <b>Chapter 10.8 of this Annual Report</b> . A separate Glossary will be posted on the Company website on these APMs for future reference. The APMs are marked with  .
<b>Average interest rate (APM)</b>	Interest charges including IRS interest expense divided by the average outstanding debt during the period.
<b>Average financing costs (APM)</b>	Interest costs including IRS interest expense + arrangement fees and commitment fees, divided by the average outstanding debt during the period.

**B**

<b>Belgian Law of 1 April 2007</b>	The Belgian Law of 1 April 2007 on public takeover bids, as published in the Belgian Official Journal of 26 April 2007, and amended from time to time.
<b>Belgian Law of 2 May 2007</b>	The Belgian Law of 2 May 2007 on the disclosure of significant holdings in issuers whose shares are admitted to trading on a regulated market and which contains various provisions, as published in the Belgian Official Journal of 12 June 2007, and amended from time to time.
<b>Belgian Companies Code</b>	Belgian Companies Code of 7 May 1999, as published in the Belgian Official Journal of 6 August 1999, and amended from time to time.

**C**

<b>CEO</b>	<i>Chief Executive Officer.</i>
<b>CFO</b>	<i>Chief Financial Officer.</i>
<b>CIO</b>	<i>Chief Investment Officer.</i>

**D**

<b>Debt ratio</b>	The debt ratio as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.
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<b>Distributable earnings per share</b>	The profit as referred to in Article 13, Section 1 of the Royal Decree on Regulated Real Estate Companies.
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## E

<b>EPRA Cost Ratio (excl. vacancy costs) (APM)</b>	EPRA costs (excluding vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
<b>EPRA Cost Ratio (incl. vacancy costs) (APM)</b>	EPRA costs (including vacancy costs) divided by the gross rental income less the rent still to be paid on rented land.
<b>EPRA earnings (APM)</b>	net result +/- changes in the Fair Value of investment property +/- other portfolio result +/- income from the sale of investment property +/- changes in the Fair Value of financial assets and liabilities.
<b>EPRA earnings per share (APM)</b>	Net result +/- income from the sale of investment property +/- changes in the Fair Value of investment property +/- other portfolio result +/- changes in the Fair Value of financial assets and liabilities, divided by the average number of shares.
<b>EPRA triple net asset value (NNNAV) (APM)</b>	EPRA net asset value (NAV) adjusted to take into account the Fair Value of (i) the assets and liabilities, (ii) the debts and (iii) the deferred tax.
<b>Euronext Brussels</b>	The regulated market of Euronext Brussels where the Company shares are traded.
<b>Estimated Rental Value ('ERV')</b>	This is the total rental value of the portfolio on an annual basis applied by the Valuation Expert in the appraisal reports.

## F

<b>FSMA</b>	Belgian Financial Services and Markets Authority.
<b>Fair Value</b>	This value is the investment value as determined by an independent valuation expert, minus the transaction fees. The Fair Value corresponds to the carrying amount under IFRS. From the seller's perspective this must be understood as subject to the deduction of transfer taxes or registration duties. The estimated amount of transfer taxes for real estate located in Belgium was fixed at 2.5% for investment property with a value in excess of EUR 2.5 million <sup>50</sup> . This Fair Value is therefore calculated by dividing the value including the transaction costs by 1.025. Properties valued at less than the EUR 2.5 million threshold and foreign companies are subject to normal registration duty. Their Fair Value therefore corresponds with the value that includes the transaction fees payable by the purchaser.

<sup>50</sup> See the Belgian Assets Managers Association (BEAMA) press release of 8 February 2006 on closed-end property investment companies and the first application of the IFRS accounting rules and the BE-REIT press release of 10 November 2016.

## G

<b>2009 Governance Code</b>	The Belgian <i>corporate governance code</i> for listed companies of 2009, drawn up by the Corporate Governance Committee, and available on the following website: <a href="http://www.corporate-governancecommittee.be/library/documents/final%20code/CorporateGovNLCode2009.pdf">http://www.corporate-governancecommittee.be/library/documents/final%20code/CorporateGovNLCode2009.pdf</a> .
<b>Group</b>	Xior and its subsidiaries, from time to time.

## I

<b>IASB</b>	<i>International Accounting Standards Board.</i>
<b>IFRIC</b>	<i>International Financial Reporting Interpretations Committee.</i>
<b>IFRS</b>	<i>International Financial Reporting Standards</i> , the accounting standard by which regulated real estate companies are obliged to report, on the basis of Article 11 of the Royal Decree on Regulated Real Estate Companies.
<b>Investment value or value including the transaction costs</b>	This value equals the amount at which a building could be exchanged between well-informed parties, consenting and acting under normal competitive conditions, including any registration duties (10% in the Flemish Region and 12.5% in the Walloon Region and Brussels Capital Region), notarial charges and VAT (when a purchase is subject to VAT).
<b>IPO</b>	The capital increase of the Company by cash contribution through a public offering of new shares, and the admission to listing of the Xior shares on the regulated Euronext Brussels market, completed on 11 December 2015.
<b>IRS</b>	Interest rate swap

## L

<b>Law on Regulated Real Estate Companies</b>	The Belgian Law of 12 May 2014 on regulated real estate companies, as published in the Belgian Official Journal of 30 June 2014 and as amended from time to time.
<b>Legislation on Regulated Real Estate Companies</b>	The Law on Regulated Real Estate Companies and the Royal Decree on Regulated Real Estate Companies.

## N

<b>Net assets per share (EPRA) (APM)</b>	Equity excluding the Fair Value of the permitted hedging instruments divided by the number of shares
<b>Net assets per share (IFRS)</b>	Equity divided by the number of shares
<b>Net result excluding IFRIC 21 impact (APM)</b>	Net result proportionally adjusted for property tax and taxes on second homes
<b>Net result per ordinary share</b>	Net result divided by the average number of shares.

## O

<b>Occupancy rate</b>	This is the ratio of the Rental Income to the Total Rent.
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## P

<b>Portfolio result (APM)</b>	Result from the sale of investment property +/- changes in the Fair Value of investment property +/- other portfolio results.
<b>Promoter</b>	The person(s) who exclusively or jointly control(s) a public RREC within the meaning of the Law on Regulated Real Estate Companies. On the date of this Annual Report, the promoters are Aloxe NV and Christian Teunissen.
<b>Public RREC or PRREC</b>	Public regulated real estate company/companies (also referred to as a Belgian Real Estate Investment Trust or BE-REIT).
<b>PwC</b>	The professional partnership incorporated in the form of a cooperative society with limited liability, PriceWaterhouseCoopers Bedrijfsrevisoren BCVBA, with registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, entered in the Crossroads Bank for Enterprises under enterprise number VAT BE 0429.501.944 (Brussels Register of Legal Entities).

**R**

<b>Rental income</b>	The arithmetical sum of the rental income invoiced by the Company based on the concluded tenancy agreement over the period of a financial year, or part thereof.
<b>Regulated real estate company</b>	A company that the FSMA has entered on the list of regulated real estate companies under Belgian law and which is accordingly recognised as a regulated real estate company and is governed by the Law on Regulated Real Estate Companies of 12 May 2014 and the Royal Decree on Regulated Real Estate Companies of 13 July 2014, as amended from time to time.
<b>Royal Decree on Regulated Real Estate Companies</b>	The Royal Decree of 13 July 2014 on regulated real estate companies, as published in the Belgian Official Journal of 16 July 2014 and as amended from time to time.
<b>Royal Decree of 14 November 2007</b>	The Royal Decree of 14 November 2007 on the obligations of issuers of assets and liabilities that are admitted to trading on a regulated market, as published in the Belgian Official Journal of 3 December 2007, and amended from time to time.
<b>RREC</b>	Regulated real estate company/companies.

**S**

<b>Successors</b>	The persons who, with the prior and written agreement of Aloxe NV, take over the promotership as referred to in Articles 22 et seq. of the Law on Regulated Real Estate Companies, from Aloxe NV.
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**T**

<b>Total Rent</b>	The Total Rent the Company would bill under its tenancy agreements, if 100% of the property portfolio were to be let, based on its asking price at year end, including assets under construction if applicable and estimated annual rental income for hostel activities.
<b>Trading regulations</b>	The trading regulations of the Company, as included as a schedule to the Corporate Governance Charter.

**V**

<b>Value with costs payable by the purchaser or Net market value</b>	The investment value less the registration duties and notarial charges or VAT.
<b>Valuation experts</b>	The Company's Valuation Experts (formerly 'property experts') appointed in accordance with Article 24 of the Law on Regulated Real Estate Companies at the time of this Annual Report are Stadim en DTZ.



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**X****Xior Student Housing or  
Xior or the Company**

Xior Student Housing NV, a public limited company under Belgian law, licensed as a public regulated real estate company (RREC) under Belgian law, with registered office at Mechelsesteenweg 34, Box 108, 2018 Antwerp (Belgium), entered in the Crossroads Bank for Enterprises under enterprise number 0547.972.794 (Antwerp Register of Legal Entities, Antwerp section).

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Campus Schoonmeersche  
**GHENT**



**14**

Identity card

<b>Name</b>	Xior Student Housing NV
	
<b>Status</b>	Public regulated real estate company (RREC) under Belgian law
<b>Registered office</b>	Mechelsesteenweg 34, Box 108, 2018 Antwerp
<b>Tel.</b>	+32 3 257 04 89
<b>E-mail</b>	info@xior.be
<b>Website</b>	www.xior.be
<b>Register of Legal Entities</b>	Antwerp, Antwerp section
<b>VAT</b>	BE 0547.972.794
<b>Enterprise number</b>	0547.972.794
<b>Date of incorporation</b>	10 March 2014
<b>Licence as RREC</b>	24 November 2015
<b>Financial year-end</b>	31 December
<b>General meeting</b>	Third Thursday in May (10am)
<b>Listing</b>	Euronext Brussels – continuous market
<b>ISIN code</b>	BE0974288202 (XIOR)
<b>Statutory auditor</b>	PwC Bedrijfsrevisoren BCVBA, Woluwe Garden, Woluwedal 18, 1932 Sint-Stevens-Woluwe, represented by Damien Walgrave
<b>Financial services</b>	ING Belgium
<b>Valuation experts</b>	Stadim CVBA & Cushman & Wakefield





Xior Student Housing NV  
Public limited liability company  
Belgian public regulated real estate company  
Mechelsesteenweg 34 box 108, 2018 Antwerp (Belgium)

Enterprise number 0547.972.794  
RLE Antwerp, Antwerp department

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